Culture clashes in business integration: A takeover analysis

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Date: 25-02-2024

Abstract

Purpose - This research investigates how cultural differences influence employee perceptions and the integration process during cross-border mergers and acquisitions (M&As). This research focuses on the limited academic attention of the role of specific cultural dimensions of GLOBE, such as institutional collectivism, performance orientation, and uncertainty avoidance in influencing employee perceptions and integration processes during cross-border M&As. The goal is to provide practical insights that support organizations in managing cultural challenges effectively to improve M&A success rates.

Design/methodology/approach - A qualitative approach explored the interplay between cultural dimensions and employee experiences during M&As. Fourteen semi-structured interviews were conducted with managers from organizations recently taken over or with prior M&A experience. The data analysis was conducted following Gioia's methodology, providing a structured approach to reveal key themes and exploring their importance for cultural integration.

Findings - The research shows that institutional collectivism promotes trust and group cohesion, and enables smoother integration. Performance orientation presents challenges, as an overemphasis on individual metrics can conflict with collective organizational goals. Uncertainty avoidance presents a mixed picture, although it can increase resistance to change, this can be reduced through clear communication, structured planning, and fostering employee involvement. The findings highlight the importance of effectively managing cultural dynamics to achieve successful integration.

Originality/value - This study strengthens existing frameworks by analyzing cultural dimensions within the context of M&As, providing a deeper understanding of their influence on employee attitudes and organizational performance. Practical recommendations include fostering collective goals, ensuring transparent communication, and connecting performance rewards to objectives for cultural integration. Limitations of this study include its industry-specific focus and qualitative design. Future studies could be expanded by exploring diverse industries, applying mixed-methods approaches, and examining cultural dynamics over longer time periods.

Keywords

National Culture, Cross-Border M&A, Globe Study, Cultural Integration

Table of contents

1. Introduction

This thesis discusses a phenomenon, focusing on an organization in the service industry currently engaged in the complex process of a potential cross-border acquisition. This deal is like a small version of what is happening across industries globally, where companies are joining forces or changing ownership to stay competitive.

The potential merger between a company in the Germanic region and a French company linked to French culture faces challenges that require scientific research. This research focuses on culture in the context of cross-border mergers & acquisitions (M&As). Understanding the impact of cultural dynamics in M&As, especially in the area of cross-border transactions involving entities with different cultural backgrounds is very important because cultural differences can lead to misunderstandings, conflicts, and inefficiencies (Stahl & Voigt, 2008; Weber et al., 1996). If these differences are not managed well, they can negatively affect integration, employee cooperation, and overall business performance which can lead to failure of the M&A. The relationship between Air France and KLM acts as an illustrative example of the importance of cultures in business contexts. The internal company report stated that cultural conflicts had an impact on the performance of the M&A (Boffey, 2017). The Dutch think that the French put the importance of organizational and political interests above the enormous well-being of the company and the French think that they look more at what is best for the entire company, while KLM managers only worry about what is good for KLM. KLM managers think that their French colleagues are only concerned about keeping jobs at Air France and that Dutch managers do not trust the French economy. This scenario shows the importance of understanding and bridging cultural differences to foster successful collaborations within organizations, especially in M&As. Furthermore, it is essential to recognize how individual expectations, especially among managers, play a crucial role in shaping the course of a takeover. This is highlighted by the possibility of employees feeling uneasy during such transitions, potentially leading to emotional reactions. Therefore, it is important to carefully study how employees perceive and anticipate these changes.

The organization that potentially will be taken over is having a range of expectations and uncertainties. This also makes an investigation into the experiences of individuals who have previously undergone similar M&As necessary. By exploring these viewpoints, we can gain an understanding of the current situation to ensure that the acquisition process can operate better.

In recent decades, M&As have been a popular strategy for companies and are an important way to access foreign markets (Boateng et al., 2008). Also, a huge increase in the global volume of M&As to $1,130 billion in the first three months of 2007 indicates that M&A is popular (Financial Times, 2007). At the same time, the success of merger deals is always in question and M&As are influenced by different financial and strategic goals (Kalra, 2013). Motives behind these M&As include expanding internationally, diversifying, and acquiring strategic assets such as technology and talent development capabilities. It is therefore seen as a way to enter new markets and increase market share, resulting in synergy, growth, and risk reduction through diversification (Boateng et al., 2008; Haleblian et al., 2009).

M&As are growth strategies used by companies around the world resulting from the increasing growth of these M&As and have accelerated over the past decades (Boateng et al., 2011). There is a lot of evidence that shows most cross-border M&As do not produce the desired results, many companies still stick to this strategy of entering foreign markets and thus growing and ultimately achieving the results they hope for (Cartwright & Cooper, 1990; Haleblian et al., 2009).

Despite the increase in M&A activity, the rate of success remains relatively low. Talks of possible M&As have become an important part of corporate organizational strategy despite knowledge of the high failure rates of about 50-80% (Koi-Akrofi, 2016). It is also emphasized here that culture and communication are the two aspects that appear to be the greatest challenges, where it is also indicated that the interests of employees in the post-acquisition phase do not receive enough attention. The main reasons for these M&A failures often appear from challenges in integrating different corporate cultures and the workforces of the merging companies (Harzing & Ruysseveldt, 2004). The challenges associated with merging diverse organizational cultures and workforces contribute significantly to the high failure rates that are often seen in M&As.

Ultimately, organizational culture plays an important role in shaping the identity and functioning of companies, and when companies undergo M&A, they combine not only physical assets but also unique cultures (Schein, 2010; Cartwright & Cooper, 1996). Organizational culture, characterized by shared values, beliefs, norms, and practices that guide behavior, plays a crucial role in shaping the identity and functioning of a group (Schein, 2010). As mentioned the scientific literature has long recognized the importance of culture in M&A processes. Researchers have highlighted the importance of organizational culture and its influence on various aspects of post-merger integration, such as communication, leadership, and employee morale (Schweiger & Denisi, 1991). The suitability of cultures between merging entities has been identified as an important factor determining the outcomes of M&A transactions (Weber & Camerer, 2003).

In the phase following a merger, employees from the merged company might feel uncertain, fearful, and doubtful about their prospects within the new organizational framework which will influence job satisfaction, productivity, and the departure of members (Buono & Bowditch, 1989). Also, employees tend to identify themselves with the old organization while they have to adopt the new identity including its practices, norms, and culture (Cho et al., 2014). Directly involved employees may also experience difficulties in adopting a new corporate identity and find the changes in their working environment and communication important (Bartels et al., 2006). It has also been found that employees want fair treatment and a sense of justice within the organization during the M&A processes, and find the integration processes and support from top management crucial for promoting positive attitudes and achieving successful M&A outcomes (Bansal, 2019). It can be said that employees and their perceptions are very important in this process. Additionally, the Globe Study emphasizes differences in cultural practices and values between organizations with different cultures (House et al., 2004). For instance, French companies prioritize hierarchical structures and centralized decision-making processes, whereas Dutch organizations often adopt more participative management styles and value individual autonomy.

Most past studies have primarily focused on finance and strategy, while the success or failure of M&As is often influenced by challenges in integrating different corporate cultures and aligning employee expectations and emotions. More attention has been paid to how organizations and their people affect M&A outcomes and how different cultures and their conflicts play a big role in this (Stahl & Voigt, 2008). Also, Gunkel et al. (2015) indicate that future research should examine the causes and outcomes of employee emotions across a larger number of companies, other cultural contexts, and different industries to advance our understanding and provide valuable implications for cross-border M&A. For this reason, in addition to the managers of companies that have already been acquired, the managers of other companies with different cultural contexts and industries are also included in this study.

Much literature focuses on cultural differences in cross-border M&As (Stahl & Voigt, 2008). However, there is a lack of research on how cultural differences impact the integration process in an M&A between two specific countries (in this case, the Netherlands and France), and how the emotions, expectations, and experiences of managers play a crucial role. Therefore, this research will focus on this specific topic, making a significant contribution to the existing literature and offering practical insights for companies undergoing similar transitions. The choice to focus on a Dutch and a French company is not only supported by Hofstede's (2001) cultural dimensions, which highlight significant differences between the two countries but also by real-world examples such as the Air France-KLM merger mentioned earlier. These cultural differences make the integration process between a Dutch and a French company interesting to study.

The research by Rozen-Bakher (2008) examines how each of the national cultural dimensions individually influences the success of M&As. In that study this is done using some of Hofstede’s dimensions, however, there is much criticism of Hofstede's framework (Shenkar, 2001). Alternative models, such as Trompenaars' cultural dimensions (1993) and Schwartz's cultural value orientations (1994), offer different perspectives on national culture but focus more on individual value differences rather than leadership and organizational behavior. Given the dynamic and contextual nature of cross-border M&A, this study follows Rozen-Bakher's (2008) suggestion to use the GLOBE cultural dimensions, as they provide a more detailed and leadership-focused framework (House et al., 2004). For this reason, the GLOBE Study is applied in this research.

The Globe Study examined the influence of national cultures on leadership and organizational behavior (House et al., 2004). This makes it particularly relevant for understanding integration challenges in M&A. Based on insights from this Globe Study this research focuses on a better understanding of how cultural dimensions influence the integration of companies and identify strategies for bridging cultural differences in the M&A Process. Through investigation, this study has shed light on the challenges and opportunities presented by cross-border M&A, offering valuable insights for the company and scholars.

This study provided insights into how people in companies deal with their cultural differences when they merge and what their expectations are in the event of an acquisition. By understanding how employees feel and act after the takeover, we can see how important people's emotions and expectations are for the success of these mergers. So this forms a case study in which the feelings and expectations of employees are examined at the company that has recently been acquired and also includes companies that have been acquired for a longer period and have experienced such a transition. This topic is being investigated in trying to answer the research question:

"How do employees perceive and navigate cultural differences in organizational environments during a business acquisition, what expectations and experiences do they have, and what impact does this have on the overall integration process?"

Through in-depth interviews, we analyzed the perception of employees and the primary goal of this study was to discover the underlying factors that influence attitudes, behaviors, and expectations during the integration process. By examining the experiences of individuals from the company that has been taken over now and some companies that have been taken over for a while, a deeper understanding of the challenges and opportunities presented by cross-border M&As emerges. The research objectives are to explore the specific experiences and perceptions of Dutch employees regarding cultural integration and M&A processes, to identify the factors that influence employee attitudes and behaviors during the integration of organizational cultures, and to provide insights that can contribute to improving the effectiveness of M&A integration processes.

The next sections of this thesis are organized as follows. Section 2 provides an overview of the relevant literature and provides a discussion of the existing knowledge on this topic. Next, Section 3 outlines the research methods used in this study, along with details concerning the participating companies and employees. Additionally, this section clarifies the methodology used to analyze the conducted interviews. The presentation of the interview results is discussed in Section 4 and offers an overview of the data collected from the findings derived from the interviews. Section 5 gives a conclusion and discussion of the findings derived from the interviews, followed by an exploration of the study's limitations. In addition, this section provides suggestions for possible areas of future research. Finally, in the concluding section, a conclusion is given with a summary of the key findings.

2. Theory

The goal of this section is to explain existing knowledge on cultural differences from the Globe Research and other relevant research. By exploring this, the literature review lays the groundwork for understanding the potential interplay among them and highlights areas requiring further investigation. By exploring this body of literature, insights come out regarding the interaction of cultural elements and their impact on organizational dynamics, within the context of cross-border M&As.

2.1 Mergers & Acquisitions

In academic literature, Mergers and Acquisitions, commonly referred to as "M&A" are commonly grouped since they share a similar focus (Ionescu, 2015). Mergers and acquisitions might sound similar, but they are different. In an acquisition one company buys either a part or the entirety of another company, while in a merger two or more companies come together to form a single entity (Malik et al., 2014). A distinction is also made between domestic M&A and cross-border M&A, where domestic M&A is carried out within the same country and cross-border M&A involves 2 companies from 2 different countries. Cross-border M&As happen when a company based in one country buys the entirety of the assets or a controlling stake of another company in a different country (Zhu & Huang, 2007).

In the literature, there are several known types of M&As, namely horizontal, vertical, and conglomerate M&As (Häkkinen et al., 2004). Since the purpose of this study is not to indicate which types of MAs there are, the three different types of M&A are shown and explained in Appendix I.

M&As are driven by various underlying reasons, and understanding these motives is crucial to gaining a broader perspective on the phenomenon. Furthermore, the purpose behind an acquisition can serve as an indicator of the risk of the transaction, with non-rational motives having a greater chance of failure than rational motives (Groen & McCarthy , 2011). Rational motives include the terms cost reduction, revenue enhancement, tax gains, and reduced capital requirements, and non-rational motives include the terms earnings growth and diversification (Hillier et al., 2010). The terms are shown and explained in Appendix II.

2.2 National and Organizational Culture in M&A

When two companies from different countries merge, differences in both national culture and organizational culture can create challenges in aligning business processes, management styles, and employee expectations (Stahl & Voigt, 2008). These cultural differences do not only exist at a national level, but also within organizations themselves, where organizational culture determines how employees interact and work together. To understand the impact of culture on M&A success, it is essential to distinguish between these two levels of culture.

Culture is a collective concept involving sharing among individuals within a common social setting. It is acquired through learning rather than being born with it and includes the unwritten rules of social behaviour. National culture is built on the collective history, beliefs, and values that characterize each society (Hofstede, 1991). It influences how organizations function, how employees communicate, and how leadership styles are perceived.

In the context of M&As, national cultural differences can significantly impact integration processes. Researchers have already indicated that differences in national cultures might significantly influence acquisition performance, where 90 percent of acquisitions that didn't meet their goals faced significant unexpected challenges (like strategic fit and managerial perception) because of cultural differences (Angwin & Savill, 1997; Norborn & Schoenberg, 1994). These cultural differences at cross-border M&As can hinder the goal of sharing resources, such as skill/knowledge transfer, R&D, production, marketing, distribution, administration/management, or finance (Brock, 2005). This could make it harder to achieve the potential benefits of working together effectively (Vaara, 2003).

Differences in national cultures influence legal systems, how organizations are run, and how people work together. They also lead to variations in the values and beliefs of organizational members (Sarala, 2010). National cultural differences create uncertainty and increase costs when implementing M&A strategies (Brock, 2005). Research has shown that differences in national cultures can hurt the performance of M&As (Hofstede, 1980; Brock, 2005; Gomez-Mejia & Palich, 1997). Other studies have shown either a positive connection or no significant connection between cultural differences and the performance of M&As (Morosini et al., 1998; Very et al., 1997). Differences in national cultures might also negatively affect human resources, including stress, negative attitudes, and reduced cooperation during cross-border M&A (Weber et al., 1996). Additionally, national cultural differences may create confusion, hostility, and distrust among members of the merged firms (Krug & Nigh, 2001; Stahl & Voigt, 2008).

Differences in national cultures are crucial for the success of M&As, and they are seen as a key factor in the high rates of failure in M&A strategies (Stahl & Voigt, 2008). Stahl & Voigt (2008) emphasize that cultural differences affect integration processes by hampering cooperation between employees of the acquired and acquiring firms. This can lead to communication problems and conflicts over management style and organizational values, which often negatively affect the performance of the merger. Implementing the M&A strategy in cross-border M&As presents special difficulties because of variations in economic, institutional, and cultural setups (House et al., 2002). A lot of studies suggest that differences in national cultures can significantly influence how organizations are structured and behave (House et al., 2004; Sarala, 2010). Managers and employees from the merged companies are more likely to experience conflicts, especially if their operational methods differ. This can lead to increased costs for cultural integration and affect performance negatively (Brock, 2005; Brock et al., 2000; Shimizu et al., 2004). Also, trust plays a crucial role in the success of post-acquisition integration processes. The trust of the target company's employees in the acquirer's management can be significantly influenced by factors such as the friendliness (transparency and communication) of the acquirer, cultural similarities, and keeping of autonomy (Stahl et al., 2006).

However, national culture alone does not fully explain how companies and employees respond to M&A integration. Within each company, a different organizational culture influences how employees respond to the integration process. Organizational culture is a collective set of shared beliefs and values, shaped by the history and expectations of its members (Schein, 2010). This organizational culture has a big influence on an individual's commitment, satisfaction, productivity, and position within a group or organization (O'Reilly et al., 1991). This influence arises from the tendency of individuals to affiliate with groups that share similar values and to avoid groups with conflicting values (Jackson et al., 1991; Schneider, 1987). Thus, conflicts can arise when organizations with different cultures merge as a result of these cultural differences.

At the integration stage, cross-border M&A have significant challenges, mainly because of national cultural differences, and institutional distances. These factors influence the successful implementation of the integration stage (Shimizu et al., 2004; Weber et al., 2011). During the integration stage, companies adjust their activities, structures, and cultures to merge smoothly and become one (Stahl & Voigt, 2008). The integration phase is influenced by the corporate cultural differences and the national cultural distances between the two countries, so it will become more difficult because it has a double culture to combine (Shimizu et al., 2004; Weber et al., 2011). If the goals, values, or beliefs of the firms are different, it can lead to damaging trust between the members involved in an M&A (Elsass & Veiga, 1994; Olie, 1990; Stahl & Voigt, 2008). Also, different languages, legal systems, and organizational procedures between the companies can create challenges in effectively going through the integration process, particularly in situations involving diverse cultures (Stahl & Voigt, 2008).

2.3 Globe Research

The GLOBE study stands for Global Leadership and Organizational Behavior Effectiveness and examines the scoring of 62 societies across 10 global regions on 9 dimensions of culture (House et al., 2004). This was done in the 1990s when managers shared their views on the cultural practices and values in their countries. More than 160 experts from different regions are part of this project, which focuses on studying leadership across different cultures. The findings come from surveys of over 17,000 middle managers working in banking, food processing, and telecom industries across these 62 cultures (Javidan et al., 2005). The goal of GLOBE is to create theories based on real data that explain, help us understand, and predict how certain cultural factors influence leadership and organizational cultures in different societies, so, the cultural dimensions have important connections to leadership (House et al., 2004).

The people interviewed in this research are managers and they play roles as sources and targets of leadership behavior, which is relevant in M&A environments. At GLOBE, culture is considered to be the shared motives, values, beliefs, identities, and interpretations of significant events that arise from the common experiences of group members and are transmitted from one generation to the next (House et al., 2004). This project is similar to the idea of Trompenaar of national culture. House's research builds on the aspects that Hofstede discovered. House's work is often considered more comprehensive because it examines the influence of culture not only on individual behaviors but also on organizational practices and leadership.

A key aspect of the GLOBE study is its focus on nine cultural dimensions, which highlight the diversity in societal norms, values, and trustworthiness across various countries (Javidan et al., 2006). These dimensions provide an extended framework for understanding cross-cultural differences in organizational behavior. The nine dimensions are Performance Orientation, Assertiveness, Future Orientation, Humane Orientation, Institutional Collectivism, In-Group Collectivism, Gender Egalitarianism, Power Distance, and Uncertainty Avoidance (House et al., 2004). Through this practical research in different settings around the world, this project has shown how different cultural aspects affect how well a company runs, like employee satisfaction, commitment, and overall performance (House et al., 2004). Table/Appendix III offers brief explanations of the nine dimensions. Ultimately, 3 of these dimensions that were relevant to this study were chosen to be included in this study. These dimensions are institutional collectivism, performance orientation, and uncertainty avoidance.

It is important to realize that the GLOBE dimensions have a dual aspect. Each dimension shows a society's current cultural practices ("As Is" scores) as well as its cultural values ("Should Be" scores) (Javidan et al., 2005). The data on cultural practices tell us about how people in that culture currently behave. On the other hand, cultural values show what people want and how they want their culture to develop in the future. The "Should Be" scores give us insight into cultural visions and desires for change. When two cultures have different cultural practices but similar values, it suggests agreement on where they want their culture to go. This integration can make it easier for knowledge to be transferred between them. Focusing on these shared cultural values is a smart managerial approach to reduce any potential negative effects of differences in current practices on knowledge transfer success. However, if two groups have differing cultural values without realizing it, it could create challenges for knowledge transfer initiatives.

The three dimensions are not only relevant in the context of national cultures and leadership, as emphasized in GLOBE, but they also play an important role in how organizations function. These three dimensions were chosen based on the work of Autio et al. (2013), who mentioned institutional collectivism, performance orientation, and uncertainty avoidance as key dimensions in entrepreneurship. The work of Hitt et al. (2017), indicates that entrepreneurship and strategic management are closely related as managers are responsible for translating strategic entrepreneurial decisions into concrete actions. Cultural influences shape how managers approach decision-making and implementation, particularly in cross-border M&A contexts. While their research focuses on entrepreneurs, these dimensions are also relevant for managers who act as the key agents in translating strategic entrepreneurship into operational execution. Managers navigate cultural influences when implementing strategic decisions within organizations, making these dimensions essential for understanding decision-making dynamics. Because these three dimensions match those from the GLOBE study, my research builds on both entrepreneurship and management literature by applying them in a managerial context. By integrating insights from GLOBE and Autio et al. (2013), this study provides a broader perspective on how cultural dimensions shape leadership, decision-making, and implementation within organizations.

It is also good to acknowledge that the GLOBE study has its limitations. Typically, GLOBE is used in quantitative research, with a focus on surveys and statistical analysis (House et al., 2004), and as this research already describes, in this research this model is used as a qualitative method. The limitations of using GLOBE can be found again in Chapter 5.2.4 Limitations & Future Research.

As explained earlier, the choice to focus on the Netherlands and France has both a practical and a theoretical basis. The theoretical foundation is supported by Hofstede's (2001) cultural dimensions, which highlight significant differences between these two countries. This is further illustrated by the practical example of KLM and Air France, where cultural differences have led to tensions in the M&A process. Appendix IV shows that The Netherlands has slightly higher performance orientation and uncertainty avoidance than France. In addition, it has higher institutional collectivism than France compared to performance orientation and uncertainty avoidance. These differences may contribute to varying employee experiences and expectations in the post-acquisition environment. In order to keep the work manageable and not to be measured with hard figures as in quantitative research, in this case, no hypotheses are used but propositions are used in the run-up to answering the research question in this qualitative research. Organizations with a collectivist culture consider group loyalty important and prioritize the overall needs of the organization, which becomes especially crucial during challenging/uncertain times like M&A (Weber et al., 2011). When employees feel connected to the group goals and not the individual interests they are more likely to cooperate and support each other. This creates a culture of cooperation that is important for overcoming obstacles and achieving good integration. Those organizations with a collectivist approach in which teamwork and group loyalty are central, are better able to combine knowledge, skills, and resources. This not only promotes collaboration among employees from different organizations but also increases the likelihood of successful integration (Buono & Bowditch, 1989). Working with a shared vision allows teams to join forces and leads to a more efficient implementation of integration strategies. Research has shown that organizations with a high degree of group cohesion perform better, especially during changes such as M&As (Mullen & Copper, 1994). A strong collectivist culture fosters a sense of acceptance and trust among employees, which is essential for building relationships between different teams. Also, leaders who encourage collectivism create an environment where employees feel supported and motivated to work together, even in uncertain times (House et al., 2004). This can increase the effectiveness of integration efforts by fostering a culture of open communication and collaboration.

As a result, P**roposition 1**: *Higher levels of organizational institutional collectivism are associated with more effective integration during mergers and acquisitions.*

Cultural differences are a big factor affecting the success of mergers. Organizations that prioritize performance can overlook the need for cultural alignment which results in miscommunication and misunderstandings (Stahl & Voigt, 2008). Employees may also resist mergers if their cultural identities are threatened. Performance-oriented organizations may focus only on outcomes, ignoring employee concerns related to job security and maintaining culture (Buono & Bowditch, 1989). Cartwright and Cooper (1990) also mentioned that mergers lacking a focus on cultural integration often fail to achieve the right synergies. Communication is also an important factor that should not be overlooked. A lack of clear communication can leave employees confused and disengaged (Schweiger & Denisi, 1991). Organizations that focus only on performance metrics can create an environment where employees feel undervalued and disconnected from the organization’s goals.

As a result, **Proposition *2:*** *Organizations with increasing performance orientation are likely to face greater challenges in cultural integration after mergers and acquisitions.*

First of all, it is important to understand how uncertainty avoidance is interpreted. In the work of House et al. (2004), it is stated that uncertainty avoidance refers to: “The extent to which a society, organization, or group relies (and should rely) on social norms, rules, and procedures to mitigate the unpredictability of future events. The greater the desire to avoid uncertainty, the more individuals seek orderliness, consistency, structure, formal procedures, and laws to control situations in their daily lives.” Research has shown that organizations with high levels of uncertainty avoidance exhibit greater resistance to change. Employees in such organizations are more likely to perceive changes as threats to their routines and comfort zones (Oreg, 2006). In organizations with high uncertainty avoidance, employees often feel anxious about their job security and their new roles. They might prefer to stick to familiar routines and resist changes, fearing the unknown and potential risks associated with changing to new ways of working (Cartwright & Cooper, 1990). Good leadership and clear communication can help reduce resistance to change. However, organizations with high uncertainty avoidance may find it more challenging to implement these strategies successfully. They tend to hold on to their norms and fear the new situation (Schweiger & Denisi, 1991). Also, studies indicate that understanding cultural dimensions like uncertainty avoidance is crucial for the successful integration of firms during M&As (Stahl & Voigt, 2008). A mismatch in cultural expectations can lead to team resistance and, ultimately, integration failure.

As a result, **Proposition 3***: Organizations with increasing levels of uncertainty avoidance are likely to experience greater resistance to change during integration.*

3. Methodology

This section will describe the research design, selection of participants, research instruments, data collection, and data analysis.

3.1 Research Design

It has already been indicated that people can be important in cross-border M&As and the emotions of these people across a larger number of companies, other cultural contexts, and different industries advance our understanding and provide valuable implications for cross-border M&A. To clarify these experiences and expectations, a qualitative study is conducted in this study (Edmondson & McManus, 2007). In this study, managers of the acquired company are interviewed and also managers of companies that have already been taken over by a foreign company are interviewed. This methodological approach is becoming increasingly popular in qualitative research (Sarker et al., 2013). Qualitative research is well-known for its ability to provide in-depth insights and discover new perspectives (Gioia et al., 2013). This method helps researchers explore connections between ideas they've looked at before, which makes it easier to understand how they're related in a broader way. Qualitative research is mostly characterized as a naturalistic and interpretive (deeper penetrating) method that focuses on investigating phenomena from an insider's perspective and focuses a lot on starting research by listening to and understanding what the people involved have to say (Flick, 2009). Various managers within more organizations are interviewed to get a good understanding of the cross-border M&A and the expectations of the employees.

The chosen research strategy is the case study approach, which responds to the need to gain an in-depth understanding of cultural dynamics and employee perceptions within the context of cross-border M&As (Saunders et al., 2000). According to Robson (2002), a case study is an empirical research approach focused on examining a specific contemporary phenomenon in its real-world context, relying on various sources of evidence. In this study, we used a deductive approach when coding the collected data. This choice is based on the nature of the research, which tests existing theories and concepts from the literature and applies them to the empirical findings. Using deductive coding, the collected data will be analyzed using predefined categories and codes, which arise from the theoretical framework of the research (Azungah, 2018).

3.2 Research Instruments

Semi-structured interviews were chosen for this research. These semi-structured interviews are conducted by asking open questions and can be found again in Appendix V, titled ‘Interview Guide.’ Semi-structured interviews provide flexibility during conversations, allowing researchers to gain in-depth insights and directly capture the perspectives of participants involved in the processes being studied (Saunders et al., 2000). This method is especially useful for studying cultural differences during M&As because it allows researchers to explore complex and sensitive topics in-depth, providing detailed insights that might not be revealed through quantitative methods. It provides a better understanding of how employees experience and deal with these differences. By focusing on their expectations and experiences, it becomes possible to explore how these factors influence the integration process. The study involved fourteen participants, with interviews conducted in Dutch and later fully translated and transcribed. The interview durations typically ranged from approximately 20 to 30 minutes. The decision to include fourteen participants was based on findings by Guest et al. (2006), who observed that data saturation typically occurs after analyzing twelve interviews. Following the interviews, transcripts were shared with participants to verify the accuracy of the information and to allow for any corrections or suggestions, enhancing the study's reliability and ensuring confidentiality (Saunders et al., 2000). The interviews were audio-recorded with the participant's permission. We promised the participants that their data would remain confidential and be deleted after the study was completed.

3.3 Selection

The research was conducted at a company that was recently taken over. The managers were asked about their experiences and expectations of such a takeover. In addition, several managers from different companies who have already experienced such a cross-border M&A have been interviewed and can discuss this in more detail. A total of 14 managers were interviewed, 10 internal and 4 external.

3.4 Data Collection

Before conducting the interviews, it was important to obtain permission from management to conduct the research internally. In addition, I obtained permission from the managers of the companies that also participated in this research. Furthermore, ethical approval was obtained from the University of Twente.

In this study, 14 semi-structured interviews were conducted for this study at 5 companies. The interviews consisted of interviews with managers of the company that was recently acquired and with managers/leaders of other companies that were acquired by a foreign company. In this context, 9 interviews were held with managers and directors at the recently acquired company and an interview was held with a manager at 4 different companies that had already been acquired by a foreign company and therefore already had experience with this. For this study, purposive sampling was chosen as the sampling method. The main goal of purposive sampling is to focus on particular characteristics of a population that are of interest, which will best enable you to answer your research questions (Campbell et al., 2020). This approach enables researchers to gather valuable and specific information from the data collected, focusing on participants who are most relevant to the research topic. The interview questions covered various critical areas central to this study, with a primary focus on M&A, culture, behavior, and expectations/experience of the managers. All interviews were conducted in person, and face-to-face, and took place at locations chosen by the interviewees.

For collecting this data some biases are crucial to be aware of and address various biases to ensure the validity and reliability of your findings. The interviewers are all interviewed in a safe workplace they choose so this leads to representative responses. To avoid response bias, where interviewees give socially desirable answers or try to present their department or themselves in a more favourable light, the interviews are conducted anonymously. Neutrality is maintained and leading questions are avoided to prevent interviewer bias.

When looking at the 3 dimensions that were investigated we also compared the Netherlands and France. It turns out that there is some difference but not a huge amount. A minimal difference in uncertainty avoidance and performance orientation and a little more than minimal difference in institutional collectivism.

3.5 Data Analysis

Thematic analysis is a method for analysing qualitative data that entails searching across a data set to identify, analyse, and report repeated patterns (Braun & Clarke, 2006). It is a method for describing data, but it also involves interpretation in the processes of selecting codes and constructing themes. The collected data were analysed using Gioia's methodology (Gioia et al., 2013). This method involved extracting quotes directly from the transcripts, which we call "in-vivo codes." Then these quotes were transformed into broader concepts, what we call 'first-order concepts'. These first-order concepts were then organized into larger themes, which we call "second-order themes," identifying some important dimensions. This process not only helped set up a structured framework for the data but was also presented visually to show the development of raw data into concepts and themes. This is important for ensuring the accuracy of qualitative research, as described by (Tracy, 2010). In order to first look at the aggregate dimensions from the theory, it was better for me to eventually create all the dimensions. For this study, a theoretical framework was used to create a clear overview that served as a guideline. When analyzing the data, one interview was coded and based on the feedback from Mr. Stienstra, we looked at the codings and dimensions together again to put this down even better and this is an extra validation of this research.

4. Findings

In this section, we present the findings of the study, which focuses on the role of cultural dynamics and employee perceptions during cross-border M&As. The emphasis has been placed on 3 dimensions: institutional collectivism, performance orientation, and uncertainty avoidance. The research aimed to explore how employees navigate cultural differences in the context of a potential acquisition between a Germanic company and a French organization. Using the GLOBE study's cultural dimensions framework (House et al., 2004), we examined how culture influences organizational behavior, with particular emphasis on the emotional responses of employees throughout the process.

Figure 1 provides a representation of the data structure, following the methodology of Gioia et al. (2013).

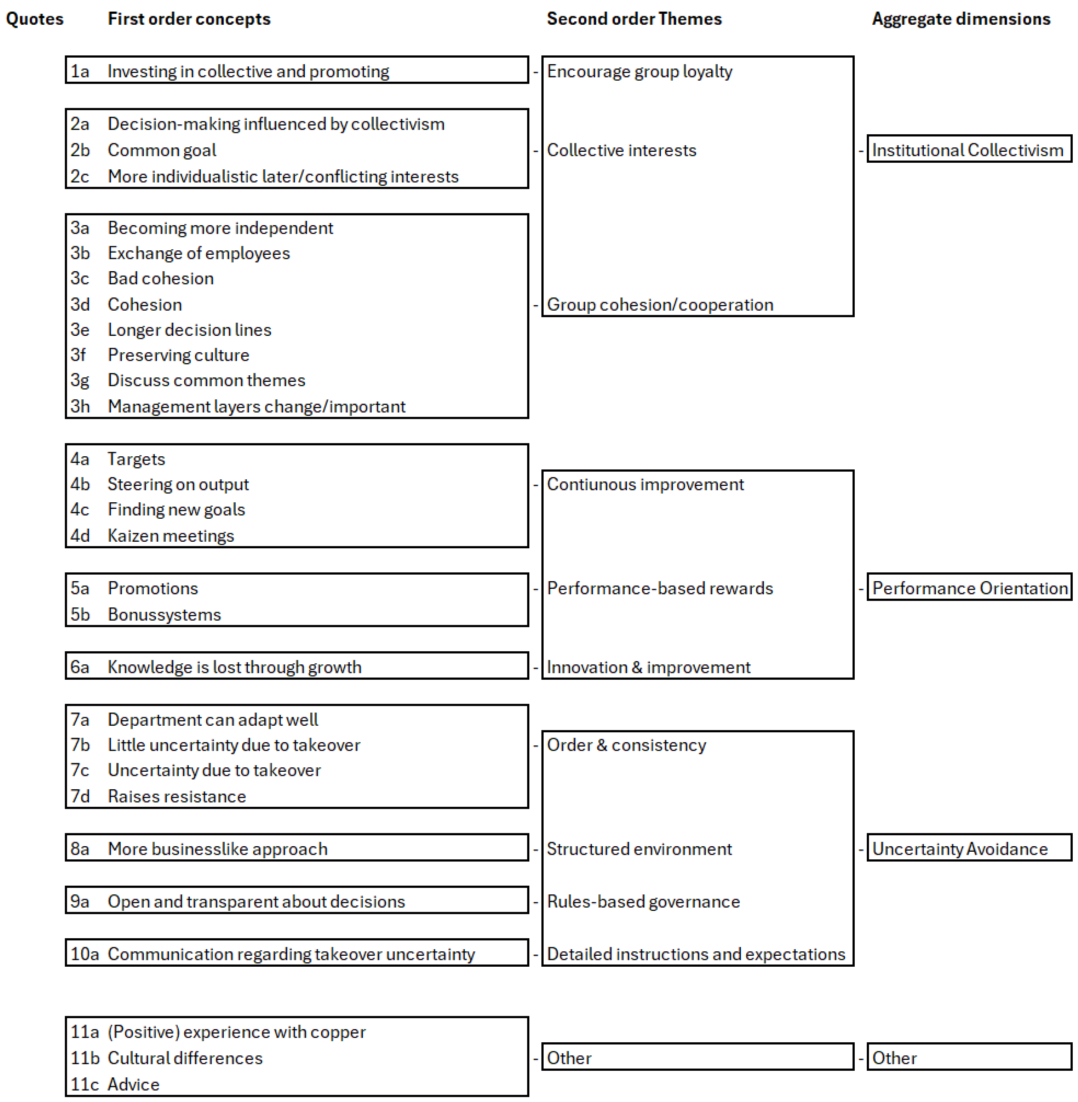

Figure 1: Data Structure

4.1 Institutional Collectivism

In this section we will delve deeper into the principles within institutional collectivism, which can be seen in Figure 2, in a company in the service sector, including a number of external companies that were created with insights from the participants in this research.

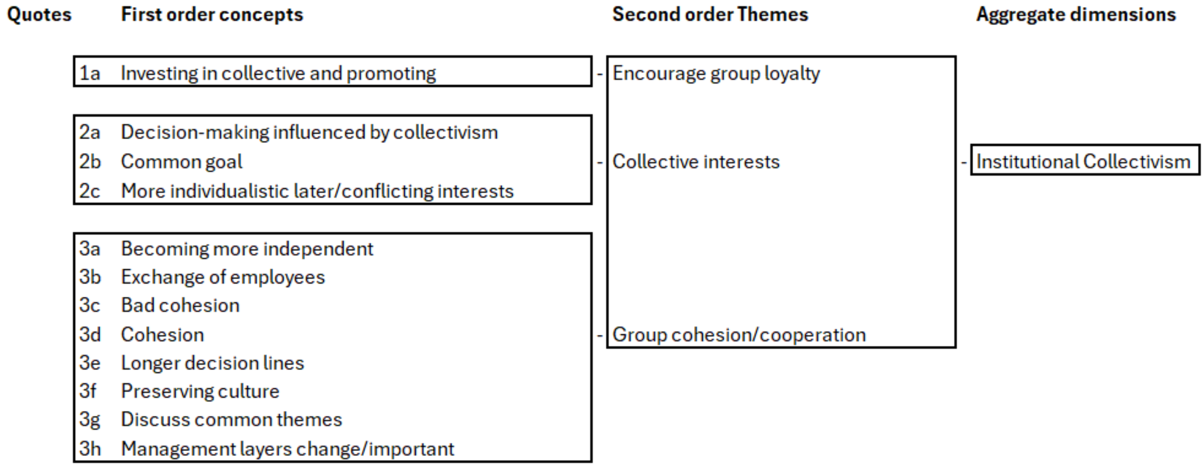

Figure 2: Institutional Collectivism

4.1.1 Encourage Group loyalty

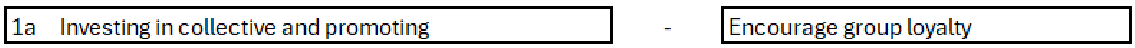

Figure 3: Encourage group loyalty

Respondents emphasize that creating a close group dynamic is important to maintaining motivation and encouraging group loyalty. A respondent said: *"I'll be here at seven, I'll go to the canteen and talk to those guys, tell the team your stupid stories, and keep the team together. People have to do something for you; you don't do it alone."* This is what the former director said, and you can see that the emphasis on investing in this collective makes it clear that mutual trust and personal relationships within teams create the basis for success in the context of cultural integration. Especially in the M&A phase, another former board member stated: *"I think we want to invest a little more than average in that collective now to make sure we keep the group together, that we keep the sentiment and the good side going."* Additionally, investing in the collective is an ongoing process. One of the interviewees noted: "*We are still building, but in the last two and a half years, let's say, team building is about 60 to 70 percent underway, but we are not there yet."* Furthermore, an external company invests in this after such a takeover. The external manager said: *"What we also did was very explicitly choose a mix, composition in teams between the Netherlands and Germany so that you are more or less forced to work together."* By investing in this collective, organizations make a good basis for mutual trust.

4.1.2 Collective interests

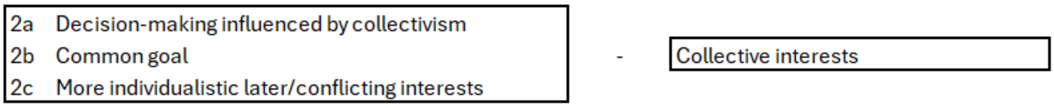

Figure 4: Collective interests

The interviews showed that employees often see the decision-making process as a collective process in which cooperation and consultation are important. An attempt is made to set out the broad outlines of the business operations in a team context, with regular consultation. This is shown in the quote *“Yes, of course, we have the management consultation there every week. We also try to set out the broad outlines of the organization. Yes, and in addition, we have a production meeting every two weeks, a management meeting really with the production departments, and all the themes are discussed there where we make the policy, within the companies,”* where weekly meetings were discussed that includes all departments within the organization. The disadvantages are that too much account is taken of the opinions of others and this makes decision-making slower, according to the quotes *“a lot of consultation or at least that everyone is aware of why certain choices are made, but I think that a pitfall of too much cooperation or perhaps too close cooperation is that you sometimes tend to take too much account of others”* and “W*hen you talk about decision-making, cooperation can be quite disadvantageous, because who ultimately makes the decision, so you have to have a project leader or someone who is above that, who ultimately makes the decision. So I think that is the important thing about cooperation. For improvement, you have to work together because as I just said, otherwise, you will not get the group on board, with multiple disciplines you will not get the solution.”* Although it is sometimes more difficult because of different opinions, collaboration normally leads to better solutions and a higher level of support for decisions, according to the quote *“Collaborations can of course sometimes also cause delays, because yes, when you work together, you also have many different perspectives and different opinions. I think that in the end the goal is better achieved because you have different perspectives and different insights.*” An external manager stated: *“And I think very differently from the Dutch culture because the Netherlands is much more consultation, polder model. We consult a lot to come to the best solution.”* This is often seen as a delay in the process, but the quality will be improved. The other external manager indicated that the higher up someone is in the organization, the more risks are avoided and can lead to a delay in the decision-making process unless the lower levels work well together and come forward with a well-founded plan. This emphasizes the importance of cooperation at all levels to achieve effective decision-making.

The interviews showed that employees find it important to have a common goal. Quotes such as “*but I am more in favor of learning from each other, uniformity within a company so that you also create more unity and can also adopt the good things from each other and also ask the critical questions in* *cooperation," "everyone has their own contribution in this of course and that goes from sales to technology, but also operational, the distribution part and sitting together to then have one goal at that moment, to especially maximize that customer satisfaction,"* and *"we actually all have one interest and that is simply to serve the customer as well as possible"* are showing this importance. A number of respondents emphasized that the lack of a clear common goal can lead to friction. One respondent indicated: *"Sales wanted to go great, but then production held it back,"* which led to more tensions between departments. This illustrates the importance of a shared vision to prevent these tensions and to make the integration run better. An employee also emphasized that the total connection is very important for such a common goal: *"Those people on the work floor, they have to do the work, they have to ensure that our customers are satisfied. And at a strategic level, you have to determine your course, it has to fit together. So you always have to try to maintain that connection."* The external manager emphasizes that this common goal can change when you are taken over, according to the quote "*if you work in a family business, the community is important, so to speak, the cohesion and connection are important and ultimately profit may still be on top of the list."*

During the interviews, it became clear that there can be tension between a more individualistic approach and the pursuit of shared goals within organizations. One employee indicated: *"I think that a corporate environment generally tends to steer somewhat more individually."* In an environment where the emphasis is on individual performance, like multinationals is less connection between colleagues, an external manager indicated. He noted: *"You don't see any connection with the employees at multinationals. They only go for the profit."* Here, the individual interests become greater than the collective. Another respondent indicated: *"If someone starts selling X and you get your bonus on that, then I'm not going to worry about work clothing or other things."* You see that individual interests differ compared to the bigger picture and the involvement between departments.

4.1.3 Group cohesion/cooperation

3a	Becoming more independent		
3b	Exchange of employees		
3c	Bad cohesion		
3d	Cohesion	-	Group cohesion/cooperation
3e	Longer decision lines		
3f	Preserving culture		
3g	Discuss common themes		
3h	Management layers change/important		

Figure 5: Group cohesion/cooperation

The interviews show that employees experience more independence. One external manager describes how their team was given more responsibility after the acquisition: *"And in this case we were actually given more authority than we had before."* In this case, it led to faster decision-making and a more efficient process: *"Processes are more efficient than they used to be because before we had to get permission from someone in England."* Another respondent told that the process of becoming more independent can be difficult in the beginning: *"We will have to become independent, but it is still in its infancy in the beginning phase of that."* The integration takes time and employees also have to grow into this.

Employee exchanges between departments can contribute to stronger group cohesion where they support each other and work together under greater workloads. One participant said: *"Regarding X, we have reached our maximum capacity, we are now engaging in internal collaboration with other departments to outsource some of it."* This employee exchange encourages a system where departments support one another, which strengthens cooperation within the organization and helps employees reduce uncertainty. Another respondent indicated this as well: *"If there is a peak in work in one department, then see if other departments can give people to keep costs under control."*

The external managers all indicated that the sense of community was not good and had decreased after an M&A. The implementation of individual department KPIs in larger organizations leads to pillarization and a lack of cooperation between departments. As one respondent indicated: *"I think that is not good, because I see that due to the pillarization that arises, due to the KPIs that each department has in each pillar, there is far too little bridging."* These performance indicators can promote an individual working method for their own goal and not the common goal. It was very clear as well that national cultural differences did not ensure solidarity: *"A German management is somewhat more hierarchical in style than Dutch management, and you see that that clashes a bit."* Cultural differences can also be seen: *"What you see is that cooperation can really be improved... the big cultural difference between a family business and a protocol product is that the first form of cultural difference that you have."* Another respondent indicated: *"And you see no connection with the employees at multinationals."*

Several respondents described how collaboration has become stronger over the years and collaboration is the most important thing. One respondent noted: *"What I have seen in the last ten years is that it has become closer together. Before, I thought they were really islands apart."* This shows that the sense of solidarity has strengthened over time. Mutual involvement is strengthened by coffee moments and conversations in the canteen. One board member mentioned: *"I'm here at seven o'clock, I go to the canteen and talk to those guys, tell the team your stupid stories, and keep the team together."* These kinds of moments lead to better collaboration and greater solidarity within the team. With this, the direct member ensured that people did not think that he was above the rest and was good for the collaboration. Another respondent said: *"Because collaboration makes you less* *vulnerable, on the one hand, and the other hand several people can put their different insights on the mat, which means that you tackle a problem from certain angles and can therefore expect better results."* This indicates that you are stronger if you do it together. To encourage solidarity and tackle cultural differences, some teams invest in cultural exchanges and encounters. As one manager puts it: "*We invest in people not working from their fixed workplace in the Netherlands or Germany, but meeting each other."* These efforts show that personal interactions play an important role in encouraging cooperation and cohesion, especially in a cross-cultural context.

A shift in decision-making becomes noticeable when transitioning from a family business to a large organization. In a family business, you have quick and direct decisions with short communication channels between employees and management, and in a large corporate structure, more complex decision-making with more layers. One respondent stated: *"Our sales director was of course also the owner, so he could decide a lot himself. If he thought that the customer had not yet signed for an order, so to speak, but we had to deliver, we would go for immediate delivery. Of course, that is not possible now, they cannot do anything with feelings, they can only do with contracts and guarantees, and that is logical."* In a large organization, there is a more formal approach with more certainty. It was also noted that it became more hierarchical: *"Here, there are many more layers above, which means that questions often go over several levels before they are finally answered and responsibility is taken less quickly to make a decision."* The difference in speed and decision-making can contribute to resistance to change within the organization. The perception that processes are slowed down by '*ten signatures*' or the need for far-reaching planning (*"now that has to be included in a budget in advance. If that has to be tested before such a decision is made, the decision-making process will be much longer"*) increases the distance between employees and the head office.

Employees feel connected to the core values and team spirit of their organization, and they see maintaining culture as essential for maintaining cohesion and stability within the organization. Employees also indicate that this is of course a different feeling than when a company is doing badly. One respondent says: "*I think especially when you take over a company that is doing very well, yes, leave that intact as much as possible and don't immediately say that from now on you all have to work in a certain structure that may not fit the company at all"* and *"mainly do what you always did, because yes, we had very good figures. They took over a very good company and that of course makes it a bit different."* Employees also indicate that new leadership styles are risks where the unique culture is in danger of being lost. One respondent says: "*You have to deliver that culture in the way you want it and if you don't do that, then the layer below that goes, then the pillarization pulls much more."* This can be characteristic of feelings of pillarization and use of unity. To prevent this, one respondent stated: *"I think the most important thing is that at the management level, you should have a maximum of 20* *percent of the other culture in your management so that you can still safeguard the culture for the first few years.*" What employees in the company also find important and motivating is the trust in the acquiring company. One respondent stated: *"The French have said here: we want to protect the culture of the current company as much as possible, which is very nice if you know a little bit where the owner wants to go, especially if you, as the former owners, still help for a while to accelerate that integration."* They see cultural maintenance as an important aspect of a better takeover, especially when the original owners remain involved to guide the integration.

By having consultations and sharing common themes employees feel connected which results in better cooperation and better response to changes that the takeover brings with it. Regular consultation within and between departments is important. We already mentioned this with collective interests, but one respondent states: *"We have the management consultation there every week, of course. We also try to set out the broad outlines in the organization and in addition we have a production, and management consultation with the production departments every two weeks and all the themes are discussed there where we make the policy, within the companies."* Weekly consultations within teams are seen as important to ensure smooth mutual communication and to avoid misunderstandings, this is evident from interviews in which one respondent said: *"When I started here, we scheduled a consultation and every week we sit down to discuss several issues so that you keep each other close together and ultimately you also know what is going on with each other. Well, if you don't do that, then you get that friction and those mutual frustrations so I think those are nice things to work well together."* Employees state that consultation on common themes, such as cost development and energy saving, helps to keep everyone involved in the company objectives, quotes such as: *"We consult a lot on common themes so that we know what is going on where"* and *"We have a team, a technical service team, a production team, etc. and they work together incredibly well. For example, I'm just saying, that every day we consult on how we can improve things in the process. Energy saving, customer complaints. Then we sit down together."*

The M&A has led to changes in responsibilities at the board level, with the roles being assigned to the general manager instead of the board members. One respondent stated: *"We are now of course in the phase where someone has become ultimately responsible, and that has been the case for three weeks now. Well, that has to find its way now. But what you do see as a direct consequence of that is that the board of directors used to be three and could take on a lot among themselves and divide the tasks among themselves, yes, three people are actually gone and it can't just be left to him."* This indicates that the necessary help must be available and that good cooperation is needed for this challenge. It is also noticeable that the employees on the production floor notice little of it and this is good for avoiding uncertainty: *"It is mainly in the layer above that it is now slowly and surely starting to take* *shape, but no, on the production floor itself, it has not yet had any impact with the takeover."* You also see that multiple individual conversations have been held with managers since the takeover, which is good for the integration, as can be seen from a quote: *"Since the takeover, many conversations have been held, individually, but that is more based on management level and not so much the layers below."* With such a takeover, it can also be seen that the larger acquiring organization has more positions, as can be seen from the quote: *"I do notice that at the acquiring company, there are more ranks, levels and all certain positions, and that used to be less."* This is a difference in organizational structure and employees can therefore have new expectations and extra pressure with this more hierarchical system.

4.2 Performance Orientation

In this section, we will delve deeper into the principles of performance orientation, which can be seen in Figure 6, in a company in the service sector, including a number of external companies that were created with insights from the participants in this research.

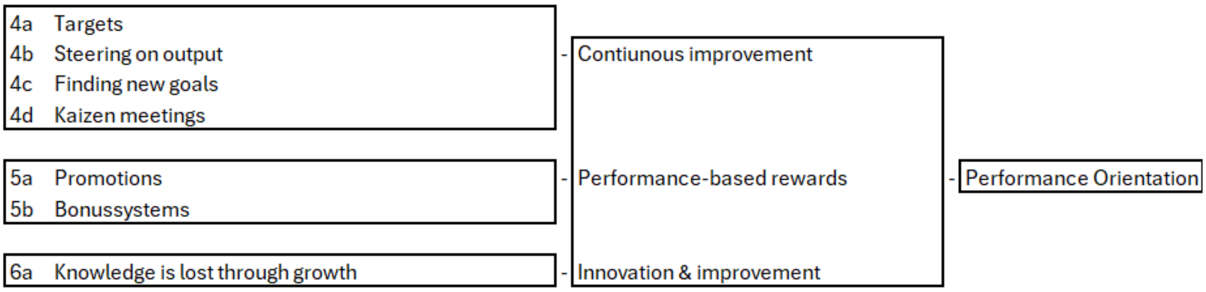

Figure 6: Performance Orientation

4.2.1 Continuous improvement

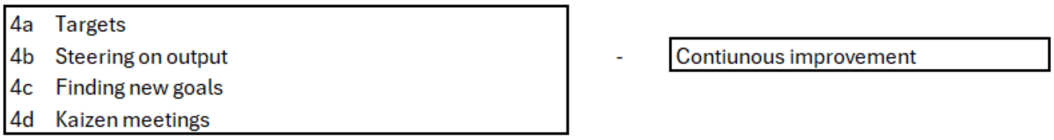

Figure 7: Continuous improvement

In M&A, targets are crucial for steering the organization toward success. Targets will give direction and ensure a common focus within the organization. An employee said: "*If you don't have common goals or common targets, for example achieving a certain profit percentage, then everyone will do their own thing*." The importance of collective targets appears to be important, especially within the management layers that are responsible for achieving financial results and growth. In most M&As the focus shifts to concrete, measurable targets such as KPIs (Key Performance Indicators) and STIs (Short Term Incentives), often in the financial field. One of the interviewees indicates that the stock market value of the company depends on achieving targets in turnover, EBIT/EBITDA, and cash flow: *"These financial performance indicators determine whether you are seen as a successful organization."* In addition to hard targets, such as financial performance, soft targets are also receiving increasing attention, such as sustainability and corporate social responsibility. In addition, the introduction of targets has led to a more professional approach to meetings and decision-making. Instead of steering on feelings and emotions, steering is done on actual results. *"We are very much guided by measurable targets, and here we mainly measure on financial objectives,"* says an employee. Other employees then say the same thing after such an M&A. For many, this means that they can focus on the bigger picture and the overall mission of the organization. However, you should be careful with targets. A former director states: *"What I am not in favor of is that these targets are so leading that people blindly follow* *them."* Objectives should primarily serve to achieve joint success and to make the organization perform better.

In the context of an M&A, the focus in organizations often shifts to a more data-driven approach where performance and results have more priority. Where in the past decisions were sometimes made based on feeling and intuition, the role of objective data is now growing significantly. As one interviewee noted: *"More data-driven and in the past you saw in the family business that a lot of things were also based on feeling."* Many respondents indicated that much more was driven by data after such a transition. An important result of this new focus is that the company collects, analyses, and uses data worldwide to steer decisions. For example, employees notice that they now have to provide data on production quantities, efficiency and hours worked. This information is not only important at the organizational level but is also shared and compared internationally. KPIs such as revenue development, EBIT, EBITDA, and cash flow play a key role in determining the success of the organization. *"You get what you measure,"* notes one employee, which shows the importance of clear and measurable objectives in this performance-driven culture. This data-driven approach also offers the benefit of transparency within the organization, in departments such as sales, with one external manager saying: *"Everything can be measured in sales, from daily to monthly results in PowerBI. We can see exactly what is sold, to which customer, and at what time."* This not only provides clear goals but also transparency, which increases commitment to the overall organizational goals.

Many respondents indicate that working with a capacity manager provides new insights into how production opportunities can be used more efficiently. One employee explains: *"We already have an idea of what we can process at most, but the acquiring company wants that."* This analysis shows the need for detailed reporting and measurable results, to determine optimal capacity utilization and identify other improvements. M&A also offers employees opportunities to improve growth strategies and investments. For example, one respondent says that an investment list is created to get approval for projects within the new organization. This approach not only provides certainty but also helps to stay in line with the expectations and strategic objectives of the acquiring company. As one employee puts it: "*You create an investment list of that we would like to invest in your company. That is how you deal with it, to get certainty in the new organization."* An employee also states: *"If you want to grow and stay connected to your market, you have to keep developing, especially in this day and age with sustainable and technological developments,"* so new goals that match with social and technological trends to remain competitive.

The Kaizen meetings within the organization play an important role in supporting continuous improvement and promoting collaboration during the integration process. These meetings provide an opportunity for different departments, including technical service (TD), distribution, warehouse, and sales, to work together and achieve common goals. One employee describes this method as follows: *“We have a Kaizen meeting every day, in which the different departments join in to improve collaboration.”* These meetings also strengthen the involvement within the organization, one respondent indicated: *“We have the Kaizen meetings daily, twice a day. That feeling of working together – we are certainly 80 percent of the way there.”*

4.2.2 Performance-based rewards

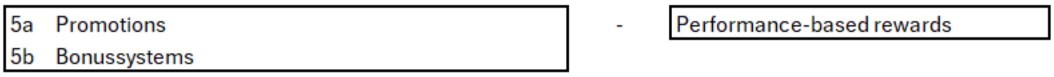

Figure 8: Performance-based rewards

Promotion opportunities within an organization will be a strong motivator and support both personal growth and the general work atmosphere. One employee stated: *"I like a new challenge; I am more positive about it."* Promotions play an important role in motivating employees by offering them opportunities to demonstrate their skills and grow within the organization. Another respondent stated: "*Employees sometimes want to grow, for example to a team leader. When they see that this is possible, it motivates the entire team."* By offering growth and promotion opportunities, the organization increases the chance that employees will remain loyal because they feel valued and have perspective. This is evident from the quote: *"If employees do not see opportunities to grow, it frustrates them and increases the chance that they will leave the organization."*

Although bonuses often motivate employees to make extra efforts, the interviews reveal that there are different perspectives on the effectiveness of bonuses and the possible negative effects on corporate culture and team dynamics. A highly targeted bonus system can also have negative consequences. Bonuses can increase the risk that employees will put personal goals above organizational goals. One interviewee stated: *"For example, if you have a sales employee who is rewarded or receives a bonus based on certain sales, that can generate too many sales, but if those sales are generated at even higher costs or at a lower margin than you need, the individual interest exceeds the interest of the organization and that is a potential risk that you run. I think it can trigger people, but the risk is that you trigger people to do the wrong thing."* It was noticeable that not everyone agreed with bonuses, someone else said: *"I am against all individual bonuses because that mainly stimulates individualism."* One respondent stated that a pat on the back can sometimes be just as motivating as a financial bonus. For certain roles, a reward in the form of recognition, promotion, or salary increase can be more valuable and sustainable than a one-off bonus. As one interviewee put it: *"A bonus is short-term; it only motivates for a short while. Appreciation and a good working relationship last longer.”* Although bonuses can have positive effects, it appears that a balance between basic compensation and bonuses is crucial to keep employees motivated in the long term. Some people think that a bonus is important, but it is clear that these are the external managers from other companies who benefit from this and are already part of a larger corporate environment.

4.2.3 Innovation & Improvement

Figure 9: Innovation & Improvement

Rapid growth of organizations can lead to a risk of knowledge loss. This is evident from the experiences of employees, who notice that valuable knowledge about customers, processes, and internal operations is lost with the arrival of new colleagues and changes in management layers. One interviewee described this phenomenon as follows: *"I know everything about what is happening with the customer and internally, but because new people are joining and knowledge is disappearing, I notice that a lot of knowledge is lost due to growth."* The increasing size of an organization can make it more difficult to effectively transfer essential information and experience. Especially in situations of rapid expansion, for example, after a takeover, this loss of knowledge can negatively affect operational efficiency and the quality of customer relationships.

4.3 Uncertainty avoidance

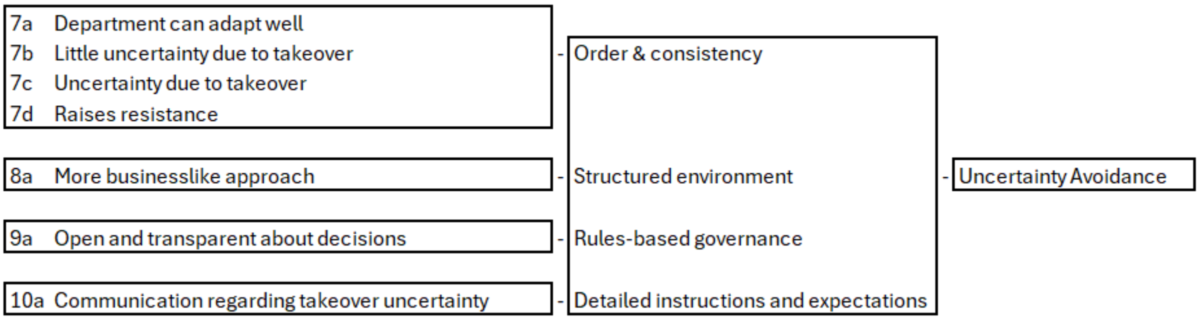

Figure 10: Uncertainty Avoidance

In this section, we will delve deeper into the principles of uncertainty avoidance, which can be seen in Figure 10, in a company in the service sector, including a number of external companies that were created with insights from the participants in this research.

4.3.1 Order & Consistency

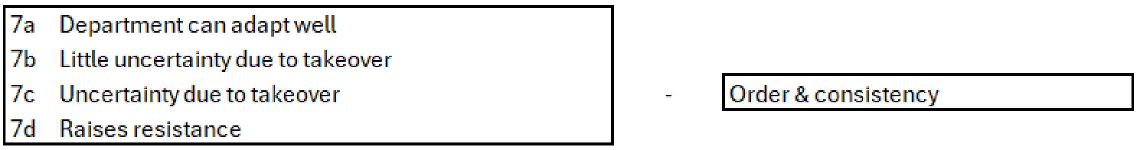

Figure 11: Order & Consistency

The interviews show that departments can usually adapt very well to changes even in uncertain situations. An experience, for example, is COVID-19 and the energy crisis, where a respondent said: *"We are used to changes in that respect from the past. So in fact, the entire department is like, well, let it come and we'll make the best of it."* There will be external uncertainties, but the departments do not feel this, they are certain about their position within the organization. This is partly due to growth and investments that strengthen employee confidence. A respondent said: *"The department is only growing. So in principle, we need people instead of scaling down. People are not insecure, that is absolutely not the case."* In addition, it appears that a young team composition contributes to a flexible attitude, a respondent said: *"With the younger generation that comes into the company, there are still some question marks in the beginning, but that also goes well, because they quickly go with the flow of the day."* External managers confirm that flexibility is a strong characteristic of the department. A manager from another company emphasized the value of agile working: *"Agile working means implementing small improvements in a very short time and bringing them to the market, with the advantage that you can respond very quickly to changes in the market."* Another external manager praised the department's approach: *"We see that people embrace uncertainties by focusing on work, making small changes, and switching quickly."*

The interviews show that the takeover had little effect on how secure employees felt. At first, the announcements caused some uncertainty, but this quickly disappeared due to clear explanations of what the takeover entailed. One interviewee stated: *"Of course, there was a lot of uncertainty when it was communicated that the takeover was going to take place, but when it became clear what the takeover mainly entailed, that uncertainty quickly disappeared."* The impact of such a takeover was almost unnoticeable in many departments and in some cases, no real changes have been implemented yet. This contributes to a sense of continuity. One respondent noted: *"The staff hardly notices anything of the takeover. They communicate well about it, and I don't notice any strange things, no frustrations. It just continues nicely."* Employees seem to be doing fine due to the favorable market conditions and the company's need for additional staff. Another interviewee stated: *"They took over. You could say that they are going to see if there are not too many people working, but in this case, we need more people. The labor market is tight, so I notice little to no unrest on the work floor."* An externally interviewed manager also indicated that the takeover caused little uncertainty in his organization. This is partly attributed to the approach of the new Japanese shareholders, who are risk-averse and invest in quality: *"We hardly noticed any Japanese influence. There is more of a culture with a Japanese 'sauce' over it, but that has not caused any unrest."*

Although it has become apparent that there is little uncertainty in some departments, there is also uncertainty within the organization. The interviews show that uncertainty plays a role at various levels and departments and is often accompanied by questions about job security, changing management structures, and the overall future of the organization. Employees indicate that a lack of clear communication during the takeover period increases uncertainty. For example, it was mentioned that it took too long before it was known which direction the new management would take: *"Until then, there was radio silence for a very long time. That took too long for employees, and the need for clarity was very great."* This led to nervousness, especially in departments where changes are immediately noticeable, such as payroll and sales: *"The girls in payroll administration really thought: there goes my job. That has a huge impact on the atmosphere."* Uncertainty about job security and organizational changes has a negative impact on the motivation and performance of employees. This was emphasized by several interviewees: *"Uncertainty is an energy drain. It can only lead to demotivation,"* and *"Even the most experienced employees can become incredibly insecure due to a takeover process."* In times of uncertainty, employees look for stability and trust. One interviewee said, *"We need to stay closer together because in uncertainty people sometimes do strange things."* The lack of stability can also lead to resistance to change, especially among employees who are strongly attached to the existing culture and management style: *"Some see their world collapsing because they are holding on to what is now and have difficulty with the idea of change."*

Employees who are concerned about their job security and the feasibility of new demands often react with resistance when changes seem too fast or too drastic. As one employee stated: *"Change in general is always initially met with resistance, but that is the way you deal with it."* Changes in work processes or the expected workload can also provoke resistance. One of the interviewees noted: *"Yes, on the one hand it is not uncertain people who worry about whether they will still have work, but rather the uncertainty of yes, will it remain feasible, will it not be too much? Then you notice that people have done that for a while, that we then extended the hours to twelve o'clock in the evening. Only then you simply notice that at a certain point that does provoke resistance."* A lack of clear communication can increase resistance. Employees who are uncertain about the direction of the organization may feel mistreated or misinformed. One employee stated: *"It could have been clearer and communicated more about that. They are very careful about that and we are used to this company where you just kind of say what you think, that is also a danger."* When organizations set expectations that are too high, especially in a short period of time, this can lead to demotivation and a decrease in team spirit. An interviewed external manager noted: "*We have noticed that when we demand too much from people in too short a period of time, people drop out and then you don't get a team."*

4.3.2 Structured environment

8a More businesslike approach	-	Structured environment

Figure 12: Structured environment

A big change that employees experience during a takeover is the shift to a more businesslike and disciplined approach, especially in the way decisions are made and processes are organized. In the smaller, often family-oriented companies before the takeover, decision-making was often still driven by intuition and personal experience. As one employee indicated: *"More data-driven and in the past you really saw in the family business that a lot of things were also based on feeling, of course also supported by data, but also very much a matter of feeling."* This is ultimately necessary in order to also show hard figures and analyses to, for example the shareholders. Another employee emphasized this difference by saying: *"The only major differences that I see everywhere is that we have now, for example, been very much with the management team itself, with the production departments in combination with General Manager and a team manager to be very much involved in investments ourselves, which we actually did not do before, which was very much the responsibility of the management."* This emphasizes a shift in responsibility. The working method is different, with more formal rules and procedures for matters such as purchasing, customer relations and investments. One employee noted: *"You do notice that they have a lot more protocols, for example ordering cars, dealing with certain things for the hospitality industry, taking on new customers you do notice that they have more protocols than this company does now."* In larger companies there is often a greater emphasis on risk avoidance, which can lead to a more controlled approach to decision making. As one employee put it: *"If you look at corporate uncertainty, what you see there is that the part of the large corporate is more risk averse and that means less uncertainty than it was before."* In the new corporate structure there is often a greater focus on limiting risk, especially since decisions can also affect the interests of shareholders and other external parties.

4.3.3 Rules-based governance

9a Open and transparent about decisions	-	Rules-based governance

Figure 13: Rules-based governance

One of the key themes that emerged from the interviews was the need for openness and transparency in decision-making processes during an acquisition. Employees indicated that clear communication and involving everyone in the changes are essential for a smooth integration and to reduce uncertainty. As one employee put it: *"There really has been a lot of uncertainty there. We've tried to remove that and communicate very openly and honestly about where we think this is going."* When leaders openly communicate strategic direction and expected changes, employees can better understand what is expected of them and what steps are being taken. Employees indicated that when they feel heard, they feel more involved in the future of the company. As one employee stated: *“What we often do is we bring people together, so when the General Manager was appointed, we put a newsletter item out there, we got the whole group together in the cafeteria to explain it and introduce him.”* An external manager emphasized the importance of transparency in this process saying, “*I think if you are at the table where decisions are made, if you are not transparent and you do not explain well to your people, then you lose the connection and ultimately it is about that connection.”* By openly communicating not only the changes but also the underlying reasons for decisions, trust is created.

4.3.4 Detailed instructions and expectations

10a Communication regarding takeover uncertainty	-	Detailed instructions and expectations

Figure 14: Detailed instructions and expectations

Open and transparent communication is crucial to reduce the uncertainty that often accompanies a takeover and to be clearer to employees. As one respondent stated: *"Look, it is of course the managers' choice to also include the group in this to also remove that uncertainty. I am very aware that if I do not communicate that, not the group on the floor of what is going on above, this can lead to a great deal of uncertainty."* The interviews show that it is not only about the speed of communication but also about how it is presented. Another respondent said: *"If you explain it well and include everyone in why you want to implement changes, then you will notice that you have much more support and also less uncertainty among employees."* It is therefore important to explain changes well and provide employees with the right information so that they feel supported. Regular and honest communication is essential. As one manager put it: *"There was a lot of uncertainty there. We tried to remove that and communicate very openly and honestly about this is where we think this is going."* Transparency about the direction of the organization and the reason for changes helps employees understand what is going on, which reduces their uncertainty. In addition to the content of the communication, it is also important to use the right channels and forms. In one case the following was mentioned: *"What we often do is get people together, so when the General Manager was appointed, we put a newsletter item, then we got the whole group together in the cafeteria to explain it properly and introduce him."* This shows how personal approaches and group meetings can help to remove uncertainty.

4.4 Summary

This study investigated how employees perceive and navigate cultural differences in organizational environments during M&As. It investigated their expectations and experiences and their impact on integration processes. From the GLOBE Study, three cultural dimensions were used, namely institutional collectivism, performance orientation, and uncertainty avoidance, and the following three propositions were used:

Proposition 1: Higher levels of organizational institutional collectivism are associated with more effective integration during mergers and acquisitions.

Proposition 2: Organizations with increasing performance orientation are likely to face greater challenges in cultural integration after mergers and acquisitions.

Proposition 3: Organizations with increasing levels of uncertainty avoidance are likely to experience greater resistance to change during integration.

The main findings of Proposition 1 were that investing in group loyalty through personal connections and team dynamics is considered crucial. Quotes emphasize the need for mutual trust and continuous effort to promote collectivity. In addition, decision-making is often collective through regular consultations and cooperation, which according to the interviews leads to a jointly taken decision whereby goals can be better achieved, although the process is sometimes delayed. If you want to see improvement you should get everyone on board and also a lot of consultation was mentioned in 8 of the 14 interviews. Working on common goals reduces tensions between departments. However, care must be taken that managers do not start thinking individually after a takeover in which they have to meet targets and therefore no longer pay attention to the organization as a whole. The joint initiatives strengthen solidarity and reduce uncertainties. Of the examined concepts of group loyalty, collective interests, and group cohesion/cooperation, all results provide clear confirmation of the importance of a high degree of institutional collectivism for successful integration after M&As. So Proposition 1 is confirmed.

Respondents mainly mention challenges that arise from a performance-oriented culture, such as the risks of excessive emphasis on measurable targets or the negative effects of bonuses. In addition, someone does emphasize the advantages, such as motivation through clarity about goals and promotion opportunities. Although performance orientation has advantages (e.g. transparency, focus, and motivation), it brings with it significant challenges in cultural integration. Excessive emphasis on targets and bonuses can cause tensions between personal and collective goals, and rapid growth can lead to knowledge loss. All of this complicates the integration process after a merger or acquisition. Proposition 2 can be confirmed because of these results.

Interviews showed that many departments (still) did not notice much of the takeover, this is mainly on the work floor. Many departments appeared to be able to adapt well to uncertainties because they had to deal with younger teams that could easily adapt. Also, around certain departments such as payroll administration and sales, there was much use of clear communication needed in these departments that led to uncertainty and resistance. Still, the uncertainty was minimal in most departments due to clear communication and a favorable market. Sometimes there was radio silence, which led to demotivation or uncertainty, but in general, everyone found transparency and open communication important and this was largely there. Proposition 3 is therefore partially confirmed because more resistance will be created, which was visible, however, by e.g. a young team and flexible team, transparency, good communication, good market conditions, and a structured approach it can be seen that this is minimized.

5. Conclusion & Discussion

5.1 Conclusion

Returning to the research question of this study, *"How do employees perceive and navigate cultural differences in organizational environments during a business acquisition, what expectations and experiences do they have, and what impact does this have on the overall integration process?"* this study provides several key insights.

The findings showed that employees experience cultural differences in the level of structure, communication, and decision-making. Previously intuitive and personal decision-making in family businesses is shifting to data-driven and formal processes within larger, more business-like organizations. There are more protocols and it is more risk-averse to the shareholders for more control and structure. This is in line with previous research, which has shown that organizational transformations in M&As often lead to increased formalization and hierarchy, sometimes at the expense of flexibility (Brock, 2005; Stahl & Voigt, 2008). While these changes benefit some employees, others resist them, highlighting the importance of employee adaptability, especially in younger teams that tend to be more flexible.

Openness and transparency in communication are also very important in reducing uncertainties after the takeover and employees appreciate personal approaches such as group meetings and newsletters to be involved. If there is no good communication and clarity, this can lead to resistance to change, demotivation, and lower productivity. Employees are looking for a bit of certainty and confidence in such a takeover. Prior research has emphasized that a lack of clear and structured communication can contribute to post-merger dissatisfaction and resistance (Schweiger & Denisi, 1991; Harzing & Ruysseveldt, 2004). This study supports those findings, while also demonstrating that the higher level of uncertainty avoidance among Dutch employees increases the need for transparent and structured communication. Employees generally notice little of the takeover but in some departments, they are uncertain about the future of their positions. This aligns with prior literature that suggests M&A success depends on managing expectations and providing role clarity (Cartwright & Cooper, 1996; Weber & Camerer, 2003).

Ultimately, the research indicates that while cultural differences and structural changes can create challenges, clear communication, a transparent approach, and employee involvement are vital in ensuring a smoother transition and greater acceptance of the changes within the organization. By recognizing these factors, companies can better support employees through the integration process and reduce the negative impact of cultural shifts during a business acquisition.

While past studies have examined cultural dimensions in M&A (House et al., 2004), this study extends this research by providing a specific case comparison between the Netherlands and France and demonstrating how these differences translate into real employee experiences. As discussed, Appendix IV shows that The Netherlands has slightly higher performance orientation and uncertainty avoidance than France. In addition, it has higher institutional collectivism than France compared to performance orientation and uncertainty avoidance. These differences may contribute to varying employee experiences and expectations in the post-acquisition environment.

In performance orientation, it is indicated that the Netherlands has a higher performance orientation. The French have a slightly lower performance orientation, but this is not yet noticeable. In the interviews it is indicated that there is an increasing deviation from feeling after the takeover and that more and more is being driven by figures, this is of course because it concerns a listed company. I do not yet see so many threats when it comes to this difference in performance orientation between the Netherlands and France because this difference is also smaller according to GLOBE. The difference is not visible, because the French company is the one that may have bonuses for what board members (and the rest do not) and that they steered more towards targets, as was noticeable from the interview. The reason for this can be explained quite simply by the fact that the French company is listed on the stock exchange and has to account for the shareholders and the Dutch company was only a family business.

The Netherlands has a higher degree of uncertainty avoidance, which means that Dutch employees have a greater need for clarity, structure, and risk avoidance. This can lead to resistance to the more flexible and less risk-averse approach of the French company. French management needs to provide transparent communication and clarity about the expected changes to reduce uncertainty among Dutch employees. According to GLOBE, the difference is not that big, so expectations are that this does not cause such big problems. In many interviews, it was noticeable that the transparency and general communication were quite good, except for a few moments of silence. In addition, it is a listed company, so this is not visible since France is the listed company is accountable to shareholders, and is somewhat more risk averse.

According to GLOBE, there is more emphasis in the Netherlands on group cohesion, shared responsibility, and collective decision-making. This means that the Dutch company may have difficulty embracing the more individual and performance-oriented approach of the French company. Adapting to more formal structures and individual responsibilities may be necessary. Regarding the results of the manager of the French company, it was noticeable that the collaboration did not change, perhaps a slightly different working method, the collaboration within the Netherlands did not change but the collaboration internationally did. There is a bit more hierarchy in the French company and a lot of listening to the boss. That could also be the reason that institutional collectivism scores a bit higher in the Netherlands than in France since there is consultation until the manager is present and he comes up with the solution, while the Netherlands can find the solution more together.

5.2 Discussion

5.2.1 Reflections

The research did notice several things that were not entirely as expected. First of all, the literature states that institutional collectivism is mainly focused on cohesion and group loyalty (Weber et al., 2011; House et al., 2004), but this research shows that it can also stimulate innovation. This is because teams with strong collective values challenge and support each other to develop creative solutions during the integration process. This aspect is less explicitly addressed in the GLOBE study and can be a valuable addition to existing insights on the relationship between collectivism and innovation in M&A contexts (see Chapter 2.3).

Another finding is that strong performance orientation can reduce collaboration between departments. The literature typically suggests that performance-based rewards are motivational tools that drive efficiency (House et al., 2004). However, this research shows that too much emphasis on individual KPIs can actually stimulate internal competition rather than synergy between different functions. This aligns with the concerns raised by Cartwright & Cooper (1990), who argued that a failure to integrate cultural aspects in M&As can lead to organizational disintegration. The findings from this study suggest that organizations that want to maintain a performance orientation should pay extra attention to collaboration and shared goals to avoid disconnection.

A striking finding is that transparent communication and creating shared goals can significantly reduce the negative effects of cultural differences. This result differs somewhat from the classical M&A literature, in which cultural differences are often considered a barrier (Stahl & Voigt, 2008). In Chapter 2.2 it is discussed that national cultural differences can lead to misunderstandings and conflicts, but the results of this study show that clear communication and joint decision-making can reduce these effects.

Although the literature often sees hierarchical structures as a way to ensure stability and control during an integration process (Sudarsanam, 2003; House et al., 2004), this research shows that these structures can delay decision-making. This is striking because the advantages of formal structures are often emphasized in M&A literature, but the disadvantages, such as additional bureaucratic layers, are less often discussed.

In addition to the expected results from the interviews and the Gioia method, some findings emerged that did not align with the three GLOBE dimensions. This included positive experiences with the buyer, other cultural differences not related to these dimensions, and advice. This is likely because the GLOBE dimensions focus on specific cultural aspects like institutional collectivism, performance orientation, and uncertainty avoidance. These aspects are not explicitly covered by GLOBE but still play a crucial role in the success of a takeover. Therefore, these additional insights provide practical lessons that can facilitate smoother post-merger integration. The managers all saw that they had a neutral/positive experience with the buyer and this is of course very important for the motivation and trust of the employees. In advice, a manager said that the head office was located in Paris, for example, but the office operated both nationally and internationally. It was noticeable that French aspects were reflected and that the situation in France was seen as the truth. A manager also said to take into account the top management, where you have to put 20% outside eyes, otherwise you will never get the culture change going, but that should not happen too quickly. Another manager thought that you had to find a way to maintain equality, that there is no kind of unnecessary hierarchical relationship because then you would get a counteraction in the local branch. Or the moment when you give the feeling: that you are just as important as the rest, you also get that you seek more agreement. The final advice from another external manager was to understand, experience, and read up on the other culture to understand what is important because things are done differently in other cultures, so it is useful to delve into this, follow the training, and possibly also adapt if necessary.

5.2.2 Contributions to theory

This research makes valuable contributions to the theoretical understanding of cultural integration in cross-border M&As. Examining the interplay of institutional collectivism, performance orientation, and uncertainty avoidance through the lens of the GLOBE framework (House et al., 2004), deepens and expands existing academic discussions in meaningful ways.

This study contributes to the theoretical refinement of the GLOBE cultural dimensions framework by applying it to the dynamic process of post-merger integration in M&As. While GLOBE has been widely used to analyze leadership and organizational behavior (House et al., 2004; Javidan et al., 2005), previous studies have primarily focused on stable organizations and national cultural differences. However, M&As create a period of transition where companies must align different cultures, adjust leadership structures, and integrate organizational identities. This research extends GLOBE by demonstrating that dimensions such as institutional collectivism, performance orientation, and uncertainty avoidance influence collaboration, trust, and resistance to change in these uncertain environments (Buono & Bowditch, 1989; Mullen & Copper, 1994). Unlike previous studies, this research highlights that these dimensions are not fixed traits but change and interact during integration, influencing organizational adaptation and employee experiences. These findings indicate that GLOBE may need further development to better explain cultural adaptation in M&A settings, especially in uncertain environments. Future research could examine how these cultural dimensions change over time and across different industries to improve our understanding of cultural integration during organizational transitions.

While much of the existing literature on M&As tends to focus on financial and strategic outcomes (Stahl & Voigt, 2008; Haleblian et al., 2009), this study emphasizes the human dimension of these integrations. Focusing on employee experiences and emotions, it emphasizes how a lack of cultural alignment, particularly in performance-driven environments, can negatively affect both employee morale and overall productivity. This approach fits with previous research in the work of Schweiger & Denisi (1991) and highlights the critical importance of addressing employee expectations and concerns to ensure smoother integration and sustained motivation.

The role of institutional collectivism is particularly emphasized in this study as a key driver of successful integration. Findings show that encouraging shared goals and group loyalty significantly helps in overcoming cultural barriers (Weber et al., 2011; House et al., 2004). This research empirically supports the idea that organizations prioritizing collectivist practices can better navigate the complexities of integration by cultivating trust and mutual support (Buono & Bowditch, 1989).

Uncertainty avoidance is another dimension that this research explores in detail, highlighting its influence from different perspectives. While high uncertainty avoidance is often associated with resistance to organizational change (Cartwright & Cooper, 1990; Stahl & Voigt, 2008), this study identifies clear communication and well-structured leadership as effective strategies for reducing such resistance. The findings extend previous research (Oreg, 2006) and show how transparency can help reduce employee anxiety and thus facilitate a smoother transition during integration.

Lastly, this research contributes to the discussion on performance orientation by exploring its impact. While cultures with high-performance orientation often emphasize measurable targets and efficiency (Schweiger & Denisi, 1991), this study highlights potential risks such as the loss of institutional knowledge during rapid transitions. It emphasizes the importance of balancing performance metrics with efforts to preserve organizational knowledge, thereby addressing a less-studied area of M&A literature (Buono & Bowditch, 1989).

In conclusion, this study offers a theoretical perspective on the role of cultural dimensions in shaping employee experiences and integration outcomes during cross-border M&As. By combining the GLOBE framework with an employee-centered approach, it provides insights for reducing cultural friction and promoting successful organizational integration.

5.2.3 Implications to practice

This study offers several key insights for organizations involved in cross-border M&As, particularly in terms of managing cultural integration. By examining cultural dimensions such as institutional collectivism, performance orientation, and uncertainty avoidance the research provides practical strategies for facilitating smoother integration and reducing challenges that may arise in a merger or in a post-merger.

A big insight from this study is the importance of understanding the cultural differences between the merging organizations. For companies that prioritize institutional collectivism, it is beneficial to highlight the role of teamwork and shared goals in creating a more smooth integration process. Identifying these cultural attributes early on helps management adapt their integration strategies to fit the cultural values of both organizations.

Effective communication is another key factor in addressing uncertainty and reducing resistance to change. Organizations should ensure frequent, open updates like newsletters and meetings between departments throughout the merger process, ensuring employees at all levels are aware of the changes, the reasoning behind them, and their role in the upcoming structure. Providing channels for employees to voice their concerns, such as through regular meetings or anonymous surveys, can help build trust and increase transparency during this time of change.

To bridge cultural gaps, encouraging a shared common goal is crucial. Managers can emphasize mutual objectives, such as increasing customer satisfaction or optimising operational performance, to bring teams together despite cultural differences. Activities like team-building exercises and collaborative problem-solving can strengthen teamwork and reduce tensions between culturally diverse groups.

For organizations with a strong performance orientation, this study warns against over-emphasizing performance metrics, which can lead to knowledge loss or disengagement among employees. Leaders should strive for a balanced approach by including measurable objectives while also recognizing individual employee contributions and fostering personal growth opportunities. Implementing coaching programs or offering clear career advancement pathways can help motivate employees and improve employee loyalty.

Organizations with high uncertainty avoidance should aim to create a clear, structured environment to reduce employee anxieties. This includes defining roles and responsibilities, setting clear expectations, and ensuring consistency in procedures. Additionally, involving employees in decision-making when suitable can help promote a sense of stability and ownership during times of change.

Each cultural dimension identified in this study brings its own strengths that can improve the integration process. For example, organizations with a high level of institutional collectivism can build on their focus on collaboration and mutual support, while those with a performance-driven culture can achieve strong results through well-defined targets. Recognizing and applying these cultural strengths enables companies to create a more integrated and smooth culture post-merger.

By taking a proactive approach to managing cultural dynamics and focusing on clear communication, team cohesion, and a balanced leadership style, organizations can more effectively address the challenges of cross-border M&As. These practical strategies provide a solid framework for reducing resistance, engaging employees, and securing long-term integration success.

5.2.4 Limitations & Future Research

Although this study offers meaningful insights, it has its limitations. Three dimensions from the GLOBE study were examined, based on a paper by Autio et al. (2013). However, this choice was made to limit the scope of the research and focus on the dimensions that are most relevant to the specific context of your study. GLOBE also has 6 other dimensions that were not investigated in this study and were included. Therefore future research could focus on examining these remaining dimensions such as Assertiveness, Future Orientation, Humane Orientation, In-Group Collectivism, Gender Egalitarianism, and Power Distance to gain a more comprehensive understanding of the cultural dynamics in cross-border M&As.

Typically, GLOBE is used in quantitative research, with a focus on surveys and statistical analysis (House et al., 2004). The GLOBE framework provides broad cultural dimensions to analyze country-specific trends and behaviors. However, these dimensions may be too general to capture the nuanced, context-dependent aspects of organizational culture. Qualitative research focuses on deeper insights, and the GLOBE dimensions can be too standardized or simplistic to fully understand the complexity of culture change and the impact of M&As. Also, GLOBE mainly deals with national cultural differences and in this study, we are talking about managers who are interviewed in the company, so you would think that it might also go more towards organizational culture. For this reason, future research may choose to look at other models that can be used in similar research.

A methodological limitation of this study lies in the application of the Gioia methodology. Ideally, this approach requires that at least two first-order concepts come together to form a second-order theme. In this study, in some cases, one first-order concept was used to arrive at a first-order theme, which therefore deviates from the theoretical guidelines in the Gioia method. Although this was done in this study, it is an aspect to take into account in future research.

This study also looked at a country that did not show much difference in these 3 dimensions, as Appendix IV showed, and it might have been more interesting to compare countries that showed a lot of differences in this. Future research can focus on countries that do show many differences in certain dimensions.

Another limitation is that the research is based on a limited number of interviews (with the acquired company and its managers and only 4 external companies, which may limit the research in certain sectors/cultures). The sample size was quite small and future research could expand the sample size with more employees from the same company or employees from other external companies in different sectors and cultures.

This study primarily focuses on companies from the Germanic and French regions, potentially limiting insights into how cultural dynamics play out in other cross-border M&As. The choice for these regions was explained based on both practical and theoretical considerations. Future research could focus on taking many more different cultures and comparing them. In addition, a limitation is that the GLOBE study was originally focused on the banking, food processing, and telecom sectors and this study is not in these but in a service sector. It may be useful to include multiple sectors or the right sectors in a subsequent study.

This study also provides a snapshot of employee perceptions and attitudes during a specific period post-acquisition, which may overlook the long-term evolution of these perceptions. It might also have been interesting to schedule interviews multiple times during such an acquisition. Future research could focus on longitudinal studies with interviews at multiple stages of the acquisition process to provide a more nuanced understanding of how employee attitudes and integration efforts evolve.

In addition, this study only used qualitative research methods. While qualitative approaches provide in-depth insights, the absence of quantitative measurements of cultural integration and its impact on performance may leave certain aspects unexplored. Future research could focus more on quantitative research on cultural integration and its impact on performance. The best research often combines features of both (King et al., 1994), while forcing a choice may limit the research or reduce the quality of the findings because they are one-dimensional (Savenye & Robinson, 2004). Through these future research efforts, researchers can gain a better understanding of the challenges of cultural integration and its impact on employees and organizations in cross-border M&As.

5.2.5 Concluding remarks

This study highlights the critical importance of cultural understanding and integration in cross-border M&As. Insights from the interviewed managers indicate that institutional collectivism contributes to a smoother integration process, whereas performance orientation and uncertainty avoidance can present challenges if not properly managed. However, resistance to change can be reduced through structured communication and clear leadership. These findings emphasize the need for organizations to develop approaches that take cultural differences into account, ensuring a more effective integration process. By incorporating perspectives from experienced managers, this research provides both academic and practical insights for companies navigating cultural integration in M&As.

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Appendix I – Types of M&A

Below, three categories of acquisition are mentioned: horizontal acquisition, vertical acquisition, and conglomerate acquisition.

Horizontal M&A

Around 80% of M&A transactions during the 1990s and 2000s were categorized as horizontal deals, indicating that they involved companies operating in the same industry or sector (Rahman & Lambkin, 2015). In horizontal M&As, the participating companies are operating within the same industry and directly compete with each other in the same market (Häkkinen et al., 2004). Horizontal acquisitions helps the acquiring company to increase its capabilities without fundamentally changing its core business operations where the capacity of the acquirer increases (Investopedia, n.d.). An example of a possible horizontal M&A is that McDonalds acquires Burger King. Both companies offer similar products and services so making them direct competitors. Through this acquisition, McDonald's could eliminate competition in the fast-food industry and potentially strengthen its market position.

Vertical M&A

Vertical M&As involve companies within the same production chain and creating the same product or service but at various stages of the production process (Hillier et al., 2010; Häkkinen et al., 2004). This type of acquisition aims to keep the availability of essential products and prevent supply chain disruptions. The merging firms perceive that collaborating is more effective than operating independently. Hillier et al., (2010) provided an example: An airline company acquiring a travel agency. Both entities operate within the same value chain but have different positions within it. Through this acquisition, the airline company could ensure that travellers choose to book flights with them instead of opting for competitors.

Conglomerate M&A

Firms in conglomerate M&As, on the other hand, operate in completely different industries and have no connection to each other (Hillier et al., 2010; Häkkinen et al., 2004). Companies engaged in a conglomerate merger can see this as an opportunity to explore new business areas and potentially reducing risk through diversification (Amihud & Lev, 1981). An interesting example of a conglomerate acquisition is the purchase of Motorola by Google in 2011. This acquisition was not a horizontal acquisition, as Google and Motorola were not direct competitors and also wasn't a vertical acquisition since they were not involved as suppliers or customers to one another (Chiu et al., 2015). The deal was made primarily for two reasons: leveraging Motorola's patent portfolio and for tax benefits.

Appendix II – Motives of M&A

Four rational motives and two non-rational motives for mergers and acquisitions are discussed below. The rational motives consist of sales improvement, cost reduction, tax benefits and reduced capital requirements for creating synergy. Non-rational motives consist of earnings growth and diversification.

Rational

The rational motive behind M&As is synergy, where the effect of the collaboration is greater than if they work separately (Hillier et al., 2010; Rahman & Lambkin, 2015). This is further emphasized with the explanation of Hillier et al., (2010, p.787), where synergy is explained as "synergy occurs if the value of the combines firm after the merger is greater than the sum of the value of the acquiring firm and the value of the acquired firm before the merger".

- *Revenue Enhancement*

Combining the firms is expected to generate increased revenue streams, potentially arising from marketing improvements, strategic advantages, or enhanced market influence (Hillier et al., 2010; Rahman & Lambkin, 2015).

Rahman & Lambkin (2015) conducted a study and revealed that M&As have a favorable impact on marketing performance. This positive influence is attributed to an increase in sales revenue and a decrease in expenses related to sales, marketing, and administration. Thus, the improved marketing can increase business revenues and reduce costs in synergy (Hillier et al., 2010; Rahman & Lambkin, 2015).

Strategic advantages can come into play when a company chooses to develop in a new sector or broaden its presence within an existing sector (Caiazza & Volpe, 2015). Through this acquisition, the company gains access to the expertise and assets required to operate in a different industry. This saves time because the acquiring company can bypass multiple stages in the expansion process (Hillier et al., 2010). Furthermore, strategic advantages may arise from a competitive standpoint.

Increased market influence can result in more power when we are talking about the output price. This often translates in higher output prices and so profits in monopoly (Hillier et al., 2010; Sudarsanam, 2003). Furthermore, greater market power can increase negotiating power with regard to non-price factors such as delivery terms and guarantees. When competition will reduce it could have a damaging impact on society, where the government gets involved to put social importance first (Hillier et al., 2010).

- *Cost Reduction*

Synergies resulting from cost savings occur when the merged entity operates more efficiently than companies that operate individually (Rahmen & Lambkin, 2015; Cho, 2013). Improved operational efficiency can be achieved in several ways, including economies of scale (like bulk purchases are often cheaper), vertical integration efficiencies (takes control over multiple stages of the production or distribution), technology transfer, leveraging complementary resources (more efficiency by combining resources/capabilities of parts of the company), and effective management practices (Hillier et al., 2010).

- *Tax Gains*

After a merger lower taxes can be achieved by using tax losses or using surplus funds (Hillier et al,. 2010). Surplus funds mean extra cash reserves or retained earnings. A loss at an unprofitable division of the company can be used to offset the revenue generated by a profitable division within the same company. When these divisions are combined into one entity, this total revenue can result in lower tax liabilities (Auerbach & Reishus, 1986). Another method to increase tax benefits from an acquisition is to use surplus funds (Hillier et al., 2010). An illustration of this concept is to efficiently use surplus funds by funding an acquisition with them. Shareholders of the acquiring company do not have to pay income taxes that would otherwise have to be paid on dividends.

- *Reduced Capital Requirements*

Another potential synergy from a merger is the decrease in capital needs. At a merger certain facilities such as factories or headquarters may become unnecessary. In the section 'cost reduction', various means of operating more efficiently have been explored such as potential economies of scale, vertical integration, technology transfer, complementary resources, and the elimination of ineffective management. These primarily address fixed capital costs. Furthermore, a merger can lead to a reduction in working capital requirements. Then the inventory-to-sales ratio and cash-to-sale ratio may decrease as the firm expands. By realizing these economies of scale related to working capital, a merger facilitates a reduction in working capital needs (Hillier et al., 2010).

Non-rational

Although synergy often serves as a rational reason for acquisitions, not all motives behind M&As arise from logical considerations. We explain two non-rational factors that lead to takeovers.

- *Earnings Growth*

Some Organizations only want rapid expansion at minimal expense. Through another acquiring company, they can create the appearance of growth. Such acquisitions can impact metrics such as earnings per share and price-earnings ratio (Hillier et al., 2010; Stern, 1974), leading to the illusion that the combined firm's value is higher than reality. However if there are no real synergies or other advantages resulting from the merger the perceived growth is misleading.

- *Diversification*

In most cases, diversification is perceived as an advantage for companies. If diversification is the only reason behind an acquisition, investors may not always get the maximum benefit (Hillier et al., 2010; Caiazza & Volpe, 2015). Diversification does not result in value growth. The non-systematic risk can be eliminated but, the systematic risk can't be eliminated through diversification. If shareholders want to diversify, they can achieve this more easily and cheaply by purchasing shares in different companies. Bruner (2002) mentioned in his work that mergers aimed at diversification often result in poorer performance compared to those focused on specific industries. So, diversification only as a motive for a merger may not benefit shareholders.

Appendix III – GLOBE Dimensions

The concepts of the nine dimensions of the GLOBE study as outlined in House et al., (2002) are briefly explained below.

Uncertainty Avoidance: This is about how much people in an organization or society try to avoid uncertainty by sticking to social norms, rituals, and bureaucratic procedures to make the future less unpredictable.

Power Distance: This means how people in a group or society expect and agree on whether power should be distributed unequally.

Collectivism I - Social Sharing / Institutional Collectivism: This looks at how much both organizations and society encourage and reward sharing resources and working together.

Collectivism II - Group Loyalty / In-group Collectivism: This measures how proud, loyal and close individuals are within their organizations or families.

Gender Egalitarianism: Gender Equality is about how much an organization or society tries to minimize differences in gender roles and discrimination.

Assertiveness: Assertiveness is about how positive and confident people are in their social interactions within organizations or societies.

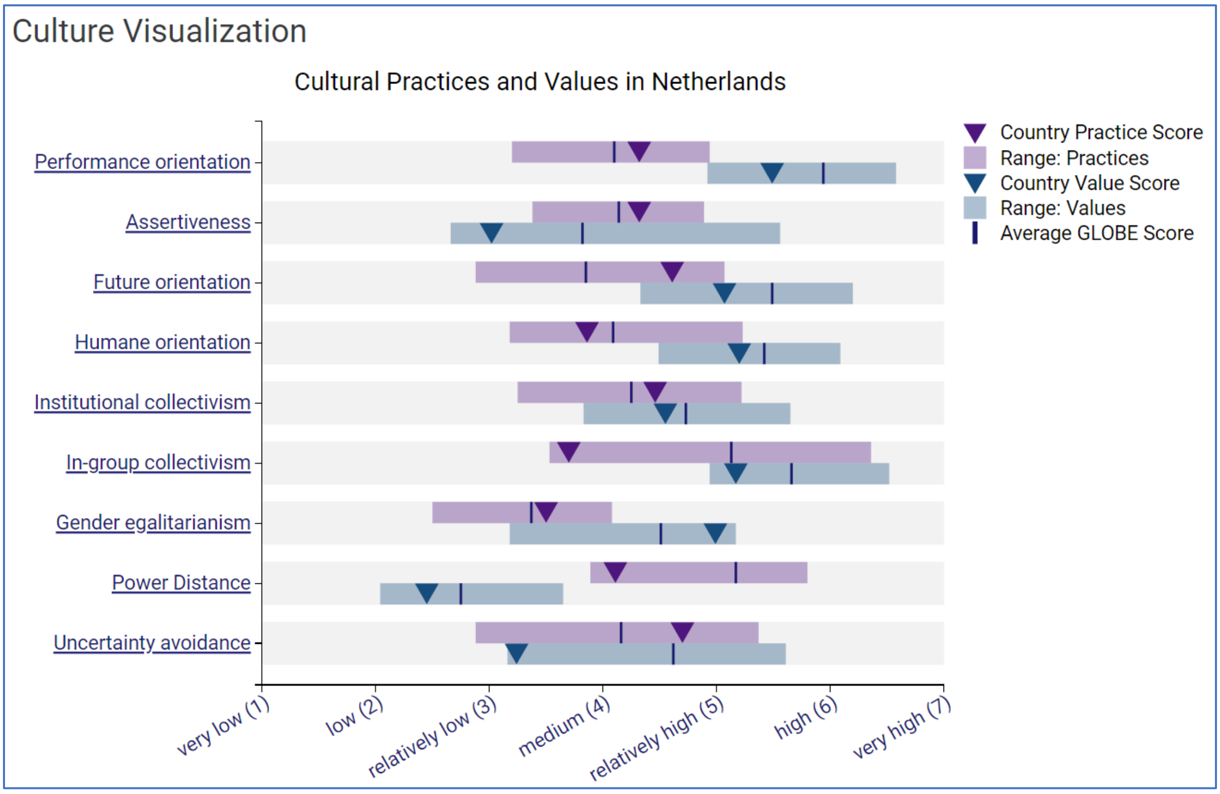
Future Orientation: Future Focus is about how much individuals in organizations or societies think about the future, plan ahead, and delay immediate rewards.

Performance Orientation: This is about how much an organization or society encourages and rewards people for improving their performance and achieving excellence.

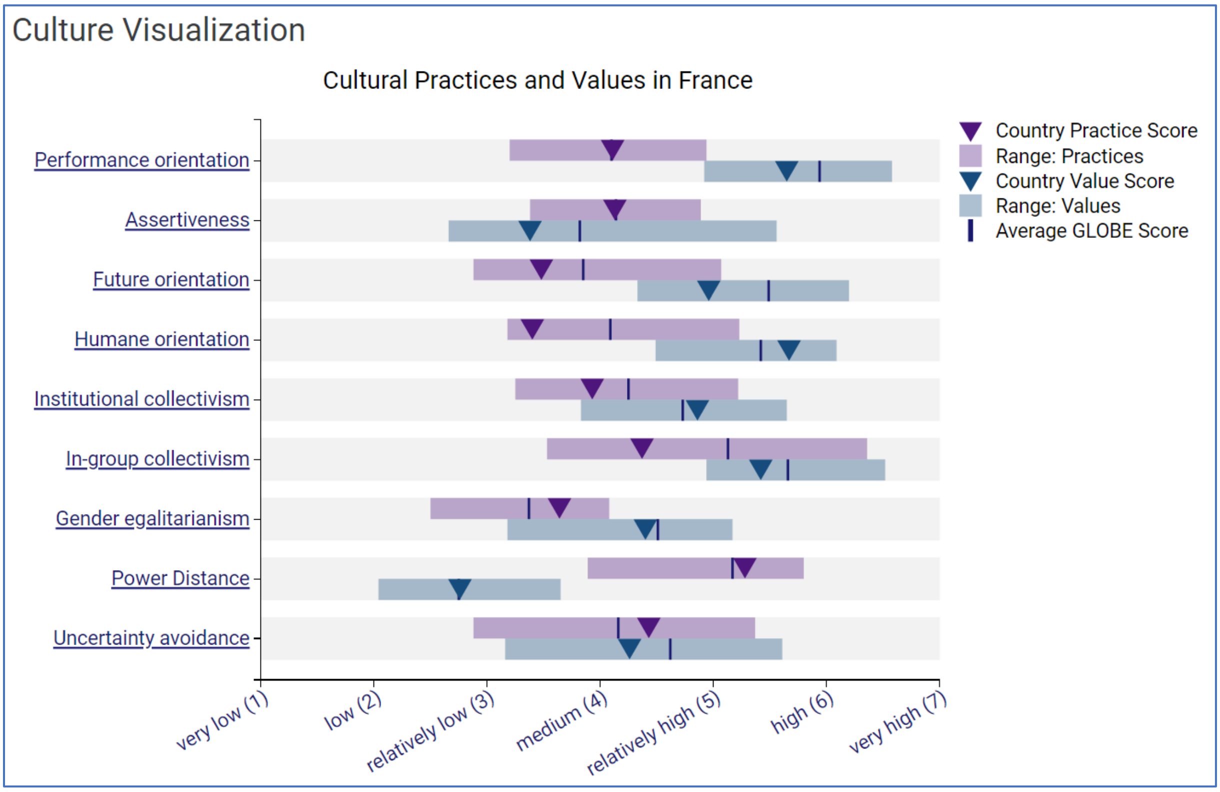
Humane Orientation: Humane orientation is about how much individuals in organizations or societies value and reward fairness, friendliness, and caring behaviour towards others.

Appendix IV – GLOBE Results: The Netherlands – France

The Netherlands:



France:



Appendix V – Interviewguide

May I kindly request your permission to record this interview in audio format? It's important to note that all interviews will be anonymously documented and the transcripts subsequently be stored once securely. Please rest assured that your identity will remain confidential throughout this process, and the interview's confidentiality will be upheld. Furthermore, you can decline to answer any question, pause, or conclude the interview at any point as you see fit. Your participation is entirely voluntary, and you may choose not to respond to any question without any obligation. This interview would reportedly last approximately 45 minutes.

- **Introduction**
  (1) I would like to provide an introduction to both myself and the research topic at hand.
  (2) *First look at LinkedIn for info* Could you please provide some background information about yourself (including your educational and professional background, your tenure at your current position, and any prior roles or experiences you had before joining your current position)?
  (3) How did you end up joining the company and what do you think of it now?

- **Exploration of Cultural Dimensions**

Institutional Collectivism

(4) How would you describe the level of teamwork and collaboration within your organization? Can you provide examples of how people in your organization work together to achieve common goals?
(5) To what extent has there been changes in how teamwork and collaboration are encouraged or valued since the acquisition?
(6) Do you think group cohesion works better than individual work? How do you think the way people work together influences decision-making and problem-solving within the organization?

Performance Orientation

(7) Do you thing achieving goals and meeting targets (continuous improvement) are important within your organization? Why (not)? Can you explain?
(8) What changes have occurred in how performance is measured or rewarded since the acquisition?
(9) Can you share any instances where achieving performance goals has been particularly emphasized or challenging during the integration process? Can you give an example?
(10) How do you think that bonus and promotions affect employee motivation and job satisfaction? How does it change after the M&A?

Uncertainty Avoidance

(11) What have you noticed in terms of changes in the way your department (and the company as a whole) deals with uncertainty?
(12) How does your department (and the company as a whole) typically respond to changes or uncertainties in the business environment?
(13) Can you provide examples of how your department (and the company) deals with uncertainty in decision-making or planning?
(14) How do you believe the organization's approach to uncertainty affects employee confidence and job security?

- **Experiences/expectations**

  (15) Please choose between positive, negative or neutral based on your own experience during the integration process following the acquisition and give an example.

  (16) What specific challenges or difficulties have you encountered related to cultural differences in terms of daily routines, adapting to future needs, and understanding or following rules and guidelines?

  (17) Have there been any positive aspects or opportunities that have arisen from the integration process?

  (18) How did your expectations prior to the acquisition align with your actual experience?

  (19) What suggestions or recommendations would you offer to improve future cross-border acquisition processes in terms of cultural integration?

- **Closing**

  (20) Is there any additional information or insights you would like to contribute on these subjects that I haven't inquired about thus far?

  (21) Do you have any further comments that you would like to mention?

  (22)Thank the interviewer for their time and conducting the interview.