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The contribution of intercultural management to the success of international mergers and acquisitions: An analysis of the EADS group

Christoph Barmeyer[a,1], Ulrike Mayrhofer[b,*]

[a]*Ecole de Management de Strasbourg, CESAG (Centre d'Etude des Sciences Appliquées à la Gestion), Université Robert Schuman, 61 avenue de la Forêt-Noire, 67085 Strasbourg, France*
[b]*IAE de Lyon, Centre de recherche Magellan (Euristik), Université Jean Moulin and Groupe ESC Rouen, 6 cours Albert Thomas, 69008 Lyon, France*

Abstract

This article examines the contribution of intercultural management approaches to the success of mergers and acquisitions. The authors characterise international mergers and acquisitions as well as intercultural learning practices. They analyse the integration process of EADS (European Aeronautic Defence and Space Company), resulting from the merger of the French company Aerospatiale-Matra, the German company DASA and the Spanish company CASA by illustrating the impact of cultural differences on managerial situations. These situations may have both conflicting and complementary aspects, as it will be shown in the paper. Intercultural management approaches allow to overcome conflicts and thus contribute to the success of international mergers and acquisitions.
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1. Introduction

Since the early 1980s, mergers and acquisitions have developed considerably on both a European and worldwide scale. After the impressive rise in the number of mergers and acquisitions in the later part of the 1980s, a rapid progression of cross-border mergers as well as a significant increase in the value of transactions marked the 1990s (Garrette & Dussauge, 2000; Urban, 1999). At the beginning of the new millennium, mergers and acquisitions continue to be a critical part of the global business landscape (Angwin, 2001; Schweiger & Véry, 2001).

Yet, available studies show that the failure rate of mergers and acquisitions is high: approximately one out of two transactions is considered as unsuccessful (Buckley & Ghauri, 2002; Demeure, 2000; Habeck, Kroger,

*Corresponding author. Tel.: +33 4 78787649; fax: +33 4 78787081.

E-mail addresses: christoph.barmeyer@iecs.edu (C. Barmeyer), ulrike.mayrhofer@univ-lyon3.fr (U. Mayrhofer).

[1]Tel.: +33 3 90414304; fax: +33 3 90414270.

& Tram, 2001). The risks of failure are emphasised in cross-border transactions where cultural differences make the integration process particularly difficult (Blazejewski & Dorow, 2003; Quah & Young, 2005). It therefore seems necessary to develop tools that facilitate the integration of different cultures in cross-border relationships. This research aims to show how certain approaches of intercultural management can contribute to successful international mergers and acquisitions. The authors analyse the integration process of EADS (European Aeronautic Defence and Space Company), resulting from the merger of the French company Aerospatiale-Matra, the German company DASA and the Spanish company CASA. The first part of the article discusses the impact of culture on international mergers and acquisitions. In the second part, the conceptual framework and the research methodology are explained. The third part analyses the application of intercultural management practices within the integration process of EADS.

2. How does culture affect the integration process of international M&As?

To examine the possible impact of culture on the integration process, it is necessary to understand specific characteristics of international mergers and acquisitions.

2.1. Characteristics of international mergers and acquisitions

Mergers and acquisitions can be defined as strategic agreements between two or more independent companies that choose to share their resources (technological, productive, sales, etc.) with the aim to reach common goals. In a merger, companies combine their assets in order to create a new company; in an acquisition, one firm takes control of the majority of the capital of another company and integrates the acquired company (Mayrhofer, 2001, 2004).

Mergers and acquisitions are powerful transactions, as much on a capitalistic as on an operational level. The integrated firms need to determine the distribution of shares between the former shareholders, the headquarters and the management team of the new entity. On an operational level, the activities of the newly formed company need to be coordinated, which often requires a reorganisation of the different functions (Feldman & Spratt, 2000; Habeck et al., 2001). Such organisational changes are rendered even more difficult when mergers involve companies from different countries (Guth, 1998; Mayrhofer, 2001, 2004).

In fact, in cross-border mergers and acquisitions, companies face problems linked to differences in both corporate cultures and national cultures (Søderberg & Vaara, 2003). These cultural differences may be interpreted and perceived in a different way by decision-makers involved in the integration process. Vaara (2000) shows that cultural conceptions are not only reflections of "real" cultural differences but they are also products of complex cognitive, emotional and political processes. Some of these aspects cannot be captured by traditional approaches of culture, e.g. studies that attempt to identify cultural differences between countries (Vaara, Tienari, & Säntti, 2003). The concept of culture is a theoretical construction, and it is difficult to anticipate where possible problems in the integration process will arise. Culture should not be considered as something objective and given which a nation or an organisation has. For instance, companies can be characterised by subcultures linked to departments, professions and other communities of interest. It seems important to focus on the integration process, which should be regarded as a process in which companies communicate to and with each other about what they perceive as their respective cultural identities. Consequently, companies should make a great effort to develop language skills as well as communicative and intercultural competence (Gertsen & Søderberg, 1998).

The success of a merger–acquisition is generally based on the existence of a joint project and the efficient management of human resources. Therefore, it is necessary that the companies involved understand the advantages associated with the merger, so that they can concentrate on reaching the objectives they have set together. When dealing with the management on a social and human level, one must anticipate and define the necessary changes that will bring about a successful transaction. The creation of a new company necessitates the forming of mixed teams and the maintaining of a certain balance when putting together work groups, delegating responsibilities and allocating salaries. Given the managers' different interests, communication plays an important role. Finally, it is advisable to anticipate cultural changes within the company, for each party generally seeks to implement its own methods, work tools and management style. The creation of a new

corporate culture that integrates the positive aspects of each culture helps to avoid conflicts. The merging of companies from different countries presents a supplementary source of difficulty (Egg, 2000).

2.2. The integration process in international M&As

In cross-border mergers and acquisitions, the integration process is often delicate, especially when considering the different cultural backgrounds of the involved companies. Cultural differences influence management practices of companies and strengthen the differences between organisational cultures (Hofstede & Hofstede, 2005; Klarsfeld & Mabey, 2004; Shepherd & Pringle, 2000; Véry, 1995). From this point of view, it is necessary to clarify that problems of cultural incompatibility can have a negative impact on the results of mergers and acquisitions (Chatterjee, Lubatkin, Schweiger, & Weber, 1992) and that the creation of value for investors is usually reduced. This last observation concerns most particularly transactions characterised by significant cultural differences between associated entities (Datta & Puia, 1995).

It seems important to highlight that the evaluation of the performance of a merger or an acquisition depends on the way managers interpret and construct the integration process. Vaara (2002) identified four types of discourse that actors involved in mergers employ in recounting their experiences: "rationalistic", "cultural", "role-bound" and "individualistic". The "rationalistic" discourse, which appears to be the dominant discourse, places the integration process in an institutional framework of rational decision-making, where particular managers or collective management as change agents shape the post-merger integration process. In contrast, the "cultural discourse" is based on the idea that the actors are not "neutral" decision-makers, but that they are actors identifying different sides and representing different parties (e.g. different nationalities or subcultures). The "role-bound" discourse refers to a setting where the actors are seen as bound by their specific positions in the corporate hierarchy, that is their roles and responsibilities. The "individualistic" discourse is focused on the personal characteristics and individuality of actors. The research conducted by Vaara (2002) shows that it is difficult to analyse post-merger integration, because there exist different ways of interpreting and reconstructing the integration process.

If culture is often considered as an obstacle to the success of mergers and acquisitions, Morosini, Scott, and Singh (1998) argue that cultural distance can enhance the performance of cross-border acquisitions by providing access to the partner's routines and repertoires embedded in national culture. Larsson and Risberg (1998) show that cultural differences that are apparent generally increase cultural awareness to the extent that human factors are more specifically taken into consideration. The analysis of 62 case studies conducted by the authors reveals that mergers and acquisitions where companies face both corporate and national culture differences have a higher degree of acculturation (thus facilitating the creation of a joint corporate culture) and synergy realisation than domestic operations with similar corporate cultures. The degree of acculturation depends on the way companies manage the formal (organisational aspects) and informal (socialisation aspects) integration process (Larsson & Lubatkin, 2001). The efficient management of cultural differences can thus contribute to the favourable outcome of international mergers and acquisitions (Feldman & Spratt, 2000). Schweiger and Goulet (2005) show that the ability to manage existing differences through cultural learning generally facilitates the integration process. They found that cultural learning interventions allowed to develop constructive employee perceptions and attitudes that are likely to enhance performance. The use of intercultural management practices might be an important factor in improving the success rate of international mergers and acquisitions.

3. Conceptual framework and research methodology

After the presentation of major concepts of intercultural management approaches, the research methodology will be explained.

3.1. Concepts of intercultural management

The field of intercultural management developed in the USA towards the end of the 1970s and was based on international and compared management (Harris & Moran, 1993). The empirical study conducted by

Hofstede on national and corporate cultures contributed to the development of intercultural management in the field of management sciences (Hofstede, 1980; Hofstede & Hofstede, 2005). Different from international management (which takes into consideration all functional activities of a company) and compared management (which compares the specificity of management in different systems), intercultural management focuses on organisational behaviour and human resources (Adler, 2002; Schneider & Barsoux, 1997; Usunier, 1998). Intercultural management attempts to evaluate the influence of culture (national and organisational) on the perceptions, interpretations and actions of managers. Culture can be defined as a system of meanings (Geertz, 1973) and orientations linked to a group and based on specific values, which are translated into different behaviours. This system was learned during the process of socialisation. Just as this socialisation occurs in a specific context, national culture, which reflects the values, thoughts and behaviours of a society, continues to play a primordial role despite the process of globalisation. In the field of management, the cultural system gives individuals cognitive capacities and specific methods that enable them to solve problems (Barmeyer, 2004). Consequently, collaborators coming from other countries will probably find different solutions when faced with the same problems (Fenwick, Edwards, & Buckley, 2003). The research conducted in intercultural management tends to focus on the study of interactions of managers coming from different systems. This research is concerned with "critical incidents" which are due to cultural differences (Barmeyer, 2000). These critical incidents are often produced in communicative and cooperative situations where the expectations and behaviours of managers diverge and bring about intercultural conflicts (Batchelder, 1993).

Intercultural management plays an important role in international mergers and acquisitions where collaborators from several countries are put into a situation where they have to work together. Nonetheless, the differences between systems, which can bring about conflicts and misunderstandings, are often underestimated. This underestimation of the cultural factor seems surprising, because the merging of companies is, above all, a merging between different human beings. It is humans that create, follow or divert rules and structures of companies, and that make sure that companies live, function and make benefits. It is their ideas, strategies, thoughts and decisions that are transformed into action (Chanlat, 1990) and they contribute to the success or failure of a company. This is particularly true for mergers and acquisitions.

For several decades, academic research relative to cross-border mergers has focused on the question of convergence or divergence, since it determines, to a large extent, the strategy of interfirm linkages (Adler, 2002; Child, 1981; Schneider & Barsoux, 1997). A strategy based on the convergence hypothesis advocates the harmonisation between different systems. The differences between organisations and managers being not very important, they will approach one another via a "common culture" and will therefore find a "compromise", so that the newly formed company can function properly. Conversely, a strategic approach based on the concept of divergence takes into consideration cultural plurality and the stability of particular systems. In this perspective, the diversity of cultures resists, even if the experience of an effective internationalisation deepens (Dupriez & Simons, 2000). It is therefore essential to manage different cultures. Table 1 illustrates the two concepts.

Table 1
Convergence and divergence in international management

	Convergence	Divergence
Contender	Differences will disappear	Differences will remain or increase
Consequence	Cultural homogeneity	Cultural heterogeneity
Risk	The negation of culture may cause misunderstandings and conflicts	The overestimation of culture can become the principal element of conflict
Management	Management methods are universal and can be transferred and applied in different contexts	Management methods are principally marked by their culture of origin and encounter resistance in their application in other contexts
Mergers–acquisitions	Cultures will tangle and be diffused; consequently, the stronger culture will have more influence and will be applied	Cultures resist change; consequently, adjustments and intercultural compromises need to be made

Source: Barmeyer (2000, p. 38).

In international mergers and acquisitions, the dialectic of convergence vs. divergence mainly concerns three areas: (1) organisation, (2) corporate culture and (3) human resources management. In the following analysis, we will focus on the approach chosen by the EADS group to manage cultural differences between associated entities.

3.2. Research methodology

The authors have conducted a longitudinal study of the integration process of the EADS group, which resulted from the merger of the French company Aerospatiale-Matra, the German company DASA and the Spanish company CASA. The empirical study is essentially based on secondary data that has been collected after the creation of the new company. The observation period extends from 2000 to 2006. The collected data covers annual reports of the merging companies Aerospatiale-Matra, DASA and CASA as well as of the EADS group, internal documents (provided by the corporate university of the EADS group), and articles published by the French and German business press (daily newspapers like *Les Echos* and *Frankfurter Allgemeine Zeitung*, weekly and monthly magazines like *L'Expansion* and *Die Wirtschaftswoche*). Because of the strategic importance of the merger for both countries, the creation of the new group has been reported in a very detailed way in the French and German business press.

To analyse the collected data, the authors used a qualitative interpretative approach (Geertz, 1973), often used in intercultural research, especially those of "critical incidents" (Batchelder, 1993) and "situational frames" as Hall (1981, p. 129) underlines: "The situational frame is the smallest viable unit of culture that can be analysed, taught, transmitted, and handed down as a complete entity […]. The framing concept is important not just because it provides the basis for identifying analytic units that are manageable when put in the hands of the expert, but framing can be useful when learning a new culture. Frames represent the materials and contexts in which action occurs—the modules on which all planning should be based".

Besides the analysis of secondary data, interviews were conducted with 16 French and German HR managers in different locations of the EADS group in France and Germany (Bremen, Friedrichshafen, München, Paris, Toulouse and Ulm), some of whom were working for the EADS corporate university. These HR managers were directly involved in the integration process of the company. For confidential reasons, they wish to stay anonymous.

The interviewed managers were asked to describe an intercultural managerial situation of the integration process, where different assumptions and approaches had been perceived. The authors asked the interviewed persons to describe the situation as detailed as possible, also to include contextual information and the main actors. Which were the difficulties? Which were the complementarities? Which were possible explanations? In order to achieve a multiperspective approach, the same incidents were presented to the other actors involved, describing their own position and perspective. Some of these incidents of the primary data are presented in Section 4.1 of the paper.

Concerning the use of secondary data, it seems important to mention that it is particularly difficult to get access to primary data, mainly because of the political dimension of the EADS merger and the conflicts occurring during and after the integration process. The decentralised organisation adopted by the EADS group also favoured the use of secondary data. Moreover, as shown by Smith, Grimm, and Gannon (1992), secondary data appears to be adequate when the objective of a research is to analyse strategic behaviours. In their review of possible methodologies for studying the dynamics of strategy, the authors underline that secondary methods are especially adapted for post-hoc analysis and longitudinal studies. They also argue that secondary methods offer the advantage to be available and to minimise the observer bias. However, mainly relying on secondary data also presents several shortcomings that probably limit the contribution of the empirical study. In fact, the collected data may only reflect part of the business reality and some of the information may have been interpreted, e.g. by journalists in the case of the business press. Despite these shortcomings, we believe that the collected information allows to better understand major aspects of the integration process of the EADS group.

4. EADS: how to succeed an international merger through the integration of different cultures?

During his meetings with Rainer Hertrich, former president of the Management Board of Daimler-Chrysler Aerospace (DASA), a subsidiary of the Daimler-Chrysler group, Philippe Camus, former president of the

Management Board of Aerospatiale-Matra, said "in order to work together, one must trust and in order to trust, one must understand". This philosophy shaped the creation of EADS, which resulted from the merger of the French company Aerospatiale-Matra, the German company DASA and the Spanish company Construcciones Aeronauticas (CASA). With total sales of 34.2 billion euros and a net income of 1.68 billion euros (in 2005) and 110.000 employees, EADS became the first European group in the aeronautic, spatial and defence industry. The success of the merger can be explained by the appropriate application of intercultural management practices.

4.1. Conflicting and complementary aspects of intercultural management situations

In order to facilitate the process of integration, the EADS group used several measures aimed to manage cultural differences between the associated companies. These measures concern (1) the organisation (structure, flow chart), (2) the corporate culture and (3) human resources management (cooperation and teamwork, leadership, training and careers).

To respect the equal distribution of capital between French and German shareholders, the EADS group adopted the principle of symmetry on a managerial level. This symmetry involved the nomination of two executive presidents: the French Philippe Camus and the German Rainer Hertrich. Two operational divisions are managed by the French (Airbus and Space), two divisions are headed by the Germans (Aeronautics, Civil systems and defence), and one division is managed by the Spanish (Military transport airplanes). The headquarters of the new company is divided into two main sites: strategy and marketing (headed by the French) located in Paris, and finance and communication (managed by the Germans) located in Munich. So as to avoid duplication within the group, each function and each division is headed by one manager. The respect for equilibrium by nationality and by competence led to significant movements within the employee pools. The group put into place special conditions for transfers (promotions, training seminars, etc.).

Confronted with corporate cultures that were significantly different, the EADS group applied a human resources policy that aimed to build an EADS spirit. The decision to adopt English as the official language in which to communicate can, at first light, facilitate the process. Corporate culture is based on the spirit of teamwork. To this end, several integration sites were put into place. In total, 80 people worked on the harmonisation and integration of human resources. The recruitment of 1500 employees in 2001 contributed to the building of the new corporate culture.

EADS' managers consider cultural diversity as a distinct advantage of the newly merged company. As a result, several working teams made up of employees from different nationalities were established. These teams show that diversity from a cultural, value-oriented and training-oriented point of view will lead to ideas and solutions that are varied compared to the problems they may be faced with. Cultural diversity feeds the dynamics of the group: creativity, original ideas meeting up with constructive feedback in order to structure and set up the former. An example of this harmony of core competencies (and financial interests and strategies) is the production of the Airbus A340: Aerospatiale, the French part is responsible for the cockpit and for the central caisson in the rigging. These two elements are of major strategic importance and are extremely costly due to their material and the technological challenges they represent. DASA, the German section, is accountable for the large pieces of fuselage as well as the sanitary installations—elements that are less complex and expensive, since they are produced in bulk. Instead of institutionalist explanations, this paper focuses on a culturalistic one. We find here the divergence of value systems and the preference which D'Iribarne (1989) and Ammon (1989) indicated: "the logic of honour" (la logique de l'honneur), which is turned towards strategy and creativity, and tends to be predominant in French management, and "the logic of profitability" (la logique de rentabilité), which is oriented towards costs and profit and which characterises more closely German management. Each party showed its satisfaction for its contribution. The example of the A340 illustrates how a synergy of approaches can allow for better results.

Research in social psychology has revealed that group work can lead to a rise, but also to a decrease in productivity (Adler, 2002). This applies most particularly to multicultural group work where different concepts of communication and collaboration coexist. The significance of certain concepts of management, such as "cooperation", "control", "compensation" or "leadership" can vary sensibly depending on the

cultures and the individuals in question. The following incident illustrates the divergence of fundamental postulates within the *team-building* example.

To ease the process of integration, the EADS group decided to change the structure of the organisation, which led to the transformation of several "mono-culture" teams into "bi- or tri-cultural" teams. At first, putting aside a few small surprises, the group work goes well. Curiosity is the order of the day: we discover, we are amazed, we learn and we collaborate. After a while, however, a sense of frustration arises. Little by little, the collaborators find themselves in informal *national* groups: the Germans with their German counterparts, the French with their French colleagues. At this point, communication and cooperation seem to come to a halt.

It is revealed that this blockage originates from different conceptions and interpretations of the notion of cooperation and teamwork. If, for German engineers, the notion of cooperation implies teamwork with the objective to attain a common goal, for French engineers, this same notion may presuppose that the goal should be reached through work on an individual basis. A German HR manager stated: "Our conception was that first we have to grow together (= "*zusammenwachsen*") as a team in order to achieve an information flow and convergence in our working style. On this basis, each team member is actively implied how to reach the fixed objectives and will therefore feel responsible". On the opposite, a French HR manager expressed a different opinion: "In our team we have highly qualified engineers who know what they do; they generate innovative ideas. If we look for too much harmony and coherence in the team, we will loose creativity. Exchanging each information is not necessary and costs too much time, the same is true for reaching a consensus by all team-members. We focus on our objective and the team leader is there to make decisions".

Consequently, the degree and the nature with which the members of a team invest themselves and contribute to the teamwork will differ depending on whether the members are German or French. In a mixed group, the French will have a tendency to feel stifled by their lack of freedom of action and put off by the forming of a consensus. The Germans, on the contrary, will feel comforted with the idea that their French partners are individualists and unpredictable. Only systematic explanations of the cultural differences will allow for the surmounting of such obstacles that unavoidably provoke friction between the logic of competition (French) and the logic of cooperation (German).

The origin of these two concepts rests on socialisation, and more precisely on the system of education. Germans learn about the importance of teamwork, so that each member of the team can contribute on an equal basis towards a result (Sattler, Schrader, & Lüthje, 2003). This need for homogenisation and for democratisation is found on all levels of the German society. The motivation has an intrinsic orientation (*Gemeinschaft* = community). The frequent use of the German prefix "*mit*" (meaning "with") demonstrates the importance of cooperation in the German culture: a member in a group is called "*Mitglied*", the employee "*Mitarbeiter*", cooperation "*Mitarbeit*", co-management "*Mitbestimmung*". On the contrary, the French educational system puts the accent on intellectual emulation, individual achievement and competition. Motivation arises in a different manner and comes most often from outside the group.

Likewise, the French and German conceptions of leadership show several differences. As a result, the expectations towards the role of the manager, authority and also what defines good work diverge (Barmeyer, 2004; Pateau, 1998). A look into the connotations and denotations of the word "authority" in French and in German demonstrates the divergence of these two concepts. French authority is oriented towards paternalistic elements, emotion and personal power, whereas acceptance of authority depends on the acceptance of the hierarchy. German authority is oriented towards function, factual respect ("*fachlicher Respekt*") and the expert's professional competence ("*Fachmann*"). The distinction between function and relationship was also made by Amado, Faucheux, and Laurent (1990). Work done in industrial sociology with an institutionalist approach on French and German organisations has already evoked this phenomenon by insisting on the fact that "the differences (…) between the 'French hierarchy' and the 'German hierarchy' can only be interpreted when referencing the complex and multiple processes of socialisation and organisation in which the interactions finally condition the identity of the managers and the nature of their relationships" (Maurice, Sellier, & Silvestre, 1982, p. 190). Hofstede's study reveals that power distance, which demonstrates the perception of the degree of inequality of power between the person who holds the power and the person who is submissive, is higher in the French culture than it is in the German culture. This shows that, in French companies, power is even more centralised and that the style of management is autocratic (Hofstede & Hofstede, 2005). The following critical incident illustrates the different concepts of leadership.

Following the EADS merger, the German human resource manager of a German company in the aerospace sector employing more than 1000 people and whose company has become a subsidiary of DASA finds himself confronted with a new leadership. This person, a manager with solid experience, is suddenly face to face with a young French superior, coming form a *Grande Ecole*. The first cooperative efforts go fairly well: the new French executive often has help from his German manager, so that he can understand the functioning of the German system of human resources management with its specific characteristics. Following the EADS merger, it becomes necessary to elaborate new structures for the human resources management, more adapted to the European environment and allowing a better integration of different systems. To this end, the French manager delegates to the German manager the task of having to elaborate a conceptual framework for a presentation before the managing committee. The German works during several weeks without consulting his superior. Several days before the presentation in front of the committee, he goes to see his French superior: the latter seems dissatisfied with the proposed concept and suggests other options while staying rather vague on his criticism. The German HR manager is furious, since he thinks his work is well done. He feels he has been treated and punished like a child by his French superior, as he explained: "I could not understand the strange behavior of my new French superior. He wanted me to elaborate a concept, what I did. He has no knowledge or experience of the German working context, he has not the authority to tell me what is right or wrong". In contrast, the perspective and understanding of the French HR manager is different: "I was shocked by the individualistic and uncooperative attitude of the German HR manager. He worked on the concept on his own without having an exchange with me. He is not even interested in my opinion. I am aware that he has the experience, but it should be clear that I am responsible for what he does".

This critical incident shows that the French superior's expectations are that his collaborators constantly consult him. His role as an administrator consists in the manifestation of his authority and his power. Even if he does not give advice on what he would like, he will give a general opinion to justify his function as a superior. From a German perspective, this behaviour is unjustified because, the superior must demonstrate professional competence and, consequently, less authority and less power. This consists of a delegation of tasks *and* responsibilities. The unequal distribution of power and the personal dependence on such a power are much less accepted in Germany—also for historical reasons—than in France. In France, leadership has a different significance: delegation consists all above of a delegation of tasks, which are supervised and closely controlled by the superior who remains responsible ("*le responsable*"). For this reason, the introduction of MBO (management by objectives) in French companies often failed.

In international mergers and acquisitions, these divergent—and implicit, non-expressed—assumptions and concepts concerning leadership can complicate the process of integration, for the participants are likely to adopt different strategies to reach the set goals. These divergent assumptions also illustrate that the convergence/divergence discussion of management is still alive and that there is no clear evolution towards a convergence.

4.2. Actions and implications of the integration process

After having presented some critical incidents of intercultural management situations with the actors from different cultural backgrounds, we will present elements of HR development and intercultural leaning. The first element is an institutional one, a *place* within the company EADS, a corporate university; the second element is an intercultural one, a *process* describing intercultural leaning.

In order to support cross-national organisational learning and to facilitate the process of integration on several hierarchical levels in the organisation, the EADS group also updated a kind of intercultural training device (Meier, 2001). This led to the creation of a corporate university, called *Corporate Business Academy* (CBA): "The CBA is a powerful management tool focusing on EADS' urgent needs in terms of integration and change management, leadership, and business excellence. The CBA helps to create a specific EADS management style and a genuine corporate culture by providing a transversal forum incorporating multiple cultures, organisations and functions" (CBA, 2001, p. 3). Its activities are centred on training programs, consulting and Intranet. The CBA's mission is to provide managers with the skills and the services that will permit them to improve their performance, strategic thinking, leadership know-how, managing difficult issues, cross-divisional exchange, while also combining different styles of management and carrying out the function
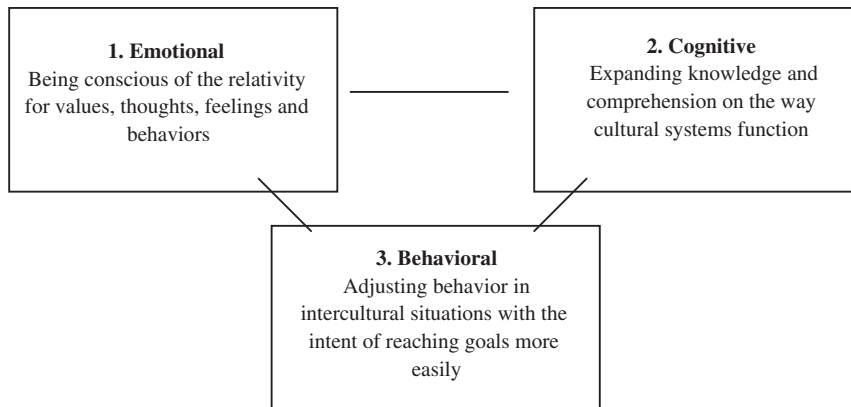
Fig. 1. The components in the process of intercultural learning and training. *Source*: Barmeyer, 2000, p. 271.

of a networking brainpower. Intercultural management seminars introduce themes such as "Intercultural Awareness" which is destined to sensitise executives to cultural differences and "Intercultural Mediation" which helps resolve existing difficulties in the midst of international teams.

The EADS merger shows that it is necessary to manage cultural diversity, which necessitates the acknowledgement of differences, an adequate distribution of tasks and mutual respect. It is important to take into consideration the advantages of each culture and the competence of each member in an organisation. Valuing diversity can trigger superior performance and synergetic effects. These synergies can be woven by opposite capabilities: creativity and the flux of original ideas, which meet up with constructive feedback to structure them and put them into play.

In HRM development, the belief exists that members of an organisation can learn and develop competences and skills in order to work more efficiently together in order to reach the goals of the company. This belief is also the basis of intercultural management. Intercultural competences can be acquired and developed in organisational and intercultural learning processes (Bennett, 1993; Dinges & Baldwin, 1996; Gudykunst, 1984; Hammer, 1998). The process of intercultural learning and training—and personal and organisational development—can be deconstructed into several elements: (1) emotional—increase awareness and under-standing, (2) cognitive—provide knowledge and information, (3) and behavioural—develop skills (Landis & Bhagat, 1996). These three elements are also the basis for "action learning" at the CBA (Fig. 1):

(1) *Emotional*: Firstly, collaborators involved in international mergers have to be conscious of the cultural stakes, which will generate a certain curiosity and interest. Close relations with colleagues from different countries will spontaneously spark interest.
(2) *Cognitive*: Secondly, collaborators have to be conscious of the way the management and cultural systems function by using orientation grids developed by the research and creation of intercultural management just as the relationship with authority, time and information. As a result, the collaborators will better understand their colleagues' behaviours, which they would have otherwise considered "bizarre" or "strange" or even "arrogant" and "aggressive".
(3) *Behavioural:* Thirdly, the collaborators have to implement emotional and cognitive knowledge in the workplace, while developing and inventing adequate and efficient behavioural strategies.

The success of a cross-border merger and the melding of several cultures like within the EADS group demonstrate that approaching such situations with a simplistic view of differences is an error and that the best way would be to understand the complexities of different cultures. The merging of companies occurs when people need to co-operate with others in order to reach strategic and financial goals. Understanding people means understanding their cultural origins, from which it is easier to anticipate their present and future behaviour. Intercultural management, as a strategic tool, helps to create the recognition of differences and to

understand the "intelligence" of each system. Through their differences, managers can complement each other as different approaches to projects lead to equally diverse solutions where, in the ideal solution, each culture brings forth its strengths and qualifications.

5. Conclusion

Following the process of economic globalisation, the number of international mergers and acquisitions has considerably increased. The process of integration in cross-border mergers and acquisitions appears to be difficult, mainly because of cultural differences between the associated entities. A major challenge is to find a way to integrate the strengths of each culture and partner while showing mutual respect and establishing a coherence between the strategies, cultures, organisational forms, management styles and modes of communication. This process can allow to evolve from the co-existence of several cultures to the emergence of an "interculture". The analysis of the EADS merger demonstrates that intercultural management practices can contribute to the success of international mergers and acquisitions. The developed strategies and tools could serve as an example for other cross-border mergers.

The conducted analysis allows to identify several research directions. It would thus be interesting to compare the solutions adopted by EADS to the strategies chosen by other companies. It also seems necessary to test the convergence and divergence paradigms on a larger company scale. It would be relevant to distinguish between the merging of cultures that are relatively close to each other and those that are radically different. Finally, it would be tempting to analyse the management of different cultures over a longer period of time in order to measure its long-term effects on mergers.

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