Cross-border M&A in search for performance: a cross-cultural management approach

Abstract: the failure rate of cross-border M&A is still high and culture is often blamed for hampering performance. If substantial research has been devoted to investigating M&A performance, cultural factors remain largely unexplained and results are fragmented across various disciplines. The purpose of this conceptual paper is to highlight the tensions generated by culture in cross-border M&A and identify the building-blocks of an integration management approach likely to reap the benefits of cultural diversity. Cross-cultural management confers organizational and people capabilities that may well serve international organizations in search for performance.

Key words: cross-border mergers and acquisitions – performance – cross-cultural management – integration process – cultural differences

INTRODUCTION

For the past thirty years, cross-border mergers and acquisitions have become a common form of business organization and corporate development (Stahl &Voigt, 2005). Achieving economies of scale, reaching new markets, diversifying profitability sources have prompted small and large organizations to go global. M&A activity slowed down in 2011 as the European debt crisis continued to feed uncertainties about global economic recovery. Despite the downturn in economic activity, the amount of European acquisitions by non-European acquirers has increased and revived interest in cross-border mergers and acquisitions.

M&A have been studied by academics (Stahl & Voigt, 2008) and practitioners alike, leading to abundant research aimed at understanding the outcomes of such business ventures. Failure having been reported in numerous instances (Zollo & Meier, 2008), the stress of this literature has been laid on performance, raising awareness of the many obstacles encountered in the attainment of strategic objectives and among them of the persistent influence of culture.

Research in this field is fragmented and has not progressed significantly (Cartwright & Schoenberg, 2006). Scholars studying the multifaceted nature of culture have offered a variety of approaches and perspectives and produced ambiguous if not contradictory results. Two meta-analyses (King et al, 2004; Stahl & Voigt, 2004) revealed that factors accounting for M&A success or failure remain largely unexplained, orientating academia towards processes affecting integration and most notably, management interventions.

This conceptual paper consequently explores the cultural enigma in investigating the management of cultural differences in cross-border M&A. By combining contributions from cross-cultural psychology (Bennett, 1986), organizational learning (Vermeulen & Barkema, 2001) and the process perspective in M&A (Haspelagh & Jemison, 1991), it identifies the challenges involved in combining the cultural systems of organizations whose headquarters are located in different home countries and outlines mechanisms for bridging the cultural divide. It suggests that effective management of cross-cultural integration rests on capabilities that should characterize high-performing international organizations.

1. CULTURAL DIFFERENCES IN CROSS-BORDER M&A

In addressing cultural differences in M&A integration, academia has adhered to the cultural distance paradigm that has dominated literature for the past decades (Shenkar et al, 2001). Few constructs have been so popular in international management that the cultural distance construct. Cultural distance gained acceptance through the introduction of the composite index of Kogut & Singh (1988), an aggregate measure of Hofstede's framework of cultural dimensions (1980), making it possible to measure and quantify the intangible and complex culture construct.

1.1. The cultural distance hypothesis

The "cultural distance hypothesis" states that the difficulties, costs and risks associated with cross-cultural contact increase with growing cultural differences between two individuals, groups or organizations. The contradictory findings generated by the cultural distance hypothesis and its proxies (culture fit, cultural compatibility and management similarity) have not enabled researchers to draw reliable conclusions on the influence of culture on performance. Organizational (Buono and Bowditch, 1989; Chatterjee et al., 1992; Datta, 1991) as well as national (Olie, 1990; Weber et al., 1996) cultural differences may weaken integration effectiveness as well as enhance it (Larsson and Risberg, 1998; Morosini et al., 1998).

Underlying these inconclusive findings, two main limitations have constrained cultural distance analysis. On the one hand, it has been assumed that the degree of fit between cultures has a direct effect on subsequent integration (Cartwright & Cooper, 1996). And yet the impact of cultural differences on M&A performance is mediated and moderated by integration process variables (Datta & Grant, 1990) such as the degree of integration (Slangen, 2006) or integration capabilities (Reus & Lamont, 2008). Differences in national culture have a negative effect on post-acquisition performance when the acquired unit is tightly integrated into the acquiring company, but a positive effect when loosely integrated (Slangen, 2006). Such integration execution capabilities as communication and knowledge transfer have been reported to enhance the integration process and counterbalance the detrimental effects of cultural differences (Reus & Lamont, 2008). On the other hand, the implicit assumption that "distance" means "incongruence" has been questioned and evidence provided that congruence can be reached by achieving "complementarities," and not necessarily “similarity” (Weber & al, 1996).

In corroborating the thesis that post-merger outcomes can be predicted by a composite measure of national cultural differences in isolation from the wider integration process, academics have overlooked cultural dynamics. The need for a new perspective on culture is summarized in the following lines :”while the introduction of the cultural distance metaphor has popularized culture as a research variable, it has forced the phenomenon into a methodological and theoretical straightjacket that has been counterproductive for understanding culture in international management” (Shenkar et al, 2008, p. 917).

In line with this statement, we set out to investigate cultural interaction rather than void (Morosini, 2005) between entities and replace distance with contact (Shenkar et al, 2008). Much is to be learnt about the dynamics of cultural interaction: how actors embedded in different national and organizational settings (Weber et al. 1996) achieve understanding, how they build a common frame of reference for sustained cooperation is a promising path for cross-border M&A research.

1.2.Cultural dynamics

Cultural interaction in cross-border M&A integration has not been the subject of extensive research. Accounts of past experience reveal that the combination of two cultural systems is a daunting task which, if not addressed, can lead to irreversible damage for the new entity. The merger between Daimler & Chrysler epitomizes ignorance of cultural stakes (Badrtalei & Bates, 2007). Conversely, EADS, a European consortium between French, Spanish and German corporations, typifies meticulous consideration of cultural features (Barmeyer & Mayrhofer, 2007). Top management teams' awareness of cultural differences and their ability to take cultural differences into account are identified as enablers of M&A integration as opposed to neglect of cultural differences and focus on other stakes (Ashkenas & Francis, 2000). The reasons why organizations neglect cultural integration stakes are well-known. Lack of visibility of culture results in disregarding so-called 'soft' issues: whereas the adjustment of financial and legal features is scrutinized and planned well in advance, organizational behaviors are often left unattended (Morosini, 2005). Lack of previous M&A experience also hampers attention: a first attempt at combining cross-border entities may prevent management from realizing the importance of cultural and human factors as time presses for organizational and operational moves (Gancel et al., 2002). Lack of intercultural exposure can be a major impediment: previous cross-cultural encounters have enhanced management's understanding of cultural features, both differences and similarities, providing them with additional skills which may be an asset in future situations (Bennett, 1986). Lack of training may also be put forward as top management teams are seldom trained to deal with cultural differences (Johnson et al, 2006).

These reasons support the proposal that parochial organizations suffer from cultural invisibility whereas synergistic organizations leverage cultural differences (Adler, 2002). The synergistic approach is illustrated in the Development Model of Intercultural Sensitivity (Bennett, 1986) which shows that as experience of cultural encounters becomes more sophisticated, cross-cultural sensitivity improves. The model describes six successive stages. The first stage is "denial"; when one's culture is experienced as the only existing one, cultural differences are denied and perception of cultural variations is null and void. An organization characterized by denial is basically ignorant of cultural issues. It only provides basic language training if it has to address cross-cultural contact. The second stage is "defense": when one's culture is experienced as the only good one, consideration of other cultures is prejudiced and cultural differences are seen as an obstacle to be avoided or by-passed. The organization displays a defense attitude that is polarized into us versus them differentiation. The third stage is “minimization”: when one’s culture is experienced as universal, cultural differences are minimized. Other cultures are similar to one’s own and perception of cultural variations is biased. The organization claims to be tolerant: however, utmost emphasis is placed on corporate culture with strong pressure for conformity and standardization. The fourth stage is “acceptance”: when other cultures are included in one’s perception as equally complex but different constructions of reality, cultural differences are acknowledged and cultural variations, legitimized. In the organization, managers are not trained but encouraged to recognize cultural differences and recruit a diverse workforce. The fifth stage is “adaptation”: when individuals and organizations demonstrate an ability to change perspective in and out of another cultural worldview, it means cultural difference has been experienced and perception of cultural variations has been trained. In the organization, educational training for executives is encouraged. Finally, the last stage is “integration”: when experience includes movement in and out of different cultural worldviews or frames of reference, the organization is a truly multicultural and global organization. Every policy, issue and action is examined in its cultural context.

This model highlights the following implications. When one’s culture is experienced as central to reality, cultural differences are not likely to be endorsed whereas integration of other cultural frames of reference is possible when one’s culture is experienced in relation to other cultures. Therefore organizations embracing cultural diversity are more likely to address cultural dynamics and leverage cultural differences to create synergies.

2. EMBRACING CULTURAL DIFFERENCES IN M&A INTEGRATION

Embracing cultural differences is a preliminary condition for addressing the double-edged sword of cultural differences in M&A integration as cultural differences have been evidenced to have the potential for both synergy and disruption (Morosini et al, 1998).

2.1. The double-edged sword of cultural differences

Cultural differences have been reported to affect the extent to which synergies are realized in two separate and sometimes opposing ways (Reus & Lamont, 2008; Vaara et al, 2010). Social Identity Theory (Tajfel, 1974) suggests that cultural differences have a potentially adverse effect on several sociocultural outcomes such as the creation of positive attitudes, the emergence of a sense of shared identity and the development of trust (Morosini, 2005). Social Identity Theory (Tajfel, 1974) explains much of the cultural strains experienced by organizations through social identification and categorization mechanisms. In a combination process, social entities unconsciously identify themselves in opposition to others, thereby illustrating the ‘us versus them’ attitude which negatively impacts relationships, involves stereotyping, defense mechanisms and power struggles. Social Identity Theory highlights the constructed nature of cultural perceptions in a merger situation: organization members tend to exaggerate the differences between cultural groups. In-group bias is likely to be greatest under conditions of threat and when the out-group is perceived to be very different from the in-group (Stahl & Mendenhall, 2006). In managing culture, practitioners need to be aware of the likelihood of distrust and conflict (Cartwright & Cooper, 1992) as culture may indeed be used as an alibi for conflict, a pretext for isolation or a shelter against intrusion.

Conversely, the information-processing and organizational learning perspectives suggest that cultural differences can be a source of value creation. The information-processing perspective highlights the tendency for culturally heterogeneous teams to generate superior performance thanks to a larger pool of skills, knowledge, viewpoints that are shared for decision-making purposes **(**van Knippenberg and Schippers, 2007) and from which the organization can learn. The organizational learning perspective emphasizes the potential benefits of cultural differences on M&A**:** differences in cultures and systems may help combining firms break rigidities and decrease inertia, develop richer knowledge structures and foster innovation and learning (Vermeulen & Barkema, 2001). A cross-border acquisition can be viewed as a mechanism for organizations to access different routines and repertoires missing in their own national culture that may enhance the combined firm's competitive advantage (Morosini et al, 1998). Exploration of new resources and capabilities lead to new ways of doing business (Barney, 1991). These studies support the thesis that cultural differences can be a source of value creation and learning on the assumption that differences rather than similarities between merging organizations create opportunities for synergies (Harrison et al., 1991).

In order to generate performance, the integration team must counterbalance the negative and the positive implications of culture (Zollo & Singh, 2004). Social categorization intensifies social tensions and employee resistance while a larger talent pool feeds creativity and novelty into the organization. In cross-border M&A, the challenges of endorsing cultural differences are exacerbated by the dual nature of cultural dynamics. Organizations face cultural adjustment costs in double-layer acculturation which combines two national and organizational culture systems.

2.2. The dual nature of culture in cross-border M&A integration

Very few studies have examined the interplay of national and organizational cultural factors in post-acquisition integration (Larsson and Risberg, 1998; Stahl and Voigt, 2008; Weber et al, 1996). Whereas adjustments between organizational cultures are likely to be formalized in terms of work processes, structure and management roles, fine-tuning between national culture differences is not easily formalized. The issue of how a company holistically combines organizational and national culture differences to generate superior execution is critical: on the one hand, there are explicit processes, routines and procedures contained in organizational cultures that need to be adjusted to ensure knowledge transfer and operational synergies (Morosini, 2005). Explicit processes, routines and procedures can be written and demonstrated to be transmitted. They formally address knowledge transfer and resource sharing and contribute to understandability, defined as "the extent to which employees from the combining firms can codify and learn the practices and routines underlying the resource advantages" (Reus & Lamont, 2008, p. 1301).

On the other hand, there are implicit, subjective, experience-based processes, routines and repertoires as well as attitudes and values (Morosini, 2005). Subjective knowledge is knowledge that is not easily identified and codified: it is usually not written and has to be explained to be transmitted. Subjective knowledge refers to some the processes, routines and repertoires which have proved successful in building and growing the company (Schein, 1985) and also reflects the national culture values and assumptions in which they are embedded. It accounts for differences in practices and management processes such as planning, leading, organizing and controlling issues reflected in reporting, decision-making, recruiting or troubleshooting mechanisms. A flat organization with loose control procedures may merge with a tall organization with tight control codes. A collectivist, male-dominated organization may be combined with a more individualistic, gender-egalitarian culture. Subjective knowledge needs to be explored to understand why cultures are different: it is a cognitive dimension based on subjective and experience-based understanding of complex phenomena; it reflects organizational and national culture assumptions which are difficult to codify and critical to business performance (Morosini, 2005).

Scholars insist on the benefits of the knowledge perspective to address double-layer acculturation, combat the natural tendency for merged groups' antagonism and build shared understandings among people from different national and organizational. 'Deep-level cultural learning', learning about both subjective and objective culture, enhances dialogue between the combining firms and minimizes the effects of information filtering (Schweiger & Goulet, 2005). They contribute to bridging the cultural divide in the early stages of integration**.** Learning about each combining organization's implicit justifications increases the acceptability of each partner's culture whereas 'surface-level cultural learning' or learning about objective culture only does not provide the shared understandings necessary for integrating firms to move beyond the trauma of acquisitions. Bridging gaps through cultural learning is essential to a successful integration process (David & Singh, 1993). Companies able to develop common cultural conventions are more efficient: they build shared understandings for action and communication (Weber & Camerer, 2003).

Not only do knowledge resources need to be managed carefully in order to reach the intended synergies (Grotenhuis & Weggeman, 2002). Culture as a knowledge system is a powerful tool for identity-building: whereas compatibility and fit concerns result in cloning processes that reinforce cultural boundaries, the understanding of objective and subjective culture drives the dynamic construction of a new sociocultural identity (Morosini, 2005). Fine-tuning between the manifestations of organizational and national culture is not easily achieved. People possessing technical and cross-cultural skills are needed to carry out complex coordination functions following an M&A (Early & Mosakowski, 2004).

A cross-cultural management approach for M&A integration (Morosini, 2005; Weber & Camerer, 2003) leverages the dual nature of culture through knowledge sharing and understanding in order to facilitate integration.

3. CROSS-BORDER M&A INTEGRATION: A CROSS-CULTURAL MANAGEMENT APPROACH

3.1. The building-blocks of cross-cultural management

Whether in domestic or cross-border M&A, the multidimensional, complex reality of M&A integration has long acknowledged the need for a process perspective. The process stream emphasizes the critical role that the integration process plays in the actual combination of previously independent organizations (Haspelagh and Jemison, 1991): traditional factors used in predicting performance such as strategic fit, payment method or acquisition premium paid are useful only if the post-combination transition phase is effectively managed, an invariant in the M&A literature over the past thirty years (Cartwright and Schoenberg, 2006). The process perspective on M&A classifies the management of acquisitions along the needs for strategic interdependence and organizational autonomy (Haspelagh and Jemison, 1991). As the degree of integration increases, the complexity of the management process increases substantially (Jemison and Sitkin, 1986) and questions the value creation potential of the combination.

In M&A integration, the magnitude of handling two sub-processes has been outlined (Birkinshaw, Bresman & Hakanson, 2000): the sociocultural process referred to as human integration involves managing human factors and considering the role social categorization plays in combinations while the organizational process referred to as task integration involves managing the organization of the new entity around structure, systems and procedures. Research demonstrates that overall effective integration is an interactive process, requiring both human and task integration efforts: poor human integration often blocks successful task integration and task integration cannot be realized if success with human integration has not been achieved (Birkinshaw et al, 2000).

The process view consequently emphasizes key management capabilities (Jemison and Sitkin, 1986; Haspelagh and Jemison, 1991; Zollo & Singh, 2004) to reap the benefits of integration. The knowledge approach to M&A integration supports the process perspective (Jemison and Sitkin, 1986). Consistent with the organizational learning perspective in M&A (Vermeulen & Barkema, 2001), integration is contingent upon learning to build shared understandings. 'Deep-cultural learning' interventions (Schweiger & Goulet, 2005) create understanding in two distinct, complementary ways: learning how the organizations function (objective knowledge) but why they function the way they do (subjective knowledge): this approach applies to both domestic and international M&A. In the case of double-layered acculturation, cultural differences are magnified and highlight the need for cross-cultural expertise. Such cultural learning interventions require the appointment of experts in cross-cultural knowledge-sharing, who gather cross-cultural teams to initiate and continually bring experiential knowledge up-to-date (Holden, 2001). They set a process of 'interactive translation' in motion that perpetuates shared meanings of management tasks and processes (Holden, 2001).

At the same time, cultural learning interventions help build an atmosphere of mutual respect and consideration. The literature repeatedly emphasizes the benefits of an atmosphere of mutual respect involving early commitment to employees' concerns and aspirations in building positive attitudes towards integration. Once former employees of combining organizations have bridged cultural boundaries through mutual understanding, they can start sharing a new identity and are more likely to express satisfaction and trust towards the combined organization (Vaara et al, 2010). Knowledge transfer and resource sharing are facilitated and effective task integration translates into operational synergies and shorter time spans (Reus & Lamont, 2008). In summary, common learning experiences build trust: they reduce anxiety in the 'getting to know the other' process and minimize the adverse effects of the 'us versus them' factions. Learning and bonding mechanisms (Nonaka & Takeuchi, 1995) reduce cross-cultural work alienation (Brannen & Peterson, 2009) and ease cooperation. Knowledge transfer is facilitated by social cohesion and trust (Bresman et al, 1999): individuals participate more willingly in knowledge exchange once they share a sense of belonging with their colleagues. For such cross-fertilization to take place, cross-cultural integration teams implement cultural learning interventions that set cooperation in motion.

3.2.Effective M&A integration

Cross-cultural learning interventions facilitate acceptance of change, willingness to cooperate and open communication (Holden, 2001; Schweiger & Goulet, 2005). A cross-cultural management approach which takes its roots in cross-cultural learning interventions sets a process of cultural construction in motion. Cross-cultural integration management provides an "enabling infrastructure" (Mitleton-Kelly, 2006) for different talent pools having developed different knowledge bases to co-create meanings and solutions in line with the new business case.

Effective task integration and human integration are contingent on mutually reinforcing practices to foster learning and bonding in international combinations. The learning mechanisms likely to be implemented by integration managers are cultural awareness seminars, cross-cultural knowledge management teams and joint learning teams (Grotenhuis & Weggeman, 1999). The bonding mechanisms include dedicated integration task forces and committees, international staff meetings, mixed project teams, joint functional meetings, personnel rotation (Brannen & Peterson, 2009), inter-unit communication (Shrivastava, 1986). These mechanisms must be consistent and mutually self-reinforcing to bring about sustained cooperation (Becker & Huselid, 1998). Internal consistency or alignment of these mechanisms with the business objectives confers credibility and legitimacy to the management team and is expected to generate superior performance.

This development supports the need for a more holistic approach to integration management: an enhanced cross-cultural integration management approach is needed to leverage diversity. The role of cross-cultural managers is to implement cultural learning interventions to build a new identity enabling knowledge transfer, a distinctive capability implemented by cross-culturally agile teams (Caligiuri, 2010) able to bridge the cultural divide. Cross-cultural managers able to navigate in and out of cultural systems unlock cultural representations in order to free synergies. Assumptions are not questioned but put in perspective and learning is conducive to knowledge creation and transformation (Mitleton-Kelly, 2006).

3.3.The benefits of endorsing cultural diversity in managing cross-border organizations

Cross-cultural management interventions proceed from acknowledging and managing diversity. Diversity in national and organizational origins is no longer seen as a threat, but an opportunity. Overcoming conflicts and tensions, taking advantage of a larger talent pool and sources of knowledge are capabilities that may be extended to other international contexts.

Looking at the management process as a whole and taking into consideration the growing complexity and global uncertainties that corporations face, we emphasize the following implications for contemporary international management.

Diversity cannot be managed through command and control but through careful consideration and monitoring of work team cultural composition; inventing new solutions to organizational problems requires a collaborative, stakeholder approach based on mutual understanding. Endorsing diversity involves acknowledging the issues raised by the need to reconcile and cross-fertilize different work practices embedded in different worldviews.

Diversity is tantamount to ambiguity and likely to breed conflict. Not all differences can be addressed simultaneously and a certain degree of ambiguity has to be accepted if the organization is to move forward. Diverging viewpoints on how to execute tasks and diverging attitudes towards cooperation or decision-making have to be handled effectively, that is to say expressed and debated before agreements can be reached on new operating modes.

Collaboration, tolerance of ambiguity and constructive conflict are endorsed by leaders who successfully manage the difficulties of interacting with dissimilar others. In international organizations, effective diversity management compels leaders to help cross-cultural teams identify high-performance solutions to organizational problems. These solutions demand specific organizational and people capabilities epitomized by learning and bonding mechanisms in cross-border M&A integration. Bringing about social cohesion, congruent opinions, trust and a common identity, retaining key talent and fostering employee commitment is an impressive challenge. A powerful people strategy proceeds from embracing and endorsing diversity. The ability to sustain change is contingent upon tolerance of ambiguity. Common forms of dissent (conflicts, unconcealed tensions) are used creatively to generate new solutions to organizational obstacles and better address changes in a turbulent environment.

Cross-cultural management breeds a new mindset, best summarized by a shift from hierarchy to team-based operations and a shift in attitudes towards ambiguity and conflict.

Leaders manage change more effectively if they act both as leaders of the group and members of the group and speak as such to followers. Servant leadership recognizes the centrality of employee influence. This perspective emphasizes the need for management to focus on stakeholder involvement and two-way communication mechanisms. Accordingly, decision-making power is shared or delegated. Employees, whose contributions are acknowledged, participate in the co-construction of a new identity and together reinvent management systems. Tolerance of ambiguity is seen as a way to foster creativity and progress in a constantly changing environment. Handling of conflict must be positive and creative so as to advance understanding and promote innovative solutions.

We summarize the features of a shift in management in table 1: synergistic organizations endorsing cultural diversity demonstrate high levels of cultural learning, tolerance to ambiguity, decentralization and creativity.

Insert table 1 here

Parochial organizations are control and command organizations in which the decision-making power is centralized and conformity to dominating ideology imposed. Management processes and practices are standardized. Conflict and ambiguity are not tolerated; if they arise, they are stifled through obedience and compliance. As parochial organizations ignore cultural diversity, cultural learning is non-existent and consequently not leveraged.

Synergistic organizations are collaborative, team-based organizations in which the decision-making power is decentralized and a common identity develops through the re-engineering of management processes and work practices. Conflict and ambiguity are in-built; they are tools for innovative and mindful management. As synergistic organizations endorse cultural diversity, cultural learning is prevalent and permeates formal and informal networks.

Cross-cultural management contains many of the ingredients that should characterize high-performing organizations. Organizations that are able to manage the positive and negative implications of cultural diversity are more likely to succeed in the contemporary business world. In order to take up the challenges of co-ordination and collaboration across multiple cultural contexts, international organizations must be able to build bridges between cultures.

CONCLUSION

This study has investigated the dynamics of culture in cross-border M&A from a management perspective that goes beyond the traditional, static analysis of culture generated by the cultural distance paradigm. It has proposed that the double-edged sword of culture in cross-border M&A integration requires superior integration capabilities that incorporate learning and bonding mechanisms.

Leveraging cultural differences consists in turning the threats of cultural confrontation into knowledge benefits for the newly combined organization. The value creation to be derived from successful cross-border M&A integration is a powerful challenge that cross-culturally agile managers are willing to take up.

As organizations are becoming global, it is important that leaders serve as boundary-spanners and bridge-builders in order to facilitate cross-cultural collaboration and knowledge-sharing. These skills develop from mindful management of diversity, including teaming, tolerance of ambiguity and constructive conflict.

Endorsing cultural diversity is not an easy process: that is why increased openness to cultural diversity is needed in management, in teams and workplaces.

The limitations of this paper reside in its conceptual nature: the assumptions contained in this development and the propositions that it puts forward need to be addressed in the context of an empirical study which confronts the driving forces and constraining forces of integration, namely the circumstances surrounding the M&A process and the institutional, linguistic and geographic environment in which it takes place.

Addressing cultural dynamics and diversity is an orientation which may well advance the understanding of the cultural enigma in cross-border M&A integration.

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Parochial organizations	**People and organizational capabilities**	Synergistic organizations
Non-existent	**Cultural learning**	Prevalent
Stifled	**Conflict and ambiguity**	In-built
Hierarchical	**Command and control**	Collaborative
Centralized	**Decision-making power**	Decentralized
Imposed	**Identity**	Co-constructed
Standardized	**Management systems**	Reinvented and regenerated

Table 1 – Reconsidering management in the light of cross-cultural management capabilities