Mergers and acquisitions (M&A) are predominant forms of internationalization and expansion, growing in numbers and volume worldwide as integration in the world economy increases. Empirical studies show that, in spite of their popularity, only half of all M&A’s meet initial financial expectations. Cross border mergers seem to be even more endangered. Failures are attributed to the fact that the merging parties mainly concentrate on the financial strategic aspects of the deal at the expense of cultural, organizational and execution aspects (Morosoni, 1998). The implementation of M&A’s involve complex economic, legal, technical and social procedures. Often the latter ones are neglected, and as a consequence many otherwise healthy mergers are negatively affected by postmerger integration difficulties originating from culture clashes and differences in management style.

Prior research has rarely analyzed merging companies as separate cultural entities. In recent years, however, factors such as cultural fit, the pattern of dominance between merging firms, management and the social climate surrounding a merger or acquisition have increasingly been recognized to be of critical importance to M&A success and failure (Stahl and Sitkin, 2004).

“Merging across border – People, cultures and politics” addresses this shortcoming of current merger research, as the authors Anne-Marie Søderberg and Eero Varra consider the current literature on cross-border M&A’s to be predominantly managerialistically oriented. The book is the outcome of a longitudinal research project and investigates the cultural, socio-political and organizational complexity in a Nordic four-country merger in the financial sector. The focus of the book is on the organizational and human factors in the post-merger integration process.

The authors start with the question, why cross-border mergers often fail to deliver the synergistic effects aimed for and why they lead to human resource and cultural problems. They thus examine various phases of the post-merger structure in eleven separate chapters (after the introductory first chapter of the editors).

Following the introduction, the authors give in chapter two an overview on existing M&A integration literature and explain their methodology. Chapter three tells the story of the formation of the Nordea merger. Readers get insights to the key events leading to the merger and are also introduced into similarities and differences between the four Nordic countries involved in the merger, namely Denmark, Norway, Sweden and Finland. Linking to the broad introduction of the four cultures in chapter three, the following part points out the effects of banal nationalism and stereotyping on the success of the merger. As also Stahl and Sitkin (2004) point out, stereotypes and chauvinistic biases can lead to hostility and distrust in cross-border mergers. Readers learn about the perceptions various members of the four nations have about their own and the other societies. Internal political processes and power struggles in international mergers are the subject of chapter five. The conflicting consequences of political processes on competence-based career development are
Chapter six examines the concept of knowledge transfer in an international merger context, where socio-cultural obstacles are complicating the process. In the following chapters seven and eight, the initiatives taken by Nordea management to achieve socio-cultural integration are analyzed with focus on the human resources (HR) function. Linked somewhat to the discussion of knowledge transfer in chapter six, chapter nine examines how previous merger experiences are integrated into the new entity by developing a corporate vision, by cultural training and by the choice of the corporate language and the corporate headquarters. In chapter ten, the authors focus specifically on the situation of female employees in the merger and conclude, that even in a merged company formed by companies from gender-equalitarian societies, top management is predominantly a male terrain. The book ends with chapter eleven and discusses the effects M&A's have on people as individuals, as mergers are considered to be significant and potentially stressful life events (Cartwright and Cooper, 1992). The authors address this issue by examining the additional demands put on Nordea managers as individuals due to the extra work created by the merger process.

“Merging across borders” provides an approach to understanding, analyzing and acting on cultural differences and political aspects in today's increasingly global M&A marketplace. The strength of the book is its emphasis on the people and cultural issues that so often get ignored in most corporate combinations. For an outsider, it is especially interesting to see, that cultural integration difficulties affect even cross-border mergers from companies in the Nordic region, which many foreigners perceive as a culturally homogeneous area.

The research team, which consists of leading researchers in the fields of organizational communication, international management, culture theory and strategy, show their expertise in this fine work. Söderberg and Vaara as main authors and their research team have assembled an informative, comprehensive and unique case of a quadruple cross-border merger. The book is well structured and pleasant to read. It examines problematic issues in cross border mergers from many different angles and by doing so, the authors effectively walk the reader through the problems experienced at the post-merger phase of Nordea. The lesson to be derived from the study is, that even the most well-planned organizational change project can lead to cultural or socio-political consequences.

The only inconsistency in the general flow of the book is in my view the separate chapter ten on “women and management”. It remains unclear to me, why the question of “Why are there so few women in the top management of multinationals such as Nordea?” is treated as a separate topic in a cross-border context. The authors themselves say at the beginning of the chapter that “... organizations ... are dominated by men, masculinities and male ways of doing things ... even in Nordic societies.” (p. 230), so my question would be, why this subject is separately discussed in the context of a cross-border merger. Are the authors expecting to find a different outcome with respect to female management positions just because the company at hand is a merger? Although the subject of women in management as such is of course a very interesting one, my perception was that the topic had been “annexed” just for its own sake into the otherwise very logical and consistently flowing case analysis.

In spite of this minor shortcoming, the authors should be commended for analyzing post-merger integration efforts of a particular cross-border merger case in such great detail and in-depth understanding of the issue. In this respect, the book is a valuable contribution to international business literature, where mainly works on economic, financial and legal techniques and processes in M&A's are dealt with. “Merging across borders” fills also a gap in the business literature with respect to the cultures it analyzes and which have not found sufficient attention so far, namely the Nordic ones. The book insightfully shows, that the human factor is at the centre of a successful merger strategy. Combining theory and practice in easy-to-read terms, this publication fulfills the expectations of both academic researchers as well as the practitioner.
References


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