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## Development and Training at Mergers and Acquisitions

Yaakov Weber\*

*College of Management, Rabin Blvd. 7, Rishon Lezion, Israel*

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### Abstract

The importance of development and training during post-merger integration process are neglected. In this paper, the role of the individual in corporate culture clash situations, during post-merger integration, is presented. The effects of culture clash in mergers and acquisitions (M&A) on acquired management attitudes and behavior are discussed. It is proposed that these effects influence post-merger turnover and integration success. Therefore, development and training during post-merger integration, to deal with the effects of culture clash situations in M&A, are pivotal for success. The implications of these ideas for research and practice are discussed.

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### 1. Introduction

Despite their popularity, and dismal performance track record, mergers and acquisitions (M&A) remain poorly understood and poorly executed (Weber, Tarba and Oberg, 2014; Weber and Tarba, 2010). For example, in 2011, global M&A activity shattered previous years deal volume records and recent surveys reveal that despite the financial market crisis, executives remain upbeat about their M&A plans around the world. However, recent meta-analyses examining the most widely studied variables in the M&A literature (King, Dalton, Daily and Covin., 2004; Stahl and Voight, 2008) have not clearly established the reasons for the high failure rate of M&As.

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\* Corresponding author:

*E-mail address:* [yaakovw@colman.ac.il](mailto:yaakovw@colman.ac.il)

One reason why the research on acquisition performance in several disciplines, such as industrial economics, strategic management, and finance, has not produced consistent results is that it has failed to account for the role of human resource (HR) practices mechanisms, such as development and training, during post-merger integration process (Weber and Tarba, 2010; Weber, Tarba and Oberg, 2014). Researchers and counselors from the field of organizational behavior maintain that the primary cause of failure in mergers and acquisitions is the lack of consideration of the human factor during the process of the planning and implementation of the merger. In other words, even given the conditions of success according to other areas of research, the human factor may cause the failure of the merger. Namely, the managers and workers who do not adjust to the merger following differences of culture and management style cause, consciously and unconsciously, considerable expenses and do not enable, or do not succeed in, the exploitation of the potential of synergy aimed in M&A.

The aim of this paper is to investigate the role of the individual in corporate culture clash situations, during post-merger integration and stress the importance of development and training during M&A. The effects of culture clash in mergers and acquisitions (M&A) on acquired management attitudes and behavior are discussed here. It is proposed that these effects influence post-merger turnover and integration success. The implications of these ideas for research and practice are discussed.

### **1. A neglected factor in M&A - The role of the individual**

While studies on culture fit provide no clear answers regarding the culture–performance relationship, they have furnished important insights for further research. For example, when read carefully, most culture fit studies acknowledged that “numerous people-related problems arising as a result of M&As have been widely recognized as being determinant to performance” (Morosini, 1998, p. 22). Based on data derived from a case survey method, Larsson and Finkelstein (1999) found that the greater the employee resistance, the less the synergy realization, and that some measure of management style similarities was negatively associated with employee resistance.

Yet, the literature on M&As does not provide a thorough theoretical explanation (Weber, 2012) for (a) why and how cultural differences, whether national or corporate, may cause integration problems that eventually determine M&A performance; (b) what factors are important for the integration of the people in M&As, which may be affected by cultural differences; or (c) how possible relationships between cultural differences and other factors, such as the attitudes and behavior of acquired managers, affect M&A performance.

### **2. Antecedents to individual behavior in M&A**

Prior to a merger or an acquisition, each firm's management usually achieve some degree of equilibrium in understanding its external and internal environment. In M&As, when one management culture is exposed to another, as happens in the process of acculturation, the state of equilibrium is disturbed, which may lead to communication problems between the cultures (Gomes et al., 2013). The shared beliefs and values, which are unique to each management culture and which originally functioned to facilitate communication among a team's members, become sources of communication problems between members of different TMTs,

These communication problems can lead to ill feelings and to polarization and ethnocentrism (Weber et al, 2014), which in turn may increase the tendency for misunderstanding and conflicts". For example, in studying the contact between the two top management groups, following what is known as the "white knight" acquisition of a small manufacturing firm by a multi-billion dollar conglomerate, Sales and Mirvis (1984) found that the cultural differences between the parties produced misunderstandings, fueled emotional reactions, and escalated conflicts.

### **3. Human behavior in M&A**

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