Multiplied Cultures and Market Information Communication Behaviours

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Abstract

After an international merger and acquisition, two or more national cultures and organizational cultures coexist in the newly-created company. Facing the multiplied cultural settings, the company consciously or unconsciously adopts some cross-cultural integration strategy. Prior research shows that under different cultural cross-cultural integrations, the communication behaviours of newly-created company’s management and staff may display some variations along with their cultural backgrounds. This study aims to examine:

1) The respective impact of strategic leadership type and organizational culture upon the acquiring company’s adoption of cross-cultural integration strategy;
2) Multiplied cultures’ impacts upon market information behaviours under two different cross-cultural integration strategies.

Drawing on prior studies by Choo (1998), Hofstede (1980, 1997), and Nahavandi and Malekzadeh(1988), among many others, this study formulated its own theoretical framework and proposed 18 hypotheses. In the hypothesized relationships, the independent variables are national culture, strategic leadership type and organizational culture, and the dependent variables include cross-cultural integration strategies and four market information communication behaviours. To operationalize these independent and dependent variables, this study selected power distance, uncertainty avoidance and high-/low- context to represent national culture, and chose organizational strength and organizational adaptability to represent organizational culture. Cross-cultural integration strategy was operationalized as composing of two alternatives—centralization and decentralization. Market information communication behaviours were specified as information needs, information acquisition, information use and information sharing.

To test the 18 pairs of hypothesized relationship, both quantitative and qualitative
methods were applied. The data came from two cases of merger and acquisition between one indigenous Chinese company SBK and two French multinationals Rhomson and Alcotol. The quantitative data was collected through a survey to 800 respondents working at the two newly-created companies and their parent company SBK Group. The qualitative data was obtained through interviews, media coverage, SBK website information, corporate documents and observation. After a data screening process, 386 questionnaires were identified as valid and put into calculation with SPSS. The statistical techniques that were employed include: Logistic Regression, MANOVA, t-test and Bi-Variate Correlation. With a comprehensive analysis of the quantitative results and qualitative information, this study achieved nine findings. The three major ones include:

Firstly, the role of either strategic leadership type or organizational culture is limited in the acquiring company’s choice of cross-cultural integration strategy;

Secondly, there is an influence pattern of multiplied cultures upon communication behaviours under two different cross-cultural integration strategies. That is, organizational culture prevails over national culture in affecting market information communication behaviours under a centralized cross-cultural integration strategy, whereas national culture prevails over organizational culture under a decentralized cross-cultural integration strategy.

Thirdly, under a centralized cross-cultural integration strategy, organizational culture is sometimes the most salient cultural factor in exercising its influence upon each of the four communication behaviours, whereas under a decentralized integration strategy, national culture is always the most salient cultural influence factor.

Besides the aforementioned findings, this study also identified two missing links between culture and company performance after international mergers and acquisitions. These two links are: market information communication behaviours and
decision quality or saleability of products/services developed.

In conclusion, this study discussed both the academic and business implication of this research. The potential limitations of this study and suggested future research are also discussed.
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