UNMASKING POST-MERGER CHALLENGES: SYNERGY EFFECTS ACHIEVED BY THE INTEGRATION OF DIFFERENT AREAS

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ABSTRACT
This article aims to offer a more holistic understanding of the perception of managers involved in the post-M&A stage on the importance of acquiring synergistic effects in different organizational functions. This study attempts to take stock of the most important organizational functions that need to benefit from synergistic effects in the post-M&A stage. This study followed a quantitative approach by using a questionnaire. The study used newly generated numerical data, obtained by converting the levels of perception using the Likert scale. The population of this research consisted of managers from different countries who experienced first-hand the M&As and post-investment intercultural integration processes. The data was based on one data collection round. The mail survey targeted mainly Romania and other Eastern European countries. Four basic items, i.e. management, finance, production, and human resource management) are the starting point to extracting a dimension and the component factor through Factor Analysis.

KEY WORDS
Mergers and acquisitions (M&As), post-M&A stage, synergy, integration.

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Introduction

Since the 80s, mergers and acquisitions (M&As) have developed considerably on a worldwide scale. After the spectacular rise in the number of M&As in several waves, a fast progression of cross-border M&As as well as a considerable increase in the value of transactions marked the 2000s. At the beginning of the new millennium, M&As continue to be a critical part of the global business landscape.

The reasons behind a M&A reflect external causes (such as growth or globalization) as well as more internal orientations (such as changing business models or achieving synergies). Regarding synergy, it occurs when the values of two companies have a higher value than if both of them should operate separately. Usually, the reason for those synergies is increasing income, lower costs tax reductions and lower

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cost of capital. Moreover, due to globalization, the speed of innovation and need for novel solutions in high-tech sectors often motivates firms to extend their resources and capabilities through M&As.

Notwithstanding, the disturbing conclusion that is often drawn from research and practice on M&As in general and cross-border M&As in particular is that these deals do not provide acquiring firms with estimated benefits.

Cross-border M&As operate within the two entities of their home (i.e., headquarters) and host (i.e. subsidiary) cultures. This situation generates conflict over the degree of cultural adaptation. Cultural differences can create major obstacles to achieving integration objectives. These cultural clashes may arise from national cultural barriers, language problems, different legal systems etc. Thus, the conflicts, costs, and difficulties associated with integration process increase with growing cultural differences between the merged firms.

Achieving synergy is the essential goal of any M&A scenario. The performance of M&As depends not only on the synergy potential available before and during the merger but also on whether the synergy can actually be realized in the post-merger phase.

In cross-border M&As, the knowledge about national cultures involved in the integration process has proven to be a crucial issue. To reduce the cost of cultural clash between combining firms, integration procedures are necessary to increase cultural understanding and facilitating learning about cultural differences between the involved organizations.

Clearly, there is a great difference between making acquisitions and making them work. High failure rates continue to be reported for M&As, with the failures most often attributed to cultural differences or other people-related issues. Hence, M&As continue to intrigue scholars and practitioners. In their search to understand how M&As perform, numerous empirical and theoretical studies have investigated an array of variables to disentangle how the acquisition process unfolds and ultimately affects acquisition outcomes. Despite these special efforts, research has shown inconclusive results for M&A performance and thus there remains a need for a better understanding of this process.

The present study is part of a research focused on post-investment issues, particularly on intercultural synergy, and M&A performance. The most challenging part of the M&A process is the integration of two entities that present different organizational and national cultures. Post-merger integration phase is a complex operation of mixing and repositioning processes to reify synergies that typically stimulate mergers and acquisitions.

The research exerts to find an explanation for M&A performance in terms of the impact that cultural differences have on the post-merger integration process. It emphasises the role of post-investment monitoring and intercultural synergies achievement. The focal point of the research was to check whether there is a significant relationship between the M&A outcomes, synergy and the cultural differences.

This paper has focused on two main aspects: organizational functions and synergy. Starting from four basic items (Management, Finance, Production, Human resource management) a dimension and the component factors were obtained through Factor Analysis. Three distinct ways in order to best measure post M&A performance are acknowledged: synergy achievement, absolute performance, and lastly relative performance. This paper set out to make a contribution through extending the existing understanding of post-merger challenges with special emphasis on synergistic effects.

1. Theoretical background

1.1. Mergers and acquisitions

Acquisition alternatives and their performance are likely influenced by prior investments or cannot be considered independently as King (2014) and Arvanitis et al. (2015) argue. In particular, we find that a larger size of the acquiring firm has a beneficial effect on employment growth, while a larger size of the acquired establishments has an adverse effect (Burghardt, Helm 2015). Consequently, Almor et al. (2014) claim that despite their relatively young age, small size, and scarcity of resources and capabilities compared to large technology-based multinational enterprises, born-global companies must use M&As to survive and succeed in a competitive global environment. The findings show that global and host-region firms benefit from cross-border M&As, whereas home-region firms gain value from product diversification but only up to an inflection point, where further product diversification becomes unmanageable as Kling et al. (2014) point out.

Another interesting opinion on organizational change and employee mobility is offered by Seo and Hill (2005) and Younge et al. (2015). They argue that M&A necessarily involves organizational change, integrating some or all parts of the original organizations' functions and activities. In addition, employee mobility is an important factor affecting acquirers' decision to use M&As as a strategy to source knowledge and human capital from target firms.

To sum up, M&A is a multilevel, multidisciplinary, and multistage process which requires a pluralist approach, as Warter and Warter (2015a) argue. M&A researchers have focused generically separately on pre-acquisition factors and post-acquisition influential factors. Neither scholars nor practitioners have a comprehensive understanding of the factors involved in the M&A process and their interrelationships. It can therefore be concluded that M&As are clearly the most important forms of change in the modern economic world, a complex area who requires an interdisciplinary approach. Although M&A have received increasing scholarly attention in the last decades, this topic remains a scholarly puzzle and a practical challenge.

Moreover, firm size, firm age, wages, turnover and the export intensity are accounted for in the pre-acquisition period, since all can be assumed to affect the probability of experiencing a takeover and performance measures in the post-acquisition period (Geluebcke 2015). In addition, during the crisis, certain characteristics of the firms like the relative size of the target, cross-border nature of deals, acquirer's cash reserves and friendly nature of deals are important determinants of long-term post-M&A operating performance as Travers (2004) and Rao-Nicholson et al. (2016) conclude. Accordingly, when a proposed merger falls apart, though, it is likely that the price of the stock of the company being acquired will fall.

Some practitioners and scholars have postulated that the shortage of communication channels or the amateurish use of communications can become a barrier in negotiation, decision-making, and planning. However, the understanding of networks practiced by acquired ventures can increase buyers' accessibility and visibility to target opportunities and improve M&A outcomes (Warter, Warter 2015a; Dashti, Schwartz 2015).

1.2. Intercultural issues in M&As

An objectivist understanding of culture considers it as a relatively stable system of norms, values, and behaviour patterns. Empirical research confirmed that each of a large number of single items that are viewed as values across cultures could be subsumed under the heading of one of the following 10 basic values: universalism, benevolence, tradition, conformity, security, power, achievement, hedonism, stimulation, and self-direction (Doring et al. 2015; Vauclair et al. 2015). One should take into account personal values, when the goal is to understand and predict moral attitudes and judgments across cultures.

According to Gesteland (2012), whether marketing, selling, sourcing, negotiating or managing internationally, the differences between relationship-focused (RF) and deal-focused (DF) business behavior impact our success throughout the global marketplace. The most disappointing comparison of cross-cultural measures that are supposed to be identical, but are not, is that of the national indices for Big-Five personality traits as Minkov et al. (2015) argue.

One of the major shortcomings in the research of intercultural particularities in M&A is revealed by Teerikangas et al. (2011) and Viegas-Pires (2013). They conclude that cultural change in cross-border acquisitions not only occurs at the level of organizational culture, but also at the level of national culture. In sum, there is a need to consider interactions between multiple culture levels and extra cultural factors (i.e., the different dimensions of integration). In Trompenaars and Asser (2010) by now classic study, is concluded that organizations will have problems if they fail to identify and focus on the key issues or to question (cultural) assumptions or fail to assess and allocate appropriate resources. Moreover, most scholars and practitioners intuitively feel that cultural differences matter in M&A, but when they matter, under what conditions they matter, and how they matter are at the moment poorly understood. Consequently, mergers and acquisitions across national borders have become frequent, but they remain a regular source of cross-cultural clashes (Hofstede et al. 2010; Ulijn et al. 2010).

Cultural particularities happen to be especially relevant in M&A because different cultures must be integrated into a single one, or one culture has to be absorbed by the other. Cultural integration takes lots of time, energy, and money unforeseen by the financial practitioners who designed the merger. As a matter of fact, in a M&A process, a significant aspect is bringing together distinct management groups from different cultures, attached to different management styles.

Regarding the relationships between cultural differences, cultural integration, and M&A performance, Trompenaars and Asser (2010) reveal that in most studies the main reason given for merger failure is "cultural differences". The authors also state, that crucial for the success of the cultural integration is not a high number of similarities, since even M&A between apparently similar partners but the identification of conflict potential and their consideration during the integration process.

An interesting approach is presented by Ahammad et al. (2014). The authors argue that greater national cultural distance and organizational culture differences enhances the competitive advantage of the combined firm and eventually, post-acquisition performance. On the other hand, studies have shown that a multicultural group shows more creativity and has a greater ability to find various solutions to problems. In general, the shock in the case of cultures of comparisons is exerted at three main levels: structure and operating systems, management style and mode of legitimation of power within entities. Accordingly, international business education should include seminars that focus on awareness of differences in cross- cultural business communication as well as on culture-specific discourse systems that have an impact on business communication (Meier, Schier 2009; Zaidman 2001).

The positive influence of organizational cultural differences described in previous studies can be explained by increased resource flexibility in employee skills: organizational cultural differences provide a broader skill base for the employees in the combined firm as Sarala et al. (2014) remark or by a cultural legitimacy, gained and maintained by M&A involved organizations, in their surrounding organizational environment as Rottig (2013) points out. Cultural differences can, however, impede structural integration if structural integration is done in a manner that is in conflict with the existing culture of the acquired firm. The successful approach adds careful attention to how a combination advances the business strategy of a firm, due diligence on behavioral and cultural factors that might complicate the combination, and a clear picture of how the firms will be integrated (Marks, Mirvis 2011; Teerikangas, Laamanen 2014). Therefore, Warter and Warter (2015b) consider that cultural diversity in organizations can be both an asset and a liability. Whether the losses associated with cultural diversity can be minimized and the gains be realized will depend likewise on the managers' ability to manage the M&A processes in an effective manner.

Although many scholars and practitioners consider that cultural differences play an important role in M&AS, they are often underestimated or the conditions are poorly understood. Some scholars consider that cultural differences may affect the M&A process while others remark a positive effect in M&A performance based on synergy creation. The relationship between intercultural elements and M&A performance is a key topic in literature in last two decades.

The picture emerging from the findings shows a lack of consensus about the intercultural particularities in M&A. On the same time, the common underlying belief of many scholars and practitioners is that intercultural aspects have a strong influence on M&A performance. Despite the advances, important research gaps and paradoxes remain. In sum, these contradictory findings suggest that the intercultural issues require more theoretical and empirical study and that cultural differences in organizations can be both an asset and a liability.

1.3. The significance of post-investment phase

Angwin and Meadows (2014) and Rottig (2013) emphasise that their cluster analysis supports a recasting of the dominant post-acquisition integration strategy typology to more fully recognize the flavour of frameworks from other perspectives- which includes post-acquisition top management retention or dismissal- and to reflect the new integration strategies. In other words, in this period, the combined workforces must work together effectively, and the expected goals and objectives of the transaction (such as, for instance, creation of synergies, etc.) are to be achieved. Łupina-Wegener et al. (2015) introduce the concept of optimal shared identity, defined as the employees' shared belonging to the post-merger organization in the face of salient outgroups. Cultural effects occur when people interact, and most interactions of employees occur in the post-merger integration phase. Hence, different roles of similarity and status at successive stages of post-merger integration would imply that these factors should be seen as complementary explanation of individuals' reactions and behaviour in cross-border M&As (Bauer et al. 2016; Yildiz 2016).

Many authors analyse the post-investment stage and its implications (Weber, Drori 2011; Kim et al. 2011; Brogiato 2012; Geluebcke 2015). The integration phase is always critical as two entities that were used to be separated now have to behave accordingly to the same guidelines, missions and mentalities but many of the problems associated with the post-merger integration of two firms can be avoided or managed if identification with the merger is analysed and coordinated. Meanwhile, some results point to an average employment decrease and no productivity improvements following a cross-border M&A and the fact that the experience of managers may allow a firm to overcome an inclination to overpay for acquisitions. Other scholars (Straub 2007; Seo, Hill 2005) show that M&As are relative complex events that involve the interaction of a large number of company life variables and are insufficiently comprehend. On the other hand, some sources of problems, such as blending of different organizational identities and cultures, are relatively unique to M&As.

1.4. Integration issues

A greater difference in management style may lead to more significant cultural clashes and to difficulties in the integration. It is therefore important for foreign acquiring companies to be more cautious in introducing changes in these two management areas (He 2009).

In their studies on integration in M&As, He (2009) and Whitaker (2012) observe that every integration is unique, but studies have confirmed a few key reasons mergers underperform or fail outright: conflicting goals and strategies, poor communication, conflict, and disparate cultures. A greater difference in management style may lead to more significant cultural clashes and to difficulties in the integration. For example, what is more unique to the African context is that regional differences are accentuated, and may often have a deeper impact on the integration challenges following domestic and international deals (Ellis et al. 2015).

It is likely that when a lower level of integration is initially sought, this would reduce spillover concerns, meaning that any subsequent oscillation would be less amplified and thus recoupling after compartmentalization would be more possible. In addition, an organization cannot succeed with multiple irreconcilable ways of working (Sinha et al. 2015; Marks et al. 2014). It has been suggested by DePamphilis (2012) and Hajro (2014) that the post-merger integration organization should consist of a management integration team and a series of integration work teams that take into account that the formation of interpersonal relationships, trust and shared identity in turn has an influence on the levels of cooperation, resistance, perceived stress and the turnover rate.

Some scholars consider cultural differences an obstacle to the merger integration. By contrast, other scholars pointed to the fact that cultural distance can enhance the M&A performance in the post-merger phase. Even though accounting measures seem to be the preferred choice for many scholars, not everybody considers them to be optimal to measure performance. Other scholars prefer to capture the degree of conflict at the organisation level.

Some scholars and practitioners argue, for instance, that the key integration challenges are alignment of cultures and motivation of employees while others overemphasize the role of cultural differences and even blame for every failure. Collectively, these findings suggest that further research on post-merger integration is required.

1.5. Intercultural synergy

Differences in national culture can create a source of conflict and misunderstanding that prevents the involved companies from successful cooperation. This is in line with Hofstede's hypothesis of cultural distance in which he argues that the difficulties and risks associated with cross-cultural contact increase with growing cultural differences between organizations. However, the opposite view, that differences in national culture between the partnering organizations can be beneficial, leading to potential synergy, has also been advanced and empirically supported by many scholars and practitioners (Ulijn et al. 2010; Chatterjee 2007).

Through this analysis, it was revealed that many different factors may shape the intercultural synergy. Despite a growing body of research on synergy creation, it can be concluded that the concept of "intercultural synergy" is still poorly understood.

In summary, M&As studies suggest that the realization of operative synergies requires similar organizational contexts (especially similar management systems) in addition to resource relatedness (Knoll 2008; Larsson, Finkelstein 1999; Björkman, Welch 2015). Furthermore, management style similarity may have its greatest effect on eventual synergy realization through its attenuation of cultural differences between merging organizations. Interestingly, many practitioners and consultants have argued that the difficulty companies have been having with synergy is due to a lack of managerial sophistication, as Campbell and Goold (1998) reveal. In the same vein, Rosinski (2003) and Desai et al. (2011) highlight that companies should take efforts to create a framework including mutually agreeable intercultural aspects of understanding to act as guidelines for post-merger synergy.

These findings reveal that, although most of the researchers point to the importance of intercultural synergy in M&A, in many cases there is not an appropriate practical approach. It can be stated that M&A research has underestimated the role of cultural integration. It should be also pointed out the intercultural synergy importance in determining the acceptable level of integration within a company.

In a couple of intriguing articles (Desai et al. 2011; Richter et al. 2016) is stated that heavy emphasis on merger and acquisition technical issues may occur because they are generally more concrete and quantifiable. Thereby, managers may feel more comfortable focusing on these issues rather than cultural issues, which are more difficult to effectively measure in quantitative terms. Moreover, if research is focused on testing culture's impact, the measurement of culture should be based on cultural archetypes. Studies analysing the synergy realization in M&As (e.g. Larsson, Finkelstein 1999; Cicon et al. 2014) have found that various sources of synergy define a combination's potential, which in turn is expected to affect the extent to which synergies will be realized in a merger or acquisition. Consequently, one would expect positive earnings surprises in the post-merger phase for those acquirers with high projected levels of synergy.

Blackard and Gibson (2002) and Shenkar (2012), for example, claim that cultural differences may be complementary and hence have a positive synergetic effect on investment and performance. To phrase it differently, under some circumstances, a disagreement can create synergy, aid in problem solving, and make the new merged firm more valuable. In the same direction, Harris (2004) remarks that cultural differences can instill creativity in the new corporation or create a contentious environment. The authors consider that whenever a company acquires or merges with another entity domestically or internationally, synergy skill is required. In sum, the presence of synergy is as an important determinant of value creation in a merger (Warter, Warter 2015c). A similar point of view is presented by Rongxing (2012). He points out that the diversity of cultures can enable intercultural trade become a source of creativity and potential profitability.

In their conceptual article, Teerikangas and Very (2012) show that research into the culture-performance relationship paints an increasingly nuanced, yet continuously mixed, picture of the ways in which cultural differences, be they at organizational and/or at national levels exert both positive and negative impacts on the performance of M&A. The authors considered that several questions remain unanswered. For one, what is M&A performance against which culture can be measured? Should performance be measured in terms of financial or non-financial metrics; over what time frame following the deal? For another, who are the respondents, and how does the choice of buying or target firm respondents affect results? Are there industry effects, or country effects?

The overwhelming number of empirical studies measuring M&A performance is justified by the ambiguity of this concept with a lack of consensus on how to measure it. A great number of the reviewed articles conclude that the success of a merger or acquisition is determined by the degree of synergy realization. Most of the scholars and practitioners conclude that the lack of understanding of the nature and sources of synergy, especially the intercultural synergy is a source of M&As underperformance. Many scholars consider intercultural synergy realisation is a complex process, difficult to effectively measure while some scholars consider that the valuation is related to the area of headcount reduction.

For some scholars the cultural synergy is created by similarities in organisations but in the same time by differences. This tendency can be understood if we consider other authors' observations. They remark that empirical studies provide mixed results: some of them show that the intercultural synergy is highly significant after the merger while other studies show an insignificant effect on firms performance or even a negative impact. The findings regarding the cross-cultural integration aspects are contradictory and the relation between M&A performance and intercultural synergy has remained unclear.

2. Research methods

2.1. Research setting

This study followed a quantitative approach. An important advantage of the quantitative survey method and the main reason for choosing it is that looking across many cases makes it possible to generalize results. The most appropriate way of data collection for this research was to develop questionnaires. The data collection activities were done remotely, mainly by e-mail.

The option for the questionnaire format was to use close-ended questions in order to shorten the time of filling the questionnaire and, thus, to obtain higher response rates and to avoid poor-quality responses. This format had also avoided difficulty in coding, and costly administration.

The study used newly generated numerical data, obtained by converting the levels of perception using the Likert scale. The cross-sectional survey design was considered the most appropriate for this study. The questions had to be unambiguous and easy to read. Therefore, there were used appropriate questions and question wording.

However, in M&A research, it was considered the sensitive nature of M&As which may restrict the willingness of managers to comment on M&As outcomes. The respondents should be treated with caution in order to minimize theirs negative reactions. Based on the positions of the respondents, managers, it could be assumed that they had enough experience and knowledge to answer the survey questions.

This study is based on the following question: when evaluating the post-investment stage, have synergistic effects been achieved by the integration of different areas?

	Not at all				Very much
Management	1	2	3	4	5
Finance	1	2	3	4	5
Production	1	2	3	4	5
Human resource management	1	2	3	4	5

2.2. Data collection and analysis

Self-administered questionnaire was considered more appropriate than interview schedule. Nevertheless, the quality of the data collection process was rather high. The survey activity was conducted to make it easy for respondents to answer and to get as much response, by ensuring a coherent communication strategy.

Another important step was to identify the right respondents. The population of this research consisted of managers from different countries who experienced first-hand the M&As and post-investment intercultural integration processes. It was used snowball sampling, a non-probability sampling technique where existing study subjects recruit future subjects from among their acquaintances. The advantage of this sampling technique for this research was that it was possible to include managers involved in M&As in the survey that the authors would not have known because there are no lists or other obvious sources for locating them. The disadvantage was that it was a potential for bias and inaccuracies in generalizing to a larger population. Therefore, it was important to pay attention to the two categories of error in survey research: sampling error and non-sampling error. Another concern was asking the right person. An important issue was dealing with non-response and missing data.

In this research, it was needed to define a quality framework, linking the purpose of each stage with examination and reduction of non-sampling errors associated with validity, specification, and measurement. Administrative errors and respondent errors were checked.

Databases of research institutes, local statistics offices and other international organizations were included as a guide of the data collection process. Other documents such as annual reports, policy and procedures manuals, and any public documents or such as press releases, stockholder presentations, manager presentations, government reports, web-sites, logs, statistical collections and newspaper accounts were also included as a guide of the data collection process. The selection and interpretation of the documentation were done according to the study's aims and other practical constraints like access or timing.

The data was based on one data collection round. The mail survey targeted mainly Romania and other Eastern European countries. The sample included also companies from other countries (e.g. United States, Canada, and Israel). Selection was based on the following criteria:

- the acquired company or one of the parties in merger or acquisition was a local firm (company) from the selected countries,
- the minimum turnover of the two parties involved exceeded EUR 1 million,
- the acquiring party had gained a majority stake (over 50%) of the acquired firm (only in case of acquisitions),
- management buy-outs and purely financial acquisitions were excluded.

The participants were top managers and consultants who experienced first-hand the M&As and post-investment intercultural integration processes. Their participation was anonymous to each other in order to express without restraint their beliefs and perceptions. Participation in the research was requested through direct and indirect channels to potential participants who had the above mentioned profile. These channels included:

- friends and colleagues, both practitioners and scholars,
- referrals from friends and colleagues,
- e-mails to members of M&A communities of interest,
- postings on M&A web forums, web sites and electronic distribution lists,
- e-mail referrals from people who filled the online questionnaire.

Data collection was done by inviting the participants to submit their filled questionnaires by email. To obtain high quality responses, the top managers and consultants were contacted before sending out the questionnaire. This was done via telephone or by e-mail. The timeline allowed a maximum of eight weeks for replies. A follow-up to the original request for participation e-mail was prepared for mailing and sent to any of the managers and consultants who had not replied within the eight-week time frame. An eight-week threshold was established because the request might not be a top priority for the potential respondents.

The questionnaire was available to the general audience on Dropbox. In addition, other channels such as social networking sites for scholars and practitioners were used: Research Gate, LinkedIn, Academia.edu, Facebook. Each participant answered based on the lived experiences from their perspective. To get a cohesive understanding on how some of the individual experiences tied together, participants were selected from both acquired and acquiring companies.

The next steps in data preparation and manipulation for the research were followed: analysis, validation, editing and data cleaning. In this research was included the analysis of measurement correctness according to the following criteria: reliability, validity, sensitivity, generalizability and relevance.

The time period for research was limited. Standard management terminology was used. The same measurements and instruments were used for all research subjects. The authors tried to prevent pseudo-relationships between variables and to minimize common method effects. The responses were introduced into an Excel file. Statistical analyses were conducted using SPSS 20.0.

The next steps in data preparation and manipulation for this research were followed: analysis, validation, editing and data cleaning. There were used methods to encourage response, so missing values are not a central issue. Administrative errors and respondent errors were very significant for this research. Given the design of the questionnaire, the topic and the context, incorrect values were a less important issue.

3. Findings and discussion

3.1. Results

Table 1 presents the factor and corresponding items for Synergistic effects achieved by the integration of different areas.

Table 1. Factor and corresponding items for Synergistic effects achieved by the integration of different areas

Item number	Item name	Item code	Factor	Factor name
1.	Management	m	F1	Organizational functions
2.	Finance	f	F1	Organizational functions
3.	Production	p	F1	Organizational functions
4.	Human resource management	hrm	F1	Organizational functions

Source: Own elaboration.

Table 2 presents KMO and Bartlett's Test results for Synergistic effects achieved by the integration of different areas. The value for the "Measure of Sampling Adequacy" is 0.734, and "Bartlett's Test of Sphericity" has an associated P value (Sig. in the Table) less than 0.001. A valid factor analysis can be performed.

Table 2. KMO and Bartlett's Test for Synergistic effects achieved by the integration of different areas

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.734
Bartlett's Test of Sphericity	Approx. Chi-Square	45.122
	df	6
	Sig.	.000

Source: Own elaboration.

Table 3 presents Total Variance Explained results for Synergistic effects achieved by the integration of different areas. One component was extracted.

Table 3. Total Variance Explained for Synergistic effects achieved by the integration of different areas

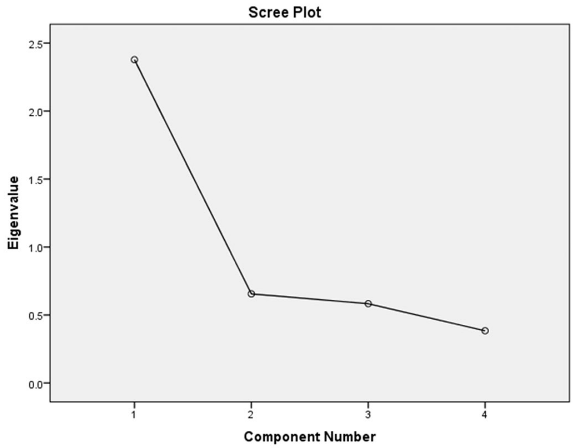
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.378	59.444	59.444	2.378	59.444	59.444
2	.655	16.384	75.828			
3	.583	14.576	90.404			
4	.384	9.596	100.000			

Source: Own elaboration.

Table 3 shows that the first component has eigenvalue over 1.00 that explains more than 59% of the total variability in the data. One factor formula is correct.

The unrotated factor loadings show high positive loadings on the first factor (Figure 1).

Figure 1. Scree plot for Synergistic effects achieved by the integration of different areas



Source: Own elaboration.

Management, human resource management, finance and production (1, 4, 2 and 3) have high positive loadings on the factor.

It can be recognized the factor (F1) as "Organizational functions".

Table 4 presents the Component Score Coefficient Matrix for synergistic effects achieved by the integration of different areas.

Table 4. Component Score Coefficient Matrix for synergistic effects achieved by the integration of different areas

	Component
	1
1	.342
2	.316
3	.309
4	.328

Source: Own elaboration.

There is a factor equation (1) (according to Table 4):

$$\mathbf{F1} = 0.342 * \mathbf{m} + 0.316 * \mathbf{f} + 0.309 * \mathbf{p} + 0.328 * \mathbf{hrm} \quad (1)$$

3.2. Discussion on empirical findings

Using Factor Analysis, the factor of "Organizational functions" was extracted for the dimension "Synergistic effects achieved by the integration of different areas". The extracted factor corresponds to four basic items: management, finance, production, and human resource management. The findings reveal that the dimension "Synergistic effects achieved by the integration of different areas" is essential for the post-M&A stage. The analysis of the perception of synergistic effects on different organizational functions is designed to discover some biases of integration research.

The extracted factor "Organizational functions" represents the essence of the integration stage. The basic items, i.e. management, finance, production, and human resource management, could be ranked according to the perceptions of the respondents. Management is the most important, while human resource management is considered the least important. The resulting formula is useful in measuring the perception of respondents on the post-merger challenges, with synergy effects taking priority.

4. Limitations of the study

The main limitations of this study are:

- the target of this study consists of top managers and consultants involved first-hand in the process of intercultural integration in the post-acquisition phase in cross border M&As. The research is not restricted to a specific industry or company profile,
- the selected countries sample populations is not a probability sample because the sample is voluntary. This might raise self-selection bias issues,
- the questionnaire was based on self-assessment, and that might include a degree of bias. On the other hand managers make decisions based on their perceptions of the firm and its environment.

Conclusions

The recent global financial crisis may further fuel cross-border M&As activity, as many multinational enterprises will be restructuring, and may become top acquisition targets. M&A topic is still a puzzle for scholars and practitioners: M&As, despite the considerable amount of transactions carried out so far, on average, end up with disappointing outcomes.

A major omission in this respect is the key distinction between the two levels of culture in cross-border M&As, namely national and organizational, and its implications for cultural fit and consequently M&A intercultural integration and synergy. The success or failure of a cross-border M&A and the melding of several cultures demonstrate that approaching such circumstances with a simplistic view of differences is an error and that the best direction would be to understand the complexities of different cultures. The merging of firms occurs when people need to co-operate with others in order to reach specific goals. Understanding people means understanding their cultural origins, from which it is easier to anticipate their past, present and future behaviour.

The intercultural issues have not yet been received enough attention by most firms conducting an M&A. These transactions are mainly initiated due to economic reasons and intercultural aspects, mainly in the integration stage is generally considered to be less important than the strategic and financial fit. Cultural differences play a crucial role in affecting acquirers' perceptions of target companies and this may have significant consequences for the negotiation of cross-border M&As deals. Thus, cultural misunderstandings, stereotypes, and the lack of intercultural awareness can alter the M&A process and in the end maybe even contribute decisively to its failure.

Foreign language barriers, different legal systems and administrative procedures, and other features of organizational life that differ between countries pose additional obstacles to integrating the different cultures in cross-border M&A. As such, a chosen integration approach, based on synergy potential of each M&A can lead the acquiring company to a superior performance. Furthermore, learning through cultural differences has been proved as a more pragmatic and successful strategy in the integration process than finding the "perfect culture fit".

Not only academics but also the executives and employees involved in M&As mergers have pointed to national and organizational cultural differences as major causes of post-merger integration problems. Consequently, cultural issues have become an integral part of the general debate on M&A phenomenon, and thus a core element of the contemporary M&A deals.

The focus of this paper is the post-M&A stage. It strives to deepen the understanding on the cultural issues related to synergetic effects of organizational functions. This study aims to uncover realities in M&A research regarding the relationship between the synergy and organizational functions. The focus is on post-merger integration stage in an attempt to overcome the confusing findings in the literature.

This study makes a contribution to the field of M&A by integrating research on synergy into a theory of organizational functions. It endeavours to examine not only the outcomes but the perception on the integration processes. Taking into account the results of the study, future research may need to examine the cultural influences on M&A perceptions. Such exploration would lead to a more refined understanding of the cultural issues in M&A and how organizations can benefit from such a shift. Intercultural synergy is an important and controversial aspect of cross border M&As and the inconsistent results of previous studies require further research.

In lieu of asking if cultural differences have an impact on performance, researchers should concentrate on how cultural differences affect M&A performance.

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