HRM challenges in cross-cultural collaborations: Editorial

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Abstract:

The frequency and scale of the cross-cultural collaborations such as strategic alliances, international joint ventures, and mergers and acquisitions have significantly increased during the several past decades in spite of continuous reports on their dismal track record (e.g., Cartwright & Cooper, 1996; Fuad & Gaur, 2019; Gomes, Weber, Brown, & Tarba, 2011).

The existing body of literature on M&A processes and outcomes has been scattered across a wide range of topics and levels, and scholars have not yet systematically discussed and integrated the insights from various fields thus missing the opportunities for cross-fertilization (Devers et al., 2020; Meglio & Risberg, 2010).

Weber and Tarba (2010) and Weber, Tarba, and Reichel (2009) point out that most of the existing research on the human side of the cross-cultural collaborations has been fragmented across various disciplines, has not been systematic and linked to any overarching theory. Specifically, different areas of focus in merger and acquisition (M&A) research have resulted in substantial fragmentation in theories and variables utilized in order to predict different measures of acquisition performance necessitating the reassessment of the underlying theoretical foundations and calling for integration of the theories from various field in order to enhance our understanding of M&A performance (King, Wang, Samimi, & Cortes, 2020).

Keywords: human resources | management review | merger and acquisition

Article:

1. Introduction

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Cultural dynamics within an institutional firmament can play a key role for success while engaging in overseas expansion in general and while adopting the cross-border M&A in particular. For example, exploring the challenges faced by Chinese expatriate managers and their strategic responses in securing a necessary alignment in the UK subsidiaries to sustain their operations, these managers played a key intermediary role between headquarters and subsidiary (Khan, Wood, Tarba, Rao-Nicholson, & He, 2018). The fact that national cultural distance and organizational (corporate) culture differences can lead to the almost inevitable clash - if inappropriately addressed - is well established in the literature, and known for its ability to ultimately undermine the synergistic value creation process in cross-border acquisitions (Huang, Zhu, & Brass, 2017).

Yet, it is important to note that the adverse impact of M&A on individuals and groups may differ widely as a result of various factors, such as human resource management practices applied by an acquirer (Froese, Pak, & Chong, 2008) and leadership approaches (Waldman & Javidan, 2009), and can create a massive wave of executive and key talent departure (Krug, Wright, & Kroll, 2014; Ranft & Lord, 2000). In addition, animosity in M&A can influence employee identification (Edwards & Edwards, 2012; Monin, Noorderhaven, Vaara, & Kroon, 2013), employee commitment (Schweizer & Patzelt, 2012), level of trust (Graebner, 2009) and self-attribution biases (Vaara, Junni, Sarala, Ehrnrooth, & Koveshnikov, 2014).

The failure of the past research to establish a consistent relationship between M&A synergistic benefits and the eventual M&A success may also partially arise from an overemphasis on the pre-merger stage and neglection to some extent of the post-merger stage and the integration-related mechanisms (Weber & Fried, 2011). For instance, applying sense-making research to acquisition integration, King, Bauer, Weng, Schriber, and Tarba (2019) found that slower task integration may mitigate employee resistance to acquisition integration, but employee resistance to the speed varies depending on who is involved, implying various roles for top and middle managers. Moreover, it accentuates the fact that middle management involvement with slow human integration and top management involvement with fast task integration lessens the employee resistance.

Tian et al. (2021) on their part concluded that while for the duration of the last two decades performance management systems (PMSs) have been receiving steadily growing scholarly attention, scant research has examined the link between individual- and organizational-level performance in the context of cross-border M&A. Specifically, based on a cross-sectional survey of the employees of an UK subsidiary acquired by the Chinese company, they established that acquired firm employee withdrawal behaviors are, on the one hand, negatively associated with trust in the acquirer, and, on the other, have a negative influence on employee willingness to share tacit knowledge.

2. The scope of the special issue

The need for a more fine-grained understanding of the "human side," which requires reconceptualizing M&As as practice-oriented processes, has been underscored by Sarala, Vaara, and Junni (2019) who delineated the future avenues for scholarship on M&A such as emotional processes, resistance, human resource management (HRM) practices and tools, new forms of communication, and others.

One of the interesting recent works in this direction is a conceptual study that integrates ability, motivation and opportunity (AMO)-enhancing human resource management (HRM) practices framework and transactive memory system (TMS), and their impact on post-merger agility in the context of cross-border M&A (Khan, Soundararajan, & Shoham, 2020). The latter resonates well with an earlier conceptual study that, drawing upon the ability-motivation-opportunity (AMO) model and applying a configurational perspective, reveals why and how AMO-enhancing HRM practices can link three generic M&A strategies (namely annex & assimilate, harvest & protect, and link & promote) with well-known post-merger integration modes - absorption, preservation, and symbiosis, respectively (Brueller, Carmeli, & Markman, 2018). Another interesting topic that receives a growing attention in the realm of the cross-cultural collaborative partnerships is resilience. For instance, Khan, Soundararajan, Wood, and Ahammad (2020) proposed a conceptual framework of post-merger integration (PMI) across national boundaries and maintained that successful PMI depends on employee emotional resilience, that itself hinges on the efficacy of financial and non-financial incentives and of reciprocal behaviors. Another study by Schriber, Bauer, and King (2019) noted that the resilience still remains rather underinvestigated in the M&A realm, and showed how organizational resilience can minimize detrimental effects of competitor reprisal and employee resistance throughout the post-acquisition integration phase (Schriber et al., 2019).

Given the above-mentioned background, Human Resource Management Review has announced a special issue that aimed to invite research studies that stimulate scholars to offer new insights into theory building in the realm of human resource management in cross-cultural collaborations (M&A, joint ventures, and strategic alliances), and propose new, integrative, or refined definitions for HRM constructs exploring challenges in cross-cultural collaborations at individual, group, and organizational levels.

The papers that have been selected for inclusion in this special issue reflect diversity of utilized perspectives, and pinpoint various novel conceptual angles. In this sense many of these papers (especially those focusing on M&A) are following the call by Angwin and Vaara (2005) at the time to go beyond the traditionally prevalent cultural perspective on post-merger integration.

The first paper by Carmeli, Zivan, Gomes, and Markman (2017) presents a conceptual framework that pinpoints the micro socio-psychological mechanisms by which buyers and suppliers can develop inter-organizational learning agility, and stresses that the mechanisms conducive to transforming transaction-based relationships into commitment-based relationships need to be explored. Furthermore, despite the fact that commitment-based relationships can yield various outcomes, questions about whether and how these work relationships leverage inter-organizational capabilities and impact organizational performance still remain to be answered.

The second paper by Malik, Pereira, and Budhwar (2020) presents a review of the the existing literature on convergence-divergence-crossvergence theory in the context of the global information technology (IT) industry, and contends that multivergence in HRM practices is highly relevant to the strategic partnerships in the service and manufacturing sectors.

The next paper by Khan, Rao-Nicholson, Akhtar, and He (2017) suggests a conceptual model in which distributed leadership enhances the likelihood of the emerging economies' MNEs' cross-border M&As' success via the mediating role of socialization integration mechanisms, and thus can be used for the realization of much-needed synergistic benefits during the post-merger integration stage.

The fourth paper by Liu et al. (2020) proposes a conceptual framework that enables capturing the complexity of bi-cultural talent management in the context of cross-border M&A, and identifies ways in which the contemporary cross-cultural lenses can be utilized to uncover the multi-level dynamics of bi-cultural talent management.

The following paper by Degbey, Rodgers, Kromah, and Weber (2020) depicts a moderated mediation model and suggests that acquired firm employees' psychological ownership is positively associated with acquired firm employees' retention through the employee commitment and involvement in M&A. Furthermore, it postulates that the impact of acquired firm employees' psychological ownership on employees' commitment and involvement, and, eventually, employee retention in the acquired target entity is moderated by degree of autonomy granted to the acquired firm.

Stressing the multifaceted nature of M&A, the sixth paper by Dao and Bauer (2020) suggests that human integration is not a static event, and its consequences in M&A have to be viewed in a contextualized manner over time.

The last but not least, concluding paper by Cooke, Wood, Wang, and Li (2020) indicates that in spite of pervasiveness of M&A insufficient attention has been paid to employee resilience which is of crucial importance for successful management of the post-M&A integration.

We hope that, taken together, the accepted papers in this special issue will provide valuable insights on the extant research on HRM aspects in the particular context of collaborative partnerships and will trigger the future studies of this important phenomena.

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