

Culture Conflict and Integration Strategies in Enterprise M&A

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Abstract

In the social and economic development, in order to obtain survival and development opportunities and create greater income, each enterprise accelerates the pace of enterprise mergers and acquisitions, through mergers and acquisitions to expand the scale, grasp the opportunity to win market share, but each enterprise has its own business philosophy, survival business model, construction background, etc., which will produce a certain culture conflict in the process of mergers and acquisitions, which seriously affects the work of its enterprise mergers and acquisitions, but also For the later development of the enterprise has laid a security risk. In this regard, enterprises need to pay more attention to the scientific analysis of their own cultural similarities and differences, grasp the causes, manifestations and directions of cultural conflicts, so as to develop integration strategies, and analyze the reliability, effectiveness and value of integration strategies, this paper focuses on cultural conflicts and integration strategies in M&A.

Keywords

Enterprise Mergers and Acquisitions; Culture Conflicts; Integration Strategies.

1. Introduction

Enterprise culture can manifest the core values of the enterprise, which can be reflected through the work of employees, and has a certain influence on the operation of the enterprise's processes, the development of standards, and the effectiveness of system implementation. The process of integrating the culture of the enterprise needs to be based on the views of the enterprise's employees on processes and standards, processing methods, and completion efficiency. If there is an essential conflict between the core values of the enterprise village, it will be more difficult to integrate the implementation in the later stage, and the process of cultural integration is slow. In this regard, it is necessary to scientifically analyze the cultural conflict in the enterprise M&A project, so that the integration can be carried out from several aspects according to the specific characteristics and performance.

2. Culture Conflict in Enterprise M&A

Culture conflict can be recognized in the current history of corporate mergers and acquisitions in China. Culture conflict refers to the differences between the two parties in corporate mergers and acquisitions because of their regions, production and operation scales, development levels, industry characteristics, and development backgrounds. In the new era, enterprises are expanding their business strategies and values. In the new era, enterprises are expanding their production scale, building their corporate culture, and gradually becoming recognized and accepted by their employees in a series of production and management activities, as well as in strategic decisions to improve their competitiveness. The business strategy between the two sides of the enterprise in the M&A project is directly related to the degree of achievement of production and management goals, of which the increase of tangible assets is not regular,

because the characteristics of the industry and the region in which they are located lead to a greater conflict in the cultural integration of enterprises, which requires the integration of intangible assets of enterprises. Although there are big differences in the culture of the enterprises, the M&A can promote the synergy and complementary advantages of the two sides in business ideas and brand images, and effectively solve the conflicts in each other's values, working attitudes and patterns, and management methods, and finally form a cultural identity. As mentioned in the law of M&A, M&A can lead to the integration of tangible assets from corporate culture to intangible assets, but many M&A companies do not achieve their expected goals and do not improve their core competitiveness, mainly because of cultural integration conflicts. Cultural conflicts in M&A are mainly due to their own fund projects, challenges in the M&A process to solve, and cultural differences, for which companies need to pay more attention, actively integrate their culture in M&A, clarify their goals and tasks, and work towards the same direction[1].

3. Integration Strategies for Cultural Conflicts in Corporate Mergers and Acquisitions

(i) Socio-cultural conflict management

Sociocultural refers to the culture of the environment in which the individual grew up, and the culture of the historical and political environment. For socio-cultural conflicts, management work can be done through an M&A integration project to ensure that the other party agrees, recognizes, and effectively integrates into the other party's socio-cultural attributes. In this regard, the M&A integration program needs to be conducted prior to the program. The members of both sides of the project introduce the social, cultural, habits, and cultural differences between the two sides to ensure that both sides avoid imitating each other's social and cultural styles in the process of communication and ensure that the other side adopts an optimal method of communication based on understanding their own cultural styles as a way to avoid social conflicts.

(ii) Enterprise culture conflict management

In the M&A integration project, it is necessary to strengthen the management of corporate culture conflicts between the two sides, set management goals, effectively reduce their respective losses, and ensure that both sides can integrate corporate culture by agreement and negotiation on the premise of the same goal, so as to effectively play the value and group use of corporate integration culture. In this process, the four aspects of communication methods, thinking patterns, decision-making characteristics, work behavior, etc. can be analyzed as a way to assess the differences between the characteristics of the two sides, from one aspect to understand the characteristics of the other side, and through the characteristics of the other side and their own, the current situation, describe the future situation, according to the results of the assessment of different stages and periods of classification. The above assessment can effectively grasp the strengths and weaknesses in both cultures, facilitate in-depth understanding of the differences in each other's cultures, facilitate analysis of details and essentials, better understand each other, integrate cultural contents according to each other's future work business needs, and ultimately help each other develop scientific planning and implementation programs, so as to effectively play the integration effect.

(iii) Optimizing organizational integration processes

In the M&A integration project for the need to think about how to converge the business interests of the two sides, in this process does not need to integrate the organizational structure earlier, for the enterprise, the organization is an important element of the enterprise operation model, different enterprise organization model varies, and eventually lead to the enterprise basic decision-making system and operation process is also different. If the organizational

model of both parties is integrated earlier, it will lead to both parties shifting their attention from the market and customers to each other's working arrangements in later M&A projects, leading to further expansion of the previous differences between the two parties. In this regard, it is necessary to inhibit the idea of integrating the organizational model of the other party at the beginning of the M&A integration, and to ensure the integration of the two parties in business through the project team model, so that the organizational model can be integrated at a later stage according to the specific situation[2] .

(iv) Improve the authorization system under the governance structure

Integrating the management team is a key step in the integration of human resources between the two sides of the company. Optimizing the combination of the management team can ensure that the needs and goals of both sides of the M&A company in corporate governance and management remain the same, prompting both sides to reach agreement at the level of shareholders' interests, and prompting the management of both sides to effectively dovetail and integrate the governance system and take over governance, so as to do a good job of handling details and arranging tasks In order to effectively implement each other's tasks. And the two sides of the enterprise in the process of M&A cooperation need to continue to improve the governance structure negotiation process, deal with the details of the problem, so as to solve the integration problems, and ultimately ensure the healthy and stable development of both sides. In this process, there will also be a delivery behavior, with the completion of the delivery behavior need to further improve the enterprise governance structure under the authorization system, so as to integrate and optimize the management, to help the enterprise to do a good job of foundation. The integration of the organizational model can be carried out at a later stage to ensure that both sides of the M&A enterprise can focus their goals on the market and customers, and the integration of the management team needs to be accelerated in this process so as to ensure that both sides make scientific decisions.

(V) Resource integration

Resource integration refers to the integration of procurement resources, marketing resources and customer resources in the value chain, which includes the integration of upstream supplier procurement resources, downstream customer resources and marketing channel resources, in the process of integration, different procurement plans need to be formulated according to the different product characteristics and needs of different enterprises. In the integration of supplier resources, we can ensure long-term cooperation with strategic suppliers by increasing the procurement volume, broadening the depth and scope of cooperation, and maintaining a low-price purchase order relationship under good competition with comparison shopping suppliers, so as to provide quality alternative suppliers for project developers. In the integration of downstream customers and marketing channel resources, it can help both parties to better broaden the sales channels and scope, and promote both parties to obtain a larger market share. In short, the integration of resources also needs to be integrated into the actual business operation, which ultimately manifests the management synergy and deep integration effect of value chain integration[3] .

(VI) Value chain integration

Value chain integration refers to the integration of the parts that can directly generate profits, such as procurement management, production management, marketing management, etc., by creating a Porter value chain model, in which the process needs to be analyzed from the perspective of process management, including procurement management, inventory management, fixed asset management, production cost management, quality management, sales management, and other processes. For example, the procurement management process can be divided into supplier selection, supplier management and evaluation, supplier information management, logistics management, quality control, warehouse harvesting,

invoicing and payment and other sub-processes, so as to achieve effective docking and integration. In this process for both enterprises before the process framework will be different because of the process content, but the integration can ensure that the content and framework is consistent.

(VII) Capital integration

Funding integration is the most critical work in enterprise mergers and acquisitions, and is a sensitive topic. Funding integration can create greater value and profit for enterprise development, for example, it can improve the utilization rate of the integrated funds, reduce the cost of enterprise integration funds management and allocation, and ensure the overall security and stability of the enterprise funds. The process of integration needs to be consistent with the goals between the two parties, specifically including the unification of the fund management system between the two parties, the creation of a fund pool, the clarification of fund authority, the clarification of financing authority, and the clarification of fund budget process [4].

(viii) Integration of support processes

The integration of supporting processes refers to the integration of financial and legal affairs, risk control and other supporting processes in the Porter value chain model between the two parties, where the integration of finance refers to the integration of comprehensive budgeting process, financial accounting and reporting process, accounting manual process, financial analysis process, expense reimbursement process, etc. In this process, it is necessary to ensure the unification of accounting policies and accounting estimates, the unification of accounting accounts, the unification of financial information systems, the unification of financial organization processes and structures, the unification of expense expenditure and reimbursement processes, the unification of financial analysis and report management, and the unification of comprehensive budget calculation and schedule. The integration of legal affairs refers to the integration of contract management and contract dispute management, and the integration of risk control refers to the integration of risk identification and process control activities. For enterprises, they need to conduct risk identification immediately after the M&A project, and predict what are the risks that cannot be controlled by the enterprise? What are the risks that exist in the company's processes? Which risks affect productivity but have no impact on business decisions? Before integrating the risk control system, a holistic assessment of the risks is required. After identifying the risks, it is necessary to integrate the value chain, finance and legal affairs to ensure that internal control system operation and evaluation criteria can be developed within the enterprise as a whole, and to ensure that internal audit work and teamwork are carried out in parallel so as to effectively play the role of internal control.

(ix) Integration at the cultural level

The premise of cultural integration is that the two sides of the M&A enterprise in the core values of the same, but not a single after the M&A, but also at the beginning of the M&A stage, when the initial understanding of the two enterprises need to consciously analyze each other's values, predict the difficulty of cultural integration, although the values can be unified, but there are also problems of conflict. In this regard both sides need to coordinate, discuss, set some neutral goals and develop a suitable cooperation landing plan for both sides, for example, in overseas M&A projects, where one of the main factors affecting the success of M&A is the partnership between our investors and the top management of the other work. In this process both sides need to build a bridge of integration with different perspectives, cultures, and plans, and organize the establishment of a joint push press pair, but because of the cultural differences between the two sides, they need to anticipate the later integration work and meet the challenges economically[5].

4. Conclusion

In conclusion, in the modernization and reform development of enterprises, enterprises need to strengthen their innovation efforts, in the M&A project can be obtained to analyze the causes and nature of cultural conflicts, reduce the resistance of employees to integration strategies through a variety of management methods, scientific development of integration programs and strategies to reduce the adverse effects of integration. In the process of integration to strengthen communication and communication, propaganda, focusing on strengthening the innovative reform ideas, as a way to ensure the effective achievement of integration goals in corporate mergers and acquisitions.

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