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Mergers and Acquisitions: Managing Cultural Integration©



THE CASE OF DHL EXPRESS FINLAND

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Abstract

The world market for logistics, postal and express deliveries is a multibillion and fast growing business environment. The recent changes in the postal sector are influenced by the adoption of the EU directive for the liberalisation of the postal market. The aim of the EU is to improve postal services and reduce prices by increasing competition. This development has put postal monopolies on the move and directly resulted in mergers and acquisition wave rarely experienced in Europe

Mergers and acquisitions are traditionally one of the most effective ways to expand market share and operations, however it is also one of the most challenging expansion strategies. MNCs have deeply routed corporate cultures. The failure to adapt and integrate corporate cultures can create severe operational challenges and instead of providing competitive advantage and economies of scale give start to a downwards spiral aiming to compensate integration failures with short term cost cutting solutions.

Culture is identified by many studies and case examples to be in the heart of post-merger integration since it is one of the most difficult areas to integrate. Culture is defined as a system of values and ideals (what is good), norms (what is expected) and conventions of behaviour (how things are done). The failure of M&As (mergers and acquisitions) can be due to many reasons, most companies focus on tangible issues; cost cutting, rationalisation and improving efficiency, however cultural issues are just as decisive in the making or breaking of mergers.

This thesis investigates how can managing the cultural element contribute to the successful post-merger and acquisition integration process of MNCs using DHL Express Finland as a case-company. The report uses theories relating to M&As, integration and culture, forming an analytical model for the processing of the empirical evidence. The conclusions underline the importance of e.g., selecting the right timing and channels for communication, creating a suitable environment for capabilities transfer and cultural adaptation in addition to identifying the main cultural gaps indicating where the focus for cultural integration should be.

Key words: mergers and acquisitions, integration, culture and acculturation.