

**CULTURAL PERSPECTIVE OF ACQUISITIONS BETWEEN
MICROSOFT AND NOKIA IN KENYA**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.**

NOVEMBER 2015

DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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The project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This project is dedicated to my beloved parents, Mr Peter B. Abol Kobwanda and Mrs Apolina Anyango Abol for sacrificing all they had to ensure I got quality education. Further dedication to my brothers and sisters Dr John Paul Oyore, Beatrice, Emmanuel, Elizabeth and Hannah who have consistently encouraged and supported me throughout this course. May God bless you all.

ACKNOWLEDGEMENTS

To complete this project was a long journey of commitment. This project would not have been possible without the guidance and the help of several individuals who in one way or another contributed and extended their valuable assistance in the preparation and completion of this proposal. Many hands made this journey possible. I did all this through God's grace, strength and love and I believe sheer hard work.

I forthwith pay gratitude to my supervisor Mr Eliud O. Mududa for guidance in the course work and the research project. I also wish to thank her for support, patience and understanding throughout the research period. My sincere gratitude also goes to the lecturers at the University of Nairobi for their input especially in units that were essential in formulation and development of this study. They were ready to assist where their assistance was sought during the development of this document. They have shared valuable insights in the relevance of the study.

I further acknowledge the support of my family and my study colleagues who have stood by me throughout my studies and particularly for their unending support.

Finally I would like to thank the management of Nokia and Microsoft Corporation Kenya, who not only spared their time amidst tight work schedules to create room for lengthy interviews but also made accessible to me all the vital secondary data that helped facilitate the successful completion of this research. I will always remain grateful to you.

ABSTRACT

There have been many failures rates involving acquisitions where corporate or national cultural differences are detrimental to acquisitions performance. However cultural differences may serve as sources of value creation, and there is empirical evidence that they may in fact improve performance. Findings from some of the available studies show that culture is a very important element for the success of any acquisition while other indicated a contrary view hence a knowledge gap on the role of cultural perspectives of acquisitions. The objective of the study was to determine the cultural perspective of acquisitions between Microsoft and Nokia in Kenya. This study employed a case study design to obtain the necessary and required qualitative data regarding the cultural perspective of acquisitions between Microsoft and Nokia in Kenya. This allows a particular issue to be studied in depth and from a variety of perspectives. In selecting a case, Microsoft and Nokia were selected bearing in mind the available time and resources. The population of interest was the management staff of the Microsoft that was assimilated during the acquisition of Nokia. The researcher interviewed the Country Manager, Human resource manager, Finance manager, Operations and Support manager and Partner Sales manager in Nairobi. Primary data was collected from respondents using questionnaires and through personal interview method. The interview guide with open-ended questions was used to collect data on respondents' perceptions of the issues under study. The data collected was analysed using the content analysis technique. The study found that Nokia and Microsoft went in the combination with an aim of expanding product portfolios, to conquer the new market of smartphones and acquire technology, research and development and resources which would enable the company to compete on a global scale. The study deduces that cultural difference influences the success of the acquisition. The study concludes that culture of the acquiring Company did not affect the acquired company's culture. The study recommends that there is need for companies to increase formal and informal training programs to their staff so as to enhance cultural compatibility which in turn enhances their sense of ownership in the acquisitions. The employees being an important element in offering the human resources should be accorded top priority during acquisition through regular updates of the process and the implications of the process in order to avoid uncertainties' and confusion among the employees.

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LIST OF ABBREVIATIONS

GSK	Glaxosmithkline
GSM	Global System for Mobile Communications
HR	Human Resource
IB	International Business
M&A	Mergers and Acquisitions
MNCs	Multinational Corporations
US	United States (of America)
US\$	United States Dollar

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

International mergers and acquisitions are among the key corporate strategies Multinational Corporations use to expand, diversify, or consolidate their businesses. 2006 was a record year for acquisitions worldwide when, for the first time, the annual value of these transactions exceeded US\$ 4 trillion, and cross-border acquisitions alone amounted to a record high of US\$ 1.3 trillion (Larsen, 2007). Mergers and acquisitions have provided evidence about the effect of cultural characteristics on the decision to carry out cross border transactions. A considerable amount of management research has developed that focuses on the cultural perspective of international acquisition performance (Arikan, 2004; Rottig & Reus, 2005).

International business deals not only cross borders, they also cross cultures. Culture has many definitions, and it affects everything people do in their society because of their ideas, values, attitudes, and normative or expected patterns of behaviour. Culture is not genetically inherited, and cannot exist on its own, but is always shared by members of a society (Hall, 1976). Hofstede (1980) defines culture as the collective programming of the mind which distinguishes the members of one group from another, which is passed from generation to generation.

Culture is a major element of international business as firms seek to expand their business and grow into new markets. It is often compared to an iceberg; there is more to it than meets the eye. These hidden elements, if not understood, can make or break an international business transaction. It is thus important to be aware of cultural influences and their subsequent impact on the success of acquisitions between organizations. Businesses competing internationally face a myriad of challenges and none is more daunting than achieving an understanding of unfamiliar

cultures (Hofstede, 1996). Cross-cultural differences have repeatedly been identified as the most significant impediment to successful international ventures and projects.

1.1.1 Concept of International Business

International business (IB) concept seeks to understand firms' internationalization decisions. These decisions comprise location choices, foreign entry modes, international strategies, organizational formats, international human resource practices, among several others. In fact, the domain of IB as a field of study is distinguishable from the management of large corporations because multinationals operate in a more complex international business environment, than purely domestic firms. Ferreira, Li, Guisinger and Serra (2009) stated that IB is focused on understanding the environmental context in which firms operate. According to Boyaciller and Adler (1997) by definition, international business is contextual.

According to Cavusgil et al (2010) international business is the performance of trade and investment activities across national boundaries. Companies perform various activities in more than one country such as manufacturing, selling or even sourcing. They further argue that the main force behind the development of international business is the concept of globalization. Technology has made it possible to access various markets in the globe within a very short time. This has largely influenced companies to expand their market share to other countries other than the parent country. Cavusgil et al., (2010) further indicate that companies can do international business through methods such as exporting, foreign direct investment, franchising or even licensing.

Luo (2009) asserts that any company that wants to venture into international business needs to conduct a risk assessment. This will help the company to get prior knowledge of the risks that are

ahead and make necessary adjustments. He further argues that some companies usually venture into international business because they perceive some opportunities in the international market. Emerging economies are very good examples of countries that provide a number of opportunities to multinational organizations

1.1.2 Culture as a contextual imperative of International Business

There are so many cultural variations that business people cannot expect to memorize all of them for every country. Wide variations exist even in addressing people. Making a mistake may be construed by foreign business people as ignorance or rudeness, which may jeopardize a business arrangement. Imperatives vary from culture to culture. Cultural imperatives are the business customs and expectations that must be met and conformed to or avoided if relationships are to be successful. Successful business people know the Chinese word *guanxi*, the Japanese *ningen kankei*, or the Latin American *compadre*. All refer to friendship, human relations, or attaining a level of trust. They also know there is no substitute for establishing friendship in some cultures before effective business negotiations can begin.

Informal discussions, entertaining, mutual friends, contacts, and just spending time with others are ways *guanxi*, *ningen kankei*, *compadre*, and other trusting relationships are developed. In those cultures in which friendships are a key to success, the businessperson should not slight the time required for their development. Friendship motivates local agents to make more sales, and friendship helps establish the right relationship with end users, which leads to more sales over a longer period. Naturally, after-sales service, price, and the product must be competitive, but the marketer who has established *guanxi*, *ningen kankei*, or *compadre* has the edge. Establishing friendship is an imperative in many cultures.

If friendship is not established, the marketer risks not earning trust and acceptance, the basic cultural prerequisites for developing and retaining effective business relationships. The significance of establishing friendship cannot be overemphasized, especially in those countries where family relationships are close. In China, for example, the outsider is, at best, in fifth place in order of importance when deciding with whom to conduct business. The family is first, then the extended family, then neighbours from one's hometown, then former classmates, and only then, reluctantly, strangers—and the last only after a trusting relationship has been established. In some cultures, a person's demeanour is more critical than in other cultures. For example, it is probably never acceptable to lose your patience, raise your voice, or correct someone in public, no matter how frustrating the situation.

In some cultures such behaviour would only cast you as boorish, but in others, it could end a business deal. In Asian cultures it is imperative to avoid causing your counterpart to lose face. In China, to raise your voice, to shout at a Chinese person in public, or to correct one in front of his or her peers will cause that person to lose face. A complicating factor in cultural awareness is that what may be an imperative to avoid in one culture is an imperative to do in another. For example, in Japan, prolonged eye contact is considered offensive, and it is imperative that it be avoided. However, with Arab and Latin American executives, it is important to make strong eye contact, or you run the risk of being seen as evasive and untrustworthy.

1.1.3 International Business Acquisitions

Acquisition is the purchase of shares or assets on another company to achieve a managerial influence (European Central Bank, 2000, Chunlai Chen and Findlay, 2003), not necessarily by mutual agreement (Jagersma, 2005). It is the purchase of one business or company by another company or other business entity. Such purchase may be of 100%, or nearly 100%, of the assets

or ownership equity of the acquired entity. It is “a hybrid of two independent firms” (Park & Ungson, 1997).

The term Acquisition has different meanings; as it could be referred as “recourse Acquisition” or knowledge acquisition. Furthermore, there are two types of acquisitions which are domestic acquisitions and cross-border acquisitions; domestic acquisitions done inside the boundaries of the country while cross-border acquisitions which involve two companies from two different countries (Zhang, 2010). Normally, the company being taken over consents to the takeover, however, hostile acquisitions does sometimes take place, where the bigger company takes over the smaller one without its consent.

Organization can use acquisitions to develop new capabilities, expand their product range and brand offering, increase supply and distribution channels while at the same time reducing overhead costs (Gulati, Freeman, Nolan, Tyson, Lewis & Greifield, 2004; Linch & Lind, 2002). Some of the reasons put forward for acquisitions are to meet the increasing market demand and competition, diversify to international markets, employ the emerging new and expansive modern technologies, or to meet the new threshold capital required by the regulators such as in the banking sector (Kithinji & Waweru, 2007). Today, we witnesses mergers and acquisitions across diverse industries, ranging from bank and insurance sectors to oil, aeronautic, high-tech and automotive industries (Leroy, 2003).

1.1.4 Acquisition in the context of Microsoft and Nokia

Founded in 1975, Microsoft (NASDAQ “MSFT”) is the worldwide leader in software, services, devices and solutions that help people and businesses realize their full potential. Nokia has been in operations over the past 150 years. It started as a paper mill company in southwestern Finland. Over the years, Nokia has made rubber boots, car tyres, and generated electricity and even

manufactured TVs. In 1992, Nokia launched its first digital handheld GSM (Global System for Mobile communications) phone, the Nokia 1011. It has since improved its GSM phones considerably to smart phones.

Nokia's dominance also extended into the smartphone industry through its Symbian platform, but it was overshadowed by the growing dominance of Apple's iPhone line and Android devices. Nokia eventually entered into a pact with Microsoft in 2011 to exclusively use its Windows Phone platform on future smartphones. Microsoft acquired Nokia's Mobile Phones and Smart Devices business units including Nokia's design team and its operations, all related production facilities, sales and marketing functions, and related activities. Microsoft then created Microsoft Mobile Oy after the acquisition of Nokia devices that develops, manufactures and distributes Lumia and Asha and Nokia X mobile phones and other devices.

Nokia would help bolster Microsoft's new mission to become a "devices and services" company, which means it will make hardware along with the software. Nokia's success in handsets has been crucial to the whole Windows ecosystem, but it has been insufficient to turn the ecosystem into a real third alternative. Nokia needed capital injection through acquisition by Microsoft. With the acquisition Microsoft is undeniably, albeit only marginally, in a stronger position in building the Windows ecosystem. It also gained access to promising new technologies, to achieve synergies in their operations, to tap well-developed distribution channels, to obtain control of undervalued assets among other associated benefits.

1.2 Research Problem

Organizations face a myriad of issues and challenges when acquisition is employed as a form of internationalization. At times, these issues were referred to as 'organizational fit'. Culture

formation is neither a random event nor an action dependant solely on the personalities of founders or current leaders, but it is an internal reaction to external imperatives (Schraeder & Self, 2003). Many research studies conducted over the decades clearly show that the rate of failures is at least 50 percent. A study by KPMG International highlights that 83% of acquisitions and mergers fail to create the intended value (PR Newswire, 1999). Following these findings, it can be expected that senior managers and boards of directors would avoid mergers and acquisitions activities as much as possible and would search for other strategies to achieve market share and profitability goals. However, reality indicates the opposite.

According to Hunt (1990), there have been many failures rates involving acquisitions. In some cases this has been as high as 50%. (Weber et al 1996) provides support for the idea that corporate or national cultural differences are detrimental to acquisitions performance. However cultural differences may serve as sources of value creation, and there is empirical evidence that they may in fact improve performance (Larsson and Risberg 1998; Morosini et al. 1998). Haspeslagh and Jemison (1991) argues that unless the acquisition is motivated by purely financial reasons to lower the cost of capital post- acquisition integration of culture plays an important role in determining the acquisition results.

Few local studies have investigated how culture plays key role in the success of acquisitions Mwikali (2008) studied cross cultural perspective of mergers and acquisitions taking a case of GlaxoSmithKline Kenya Plc. The findings from the study showed that culture is a very important element for the success of any merger. Culture is the key to success of a business and a good culture therefore leads to better performance. Elements of organizational culture such as norms, values and believes, management culture and leadership styles are very important for the success

of mergers and acquisitions. It also found out that GSK's staff are highly motivated and performance driven.

Njora (2012) investigated the cultural perspective of international operations by Barclays Bank of Kenya. From the findings, the respondents were of the view that culture is of great importance in management of Barclays Bank of Kenya and thus managers must understand and demonstrate respect cultural differences. It was also noted that cultural intelligence must be strengthen among managers, which can lead to great trust and openness among employees. Studies around the world have failed to agree whether culture plays a key role in the success of acquisitions between 2 firms. This study sought to answer the question: How have cultural factors influenced acquisition between Microsoft and Nokia in Kenya?

1.3 Research Objective

The objective of the study was to determine the cultural perspective of acquisitions between Microsoft and Nokia in Kenya.

1.4 Value of the Study

The study would help the researcher to develop a deeper understanding of culture, the different dimensions and how it determines the success or failure of organizations that utilize acquisition as a form of international growth. The researcher would gain problem solving skills as well as the skills of academic report writing.

To the management of firms going international, they would be able to expand their knowledge on culture as an imperative in acquisitions and how to leverage on the different cultural facets to ensure success and deliver value to shareholders. The study would be useful to other multinationals that seek to acquire other firms in Kenya operation with a global strategy in all

markets. The study would highlight the area where they need to place more emphasis when driving the cultural issues agenda locally.

To academicians and researchers, the findings of this study are a source of reference material for future research on other related topics; it would also help other academicians who undertake the same or related topic in their studies. The study also highlights other important relationships that require further research around culture and internationalization process.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents review of the literature related to the purpose of the study. The review was undertaken with an aim of eliminating duplication of what is currently done and also provide better understanding to the concept of culture and its impact on acquisitions to the researcher. It was based on authoritative, original and recent sources.

2.2 Theoretical Foundation

Various theories and models have been proposed to explain the role of culture in acquisitions and how cultural differences may affect the integration process following acquisitions. This section provides a synopsis of the most widely used theories and models. They can be grouped into three categories: cultural fit models, acculturation models, and models adopting a social constructivist perspective on culture.

2.2.1 The Cultural Fit Theory

Cultural fit theory rest on the idea that the degree of culture compatibility between the organizations involved in an acquisition is a critical determinant of the subsequent integration process (Cartwright & Cooper, 1996; Javidan & House, 2002). Cultural fit models focus mainly on the relationship between pre-merger cultural differences (both national and organizational) and post-merger integration outcomes. They are inherently static and do not fully capture the dynamics of the integration process. The model is based on a typology of organizational cultures that vary along a continuum from high to low individual constraint: power, role, task, and person cultures, with the former imposing the highest and the latter imposing the lowest degree of constraint on individuals.

Cartwright and Cooper (1996) propose that in acquisitions of equals (“collaborative marriages”), the cultures of the combining firms must be similar or adjoining types (role and task cultures) in order to integrate successfully. The logic is that if there is a balance of power, the organizations involved in the merger have to adapt to each other’s culture and create a coherent “third culture.” Since organizations normally strive to retain their own culture, mergers between culturally distant partners are proposed to result in major integration problems. In the case of an asymmetrical relationship (“traditional marriages”), Cartwright and Cooper propose that the impact of cultural differences depends primarily on the direction of the culture change, rather than the cultural distance between the acquirer and the target. If the degree of individual constraint increases as a result of the takeover (a firm with a task culture is acquired by one with a power culture), this is likely to lead to employee resistance and major integration problems.

The important contribution of cultural fit theory such as the one proposed by Cartwright and Cooper (1996) is that they illustrate that cultural differences can pose significant barriers to achieving integration benefits, and that they have to be considered at an early stage of the acquisition process as early as the evaluation and selection of a suitable target and the planning of the integration process.

2.2.2 The Acculturation Theory

In anthropology, the term “acculturation” is defined as “changes induced in (two cultural) systems as a result of the diffusion of cultural elements in both directions” (Berry, 1980). In the context of acquisition, Larsson and Lubatkin (2001) define acculturation as the outcome of a cooperative process whereby the beliefs, assumptions, and values of two previously independent work forces form a jointly determined culture. Acculturation is achieved through development of a common organizational language, mutual consideration, and values promoting shared interests.

As such, acculturation can be considered a prerequisite for an acquisition success, especially when high levels of integration are required (Larsson & Lubatkin, 2001; Sales & Mirvis, 1984).

In contrast to Larsson and Lubatkin's (2001) conceptualization of acculturation as an inherently cooperative process, it has been suggested that acculturation outcomes can be positive or negative (Elsass & Veiga, 1994; Nahavandi & Malekzadeh, 1988). Nahavandi and Malekzadeh's (1988) model of acculturative stress proposes that the degree of congruence between the acquiring and acquired firms' preferred modes of acculturation will affect the amount of stress and conflict experienced during the acculturation process.

According to this theory, the acquired firm preferred acculturation mode depends on the extent to which organizational members want to preserve their own cultural identity and to which they feel attracted to the acquirer's culture. The acquiring firm's preferred acculturation mode is largely determined by its diversification strategy and tolerance for diversity. The model suggests a variety of factors that moderate the impact of cultural differences on post-acquisition integration outcomes, most notably the acquirer's diversification strategy, and the integration mode chosen. If the level of attempted integration is high, this is proposed to result in acculturative stress and disruptive culture clashes, as the members of the acquired organization struggle to preserve their cultural identity.

2.2.3 The Social Constructivist Theory

Social constructivists view culture as based on shared or partly shared patterns of interpretation, which are produced, reproduced, and continually changed by the people identifying with them (Kleppetø, 1998; Vaara, 2002). This perspective emphasizes symbolization and communication

processes and sees culture as an essentially dynamic and emergent phenomenon that comes into existence in relation to and in contrast with another culture (Gertsen, Söderberg & Torp, 1998).

Building on social identity theory (Tajfel, 1982; Turner, 1982), the social constructivist position suggests that the problems surrounding the integration process after an acquisition may be best understood in terms of in-group out-group bias and a quest for social identity. Under this perspective, the exaggerated view of differences and lack of attention to similarities that can often be observed in an acquisition can be interpreted as a sense-making mechanism: “we” cannot establish an identity without stressing “our” uniqueness and “their” otherness (Kleppesø, 1998, 2005).

In summary, extant theories and models of the role of culture in acquisition have adopted one of the three perspectives to explain how cultural differences affect the acquisition process: a cultural fit perspective, an acculturation perspective, or a social constructivist perspective. Cultural fit models are rooted in a functionalist and objectivist understanding of culture as a relatively stable system of norms, values, and behavior patterns. In contrast, the social constructivist perspective emphasizes cultural transformation processes during which organizational self-images develop and change through interaction, so that new socially negotiated cultural identities are being formed. Cultural fit and acculturation models highlight the inherent potential of acquisition for culture clash and the need for cultural assessment to predict and minimize integration problems.

2.2.1 Concept of Culture

Culture is a universal phenomenon as there is no society in history without a culture. But culture varies from one society to another. Schein (1992) defines culture as “a pattern of shared basic

assumptions which the group learns as it solves its problems of external adaptation and internal integration which has worked well enough to be considered valid and therefore, to be taught to new members as the correct way one perceives, thinks and feels in relation to those problems. In this study, culture has been used to mean the customs civilization and achievement of a particular time or people or group.

Organizations have distinctive culture and personality which demonstrate their values, ways of dealing with problems, decision making and doing things. Organizational culture includes beliefs and attitudes of people in performing, organizing, assessing and rewarding their performance when dealing with problems of external adaptations and internal integration then they think and feel about their organizations (Schein, 1990; Trompenaars, 1993). Most corporate culture reflects value of owners in reinforcing the vision/ mission of the organization to establish the main operating orientation as well as provide members with shared identity.

So while it constitutes a bond that holds an organization together, it is also an informal control mechanism which facilitates coordination of peoples' efforts. According to Schein (1990), corporate culture has three levels namely, Surface, Middle and Deepest. The Surface level includes visible appearance and behaviours such as, physical layout, dress codes, organization structures, organization policies, procedures and programs and attitudes.

At middle level culture is represented by the organization's beliefs and values while at the deepest level, it involves basic assumptions such as, organization's long learned automatic responses and established opinions. Most organizations use values to provide direction to and motivation for their employees to ensure their survival and flourish and register better performance in the market. Culture affects the behaviors of the member in its society. So a strong organizational culture would clearly influence the way employees behave in the firm. That

is to say, the organizational culture may generate competitive advantages for the organization by enhancing employees' performance and cooperation with each other. Besides that, a strong culture helps to reduce the conflict within the organization, to dispatch, control, and motivate employees (Dawson, 2010, Schein, 2010, McKenna, 2012)

Firstly, a strong culture fastens the connection among members, helps them to share the common understanding for an issue and valuate, choose and orient their action in the same orientation. When there is a risk of conflict on the organization, the shared norms and values are the elements to unite people, help them to evaluate the situation correctly and behave properly. Secondly, organizational culture dispatches and control members' behaviours by the standards, procedures, regulations, etc. In addition, the culture helps to narrow down the area to consider during decision making process because a decision gains the effect only when it matches the culture to get them members' approval.

On the other hand, organizational culture helps the members to gain a clear view of the task's target and orientation. A strong culture also creates good relationship among members as they share common understanding and interest. It improves the working environment to be comfortable and healthy. When an organization is successful in building a strong culture, it creates the employees' faithfulness to the firm, which makes the members feel proud of the organization as well as the job they are doing. (Dawson, 2010)

2.3 Acquisition as Business Operating Mechanisms

An acquisition is often characterized as the purchase of a single company from another where the acquirer or buyer maintains control. An acquisition or take over can both, be friendly and be hostile. In a friendly acquisition (takeover of control), the target's board, and management are receptive to the idea and recommend shareholder approval. To gain control, the acquiring

company generally may offer a premium to the current stock price. An unfriendly or hostile acquisition occurs when the initial approach was unsolicited, the acquired company did not have the intention to be acquired at that time, the target's management contested the approach, and control changed hands (usually requiring the purchase of more than half of the target's voting common stock).

Neary (2004) distinguishes two motives of acquisitions, namely; strategic motives (for example competition reduction), and efficiency motives (cost reduction). By acquiring a competitor, competition is reduced, whereas cost reduction could be achieved by for example having comparative advantage (access to cheaper resources). Chakrabarti, Gupta-Mukherjee and Narayanan (2009) stated that the two most important motives for acquisitions are: to increase profitability, either through economy of scale or by consolidation higher profits from the acquired unit, and to get into new business, which is in line with Neary's theory. Another acquisition motive is the desire for synergy. That is, similarities or complementarities between the acquiring and target firms are expected to result in the combined value of the enterprises exceeding their worth as separate firms. However, Sirower (1997) argues that synergy rarely justifies the premium paid. Sirower declares, "Many acquisition premiums require performance improvements that are virtually impossible to realize even for the best managers in the best of industry conditions." Chatterjee (2007) concurs with Sirower, stating that the common cause of failure is the traditional notion of synergy that exacerbates the overpayment and integration problems. This synergy usually leads to the failure of many mergers and acquisitions.

2.4 Influence of Culture in Acquisitions

There are certain objectives and reasons that propel the increase in acquisitions among firms despite their cultures. According to Hensmans et al., (2001) they include desire to increase the size of the organization to ensure it reaps the benefits of enhances economies of scale, business combination also leads to risk diversification, particularly where the two companies have different income streams, increasing the company's market competitiveness; thus, being in a position to stay off competition. The acquisition strategy may also be used as a means of avoiding taxation, as a means of achieving the organizations' growth objectives by expanding their existing markets or by entering in new markets, businesses with good potential may be poorly managed and the assets underutilized, thus resulting in a low return being achieved as a result such a business is likely to attract a takeover bid from a more successful company.

Shimizu et al., (2004) argue that taking over a company brings in a lot of new and existing people, knowledge, but also a lot of tension, due to new organizational characteristics. For an acquisition to be successful, it is essential that the implementation of the acquisition occur smoothly, so that there will not be a lot of time necessary to solve problems or tensions and thus the company can fulfill its normal program. Question mostly asked about acquisitions is why such a high percentage of these transactions fail to meet expectations, estimates of about 60% (Gilkey, 1991).

Most of the acquisitions suffer due to the culture clashes. Inside the organisation many different cultures exist due to people's belonging to different ethnic group gender or nationality (Risberg, 1997). For instance, In Kenya, the acquisition of Nokia by Microsoft was likely to be affected by the varying cultures and norms of peoples' origins. The cultural incompatibility is the single largest cause of lack of projected performance, departure of key executives, and time consuming

conflicts in the consolidation of business (Bijlsma-Frankema, 2001). Culture plays a vital role in the way how employees react to the new organization culture environment. Bijlsma-Frankema, 2001 argue that the term ‘Culture clash’ has been coined to describe the conflict of two companies’ philosophies, styles, values, and missions. Cultural clashes can be explained as when the two merging companies find dissimilarities in their corporate cultures.

Bargeron, Smith, and Lehn (2012) examine the relationship between corporate culture and M&A activity. They focus on five aspects in particular: acquisition frequency, acquisition size, acquirer–target similarity (in terms of industry, key financial ratios, and location), bidder announcement returns, and culture changes. The predictions in every case hinge on whether culture is an asset that can be transferred to the target or whether M&A disrupts the acquirer’s valuable culture. The results are mixed at best. First, they find that culture does not affect acquisition frequency, possibly because both forces are at work. Second, firms with strong cultures acquire smaller firms, consistent with the perspective that M&A may be disruptive and smaller deals are easier to absorb. Third, firms with strong cultures are not more likely to acquire firms that are similar to them, consistent with the view that culture is a transferable asset.

Fourth, firms with strong cultures show announcement returns that are similar to those of industry-matched acquirers without strong cultures, but those returns are significantly lower when the sample is restricted to larger deals (at least 5% of the acquirer’s assets), consistent with the view that M&A disrupts a valuable culture. Fifth, strong-culture firms that make large acquisitions are more likely to lose their strong culture than strong-culture firms that refrain from such deals, again consistent with the perspective that M&A is disruptive.

Fiordelisi and Martelli (2011) examine how corporate culture affects mergers and acquisitions’ success in banking. They analyze large M&A deals (over E100 million) by listed banks in both

the U.S. (125 deals) and the European Union (63 deals). They focus on one industry, banking to avoid the difficulty of controlling for differences across industries, thus making it easier to isolate the effect of culture. M&A success is measured based on announcement returns. A key finding of the paper was that cultural homogeneity (the acquirer and target have similar cultures) is not significantly related to merger success.

Rather, certain types of cultural heterogeneity between the acquirer and target help predict success (Gugler & Yurtoglu, 2004). There is a general notion that for acquisitions and other forms of business combinations to succeed, there is need for them to be culturally homogenous. For example, the likelihood of merger success is greater when the acquirer's culture is more focused on efficiency improvements and quality enhancements than the target, and when the target's culture is more focused on being competitive than the acquirer. These findings suggest that while cultural alignment reduces conflicts after the merger, it does not imply synergies. In contrast, some cultural differences do imply the existence of such potential synergies.

When applying these insights to an acquisition setting, it is not a priori clear what type of acquisition will exhibit better performance, an acquisition between two firms with similar cultures or one between firms with different cultures. According to Muthiani (2007) staffs are highly motivated and performance driven inherent from organizational culture evolving from the merger. The author concluded that culture is a very important element for the success of merger as it is also a key to success of a business and a good culture also leads to better performance of a business. At one level, when two companies with different strengths are brought together, there is more potential for synergies. For example, if company A is strong in activity X and company B is strong in activity Y, the combined entity has the potential to be strong in both activities X

and Y. However, if both companies have very different corporate cultures, the combined entity may destroy the strengths in both activities X and Y.

Brealey, Myers & Allen (2006) reported that cultural differences can be a source of confusion, hostility and distrust between the members of merging organizations and a major contributor to the high failure rates reported in M&A literature for meta-analyses of post acquisition performance research). It is also possible that heterogeneity in some dimensions is good (if the acquirer has a reputation for cost cutting while the target does not, synergies may be achieved), while heterogeneity in other dimensions is bad (if the acquirer focuses on control while the target is very creative, the target's creativity may be stifled after the merger). Communication influenced the employees' ability to adopt a new corporate culture, successfully go through the change process and effectively dealt with the stresses and strains involved in the combination process (Appelbaum, 2000).

2.5 Research Gap

The foregoing review indicates that making a good organizational combination needs a greater awareness of the cultural issues involved, and consequently a more informed integration strategy. The discussions above raise some key questions. A challenge for the theory is to rigorously address the question: How does combining two corporate cultures affect acquisition success? While some progress has been made on these questions, the formal theoretical understanding of the mechanisms by which culture impacts acquisition has only scratched the surface of this rich area, and the existing empirical measures vary considerably, making it difficult to settle on a parsimonious set of measures that have broad appeal and endorsement.

Similarly, the studies that code from existing literature may also suffer from selection bias (extremely successful or unsuccessful mergers may be written about more frequently and "halo

effects” (coding bias that leads synergy realization and organizational integration to be retrospectively coded as closer together than they really are). Of course, both of these kinds of studies also suffer from the impossibility of determining how well firms would have performed if they had not merged and from possibly weak measures of actual post merger performance. In pointing out these problems, the goal of this study to highlight how difficult it is to have an ideal field study and, hence, how helpful (at the margin) some exploratory experiments might be as a complement to these kinds of studies.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the overall methodology that was used to carry out this research study. It embodied the research design, population under consideration, sampling design, data collection methods, research procedures and the methodology that the researcher employed in the study.

3.2 Research Design

A case study design was employed to obtain the necessary and required qualitative data. A case study entails studying a phenomenon within its real-life setting. Rather than studying a phenomenon in general, a specific example within time and space is chosen for study. This allows a particular issue to be studied in depth and from a variety of perspectives (Kitchin & Nicholas, 2000). The purpose of this study together with the nature of data collected influences the choice of this research strategy. In selecting a case, Nokia was selected bearing in mind the available time and resources. The planned study completion time was very short which cannot be adequate to conduct a comprehensive study with multiple cases or a major case with sub-cases. In addition to that, multiple cases could require more resources in terms of finance and logistics. A decision was therefore made to select a case where concrete information was sought and analyzed considering time and other resources available.

3.3 Data Collection

For the purposes of this study, the population of interest was the management staff of the Nokia that was assimilated during the acquisition of Nokia devices business unit. In this regard the researcher shall interview Country Manager, Human resource manager, Finance manager, Operations and Support manager, Partner Sales manager. Data was collected using both primary and secondary means. Primary data was collected from respondents using questionnaires and

through personal interview method. The interviews targeted top management level at Microsoft and Nokia in Nairobi, because they are in a position to give information regarding the corporation. The open-ended questions were used to collect data on respondents' perceptions of the issues under study.

Secondary data was collected from relevant information/published documents, reports and journals of the two companies. The use of secondary data was justified on the basis that some of these sources have information that is very pivotal to this study and has been vetted and accepted.

3.4 Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of information collected. The data collected was analysed using the content analysis technique. Babbie (2001) noted that the content analysis measures the semantic content or the what aspect of a message. Its breadth makes it a flexible and wide-ranging tool that may be used as a stand-alone methodology or as a problem specific technique.

Content analysis conforms to three basic principles of scientific method and thus preferred. They are; objectivity, which means that the analysis is pursued on the basis of explicit rules, which enable different researchers to obtain the same results from the same document or messages; systematic; the inclusion or exclusion of content is done according to some consistently applied rules whereby the possibility of including only materials which support the researcher's ideas is eliminated; generalizability, the results obtained by the researcher can be applied to other similar situations (Franzosi, 2004).

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the research findings and the subsequent discussions which take cognition of the pre-stated objective of the study, that is; to determine the cultural perspective as far as acquisition between Microsoft and Nokia corporations is concerned and how such a move has worked for the two firms. This chapter presents the findings of the study and the data analysis and of the results established from the interview guides in determining the cultural perspective of acquisitions between Microsoft and Nokia in Kenya. This chapter also discusses the findings in comparison with relevant theory and literature as established by other authors in the same field of study.

The data was collected through structured interview specifically designed to generate data relevant to the research objective and analyzed through content analysis. To enhance data quality of data obtained, unstructured questions were used whereby respondents indicated their views and opinions about the cultural perspective of acquisitions between Microsoft and Nokia in Kenya. The interviewees targeted of the study included Country Manager, Human resource manager, Finance manager, Operations and Support manager, Partner Sales manager. Content analysis was used in this study due to the research instrument used was an interview guide hence the data collected was qualitative.

4.2 Acquisition between Nokia and Microsoft

Acquisitions are business combinations which occur when one company takes over another company. The study was inquisive of how the issue of acquisition of Nokia by Microsoft in

Kenya was conceived. The respondents recapped that the Nokia's business was failing and the firm needed a cash injection. They further added that technological advances and increased competition also prompted the firms to undertake the acquisition. According to the interviewees, Nokia and Microsoft went in the combination with an aim of expand product diversity, to conquer the new market of smartphones and acquire technology, research and development and resources which would enable the company to compete on a global scale. In deed Nokia's dominance which extended into the smart-phone industry through its Symbian platform, was overshadowed by the growing dominance of Apple's iPhone line and Android devices. This confirms the general notion that the main objective for any firm in the market today is to make profits and be in a position to create and maximize shareholder's wealth.

On what formed the basis of the firms' move towards acquisition, the interviewees reiterated that the decision to acquire another firm is a capital budgeting decision and depends on such things as strategic fits. As a result, Nokia entered into an acquisition deal with Microsoft in 2011 to exclusively use its Windows Phone platform on future smartphones. Microsoft acquired Nokia's mobile phones and smart devices business units including Nokia's design team and its operations, all related production facilities, sales and marketing functions, and related activities. Microsoft then created Microsoft Mobile Oy after the acquisition of Nokia devices that develops, manufactures and distributes Lumia and Asha and Nokia X mobile phones and other devices. The Firms sought strategic positions that provide them with the maximum impact on the external environment, internal resources and competencies and the expectations and influence of stakeholders.

The interviewees were required to indicate why their firms considered acquisition to be the best move in their operations. The interviewees posited that the firms sought for acquisitions with an

aim of injecting cash to their operations which directly resulted in the identity of the acquired being absorbed into that of the acquirer. This was facilitated by the fact that Microsoft was already a strong brand on its own. The Companies joined forces to fulfil their desire for synergy and need for growth in Sub Sahara. In the same line of thinking Chakrabarti et al., (2009) stated that the two most important motives for acquisitions are: to increase profitability, either through economy of scale or by consolidation higher profits from the acquired unit, and to get into new business.

4.3 Cultural Perspectives of Acquisitions

The study further sought to establish whether Nokia and Microsoft considered any cultural implications of the move. All the interviewees cited that the firms emphasized the need to ensure there exist a cultural fit amongst the organizations intending to combine in order to avert post acquisition challenges and conflict. The respondents ranked the ability to integrate culturally as more important to the success of acquisitions than financial and strategic factors. The results concur with the findings by Brealey, Myers & Allen (2006) who reported that cultural differences can be a source of confusion, hostility and distrust between the members of merging organizations and a major contributor to the high failure rates reported in M&A literature for meta-analyses of post acquisition performance.

The respondents were asked to indicate whether the culture of the two companies was similar or different prior to acquisition. The study established that the culture was different as indicated by all the respondents. On how the culture influenced the success of the acquisition, the interviewees echoed that the firms leveraged off each organisations' strong points, understanding the companies' due diligence and the compelling strategic rationale. The issue of cultural compatibility between merging firms has long been proposed as an important determinant of the

realization of potential synergies. According to Ghosh and Das (2003) the internal growth of a firm can be achieved by entering into acquisitions with firms whose cultures are compatible. Learning a new culture can be challenging, but is especially so when employees are faced with uncertainty about what the future may hold and whose job is on the chopping block.

The study also sought to establish whether the organizations experienced cultural incompatibility. The interviewees recapped that there was no cultural incompatibility during the acquisition. In addition, the interviewees explained that the blend of the acquisition was seamless due to the fact that the two firms operated on platforms mainly supported by software technologies. They further argued that role of organizational culture was crucial to understand the behavior of business partnership between Nokia and Microsoft. According to the interviewees, the managers paid attention to the impact organization culture has on organizational effectiveness in order to lead each employee's value and behavioral orientation unanimous with the whole value of the organization and improve staff's commitment to the organization. The onus of the matter is that most of acquired business operations front-end success comprises cultural elements such as characteristic of leadership, the facilitating climate within the stakeholder team and understanding culture and organizational structure differences entailed in the analysis.

The respondents acknowledged that cultural imperatives are the business customs and must be met and conformed to or avoided if relationships are to be successful. The study sought to determine whether culture was an asset that transferred to the target company during the acquisition. All the respondents unanimously indicated that indeed it was. They further culminated that the organization functions were carried forward into the new formation in specific structures, beliefs and norms. This was an effective way of ensuring morale, sense of

ownership and belonging and assuring job security to the staffs the firms. The same sentiments were echoed by Hensmans et al. (2001) who concluded that for the entire acquisition process to be a success, there must be a transfer of the capabilities and knowledge for cost effective synergies to become a reality.

On whether culture of the acquiring Company affect the acquired company's the respondents indicated that the culture of the acquiring company did not affect the acquired Company's mainly because of the homogeneous cultures that existed between the firms during the pre-acquisition. They further explained that there was a realistic communication during the acquisition process in the form of a realistic merger preview. The respondents were also required to explain how cultural homogeneity (the acquirer and target have similar cultures) affect the acquisition success. Accordingly, they explained that cultural homogeneity made the transition faster, the employees in the organizations embraced cultural diversity. As a result, unity was created, openness was achieved and that opportunities were created as employees interact altogether at the new Firm. In addition, cross-cultural interactions increased their understanding of culture and cross-cultural interactions. In theory, Galpin and Herndon (2007) argued that organizations are known to be bound by fully functional cultural properties as is the case with communities, and they breed meanings, perceptions, myths, and beliefs based on these cultural characteristics. On the contrary, failure to integrate the two cultures in acquisitions translates into failure for the merger process since employees will be pulling in separate directions.

The respondents were required to indicate how the cultural differences influenced integration benefits during integration. The respondents indicated that both firms have an open door policy hence any queries/doubts were addressed by the relevant personnel hence no grey areas. Against the argument that cultural distances between two companies have enormous impacts on

acquisition and the post-acquisition integration process, it was clearly depicted in the study that the ability to integrate culturally is ranked as more important to the success of acquisitions than financial and strategic factors. The study is a reflection of the findings by Roller, Stennek and Verboven (2006) that if the acquire and the acquiring firms have different organizational cultures and it turns out that they are complementary to each other; then, by putting them together, they will most probably achieve a technological progress. Such a progress can take the form of product or process innovation.

The study also sought to establish the role played by culture in reducing competition amongst the acquired organizations. The interviewees recapitulated that similar values within both organisations helped in reducing competition as it was more of carrying on the existing values. They further added that setting of clear goals as well as better utilization of each other's strength in the conglomerate. On how the culture influenced comparative advantage during the acquisition process, the interviewees argued that culture enhanced diversification, led to create more defensible strategic positions. The study findings are consistent with those of Karia and Ahmad (2000) who provided extensive evidence that embracing diversity of culture facilitates the updating of skills, and lead to increased commitment, well-being, and sense of belonging, thus directly strengthening the organization's competitiveness.

The respondents were requested to indicate how culture enhanced knowledge transfer during the process of acquisition. The interviewees argued that culture fostered knowledge sharing, learning and the firms had similar vision and value systems. From the available literature (Luo, 2009; Zhang, 2010) cultures are fundamentally reinforcing business partnerships because of the satisfaction and commitment associated with the acquiring new knowledge or skills. On how Nokia culture differed from Microsoft Culture, the interviewees recapped that the two firms had

similar cultures. On whether the cultural difference between the prior employer and current employer influenced the ability to deliver on duties, the interviewees reiterated that cultural differences affected the activities of acquired companies in general where the transfer of duties, change in the chain of command and job conflicts affected the ability to deliver on duties. Njora (2012) while investigating the cultural perspective of international operations by Barclays Bank of Kenya found that culture is of great importance in management of Barclays Bank of Kenya.

The study also sought to establish whether cultural fit was explored prior to the acquisition. The interviewees overwhelmingly indicated that cultural fit was explored prior to the acquisition as both hr teams sat down together and discussed the cultures. On the same they added that the associated benefits of that consideration were that by way of being culturally adaptable, the firms were conforming to the new changes, by making necessary adjustments, which manifest themselves in the form of continuous training of employees, acquisition of new technologies and shared assumptions hence accomplishment of strategic goals of the firms. These findings suggest that while cultural alignment reduces conflicts after the merger, it does not imply synergies. According to Fiordelisi and Martelli (2011) culture plays a vital role in the way how employees react to the new organization culture environment hence firms with strong cultures are not more likely to acquire firms that are similar to them, consistent with the view that culture is a transferable asset. The likelihood of success in business combination is greater when the acquirer's culture is more focused on efficiency improvements and quality enhancements than the target, and when the target's culture is more focused on being competitive than the acquirer.

On how the organizational development department ensured there are no cultural conflicts in the acquisition of Nokia, the study established that the firm established town halls, social and joint meetings which helped keep people in the know. They added that at the office, sharply defined

rules and rituals were used to get tasks completed, reinforcing the new corporate culture and effective communication to ensure the right information to reach the right people to avoid confusion and conflict. When asked to give suggestions to improve successful blending of cultures during acquisitions between companies, the respondents recapped that promoting better communication would lead to reduced conflicts, keeping all stakeholders in the know would promote and improve successful blending of cultures during acquisitions between companies and bring teams together ensures cohesive co-existence in acquisitions.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objective of the study. The research study sought to determine the cultural perspective of acquisitions between Microsoft and Nokia in Kenya.

5.2 Summary

The study found out that the Nokia's business was failing, it needed a cash injection, technological advances and increased competition also prompted the firms to undertake the acquisition. The study found that Nokia and Microsoft went in the acquisition with an aim of expand product portfolios, to conquer the new market of smartphones and acquire technology, research and development and resources which would enable the company to compete on a global scale.

The study further found that the basis that formed the firms' move towards acquisition capital budgeting decision, the firms sought strategic position that provide them with the maximum impact on the external environment, internal resources and competencies and the expectations and influence of stakeholders. The results reveal that the Companies joined forces to fulfil their desire for synergy. The study also found that Nokia and Microsoft considered cultural implications of the move. Accordingly, the firms emphasized the need to ensure there exist a cultural fit amongst the organizations intending to combine in order to avert post acquisition challenges and conflict.

The study established that the culture was different and the culture influenced the success of the acquisition in that the firms leveraged off each organisations' strong points, understanding the companies' due diligence and the compelling strategic rationale. The study found that there was no cultural incompatibility during the acquisition. The results confirmed that the acquisition was seamless due to the fact that the two firms operated on platforms mainly supported by software technologies and the managers paid attention to the impact organization culture has on organizational effectiveness in order to lead each employee's value and behavioral orientation unanimous with the whole value of the organization and improve staff's commitment to the organization.

The study found that culture was an asset that transferred to the target company during the acquisition. As such, the organization functions were carried forward into the new formation in specific structures, beliefs and norms. The study also found that culture of the acquiring company did not affect the acquired company's culture. This was mainly because of the homogeneous cultures that existed between the firms during the pre-acquisition. In this regard, there was a realistic and business oriented communication during the acquisition process in the form of a realistic merger preview, cultural homogeneity made the transition faster, the employees in the organizations embraced cultural diversity and unity was created, openness was achieved and that opportunities were created as employees interact altogether at the new firm.

The study established that the cultural differences influenced integration benefits during integration where both firms have an open door policy hence any queries/doubts were addressed by the relevant personnel hence no grey areas. From the study, similar values from both organisations helped in reducing competition as it was more of carrying on the existing values. In addition, culture fostered knowledge sharing, learning and the firms had similar vision and value

systems. The study clearly showed that the cultural difference between the prior employer and current employer influenced the ability to deliver on duties where the transfer of duties, change in the chain of command and job conflicts affected the ability to deliver on duties.

The study found that cultural fit was explored prior to the acquisition as both hr teams sat down together and discussed the cultures. the associated benefits of that consideration were that by way of being culturally adaptable, the firms were conforming to the new changes, by making necessary adjustments, which manifest themselves in the form of continuous training of employees, acquisition of new technologies and shared assumptions hence accomplishment of strategic goals of the firms. The organizational development department ensured there are no cultural conflicts in the acquisition of Nokia by establishing Town Halls, social and joint meetings which helped keep people in the know, defined rules and rituals were used to get tasks completed, reinforcing the new corporate culture and effective communication to ensure the right information to reach the right people to avoid confusion and conflict.

5.3 Conclusions

The study concludes that there are major reasons for firms to engage in acquisitions is to increase the size of the organization to ensure it reaps the benefits of enhances economies of scale and increasing the company's market competitiveness. Specifically, the acquisition of Nokia by Microsoft was to inject cash, as well as access technological advances with an aim of expand product portfolios, to conquer the new market of smartphones and acquire technology, research and development and resources which would enable the company to compete on a global scale. These include; desire to increase the size of the organization to ensure it reaps the benefits of enhances economies of scale, business combination also leads to risk diversification, particularly

where the two companies have different income streams, increasing the company's market competitiveness; thus, being in a position to stay off competition.

The study alludes that cultural difference influences the success of the acquisition. The acquisition was seamless due to the fact that the two firms operated on platforms mainly supported by software technologies and the managers paid attention to the impact organization culture has on organizational effectiveness in order to lead each employee's value and behavioral orientation unanimous with the whole value of the organization and improve staff's commitment to the organization. Acquisitions are a means of reinforcing existing capabilities and for accessing a new set of valuable capabilities, which are difficult to imitate not widely available and integrated in an indivisible part of another firm.

The study concludes that culture of the acquiring Company did not affect the acquired company's culture. This was mainly because of the homogeneous cultures that existed between the firms during the pre-acquisition. Similar values within both organisations helped in reducing competition as it was more of carrying on the existing values. Cultural fit was explored prior to the acquisition as both HR teams sat down together and discussed the cultures. the associated benefits of that consideration were that by way of being culturally adaptable, Nokia and Microsoft were conforming to the new changes, by making necessary adjustments, which manifest themselves in the form of continuous training of employees, acquisition of new technologies and shared assumptions hence accomplishment of strategic goals of the firms.

5.4 Recommendation

From the findings and conclusions, acquisition can be said to be less attractive as it result in loss of identity of the acquired. As such, the study recommends that there is need for companies to increase formal and informal training programs to their staff so as to enhance cultural

compatibility which in turn enhances their sense of ownership in the acquisitions. In this regard, communication should be enhanced and more structured approach to the process should be established. It will also enable them acquire relevant knowledge and skills that lead to increased efficiency of the staff working at the combined firms. The employees being an important element in offering the human resources should be accorded top priority during acquisition through regular updates of the process and the implications of the process in order to avoid uncertainties' and confusion among the employees.

5.5 Recommendations for further Studies

The same study should be carried out in other firms to find out if the same results would be obtained. This study was carried out in Microsoft and Nokia Corporations Kenya, it would be interesting to find out if the same results will be obtained by use of the same approach. There are many cultural challenges facing the formation of acquisitions as established in this study. A study should be carried to find out the extent to which the culture influence success of acquisitions and why many firms' or institutions have not formed such combinations despite the advantages got from formation of the mergers and acquisitions in developing countries and specifically Kenya. Another area of interest would be investigating the effectiveness of cultural approaches in mergers and acquisition within institutions that have undertaken these strategies in the Kenya.

5.6 Limitations of the Study

Suffice to say this research will add some knowledge to the general understanding of cultural perspectives in mergers and acquisitions. Nonetheless due to time constraint and resource scarcity, the conceptual grounding might not be as exhaustive. A more elaborate cross analysis of other empirical studies on cultural perspectives in mergers and acquisitions would have created a more precise knowledge gap thus set for this study more precise parameters to fill.

This was a case study of one organization resulting from an acquisition of one firm into the other and the data collected may differ from that found in other conglomerate organizations since they use different strategies to enter into a combination. However the researcher made an effort to construct an effective research instrument that sought to elicit general and specific information on the acquisition and how it was influenced by cultural perspectives.

The study only focused on one industry and result may not be generalized to other industries in Kenya due to their differences in operations and industrial environment. The small sample size was used to analyse acquisition of Nokia and Microsoft in Kenya. This may not be a good representative of merged Firm in the global scene where cultures are so diverse to cause negative results if not well handled.

The respondents approached were likely to be reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about them or the Company. The study handled the problem by carrying an introduction letter from the University and assuring them that the information they give would be treated confidentially and it would be used purely for academic purposes.

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APPENDICES

Appendix I: Introduction letter

August 2015

Samuel Magero Abol
Faculty of Commerce,
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NAIROBI

Dear Respondent,

I am a postgraduate student at the School of Business, University of Nairobi, pursuing a Master's degree in Business Administration. I am undertaking an International Business research project in partial fulfilment of the academic requirement of the MBA degree. The topic I am researching on is on cultural perspective of acquisitions between Microsoft and Nokia in Kenya.

My supervisor and I request you to take a few minutes to respond to the questions the following. Your responses will be kept confidential and your assistance will be highly appreciated.

Yours faithfully,

Samuel Magero Abol

Appendix II : Interview Schedule

1. How did you conceive the issue of acquisition?
2. What formed the basis of your move towards acquisition? Please explain.
3. Why did you consider acquisition to be the best move in your operations?
4. Did you consider any cultural implications of the move?
5. Was the culture of the two companies similar or different prior to acquisition?
6. How did culture influence the success of the acquisition?
7. Did your organization experience cultural incompatibility? Please explain.
8. Was culture an asset that transferred to the target company during the acquisition?
9. Did culture of the acquiring company affect the acquired company's? Please explain.
10. How did cultural homogeneity (the acquirer and target have similar cultures) affect the acquisition success? Please explain.
11. How did the cultural differences influence integration benefits during integration? Please explain.
12. What was the role played by culture in reducing competition amongst the acquired organizations? Please explain.
13. How did culture influence comparative advantage during the acquisition process?
14. How did culture enhance knowledge transfer during the process of acquisition?
15. How did Nokia culture differ from Microsoft Culture?
16. Has the cultural difference between your prior employer and current employer influenced your ability to deliver on your duties? Please explain.
17. What cultural adaptation have you taken into consideration to enhance acculturation? Please explain.
18. Was cultural fit explored prior to the acquisition? If yes, what are the associated benefits of that consideration?
19. How has the Organizational Development department ensured there is no cultural conflicts in the acquisition of Nokia?
20. What suggestions do you have to improve successful blending of cultures during acquisitions between companies?