



# **Università degli studi di Padova**

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## **Corso di laurea in Economia**

Prova Finale

### **Exploring Cross-Cultural Management**

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Firma (signature)

*Elisa Parmagnani*

*A chiunque viva con la paura di non farcela,  
ricordate:  
“anche ad inciampare si fa un passo avanti”*

*Vorrei iniziare questi ringraziamenti con una premessa più che doverosa: non sono brava con le parole, come molti di voi già sapranno, perciò questa è, con ogni probabilità, la parte più difficile da scrivere di tutta la tesi. Quindi, qualunque cosa voi vi aspettate, abbassate le vostre aspettative.*

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*A mamma e a papà, coloro che chiamano questo traguardo un “punto di partenza”. Grazie per il vostro supporto costante, i sacrifici e i valori che mi avete trasmesso. Sin da piccola, osservando le vostre lauree nello studio, sognavo il giorno in cui anche io sarei diventata “Dottoressa”. Beh, quel giorno è arrivato. Nonostante non sia ancora magistrale, spero siate fieri di me. (Anche perché soldi non ne ho, quindi se cercate gratificazione... ecco, accontentatevi di questa!)*

*A Claudio e Micaela, maestri di ballo e di vita. Siete sempre stati per me come dei secondi genitori, un secondo faro a cui appoggiarmi nei giorni di tempesta. Grazie per i vostri continui insegnamenti, che vanno ben oltre la pista da ballo, e per aver creato una vera e propria seconda famiglia, insieme a Federico, Valentina e tutto il team Koros.*

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*E infine a me stessa, a tutti gli sforzi fatti, a tutte quelle volte dove pensavo di non farcela, a tutte le sconfitte e le vittorie che mi hanno portato fino a qui. All’Elisa bambina, che, nella sua cameretta da sola, immaginava di esplorare il mondo, di vivere da sola, di conoscere tante persone e culture nuove: ce l’abbiamo fatta. E anche se non te lo dici mai, e probabilmente nemmeno oggi lo penserai veramente, lascia che quella bambina te lo dica: sei stata brava. Brava Dottoressa!*

## **ABSTRACT**

Questa Prova Finale analizza l'importanza strategica e la complessità del cross-cultural management, soft-skill indispensabile in un contesto economico sempre più globalizzato quale quello attuale. Data l'ampiezza dell'argomento, la ricerca si basa su strumenti sia teorici sia pratici. A partire dal modello *The Culture Map* di Erin Meyer, si identificano otto dimensioni chiave che influiscono sulla gestione di team multiculturali. Successivamente, sulla base di *Build Your Cultural Agility* di Paula Caligiuri, si approfondiscono le competenze caratteriali e comportamentali indispensabili per un buon manager internazionale. La seconda parte della tesi utilizza un approccio più pratico nei confronti del tema. Essa è dedicata all'analisi di tre strategie operative per affrontare la diversità culturale: l'adattamento, la minimizzazione e l'integrazione culturali. Infine, viene riportato nella Prova Finale uno studio, *Mergers and acquisitions across cultures* di Ahmad, De Bodt, Bollaert, il quale evidenzia come le differenze culturali influiscano, anche finanziariamente, sulle fusioni e sulle acquisizioni transnazionali. Sulla base di questa ricerca, si conclude che il cross-cultural management sia una competenza dinamica, da sviluppare ogni giorno con riflessione, curiosità ed empatia.

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## 1. INTRODUCTION

In a world increasingly characterized by global enterprises, international mergers and acquisitions, and ongoing transnational partnerships, all businesses are somehow influenced by cross-border transactions.

Living in the era of globalisation, international managers tend to underestimate the profound impact that cultural differences may exert on organizational effectiveness and international collaboration. According to what David C. Thomas and Mark F. Peterson state in *Cross-cultural Management: Essential Concepts*, “Although economics, politics, and technology can define the playing field of international management, it is a game of cross-cultural interactions that is being played” (2016, p.3).

The aim of this essay is to examine the complexity of cross-cultural management starting with Erin Meyer’s Model, *the Culture Map*. Secondly, drawing on Paula Caligiuri’s book, *Build Your Cultural Agility*, the characteristics of an effective multicultural manager will be outlined. Additionally, a focus on practical strategies will be discussed—specifically cultural adaptation, minimization and integration. Finally, a critical reflection will be offered on how these concepts apply in real-world international management scenarios.

## 2. THE CULTURE MAP: THE ERIN MEYER'S MODEL

In 2014, the professor Erin Meyer developed a model composed of eight key dimensions, essential for effectively managing multicultural teams. A central concept in her work is cultural relativity: a manager should “understand not just how people from his own culture experience people from various international cultures, but also how those international cultures perceive one another” (2016, p.23).

While this model is relatively recent, it clearly draws from early frameworks, like Hofstede, Trompenaars and Hall. Nonetheless, Meyer introduces several contrasting points that are worth analysing.

### 2.1. Communication: High-context vs. Low-context

This dimension originates undoubtedly from anthropologist Edward Hall, who firstly introduced the concept of different communication styles in 1976. Figure 2.1 illustrates the placement of various countries in the scale. As mentioned in the introduction, the point is not a country's absolute position, instead its relative one *compared to* others.

**Figure 2.1**



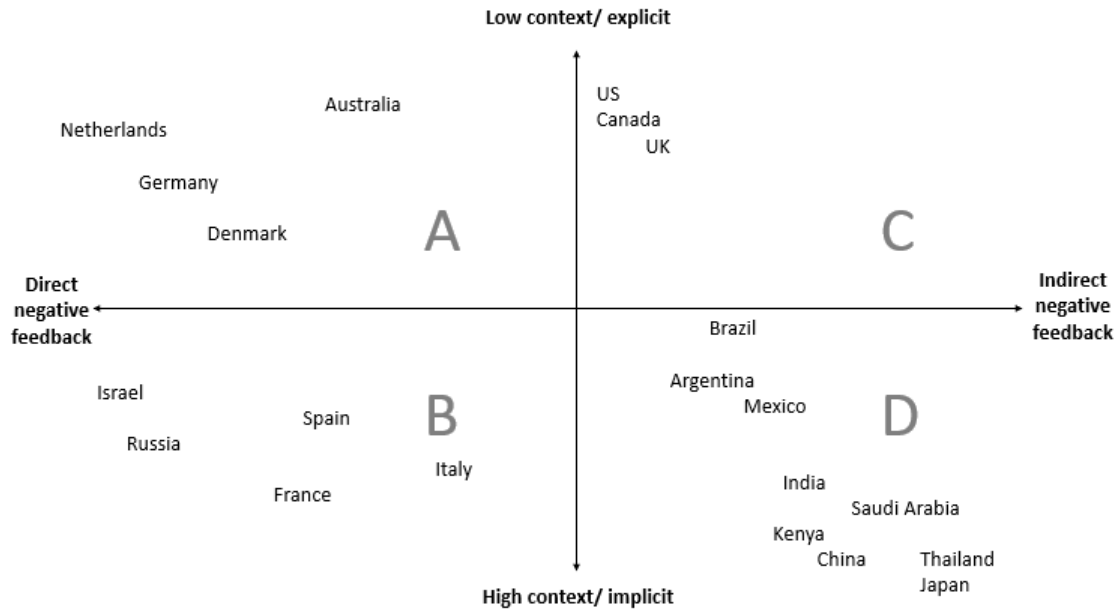
*From Meyer (2016), used for educational purposes*

Here, several strategies are useful. On one hand, working in high-context cultures requires listening actively and asking open-ended questions. On the other hand, in lower-context scenarios, clear and transparent communication-including summarising when necessary-is crucial. However, in international teams, adopting a low-context style from the beginning helps prevent any miscommunication.

### 2.2. Evaluating: Direct negative feedback vs. Indirect negative feedback

Some cultures, in spite of being low-context, deliver negative feedback indirectly, while others, even if high-context, can be very direct. Figure 2.2 maps this dimension against the Communication scale.

**Figure 2.2**



*From Meyer (2016), used for educational purposes*

Adapting to quadrant C is complex. In this case, remind that it is crucial to be explicit but balanced-start with positive comments before delivering criticism.

On the contrary, in quadrant D, the critique should be pointed out privately to avoid embarrassment, and positive feedback as well, owing to the low individualism of these cultures. Nonetheless, due to the strong hierarchical tendencies, direct comments from a superior may still be acceptable.

### 2.3. Persuading: Principle-first vs. Application-first

This dimension is key for leadership. Principle-first reasoning drives conclusions from theories or general concepts, whereas applications-first reasoning starts from concrete examples. These styles are also reflected in education and legal systems.

**Figure 2.3**



*From Meyer (2016), used for educational purposes*

Asian countries are not represented in Figure 2.3 because they tend to use a holistic reasoning style, rather than a specific approach, common among Westerners. Indeed, they focus on the whole project and how all the parties involved are connected.



choices are made quickly by leaders but they may face resistance or need adjustments during implementation owing to environmental change.

Furthermore, this scale is connected to the Hofstede's Long-term orientation vs. Short-term orientation. Indeed, the consensual societies are generally long-term oriented, whereas the top-down tend to have a short-term view.

A unicum in this scale is Japan, which, although it is a strong hierarchical country, it is truly consensual-based due to its unique ringi<sup>1</sup> system.

**Figure 2.5**



*From Meyer (2016), used for educational purposes*

## 2.6. Trusting: Task-based vs. Relationship-based

Trust is crucial in any workplace, yet its foundations vary. *Cognitive trust* is based on the reliability of another person's accomplishments and skills; *affective trust*, instead, is the consequence of empathy and personal bonds. The more a culture separates these two, placing emphasis on the cognitive one, the more it is task-based. Figure 2.6 might be linked to the Trompenaars and Hampden-Turner's "peach and coconut" theory. However, Meyer highlights that external friendliness does not always equate to genuine trust or openness.

**Figure 2.6**

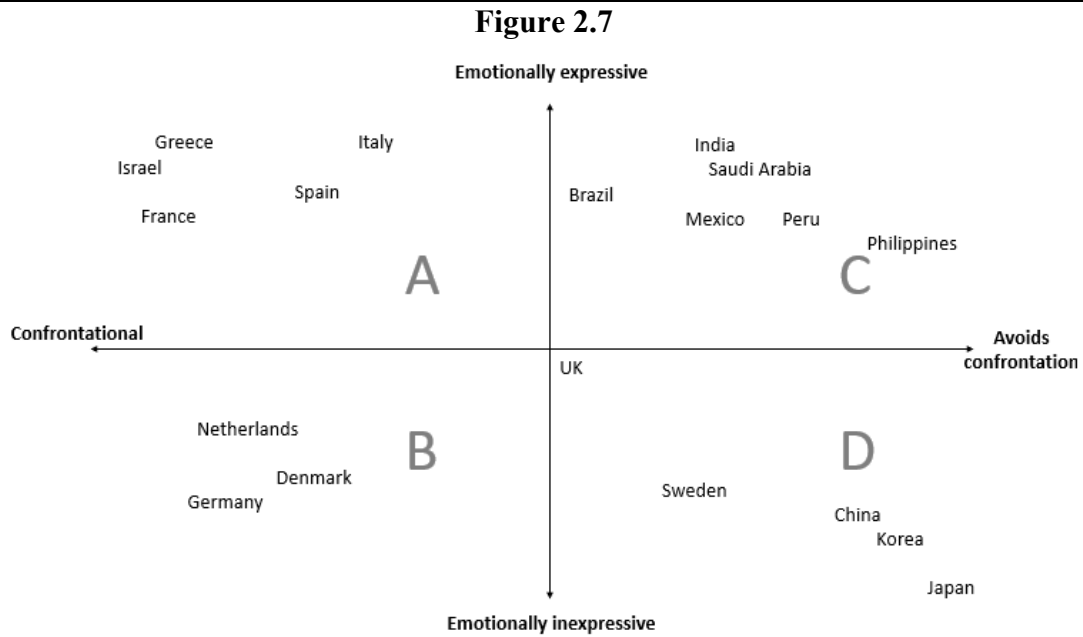


*From Meyer (2016), used for educational purposes*

## 2.7. Disagreeing: Confrontational vs. Avoids confrontations

The question human beings have to ask here is: "If someone in my culture disagrees strongly with my idea, does that suggest they are disapproving of me or just the idea?" (Caligiuri, P., 2021, p.200). Figure 2.7 illustrates different answers to this debate alongside the Trusting scale.

<sup>1</sup>The ringi system is a Japanese method of decision-making where proposed plans or decisions are circulated and adjusted following the hierarchical chain.



*From Meyer (2016), used for educational purposes*

In Latin American and Middle Eastern countries, opinions and people are often intertwined, which, anyway, does not mean that they are not emotionally expressive.

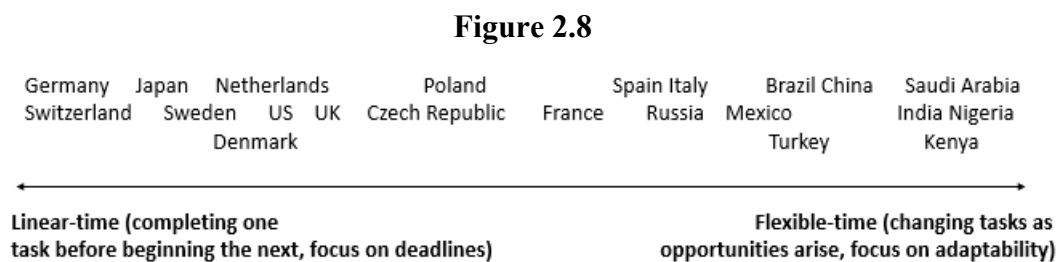
On the contrary, since the low individualism and high relationship-based value, the common situation would be that, towards those out of the team, individuals would be indifferent.

With the aim of addressing these differences, managers should introduce a brainstorming system as a neutral tool for comments; explain the team rule to be respected; promote a “impartial” language, without upgraders or downgrades.

### 2.8. Scheduling: Linear-time vs. Flexible time

This scale is influenced by the Monochronic vs. Polychronic value of Edward T. Hall. Additionally, following the wave of his work, psychologist Robert Levine observed that there are countries where time is measured by five-minute intervals, whereas others by events, like meals or the cycle of the sun.

To manage scheduling and measurement dissimilarities, leaders can either adapt to each team member's style or set explicit shared norms to align expectations and avoid frustration.



*From Meyer (2016), used for educational purposes*

## **2.9. Final Reflections**

Erin Meyer's Culture Map is a powerful tool to navigate cross-cultural collaboration. The framework represents a significant step forward in the realm of multicultural management. In spite of that, it is crucial to note its limitations, particularly in addressing intrapersonal values. While the model effectively focuses on external behaviours, it tends to neglect deeper internal dimensions such as individual motivation, competitiveness, or work-life balance. For example, aspects like Hofstede's Masculinity vs. Femininity or Indulgence vs. Restraint are completely missing in Meyer's model. Although the Culture Map is invaluable for understanding team dynamics, it assumes a uniform organizational setup and may not fully capture individual complexity.

### **3. HOW TO BE A GOOD CROSS-CULTURAL MANAGER**

According to Paula Caligiuri in *Build your Cultural Agility*, “Culturally agility is the ability to be comfortable and effective in situations of cultural novelty” (2021, p.15). In today’s globalised world, for international managers, the importance of this competency is evident. Nevertheless, despite the public opinion about cross-cultural ability, a study conducted by DDI and the Conference Board involving over 13,000 professionals from forty-eight countries highlighted a widespread lack of effectiveness in this area. Consequently, a fundamental question is raised: what are the key behavioural elements required in order to become successful multicultural managers?

#### **3.1. Resilience**

Resilience- the ability to “bounce back” (Caligiuri, P., 2021, p.62) from adversity and stress- is a vital skill in uncertain intercultural contexts. It empowers individuals to recover from adversity, tackle challenges, embrace opportunities, and maintain accountability even under pressure. Fortunately, resilience is not an inherent trait but it can be cultivated through deliberate experiences and practices.

To foster resilience, managers should develop a repertoire of coping strategies and possess the discernment to apply them effectively based on the situation. These tactics are generally divided into two categories: problem-focused and emotion-focused approaches.

The former involves taking proactive, tangible steps to address a stressful situation. However, this method may not be suitable when the source of anxiety lies beyond one's control. In such cases, emotion-focused coping becomes essential, as it centers on managing emotional responses to the circumstances rather than attempting to change them.

By employing these strategies appropriately, individuals can strengthen their resilience and enhance their ability to navigate complex and challenging environments.

#### **3.2. Humility**

Humility is often misunderstood as a weakness, yet it is a powerful enabler of intercultural competence. In fact, it allows managers to have confidence in their abilities, while being open to learning from others. Leaders who exhibit humility are willing to challenge their own assumptions, acknowledge errors, and adapt their perspectives when presented with new information. Additionally, they demonstrate authentic respect for diverse viewpoints and actively seek opportunities to grow beyond their personal and professional comfort zones.

Despite its importance, today's society operates against the development of humility, undervaluing it. Indeed, social media, workplace competition, and individualistic values encourage self-promotion over openness. However, in cross-cultural contexts, humility fosters trust and facilitates collaboration-making it a core leadership trait.

### 3.3. Communication Skills

Effective communication is foundational in managing diverse teams. Cross-cultural managers must not only convey ideas clearly but also build meaningful connections with their team members. Establishing relationships enhances trust, alignment, and overall team performance. With the view to breaking the ice, small “quasi-universal” conversations are ideal-such as food, travel or hobbies. They offer the opportunity to build interpersonal relationships and possibly find a common interest, which is beneficial to start longer conversations. Furthermore, open-ended questions not only invite deeper discussions, but also signal authentic interest in others' views. Nonetheless, it is equally crucial to approach communication with cultural sensitivity, recognizing both verbal and non-verbal signals that may indicate personal engagement or adherence to cultural norms. Managers should also adapt their communication style to suit the specific context, ensuring clarity while minimizing the risk of misinterpretation. Figure 3.3 outlines five conversational archetypes that a manager may encounter, highlighting the need for situational awareness and flexibility.

**Figure 3.3**

Type:	Explanation:
<u>Enthusiastic Conversationalist</u>	The person really enjoys engaging in conversation and is likely to get the ball rolling when he is around someone new
<u>Selective Conversationalist</u>	The individual enjoys conversing on certain topics, with certain people, and in certain situations
<u>Neutral Conversationalist</u>	The human-being may participate willingly, or even happily, but he is not going to take the first step or steer the conversation
<u>Reluctant Conversationalist</u>	The person can converse, but would generally prefer not to
<u>Avoidant Conversationalist</u>	The individual does whatever he can to avoid getting pulled into a conversation

*From Caligiuri (2021), used for educational purposes*

### 3.4. Curiosity

“Curiosity is like oxygen or water that helps fledgling relationships grow and even flourish” (2024, p.173). This is how Andy Molinsky and Melissa Hahn defined curiosity in *Forging*

*Bonds in a Global Workforce*. It is the driver behind exploration, connection, and adaptability. Indeed, research conducted by Todd Kashdan and his colleagues (2018) demonstrates that naturally curious individuals handle novelty, ambiguity, and cross-cultural interactions with greater ease. Such individuals also show heightened creativity, problem-solving skills, and emotional intelligence.

In global contexts, curiosity enables leaders to integrate the strengths of their own cultural background with the best elements from others. It encourages open-mindedness and continuous learning, essential for building inclusive and high-performing teams. Far from being superficial, curiosity is a critical trait for fostering collaboration and adaptability in diverse contexts.

### **3.5. Team-Building Ability**

As technology and social media have facilitated virtual collaborations, the challenge of creating cohesion among geographically dispersed and culturally diverse teams has grown. Team-building now extends beyond traditional tasks to cultivating a shared sense of belonging and identity. A practical approach involves establishing dedicated spaces for informal interactions, allowing team members to share personal experiences, insights, or interests. Such exchanges foster empathy, trust, and a collective identity, which are vital for effective teamwork in virtual and multicultural contexts.

Nevertheless, owing to cultural dissimilarities resulting in possible misunderstanding, an explicit set of guidelines is needed. Managers should co-create norms that reflect the team's diversity while ensuring clarity and fairness.

Furthermore, planning meaningful meeting experiences, which could provide more details about each team member's culture, can deepen mutual understanding. These moments can be simple yet powerful, whether in person or online: sharing traditional food, discussing national holidays, or exploring music from team members' home countries.

## 4. PRACTICAL STRATEGIES: CULTURAL ADAPTATION, MINIMIZATION AND INTEGRATION

At this point of the essay, it is time to focus on practical tactics that cross-cultural managers could use from their toolkit. Professionals frequently operate in multicultural scenarios—whether relocating abroad, working in culturally mixed teams, or managing opposing cultural values simultaneously. There is no universally “right” approach, but ignoring cultural dynamics leads to ineffective collaboration. This chapter explores three practical strategies to manage cultural diversity: cultural adaptation, minimization, and integration.

### 4.1. Cultural Adaptation

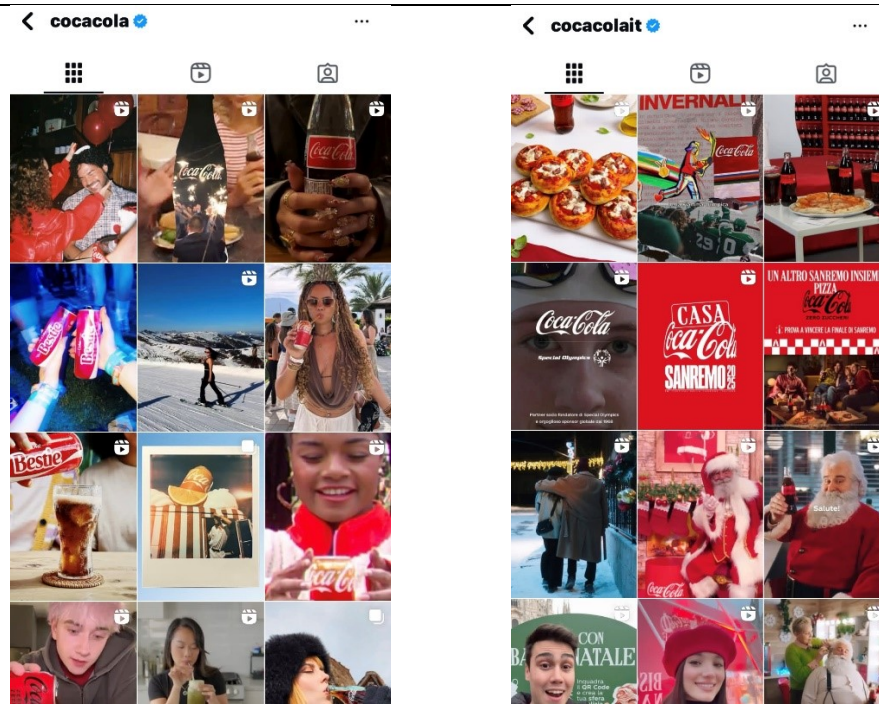
Cultural adaptation involves adjusting one’s behaviour to align with the norms of a different culture. It follows the principle of “when in Rome, do as the Romans do” requiring individuals to understand local values and modify their behaviour accordingly.

Nevertheless, the “when in Rome” approach is not always straightforward. Andy Molinsky in *Global Dexterity* (2013) underlined three major obstacles. Firstly, adopting unfamiliar habits can be awkward at first, but with practice, individuals become more comfortable and confident. Secondly, individuals may feel that adapting compromises their identity; however, it could be overcome by creating a hybrid perspective, mixing one’s values with those from the host culture. Lastly, the belief that none should have to change habits can lead to resentment. Despite that, embracing cultural flexibility enhances communication and trust.

Cultural adaptation is vital in client development, marketing and sales. For instance, Pornpitakpan (1999) found that Japanese and Thai clients perceived American sellers as more trustworthy when they adapted their greetings, manners, and appearance to local customs.

Figure 4.1 compares the Instagram account of Coca Cola U.S. with the Italian one dated at 13<sup>th</sup> May 2025 (Coca Cola is known for using a transnational strategy visible partially here). While the American profile emphasizes individuality and personal achievement, the Italian one highlights family, food, and a sense of togetherness—reflecting national cultural priorities.

**Figure 4.1**



*Coca-Cola US Instagram account and Coca-Cola Italia Instagram account*

*Source: Instagram*

## 4.2. Cultural Minimization

According to *Measuring intercultural sensitivity: The intercultural development inventory*, “Minimization of cultural difference is the state in which elements of one’s own cultural worldview are experienced as universal” (2003, p.424). Although potentially limiting, it can be strategically useful when certain behaviours align with corporate goals and must remain non-negotiable. With the view to leveraging and fostering new behaviours, persuasion and motivation play essential roles.

On one hand, persuasion is more effective when delivered by an authority figure, especially in high power-distance cultures. On the other hand, motivation must be tailored to cultural values. Although people are stimulated differently, four universal drivers are broadly effective: create meaning and connection to purpose; enable mastery and self-efficacy, supported by direct or indirect feedback depending on cultural norms; provide a sense of ownership through autonomy or responsibility, while respecting hierarchies and collectivist values; foster a feel of membership, whether task or relationship-based. (for Hofstede, Masculinity or Femininity).

## 4.3. Cultural Integration

Cultural integration emphasizes negotiation and compromise. It is the most flexible of the three strategies and it is especially valuable in international teams, joint ventures, or mergers and acquisitions. For this reason, integration mirrors the stages of a successful negotiation:

preparation, trust-building and bargaining, where it is important to discuss observable behaviours rather than perceived intentions or values, which are often subjective and emotionally charged.

Furthermore, a strong start is crucial. Clearly defined ground rules help create alignment and foster a shared identity. Maintaining effective communication and establishing mutual digital platforms ensures long-term collaboration.

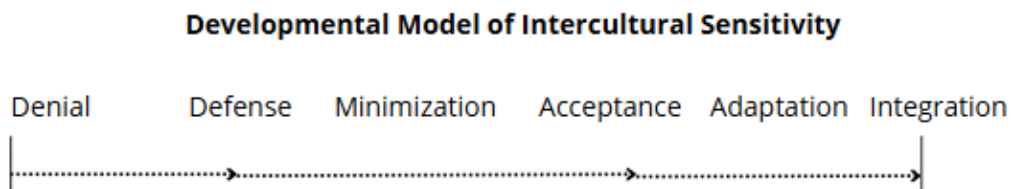
A notable example of the huge impact of integration is Lenovo's acquisition of IBM's PC division. Before the deal, the chairman of Lenovo and the IBM's president, respectively Yuanqing Yang and Steve Ward, came up with three core principles: candour, respect, compromise. These values guided the integration process across both leadership and broader company operations.

#### 4.4. Final Reflections

To sum up, cultural adaptation is useful to align behaviours to the expected norms, in order to foster relationships. Whereas, cultural minimization could be suitable for upholding standard habits, since it is consistent with the corporate goals. While cultural integration is a hybrid approach aiming to create a new set of norms.

Nevertheless, they could also be combined as part of a bigger project, within a broader model of personal development in intercultural contexts. Milton Bennett, with his Developmental Model of Intercultural Sensitivity (DMIS) (1986), "emphasizes that developing empathy in intercultural sensitivity is defined as a temporary shift in perspective such that one interprets events as if one were the other person." (RYAN B, S., 2020, p.59). Indeed, this model describes a progression from an ethnocentric view, where one's culture is central, to an ethnorelative mindset that values cultural diversity. The DMIS underscores that cultural effectiveness is about knowing when and how to apply each strategy. Intercultural competence, therefore, is a dynamic process of growth, reflection, and flexibility.

**Figure 4.4**



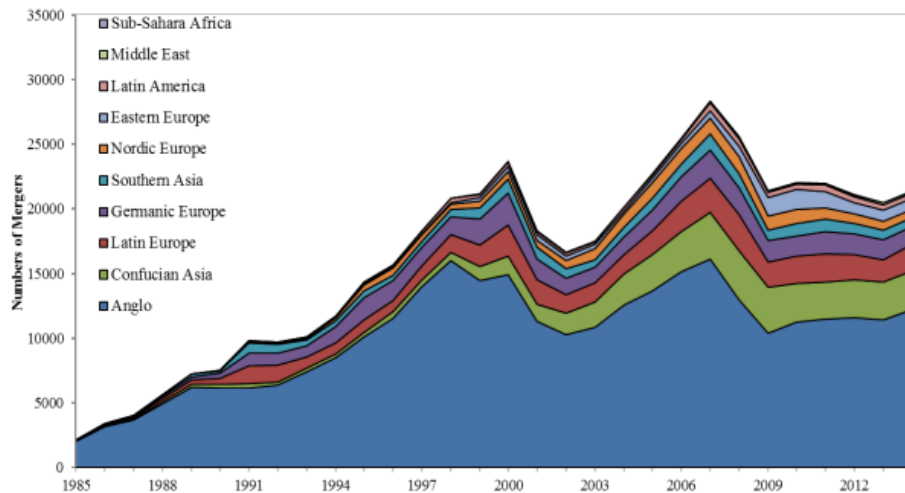
*From Ryan (2020), used for educational purposes*

## 5. PRACTICAL INSIGHT: MERGERS AND ACQUISITIONS ACROSS CULTURES

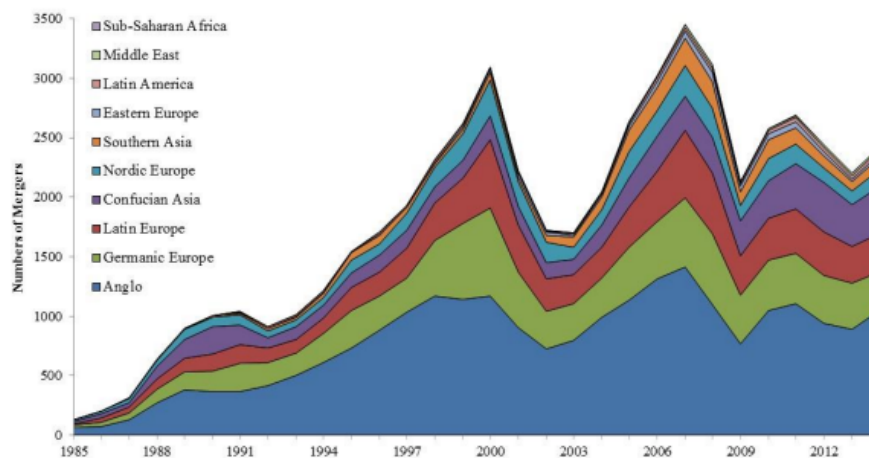
Are there visible results that demonstrate the impact of cross-cultural management in real-world business scenarios? Does it only influence internal operations, or does it also affect external outcomes? The study *Mergers and Acquisitions Across Cultures*, by Muhammad Farooq Ahmad, Eric De Bodt and Helen Bollaert (2022), aims to explore how national cultural dissimilarities affect firms' behaviour in international mergers and acquisitions (M&As). The authors analysed a dataset comprising 6,217 cross-border transaction between 2000 and 2019, involving listed acquirers from 35 countries.

**Figure 5.1**

*Panel A: Total M&A Deals*



*Panel B: Cross-Cultural M&A Deals*



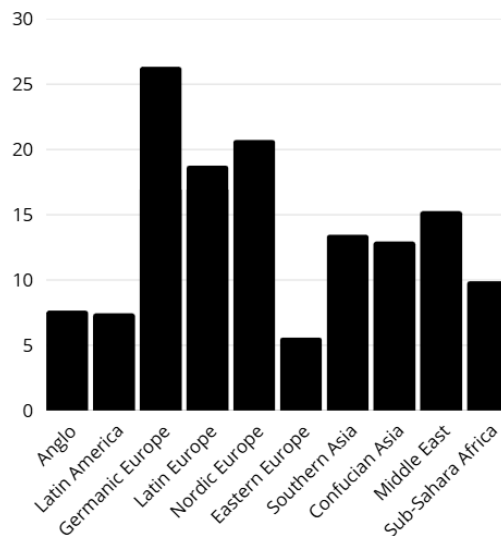
The figure shows the distribution of M&A deals for the sample period (1985-2014) across GLOBE culture clusters. Panel A shows the universe of M&A deals and Panel B only includes cross-cultural M&As.

*Cultural Clusters across M&A deals*

Source: Adapted from Ahmad, De Bodt & Bollaert (2022), *Finance*, 43(3), p. 40.

Firstly, figure 5.1 illustrates ten cultural clusters, categorised using the GLOBE study's nine cultural dimensions. A key takeaway from the data is the prominence of the Anglo-Saxon cluster in Panel A, contrasted with its relative reduction in Panel B. Consequently, this discrepancy suggests that Anglo-Saxon companies prefer to interact with firms from similar cultural background-underlining a persistent preference for regional integration over global diversification. Indeed, as Figure 5.2 maps, the average probability of completing an inter-regional M&As compared to the regional ones is around 13.818%, across all clusters.

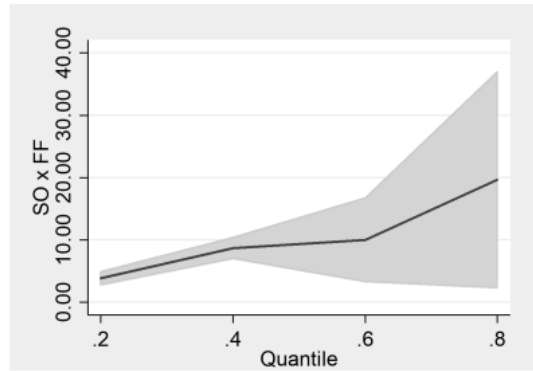
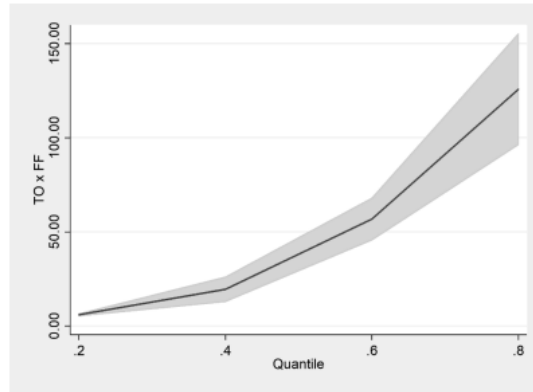
**Figure 5.2**



*Probability of Deal Completion by Cultural Region*  
 Source: Ahmad et al. (2022), p. 48.

Secondly, beyond frequency and geographic spread, cultural differences also influence procedures. The authors divided countries into two major cultural orientations: on one hand, sedulity-oriented cultures emphasise assertiveness, performance orientation and long-term prospective; on the other hand, tradition-oriented cultures prioritise in-group collectivism, hierarchy structures and uncertainty avoidance. Figure 5.3 compares the bid premium offered by these two orientations. Indeed, the former tends to propose lower price-premiums than the latter, reflecting the performance-driven approach rather than relational considerations. As a result, cultural orientation does not merely shape leadership or communication-it also has measurable effects on financial strategy and negotiation style.

**Figure 5.3**

*Panel A—Sedulity-oriented**Panel B—Tradition-oriented*

*Bid Premium Comparison: Sedulity vs. Tradition-Oriented Cultures*  
 Source: Ahmad et al. (2022), p. 65.

Furthermore, an additional layer of complexity is introduced by the perception of cultural distance between acquiring and target firms, which moderates the likelihood of international mergers and acquisitions. Figure 5.4 clearly demonstrates that acquirers from sedulity-oriented cultures appear far less sensitive to cultural distance than tradition-oriented cultures. As a consequence, these firms maintain high completion probabilities even when engaging with partners from long-distances regions.

Thus, performance-driven cultures may have more robust internal systems and integration capabilities to absorb and manage cross-cultural frictions effectively.

**Figure 5.4**

Exploring Cross-Cultural Management

	1	2	3	4
<i>Second Stage: Probability of Cross-Cultural Mergers</i>				
<i>Variables of Interest</i>				
Sedulity-oriented	** -0.161 (2.25)			** -0.147 (2.13)
Tradition-oriented		*** -0.358 (3.77)		*** -0.395 (4.20)
People-oriented			-0.016 (0.21)	0.061 (1.03)
<i>First Stage: Probability of Doing Cross-Border Mergers</i>				
<i>Key Predictor</i>				
Shortest Geographical Distance	*** -0.185 (2.94)	*** -0.187 (3.06)	*** -0.185 (2.94)	*** -0.186 (3.00)
<i>Country Characteristics</i>				
Acq. GDP	*** -0.181 (4.69)	*** -0.181 (4.73)	*** -0.181 (4.70)	*** -0.181 (4.71)
Acq. GDP Growth	0.019 (1.30)	0.019 (1.28)	0.019 (1.30)	0.019 (1.28)
Acq. Openness	* 0.158 (1.88)	* 0.156 (1.86)	* 0.158 (1.88)	* 0.157 (1.87)
Acq. Private Credit Ratio	0.277 (1.43)	0.278 (1.44)	0.277 (1.43)	0.279 (1.44)
Acq. Investment Profile	0.016 (0.71)	0.016 (0.75)	0.016 (0.72)	0.016 (0.74)
Acq. Quality of Institutions	*** 0.050 (2.91)	*** 0.050 (2.86)	*** 0.050 (2.92)	*** 0.050 (2.85)
Acq. Anti Self-Dealing Index	* -0.658 (1.72)	* -0.660 (1.73)	* -0.658 (1.72)	* -0.659 (1.73)
Second Stage: Deal Characteristics	Yes	Yes	Yes	Yes
Second Stage: Country Characteristics	Yes	Yes	Yes	Yes
Second Stage: Cluster Characteristics	Yes	Yes	Yes	Yes
First and Second Stage: Year FE	Yes	Yes	Yes	Yes
First and Second Stage: Industry FE	Yes	Yes	Yes	Yes
First Stage: Cluster FE	Yes	Yes	Yes	Yes
Log Likelihood	-105,998.769	-105,968.85	-106,023.106	-105,936.963
Observations	175,083	175,083	175,083	175,083

*Deal Completion and Cultural Distance: Moderating Effects*  
 Source: Ahmad et al. (2022), p. 72.

Lastly, supporting these visual insights, Figure 5.5 presents regression results that statistically confirm the moderating effect of cultural orientation. The interaction terms between cultural distance and cultural orientation are highly significant (with  $p < 0.01$ ), indicating that the impact of cultural differences on M&As is not homogeneous across nations. Instead, it depends on the acquirer cultural background. Notably, the negative effect of cultural distance is substantially mitigated in the presence of high sedulity-orientated companies, as reflected in the positive coefficient of the interaction term. Furthermore, the robustness of these results is further ensured by controlling for institutional and economic factors-such as legal origin, GDP per

capita, and language ties—ensuring that the observed effects are primarily attributable to cultural, not structural, variables.

**Figure 5.5**

*Panel A—Linear Regression Models*

	1	2	3	4	5	6
<i>Variables of Interest</i>						
Sedulity-oriented	-0.010**	-0.011***				
	(2.32)	(2.65)				
Sedulity-oriented x Facebook Friendships		0.010***				
		(3.28)				
Tradition-oriented			-0.009**	-0.006		
			(2.45)	(1.55)		
Tradition-oriented x Facebook Friendships				0.006***		
				(2.93)		
People-oriented					-0.001	0.000
					(0.16)	(0.05)
People-oriented x Facebook Friendships						-0.004
						(1.40)
Facebook Friendships		0.021***		0.021***		0.020***
		(4.10)		(4.19)		(3.80)
Same Cluster Facebook Friendships		-0.039***		-0.034***		-0.038***
		(5.92)		(5.73)		(5.77)

	1	2	3	4	5	6
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country Characteristics	Yes	Yes	Yes	Yes	Yes	Yes
Cluster Characteristics	Yes	Yes	Yes	Yes	Yes	Yes
Overall R <sup>2</sup>	0.111	0.128	0.109	0.138	0.113	0.131
Observations	14,499	14,499	14,499	14,499	14,499	14,499

*Regression Output: Cultural Orientation × Cultural Distance*  
*Source: Ahmad et al. (2022), p. 90.*

Together, the study's findings highlight that cross-cultural competence is a strategic asset for businesses which must be incorporated into all the phases of transactions—due diligence, risk assessment, negotiation, and post-integration.

Additionally, the research supports that cultural agility is a key predictor of organizational success in transnational deals. Firms that neglect this dimension risk facing higher failure rates, prolonged integration periods, and diminished stakeholder trust.

Ultimately, by demonstrating how cultural clusters, orientations, and distance influence both the outcomes of M&A deals, the authors underline the tangible impact of cross-cultural management.

## **6. CONCLUSION**

This essay offers valuable insights for global managers and executives. In an increasingly interconnected world, cross-cultural management is a fundamental pillar of organizational success. Through theoretical concepts, like the analysis of Erin Meyer's Culture Map and Paula Caligiuri's cultural agility, and practical studies, as the study on multicultural mergers and acquisitions, the multifaceted nature of managing across cultures was emphasised.

To create value in companies, managers not only have to consider costs, revenues and efficiency, but also cultural differences. Consequently, they need to develop adaptability, empathy and curiosity with the aim of recognising and leveraging this subtle yet powerful factor.

Lastly, cross-cultural competence is not a fixed skill set but an ongoing developmental competence that requires continuous reflection, openness, and a willingness to embrace complexity. Cross-cultural management is not a static, textbook discipline-it is a dynamic, lived experience that unfolds continuously, often unnoticed by those immersed in it. Its impact is visible in everyday interactions, yet it remains elusive and difficult to grasp.

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