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in cross-cultural mergers and acquisitions:  
the role and impact of bi-cultural identity*

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# **Talent management and the HR function in cross-cultural mergers and acquisitions: the role and impact of bi-cultural identity**

## **Abstract**

This paper examines bi-cultural talent in relation to human resource management (HRM) practices in cross-cultural merger and acquisitions (M&A). The intersection of HRM, bi-cultural talent management and cross-cultural M&A literature proposes a conceptual framework to capture the complexity of bi-cultural talent management and reveals the dominant macro-characterization of the extant HRM literature focussing on a more micro-orientated perspective. The paper develops a matrix by underlining *spatial dimensions* (spanning micro-aspects of the individual employee through to the macro-entity of firm and its location in the macro-national cultural context) and *temporal dimensions* (consisting of pre-merger, during merger and post-merger phases). This provides a template which examines the multi-level dynamics of bi-cultural talent management. The argument identifies ways in which extant cross-cultural lenses require deeper understanding of bi-cultural talent management in M&A settings. Future research directions and agendas are identified.

**Key words:** HRM, Talent Management, Bi-cultural individuals, Cross-Cultural, Mergers and Acquisitions

## **1.Introduction**

Cross-cultural collaborations - whether strategic alliances, joint venture or mergers and acquisitions (M&A) - can be a rewarding experience for organizations, however, equally, they can also constitute fraught and challenging undertakings (Angwin & Vaara, 2005; Liu, Sarala, Xing, & Cooper, 2017). As a mode of collaborative partnership, M&As have been long employed by many organizations, ranging from small to multinational enterprises in the pursuit of a range of goals, including: rapid domestic and global growth and development (Bagdadli, Hayton, & Perfido, 2014; Graebner, Eisenhardt, & Roundy, 2010); corporate 'sharks' acquiring high-tech firms in order to access novel knowledge bases and to ignite innovation (Graebner & Eisenhardt, 2004); emerging market firms venturing into advanced economies (Xing et al, 2017; Liu & Vrontis, 2017); shared mental modes of teams in M&A may facilitate innovation (Dao, et al. 2017), or, maturing born-global firms utilizing M&A as a lever to survive or precipitate fast growth (Almor, Tarba, & Margalit, 2014). Nevertheless,

the consequences of collaborative partnerships for firm performance have been the topic of considerable debate, with many studies reporting high failure rates over a period of time (Cartwright & Cooper, 1992; Weber, Tarba, & Öberg, 2014; Graebner et al., 2016). Much of this work has taken place within what may be described as a ‘macro-’ frame of reference by which it is meant that the work has a tendency to focus on broad conceptualizations of ‘organization’, ‘manager’ and even ‘individual’ (Quah & Young, 2005). Extant work casts these as ‘units’ for analysis, so to speak and perhaps offers less of a ‘lived experience’ – one perhaps dealing with the everyday felt realities of post-M&A contexts (Knights & Willmott, 1999). In counterpoint, there is a nascent literature examining identity and individuals from a more ‘micro-’ or lived experience and identity perceptive in post-M&A settings (Terry, Carey & Callan, 2001; Bartels et al, 2006; Björkman, Stahl & Vaara, 2007; Xing & Liu, 2016). While this literature on the M&A domain has offered many valuable insights, the ability to predict success through M&A remains poor. Even though M&A has been acknowledged as having high failure rates, enthusiasm for this mode of business development remains high among a wide variety of organizations (Child, Faulkner, & Pitkethly, 2001; Gomes et al, 2011). Nevertheless, it is increasingly argued that strategic fit between the partners is not enough and that success or failure of collaborative partnerships ultimately may depend on the *individual* and *group-level responses* to the change processes following the establishment and implementation of such partnerships (Larsson & Finkelstein, 1999; Van Leeuwen, Van Knippenberg & Ellemers, 2003; Khan et al., 2017). Consequently, HRM literature suggests that HRM insights and interventions can assist in ameliorating persistent questions and issues over variable success rates in the M&A literature (Cartwright & Cooper, 1993b; Weber & Fried, 2011). In particular, the heightened consideration of human factors within M&A may offer important developments with which to advance this literature stream (Seo & Hill, 2005; Ellis, Reus & Lamont, 2009; Liu et al., 2017; Sarala, Vaara, & Junni, 2017). For example, the impact of M&As on individuals and groups may differ widely depending on variegation of national and organizational cultural contexts (Vaara et al., 2012; Tarba et al., 2017); or HRM practices and sociocultural integration (Sarala et al, 2016; Aklamanu et al. 2016); and knowledge transfer and M&A performance (Ahammad et al, 2016; Junni, et al. 2017). Therefore, it is against this backdrop that the current paper turns to considers aspects of talent management as a key element of human factors. Overall, talent management can be defined as:

‘activities and processes that involve the systematic identification of key positions that differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high-potential and high-performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents, and to ensure their continued commitment to the organization’ (Collings & Mellahi, 2009: 304).

Moreover, scholars have suggested the need for a pluralistic approach in viewing talent management by taking account of contextual factors (Thunnissen, Boselie, & Fruytier, 2013). For example, globalization and the mobility of talent affects individuals’ career development and influences organizational practices, as witnessed, by way of illustration, by the high-skilled talent expatriation and repatriation processes (Cerdin & Brewster 2014; Baruch, Altman, & Tung, 2016). The question of mobility also raises the issue of ‘culture’ – both in terms of the corporate cultures involved in the given M&A and also the notion of companies and individuals emanating from particular national cultures which inform particular patterns of thinking and behaviors. These come with the attendant problematic challenge of representing, examining and differentiating the potential impact such generic cultural concepts (Hofstede, 1980, 1984, 1991; Trompenaars & Hampden-Turner, 1993, 1997; Weber, Shenkar & Raveh, 1996; Very et al, 1997; Morosini, Shane & Singh, 1998; Drogendijk & Slangen, 2006; Slangen, 2006; Stahl, & Voigt, 2008; Sarala, 2010; Weber, Tarba & Reichel, 2009, 2011). Furthermore and importantly, within M&A situations where mergers occur between companies of varying national origin, a particular confluence of corporate cultures, national cultures, human factors and talent management emerges. Where mergers occur across national cultures, this creates an important space in M&A for bi-cultural understandings. The role of *bi-cultural individuals* - those employees who are cognizant, fluent and effective in the dual-national cultural settings have the potential to bring processual insights and improvements to collaborative ventures (Teerikangas & Very, 2006; Brock, 2005; Chakrabarti, Gupta-Mukherjee & Jayaraman, 2009). As such, they represent an important yet relatively under-researched domain in relation to M&A activities and, as individuals embody the site of a confluence and translation of both organizational and national cultures, they have the possibility of bringing their technical and cultural awareness to bear in a range of meaningful ways on HRM practices (Furusawa & Brewster, 2015). Therefore, the present paper aims to fill this important gap guided by the following research question:

How can talent management and the HR function leverage bi-cultural individuals to influence and mitigate the multi-level national cultural challenges in cross-cultural mergers and acquisitions from a process perspective?

In pursuance of this question, the paper is structured in the following manner: first, the argument considers the extant literature on HRM and talent management and, in particular, bi-cultural employees in cross-cultural M&A. It identifies a number of prevalent conceptualizations within this work including, importantly, the influence of a recurrent macro and modernistic conceptual characterization. This is contextualized and challenged by, outlining and directing the argument towards a more individual and micro-orientated frame of reference. The overall macro-micro dynamic is positioned within a temporal and spatial matrix thus revealing further insights on the role and contribution of bi-cultural employees. In summary, the paper explores and discusses the issues that the model generates and recommends ways forward for the research domain summarizing the paper with a conclusion.

## **2. Cross-Cultural M&A and the role of the HR function**

HRM literature has underlined that the HR function constitutes a crucial component in the delivery of competitive advantage for organizations (Barney & Wright, 1998; Lepak, Bartol, & Erhardt, 2005; Marler, 2012; Sparrow, Cooper, & Hird, 2014). By way of example, appropriate alignment between the HR function and the location of intellectual capital within an organization can facilitate the emergence of lean management thinking (Sparrow & Otaye-Ebede, 2014). Moreover, as a means of securing competitive advantage, M&A has become an increasingly integral feature of corporate life and one with which HR functions need to deal. Furthermore, M&A involves substantial change for an organization, indeed, Bartunek & Moch (1987) describe M&A, as a third-order organizational change event (i.e. a major event requiring the ability of an entity or system to change schemata and structures in response to the demands of events which inherently necessitate active engagement of the management of employees before, during and after the merger (Schuler & Jackson, 2001). As a consequence, the HR function finds itself center stage during M&A, and especially so in the post-M&A context where often differing cultures, both corporate, and national in the case of cross-cultural mergers, have to be synthesised (Quah & Young, 2005; Shook & Roth, 2011). HR managers are thus positioned to play a strategic role in company-wide integration, post-

merger processes and a support role for business unit transitions (Antila, 2006). Indeed, Björkman & Söderberg, (2006) in their case study of financial corporation Nordea identified the HR function as playing a highly significant role in managing and integrating post-merger processes. Therefore, to summarize, the HR function finds itself situated in a position which overlooks the entire cultural terrain and *spatial* aspects of M&A.

Moreover, *timely* action by the HR function is signaled as central to the success of any HR initiative in M&A contexts (Schmidt, 2001; Weber & Fried, 2011). It is suggested that the earlier the HR function gets involved in an M&A deal, the greater the likelihood of successful integration of people and processes throughout the newly formed M&A. This can also be linked to the importance of clarifying the overall strategic intent of the M&A (Srinivasan & Mishra, 2007; Rui & Yip, 2008). When morale is high and people are engaged in developing and understanding joint visions and activities, individual and company performance have more likelihood of improvement (Cartwright & Cooper, 1993a). Arguably, a major issue in M&A failures might be caused where there is poorly defined intent and there is *too little* involvement of the HR function and organizational employees. This can lead to a minimum, or even no preparation (indeed, even the wrong preparation) in providing due diligence for employees along M&A process (Gomes et al, 2013). Consequently, studies recommend the involvement of HR contingent upon the types of M&A (Bagdadli et al., 2014; Napier, 1989; Schuler & Jackson, 2001) and one key indicator affecting, for example, post-M&A performance is employee retention (Ahammad et al., 2014; Weber & Tarba, 2010). When organizations underestimate the elevated levels of employee disengagement that can occur during M&A processes, it can produce uncertainty, emotional strain and loss of motivation and also take an enormous toll on employees which may, in turn, negatively affect a corporation's financial performance (Huy, 2002; Kavanagh & Ashkanasy, 2006). Thus, HRM practices and HR functions operating at all spatial levels of organizational operation and at all chronological junctures of the merger are significant, however, as noted above, they are particularly important at supporting sensemaking (Weick, 1995; 2000) at the individual level in the post-M&A context. For instance, rewards and fairness norms may influence employee emotional resilience during post-merger integration across national boundaries (Khan et al, 2017). Thus, the demonstrable need for: HR function involvement and the need to understand post-M&A impacts and dynamics at detailed and granular levels turns the focus away from the predominant macro-focus on organizations and towards a more micro-level of analysis i.e. a focus on the individual, the local and the particular (Toulmin, 2003). This, in turn, means

that the HR function needs a more intensely granular understanding of the talent among individuals operating in and around the organization in the M&A context and the next stage of the argument turns to consider talent in greater detail.

Launched with the metaphorical statement of ‘War for Talent’ (Beechler & Woodward, 2009), talent management offers a challenging phenomenon requiring both empirical refinement and theoretical advancement (Al Ariss, Cascio, & Paauwe, 2014) in terms of, for instance: the global dimension and its implications for the actual HR management of talent (Tarique & Schuler, 2010); HR functions needing to take account of the role of context and a pluralistic approach (Thunnissen, Boselie, & Fruytier, 2013); a strategic perspective on talent management (Collings & Mellahi, 2009); blended with, developing HR function awareness of myths and realities of global talent management (Minbaeva & Collings, 2013). Talent management literature has expanded considerably in recent years together with a continued link to HR functions and HRM practices (Cappelli & Keller, 2014). Nevertheless, a more nuanced understanding of the HR function in connection with talent may assist significantly in advancing the framing and articulation of specific aspects of the management of talent and especially in complex scenarios such as M&A (Zhang et al 2015). For instance, the corporate HR function plays a significant role in managing the flow of talent through a large company by designing and implementing effective employee recruitment, retention and development strategies (Cappelli, 2008; Sparrow, Farndale, & Scullion, 2013). A substantial literature has demonstrated M&A’s influence on employees and talent involved in the M&A process. For example, research indicates that, after a poor M&A experience, the first employees to leave are generally the ones who are talented (Bruner, 2009). Therein, this loss of talent can perhaps be attributed to the organizations involved in the given M&A reacting too slowly in relocating key individuals in appropriate positions in the emergent structures. This has a consequent impact on the employees creating uncertainty, generating high anxiety, frustration, and low morale and eventually leading to reduced productivity (Seo & Hill, 2005). Where M&A occurs in cross-cultural (i.e. where companies from differing national contexts merge) situations these pressures may well be heightened due to the additional cultural issues and differences which have to be addressed (Sirmon & Lane, 2004; Sarala, Vaara, & Junni, 2017). Cross-cultural M&A has the strong potential to evidence the presence and operation of bi-culturalism (where a person or group has equal knowledge, experience and practice of two different cultures) and this is a potentially important factor which has hitherto been under-

researched in M&A settings. The argument now progresses to introduce and consider how the HR function and HRM practices interact with bi-cultural individuals in M&A settings.

### **3.Bi-Cultural Employees in the Cross-Cultural M&A Context – the Role of HRM**

The turn in M&A research in recent decades from the macro-dimensions towards consideration of more micro-aspects, for example, individual identity and sensemaking (Weick, 1995; 2000) of human factors has been gradual but nevertheless notable (Vaara, Tienari & Säntti, 2003; Tienari, 2005). In an increasingly globalised world the role of the bi-cultural (and indeed the multi-cultural) individual employee focuses on issues of how this particular talent is managed and engaged by the HR function in M&A contexts. Bi-cultural employees are individuals who can identify with two (more) distinct cultures because they have *internalized* more than one cultural schema (Brannen & Thomas, 2010). As noted above, a key caveat in relation to global talent mobility is the cross-cultural challenge and its implications for international HRM talent management (Collings, 2014) such as bi-cultural employees. Cultivating global competence with which to manage cross-cultural issues and leverage strategic opportunities is imperative for individuals who pursue global careers and for globalizing organizations to attain sustainable development (Cascio & Boudreau, 2016). Moreover, bi-cultural employees may, as such, contribute to organizations by facilitating identity integration i.e. bringing about synthesis in post-M&A settings (Fitzsimmons, 2013). One recent study elaborates the potential benefits brought by bi-cultural individuals to the M&A domain by particular reference to domain-specific logic orientations (i.e. as opposed to knowledge-crossing boundaries) (Liu & Isaak, 2016). Furthermore, a recent review of talent management suggests that a deeper appreciation of organizational contextual factors – well-exemplified by bi-cultural employees - may significantly assist the scholarly advancement of talent management research (Collings, Scullion, & Vaiman, 2015). Therefore, with this in mind, we argue that bi-cultural individuals can play an important role, in multifarious ways, in cross-cultural M&A activities (and especially the complexities of cultural fusion in post-M&A settings) by leveraging their bi-cultural competencies to the benefit of the M&A. However, overall, the existing literature on M&A has only begun to model and consider the mechanisms by which the bi-cultural individuals may contribute to the cross-cultural M&A from a process perspective (Brannen & Lee, 2014). Prior research shows that bi-cultural individuals bear certain characteristics, such as, for example, the ability to integrate ideas in

more novel and creative ways, than perhaps is often available to other employees, by drawing from cultural resources (Leung & Chiu, 2010). Furthermore, bi-culturalism is associated with higher flexibility (Chiu & Hong, 2005), and bi-cultural individuals can develop increased cognitive complexity (Leung et al, 2008; Tadmor, Tetlock, & Peng, 2009). However, equally, challenges in relation to re-acculturation oscillation (i.e. unpredictable switching between cultural modes, behaviors and affiliations) have also been identified as a potential issue for bi-cultural employees (Stokes et al, 2016).

Thus, bi-culturalism constitutes an important yet under-examined facet of organizational contexts and particularly M&A contexts (Liu, 2017). However, equally, bi-culturalism is, by definition, founded on the notion of an individual being grounded in two national cultures and an examination of bi-cultural individuals therefore requires a means to consider the concept of national culture which, in itself, is underpinned with the earlier mentioned macro-micro tensions in M&A and organizations studies generally (Peng & Luo, 2000; Bamberger, 2008). The notion of national culture (and by extension, the identity of bi-cultural individuals) has conventionally been examined through a number of well-known cross-cultural frameworks, such as those produced by, for example: Hofstede (1980, 1984, 1991); Hofstede & Bond (1988); Hofstede et al (1990); Trompenaars and Hampden-Turner (1993, 1997). These have been widely employed to make sense of cross-cultural (sic: companies from differing national contexts) and M&A activity (Cardon 2008; Browaeyns & Price 2008). However, there have been a wide range of methodological and representational criticisms concerning Hofstede's framework including for example the oft-cited charge that it represents a range of national cultures based on the study of one company study (i.e. IBM). Thus, it would be unreasonable to claim that Hofstede's sample was readily representative of any notion of a given macro-national culture (or for the matter, a corporate culture within a national setting or the cultural characteristics of bi-cultural individuals) (McSweeney 2002). Notwithstanding these *caveats*, a recent content analysis of 24 years of publication in *Journal of International Business Studies* confirmed the dominant influence of Hofstede's cultural framework in cross-cultural studies (Stahl & Tung, 2014). In specific relation to M&A, a range of critiques have been developed on Hofstede's study and this body of work identifies a number of mediating factors, in connection with cultural aspects, which impact on performance. For example, Brock (2005) engages with Hofstede's work and underlines the importance of M&A cultural match or mismatch processes as a successful integration mechanism and the scope for resource sharing and synergies. Furthermore, Chakrabarti,

Gupta-Mukherjee & Jayaraman (2009) signal that, while taking account of M&A deal-specific variables and Hofstede-linked country-level effects, cultural differences and distance still impact on performance however, they note: ‘cash [-based] and friendly acquisitions tend to perform better in the long run’. Nevertheless, given the longevity, extensive usage and the limitations identified in Hofstede’s work, Kirkman, Lowe & Gibson (2006) suggest that, although there has been wide use of Hofstede’s framework, given its macro-limitations, there is scope to identify new ways of viewing and engaging with cultural dimensions especially in relation to a more individual or micro-level. In turn, the development of new and alternative approaches to understanding individual bi-cultural identity will facilitate a more granular appreciation of the role of such individuals in M&A contexts and especially in post-M&A situations.

Within M&A commentary, alternative approaches have been brought to the debate on individual employee and organizational identity and in particular, a key theoretical premise employed within the work on identity includes Social Identity Theory (SIT) (Vaara, Tienari & Säntti, 2003; Tienari, 2005; Vaara et al 2012). By extension, SIT also has potential explanatory power for the phenomenon of bi-culturalism within M&A. SIT is intrinsically associated with the work of Tajfel (1974) and Turner (1987) and states that self-identity is a product of how a person perceives him or herself in relation to his or her predominant social group (Fraser & Burchell 2001). Social identity occurs through the categorization of a person’s identity as a consequence of interacting with others. A person makes sense of his or her identity by positioning him or herself in relation to others and identifying potential shared attributes. In turn, recognition of these shared attributes leads to the establishment of collective identities. This engenders the development of what can be termed ‘primary groups’ (those most important to the given individual and the shared identity under development) and, ‘secondary groups’ (those with weaker connectivity to the given individual/group) (Stolley 2005). Turner (1987) developed the work by extending it with in his studies on Self-Categorization which considered how people shape identity in relation to group ideals, stereotypes and self-concept. The act of refining one’s actions to become an appropriate image of what is expected in a given context is the underlying principle of Turner’s (1987) theory. The key notion therein is ‘context’ – the concern with self-perception as a personal identity to one in which social interaction plays a role in shaping identity (Haslam *et al.* 2000).

Taking SIT and self-categorization as theoretical lenses, bi-cultural individuals are likely to possess *multiple* identities (Ramarajan, 2014) which may be dynamically constructed and developed over time. The varying degree of bi-cultural identity integration resonates with the variations in multi-cultural experience (Cheng et al., 2014). Furthermore, integrating various social identities at various levels of social identity theory can foster psychological *bricolage* (i.e. *ad hoc* pulling together of disparate elements to make a functional or operable process, entity or model) for the generation of creative solutions (Sanchez-Burks, Karlesky, & Lee, 2015). Equally, and in a kindred manner, social constructivist perspectives have been employed to focus on the cultural dynamics of M&A (Gertsen, Söderberg, & Torp, 1998; Kleppestø, 2005). These perspectives view sociocultural integration as an identity-building process and broadly suggest that it is not cultural differences *per se* that create problems in the post-merger integration period but rather it is the way social and cultural boundaries are drawn and new organizational identities are developed. In these situations there is powerful scope for HRM involvement to facilitate socio-cultural integration (Xing & Liu, 2016).

SIT has also been applied in broad cross-cultural contexts relating to talent management (Shaffer et al., 2012). In dealing with the complexities of cross-cultural M&A, involving the fusing and blending of cultures, it can be seen that there is considerable scope for bi-cultural employees to play a significant intermediary and facilitating role between emergent and forming social groups in cross-cultural M&A settings – and especially those groups more prone to being ensconced in traditional and more delineated identities. For instance, high skilled immigrants' success may well depend in large part on their motivation to integrate into their host country, where identity integration has an important bearing (Cerdin, Diné, & Brewster, 2014). Moreover, from a cognitive perspective, it has been argued that multiculturalism can influence specific capabilities of multi-cultural managers in multinational companies (Lücke, Kostova, & Roth, 2014). Nevertheless, some of this work has pointed at tensions between bi-cultural individuals and more 'mono-(national) cultural' employees. For instance, repatriate turnover can be explained by the perceived identity discrepancy between employees returning from international assignments and their non-international peers (Kraimer et al., 2012). Overall, while research on talent management has drawn on SIT (e.g. Bartels, Douwes, de Jong, & Pruyn, 2006; Terry, Carey, & Callan, 2001; van Leeuwen, van Knippenberg, & Ellemers, 2003), the current discussion has progressed this to connect also with a more particular consideration of bi-cultural talent. By viewing, through the extension of social identity beyond extant analyses on talent management and macro-perceptions of

cross-cultural M&A, to consider bi-cultural employees as a special and significant group within M&A cross-cultural situations this underscores value and potential understanding around this category of employees. Therefore, we argue that bi-cultural individuals can have strong potential to mitigate the challenges (and high failure rates) in cross-cultural M&A through use of identity integration and multicultural experience.

In summary, as a third-order (i.e. major) change event (Bartunek & Moch, 1987), M&A can bring unexpected (beneficial or detrimental) consequences to existing routines and practices. Thus, it requires the proper structuring of organizations to facilitate task integration and people integration. In so doing, it calls for talent with the capable competencies and skills to serve the responsibility and to take up the position. Especially, when the all-too-common ‘we’ versus ‘they’ negative feeling prevails, talent retention becomes critical for knowledge transfer (Ahammad et al., 2016) and socio-cultural integration (Xing & Liu, 2016). Furthermore, if the required skills cannot be found in the existing organizations, either acquirer or target, it needs to recruit the external (bi-cultural) talent to smooth the organizational change event. Talent may be hired temporally to work for the particular M&A event, or recruited to join the organization as higher-level commitment. Previous research shows that HR practices may shift from external-oriented (hire temporal workers or consultants) to internal-oriented (recruit permanent employees), as the firm size increases and the organization becomes mature (Glaister et al., 2014). This means that organization needs to be flexible and agile to implement the HR practices in M&A (Junni, Sarala, Tarba, & Weber, 2015) and especially so when managing a highly perceptive bi-cultural talent pool. While dealing with cross-cultural M&A, institutional difference becomes a salient factor influencing the M&A process and outcome. Different institutions can have important bearings on HR practices in general and in collaborative partnership in particular. For instance, corporate governance in M&A may be strongly influenced by the institutional differences. US firms found it challenging to reorganize post-acquisition target organizations in Germany, largely due to the strong German labor union as compared to the US counterparts (Capron & Guillén, 2009). In a similar vein, Chinese companies’ unfamiliarity with the role of labor union in African countries introduced additional hurdles for the implementation of Chinese managers’ HR practices in Africa (Xing et al., 2016). Hence, utilizing appropriate bi-cultural talent and leveraging the role of HR function can become critical to navigating more efficiently and effectively through the institutional differences in cross-cultural M&A. The above discussion of bi-cultural talent in relation to SIT and self-

categorization theories points the way towards a more micro and granular consideration of the role of specific bi-cultural talent domains in relation to cross-cultural M&A. This counters and balances a more prevalent and dominant (macro-styled) account of cross-cultural M&A which has relied extensively on particular models of culture. As an extension of the development of a more micro-orientated perspective it is also possible to build on,; extend the analysis, and consider identity more closely in relation to inter-connected *time* and *place*. This is to acknowledge the role of the confluence of time and place in shaping identity and, importantly, that as time and place transform so might individual identity. This is highly apposite and pertinent in the consideration of bi-cultural employees within cross-cultural M&A events. Therefore, in the next and final phase of the development of a deeper understanding of bi-cultural individuals the argument develops and argues a multi-level approach by invoking the notions of ‘spatial dimension’ and ‘temporal dimension’ which can work to facilitate a nuanced understanding of bi-cultural talent management and HR function in cross-cultural M&A. Thus, we posit the following proposition:

Proposition 1: The complexity of cross-cultural M&A tends to be high, because it encounters issues and processes involving *both* the spatial dimension and the temporal dimension.

#### **4.Bi-Cultural talent management within cross-cultural M&A: A spatial and temporal matrix**

The above discussion has considered the role of HR practices in relation to cross-cultural M&A and, in particular, has introduced the role of bi-cultural talent management. Throughout the discussion, the dynamic and transforming nature and influence of bi-cultural employees has been highlighted. This influence can be deepened by framing and conceptualizing these dynamics in terms of *time* and *place*. Therein, it is possible to see ‘*place*’, operating at macro-levels such as notions of ‘country’ and ‘national identity’ (i.e. associated with a given geographical place); the ‘organization’ at a meso-level with its own corporate cultural atmosphere; and, at a more micro-level, individual employees (Angin & Vaara, 2005; Teerikangas & Very, 2006; Graebner et al., 2016) with their own talent and cultural, or here, bi-cultural identity in cross-cultural M&A settings.

---Insert Figure 1 about here---

Thus, these various roles of ‘place’ in bi-cultural identity point at a series of inter-connecting spatial domains that can play a role in the M&A domain. Furthermore, spatial dimensions can be seen as operating in relation to *time* dimensions whereby the national context and culture, together with the organization and the individual develop and evolve over time. In the case of a cross-cultural merger, this has conventionally been aligned with, and reflected in, following Schuler & Jackson (2001) the descriptive phases of pre-merger, during the merger and post-merger (See Figure 2). Thus, there is a recognition that the merger takes place through these stages against dual (or indeed multiple) national contexts and organizational cultures (often reflecting national traits and issues). The bi-cultural employee thus also progresses, relates to, and evolves through a matrix of time and space/place in the various national, organizational and individual levels. Overall, this dynamic points at a temporal-spatial aspect and an opportunity to consider and understand how bi-cultural individuals may behave at each phase or in relation to each spatial dimension. As such, it creates the possibility of representing bi-cultural talent management in a multi-dimensional manner in cross-cultural M&A contexts.

---Insert Figure 2 about here---

By situating bi-cultural employees within such a spatial and temporal cross-cultural M&A matrix, and embracing a more process-orientated perspective on M&A (Gomes et al., 2013; Liu & Woywode, 2013), we build further granularity in the study of (bi-cultural) talent management. A number of studies have shown the variation of employee involvement and activities along the temporal M&A process. For instance, pre-acquisition employee reactions from the acquired firm can significantly affect the dynamics of post-acquisition integration process (Teerikangas, 2012). Post-acquisition employees’ willingness to cooperate largely influences the effectiveness of M&A integration process (Melkonian, Monin & Noorderhaven, 2011). However, in positing Schuler and Jackson’s (2001) model it is important to underline the inherent and rigid linearity of trajectory it prescribes. In reality, many M&A may seem to operate in a more staccato, or ebb and flow, manner rather than a ‘clean’ linear progression along or across such a matrix. Again, this raises a potentially important facilitation and smoothing role for bi-cultural employees (and perhaps particularly those at higher levels in the organization). Cross-cultural differences and differing perceptions in identity confluence between primary and secondary social groups may produce uncertainty and concerns during the, at times, chaos and confusion that M&A can produce. Bi-cultural employees working with, and within HR functions, can assuage and allay

concerns by operating as intermediaries who explain and account for differing understandings which may occur.

Therefore, we argue that the involvement of the HR department along the M&A process needs to have an important bearing on, and interaction with, bi-cultural talent management and its resultant well-being and effectiveness. Consequently, the appropriate and in-depth planning of the possible value of bi-cultural talent management processes by HR in anticipation of the various chronological stages of an M&A is clearly essential. This requires close liaison of HR functions in both organizations and working closely with these employees across the planned merger companies (in relation to their national settings). Once, the merger has taken place, researchers suggest that talent and outstanding employees at all levels within merged companies typically receive head hunter inquiries five days or less following the announcement of a merger but this is likely to be at a particular premium for bi-cultural individuals. Such events and factors are of vital importance because the failure to keep key people at the individual or micro-level of the organization after an M&A can have a negative impact on overall macro-organizational performance (Zollo & Meier, 2008). As such, the retention of key talented employees, and particularly bi-cultural employees, should be an explicitly planned objective of organizations in cross-cultural M&A and the *unplanned* loss of such key employees jeopardizes the smooth transition and results in the loss of corporate intellectual capital (Gutknecht & Keys, 1993). Equally, following a (cross-cultural) M&A, there is high likelihood that the departure of talented bi-cultural key employees may ultimately lead the M&A into a failure (kindred with postulations of Walsh, 1988; Weber, Rachman-Moore, & Tarba, 2012). Thus, we posit the following:

Proposition 2: The retention of bi-cultural employees can positively influence the process and outcomes of cross-cultural M&A, whereas the departure of bi-cultural employees can negatively affect the process and consequences of cross-cultural M&A.

One of the additional major reasons for success in M&As is ‘due diligence’ on both ‘hard’ (metrics, costs, budgeting, new organizational structure design) and ‘soft’ issues (culture, new M&A organizational identity, power issues, resistance to change) within each of the above three stages. The retention of key and talented employees, such as bi-cultural individuals, is essential and represents a major and important ‘soft’ issue which will support the success of M&A (Gomes et al, 2012). The uncertainty created by M&A contributes to

stress, and this leads to increased employee turnover (Marks & Mirvis, 2001, 2011). Clearly, such anxieties can operate at the more organizational-group and department level, however, essentially they are rooted in the sense-making undertaken by the individual operating in micro-dimensions. Managing bi-cultural talent management across macro-micro/temporal-spatial matrices and through the stages and time-span of cross-cultural M&A can thus be seen as a complex task and a greater conceptual understanding can be of assistance. However, within the spatial-temporal consideration of bi-cultural HR talent management with a M&A it should be underscored that not all M&As are the same and that individual employee's attitudes at work following an acquisition may change depending on the types of acquisitions (Guerrero, 2008). The combination of the temporal dimensions with the spatial dimensions produces a more detailed representation with which to appreciate the challenges and perceptions outlined above.

---Insert Figure 3 about here---

In relation to the preceding argument we therefore posit the following:

Proposition 3a: HR function in concert with talent management practices may mitigate the cross-cultural M&A challenges from a spatial perspective.

Proposition 3b: Identity integration and multicultural experience of bi-cultural employees may positively affect the cross-cultural M&A process from a temporal perspective.

To summarize, we argue that to reduce the complexity of cross-cultural M&A and increase the likelihood of cross-cultural M&A success, the HR function and appropriate talent management can play a critical role. In particular, from a spatial perspective, the micro-level talent management practice, such as leveraging the advantages of bi-cultural employees may assist the organizations to address issues and challenges stemming from multiple levels. In so doing, it also leverages the power of micro-foundation and human side factors of M&A (Sarala, Vaara, & Junni, 2017; Liu et al., 2017). Furthermore, from a temporal perspective, the retention of bi-cultural employees and utilization of their competence may significantly facilitate the process of cross-cultural M&A, especially the identity integration ability and

multicultural experience of bi-cultural employees. Therefore, the appropriate alignment of HR function and talent management practices may contribute to a nuanced understanding, thus overcoming the obstacles and challenges of cross-cultural M&A.

## **5. Conclusion**

HR practices and their HRM practices face a wide range of challenges, and in a key, albeit under-researched, issue is the management of bi-cultural talent, in M&A cross-collaboration contexts is a complex and multi-factored domain (Bagdadli, Hayton, & Perfido, 2014; Graebner, Eisenhardt, & Roundy, 2010). The extant literature has demonstrated a range of valuable models and insights into the issues that can arise more broadly into talent management and human factors in relation to M&A. This paper builds on the extant body of research and identified and examined the under-researched area of bi-cultural individuals in cross-cultural M&A. This allowed the argument to construct a model predicated on social identity and self-categorization theories (Tajfel, 1974; Turner, 1987). In addition, by extension it provided the possibility to generate a spatial-temporal representation of the bi-cultural individual within the dynamics of a cross-cultural M&A process generating a contribution of a meta-analytical matrix which embodied dual national, micro-macro and spatial-temporal and dimensions. This supplied holistic models with which to analyze and comment on the development of the literature in the interconnected domains of HRM talent management and M&A and also provided a framework for subsequent examination exploration in the field. In particular the paper points at a range of the detailed conceptual issues surrounding the temporal and spatial dimensions of bi-cultural talent management. In cross-cultural settings the temporal and spatial aspects have a more extensive range of factors for managers to consider (Fig 1). The argument elaborates and underlines the significance of bi-cultural employees in ensuring the potential success of cross-cultural. This means that this talent group merit particular attention from management and should be facilitated and guided towards supporting the key culturally integrative points of the merger. In equal measure, it is vital that bi-cultural employees are not overlooked or, worse, marginalised, by managerial actions and strategies during the cross-cultural M&A. This could jeopardise the success of the M&A and ultimately lead to its failure. These challenges can be dissected through spatial and temporal analyses. In terms of spatial dimensions there are a range of regional and national geographic considerations as well as organizational, divisional and functional spatial realms which need to be synergised. Moreover, the above dynamics play out across varying

temporal, or time schedules and these can be seen as relative and perspective-driven depending on the individuals, bi-cultural and other, moving through differing spatial domains. The resultant complex matrix produces a challenging set of issues for managers to understand and address in an ongoing and evolutionary manner, however, the analysis, matrix-like consolidation and modeling of the issues provides a handrail which can assist managers to optimise the use of bi-cultural.

The discussion underlines that a more micro-appreciation of bi-cultural talent identity is necessary for HR functions to be able to optimize and engage such individuals. With cross-cultural M&A failure rates remaining persistently at a high level there is need to seek a more detailed set of lens and understandings so as to develop a micro- appreciation of the issues at play in this aspect of cross-cultural M&A. With a deeper understanding of bi-cultural talent and the role it may play in creating more successful M&A, HR functions can complement existing capacities and skills with which to successfully manage M&A processes. Importantly, our conceptual framework combines the literature streams of HRM, Talent Management and M&A from a dynamic and temporal-spatial multi-level perspective. The HR issues from lower level of analysis, such as bi-cultural individual and team, can affect the higher level of analysis, such as company, region, even country. For analytical purposes, we indicate the complexity and interconnected relationships in a more nuanced account of the possibility of multiple directions among these constitutive elements. We strongly argue that our conceptual endeavor can shed important light on future efforts to further advance our understanding of talent management and HR function in cross-border M&A by taking our framework as a departure point. Moreover, this is underpinned and informed by a rich set of complementary literature which facilitates the meta-analytical exploration and explication of the micro and macro aspects of the spatial-temporal continuum.

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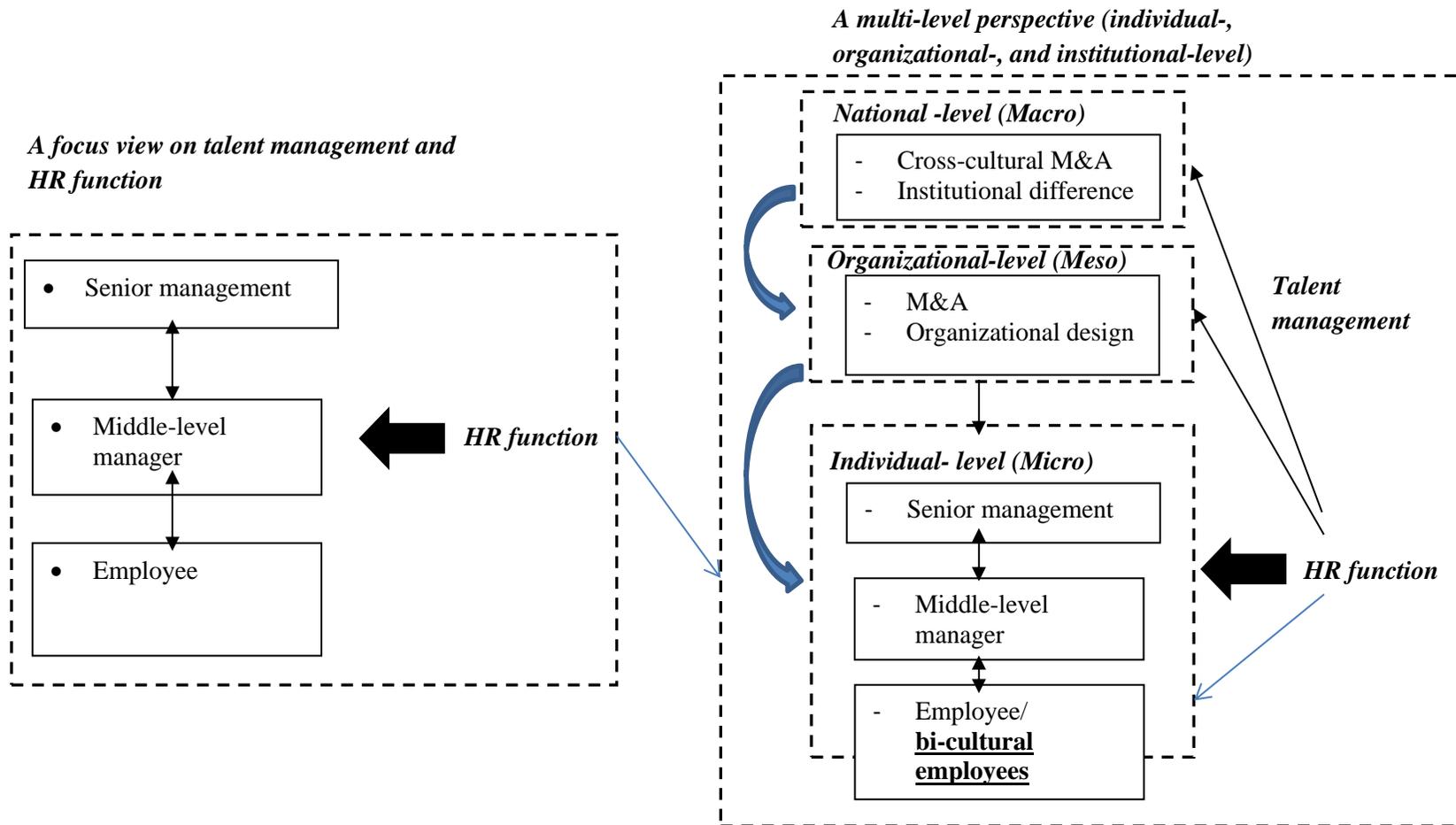
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**Figure 1. Temporal and Spatial Matrix of Bi-Cultural Individual Dynamics in Cross-Cultural M&A Contexts**

DIMENSIONS	Temporal →	Pre-Merger	During Merger	Post-Merger
Spatial ↓				
Country Culture		Bi-cultural employee provides HR function with early diagnostics and insights into national culture for the cross-cultural M&A	Bi-cultural employees work with HR function to indicate critical incidents and national culturally significant moments for the M&A development	Bi-cultural employees work with HR function to translate ongoing national cultural context into the organizational fabric
Organizational Culture		HR function aims to prepare the M&A synergized cross-cultural organizational culture by identifying and consulting with bi-cultural employees and advisors	HR function works to build cross-cultural liaison for the ongoing M&A by assembling bi-cultural individuals into relevant teams and groupings	HR function works to ensure that the newly combined and emergent cross-cultural environment is functioning appropriately. HR function works to ensure bi-cultural staff are retained as they have ready currency in the international job market
Individual Identity		Bi-cultural individuals find that the cultural dimensions of their identity are given in a premium in advance of the cross-cultural merger	Bi-cultural individuals may feel that the new cross-cultural collaborative environment operates well for them. As such they work in tandem with the HR function to engender the smooth running of the operation. Alternatively they may experience accultural oscillations	Bi-cultural individuals continue to support and develop the emergent and evolving cross-cultural environment in conjunction with the HR function. Disaffected and dissatisfied bi-cultural employees may leave the organization.

**Figure 2. A multi-level spatial conceptual framework on talent management and HR function in cross-cultural M&A**



**Figure 3. A conceptual framework on influence of bi-cultural individuals along cross-cultural M&A temporal process**

