研究ノート

A Culture Clash in International Merger and Acquisition: A Case Study

鈴木　眞奈美
SUZUKI, Manami
(法政大学)
(Hosei University)

西川　英彦
NISHIKAWA, Hidehiko
(法政大学)
(Hosei University)

Abstract

The purpose of this study is to explore culture clashes when a Japanese company is merged with a non-Japanese company. We focus on two types of culture, national culture and corporate culture involving culture clashes in international mergers and acquisitions. We interviewed a Japanese director who previously worked in a Japanese company that was merged with and acquired by a non-Japanese company. The interview was conducted in two stages (the pre-stage, and the post-stage) of the international merger and acquisition (IM&A). For success in IM&As, the current case study suggests the importance of pre-merger research of target companies and understanding individual national and corporate cultures. The results show that Japanese companies do not necessarily have high cultural adaptive abilities. The present case study suggests recruitment standards for local employment and promotion of international enterprises in non-Japanese companies after their international mergers and acquisitions with Japanse companies.

Keywords

Culture Clash, International Merger and Acquisition, Intercultural Communication

Introduction

The purpose of this study is to explore culture clashes when a Japanese company is merged with a non-Japanese company. According to a 2004 Japan External Trade Organization (JETRO) report, since the late 1990s, the number of overseas firms' international mergers and acquisitions (IM&As) with Japanese companies has increased. Overseas companies' direct investment in Japan has also increased since the 1990s, although the recent increase rate is not very large. The number of Japanese companies involved in overseas business in fiscal year 2009 was 18,599 (The Ministry of Economy, Trade, and Industry, 2010a). On the other hand, according to a Ministry of Economy, Trade, and Industry (METI) survey of 2,796 foreign companies (including 845 U.S. companies, 212 Chinese companies, 1,209 European companies, etc.) in fiscal year 2009, the number of new entries of foreign companies decreased, while the number of withdrawals increased significantly (the Mnisitry of Economy, Trade, and Industry, 2010b). An analysis of the foreign affiliates' withdrawals is necessary from various aspects (e.g., economic, social, and cultural aspects). With regard to Japanese companies' business and cross-cultural communication in international joint ventures or IM&As, there are many case studies of Japanese companies expanding abroad (Yoshihara, 2010), however, few focus on culture clashes in non-Japanese enterprises' merger and acquisition (M&A) of Japanese companies.

The uniqueness of the present study is its focus on culture clashes and cultural adaptive ability both before and after IM&As. Most M&A research has focused on issues after IM&As (e.g., Barmeyer and Mayrhofer, 2008; Boxall and Purcell, 2003; Louhiala-Salminen et al., 2005). Culture clashes and cultural adaptive ability are significant factors in the success of M&As, particularly IM&As (Kelly et al., 1999; Riad and Vaara, 2011; Van den Steen, 2010; Weber et al., 1996).

Within a framework of sociocultural theory, which was developed based on Russian psychology and L.S. Vygotsky's original ideas, "physical as well as symbolic (or psychological) tools are [considered to be] artifacts created by human cultures over time" (Lantolf, 2000, p.1). Symbolic tools include gestures, music, or numbers. Above all, language is regarded as the most important symbolic tool for human cultures (Vygotsky, 1986, 1987). Thus, the current study focuses on language use, particularly intercultural communication in an internationally merged company in order to examine culture clashes.

The present study interviewed a Japanese director who previously worked at a Japanese company merged with and acquired by a non-Japanese company. Most English for Specific Purposes (ESP) studies have examined cross-cultural communication among employees in merged companies in European contexts; however, the present study explores business communication both before and after the IM&A from the perspective of the Japanese director. Olk and Earley (2000) argue that it is important to examine interpersonal relationships in order to understand strategic alliances, particularly in the development phase.

Theoretical Background: Management Perspectives

With regard to multinational enterprises, the localization (regionalization) vs. globalization, and adaptation vs. standardization of management of human resources or products have been examined in the field of international business studies (Jones, 2011; Yoshihara, 2002). The business of multinational enterprises is influenced by the three factors: economics, politics, and culture. Jones (2011) investigates the influence of multinational enterprises (e.g., the beauty industry) on culture (e.g., the beauty ideal). The research on global business suggests that international business cooperation includes the possibility of misunderstanding about the ways of thinking, protocols for behavior, or communication (Phatak, 1995; Yasumuro, 2007).

Successful business cooperation, including mergers, requires partner companies to have sensitivity to their partners' cultures, have commitment, and develop trust between the companies and individuals involved in the alliance (Child and Faulkner, 1998; Child et al., 2005; Faulkner and de Rond, 2000). Kanter (1994) indicates three key factors in the success of alliances: (1) Self-analysis of each alliance company; (2) Chemistry, particularly the rapport between the chief executives of the two companies; and (3) Compatibility of the two companies' cultures, philosophies, and business customs. Strategic management theory suggests the importance of selection of a suitable partner for the success of alliances (Child and Faulkner, 1998; Faulkner and de Rond, 2000; Geringer, 1991).

With regard to the context in Japan, most studies are case studies of Japanese multinational corporations (e.g., Ajinomoto, Toshiba, Honda) that have been expanding their markets or business overseas (Yasumuro, 1982; Yoshihara, 1992, 2002, 2003, 2011). These studies have been conducted from Japanese corporation-centered perspectives. Yoshihara has examined the relations of language and communication to business. Yoshihara (2011) argues the advantages and disadvantages of Japanese companies' use of Japanese. As an advantage, higher-level quality and quantity of communication and information among Japanese employees are given. One of the disadvantages is the lack of utilization of international human resources. Yoshihara (2011) suggests that Japanese multinational corporations should employ interpreters or translators to take advantage of the use of English in their business, even considering the cost required.

Furthermore, Yoshihara (2011) and Yasumuro (1982) propose that working overseas would be more effective than intensive language learning or studying abroad for Japanese employees' acquisition of their usage of international business English. Yasumuro (1982) suggests that Japanese multinational corporations should take on a different management style (regionalism) from the American style, i.e., centralization of headquarters' power. However, no studies have explored the perspectives of local companies that have merged with or been absorbed by multinational enterprises.

Theoretical Background: Organizational Culture Perspectives

Culture clashes and cultural adaptive ability are significant factors in successful IM&As (Kelly et al., 1999; Riad and Vaara, 2011; Van den Steen, 2010; Weber et al., 1996). According to Weber et al. (1996), two types of culture, national culture and corporate culture, involve culture clashes in IM&As. National culture refers to "the collective programming of the human mind" and corporate culture refers to "the beliefs and values shared by senior managers regarding appropriate business practice" (Van den Steen, 2010, p. 1718).

Avoiding culture clashes between top management in M&As is crucial for their success (Weber et al., 1996). Senior managers may be regarded as representatives of a national culture and they largely influence the formation of the corporate culture (Weber and Schweiger, 1992; Weber et al., 1996). The characteristics of top management culture clashes in M&As are described as "(1) stress, distrust, and annoyance on the part of the acquired team in working with the acquiring team; (2) negative attitudes on the part of the acquired team toward the acquiring organization; and (3) negative attitudes toward cooperating with the top management team" (Weber et al., 1996, pp.1217-1218). Weber et al. (1996) suggest that a cultural fit is significant for success in M&As and they indicate that pre-research on a cultural fit and attention to the process of a cultural fit in post-merger integration are essential for management.

Van den Steen (2010) finds that the costs of culture clashes appear immediately after IM&As and influence mainly the operational efficiency of the merged companies, while the benefits of culture clashes come out much later and influence the fit with the environment. Bronder and Pritzl (1992) suggest assessment criteria for the culture fit: quality orientation, cost orientation, innovation orientation, technology orientation, customer orientation, international orientation, environmental orientation, and employee orientation. Boxall and Purcell (2003) indicate that the cultural fit is one of the key factors in successful M&As and that failure occurs not only during pre-M&As but also during post-M&As.

Theoretical Background: English Communication Perspectives

In the field of second or foreign language education, how to teach English communication in business, medical services, or law (legal) scenarios to speakers of other languages has been studied and developed. For example, textbooks for practice of typical dialogues in business scenarios have been developed based on corpus study of Business English (BE) discourse (Belcher, 2009; Hutchinson and Waters, 1987). Research on Business English as a Lingua Franca (BELF), business communication between different groups of people, each speaking a different first language, aims at clarifying problems of the use of BELF and analyzing individual needs and attempts to connect theory and practice in international business (Belcher, 2009).

In the field of English for Specific Purposes (ESP), which refers to "the role of English in a language course or programme of instruction in which the content and aims of the course are fixed by the specific needs of a particular group of learners" (Richards & Schmidt, 2010, p.198), some research has investigated English communication in a merger (Larsson and Risberg, 1998; Louhiala-Salminen et al., 2005; Very et al., 1998). The studies have examined the following issues: English as a lingua franca (ELF), which refers to "the communication in English that takes place between speakers with different first languages" (Ellis, 2008, p.960); acculturation, "a process in which changes in the language culture, and the system of values of a group happen through interaction with another group with a different language, culture, and system of values" (Richards and Schmidt, 2010, p.5); and how to reach agreement and understanding between the two parties or people. For example, Louhiala-Salminen et al. (2005) examine two cases of an international merger: Finnish and Swedish paper companies and banks. They investigate the similarities and differences in the patterns and practices of business communication in the merged companies after the IM&As through interviews and discourse analyses of e-mails and meetings that are the most frequent communicative events in the merged company. Speech events "are governed by rules and norms for the use of speech, which may be different in different communities" (Richards and Shmidt, 2010, p.544). Speech events have been analyzed mainly in the field of sociolinguistics to examine specific communication styles in different cultures or communities. All of the studies are case studies in European company mergers. Furthermore, the studies have examined communication in merged companies without considering power relations between the two companies (i.e., merging and merged companies) and levels (i.e., executive-level, or middle-management level, or lower-level) of employees in the merged companies. These descriptive studies have focused on national cultures between the two companies in an IM&A.

The merger case studies suggest that an international merger is more challenging than a domestic merger and that communication and co-construction of "a new culture for the new merged company" (Louhiala-Salminen et al., 2005, p.418) are important for a successful international merger (Louhiala-Salminen et al., 2005). Louhiala-Salminen et al. point out that it takes time for the process of a successful merger to play out.

Research Questions

As reviewed in the previous section, most studies of M&As have focused on post-M&As. Research on Japanese multinational companies has focused on their overseas business activities. In other words, the research has investigated the active and aggressive positions of Japanese companies in international business. Few studies have inquired into cases of foreign companies' M&As of Japanese companies where the Japanese companies' position is passive. Culture clashes and cultural adaptive ability are significant factors for the success of IM&As. Languages are the most important artifacts of culture and communication (see Vygotsky, 1986; Wertsch, 1985). Thus, the present study forms and examines the research questions:

1) What problems of culture clash arise in the process of a non-Japanese company's IM&A of a Japanese company?
2) Does a Japanese company have cultural adaptive ability when it is in a passive position, when being merged and acquired by an overseas company?
3) What factors are important for a successful IM&A when a non-Japanese company merges and acquires a Japanese company?

Method

Participant and Interview

The present study is a qualitative study that examines the case of a non-Japanese company (Company X) merging with and acquiring a Japanese company (Company J). The present study focuses on the culture clashes that the Japanese company experienced in the IM&A. The current study also focuses on language use in the IM&A and its management. For data collection we interviewed a Japanese person who was previously a director in Company J. We cannot identify the type of industry of the companies and the participant's personal information (i.e., age, gender) due to confidentiality issues. We interviewed the individual for approximately two hours on October 17, 2011 and June 27, 2012. Schwandt (2001) suggests that "[s]ocial action can best be understood from the accounts and perspectives of the people involved, and thus the focus is on an individual subjective definition and experience of life" (p.17). The interview consists of two stages (the pre-merger stage, and the post-merger stage) of the IM&A. Subsequently after the interview, we pointed out the themes of the interview (culture clashes and cultural adaptive ability) and decided to analyze four categories of communication: (1) communication in meetings, which are considered to be significant business speech events in sociolinguistics; (2) communication outside of meetings during working hours; (3) communication outside of working hours, which is common in Japanese business (e.g., drinking with clients or colleagues after work); and (4) language policy in the IM&A company.

Case Study

In this section, we report on how a Japanese company's communication and culture have changed during the process of an IM&A (i.e., at the two stages of the pre- and post-IM&A), and we then report on the changes in language policy of management and human resources in the IM&A.

Background

Company J, a Japanese company where a participant in this study previously worked as a director, was a domestically well-known company that fell into financial difficulties. The CEO of Company J confidentially planned to merge with a non-Japanese company, Company X. The employees of Company J, including the participant in the present study, did not know of the IM&A plan at that time. Company J preferred an IM&A to a domestic M&A (DM&A).

Corporate Culture of Company J

Company J's culture was very liberal, with an environment to be free to try something new. Company J's employees could say "No" even to their supervisors, which is the opposite of what is generally considered acceptable with regard to the Japanese national culture (i.e., Japanese people rarely say "No"). On the other hand, Company X's culture is more collective than that of Company J (the Japanese company) in management. Company X applied a policy of standardization in management, whereby management became top-down oriented with their top executives applying strong leadership.

Communication at the Pre-IM&A Stage

At the beginning of the merger, superficially there was no culture clash. However, there was a differing recognition of the project to examine the possibilities of an IM&A between Company J and Company X. The mission of the project was to make plans for management after the IM&A (i.e., the size of downsizing). The results of the project were significant for both Company X and Company J. The pre-IM&A project had two important purposes: (1) Company X headquarters' decision on the IM&A of Company J; and (2) Company X's management plan after the IM&A of Company J. Approximately the same number of employees of Company X and Company J participated in the project. Company X's employees asked Company J's employees to create base data for the IM&A plans of the project. Only English was used in the project. Communication between Company X and Company J employees took place in meetings during working hours. There was no communication outside of meetings or of work. Company X employees never worked overtime, and did not seem interested in Company J's original corporate culture, Japanese culture, or language (Japanese).

Several people in each section of Company J participated in the project without knowing that it was the first step in a merger with Company X. Company J employees thought that the merger would be a 50-50 merger and not an M&A. In other words, Company J's project members thought that their position was equal to that of Company X. The results (report) of the project became part of official documents that Company X employed for their decision on business administration after the IM&A (e.g., the size of downsizing in Company J). In other words, Company J's CEO and employees were not aware that the results of the project would have the official force and validity that were important for Company J employees after the merger. Therefore, each section of

Company J did not necessarily select the best people for the project. Furthermore, English ability was given priority in the selection for Company J members of the project rather than work performance.

Company X did not have sufficient knowledge of the Japanese market and used the project for their decision-making in the IM&A with Company J. At the pre-stage level of the IM&A, there was the possibility that Company X might reject the IM&A, based on the results of the project. Company J (from the top to the lower-level employees) made the merger with Company X their highest priority because they had pride of being one of the leading domestic companies in the industry and they did not want a domestic merger with a lower-rank domestic company. Moreover, Company J thought that they could change the contract for the IM&A (i.e., agreement at the pre-stage project level) with Company X after the IM&A. Company J did not become accustomed to the contract business culture and customs of Company X, which are not common in Japanese business and management. Following the pre-merger project, Company J realized Company X's management style and corporate culture, and experienced what is known as culture clash. However, as described earlier, Company J made the merger with Company X a priority, and showed the data that Company X had expected in the pre-stage project. The data in the pre-stage project did not necessarily illustrate Company J's actual situation. Thus, at the very first stage of the IM&A, there were large differences in recognition of business customs and culture between the two international companies, which gave rise to misunderstandings and culture clashes after the IM&A. The participant believes that the two companies' misunderstandings regarding the pre-stage project were a major failure for Company J. The participant thought that the IM&A was a failure because the current merged company had lost Company J's unique strength and become just one of Company X's typical firms.

Moreover, the participant suggests that the two parties should share the goals of a merger from the beginning stages. In the present case, Company J should have been dissolved into Company X, retaining the strength of Company J beyond the power relations between the strong (merging Company X) and the weak (merged Company J).

The participant also indicates that it is necessary to attempt to understand cultural differences in both macro- (corporate) and micro- (individual and personal) levels and to make efforts for better cross-cultural communication.

Communication at the Post-IM&A Stage

Macro-level culture clash

Company X headquarters determined that the culture clashes between Company X and Company J rose to the surface following the IM&A of Company X. After the IM&A, Company J noted that they could not change the plan for the IM&A made by the pre-IM&A project. Company J realized that there was *a strong power relationship* between the two companies as the merging and merged companies, and that it was not a 50-50 merger. The local heads of Company X, some of whom were involved in the pre-stage project and the heads of Company J were ordered to precisely execute the IM&A plan from the pre-stage project by the headquarters of Company X.

In order to force Company J to join Company X's international group, dozens of employees of Company X from all over the world were dispatched to Company J, which gave rise to miscommunication and confusion in the process of the IM&A of Company J.

Company X's non-Japanese employees who came to work in the merged company were surprised to find that the Japanese top management had not carried out the IM&A plans that were decided in the meetings of the pre-stage IM&A. However, they could not report the culture clashes to the headquarters of Company X for fear of being laid off. Some of them were involved in the pre-stage project and had responsibility for the results of the project. Communication between the non-Japanese employees who were dispatched by Company X and Japanese employees who had worked there before the IM&A had only taken place in meetings. However, Japanese employees from the top to the middle levels shared their opinions with each other through communication in meetings either during or outside of working hours.

The results of the pre-stage project did not discursively report (cover) the specific characteristics of the Japanese market, business customs, management of human resources (e.g., relationships with labor unions) and Company J's high-quality control of their products.

Executive-level communication

All executives of Company J including the participant had English-speaking mentors who were sent from Company X. Japanese executives and their mentors worked together during working hours. They also had an interpreter. The three people were always together like a team in their office. The participant thought that the system failed in communication because the Japanese executives and English-speaking mentors were not able to communicate, using their own words. Their communication was always mediated by their interpreter, who was fluent in both English and Japanese, but did not necessarily possess specific knowledge or understand the terminology of the industries of Company X and Company J. Moreover, listening to the interpretation between the two was sometimes boring. The participant thought that it even disturbed their attention to the topic of the discussion and was an obstacle to the communication and mutual understanding between the two parties. The interpreter was not an expert in the industry.

Many ex-executives of Company J left the merged company. For some Japanese executives in the merged company, as a means of communication, Japanese is used at board of directors meetings, but for communication within Company X's international group, English is used and almost all the present top executives of the merged company have high English competence.

Basically, communication between the top executives of Company X and Company J took place only in meetings. The participant felt that the Japanese executives did not express their own opinions in meetings. They just nodded while non-Japanese top managers were speaking in English, and the non-Japanese executives thought that the Japanese executives understood them and agreed with them. The participant thought that the Japanese attitudes gave rise to misunderstanding and miscommunication between Japanese and non-Japanese executives.

The participant thinks that in order to achieve a successful international merger, staff members of the two companies need discussion, using their own words without an interpreter, even though the English of the non-native staff may not be fluent. The participant feels that there are limitations to communication mediated by an interpreter. The participant suggests that, rather than mentors, native English-speakers should accompany Japanese executives and that Japanese executives should have the opportunity to speak English and express his or her own ideas in English in their daily life, in much the same way as international sumo wrestlers who acquire Japanese naturally.

Middle manager-level communication

Some Japanese middle manager-level employees were sent to the country where Company X's head office was located and others took English courses in Japan. Japanese was used in daily business activities. By the time several years had passed since the IM&A, all the general managers of the merged company were able to speak English. While Japanese was used in meetings in Japan, English was mandatory in intercultural communication within Company X's international group.

Other employee communication

The merged company gave other general workers the chance to take English courses, in response to their requests. Regular employees of Company J used only Japanese at their working places.

Change of Standard for Employment

Company X adopted English ability-oriented employment and human resources management. First, employees of Company J who had high English proficiency were promoted in the merged company. However, the promotions ended in failure, because success in business requires ability in work as well as English. Many Company J employees who had high working aptitude left the newly merged company. In other words, Company J lost many of their assets at that time.

Next, under the initiative of Company X, new employees were hired from outside Company J, which also ended in failure. The employees whom Company X hired had changed their jobs with foreign-affiliated companies in Japan several times like migratory birds and *lacked* accomplished work abilities or specific skills, as well as knowledge of the industries of Company X and Company J.

Successful Employment in the Merged Company

Employment of new graduates, which is common in Japan, based on the conventional Company J's two employment criteria (assessment of personality and ability for work) and English ability, was successful. Those employees who were selected for their work and English abilities (i.e., selected based on their standards of both work and English ability) played important roles in the merged company after the IM&A. From these experiences, the participant believes that ability in both work and English can ensure success in international enterprises.

Discussion

With regard to Research Question 1 (Culture Clashes between a Non-Japanese Company and a Japanese Company)

Culture clashes came to the surface after Company X (a non-Japanese company) merged with and acquired Company J (a Japanese company), although Company J's top managers and employees noticed that there was a culture clash before the IM&A (i.e., in the process of the pre-IM&A study project). The Japanese company's silence and differing recognition of business contracts and customs subsequently caused a serious culture clash in the IM&A.

Both national and corporate culture clashes were observed in the IM&A. These culture clashes had not surfaced before the IM&A. One of the reasons was that the top executives of Company J gave priority to the IM&A over a domestic merger and acquisition, and they thought that they could change the plans that the pre-stage collaborative project with Company X had made before the IM&A. Company J (the Japanese company) did not become accustomed to the contract-oriented culture of Company X, which was considered to be one of the national culture clashes in the present case.

The culture clashes appeared after the IM&A. The national culture clash and the Japanese employees' language (English) problems produced miscommunication between the non-Japanese and Japanese employees within the merged company. The Japanese top- and middle- level employees did not express their opinions in meetings because they were not used to discussions at meetings and their English ability was not sufficient for discussion with the non-Japanese employees.

The corporate culture clash occurred in the IM&A because of different conceptions of meetings and decision-making through discussion in meetings. Decision-making through discussion in meetings was important to Company X's management, while Company J believed that decisions made during previous meetings could easily be changed later. Company J's corporate culture was not top-down and flexible, which was totally different from that of Company X. The financial situation within the merged company has gradually recovered following the IM&A for several reasons. Company X had then begun adjusting to the local market in Japan, however the Japanese economic situation has changed since the IM&A. Japanese consumers' needs are well suited to Company X's products. If Company X had taken a little more localization-oriented management, the merged company's financial recovery might have occurred much earlier.

With Regard to Research Question 2 (A Merged Japanese Company's Cultural Adaptive Ability)

The Japanese company and its employees did not have cultural adaptive ability in the present case, which differed from the results of previous research on Japanese companies' culture adaptability in their international joint ventures overseas (see Weber et al., 1996). When non-Japanese companies are contemplating an IM&A with a Japanese company, they should consider the candidate Japanese company's cultural adaptive ability of their national and corporate cultures. Regarding Japanese national culture, Japanese do not express their opinions in official meetings. Instead, they reveal their thoughts in unofficial meetings during working hours or outside of working hours. Japanese silence in meetings does not mean that they agree. Company J's Japanese employees did not obey the decision (the plan for the IM&A) that was approved in meetings, because they believed that they could alter the decision after the IM&A. From the perspectives of Company X, the Japanese employees' attitudes might appear strange and insincere. But if Company J's members of the pre-stage project team or Company J's top management could have expressed their opinions and got over the language (English) barrier in meetings, the culture clashes after the IM&A might have been alleviated. However, as there was a power relationship between the two companies, Company J's assertions might be limited.

With Regard to Research Question 3 (Important Factors for Successful IM&As)

The present study can provide practical suggestions for successful IM&As, particularly IM&As of a Japanese company, based on the results.

The importance of decision-making on a merger.

Company J in the present study chose an international merger rather than a domestic one. We can imagine that selection of a domestic merger in a financially difficult time would be difficult for CEOs from the emotional aspect because they have been opposed in the same domestic market competitively just before the merger. The participant in the present study said that Company J's employees from the upper and lower levels did not want a DM&A because of their pride as a leading domestic company. However, as Louhiala-Salminen et al. (2005) suggest, generally an international merger is more difficult to successfully implement than a domestic merger. The present study shows the difficulty of an IM&A because of business cultural differences at the very beginning stage of the merger. The final decision on a merger needs to be made with thoughtful pre-simulation of merging and meticulous study of the candidate companies, including history, culture, identity, and business style. Furthermore, businessmen and business scholars should exchange their knowledge and experience for the success of M&As. For example, if Company J's top executives conducted a case study of Company X's previous IM&A, they might have made a different decision on their merger (Collins et al., 2009). Collins et al. (2009) find that a company's previous experience with IM&A is more predictive of subsequent IM&A success or failure.

Ideal employees in an international company.

Not only Japanese companies but also international enterprises tend to consider that a person with high English ability can be an asset for their overseas business activities. However, the results of the present study suggest that *work* capability is important and may be more of a priority than ability in English. This does not mean English proficiency is not necessary for successful international business. But it is important to determine the threshold level of English and the minimum requirement of English ability in specific business fields.

Language in Japanese multinational enterprises.

The participant in the Japanese company in the current case study suggests that Japanese employees should use their English without using an interpreter as a means of communication in a multinational enterprise. The participant's suggestion differs from Yoshihara's (2011) suggestion that Japanese companies should employ interpreters and translators. Their differences may stem from different contexts. As reviewed earlier, most studies of Japanese companies' international business have been done from the Japanese company-centered perspectives in the case of expanding their overseas business. However, cases of Japanese companies being merged with and acquired by foreign enterprises will increase in the future. Further research is needed to establish an ideal model of communication in specific contexts such as Japanese enterprises overseas or foreign enterprises in Japan.

Methods for employees' acquisition of business English.

The participant in the present study suggests that Japanese employees should acquire business English in their overseas work, which confirms the findings of Yoshihara (2011) and Yasumuro (1982). The use of business English at Japanese companies and multinational corporations in Japan will be increasingly required in the future.

Empirical research on the effectiveness of overseas work or only use of English in the workplace on non-native speakers' (e.g., Japanese employees') acquisition of business English is necessary to establish effective methods for non-native English speakers' acquisition of business English.

Power relations and international communication in business.

It is challenging to establish mutual cross-cultural communication in business situations with a relationship of power. In the present study, Company X, the non-Japanese company, had absolute power over Company J because Company X merged with and acquired Company J. Louhiala-Salminen et al. (2005) suggest that the mutual understanding of the two parties is essential for a successful cross-border merger. However, the two parties in an IM&A need to realize the difficulties in reality because of the existence of power relations between them and consider the benefits as well as the costs of an international merger before making their decision. Company X attempted to use mentors as a bridge between them and Company J. Further studies of the role of mentors as well as interpreters (e.g., their discourse analyses) are needed in the future with regard to the success of IM&As.

Conclusion

The present study examines culture clashes and cross-cultural communication from the perspective of a Japanese director. The present study is a case study that only investigates the director's point of view in the process of an international merger and acquisition. Further research on others' perspectives, e.g. that of a mentor in Company X or an interpreter, can elucidate the outlines of what was actually going on in the IM&A. The genders of the director, mentor and interpreter may have influenced their communication, as well as their positions in the merged company.

In spite of their limitations, the results of the current study offer practical suggestions for a "cultural fit," which is the key to successful IM&As. The current case study also suggests the importance of decision-making and specific analyses of target companies' national and corporate cultures prior to an IM&A, as well as the recruitment standards for local employment and promotion of international enterprises, all of which can be said to be the present study's practical contributions to international business and M&A, particularly international business with Japanese companies.

The theoretical contribution of the present study is the examination of both the pre- and post-stages of a non-Japanese company's IM&A of a Japanese company, and the demonstration of differing appearances of culture clashes at each stage, which were critical to the business and management of the IM&A company in Japan. Furthermore, the current study focused on a Japanese company that was merged with and acquired by a non-Japanese company, where the Japanese company's position was largely passive. As the reports of JETRO and METI show, more and more non-Japanese companies have recently invested and merged with Japanese companies, and have developed business in Japan. The results of the present case study can provide important advice to non-Japanese companies on achieving success in business with Japanese companies.

The current study also analyzed the culture clashes in an IM&A from the perspectives of both business and applied linguistics. Collaboration work in different disciplines (e.g., anthropology, business, linguistics, management, sociology) can give more profound insights into IM&As. The potential for international enterprises merging with and acquiring Japanese companies in the future will increase not only in Japan, but throughout the world. Furthermore, studies of culture, communication and business like the present one will ensure a clear outlook on business globalization (Lipartito, 2008). We believe that we have shed a little light on a successful international M&A and provided useful information to companies whose business and business communication has globalized.

Acknowledments

The present study was supported in part by a Grant-in-Aid for Scientific Research (C), No. 24234567 from Japan Society for the Promotion of Science. An earlier version of this article was presented at the 29th Euro-Asia Management Studies Association Annual Conference (November, 2012, Singapore). We would like to thank Chie Iguchi for her insightful comments on an earlier version of this article. Our sincere thanks go to the participant in this study. We are also grateful to the three anonymous reviewers and the editors of *Academy of Multinational Enterprises* for their constructive suggestions and comments on this article.

References

Barmeyer, C., & Mayrhofer, U. (2008) "The contribution of intercultural management to the success of international mergers and acquisitions: An analysis of the EADS group." *International Business Review, 17*, 28-38.

Belcher, D. (Ed.). (2009). *English for specific purposes in theory and practice*. Ann Arbor, MI: University of Michigan Press.

Boxall, P., & Purcell, J. (2003). *Strategy and human resource management*. Basingstoke, UK: Palgrave Macmillan.

Bronder, C., & Pritzl, R. (1992) "Developing strategic alliances: A conceptual framework for successful co-operation." *European Management Journal, 10*(4), 412-420.

Child, J., & Faulkner, D. (1998). *Strategies of cooperation: Managing alliances, networks, and joint ventures*: Oxford University Press.

Child, J., Faulkner, D., & Tallman.S.B. (2005). *Cooperative strategy*: Oxford University Press.

Collins, J. D., Holcomb, T. R., Certo, S., Hitt, M. A., & Lester, R. H. (2009) "Learning by doing: Cross-border mergers and acquisitions." *Journal of Business Research, 62*, 1329-1334.

Ellis, R. (2008). *The study of second language acquisition* (2nd ed.). Oxford: Oxford University Press.

Faulkner, D. O., & de Rond, M. (2000). Perspectives on cooperative strategy. In D. O. Faulkner & M. de Rond (Eds.), *Cooperative strategy: Economic, business, and organizational issues* (pp. 3-39): Oxford University Press.

Geringer, J. M. (1991) "Strategic determinants of partner selection criteria in international joint ventures." *Journal of International Business Studies, 22*, 41-62.

Hutchinson, T., & Waters, A. (1987). *English for specific purposes: A learning-centered approach*. Cambridge, UK: Cambridge University Press.

Japan External Trade Organization (JETRO) (2004). *M & A case studies for "invest Japan": Successful alliances with Japanese companies*. Tokyo, Japan.

Jones, G. (2011) "Globalization and beauty: A historical and firm perspective." *EurAmerica, 41*(4), 885-916.

Kanter, R. M. (1994) "Collaborative advantage: The art of alliances." *Harvard Business Review, (July/Aug.)*, 96-108.

Kelly, J., Cook, C., & Spitzer, D. (1999). Mergers and acquisitions: A global research report, *KPMG* (pp. 1-21). London, UK.

Lantolf, J. P. (2000). Introducing sociocultural theory. In J. P. Lantolf (Ed.), *Sociocultural Theory and Second Language Learning* (pp. 1-26). Oxford: Oxford University Press.

Larsson, R., & Risberg, A. (1998). Cultural awareness and national versus corporate barriers to acculturation. In M. C. Gertsen & A. Soderberg & J. E. Torp (Eds.), *Cultural dimensions of international mergers and acquisitions* (pp. 39-56). Berlin, Germany: de Gruyter.

Lipartito, K. (2008). Business culture. In G. Jones & J.Zeitlin (Eds.), *Business history*: Oxford University Press.

Louhiala-Salminen, L., Charles, M., & Kankaanranta, A. (2005) "English as a lingua franca in Nordic corporate mergers: Two case companies." *English for Specific Purposes, 24*(4), 401-421.

Olk, P., & Earley, C. (2000). Interpersonal relationships in international strategic alliances: Cross-cultural exchanges and contextual factors. In D. O. Faulkner & M. de Rond (Eds.), *Cooperative strategy: Economic, business, and organizational issues* (pp. 307-323): Oxford University Press.

Phatak, A. V. (1995). *International dimensions of management*. Cincinnati, OH: South-Western.

Riad, S., & Vaara, E. (2011) "Varieties of national metonymy in media accounts of international mergers and acquisitions." *Journal of Management Studies, 48*(4), doi: 10.1111/j.1467-6486.2010.00940.x

Richards, J. C., & Schmidt, R. (2010). *Longman dictionary of language teaching and applied linguistics* (4th ed.). Harlow, England: Longman.

Schwandt, T. A. (2001). *Dictionary of qualitative inquiry* (2nd ed.). Thousand Oaks: Sage.

The Ministry of Economy, Trade, and Industry. (2010a). *The 2010 (41st) Survey of Overseas Business Activities, in Japanese.* Retrieved from the World Wide Web: http://www.meti.go.jp/statistics/tyo/kaigaizi/result/result_41/pdf/h2c420nj.pdf accessed 19 Jun 2012.

The Ministry of Economy, Trade, and Industry. (2010b). *The 44th Survey of Trends in Business Activities of Foreign Affiliates (Summary).* Retrieved from the World Wide Web: http://www.meti.go.jp/english/statistics/tyo/gaisikei/pdf/h2c200me.pdf, accessed 19 Jun 2012.

Van den Steen, E. (2010) "Culture clash: The costs and benefits of homogeneity." *Management Science, 56*(10), 1718-1738.

Very, P., Lubatkin, M., & Calori, R. (1998). A cross-national assessment of acculturative stress in recent European mergers. In M. C. Gertsen & A. Soderberg & L. E. Torp (Eds.), *Cultural dimensions of international mergers and acquisitions* (pp. 85-110). Berlin: de Gruyter.

Vygotsky, L. S. (1986). *Thought and language*. Cambridge, MA: MIT Press.

Vygotsky, L. S. (1987). *The collected works of L.S. Vygotsky* (Vol. 1). (N. Minick, Trans). In R. W. Rieber & A. S. Carton (Eds.). New York: NY: Plenum.

Weber, Y., & Schweiger, D. M. (1992) "Top management culture conflict in mergers and acquisitions: A lesson from anthropology." *International Journal Conflict Management, 3*, 1-17.

Weber, Y., Shenkar, O., & Raveh, A. (1996) "National and corporate cultural fit in mergers/ acquisitions: An Exploratory study." *Management Science, 42*(8), 1215-1227.

Wertsch, J. V. (1985). *Vygotsky and the social formation of mind*. Cambridge, MA: Harvard University Press.

Yasumuro, K. (1982). *Kokusaikeieikoudouron* [Studies of international business behavior]. Tokyo, Japan: Moriyamasyoten, in Japanese.

Yasumuro, K. (2007). *Shinglobalkeieiron* [New studies of global business]. Tokyo, Japan: Hakutosyobo, in Japanese.

Yoshihara, H. (Ed.). (1992). *Nihonkigyo no kokusaikeiei* [International business of Japanese companies]. Tokyo, Japan: Dobunkan, in Japanese.

Yoshihara, H. (Ed.). (2002). *Kokusaikeieiron heno syotai* [Introduction to international business studies]. Tokyo, Japan: Yuhikaku, in Japanese.

Yoshihara, H. (2003). *Case book kokusai keiei* [Cases in International Business]. Tokyo, Japan: Yuhikaku, in Japanese.

Yoshihara, H. (2010) "Kokusaibusinesskenkyu no kaiko to tenbou: Senryaku ga kawaru, management mo kawaru [A review and future of International Business: Change of strategies and management]." *Japan Academy of International Business Studies, 2*(2), 141-143, in Japanese.
Yoshihara, H. (2011). *Kokusaikeiei* [International business of Japanese companies] (3rd ed.). Tokyo, Japan: Yuhikaku, in Japanese.