UNIVERSITY OF VAASA

School of Marketing and Communication

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Cultural issues that family-owned businesses face in cross-border acquisition processes

Master`s Thesis in Marketing

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ABBREVIATIONS

FDI	Foreign Direct Investment
FoB	Family-owned Business
I/C	Individualism versus Collectivism
I/V	Indulgence versus Restraint
i.e.	id est (that is)
LTO	Long-Term Orientation
M&As	Mergers and Acquisitions
M/F	Masculin versus Feminin
MCN	Multinational Corporation
PDI	Power Distance
PMI	Post-merger integration phase
PR	Public relations
RBV	Resource-based view
SEW	Socioemotional wealth
UAI	Uncertainty Avoidance Index

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ABSTRACT

The importance and weight of Mergers and Acquisitions (M&As) in the corporate world has steadily grown in the past few decades and as the world economies themselves grow more heavily interconnected in the age of globalisation, the same weight and importance reflects in the interest governments and other international bodies put into the subject. This, has lead academic research in the M&A field to be abundant, distributed in many different historical trends and heavily concerned with figuring out the motives behind M&A transactions, as well as, the reasons behind their success or their failure. Moreover, the rapid development in global economy and the increasing number of cross-country and multi-country M&A acquisitions, has also brought to the forefront issues regarding the cultural differences between the countries of origin of the firms involved.

However, an issue rarely discussed in M&A literature concerns the relevance of family-owned business (FoBs) in the global economy and specially, the different dimensions with which they approach a M&A process. Consequently, little is known of the peculiarities of how M&A transactions are approached, managed and perceived in cross-border settings by FoBs and what role cultural differences play as catalysts for their success or failure.

Thus, being a relatively unexplored subject of study, this research strives to address this particular gap in literature. To this purpose, one main research question with three sub-questions was developed. The main question investigates what are the cultural factors that influence the acquisition process in a family-owned business in a cross-border setting. The sub-questions explore what are the main differences between non-family owned and family-owned firms, which family factors affect the success in the pre-combination phase in cross-border M&As, and what aspects of the integration and post-acquisition phases of a FoB are influenced by culture. Exploratory qualitative research was employed within this empirical study to answer the research questions through conducting thirteen semi-structured interviews within one case company. The interviewee pool consisted of members of both merging companies, involved at different stages of the acquisition process, as well as, members of the law firms that helped broker the deal. Theory-guided content analysis was then used when analysing and interpreting the data.

Results of the literature study helped to create a comprehensive typology to classify different types of family-owned businesses, which was then subsequently utilised to classify both the bidding and the target companies; additionally, it helped to create a conceptual framework to analyse the acquisition process, highlighting the way cultural differences, particularly of national nature, play an integral part in the integration process and how FoB-to-FoB M&As differ from those of listed firms. This was further enforced through the analysis of the case company interviews, as it helped to create an image of the acquisition process and decision rationale inside of a FoB, and it became apparent that every relevant aspect of the integration process is influenced by the cultural differences of the companies involved, as stated in the existing literature, however, no evidence of cultural differences enhancing performance was found; while family-related factors (i.e., SEW, value networks, approval of family members with or w/o decision making rights) were found to play a bigger role during the pre-acquisition phase and in the formation of the integration plan

KEY WORDS:

Mergers and Acquisitions - Family-owned business – cross-border M&As – cultural differences

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TIIVISTELMÄ

Fuusoiden ja yrityskauppojen merkitys ja painoarvo yritysmaailmassa ovat kasvaneet tasaisesti viime vuosikymmeninä ja kun maailmantaloudet liittyvät toisiinsa globalisaation aikakaudella, sama painoarvo ja merkitys heijastuvat hallituksiin ja muihin kansainvälisiin elimiin, jotka ottivat aiheen esille. Tämä on johtanut yrityskauppojen akateemiseen tutkimukseen, joka on runsasta, jakautuneena moniin erilaisiin historiallisiin suuntauksiin ja joka on keskittynyt voimakkaasti yrityskauppojen motiivien selvittämiseen sekä niiden onnistumisten tai epäonnistumisten syihin. Lisäksi maailmantalouden nopea kehitys ja maiden välisten yritysjärjestelyjen lisääntyminen ovat nostaneet ensisijaisiksi kysymykset, jotka koskevat osallistuvien yritysten alkuperämaiden kulttuurieroja.

M&A-kirjallisuudessa harvoin käsitelty asia koskee kuitenkin perheyrityksen merkitystä maailmantaloudessa ja erityisesti sen eri ulottuvuuksia, joilla ne lähestyvät yritysjärjestelyjä. Tämän seurauksena on vähän tietoa erityispiirteistä, kuinka FoB:t lähestyvät, hallitsevat ja ymmärtävät yrityskauppoja ja miten ne ymmärtävät maiden välisiä olosuhteita ja millainen rooli kulttuurieroilla on katalysaattoreina menestykseen tai epäonnistumiseen.

Siksi, koska tutkimus on suhteellisen tutkimaton aihe, tämä tutkimus pyrkii korjaamaan tätä kirjallisuuden erityistä aukkoa. Tätä varten kehitettiin yksi päätutkimuskysymys, jossa oli kolme alakysymystä. Pääkysymys selvittää, mitkä ovat kulttuuritekijät, jotka vaikuttavat perheyrityksen hankintaprosessiin rajat ylittävässä ympäristössä. Alakysymyksissä selvitetään, mitkä ovat tärkeimmät erot perheyritysten ja muiden yritysten välillä, mitkä perheen tekijät vaikuttavat hankintaprosessin onnistumiseen FoB:ssa ja mitkä FoB:n integraatiovaiheen näkökohdat vaikuttavat kulttuuriin. Eksploratiivista tutkimusta käytettiin tässä empiirisessä tutkimuksessa vastaamaan tutkimuskysymyksiin tekemällä kolmetoista teemahaastattelua yhdessä yrityksessä. Haastateltavana olevat henkilöt koostuivat molempien fuusioituvien yhtiöiden jäsenistä, jotka olivat mukana hankintaprosessin eri vaiheissa, sekä asianajotoimistojen jäsenistä, jotka auttoivat välittämään kaupassa. Sitten analysoitiin ja mallinnettiin tietoja teorialähtöisellä sisällönanalyysiluokituksella.

Kirjallisuustutkimuksen tulokset auttoivat luomaan integroivan kehyksen erityyppisten perheyritysten luokittelemiseksi, jota käytettiin myöhemmin sekä tarjouskilpailuyrityksen että kohdeyrityksen luokitteluun. Lisäksi se osoitti, että kulttuurierot ja perheeseen liittyvät tekijät, erityisesti kansalliset, ovat olennainen osa hankintaprosessia. Tätä toteutettiin edelleen analysoimalla tapauskohtaista yrityshaastattelua, koska se auttoi luomaan kuvan hankintaprosessista ja päätöksenteon perusteista FoB:n sisällä, ja kävi ilmeiseksi, että kulttuurierot vaikuttavat integraatioprosessin kaikkiin merkityksellisiin näkökohtiin osallistuvista yrityksistä, ei kuitenkaan löydetty näyttöä suorituskykyä parantavista kulttuurieroista; perheeseen liittyvien tekijöiden (ts. SEW, arvoverkostojen, perheenjäsenten hyväksymisen) havaittiin olevan suurempi rooli hankintaa edeltävässä vaiheessa ja integraatiosuunnitelman muodostamisessa.

AVAINSANAT:

Fuusiot ja Yrityskaupat – Perheyritysten – maan rajat ylittävät yrityskaupat – kulttuurierot – integraatioprosessi

1 INTRODUCTION

In the current chapter, the background and need for this research will be explored, after which, the research questions will be defined. Subsequently, the study's scope will be established, and a general structure to this study will be outlined.

1.1. Background

The modern international economic landscape is increasingly characterised by its fast paced dynamism and the highly dominant effect that globalisation has on old pre-established models and processes. Trends such as the growing interdependence among countries, the formation of regional blocs, the rise of emerging economies in Asia and Latin America, as well as, surprising technological advances in different sectors, make for an increasingly competitive and changing global environment. As a result of these trends, globalisation of markets and internationalisation of companies have increased even more, making it imperative for entrepreneurs to have a cosmopolitan vision of the enormous international economic opportunities, as well as, to rethink concepts and economic strategies for the global markets.

According to Johnson, Scholes and Whittington (2008:54), the environment is what provides any given organisation of the means to assure its survival; however, it is also undoubtedly the source of most threats to the businesses. On this respect, a set of layers can be identified as essential to the analysis of the global business environment: Markets/Competitors, Industry/Sector and the Macro-environment (Johnson et al. 2008:54-55).

In an environment made of layers of this nature, internationalisation appears as a pressing need for companies to increase their presence and activity outside their own borders (Welch and Luostarinen 1988). However it should be noted that this is also a difficult, complex and costly process (Dunning 2000, Laine and Kock 2000), which may even harm the company if they undertake the process before doing a rigorous research and analysis before making such a serious decision.

One issue that has been intensely debated among researchers, with a high interest from the strategic management point of view and from the industrial economy (Rosa Reis, Carvalho and Ferreira 2015) is that of mergers and acquisitions (M&As) and the consequences that such strategies have on the companies subject to it and the markets in which such companies operate (Chen, Meng, and Li 2018; Reddy 2015; Weber and Tarba 2013; Weber, Tarba, and Bachar 2011). However, a category of firms in a different ownership structure rarely discussed in research not explicitly focused to the subject, are family-owned business (FoB).

According to the Family Firm Institute, about 70% to 90% of the world's GDP and 50% to 80% of jobs in most countries are directly linked to family-owned business operations (2017) and depending on the definition used by researchers, it is overwhelmingly the most common form of organisations, accounting anywhere from 60% to 90% of business worldwide (Parada, Müller and Gimeno 2016). While in Europe, the figures range anywhere from 40% to 60% of all jobs held in private employment (European Family Businesses 2018a). In Finland, although not comparable, but still significant is reported by Perheyritysten liitto that 20% of GDP and 23% of total employment is directly linked to family-owned business operations, however, the difference in definitions and estimation methods can be partially to blame for the large variation in percentages (2017).

And similar to SMEs, family-owned business are being forced more and more towards adopting growth and diversification strategies that look outside of their national borders to further develop their competitive advantages and sometimes, to overcome challenging economic conditions in their home countries (De Massis, Frattini, Majocchi and Piscitello 2018), even when doing it so might feel counter intuitive. Regarding this aspect, Worek reports that growth strategies inside family-owned business and research on M&A seem to be contradictory (2017) and lack of research can be partially explained by this discrepancy, with empirical studies on M&As involving family-owned business being relatively scarce (Gleason, Pennathur and Wiggenhorn 2014).

1.2. Objective of this research

The purpose of this Master Thesis is to investigate which cultural differences influence the cross-border integration of family-owned businesses involved in an acquisition process, taking as subject of study a Finnish multinational which in 2017 acquired an Italian family-owned company. In addition, the study will intent to shed light on the importance of family-owned business in cross-border M&As processes, unmasking integration challenges caused by both national, company culture divergences and family-related factors, thus improving chances of a successful integration. **Figure 1** below serves as a visual representation of the objectives of this research.

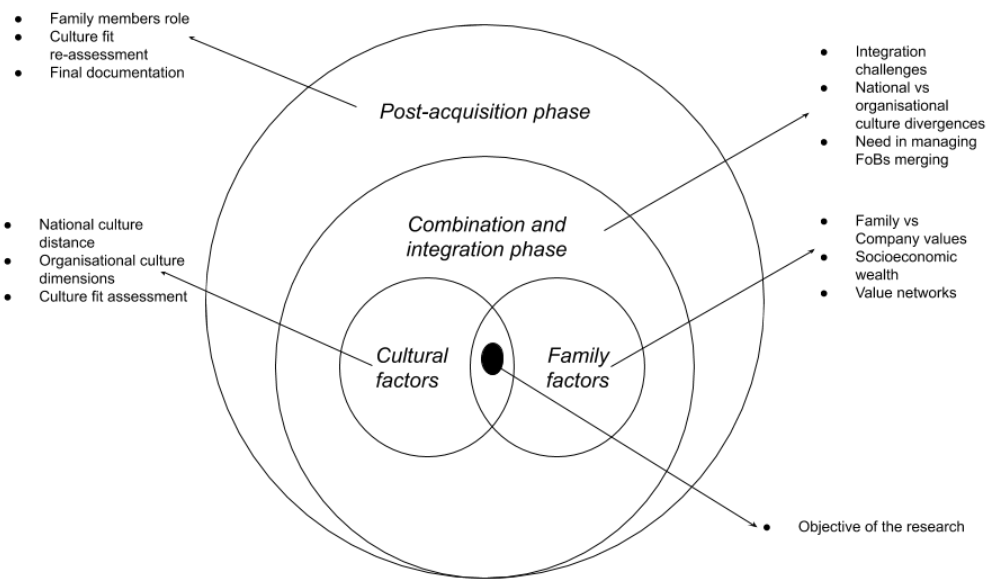


Figure 1. Objective of the research.

1.3. Problem definition

Cultural issues are seen as the primary cause of cross-border M&A failure (Weber and Tarba 2013; Teerikangas and Véry 2012; Vasilaski 2011; Weber et al. 2011; Almor, Tarba and Benjamini 2009; Morosini et al. 1998), however, research seldomly focuses on how different types of internationalisation processes intersect with different types of family-owned businesses (De Massis et al. 2018), merger and acquisitions in family-owned firms (Rosa Reis 2015) or cultural divergence in merging family businesses (Bjursell 2011).

Furthermore, the integration process is seen as critical in the success of any M&As (Gleason et al. 2014). Such criticality is further multiplied when considering companies from different countries (Chen et al. 2018; Morosini et al. 1998). Thus, given than in a cross-border M&A, a company is not only influenced by their own company cultural differences, but also by both national cultural differences, a dual cultural conflict might arise (Vaara 2003).

It has been proposed by Junni and Sarala (2011), that further research is needed in order to explore how cultural interventions and integration should differ depending on the cultural integration mode. Whereas Mickelson and Worley suggest to further explore the family factors that affect successful post-acquisition integration in family-owned business (2003).

1.3.1. Research questions

With the aforementioned background, objectives and research problem outlined in the sections above, the research questions developed to guide this study can now be presented. The main research question of this study is:

"What are the cultural factors that influence the acquisition process of a family-owned business in cross-border settings?"

Additionally, three subquestions have been developed in order to further guide this research:

I. How are cross-border acquisitions of family-owned businesses defined?

II. Which family factors affect the success in the pre-combination process in family-owned businesses?

III. What aspects of the integration and post-acquisition phase of family-owned business are influenced by culture?

To help solve these research questions, from the literature review to be conducted in chapter 2, a framework to support this study will be developed. Afterwards, a conceptual framework of the themes that emerged during the data collection process will be created, in order to aid in the data analysis of this study, with the intent of answering the research questions, after which, suggestions and managerial contributions will be introduced. This research will provide a case company and will intent to provide an answer to the research question, making use of the international business and management's fields understanding and existing research on family-owned firms, M&As and cultural issues.

1.3.2. Key concepts and definitions

Cross-border M&As. The ultimate stage in the companies' strategic integration process

(Schuler and Jackson 2001) that happens between companies located in different countries.

Acquisition. A friendly or hostile process (Rosa Reis et al. 2015) where one company buys another company and its management is consistent with the acquirer's needs (Schuler and Jackson 2001).

Culture. Two dimensions of culture are identified in M&As: national and corporate culture. Nonetheless, culture as a lone subject can be understood according to Hofstede (2009) as the shared conditioning of the human mind that helps to set apart members of one human group from those of another.

National Culture. As any other term of culture, it applies to human collectives, in this case a nation (Hofstede 2009). It encompasses a common bond based on institutions, themes and experiences that members of a state face, which ultimately shapes their value orientations.

Organisational Culture. Often used interchangeably with *Corporate Culture*, Schein and Schein (2016) propose that it could be understood as the climate and practices that organisations develop on how they handle people, or to the promoted values and statement of beliefs of an organisation.

Dimensions of National Culture. The cultural dimensions constitute the preferences in relation to one state of affairs over another that allows countries to be distinguish from one another (Hofstede 2009). These dimensions are: Power Distance (PDI), Individualism versus Collectivism (I/C), Masculinity versus Femininity (M/F), Uncertainty Avoidance Index (UAI), Long-Term Orientation versus Short-Term Orientation (LOT) and Indulgence versus Restraint (I/R).

Family-owned business. For this study I follow the essence approach agreed by European Family Businesses (2018b), which lists 4 important vectors: decision-making of the company is in hands of its founder, immediate next to kin or their heirs or in possession of the natural person who has acquired their shares; the decision-making power can be direct or indirect; at least one family member is formally involved in the firm's governance; and, if listed, the founder or the person who acquired the firm, their families or descendents have 25% of the decision-making rights.

Pre-combination phase. According to Schuler and Jackson (2001), the pre-combination stage includes all of the activities that occur before any M&A is legally recognised. This phase is where all the discussions about the M&A strategies and financial aspects and considerations take place.

Combination and integration stage. This is the stage where two different management styles, processes, cultures and behaviors are merged together into a new entity (Schuler and Jackson 2001).

Post-acquisition phase. This stage is mainly focused on the readjusting, solidifying and fine-tuning (Schuler and Jackson 2001) activities that come after the integration has officially closed.

1.4. Scope of the study

Given constraints of time, financing and accessibility to both information and people involved in the case study, the present thesis work will be limit itself to answering the research questions presented above using as case company as large Finnish. The objective of the research is to analyse the cultural factors associated with a successful integration of two merging family-owned business after an acquisition between the two has occurred. However, as access to legal and financial documents of the transaction was restricted, the study will be limited to the self-reported experiences and opinions of those involved in the transaction.

1.5. Structure

In this study, six sections can be found, each serving an specific purpose. Chapter 1 serves as an introduction to the research, clarifying the reasons why the subject was chosen, also including the background, objectives, scope and the identification of the research problem and the development of the research question, as well as, its subquestions, and it offers an outline of the thesis.

Chapter 2 serves as the theoretical link to the research, summarising the literature applied in the study. In Chapter 3, the research approach, design and strategy are introduced. The data collection and data analysis processes utilised are presented and aim to explaining how research quality and trustworthiness were achieved.

Chapter 4 introduces the empirical material collected, as well as, the case companies within which the present project took place at. Included is a conceptual framework which was developed from the themes that emerged during the data analysis. Chapter 5 contains the data analysis and interpretation of findings, and by discussing the implications of the conceptual framework for understanding the cultural dimensions involved in the integration process of a cross-border M&A, aims to answer this thesis' research questions.

Lastly, managerial implications conclusions are presented in Chapter 6. Additionally, suggestions for further research and the limitations of this study are also put forward.

2 LITERATURE REVIEW

In the current chapter, the theoretical information concerning this research will be presented. It seeks to identify what is currently known in the subject area of cross-border acquisition processes inside of family-owned businesses, as well as, any possible research gaps.

The exploratory nature of this study means that rather than a deep-level exploration into a specific area, a more broad-level literature review among a varied number of subject areas was conducted.

2.1. Definitions of Mergers and Acquisitions

Acquisitions and mergers can be viewed as the ultimate stage in the companies' strategic integration process. In the combination scale first comes licensing as the less complex, then alliances, after that joint ventures and finally acquisition with the greatest implication both financial and organisational (Schuler and Jackson 2001). However, the terms are more often than not used interchangeably (Rosa Reis et al. 2015), therefore a proper definition of both it is needed.

In an acquisition, one company buys another company and its management is consistent with the acquirer's needs (Schuler and Jackson 2001). This process can be either in a friendly or a hostile manner (Rosa Reis et al. 2015) and can either involve acquisition and integration or acquisition and separation, the former of which has greater staffing implications (Schuler and Jackson 2001). Whereas a merger is a process that unfolds when two or more companies are embedded together, forming a single entity and combining both assets and debts (Rosa Reis et al. 2015), and can be between companies considered equals or unequals, the later of which, does not compel companies to share staffing implications (Schuler and Jackson 2001). Nevertheless, sometimes due to fiscal, PR or even personal reasons from top management of the company being acquired, an acquisition can be labelled as a merger instead (Rosa Reis et al. 2015).

The number of both mergers and acquisitions has increased substantially throughout the years, part of the globalisation trend experienced by organisations across the globe (Teerikangas and Véry 2012). Furthermore, the number of such transactions happening across borders and consequently becoming a major tool for internationalisation and growth of multinational corporations has skyrocketed (Vasilaski 2011; Morosini, Shane, and Singh 1998). Nevertheless, as with any other domestic M&As, the rate of failure among these ventures is rather high (Teerikangas and Véry 2012; Vasilaski 2011). Culture tends to be the main culprit cited for both domestic and international M&A failure (Weber and Tarba 2013; Teerikangas and Véry 2012; Vasilaski 2011; Weber et al. 2011; Morosini et al. 1998).

Reasons behind M&As are numerous but can be greatly simplified in the following: gaining economies of scale, deregulation, expanding markets, risk spreading and rapid response to market conditions (Schuler and Jackson 2001). These reasons, among others, seem to gather more than enough attention from scholars, however, is the high rate of failure that seems to gain the most interest of all, which translates in research being focused in motivation-outcome relation, performance issues and methodological issues of performance measure (Rosa Reis et al. 2015).

2.1.1. Reasons for M&As

Reasons for M&As are numerous but there are some useful generalisations that can be applied to this field, for instance, that of synergy being the main reason for doing a merger (Swenson 2014; Mukherje, Kiymaz and Baker 2004; Bower 2001). However, the 2+2=5 effect (Swenson 2014) is usually not gained; most of the time the value achieved is limited to the firm approached (De Massis et al. 2018; Bauer, Dao, Matzler, and Tarba 2017; Gleason et al. 2014; Gomes, Angwin, Weber and Tarba 2013; Dunning 2000). In spite of the good legal and financial planning, mergers often fail to deliver the desired result (Gomes et al. 2013). Bower (2001) has categorised M&A strategy into five different baselines. **Table 1** displays the M&As strategies and shows the main rationales behind the selected strategies

Table 1. M&As strategies, rationales and major concerns (Bower 2001).

M&A strategy	Rationale	Major Concerns
Overcapacity	Eliminating excess capacity from the marketplace. Creating economies of scale.	Both companies' management groups are likely to fight for control.
Geographic roll-up	Economies of scale through geographic expansion, thinking glocally.	Often win-win scenarios, however, new value introduction should be slow.
Product or market extension	Expanding product lines/geographically. Based on functions in value chain.	Governmental and cultural differences expected to interfere with integration.
M&A as R&D	Gaining new technological possibilities.	Cultural due diligence is critical. Retaining talent is essential.
Industry convergence	Creating a new industry from eroding business schemes.	Not everything needs to be integrated, seek create value not a symmetrical ORG

I. Empirical motives for M&As

According to Mukherjee et al. (2004), operative motives as a reason to merge are identified 89,9% of the times by managers. Devos, Kadapakkam and Krishnamurthy (2008), suggest that 8.3% of synergy gains arise through operative synergies. Sinergies are defined by Sirower as the augmented performance produced by the combination of two or more firms resources and capabilities, as contrasted to what they would be expected or required to accomplish as independent entities (1997: 20). A study by Mukherjee et al. (2004), points out that the achievement of synergies are signaled by managers as the main motive for M&As. This notion is further acknowledged by Brahma, Boateng and Ahmad (2018), Nguyen, Yung and Sun (2013), Ollinger and Nguyen (2003).

A list of the main motives for following through a M&A transaction is provided by Mukherjee et al. (2004): as expressed before, to take advantage of synergies; due to diversification possibilities; to be able to achieve a specific organisational form as part of an ongoing restructuring program; to be able to acquire a company below its replacement cost; to make use of excess free cash; to reduce taxes on the combined company due to tax losses of the acquired company; to realise gains from breakup value of the acquired firm; and “other” reasons. As mentioned before, the overwhelming majority of managers in their study (37,3%) indicated that creating synergies was the most important reason to engage in M&As (Mukherjee et al. 2004), and according to Devos et al., (2008) operative synergies are created primarily by improving resource allocation rather than by increasing the market power of the combined firm.

The former falls in line with the results obtained by Rosa Reis et al. (2015), although it is recognised that research in general is moving away from the RBV attributes, towards more knowledge-based view perspectives, which reflects as well on research focusing more on synergy creation in the post-acquisition phase of M&As, instead of looking only after performance issues. According to Brahma et al. (2018), synergy gains tend to be short lived in nature, thus making operative performance negative in the post-acquisition phase, which is affected by the post-deal integration (Rosa Reis et al. 2015). This can be due to displacement of jobs and plant closings (Ollinger and Nguyen 2003), thus as expressed by Nguyen, Yung and Sun, value-increasing and value-decreasing motives are inherently attached to one another (2013).

II. Motives for cross-border M&As

Research on international business and cross-cultural issues in M&As has increased (Rosa Reis et al. 2015), which corresponds with the increase of cross-border M&As transactions beginning with the 5th wave of transnacional M&As in the 90s (Hitt and Pisano 2003) and reached their peak in the 2000-2007 as the most common form of FDI (OECD 2010: 102-103). Hit by the financial recession of the late 2000s, the number of cross-border deals has declined 5% in 2016, even though their overall value has increased (Gestrin 2017).

The motives to become involved in cross-border M&As seem to be similar to those of national and regional M&As (Rosa Reis et al. 2015) with M&A motives such as entering a new market, gaining new scarce resources and achieving synergies being the most common (Calipha, Tarba and Brock 2010: 6-24), which seem to be pretty much in line with the OLI paradigm (Salaber and Rao-Nicholson 2013, Dunning 2000).

However, as expressed by Ahammad, Tarba, Glaister, Kwan, Sarala and Montanheiro (2016), motives which related more closely to cross-border M&As have also been identified: firms might get engaged in cross-border M&As in order to improve performance and efficiency (Tripathi and Lamba 2015; Rosa Reis et al. 2015); to improve their legitimacy in certain region by acting like a local (Rosa Reis et al. 2015); as an instrument of international expansion (Hitt and Pisano 2003); for strategic resource seeking reasons (Salaber and Rao-Nicholson 2013, Hitt and Pisano 2003); as a fast entry to foreign markets (Ahammad et al. 2016, Rosa Reis et al. 2015, Nisar, Boateng, Wu and Leung 2012, Salaber and Rao-Nicholson 2013; Hitt and Pisano 2003); for power influence (Nisar et al. 2012), market leadership and marketing and strategic motives (Tripathi and Lamba 2015); diversification and improved management (Ahammad et al. 2016); and access to and acquisition of new resources and technology (Lee 2017, Ahammad et al. 2016).

Schön has divided the previous mentioned reasons into three encompassing motives: Strategic, Financial and Managerial motives, where domestic and regional reasons for M&As are also included, such as Hubris, investment of uncommitted funds, underpricing of a target company, tax benefits, value creation and synergies (2013: 69).

III. Family-owned business in cross-border M&As

Research regarding M&As involving FoBs is rare (De Massis et al. 2018, Worek 2017, Rosa Reis et al. 2015, Gleason et al. 2014, Mickelson and Worley 2013, Bjursell 2011, Steen and Welch 2006), this seems to be in direct contrast with the results of La Porta, Lopez-de-Silanes and Shleifer’s work, which discovered that families and not corporations nor financial institutions, which until then were believed to be the case, are the biggest controllers of publicly listed companies worldwide (1999). However, interest on FoBs overall has increased in the decade after the dot-com bubble (Kachaner, Stalk and Bloch 2012), since they all have but out performed non-FoBs in terms of long-term financial performance, with their importance being said to be even greater in Europe (De Massis et al. 2018).

According to Worek (2017), FoBs involvement in M&As is seen as contradictory, since even if they provide greater opportunities for rapid expansion and a swift exit in complicated generational shifts, they also represent added challenges in the form of diluted ownership power and financial autonomy and security. Nevertheless, globalisation and more intense international competition, has caused more and more FoBs to get involved in cross-cultural transactions (De Massis et al. 2018).

Furthermore, the motives, processes and outcomes of FoBs involved in cross-cultural M&As are said to be directly affected by family-specific networks (Mickelson and Worley 2013), thus differing greatly from those of non-FoBs (Bjursell 2011). As such, the family goals, culture and values are seen as tightly intertwined with the FoBs acquisition motives (Worek 2017).

However, as pointed out by Bjursell, even if some FoBs may be open for M&As leading to different types of shared ownership, most family owners seem to oppose quite fervently to give up control of their firms holdings (2011). Such tight grip and control seems to have a particularly positive impact on performance, which is attributed to FoBs owners both abilities and their personal attachment and source of wealth to monitor decision making inside their companies (Anderson and Reeb 2003).

2.1.2. Stages of the M&A process

M&A process can be divided into three stages (Antila 2006). The first stage is pre-combination, secondly comes combination and integration, and finally, solidification and assessment, which is normally referred as post-merger.

I. Pre-combination stage

Pre-merger and pre-announcement phases are often viewed as one, the initial stage where all discussions about the M&A strategies and financial aspects and considerations take place. This stage encompases all of the activities and processes occuring before the M&A is legally recognised (Schuler and Jackson 2001). It includes the process of crafting a mission statement determining the reasons for becoming involved in a merger or acquisition, either as an acquirer or an acquiree, searching and evaluating the poll of possible partners, selecting and negotiating with the target company, and planning for the eventual implementation of the deal (Rosa Reis et al. 2015).

It has been established that the activities in the initial stage constitute the foundation for the implementation and post-merger stages, stating that the success of the combination and integration phase is dependent of the plans and analysis carried out during the pre-combination stage (Chen et al. 2018; Reddy 2015; Weber et al. 2013; Vaara 2003; Schuler and Jackson 2001; Vaara 2000; Vaara 1999).

As defined by Kristjanson Love (2000), the first phase involves the strategic planning in which a mission statement is developed by the acquiring party, the type of merger or acquisition being sought is determined and it specifies the way it will help to achieve the company's objectives. In the next phase of this stage, the acquirer is concerned with the creation of a team in charge to lead the M&A activities. In the first stage it is important for HR to look into the reasons of initiating the M&A process, find out why the M&A is taking place and what are the optimal partners for a possible M&A (Schuler and Jackson 2001 Antila 2006).

II. Combination and integration stage

After the pre-announcement and the pre-merger phases comes the combination and integration stage. This is the stage where two different management styles, processes, cultures and behaviors should begin to melt together into a new merged identity. It is important to notice that good planning in pre-integration stages is essential for the integration to succeed. Lack of planning for integration phase is found in 80% of the underperformed M&As (Schuler and Jackson 2001).

As stated by Kristjanson Love (2000), the person selected for leading the integration phase needs to serve as a stabilising influence while creating a climate for change, whiach are essential for the effective execution of this phase. It is also important to define new structures and strategies, decide on HR policies and practices and communicate effectively through the change process (Schuler and Jackson 2001).

III. Post-acquisition stage

After the integration phase, an essential element is the solidification. This stage is mainly focused on readjusting, solidifying and fine-tuning (Schuler and Jackson 2001).

Change can be challenging and especially the change in values and culture is extremely difficult and needs time and repetition. People have the psychological need for self-continuity (Stahl et al. 2013; Vaara 2003; Gertesen, Søderberg and Vaara 2000). That being said, it is really important that HR is taking care of the change and its rationales are being highlighted rationally even after the integration has been completed. It would be also important to measure the change and its effects and be on track how the new culture is being implemented on daily routines of the organization (Vaara 2003; Schuler and Jackson 2001; Vaara 2000; Vaara 1999). Can thus be inferred that communication should take place in all stages of an M&A (Gomes et al. 2013; Vaara et al. 2005).

2.1.3. Risks for M&As

Acquisition always involves a range of risks. It is estimated that in US and European M&A transactions, only 15% to 17% of them deliver the expected financial returns (Schuler and Jackson 2001). The risks increase as the size of the acquired company's increases in relation to the acquiring company (De Massis et al. 2018). Financial and legal aspects of the acquisition are usually handled efficiently but HR issues can be often neglected (Gomes et al. 2013; Schuler and Jackson 2001; Gertesen et al. 2000).

The reasons for a failure in M&As are numerous. According to Schuler and Jackson (2001), some of the most common reasons for the acquisition to fail can be due in one of the following aspects: unrealistic expectations, hastily constructed strategy, poor planning, unskilled execution, inability to unify behind single macro message, lost talent, power and politics as a driving forces, culture clashes, defensive motivation, etc.

In **figure 2** below, a visual representation of Gomes et al. (2013) critical success factors in the pre and post-acquisition phases are juxtaposed against Schuler and Jackson (2001) reasons of failure in the M&As process.

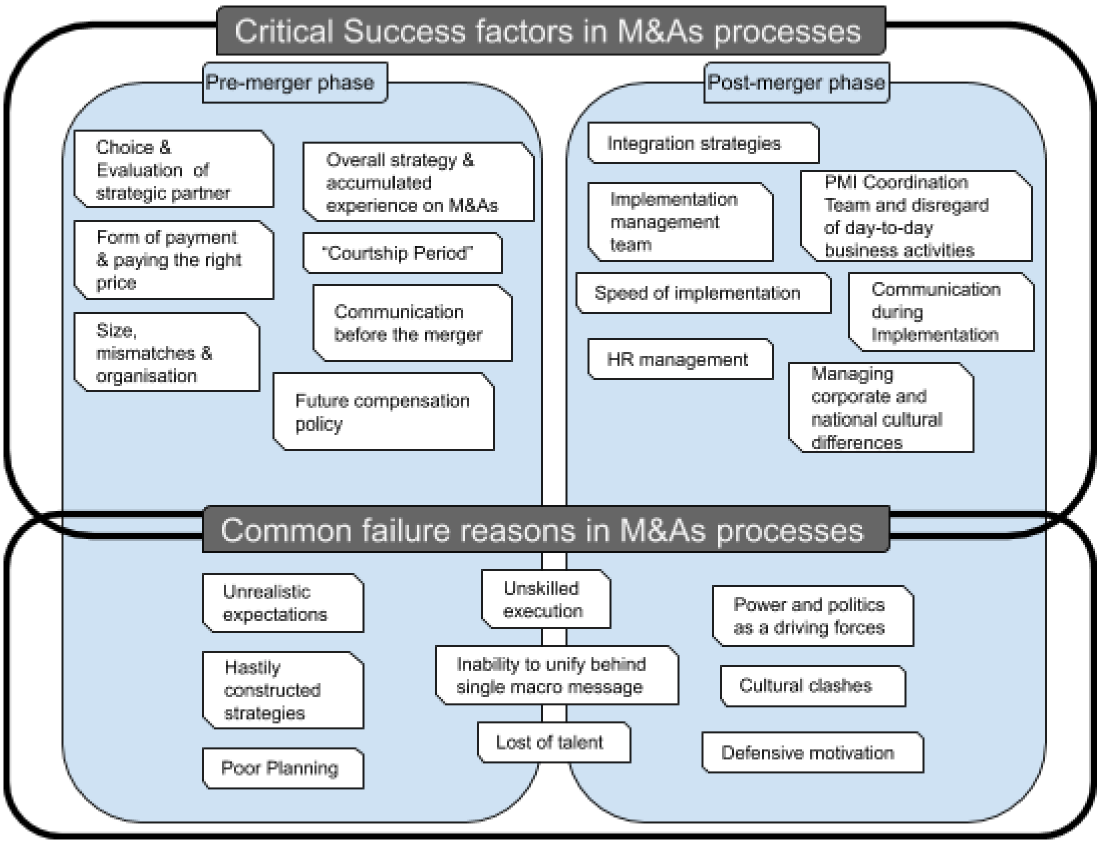


Figure 2. Comparison between success factors and failure reasons in M&As processes. Adapted from Gomes et al., (2013) and Schuler and Jackson (2001).

2.2. Definition of Family Business

When one seeks to define what 'family' means in a family business, the traits considered to be a essential for the definition, as well as, the components of the individual family members are to be considered. Nonetheless, what family means in Finland and what it means in Italy, varies greatly, thus for the purpose of this research, the United Nations definition (UNECE 2012) is adopted:

"*Two or more persons who live in the same household and who are related as husband and wife, as cohabiting partners, as a marital (registered) same-sex couple, or as parent and child*"

No two family-owned firms are the same (Worek 2017), the same can be said of any other type of business. However, it is specially interesting the fact that no common definition is universally agreed in the literature (Gleason et al. 2014) and the way they are defined varies among researchers, which in turn have a great impact on the variables utilised to research their performance and financial importance (Perheyritysten liitto 2017).

In European contexts, family-owned business tend to be equated to SMEs (European Family Businesses 2018b; Perheyritysten liitto 2017), the reality is that they can range anywhere from small mom and pop shops, to large multinationals such as Volkswagen or Walmart (Gleason et al. 2014). Thus, the European Family Businesses association (2018b) provides four vectors that can serve as a guideline to comprehend what a family-owned business, which can be seen in **figure 3**.

From the figure below it can be concluded that in order to be defined as a family-own business, immediate family members of the founder of the company or the natural person that has acquired it have either a simple majority of decision-making rights if not publicly listed or at least 25% decision-making rights mandated by share capital if publicly listed, such decision-making rights can be either direct or indirect; on the upset, at least one family member must be formally involved in the governance of the firm.

As straightforward as the criteria seems to present the standards that characterise family-owned business, more often than not, the only criteria that should be taken into consideration should be whether or not the firm describes itself as a family-owned one. Nonetheless, the unique overlap a FoB experiences with factors such as family, ownership and management, makes family businesses are very distinct form of enterprise (Lansberg 1988). According to Basu, these features create a situation where the family operates as both a social and an economic unit (2009), thus the sheer number of variables to consider increase exponentially (Wang 2010).

However, as the present research takes a case company from Finland acquiring an Italian company, it would be beneficial to explore how FoBs are defined by each country: on the first case, is worth to be noted that the European Family businesses lifted their definition (2018b) directly from the working group commanded by the Perheyritysten liitto, with the main difference being that in their own report (2017), point one and two are combined together, leaving the definition with only three vectors; on the second case, family businesses are defined as enterprises in which members of the family unit (spouse, kinship within the third degree or a relationship of affinity within the second degree) work and have ownership of (Italian Civil Code 2016). As it can be seen, the Italian law emphasises on ownership, degree of relationship and employment, whereas the Finnish perspective is much more open in the definition of family and employment, focusing more on the governance of the firm and decision-making rights.

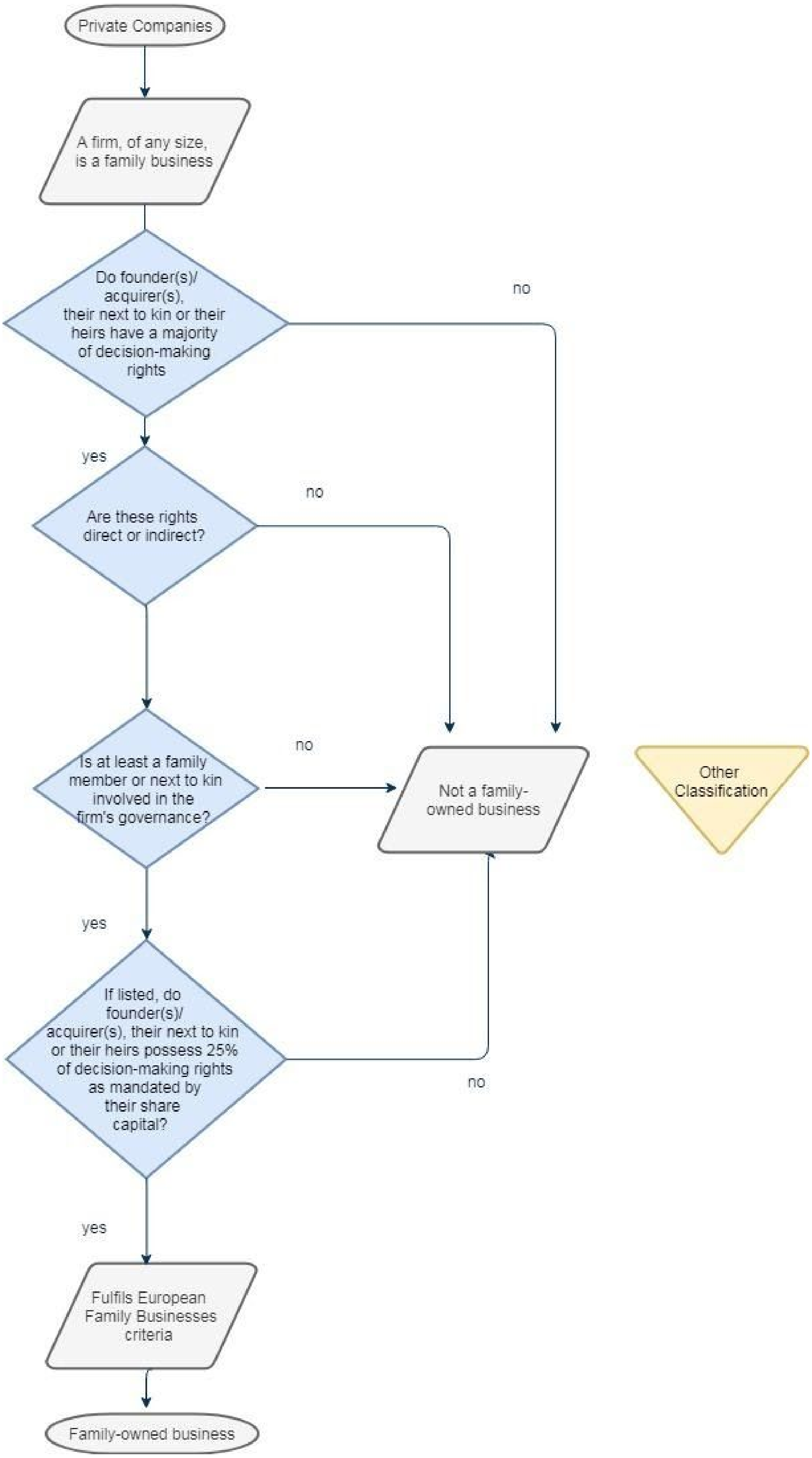


Figure 3. Conceptualisation of family-owned business, based on the European Family Businesses association vector criteria (2018b).

2.2.1. Types of Family-owned business

As with its definition, there is no universally agreed classification or typology of family-owned firms, different authors from different expertise fields, take different approaches: Kraiczy (2013: 7-34) by making use of Agency and stewardship, Social Capital and RBV theories, classifies FoBs according to their level of agency conflict (family owner vs. external manager, family owner vs. external shareholder, and family owner vs. family manager); López-Delgado and Diéguez-Soto (2015) research on Spanish private family firms focuses more on generation gap ownership and management (Family firm 1st generation, Family firm 2nd generation, Copreneurial family business, Solely family-run family business, Dispersed non-professional family business, Dispersed professional family business, Concentrated professional family business); in a previous research, Diéguez-Soto, López-Delgado and Rojo-Ramírez (2015) offer a slightly different typology, related to their legal nature (Type 5 or Copreneurial at a marriage level, Type 6 or Independent FoB with no member holding more than 25% of shares, Type 7 or Professionally-run FoB and Type 8 or FoB run solely by family members).

Some of the classifications are overlapping, nevertheless, there is not a general consensus among the authors, but for the purposes of this research **figure 4** below serves as a visual representation of the typology offered in the literature reviewed, contrasted to the configurations offered by Nordqvist, Sharma and Chirico (2014), regarding family involvement, ownership and management.

The figure below and colour coding thus allows us to create six blocks of distinctiveness characteristics that represent a juxtaposition of Family Involvement in Ownership or legal nature and generational distance against Family Involvement in Management or agency conflict:

		Family Involvement in Ownership		
		Controlling owner	*Sibling partnership*	*Cousin Consortium*
Family Involvement in Management	*Family operator*	Advisory Board; Family Meetings	Board of Directors/Advisory board; Shareholders' Assembly; Family Meetings	Board of Directors; Shareholders' Assembly; Family Council
		- Type 8 (FoB run solely by family members) or Type 5 (Co-preneurs) - Family owner vs. family manager - Family firm 1st generation or Co-preneurial family business or Solely family-run family business	- Type 8 (FoB run solely by family members) - Family owner vs. family manager - Family firm 1st or 2nd generation or Solely family-run family business or Dispersed non-professional family business	- Type 6 (Independent FoB) - Family owner vs. family manager - Family firm 2nd generation or Dispersed professional family business
	Family Supervisor	Board of Directors; Top Management Team; Family Meetings	Board of Directors (w/external members); Top Management Team; Shareholders' Assembly; Family Meetings (w/ facilitator)	Board of Directors (w/external members); Top Management Team; Shareholders' Assembly; Family Council
		- Type 7 (Professionally-run FoB) or or Type 5 (Co-preneurs) - Family owner vs. external manager - Family firm 1st generation or Co-preneurial family business	- Type 7 (Professionally-run FoB) - Family owner vs. external manager - Family firm 1st or 2nd generation or Dispersed professional family business	- Type 6 (Independent FoB) - Family owner vs. external manager - Family firm 2nd generation or Dispersed professional family business
	Family Investor	Board of Directors; Top Management Team; Family Meetings (w/ facilitator)	Board of Directors (w/external members); Top Management Team; Shareholders' Assembly; Family Council	Board of Directors (w/external members); Top Management Team; Shareholders' Assembly; Family Council / Family Constitution
		- Type 7 (Professionally-run FoB) or or Type 5 (Co-preneurs) - Family owner vs. external manager - Family firm 1st generation or Co-preneurial family business	- Type 7 (Professionally-run FoB) - Family owner vs. external manager - Family firm 1st or 2nd generation or Dispersed professional family business	- Type 6 (Independent FoB) - Family owner vs. external shareholder - Concentrated professional family business

Figure 4. Family-owned business typology in literature. Adapted from Diéguez-Soto et

al. (2015), López-Delgado and Diéguez-Soto (2015), Nordqvist, et al. (2014) and Kraiczy (2013: 7-34).

i) At a first level, the firm is owned by at least two persons united by a marriage, cohabitational or same sex partnership bond, and it is ran by one of them.

ii) At a second level, the firm is owned by at least two persons united by a parent-child or sibling-sibling bond, and it is ran by one of them.

iii) At a third level, the firm is owned by at least two persons united by a marriage, cohabitational or same sex partnership bond, parent-child or sibling-sibling bond, and it is ran by a third party.

iv) At a fourth level, the firm is owned by at least two persons united by a marriage, cohabitational or same sex partnership bond, parent-child, sibling-sibling or grandparent-grandchild bond and it is ran by a third party.

v) At a fifth level, the firm is owned by at least two persons united by a marriage, cohabitational or same sex partnership bond, parent-child, sibling-sibling, grandparent-grandchild or cousin-cousin bond and it is ran by either a family member or a third party.

vi) And at a sixth level, the firm is owned by at least two persons united by a marriage, cohabitational or same sex partnership bond, parent-child, sibling-sibling, grandparent-grandchild or cousin-cousin bond, and at least one external shareholder. It is ran by either a family member or a third party.

2.2.2. What differentiates a family business from other businesses

According to the United Consulting Group, there are four basic differences between family owned business and other types of corporations. These four aspects can be seen in culture, capabilities, business strategy and business models (Linjawi 2015). Additionally, Gottardo and Moisello (2014) based on their research on Italian firms, suggest that the capital structure and governance are also factors that differentiate FoB from other privately-owned type of companies.

Smith (2008) suggests that the lack of a universal agreed definition of FoB not only hinders our understanding at an academic level, but that it requires a rigorous and encompassing theory of the family firm, in order for us to be able to effectively determine the whys and the hows the performance and behaviour of a FoB differs from that of a non-family owned firm.

According to Jorissen, Lavaren, Martens and Reheul (2002), most literature studying the differences between FoBs and non-FoBs focuses on 'demographic' differences such as size, age, industry and geographical location. They follow their classification dividing size and age into employment, assets and firm age, and their results imply that FoBs tend to be smaller in size than non-FoBs, which is similarly proposed in the literature (Gottardo and Moisello 2014; Smith 2008; Caprio, Croci and Del Giudice 2008). Additionally, family business are less likely to be involved in the service sector (Jorissen et al. 2002), culture is more informal in FoBs (Linjawi 2015; Jorissen et al. 2002) and more inward looking (Smith 2008; Jorissen et al. 2002), they tend to be more focused on their local market (Gottardo and Moisello 2014, Jorissen et al. 2002) but contradictorily enough, although this would suggest they grow less than their non-FoB counterparts (Linjawi 2015, Gottardo and Moisello 2014, Smith 2008, Jorissen et al. 2002), whereas, it is argued by Caprio et al. (2008), that contrary to popular beliefs, FoBs do not grow less, but rather prefer to grow internally.

Finally, one aspect of special interest for this study is the proclivity of FoBs to engage in M&As processes. The literature reviewed does not provide a conclusive answer, since this subject area is commonly encompassed in their export capabilities or growth (De Massis et al. 2018). Nevertheless, Caprio et al., confront this issue full on in their study and their results suggest that FoBs with strong family control are less likely to engage in M&As both as the acquirer and the acquiree, they tend to invest more in fixed assets, however, when they do engage in acquisitions, the data points out that they are less likely to destroy value than non-FoBs (2008).

2.3. Cultural compatibility in mergers and acquisitions

In order to examine cultural differences more systematically, it is beneficial to explore current theories behind cultural dimensions and reflect on the consequences they have the integration process of M&As will be analysed.

The most renowned studies that concentrate on cultural differences are Kluckhohn and Strodtbeck in 1961, Hofstede in 1980, Schwartz in 1990, Trompenaars in 1993 and the GLOBE Study in 2004. As there are many different frameworks that aim at categorising and comparing cultures in order to be able to study cultural distance, it is worthwhile to focus on two of them more comprehensively (Thomas 2008: 47–62).

The following subsections will focused on the GLOBE Study and Hofstede cultural dimensions in order to serve as a bridge between national culture and corporate culture, which will then be tackled later on, and a few examples of Finnish and Italian companies will be given in order to create a better context for the case study selected.

2.3.1. GLOBE Study

In the GLOBE project, the cultural dimensions for 62 companies have been identified and measured (House et al. 2004), which have two distinct features: first, the study takes place at the level of societies, not countries, aiming to unnecessary overlap between the two concepts. Thus, different societies with clearly defined cultural patterns can be identified within a single country (due to, i.e., race or language). Which is of greater importance in this research, given that the case company to be analysed is part of the Swedish-speaking minority of the western coast of Finland and the target company which was acquired is located in the north of Italy, which according to the data obtained during this study, as vastly different than their counterparts in the south of the country. Second, two different values are measured by the study for each of the identified cultural dimensions: the relative values prevailing in society and on the practices developed in it (House et al. 2004).

In **table 2** below, a summary of the nine units of measurement is provided, along with a short description of each dimension, which will allow us to compare it later on against Hofstede's value clusters, in the subchapter on National vs Corporate Culture.

Table 2**.** GLOBE's 9 cultural attributes and their descriptions. Adapted from House et al., (2004).

Cultural attributes	Description
Assertiveness	It communicates the level of assertiveness, confrontationalism and aggressiveness that individuals have in their relationships with others.
Institutional Collectivism	It represents the extent to which collective distribution of resources and collective action are encouraged and rewarded by organisational and societal institutional practices.
Group Collectivism	It tells us the extent to which pride, loyalty, and cohesiveness in organisations or families is expressed by their individuals.
Power Distance	It represents the extent to which power is expected to be distributed equally among the members of a collective.
Uncertainty Avoidance	It represents the degree to which social norms, rules, and procedures are relied upon by the members of a collective to alleviate the unpredictability of future events.
Gender Egalitarianism	The extent to which gender inequality is minimised by a collective.
Performance Orientation	The level of encouragement and rewards for performance improvement and excellence that individuals receive by their collective. .
Future Orientation	The degree to which delayed gratification, planning, and investing in the future are engaged in as future-oriented behaviors by individuals of a collective.
Human Orientation	It represents the extent to which being fair, altruistic, generous, caring, and kind to others is encouraged and rewarded by a collective.

The GLOBE project measures cultural dimensions of different companies analysed in the study not only in relation to the practices actually developed in such societies, but also in relation to the desires or intentions shown by the population in relation to such dimensions, which could be very interesting for a customer behaviour analysis and consequently the marketing professionals. These societal clusters are as follows: Anglo, Nordic Europe, Eastern Europe, Sub-Saharan Africa, Southern Asia, Latin Europe, Germanic Europe, Latin America, Middle East and Confucian Asia (House, Quigley and de Luque 2010).

As seen in **table 2** above, the study identifies a total of nine attributes or cultural dimensions: assertiveness, institutional collectivism, group collectivism, power distance, uncertainty avoidance, gender egalitarianism, performance orientation, future orientation and human orientation (House et al. 2004). Some cultural dimensions of the GLOBE study are similar to other found in previous research but they have been, however, reconceptualised in order to fit with their findings (Ahmad, Bollaert and de Bodt 2018) and is seen as being directly inspired by Hofstede's original four cultural dimensions (Shi and Wang 2011, Venaik and Brewer 2008), reasons why it has been been heavily criticised by Hofstede himself (2006, 2010). Nonetheless, some of these attributes are altogether new and have no direct correlation with other cultural attribute frameworks (Ahmad et al. 2018),

As mentioned before, a key difference of the cultural attributes show in **table 2** above, against other such frameworks, it is that displays two levels of understanding (House et al. 2004): On the one hand, it displays how these dimensions influence the actual practices in the respective organisations of the people interviewed and on the other hand, it also displays how should be perceived and acted upon, accordinging to their firm’s value declaration (Shi and Wang 2011).

2.3.2. Hofstede’s cultural dimensions

One of the most extensive and influential studies conducted in the field of value differences in the workplace was done by Professor Geert Hofstede (Browaeys and Price 2011: 25; Hofstede Insights 2019a). His study is based on IBM's 117,000 employees from 50 different countries and the sample itself was collected between 1967 and 1973. As a result of his research, Hofstede separated values into four statistically distinct clusters; Power Distance, Individualism versus Collectivism, Masculinity versus Femininity and Uncertainty Avoidance. The fifth dimension of Long-Term Orientation versus short-term orientation was added later on, as was a sixth one denominated Indulgence versus restraint.

All of the included countries have their own specific country scores ranging between hundred and zero on each (or most) of the dimensions. It is important to note that these scores are meant to be used for comparison; they do not communicate anything meaningful alone (Hofstede Insights 2019b). For instance, the lowest country score on power distance does not mean that the country in question would be totally equal and that there would be no hierarchies what so ever; it merely means that it has the least amount of power distance in comparison to all of the studied countries.

The country scores for Italy and Finland are depicted in **figure 5**. Furthermore, each of the dimensions will be described generally and explained related to the case countries. First of all, *Power Distance* is about how hierarchical the society in question is and how acceptable equal or unequal power distribution is seen as (Hofstede Insights 2019a). In case of Italy, Power Distance is relatively high (50) whereas Finland, on the other hand, is quite low on Power Distance (33). Secondly, *Individualism versus Collectivism* illustrates how loosely or tightly-knit social frameworks in a given country are (Hofstede Insights 2019b). For instance, Italy (76) is more individualistic than Finland (63) and therefore, people in Italy have an adverse reaction towards being told what to do and being controlled in general. However, is to be noted that the concept of family in Italy is broader than in Finland (FABUSS - TUCEP 2016).

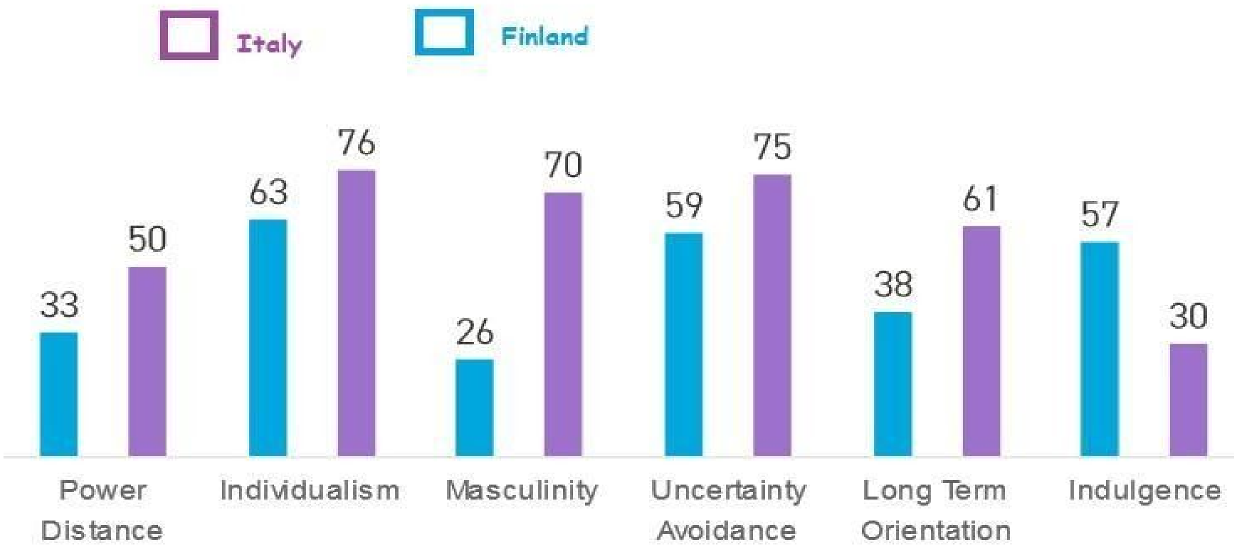


Figure 5. Hofstede's Dimensions for Italy and Finland (Hofstede Insights 2019b).

Thirdly, *Masculinity versus Femininity* describes whether masculine values (achievement, material rewards etc.) or feminine values (cooperation, caring for the weak etc.) are more prominent in a given country (Hofstede Insights 2019a). The gap between Italy and Finland is in this dimension rather huge; Finland (26) nurturing the feminine values while Italy (70) is clearly driven by masculine values such as competition and status. Fourthly, *Uncertainty Avoidance* represents the comfortableness that the members of a society have with uncertainty and ambiguity (Hofstede Insights 2019a). Italian people (75) are not as open to new ideas and risk as Finnish people (59) seem to be. However, given that both countries find themselves beyond the 50% mark, it could be deduced that neither is particularly open to ambiguous situations.

Nonetheless, given that italians rank high also in the masculinity dimension, bureaucracy and formality seems to be highly valued. Fifthly, *Long-Term versus Short-Term Orientation* portrays whether a society appreciates quick results and absolute truth (short-term orientation) or underlines perseverance in achieving results and gives importance to situation and context (LTO) (Hofstede Insights 2019a). In the case of the fifth dimension, Italy (61) has more of a long-term view to the world and appreciation of the context in negotiations etc., while Finland (38) concentrates more on the instant gratification and the actual contract. Finally, the sixth dimension *Indulgence vs Constraint*, it reflects the extent to which people try to control their impulses and desires (Hofstede Insights 2019a). The only dimension in which Finland (57) ranks higher than Italy (30), which reflects how society values and puts a higher degree of importance on how leisure time is spent, in order to enjoy life and have fun. Although definitions of fun and relaxation varies evidently between countries.

2.3.3. National vs Corporate Culture

Throughout the literature review, the term 'corporate culture' appears constantly. No distinction is made by Hofstede (2009) between 'corporate culture' and 'organisational culture' and they are seen as interchangeable. Adler and Jelinek (1986:73-74) define culture with a reference to both 'national' and 'organisational culture', suggesting that "*culture, whether organisational or national, is frequently defined as a set of taken-for-granted assumptions, expectations, or rules for being in the world*" and that "*the culture concept emphasises the shared cognitive approaches to reality that distinguish a given group from others*".

'Organisational culture' is described as the values, beliefs and assumptions shared by the members of an organisation, as well as, the way problems are solved by a group of people (Schein and Schein 2016). According to Dumetz et al., organisational structures, workers' compensation, business etiquettes, management styles, among other, all form part of the 'organisational culture' of a firm (2012: 81). Furthermore, distinctions in the way firms operate, direct, communicate, and motivate can be identified (Adler and Jelinek 1986:74).

A visual representation of the correlation between the GLOBE dimensions and the Hofstede's study dimensions is offered in **figure 6** below, where it can be seen that all of Hofstede dimensions have a counterpart in the GLOBE model, with individualism vs collectivism being divided into two separate levels of collectivism, one institutional and the other on a group level, with individualism not being a major player. Secondly, masculinity vs femininity is grouped into gender egalitarianism and a subset of the characteristics regarding management and leader skills is separated into assertiveness. Thirdly, future orientation barely represents a 1:1 relation with LTO vs STO. Lastly, both GLOBE's human and performance orientation, as well as, Hofstede's indulgence vs constraint do not seem to be have a correlation in either study.

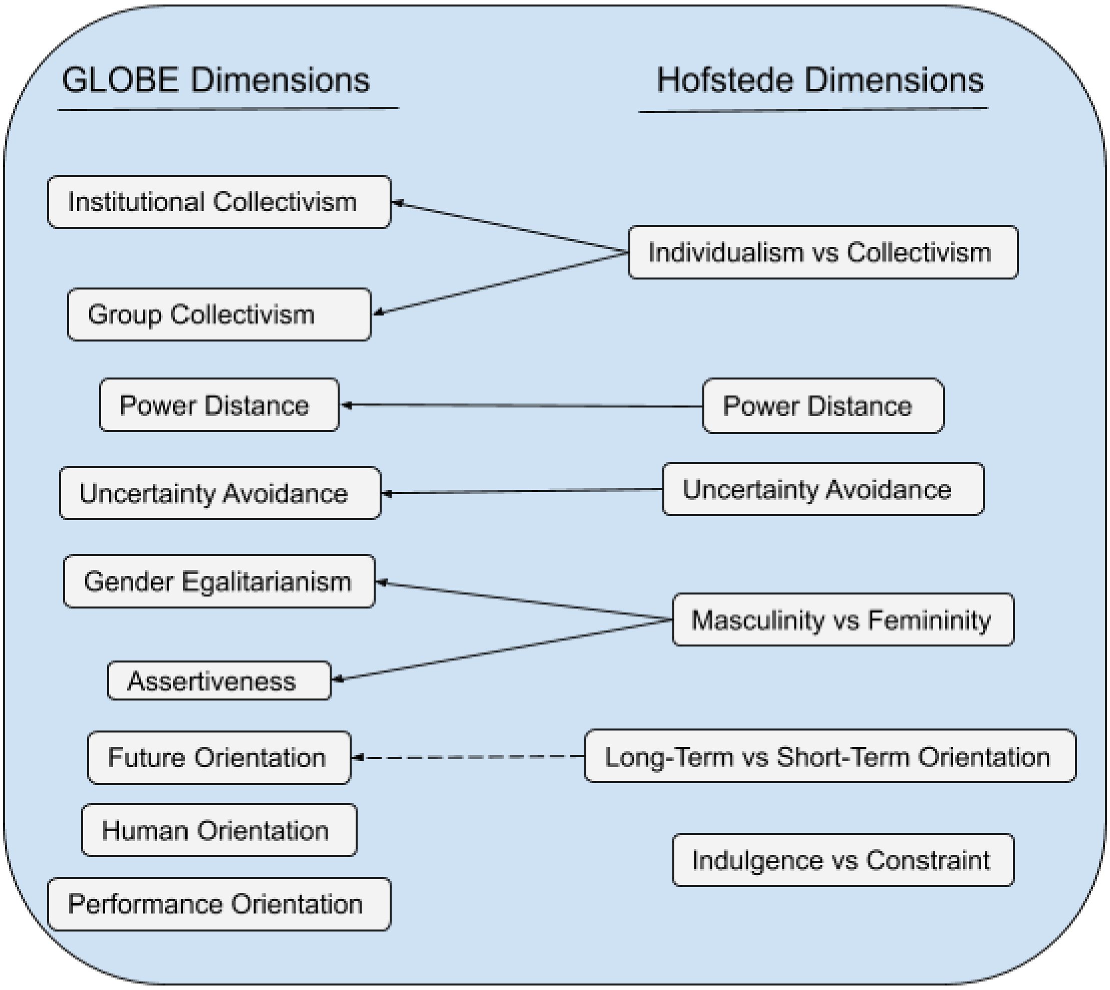


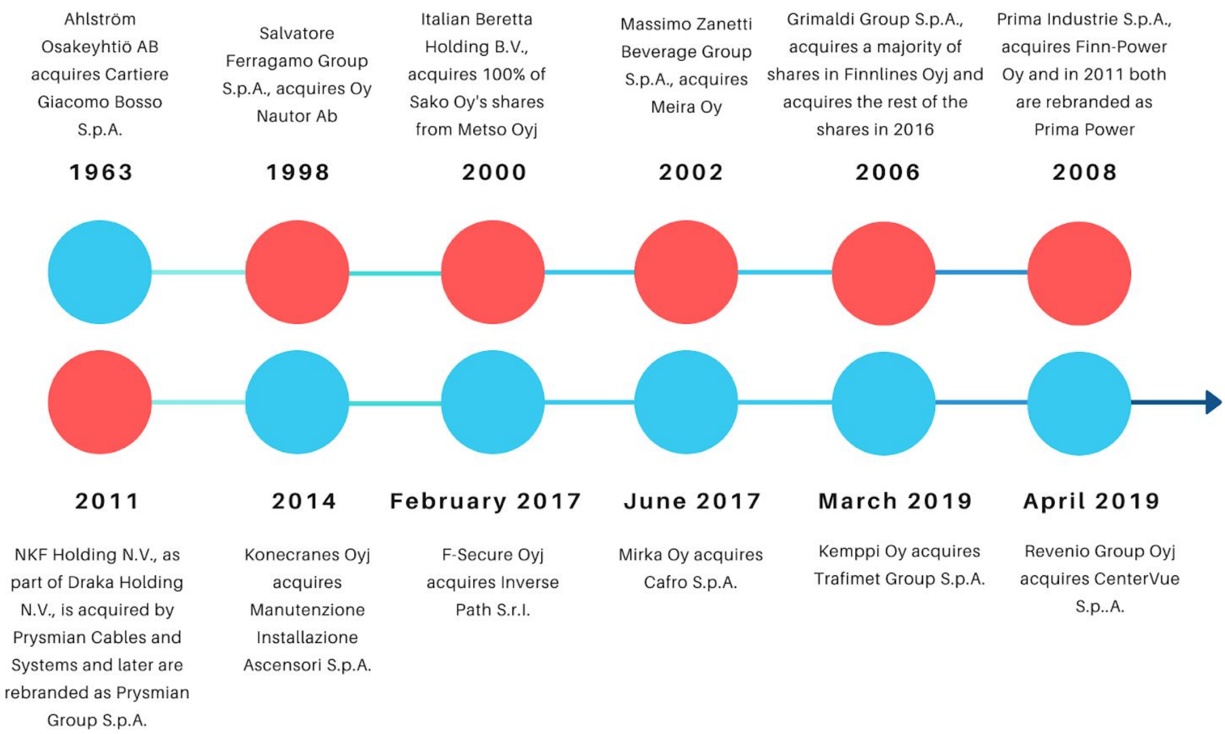
Figure 6. Visual comparison between GLOBE and Hofstede Dimensions. Adapted from Hadwick (2011).

2.3.4. Finnish and Italian cross-border M&As

According to the Finnish Embassy in Rome, there are about 90 companies with Finnish capital in Italy, mainly in northern and central Italy, i.e., Wärtsilä, Kemira, Ahlström, Nokia, F-Secure, Kone, Metso, UPM, Stora Enso, Metsä Board, Fiskars Iittala, Qvantel and Tapojärvi (n.d.). Furthermore, many Finnish companies are represented in Italy through agents or distributors (Ulkoministeriö 2018).

In 2017, Italy was Finland's 13th largest trading partner (Suomen suurlähetystö, Rooma n.d.) with an annual trade volume of approximately EUR 3 000 million (Ulkoministeriö 2018). Additionally, the presence of Italian companies in Finland, has experienced an increase in recent years (Suomen suurlähetystö, Rooma n.d.).

Figure 7. Examples of Finnish-Italian M&As transactions.



However, there are few cases of non-FoBs Finnish acquiring Italian companies in general, and the same could be said for the other way around. During the research conducted for this thesis work, information was received regarding two other instances where Finnish FoBs acquired Italian companies, however, given attorney–client privilege, information regarding the transactions was unable to be acquired.

In **figure 7** above, a timeline of the existent cases of Finnish-Italian M&A transactions is displayed, with the red dots representing Italian companies being the acquirers and the blue dots representing Finnish companies as the acquiring party.

A short summary of the cases of readily available public information about both countries is given below, with a short explanation of the reasoning behind the acquisition, if such information is available:

a) Ahlström Osakeyhtiö AB is considered one of the first Finnish companies to expand internationally, they acquired an Italian paper mill plant, Cartiere Giacomo Bosso S.p.A., in 1963. This is widely considered to be the first significant international acquisition made by a Finnish company (Ahlström Capital 2019).
b) In 1998, Salvatore Ferragamo Group S.p.A., an italian luxury goods company acquired along with a group of minority investors the finnish Oy Nautor Ab, a producer of luxury sailing yachts, with one of the main objectives being to divisionalisation and specialisation, as well as, to exploit cross-marketing capabilities (Farnham 2003).
c) At the turn of the millenium, on January 2000, Metso Oyj sold 100% of its shares in the firearm and ammunition manufacturer, Sako Oy, to the Italian Beretta Holding B.V., a global leader in the manufacturing of hunting weapons (SAKO n.d.).
d) In december 2002 (Harma 2007), in order to expand its presence in Northern Europe, the Italian Massimo Zanetti Beverage Group S.p.A., acquired the Finnish Meira Oy (MZB Group 2012), which specialises in the coffee and

species industry, as well as, in the Food Service sector (Meira 2019).

e) In 2006, the Italian Grimaldi Group S.p.A., acquired a majority of shares of the Finnish Finnlines Oyj and subsequently, in 2016, it acquired the rest of the shares to become its sole owner in order to expand its Ro/Ro-passenger freight in the routes linking Northern Germany, Southeast Sweden, Finland and St. Petersburg (Grimaldi Group n.d.).
f) In february of 2008, the Italian Prima Industrie S.p.A., a company leader in high technology laser systems, sheet metal working systems and electronic components for industrial applications acquired the finnish Finn-Power Oy, and subsequently in 2011 they were rebranded under the Prima Power brand. Prima Industrie saw the acquisition as a means to assume an increasingly global dimension and complement the Group's product range (Boiocchi 2018).
g) After being acquired and merged into the Dutch Draka Holding N.V., in May of 1999, the finnish cable manufacturer formerly known as NKF Holding N.V., was integrated into the Italian Prysmian Cables and Systems in 2011, after the later acquired Draka and both merged to become the Prysmian Group S.p.A., (Prysmian Group Finland 2018).
h) In december 2014, Konecranes Oyj announced the acquisition of the Italian elevator company Manutenzione Installazione Ascensori S.p.A., this was made in order to strengthen KONE presence in the fragmented Italian market (Harala 2014).
i) In february of 2017, the Finnish F-Secure Oyj acquired the Italian Inverse Path S.r.I., in order to strengthen their position as a provider of high-end cyber security consultancy and managed services, particularly in the vehicle security, in which Inverse Path was a pioneer of publishing research (F-Secure 2017).
j) The subject companies of this study, Mirka Oy and Cafro S.p.A., announced the acquisition of the later on June 2017. Mirka acquired the italian company, in order to expand and strengthen their product portfolio (Mirka 2017).
k) In March of 2019, it was announced that Kemppi Oy (a pioneer in the welding industry) had acquired the Italian Trafimet Group S.p.A., a company in the

welding torch and consumable aftermarkets industry, in order to strengthen and complement their product range (Kemppi 2019).

l) And more recently, Revenio Group Oyj (a Finnish health technology firm) announced in April 2019 the acquisition of the Italian firm CenterVue S.p..A., in order to boost its position as a leading global provider of ophthalmic devices for diagnostics of the eye, specially glaucoma. A local subsidiary of Revenio was set up in Italy to managed the transaction (Revenio Group 2019).

As it can be seen, two of the most common reasons among the five examples presented above for the Finnish companies to acquire their Italian counterparts are to broaden and complement their product portfolio and to boost their presence globally, which is also mentioned in the additional six cases of an Italian company acquiring a Finnish firm, in which reaching synergies and expanding the company's presence into Northern Europe was also important.

Unfortunately, none of the examples provided belong to the same industry as the case which will be analysed in this thesis work, nevertheless, four of these short examples are contemporaries and technology intensive, which could potentially provide a common ground for comparison later on.

2.3.5. Global and European M&A statistics

As a lack of more precise economic and trade information between the two countries, and consequently, the volume of M&As transactions between both is unavailable, this following section will try to create a more fuller picture, providing certain statistical information from both a global and european perspective.

According to IMAA, the Institute for Mergers, Acquisitions and Alliances, around 790 000 transactions have taken place around the world in the last 20 years (Kummer 2019a), with a known value of EUR 48,040 billion (Kummer 2019b). In **figure 8** below, a visual representation of transactions per year and value of transactions (in billion of USD) is presented:

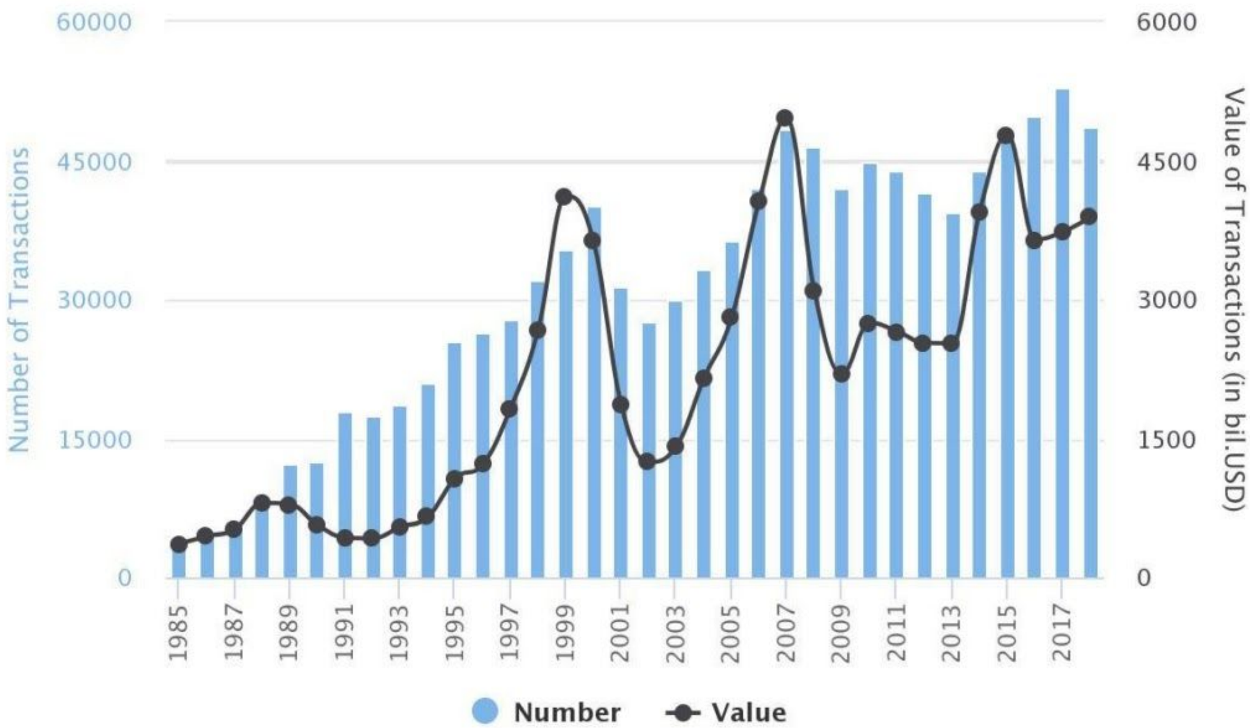


Figure 8. Worldwide M&A activity (Kummer 2019a).

As it can be seen in **figure 8** above, the value of the transactions has had a steady increase, after having a deep decline in 2013. According to the document prepared by the IMAA, there were 49.000 M&A transactions during 2018, however, the number of transactions had a decrease of 8% while the value of the transactions increased 4% (Kummer 2019a). Additionally, the same report provides a heat map where a global overview of the growth or decline trends can be appreciated, which can be seen in **figure 9** below:

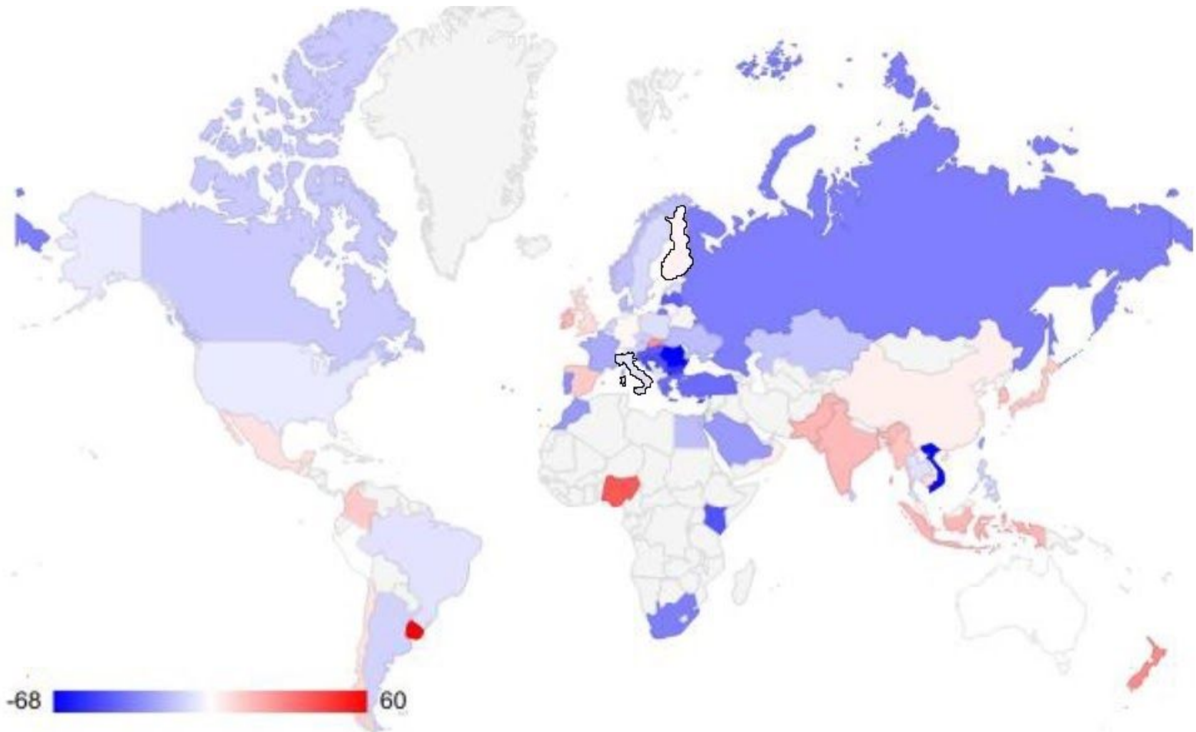


Figure 9. M&A growth and decline global trend heat map (Kummer 2019a).

In the map above, 73 countries were analysed on different metrics and ranked accordingly, with those countries in the blue colour shade showcasing a general decline in M&A deal making, such as Romania, Vietnam, Bulgaria, Croatia and Cyprus; on the other hand, those countries in the red colour shade represent economies with exceptional high growth in the same metrics, with Uruguay, Nigeria, New Zealand, the Slovak Republic and Jersey on the top end (Kummer 2019a).

In the specific cases of Finland and Italy, both countries registered negative growth, placing 24th and 36th respectively. Nevertheless, with declining percentages of -1% for the former and -13% for the later, Finland was slightly coloured in the red shade while the opposite occurred to Italy. In an european context, Finland situated itself in the top 5 countries, just behind the positive growth of countries like the United Kingdom with 4%, Spain with 9%, the Republic of Ireland with 13% and the Slovak Republic with

22%; while Italy located itself five spots below Finland, behind the countries of Lithuania, Germany, Switzerland and Belgium (Kummer 2019a).

A graphic representation of the M&A growth trends in the European continent is displayed below in **figure 10**, where after a pretty consistent growth in 2016 and 2017, a spike in growth was encountered in 2018 which will be unlikely matched or surpassed on 2019:

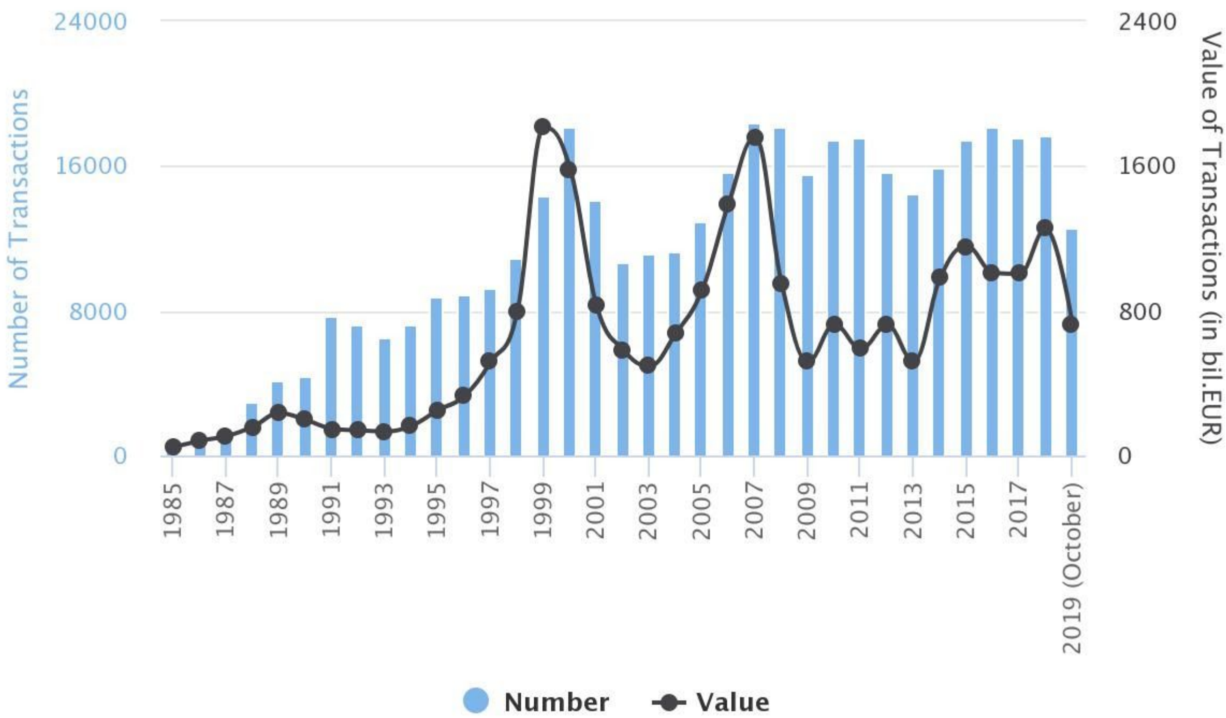


Figure 10. M&As in Europe (Kummer 2019b).

The IMAA report states that 406.327 transactions have taken place within Europe ever since 1985 up until October 2019, with an estimated value of EUR 23.502 billion (Kummer 2019b). Additionally, the countries most affected by high declining rates in M&A activity are Romania, Bulgaria, Croatia, Serbia and Hungary (Kummer 2019a).

In conclusion, although the total number of transactions in general has shown a steady decrease overall around the globe and within Europe, the value of such transactions has continuously going upwards, although the year 2019 seems to be the exception.

2.4. Culture and M&A performance

According to Xu, Yang and Jiang (2013), only 40 percent of all M&As ventures succeed. The reasons behind the high rate of failure have been mainly traced back to the strategic rationale behind the deal being inadequate or to the planning in the pre-combination phase, evaluation and/or post-acquisition implementation management being insufficient (Teerikangas and Véry 2006). However, if the focus of the M&A venture is centered on the potential for synergy creation through transfer of capabilities, resource sharing and learning, as opposed to, restructuring and cost-cutting measures, then the rate of failure is likely to be even higher (Xu, Yang and Jiang 2013).

Cultural issues are seen as the primary cause of cross-border M&A failure (Weber and Tarba 2013; Teerikangas and Véry 2012; Vasilaski 2011; Weber et al. 2011; Almor, Tarba and Benjamini 2009; Morosini et al. 1998). Nevertheless, as with any other domestic M&As, the rate of failure among these ventures is rather high (Teerikangas and Véry 2012; Vasilaski 2011). Culture tends to be the main culprit cited for both domestic and international M&A failure (Weber and Tarba 2013; Teerikangas and Véry 2012; Vasilaski 2011; Weber et al. 2011; Morosini et al. 1998). Nevertheless, the number of culture-based challenges a given business operation will face, seems to radically increase whenever a cross-border operation is involved as contrasted to domestic ones (Xu, Yang and Jiang 2013).

Furthermore, Weber et al. (2011), have discussed the perceived paradox effect that exists between the integration approach and the integration effectiveness, which seems to be a main factor in the post-merger performance, since if the synergy potential is contrasted against a high level of cultural differences, the most likely result is to be a failure in the integration process.

For instance, the successful implementation of organisational culture could be a way of measure: if a cultural change has taken place, a success in the post-acquisition phase has been achieved. However, according to Teerikangas and Véry, organisational culture is not expected to change if after the acquisition, an acquired company operates independently (2012). Furthermore, any potential areas of conflict between the merging organisational cultures should to be identified and addressed by both the acquiring and acquiree companies since these conflicts are seen as able to affect on the decision of whether to merge or not (Hofstede 2006). Unfortunately, is often the case, that the acquisition decision is taken without considering the need for cultural change or whether the two cultures are compatible; as such, Schein and Schein contend that if the decision to acquire/merge has been taken already, the acquirer would need to re-formulate and execute its integration plan in such a way that friction losses can be minimised and cultural capital can be protected (2016).

Most interestingly, Morosini et al., propose that in some cases national and corporate distance actually seem to enhance combination performance, by providing access to either acquirer or acquirees' "repertories and routines embedded on national culture" (1998). However, the literature reviewed does not point in a unifying direction, regarding the effect of the combination of national and corporate culture in M&As involving FoBs.

2.5. Literature Review Summary

According to Kui and Shu-cheng, M&As play an essential role in the efficient allocation of resources in an economy (2011). And as stated by Schuler and Jackson "M&As are among the most important investment decisions made by any firm" (2001). Furthermore, although they are completely separate and different processes, the terms mergers and acquisitions are often used interchangeably (Rosa Reis et al. 2015).

Acquisitions are a complex strategy that can be seen as harmful for the companies (Dunning 2000, Laine and Kock 2000), thus requiring thoroughly planned pre-combination, combination and post-acquisition phases (Schuler and Jackson 2001) in order to avoid potentially negative outcomes.

Table 3. Summary of themes found on M&A-related literature on the field of FoBs. Own elaboration.

	M&A	Culture	Family Values	Performance	Cultural fit	National Culture	Corporate Culture
Mickelson and Worley (2003)	•	•	•	•	•		•
Ben-Amar and André (2006)	•			•			•
Steen and Welch (2006).	•	•	•	•	•		•
Basu et al. (2009)	•		•	•			•
Miller et al. (2010)	•	•	•	•			•
Bjursell, C (2011)	•	•	•	•	•	•	
Caprio et al. (2011)	•			•			•
Shim and Okamuro (2011)	•		•	•			•
Gleason et al. (2014)	•			•			•
De Cesari (2016)	•		•	•			•
Worek (2017)	•		•	•	•		•
De Masis et al. (2018)	•		•	•			•
Gómez-Mejía et al. (2018)	•		•	•			•

Companies undergoing M&As processes are faced with a series of challenges they need to overcome, particularly in the integration phase (Chen et al. 2018, Rosa Reis et al. 2015, Weber and Tarba 2013, Junni and Sarala 2011). During the integration and post-combination phases in cross-border settings, cultural issues have become the one main challenge for managers (Rosa Reis et al. 2015; Weber and Tarba 2013; Teerikangas and Véry 2012; Vasilaski 2011; Weber et al. 2011; Almor, Tarba and Benjamini 2009; Morosini et al. 1998).

The objective of the present literature review was to map the way FoBs involved in M&As processes are viewed and analysed or not by the fields of international business and management, from trying to provide an encompassing definition of what a FoB is, how could it be classified, dimensions of culture affecting both the national and corporate culture, the role of culture in performance and the integration process, as well as, how the family interactions inside the business affect the international expansion and M&A-related activities.

As it can be observed in **table 3** above, all literature reviewed makes no real difference between merger or acquisition, thus, making use of both terms as interchangeable. Furthermore, every single article reviewed gives a special interest to the performance of the M&As as a form to analyse both the reason to carry out the transaction and their success once it has been completed. An overwhelming majority of the literature concerns with issues of culture, specifically how the corporate culture is affected when the companies are merged together, a similar issue publicly listed companies spend significant resources trying to understand.

A special element of interest to this study are family values and how they are viewed inside of the companies going through a M&A process: whereas some of the literature takes only interest in family control and how this dilutes once a M&A transaction has taken place (De Massis et al. 2018; Worek 2017; Capri et al. 2011; Shim and Okamuro 2011; Basu et al. 2009), some take into account the stress put into the family structures and the companies being cultures on their own, not having culture as an additional feature of their identity (Bjursell 2011; Steen and Welch 2006).

Another element to consider in this arena as presented in **table 3**, just a few seem interested in the social and emotional weight a FoB goes through when considering a M&A process: whether the attachment to family firm affects the way the family valuation is considered (Gleeson et al. 2014) or the SEW that should be considered as part of the company value network and how it compliments in many cases the financial value of firm (Gomez-Mejia et at. 2018).

Finally, only one of the articles reviewed took into consideration the way national culture influences FoBs and their way to handle M&As process, as well as, the possible effects (both positive and negative) have when differentiating from organisational cultures (Bjursell 2011).

3 METHODOLOGY

The current chapter describes the research method to be utilised in the research. Firstly, the research approach adopted to fit with the research questions of this study will be presented. Secondly, the research design and strategy will be introduced, with special attention given to method selected for data collection. Lastly, the data analysis process will be discussed, with special interest in how research quality and trustworthiness are achieved.

3.1. Research Approach

In the present study, the questions asked, lend themselves to examine people's and organisations experiences in M&As. Therefore, it is believed that phenomenology is suitable as a research approach for the study. Using Saunders, Lewis and Thornhill's (2012:118) comparison of research philosophies, the present research assumes that the choice of approach is appropriate.

In Saunders et al. (2012:115), conceptual interpretivism is utilised instead of phenomenology, which is considered to be derived from phenomenology itself. In order to know which research philosophy should the research be based on, researchers must consider how reality is viewed (ontology), what is considered as acceptable knowledge (epistemology) and what is the role of the host in the study (axiology).

From the former, one can infer that an interpretivist approach means that reality is seen as a social construct that is subjective and can change, which as has been discussed before happens as well with the concepts of culture and family. The view of knowledge is subjectivist and the axiology is that the study is value-bound, where the researcher is a resource in the study and thus will be subjective. Furthermore, Saunders et al. (2012: 115) contend that a phenomenological research approach is best suited to investigate unique and complex situations arising from behavior in companies due to changes in their organisational structure.

Thus, it is expected that the present research approach, considering its limitations, will aid in answering the research questions and solve the research problem raised in the introductory chapter.

3.2. Research Design

Yin (2014:3, 15) classified research purpose into three types categories: first, the type of research interested in the mapping of concepts and their measurement is considered descriptive research; second, the type of research focused in the development of new concepts is considered exploratory research; and third, the type of research interested in the causes of a phenomenon is considered causal or explanatory research.

Due to the fact that concepts are not only mapped and defined, the present research could be grouped into explorative research. Furthermore, exploratory research is widely considered to be useful in allowing problems to be more clearly defined, which in turn, allows the elimination of ill-fitted ideas and aids in the formulation of hypotheses. According to Yin, exploratory research can be carried out through literature research, case studies, focus groups or by surveying certain people’s experiences (2014:113, 154).

Given the exploratory nature of the question presented in the introductory chapter and the objectives of the research at hand, the abductive reasoning was employed in order to build the research results upon existing theory. According to Rashid et al. the abductive reasoning or approach is the most common method when dealing with case studies (2019), it gives researchers a level of flexibility that allows them to move between the theoretical models and the empirical material (Dubois and Gadde 2002), if and when insights from the data collected need to be supported by new theoretical analysis (Saunders et at 2012:121).

The literature review carried out in chapter 2 for this study, began with a deductive critical assessment of the definition of mergers and acquisitions, exploring the empirical reasons of why such processes are implemented, what are family business and why would FoBs would consider engaging in M&A processes, as well as, the role of culture compatibility in the success of cross-border M&As, with an specific focus on the cultures of both Finland and Italy. However, after the initial data collection and analysis, an additional review of culture and M&A performance and M&A research on FoBs in cross-border settings was conducted in order to help in explaining the research findings and thus an conceptual framework was formed, which was allowed by following the abductive reasoning.

3.3. Research Strategy

The research design serves as a plan that allows the research questions to be satisfactory answered (Saunders et al. 2012:137-139). Therefore the researcher must first decide on which strategy to follow to answer the research question. The purpose of this thesis is to find an answer to a non-quantifiable "what" question, furthermore, the subquestions are both non-quantifiable "which" and "how", which aligns with Yin suggestions on qualitative research and case studies (Yin 2014:124). Additionally, considering the exploratory nature of the present research, which is firmly grounded on existing theory, which looks to be aided with original data collected at an organisation in order to create an understanding of a group of individuals' experiences and recollections during a M&A process, it was clear to this researcher that a qualitative research, through a series of semi-structured interviews was an appropriate method for this research.

3.3.1. Semi-structured Interviews as a Data Collection Method

According to Marshall and Rossman, validity could be increased by the use of interviews, since these seem to cause the least interviewer/interviewee bias (2015:41, 95-98) furthermore, the reasons and motivations behind all actors involved can be easily understood (Au 2019; Maylor et al. 2017:144; Marshall and Rossman 2015:97).

In the present thesis, semi-structured interviews were conducted with the purpose to gain an understanding and in-depth information regarding the impact of culture during the integration process in a cross-border M&A involving FoBs. As pointed out by Saunders et at., a list key questions and themes of interest are prepared in a semi-structured interview by the researcher (2012:320),

Interviews seem to cause the least bias which increase the validity (Marshall and Rossman 2015:41, 95-98) and create a deeper understanding of the underlying motivations and reasons of all actors involved (Au 2019; Maylor et al. 2017:144; Marshall and Rossman 2015:97).

In the present thesis, semi-structured interviews were conducted to gain in-depth information concerning the impact of culture during the integration process in a cross-border M&A. In a semi-structured interview, a list of themes and possible key questions is prepared by the researcher (Saunders et at 2012:320), however, as the name suggests, its structure is not firm and tends to vary from one interview to another. The order of the questions may also fluctuate depending on the natural flow of the conversation (Au 2019). Additionally, questions based on the interviewees' responses may be asked in order to explore themes not considered in the initial agenda (Saunders et al. 2012:354).

However, it has to be noted that interviews are subjective in nature and are difficult to generalise (Au 2019; Saunders et al. 2012:354). In the present study, cultural differences encountered by the interviewees, as well as, their opinions regarding the influence of these cultural differences throughout the acquisition process were the focused of the interview questions.

3.4. Data Collection

The inductive primary research for the empirical data collection of this study has been conducted within the confines of a large Finnish multinational, belonging to a family-owned conglomerate, acquiring a medium manufacturing family-owned company in Italy. The present case company was chosen as it provided an appropriate research setting for the analysis of the phenomenon of interest and its associated factors.

According to Yin, a single-case study is only acceptable when investigating an atypical, critical or very unique event (2014:30) or serves revelatory or longitudinal purposes (Maylor et al. 2017:204). As such, research is seen as much more robust and compelling when empirical data collection is done with multiple-case studies (Rashid et at 2019, Yin 2014:25). Furthermore, it should be noted that not acquisition is ever the same as another, and that what can be applied in one, cannot be transferred to other without making adjustments. However, given limitations of time and resources, as well as, lack of similar cases elsewhere, it was decided that the company at hand qualified as a very unique case worth of being analysed in the basis of a single-case study.

As noted before, the data was collected through a semi-structured interview study with the unit of analysis being an individual, from which opinions, experiences and behaviours were collected. These interviews provided the data from which an analysis was possible to be conducted and it allowed to draw patterns based on the respondents answers, mainly from their similarities and differences. Nevertheless, due to time constraints and the exploratory nature of the research, data collection took place at a moment in time in order to provide a cross-sectional study of the phenomenon (Saunders et al. 2012:354).

The data collection process for the present research followed three stages in principle: 1) screening and selecting companies in which the phenomenon could be studied 2) fitting interview subjects were then selected and 3) ensuring that factors of interest could be revealed and collected through the development of the interview guide.

3.4.1 Finding a case company

As expressed before in this chapter and in chapter 2, for the purposes of this thesis, the inductive primary research for the empirical data collection of this study has been conducted within the confines of a large Finnish multinational, belonging to a family-owned conglomerate, acquiring a medium manufacturing family-owned company in Italy. This case company was chosen as it provided an appropriate research setting for the analysis of the phenomenon of interest and its associated factors.

The subject companies of this study were found after initially reading about the transaction in a regional news publication of the chamber of commerce in which was reported that Mirka Oy and Cafro S.p.A. were undergoing a integration process after the former acquired all the assets of the later (Coastline 2018a). This raised the interest of the author and subsequently, after broaching the subject with the thesis supervisor, it was decided to move forward and contact the companies in hopes to receive a positive response in order to carry out the present thesis project using them as a case study.

Is to be noted that although the selection of the case company was based on opportunity, it was found to fulfill criteria needed to achieve quality in research, due to the fact that the phenomenon of interest for this research had been publicly acknowledged (validity) and the data could be collected without bias from the researcher (reliability).

A more robust and in depth look into the companies will take place in Chapter 4, where they will be formally introduced.

3.4.2 Interviewee Candidate Selection

First contact was made with the Marketing Director at Oy Mirka Ab in charge of the integration process with Cafro S.p.A., in order to explore the possibility to gain access to their company in the hopes to develop the present research and once when it was tentatively approved, modify the interview guide according to her suggestions and subsequently, contacting the key individuals from both parties involved in the acquisition and the subsequent integration process was made.

Although snowball sampling was the main method in which interview candidates were recruited, special attention was made in order to contact the family members of the companies in question, however, participants were chosen so that could give insight in the acquisition process, both the pre-evaluations and the integration phase. Representatives from each of the merging companies and from different levels of the organisation were contacted in order to gain a more holistic understanding of the transaction, additionally, members of both legal teams that assisted during the transaction were contacted as well, in order to obtain their particular points of view. However, restricted access to the personnel labouring at Cafro S.p.A., it meant that only the Managing Director of the firm was interviewed.

As particular interest in the family component of the transaction was at the core of the present document, two members of the Board of Directors of the KWH Group (the holding company to which Oy Mirka Ab belongs) were contacted and interviewed, gaining useful information of the family dynamics, family values and company history that had an influence in the present transaction. The current President of the KWH Group was also interviewed, as well as, the Country Manager and Financial and Administrative Controller of the daughter company, Mirka Italia.

Interviews with a System Developer working in the integration process in-site down in Italy were also conducted, additionally the Managing Director of Mirka and the undoubtedly architect of the whole transaction and who spearheaded the acquisition was contacted, as was the Vicepresident of Precision Industries, who is in charge of developing this new business unit of the company, that the Cafro acquisition represents.

Table 4. Respondents profiles.

Firm	Pseudonym	Position	Nationality	Interview Date	Interview Method	Duration of the Interview	Language
Mirka	Mirka 1	Management level	Finnish	31.01.19	Face-to-face	01:10:58	English
	Mirka 2	Management level	Finnish	03.04.19	Voice call	00:35:51	Swedish
	Mirka 3	Management level	German	07.05.19	Voice call	00:46:01	English
	Mirka 4	Operations level	Finnish	12.02.19	Skype	01:01:06	Swedish
	Mirka 5	Operations level	Italian	20.02.19	Skype	01:04:41	English
	Mirka 6	Management level	Italian	16.04.19	Skype	00:39:13	English
KWH	KWH 1	Member of the Board	Finnish	03.01.19	Face-to-face	02:10:32	Swedish
	KWH 2	Member of the Board	Finnish	01.02.19	Face-to-face	01:55:47	Swedish
	KWH 3	Management level	Finnish	08.03.19	Face-to-face	01:12:26	Swedish
Cafro	Cafro 1	Management level	Italian	07.01.19	Voice call	00:36:18	English
Legal Firm	Legal 1	Member of the legal team	Finnish	26.02.19	Voice call	00:38:09	English / Swedish
	Legal 2	Member of the legal team	Italian	15.03.19	Skype	00:50:46	English
	Legal 3	Member of the legal team	Italian	29.02.19	Skype	00:40:03	English

In total, thirteen interviews were conducted. Face-to-face meetings are said to able to provide a greater level of comfort and help to build trust between the interviewer and the interviewee, and as such, better suited when conducting data collection through interviews (Au 2019, Saunders et al. 2012:90); voice calls or skype calls were also conducted to accommodate the interviewees' wishes and needs given the physical distance between the author and the research subjects. Thus, five of the interviews were conducted via traditional voice call over telephone, four making use of Skype-conference calls and four were personal interviews at the company premises in the Vaasa region. **Table 4** above presents a summary of the respondents profiles.

Additionally, in order to minimise the time of the interviews, two of the subjects were provided with the interview guide beforehand via email and received short answers in the same fashion, with only the aspects not resolved in the questionnaires covered during the voice calls. However, is to be noted that every subject was contacted via e-mail before the actual interview, where they were informed of purpose of the research, how the interview would be conducted and how their answers would be utilised. A similar notice was also made on top of the interview guide, which was presented orally or in written form to them just before the interview began and specified their identity would remain anonymous and that express permission will be sought before anything was attributed to them.

A description of the respondents backgrounds will be provided below, while being cautious in not attributing specific traits to the individuals, in order to retain a certain sense of anonymity.

Within the thirteen interviewees, six were Finnish, six were Italian and one was German. All interviewees have been with their respective companies (Mirka Oy, Mirka Italia, KWH Group, Cafro S.p.A., and three different legal firms) for at least five years with at the least 2 years in their current role, and four have been with their companies for over twenty years. Out of the thirteen respondents, eleven were male. No overlap between functions, departments or roles were present within the case company, with the exception being the two members of the board from the parent company. At a macro-level, the respondents were divided into four groupings with six of the interviewees holding management positions at group level, two holding management positions at country level, two in operations positions and a fourth group where all members of the legal teams are grouped.

Lastly, the interviewees were further classified in two groups based on whether or not they were involved during the pre-combination process (eleven interviewees, with four considering their involvement as passive) and in the integration phase (seven interviewees, with one considering its involvement as passive).

3.4.3. Interview Questions

In order to achieve a certain consistency across the interviews, a semi-structured interview questionnaire was developed which can be found as an Appendix of the present thesis.

The interview guide was developed in order to provide a general structure to the interview and to ensure that the primary questions and the four cardinal themes of the research were answered. Thus, a list of thirty one questions, separated in four sections was created in order to prompt the respondents' answers related to the subjects of interest; however, is to be noted that the wording of these questions varied from an interview to another and some of them were sometimes omitted entirely.

Given the applicability of the questions to each interviewee and the conversational nature of the probes being asked, it is also worth mentioning the omission and addition of questions, as well as, their randomised order in order to fit the conversation's flow (Au 2019) and follow up with the information provided by the interviewees. A further challenge presented during the data collection process, was the difficulty of maintaining and directing the discussion to the subjects at hand whenever the interviewees deviated from the interview guide, which was excharcerbated given the different profiles of the informants. In **table 5** below, the interview themes and the respective insights sought during the course of the data collection process are presented.

Table 5. Interview Themes and Insights Sought.

Interview Themes	**Insights Sought**
Theme I. Interview background and Family business culture	Determining background and individual perceptions of the organisational context regarding FoBs
Theme II. Internationalisation process and cross-border interactions	Roles and experiences with prior M&As cases and knowledge of the subject company national culture.
Theme III. Acquisition process and decision making	Process and strategy behind the acquisition, as well as, challenges during the acquisition
Theme IV. The post-merger integration phase	Current state of integration process, next steps, cultural integration and Corporate Culture change and adjustment.

The goal of the interview questions compiled and used during this data collection process was that of helping answering the research question. Furthermore, the four interview themes in which the questions were classified, were intended to help answer also the research subquestions, thus, striving to ensure that all responses would be relevant to this research. Nevertheless, the discussion setting and flexible conversation flow were intended to encourage the interviewees to provide tidbits of information or another facts useful to this research. The questions were thus developed in order to explore the respondents' attitudes, opinions, behaviours, as well as experiences, associated with the encompassing theme of the acquisition of Cafro by Mirka.

As explained before, prior to the beginning of the interview, a short explanation regarding purpose of the research, how the interview would be conducted and how their answers would be utilised was presented orally or in written form to the interviewees, in order to set the tone of the interview, as well as, to help them focus their mindset towards the topic of cross-cultural aspects of the acquisition and integration phases at their companies.

The short introduction before the interview tried to encourage the respondents to provide their own opinions, attitudes, and experiences in the acquisition transaction between Mirka and Cafro, asking to provide some examples when and if applicable.

The data collection process took place between January 4th and May 7th 2019. The length of the interviews oscillated between 35 and 130 minutes. Within the thirteen interviews carried out, five of the interviews were conducted in Swedish, seven were conducted in English and one in a mixture of both languages. All interviews were recorded.

At the moment the thirteenth interview was carried out, it had become apparent that saturation had been reached, given that recurring patterns had beginning to emerge and and little new data was being acquired. Nevertheless, hoping to complete the round of interviews that were formed after collecting the names of the possible interview subjects involved in the acquisition transaction, the researcher reach out one last time to the three persons left on the snowball sampling list compiled, nevertheless, after no answer was received, it was decided to close down the data collection and began with the data analysis.

Lastly, is to be noted that additional to the data collected through the interviews, secondary data was also collected in order to contextualise the acquisition process. Material collected included among others annual financial reports, private company information from the Orbis database, the companies involved official websites, internet articles on the transaction and announcement, press releases and a book published by the acquiring company to celebrate their 70th anniversary. The former, was made in order to complement the data collected through interviews, which allowed a certain level of comparison to be be made (Kohlbacher 2006).

3.5. Data Analysis

Before the actual data analysis of the empirical material began, it was decided to transcribe the interviews. This was done in order to gain a more concise picture of the information at hand. The transcription of the interviews was verbatim and resulted in 127 pages of text and included notes made by the author during the interviews. Subsequently the five interviews conducted in Swedish were translated into English to be able to work with one single language, reducing the page number to 98 after editing out filling words and other speech patterns.

After this, the initial coding and categorising of the responses began, for which, structural categorising procedures were followed (Saunders et al. 2012:490). The data analysis leaned on the theory-guided content analysis approach, thus constantly referring to theory to enable the comparison of the data collected. The dual nature of the approach, with both inductive and deductive category application characteristics (Kohlbacher 2006), made it suitable to the abductive reasoning followed in this study.

According to Saldana, coding on itself is data analysis and most researchers will do it both during and after the data collection is completed (2015:7). Coding and categorising are inherently related, with coding being seen as "*a method that enables [the researcher] to organise and group together similarly coded data into categories [...] and the beginning of a pattern [to be formed]*" (2015:8). In addition, by organising the themes into categories, a clearer structure and overview of the data at hand is rendered.

According to Saunders et al. coding "concentration" is something that is commonly used as an analytical method in connection with phenomenological investigations (2012:111), given the complex and messy circumstances of the unique cases preferred by this approach (Yin 2014:77, 194). Saldana describes "concentration" as "lumping" (2015:19). During the coding process, the researcher forms a holistic view of the statement, identifying central themes that are then linked concisely to a descriptive statement without redundant information (Marshall and Rossman 2015:54).

Through this type of analysis, central themes can be found that can then serve as a basis for more extensive interpretations and theoretical analyses (Maylor et al. 2017:365-379). Code lumping is said to help researchers to get to the essence of categorising a phenomenon, however, it requires the use of very precise conceptual words and phrases, to avoid an overly simplistic and superficial analysis (Saldana 2015:20).

The data analysis was begun by reading the interview answers and creating an overall picture of the material. Then each interviewee's answers were colour coded depending the company relation they held. Subsequently, the material was further divided into distinct categories on the issues they referred to, for which colour coding was also used: light purple for family-related factors, light green for national culture, light blue for organisational culture dimensions and clear/transparent for others. When this was done, "lumping" was utilised to further categorise the responses and it was decided to work on the basis of the three research subquestions and thus the data analysis was carried out through three parallel analyses, in order to identify additional sub-themes and give structure to the final data.

As mentioned before, during this process of analysis, central themes and sub-themes emerged, which were then considered to represent the phenomenon, the essence of research (Saldana 2015:20). Au emphasises that it is important for the researcher to ask such questions that provide rich and nuanced answers (2019), for this method of analysis to be relevant. In this case, as presented in the data collection section of this thesis, the author chose to ask follow-up questions if the questions were considered to be unsatisfactory during the course of the interviews, no additional information from the interviewees' was seen as necessary once the coding and classification of their responses was completed.

3.6. Research Quality and Trustworthiness

According to Saunders et al. the inherent proximity the researcher develops during the data collection process and the data analysis, makes it more difficult for qualitative research to demonstrate its validity and reliability (2015:183), thus requiring from the researcher to take the necessary steps to make sure that the data collected and subsequently analysed was conducted with the ability to measure the satisfaction to which the research questions were answered (validity) and guaranteeing that the results are repeatable, allowing the research to achieve reliability (Maylor et al. 2017:341).

The data found in this study could be the source of much debate, since the theoretical part of this research was based in reports, scientific articles, books, journals and newspaper articles disponible to this author and there could be other sources that could be seen as more suitable but were left out. however, this fulfills the external validity test as presented in Yin (2015:41): the use of theory in case studies.

As the former paragraph also lets transpire, while conducting this study, a broad-level literature review was conducted, in order to increase the trustworthiness of the information presented and thus bolster the reliability of this research (Kohlbacher 2006). The former can be seen as a test of the construct validity of the study, given that primary, secondary and tertiary data came from different sources (Yin 2015:41).

In addition, by initially contacting the case company communications representative, internal validity was achieved (Yin 2015:40), in order to ensure that the: i) research problem could be investigated making use of their company as a case study; ii) the interview candidates selected were appropriate and disponible; and iii) the interview questions addressed all relevant issues to this research.

Through a sound justification of the research strategy choices and a meticulous documentation of the research design, research bias is believed to have been avoided and reliability is believed to have been achieved (Saunders et al. 2012:187). Furthermore, by recording and transcribing the interviews (and translating where needed) it strengthened the research quality of the study, and this documentation aided in achieving reliability (Maylor et al. 2017:334).

Furthermore, by undergoing an extensive background research of the topic literature, research methodologies needed in qualitative studies, and the company at hand, the author aimed to achieve researcher credibility and trustworthiness (Kohlbacher 2006). The former was further assisted by the development of the interview guide, contacting the interviewees beforehand and providing them with a short statement regarding the purpose of the research, how the interview would be conducted, how their answers would be utilised, to clarify the research objective and to ensure their anonymity would be kept. This is believed to have helped build trustworthiness (Au 2019), and thus a more robust interviewer-interviewee relationship was created, aiding in the truthfulness of responses were provided for analysis.

The level of preparation carried out for this research, including but not limiting to the theoretical and methodological stages, as well as, background research on the case company and respondents that took part in the interview process, were means from which the researcher aimed to achieve credibility for the study at hand.

Lastly, by considering the aforementioned elements used to achieve research quality and trustworthiness, one can observe ethic issues in the research were also taken into account. As a researcher, one must be cautious and uphold appropriate values during all stages of the research (Kohlbacher 2006), in order to ensure that the research itself, its process and the selection of its subjects is not only methodologically well grounded, but that it can not argued against it on a moral level (Saunders 2012 et al.:200).

4 PRESENTATION OF THE EMPIRICAL MATERIAL

In this chapter, the material collected for the empirical research will be presented. The research took place within the confines of Oy Mirka Ab (from now onwards "Mirka"), a large multinational manufacturing company in Finland, which was in the early process of integrating Cafro S.p.A. (from now onwards "Cafro"), a medium manufacturing and family-owned company in Italy.

As demonstrated in the literature review, academic studies seldomly focus on M&A transactions involving FoBs and even less so, FoBs acquiring other FoBs and doing it so beyond their borders, thus the importance to analyse this case. This case company was chosen as it provided an appropriate research setting for the analysis of the phenomenon of interest and its associated factors.

The material is based both on the companies' views and the legal teams which aided during the process, amounting to thirteen selected experiences. The chapter starts with background information about both companies, their company culture and internationalisation experience. Then the companies background as FoBs is utilised in conjunction with the literature review on family business classification, in order to categorise them in the nomenclature provided in chapter 2. This will be followed by a short explanation of the acquisition process with the help of secondary data records. Thereafter, the interviewees' responses will be presented and a conceptual framework crafted from their responses and used as the basis for the findings report..

4.1. Oy Mirka Ab

Mirka is a Finnish manufacturer of high-quality surface finishing products and tools, used in different industries for surface finishing e.g. cars and computers, along with other electronic devices (Mirka 2020a). Mirka has production facilities in Finland, Jeppo, Oravais, Jakobstad and Karis. However, through an acquisition of the Italian Cafro back on june of 2017, the company has acquired production facilities outside of Finland's borders (Mirka 2017). The acquisition was an integral part of Mirka's strategy to expand its business in the field of superabrasives and grinding solutions (Coastline 2018a, Mirka 2017).

4.1.1. KWH Group and Mirka's History

Mirka is a Finnish family owned multinational company established on December 8th, 1943 by engineer Onni Aulo in Helsinki, Finland (Mirka 2020b). The name of the company comes from the german word Sch*mir*gelpapier, with the ending -ka being a original construct by its founder, who is also responsible for the famous bulldog in the company's logo (Wester 2013). In the year 1962, the company moved to Jeppo, Nykarleby (Mirka 2020a) where the main office building is located until this day. That same year, Emil Höglund, main shareholder of Oy Keppo Ab (a local mink farm) along Kurt-Ole Lindholm, Kalervo Keltanen and Bror-Erik Uunila bought out all Mirka's shares from their owners (Wester 2013). Uunila's shares would later be sold to Höglund in 1965 (Wester 2013), whose shares would be transferred to the ownership of Oy Keppo Ab (Mirka 2020a).

Emil Höglund was also shareholder in Oy Wiik & Höglund Ab which in the mid 50s was a producer of plastic floor tiles and plastic pipes already exporting to international markets (Wester 2013), of which Oy Keppo Ab bought out the majority shares in 1984, leading to the merger of both companies and the birth of the KWH Group (KWH Group 2020a). Along with KWH Pipe and KWH Plast, KWH Mirka became part the group, which would later include KWH Invest, Prevex and KWH Logistics (Wester 2013). The structure of the company would change later on, with the sole remaining divisions being KWH Logistics (made up of KWH Freeze and Backman-Trummer), KWH Invest (made up of Oy Prevex Ab and a joint venture with a 44.7% ownership of Uponor Infra Ltd) and Mirka (KWH Group 2020b).

Emil Höglund passed away in 1973, after which his sons Peter and Henrik took reign of the companies, along with the old management team that had already been working in the different divisions of the Group (Höglund, H., personal communication, January 3, 2019). The ownership of KWH Group in its current form is divided 92% among the Höglund family and about 8% by the Tidström family (Bureau van Dijk 2019a).

Although, Mirka is an essential part of the KWH Group, providing a 58% share in the group's total turnover (KWH Group 2020b), it has since long acted as a wholly independent company, with KWH acting more like an investor would (Antus, K., personal communication, February 8, 2019), with professional management leading the company and KWH Group's executive director and members of the Höglund family serving only in Mirka's board of directors (KWH Group 2020b) and an independent member (Mirka 2019). This was highlighted even further, when at the end of 2016, Oy KWH Mirka Ab became known only as Oy Mirka Ab, with the intention to simplify and unify the names of the Mirka Group's subsidiaries and parent company internationally (Mirka 2016), thus dropping any references to the KWH Group on Mirka's brand name.

4.1.2. "The Mirka Way"

Mirka provides a broad range of sanding solutions consisting of abrasives, polishing compounds and tools which are highly innovative and environmental friendly (Mirka 2020a). The company is the inventor of dust-free sanding, through an offer of technologically superior coated abrasives (Mirka 2020b, Coastline 2018a). The advanced sanding and polishing machines combined with a complete range of high quality abrasives and polishing compounds, as well as, a wide range of supplementary products, offer concept solutions to meet customer's individual needs (Mirka 2020a).

Mirka’s vision is to reach a market position, where customers and interested parties see them as a market leader and a sustainable and innovation driven company at the core of their business sectors, with its mission being “to give people the opportunity to perform better”. The company has four values: to be responsible, committed, innovative and respectful in all its business activities. (Mirka 2020a; Mirka 2019).

The company’s culture is known as “The Mirka Way”, being an amalgamation of its vision and mission statements, with a clear focus shifted from products to customers (Mirka 2019) and it’s closely related to the core principles and culture of KWH as a whole (KWH Group 2020c). Mirka believes in success driven by people and invests considerably on training and personal development programs, these being at the core of its growth strategy (Mirka 2020a).

Mirka’s emphasis on its clean commitments are a cornerstone of their sustainability strategy, focusing on respecting clean performance, clean production, clean partner and clean proactivity (Mirka 2020a; Mirka 2019). By being proactive, Mirka looks for ways to reduce the environmental footprint of its products; as a clean partner, it strives to develop a strong relationship-ties based on trust with mutual benefits with customers, shareholders and stakeholders; with its clean production commitment, the work culture at Mirka is team-oriented and aims to reach-high levels of employee safety, product quality, work efficiency and sustainability goals within all its manufacturing facilities; lastly, with its clean performance emphasis, Mirka seeks for long–term economic strategies with a focus on sustainability (Mirka 2019).

4.1.3. Mirka’s Internationalisation

Mirka’s internationalisation process goes back to the early 60s, when the first export order came from Iceland (Mirka 2020b, Wester 2013), this situation was exacerbated after its move to Jeppo and the involvement of Emil Höglund in its operations

(Höglund, P., personal communication, February 1, 2019), At the end of the 70's, Mirka was exporting 54% of its production (Mirka 2020a), which led them to receive the "President's Award for Exports" in 1986 (Wester 2013). Nowadays, the company exports more than 97% of its products to more than 100 countries globally with 18 subsidiary companies and four branch offices located in different parts of the world (Mirka 2020b). At the end of 2019, Mirka had a total of 1504 workers, 849 of which were located in Finland and the rest were working abroad (KWH Group 2020b). Mirka is one of the world leaders in the manufacturing of abrasives, being recognised as the fourth largest company in its sector (Wester 2013). The company had a total turnover of €297,2 million in 2019, which comprises a 58% of the group's turnover (KWH Group 2020b).

The ever changing environment in which Mirka operates has served as a driving force in the culture adopted by the company, however, their commitment to be closer to their customers has led them to a quick expansion abroad.

Already in 1979, the first subsidiary company, Mirka Abrasives Ltd, was established in United Kingdom; Mirka Schleifmittel GmbH (Germany, 1980), Mirka Sweden (1981), Mirka Abrasives Inc., (USA, 1985); during the 90s, a similar expansion rate took them to enter France (Mirka Abrasifs, 1992), Italy (Mirka Italia, 1994) and to set up a sales office in 1997 in Kuala Lumpur, Malaysia, which was later moved to Singapore in 2000. Other subsidiaries: KWH Mirka Iberica (Spain, 2003); Mirka Asia Pacific (repurposing the office in Singapore) and Mirka Trading Shanghai (China) were established in 2005, along with the acquisition of a production facility in Karis, Finland; Mirka Brazil and Mirka Mexicana (2006); Mirka Rus LLC (Russia, 2008); Mirka Abrasives Canada and Mirka Sweden being restructured into Mirka Scandinavia (with branch offices in Denmark and Norway) in 2009; Mirka India (2010); an European distribution centre in Belgium (2012); Mirka Turkey Zimpara Ltd Sirketi and KWH Mirka Ltd - Belgian Branch (2013); and in 20016, Mirka Middle East FZCO was established in the United Arab Emirates (Mirka 2020b).

And at the heart of this research, in 2017 Mirka announced the acquisition of the Italian Cafro S.p.A., with the acquisition being an integral part of Mirka's strategy to expand its business in the field of superabrasives and grinding solutions (Coastline 2018a, Mirka 2017).

4.2 Cafro S.p.A

The family owned Cafro, based in Como, Italy, is a leading manufacturer of Diamond and CBN (Cubic Boron Nitride) wheels, as well as, PCD (Polycrystalline Diamond) and PCBN (Polycrystalline CBN) tools (Cafro 2020a). Cafro had come to realise the need of further internationalisation to secure the future of the company, but it lacked the resources to do so, being in the middle of a generational shift (Proman n.d.). For Cafro the acquisition represented an opportunity to expand its business globally (Mirka 2017).

4.2.1. Cafro's History

Giovanni Mancina, founded the company in September of 1955, choosing the name of name of a South African tribe, in whose territories the first diamond fields were discovered (Cafro 2020a).

Cafro's beginnings were humble, with Giovanni Mancina's own home being utilised as a workshop for the manufacture of metal smallware and later on, diamond wheels, soon becoming a pioneer in an industry that was taking its first steps, with their first customers coming from the northern Italy area (Cafro 2020b).

After a few years of hard work the production grew at such pace that Giovanni Mancina had to devote himself entirely to the new business and would move the company into a new building in via Donizetti, Fino Mornasco. There, new machines are added and demand grows and the number of employees reaches a dozen. In 1965, the first sintering press is installed and metal bonded diamond wheels are added to the production range;

in 1966 the sons Roberto and Guido join the company. The number of employees increases to fifteen and a new department for manufacturing carbide tools opens (Cafro 2020b), which would later become the basis of their expertise in the industry.

About the same time the company was founded, General Electric synthetised the first industrial diamonds, however, it wouldn't be until much later wat the the 60s when they would become industry standard (Cafro 2020c), until then, all diamond wheels were manufactured with natural diamond (Cafro 2020b). In the 70s, Polycristalline Diamond and Cubic boron Nitride are both synthetised and become available, with Cafro becoming one of the first users of such products and the first manufacturers in Italy of Polycrystalline Diamond and CBN tools (Cafro 2020c). Cafro has grown even more and celebrates 25 years in 1980, with 25 employees (Cafro 2020b).

By the mid 90s, production and demand has grown so much, that the decision is made to move into new and more modern premises situated in via Raimondi 55, Fino Mornasco, since then, further expansion has been done in 1999 and 2009 (Cafro 2020a). And, by the end of turn of the millenium the third generation of the Mancina family, composed of Mario, Giovanni and Silvia have all joined the company and would spearhead a new wave of modernisation through the 2000s (Cafro 2020b) and effectively taking the management of the company by the 2010s (Mancina, M., personal communication, January 7, 2019).

By the mid 2010s, the company faces a generational shift, with Guido and Roberto looking to retire and passing over the ownership to the third generation. However, additional challenges were presented given the strong need of a more aggressive internationalisation strategy and investments in R&D, which the company would not have the resources to support after the generation shift. Thus, in order to secure the future development of the company, the family decided to sell the company when in 2016 first contacts with Mirka were made (Proman n.d.).

4.2.2. “A way of doing”: The Cafro Culture

The company culture and their history are closely related at Cafro, since one couldn’t have been developed without the other: through their trials, errors and successes, Cafro has always strived for excellence, both in their industry and with their employees. Their identity as a FoB is ever present, with their current and past employees being seen as part of a “large family” (Cafro 2015).

Furthermore, their mission is focused not only on their products, but aims to consider their customer needs in their R&D processes and customer experience, in order to “provide effective and targeted solutions [...] through innovative quality products and a competent service” (Cafro 2020c).

This focus on innovation and quality has been ingrained in the company’s DNA since their inception, with their founder Giovanni Mancina pioneering the rising market of diamond based tools, which would become the industry standard for precision mechanics (Cafro n.d.).

The former is reflect in the company values, which aim to achieve *competence* through their in-house know-how; while providing *assistance* from their highly qualified application engineers; this, can be seen in their adaptability to the market conditions and the *flexibility* of their products; without ever compromising their quality nor the safety of their personnel, thus achieving *reliability* through the company’s structure and *organisation* (Cafro 2020c).

The company’s operations have always been based around the family ties of their owners, the relationship and care towards their employees, the personal relationships in their business networks, their highly innovative and responsible product management and *“a way of doing”* which have been a trademark of the company during their history as an independent entity (Cafro 2017).

4.2.3. Cafro´s Internationalisation

The process of internationalisation followed by Cafro in their time as an independent entity was slow, but always focused in excellence. From the very beginning, the company was involved in the international scene, given that the original idea for diamond grinding came from the italian-based germany company where Giovanni Mancina laboured as a production manager (Mancina, M., personal communication, January 7, 2019). Subsequently, they would be invited to the General Electric facilities located in Ohio, USA where they synthetised the first industrial diamonds, which would led to a long-lasting partnership until this day (Cafro 2020b).

However, the company in the beginning was necessarily focused in the local market, with the first customers coming from northern Italy and would later include italian-speaking Switzerland, since the company facilities have always been located right on the Italian-Swiss border region and its founder could only speak italian (Mancina, M., personal communication, January 7, 2019).

By the late 70s, the company's market grows to include Germany and with the brothers Guido and Roberto in the company, the customer and partner's network grew through personal visits to their locations (Mancina, M., personal communication, January 7, 2019) and taking part of industry trade fairs (Cafro 2020b).

With ever increasing demand, the company moves to their current facilities in 1995, which has since expanded twice in 1999 and 2009 (Cafro 2020b). The third generation of the family joins the company and bring with them expertise in production and the market, as well as, language skills that would help to propel the company's sales and business relationships, relying in sales agents and distributors to move their products to their end customers (Mancina, M., personal communication, January 7, 2019).

By the end of 2016, Cafro employed 79 persons, had a turnover of €10 million, 43% of which coming from exports and had 25 sales representatives worldwide (Mirka 2017).

Once the merger was completed, their operating revenue had grown to €13,5 million, they had gained 3 new employees (Bureau van Dijk 2019c). According to their Managing Director, 95% of the company business transactions were with European-based companies, which translated in 90% of the group's turnover coming from their Europe-based customer base (Mancina, M., personal communication, January 7, 2019).

4.3 Classification in the FoB typology

As previously presented, this thesis is concerned with family-owned businesses and their involvement in M&As, thus making Mirka and Cafro perfect candidates for this research. Although, it was presented before that Mirka has shedded of its brand name any relation with the KWH Group, their corporate website boots its ties to the group and proudly presents itself as a FoB.

Furthermore, through the interviews carried out as part of this research project, the general consensus among the employees contacted was that of awareness about being part of a FoB. Consequently, even though Mirka has carved an image of its own, this is very much intertwined with that of the KWH Group and the Höglund family itself, thus any analysis or classification made should consider Mirka and the KWH Group as inherently connected and dependent to the one another. An additional point that should be considered here is the fact that in 2016, the KWH Group was chosen as the Family Business of the Year, a title given out by the Finnish Family Firms Association, as recognition of their LTO strategic vision (Coastline 2018b).

In the classification presented in chapter 2, **figure 4** was formed by six distinct blocks or levels of FoB, each with its own set of characteristics which could help classify family-owned business according to a set of several circumstances. As it has been presented above, the KWH Group owns the entirety shares of Mirka (Bureau van Dijk 2019b), which in turn is owned overwhelmly by the members of the Höglund family and a minority stake of 8% by the Tidström family (Bureau van Dijk 2019a).

None of the family members is currently employed in management positions inside Mirka (Höglund, H., personal communication, January 4, 2019), however, there are members of the Höglund and Tidström family's third generation working inside the KWH Group (Mirka included) in different positions (Höglund, P., personal communication, February 1, 2019) and members of the second and third generations of both families function in the Board of Directors of the different companies that form the group (Bureau van Dijk 2019a, Bureau van Dijk 2019b). Additionally, members of the fourth generation of the Höglund family are today owners of shares in the family company (Höglund, H., personal communication, January 4, 2019).

With the former information one can conclude that members from the second to the fourth generation, which include Peter and Henrik Höglund and their siblings, their children and their grandchildren, as well as, members of the Tidström family are all owners of shares in the families' businesses and serve in different capacities on their different branches and subsidiaries. However, the actual management of the companies has been left to third parties, with the exception of a Tidström family member in the KWH Group's management team (KWH 2020b).

Thus, according to the family-owned business typology developed in **figure 4**, the current structure of Mirka qualify them as an example of type 5: "*At a fifth level, the firm is owned by at least two persons united by a marriage, cohabitational or same sex partnership bond, parent-child, sibling-sibling, grandparent-grandchild or cousin-cousin bond and it is ran by either a family member or a third party*".

On the other hand, when speaking of Cafro, things are certainly more clearer: only members of the second generation were shareholders in the family business (Mancina, M., personal communication, January 7, 2019), while the members of the third generation were part of the company in management positions, with their parents serving as President and Executive Directors respectively (Proman n.d.). Their corporate website still describes them as a FoB (Cafro 2020a).

Thus, according to the family-owned business typology developed in **figure 4**, Cafro's structure at the before the acquisition would have qualify them as an example of type 2: "*At a second level, the firm is owned by at least two persons united by a parent-child or sibling-sibling bond, and it is ran by one of them*".

As the former analysis demonstrates, both companies were in different positions, not only in matter of size and development, but in the structure of their ownership: one being part of a conglomerate and run by professional management, while the other was still being wholly-owned and run by the members of the family.

4.4. Conceptual Framework Overview

According to Maylor et al. conceptual frameworks are often used in qualitative and exploratory research in order to describe the key issues and concepts the research is interested in, as well as, the type of relationships is expected to be find between them (2017:116). The key issues to be analysed correspond the three subquestions of this research, while the concepts to be explored correspond to the four themes covered by the interview guide.

By creating and presenting the conceptual framework in **figure 11** below, the author intends to be aided in the reporting of findings and emergent themes. Subsequently, in chapter 5, the conceptual framework will be re-introduced and develop upon, in order to serve as a visual summary of the findings.

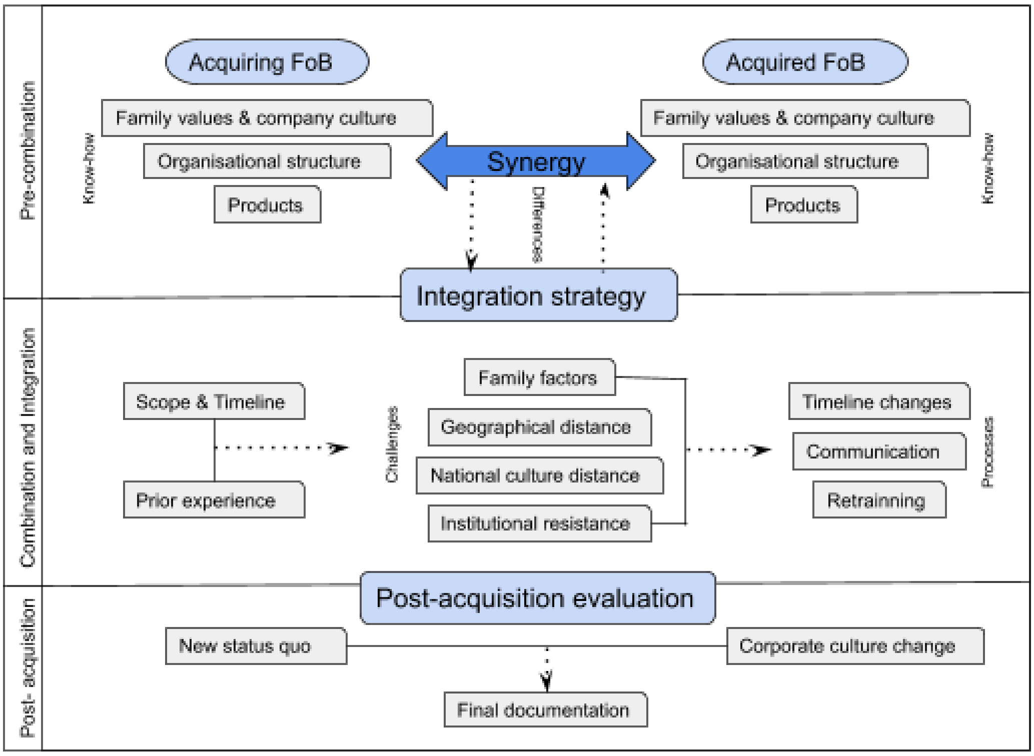


Figure 11**.** Conceptual Framework. Own elaboration.

The conceptual framework presented in **figure 11**, represents a graphic representation of the themes that emerged during the data collection process and has been arranged according to the stages of M&As, as discussed in the theory section of this thesis. However, it is important to note that the processes and activities, do not represent themes on their own, but rather, need to be dissected and analysed as a group, in order to be able to determine how they fit on their specific category. As such, the divisions adapted from theory (Pre-combination, Combination and Integration and Post-acquisition) represent in rough terms the areas in which the possible answers to the three subquestions planted at the begin of this research, could be found. Subsequently, the activities and processes represented by the boxes at each side and the center, represent influential factor categories, each with specific determinants, as mentioned in the interviews and are closely related to the insights sought to be obtained from the data collection process. The double headed arrow between the group of factors representing both FoBs represent the main objective sought from the acquisition process, which is flanked by the companies' differences and it's intimately related in how the integration strategy is approached. Lastly, the goals and milestones found at the bottom of the figure, both need to be considered against a final documentation, which as a whole, could contain the answer to this thesis's research question.

As this conceptual framework seeks to aid in the data analysis section of this research, themes and categories have been simplified for the sake of clarity, as have been the activities and processes involved in the transaction, which are seen as determinants and concepts mentioned in the interviews and loosely classified as the common actions that take place on a M&A, as seen during the literature review; however, these shouldn't be considered as hard and fast rules and processes that apply to all cross-border M&As nor all FoB-FoB M&As.

Having now outlined the conceptual framework, the presentation of the empirical data will take place, each of the factors and relationships aforementioned will be explained in more depth supported by quoting relevant contextual responses from the thirteen interviews. However, although the data collected during this research juxtaposed with the concept classifications and existing theory, have provided the general layout of the findings, all determinants and categories have materialised from the data analysis process, in accordance with Maylor et at (2017:370).

4.5. Individual perceptions on FoBs, Corporate and National Culture.

An important feature of the present research, is based on its interest in defining and identifying the characteristics and distinguishable elements that set FoBs apart from non-FoBs and the type of internal perceptions that are said to be influenced by family values and national culture. These perceptions are uniquely shaped by each individual level of involvement in the companies.

4.5.1. FoBs' distinguishable traits

An overwhelming trait that is seen as common across the respondents is that of direct identification of the company and one or more family members, with the company's identity being sometimes interchangeable with that of the family member or members. Furthermore, there seems to be a more personal relationship between the workers and the management, even if this contradicts theories on cultures with greater power distance.

First and foremost, all but one of the respondents (n=12) offered in their own words the main differences that set FoBs apart from non-FoBs. This was found to be based mostly on past experiences as members of non-FoBs or own opinions as ”external stakeholders”.

> ”We [FoBs] have an open environment, we are able to tell things in a much easier manner to both our personnel and publicly […] I personally feel that is very important to have a face for the whole company [too]”. (Management level, KWH).
>
> ”A family firm can manage [its] future in a better way because there isn't the pressure coming from the market, the pressure of the stock price in the market [nor] the pressure of profits from shareholders”. (Operations level, Mirka).
>
> ”We don't have to think a lot of what "the owner" might want strategically, but what drives our operations is "how can we do good business?" (Member of the Board, KWH).

The overwhelming majority had a positive outlook of these differences (n=10), with only two respondents considering the traits to be somewhat negative or lead to unfavourable characteristics to be highlighted.

> ”[There's a] direct involvement of the owner in all aspects of the operations [but it can lead to] micromanagement”. (Management level, Cafro).
>
> ”Usually, the main decisions of the business are taken by a few people in the family: if the family relations are good, the decisions are accepted and the business go on; but sometimes, is very common in Italy that inside the family some kind of litigious [argument can arise] and then the business is destroyed by it”. (Member of the legal team).

One of the topics that surfaced time and again, was that of long-term planning and the benefits of not having to follow market trends (n=7). It was presented as one of the more positive aspects that differentiates FoBs from non-FoBs and that could be said, gives an advantage over other type of business operations.

> ”[FoBs] aren't interested in milking out every single cent every quarter. So a family-owned company is able to look in the long term and not [go after] the rewards every quarter [...] there is a [reason] in a family-owned company to look long term and to be sure you put in enough resources, you don't want just to milk out money from a company, but you make sure that is sustainable and that you reinvest money into your business”. (Management level, Mirka).

> ”I would say the biggest difference is the long term planning: we don't get tangled in the ”quarterly capitalism”. One of the positive things with this is we can actually do some planning [before doing things] and be close with our owners”. (Management level, Mirka).

> ”Another thing that different us, is that a listed firm often does things by Quarterly [reports] [...], we don't do that, we don't have the need to chase after a [specific] share price [...]”. (Management level, KWH).

> ”[There's] still pressure to bring results like everyone else, but you feel the thinking being in the medium and long term, the possibility to take initiative and make mistakes, and to be more independent”. (Operations level, Mirka).

Finally, an issue that appeared among those respondents that had a personal relationship with the case companies in the form of ownership, was that of the importance of family history, when it comes to differentiate FoBs from non-FoB (n=3).

> ”If one represents a family and sits on a board of directors or in any other position of governance at the firm, one cannot help it but to have a double responsibility [...] one has its ”individual investment”, but it also has a responsibility for the generations to come and those that came before […] as opposed to a free agent who only executes a job”. (Member of the Board, KWH).

> ”[For me], my family and company are equal […] The smell of the premises, reminds me of my grandpa: [our] employees were shaped by the [him]. [In a FoB] we not only create business relationship [with our employees], we are also open to other issues [...] Trust and respect is earned everyday […] Communication is important to build emotional bridges”. (Management level, Cafro).

> ”One thing that matters a lot is: how long have the company belonged to the family? [...] [It becomes part] of your personality [...] so there's a sense of responsibility to keep it going forward [...] If you have worked hard to expand it and make it grow, then it has a very different meaning”. (Member of the Board, KWH).

As the former point may let transpire, one of the themes that is highlighted by shareholders family members of a FoB, is that of “responsibility”, not only for their own personal investment, but for the history of the company and the sense that family and companies’ identity are indivisible.

4.5.2. Relation between family values and corporate culture

Building upon the information reviewed in the last point, an important aspect that separates a FoB and non-FoB is that of the linear relation between corporate culture and how this has been affected by the family's own values and the way this has evolved throughout the years.

In regards to the way family values have influenced the formulation of corporate culture and overall strategy, a fair amount (n=8) of respondents related the way the values and personality of the families behind the companies can be seen reflected in both the current company strategy, as well as, their outlook towards their employees.

> ”There has been a complete identification of my family's values in the company culture; there are still some employees who worked with my grandfather when they were very young who still acknowledge the impact he had on them [at a] personal level”. (Management level, Cafro).

> ”[Mirka] is the most systematic company there is, nothing is done without having the proper plans [...] And I think this is one of the reasons the company does as well as it does, and of course it changes all the time, but still one must have a plan ready, you always think what may happen in the future. This is one of the most important characteristics of our company, and it's part of the culture”. (Member of the Board, KWH).

> ”The culture here at Mirka is very open and it's very warm [...] We have been able to maintain this family atmosphere, this warm and genuine atmosphere that we look after each other and there are still chances for you to grow and you can make suggestions […] there's room for improvement and failure”. (Management level, Mirka).

The general consensus among the respondents (n=10) is that, even when no major changes nor alterations have been made to the companies' corporate culture, in practice and implementation, certain things have been altered and the companies evolved to an even more structured way to conduct business.

> ”[My father] was very systematic [...] So this 'system-like' way to how approach and solve problems, is very much present in the company. And this is present not only in the way I or [my family] do things, but the whole company and if you look at Mirka, it is very much [engrained] in their DNA [...]”. (Member of the Board, KWH).

> ”For me the change was more representative of continuity, since managers are the ones who drive the changes. [The professional management team at KWH] is giving the right [balance of] continuity and support that was [given] before, [they are] even more often present in our operation and meetings, which is very different than before, there's more involvement (even to country level board meetings)”. (Operations level, Mirka).

4.5.3. Corporate Culture vs National Culture

The last individual factor affecting the perception of differences between FoBs and non-FoBs is that of how national culture has influenced the companies, their operations and their corporate culture.

Most interviewees from acquiring and acquiree firms, as well as, their legal teams, were prompt to provide their ideas and examples on how the national culture of each company has been shaped by it (n=11). No reply mentioned any negative aspects of the home-country culture, but one, that came from a worker with a different national culture than the parent company.

As mentioned during chapter 3, the candidate poll skewed 7 non-Finnish vs 6 Finnish, thus, it seems important to give both voices their individual space. In the case of Finnish respondents, they seem eager to clarify that although a Finnish company, they were first and foremost a technology-based and international company.

> ”It is not only important for us to be perceived as a Finnish firm, but as a technology driven firm that is located in Finland”. (Member of the Board, KWH).

> ”I think it's important for you to know that this culture of being open, warm and fair, doesn't only happen here in Finland [...] This is something that is very typical of Mirka globally, so it's our company's DNA, it's not like a very special Finnish DNA”. (Management level, Mirka).

> ”I wouldn't qualify KWH's culture [as Finnish], since I believe [we] have a rather International corporate culture. And I think it has to do with the Ostrobothnian culture in itself, we have long had people from other countries working with us [...]”. (Management level, KWH).

> ”We have a clearly Nordic corporate culture, ethical values, value foundations that leads us to be responsible, to be respectful and to follow through with our promises and this is something I always try to ensure in all of our international subsidiaries”. (Management level, Mirka).

While, Italian respondents made sure to assert their home-country culture as part of their identity.

> ”Cafro is clearly influenced by [our] national culture, in the way they deal with customers”. (Member of the legal team).

> ”We are a very Italian firm”. (Operations level, Mirka).

Furthermore, the three non-Finnish workers at Mirka, gave different outlooks regarding how Mirka and their Finnish identity is seen from the outside.

> ”My previous knowledge before [joining] was very poor [...] But then after[wards], I saw the adaptability and flexibility to every situation and markets. I saw how Mirka started in different sectors. I see [Finnish culture as the result] of a strong nation and competitive economy: adaptable and flexible [...]”. (Operations level, Mirka).

> ”For me was a surprise to learn that Mirka was a Swedo-Finnish company. So now I explain to all our customers, that we are in a [swedish speaking] region”. (Management level, Mirka).

A special point of contention when it comes to Mirka is that of a national debate with regards their swedish-speaking population: is there a cultural difference between them other than the language? Unfortunately, the research purpose of this study does not look to investigate this issue, however, it seems just appropriate to at least consider the interviewees’ responses.

> ”There is of course a difference between a solely ”Finnish” and a ”Swedo-Finnish” company [...] but our company has always being international from its inception, conducting business in many other markets/languages [...] Those of us who are Swedish speaking have learnt that the world is bigger than our little corner and how to function in the Finnish culture.”. (Member of the Board, KWH).

> ”I would say the most influences come from the Swedish speaking part [...] for example our employees: us as a family, are very close to our employees [...] we have feelings for them, all of those who work for us are part of our extended family to us, and this is very different from that culture you might encounter at a Finnish speaking company [...] There's also a big difference between Swedish speaking and Finnish speaking people when it comes to how one sees foreigners: a Finnish speaking person tends to be more afraid of everything, that's an issue of language and culture; we, Swedish speaking Finns, are more prone to foreign influences and open to other cultures and ideas [...]”. (Member of the Board, KWH).

> ”If you look at the organisation at the top, we are clearly a Swedo-Finnish company, we speak Swedish and there's a clear, albeit small, difference between Swedish speaking and Finnish speaking culture, our employees come from both backgrounds and I believe we don't have any kind of conflict on this front [...]”. (Management level, KWH).

Overall, the individual perceptions presented in this section, seem to point at a certain correlation between family values and history towards the way corporate culture inside a FoB evolves. Furthermore, home-country culture seems to certainly have a role in the way FoBs are perceived both internally and externally, as well as, in helping shape their corporate culture. Finally, some of the themes suggested in the theory section of this study regarding the definition of FoB seem to be echoed by the opinions of those working inside of a FoB (culture, capabilities, business strategy, governance), however, a special point should highlight the recurring theme of LTO planning as part of the characteristics that set FoBs apart from non-FoBs.

4.6. FoB roles and experiences in Internationalisation Processes

According to literature, FoBs they tend to be more focused on their local market (Gottardo and Moisello 2014, Jorissen et al. 2002) and that they prefer to grow internally (Caprio et al. 2008). However, this does not seem to be the case in the case study, with both companies being heavily engaged in several forms of internationalisation processes.

4.6.1. Domestic vs International Markets

All but the members of the legal teams (n=10), offered their opinions regarding the nature of the business situation and market in which the companies are or have been involved.

> ”Our market was always outside of Finland [and] in order to make the sell deals, people needed to travel abroad and do it personally”. (Member of the Board, KWH).
>
> ”The company in the beginning was necessarily focused in the local market, which included italian-speaking Switzerland since we are right on the border; hence a small amount of internationalization has always been present”. (Management level, Cafro).
>
> ”I'm still involved pretty much at the local level, however, I have created the first management layer in Mirka Italy, in order for [us] to be more independent”. (Operations level, Mirka).
>
> ”Mirka is an international company [...] this is a production unit up here [Jeppo] and the real business happens elsewhere”. (Management level, Mirka).

There seems to be a general understanding that the local markets in which they operate, it has since long being captivated and thus the need to explore international markets and other forms of internationalisation.

4.6.2. Previous experiences involving M&As

For the acquiree firm, this was their first experience involving any sort of company consolidation, whereas the acquiring firm and their parent company had had numerous experiences involving M&As, both in their local home-country, as well as, abroad.

> ”In my time as Managing Director, I must have been involved in a dozen of them [...] We have had operations in China, Thailand, Malaysia, India, Canada and USA, as well as, in many European countries [...] And we have made use of all different variations for entry to international markets, from join ventures to wholly-owned subsidiaries, trade and sale offices, factories, etc”. (Member of the Board, KWH).

> ”We have bought companies, we have sold companies, we have bought, shutdown and sold factories, etc. We have actually been a listed company internationally once, so we have proved almost everything [...] Mirka has approached it with small steps, maintaining production here [in Finland] and some other [small scale] operations abroad, Cafro could it be considered the first real [large] acquisition it has ever made outside Finland's borders”. (Management level, KWH).

> ”We really had a growth spurt a few years back, between the beginning of the 2000s and now, when we sort of built a lot of daughter companies [...] We either established a daughter company, we hire a local manager and then we started the company; or then, we have a local distributor or importer or someone that has work with us for a long time, and then, at some point we buy them [...]”. (Management level, Mirka).

As it can be appreciated, Mirka’s main focus thus far had been that of establishing daughter companies from previous distributions, with whom they had an established relationship, with the acquisition of Cafro being their first experience acquiring production capabilities outside their home-country. Whereas, their parent company KWH, had had experiences in a much larger range of entry modes into international markets and seem to be knowledgeable in the subject.

4.6.3. Internationalisation vs Family dynamics

According to the interviewees with family ties and shareholder interests in the companies, they all have had input and an intim relationship in the internationalisation processes their companies have been involved in.

> ”Most of the problems [we have ran into] had nothing to do with our family dynamic, it could have been worse if [that had been the case]. And regarding the internationalisation process, we had a very strong expansion period between the 80s and 90s, with factories and marketing and sells offices, where me and my brother were directly involved in the operations”. (Member of the

> Board, KWH).
>
> ”Reach[ing our] customers was [always] limited by the fact that sales were managed by [the] family members [...] [We] had to learn languages [in order to reach our customer base]”. (Management level, Cafro).
>
> ”Even from the beginning, we have lived on exports: the fur branch had 100% export. The Finnish market has always been way too small, my father already in the 1920s had been to England, in order to learn english, and that was earlier than most did [...] In principle, I have been active in pretty much all of our divisions, in different positions [...]”. (Member of the Board, KWH).

There seems to be a correlation between language knowledge and the way they experienced internationalisation. Furthermore, focus on internationalisation was exacerbated as the academic background of the family members grew.

> ”[At the beginning], it was quite hard to be a 25 year old, managing the work of some 50 year who had been involved in the war. And this happened across all industries, since so few of them had any real education”. (Member of the Board, KWH).
>
> ”My grandfather was born in 1911 and had a workshop culture, my father and uncle were born in the ’40s and had a high school degree, my brother, my cousin and myself were born in the ’70s and have university degrees”. (Management level, Cafro).

4.7. Decision making and Acquisition Process

According to timeline presented earlier in this chapter, the acquiring and the acquiree firms, started their processes at very different stages, with around a year of difference between the two. All in all, the acquisition process (including the pre-combinations and the first stages of combination and integration), have taken five years thus far, with the integration plan been modified and adapted, with its completion expected beyond the year 2021.

4.7.1. Strategy behind the acquisition

The management team at KWH seemed to have played only an advisory role during the decision making and mission statement creation at Mirka (n=3), while only a handful of people inside Mirka were aware of any decision when it comes to the exploration of a new market and the possibility of acquiring a firm (n=2).

> ”It began... it was about a year before the acquisition process [was completed]. It is quite standard

to come into plan [everything] six to 12 months before [the process begins]". (Management level, Mirka).

"It must has been a year before we took contact with [Cafro] and any talks took place: the search, screening and analysis of companies must have begun six months before [...] The process at Mirka must have started already in 2015, while preparing the 2016 business plan". (Management level, KWH).

"It was more or less a year before. Because we keep in quite close contact and we talk about which kind of plans we had for following year, [we discussed what kind] of company [interested us] and then we had more details, so it was about a year before". (Management level, Mirka).

Furthermore, it was explained that the strategic decision behind the acquisition was in great part based on the wish of acquiring both Cafro-like products and know-how (n=6).

"Mirka [took a] look into different sectors and choose one in which it wanted to grow, and it was faced with the option of either develop or acquire the products and technology [...] So our vision for this acquisition was to introduce their products into our portafolio, develop new ones and make use of our sells channels to distribute them globally, under Mirka's newly developed organisation". (Member of the Board, KWH).

"[Cafro's] expertise and knowledge is what we were lacking of. We bought their know-how and seek to improve their production process, in order to be able to create, develop and expand the market from there [...]". (Member of the Board, KWH).

"[...] There were two strategic aspects behind this acquisitions: one was their products and the other was [how] could [we exploit] our existent distribution channels and subsidiaries". (Management level, KWH).

"The strategy [overall] was to enlarge the product portfolio we have in the precision industry: we are [very] new to this market and our product [range] is still not where it should be. Our aim wasn't [only] to buy know-how, because many companies [do that] and then try implement it [and fail]. One of our strategies is we always want to offer a complete solution to the customer and today we have some specialised products from our side, we have Cafro's also specialised product[s], but we are needing the products [in] between". (Management level, Mirka).

On the acquiree side, it was said to come from a desire of continuing the family's legacy and grow the business, while being able to cooperate with Mirka in R&D.

"There were to be a continuation in the business, aided by growing the sales of the company outside of Italy (which were not financially sustainable under independent Cafro, since they were based on commissions)". (Member of the legal team).

"To create a group able to manufacture and sell all kind of abrasives, from the flexible abrasives of Mirka to the bonded superabrasives of Cafro to other possible acquisitions of other manufacturers". (Management level, Cafro).

Finally, one of the issues of importance for this research was whether the nature of the other firm (being a FoB) impacted the decision making for taking the acquisition process forward. On the acquiree side and from the perspective of the legal team members, this was said to be of utter importance: both on the decision to sell and in meeting the family members of the acquiring side (n=4).

> ”Yes, for them [Cafro people] was very important to meet the family members from KWH”. (Member of the legal team).
>
> ”Yes, it created a common ground. We visited Mirka in November 2016 and asked to meet the owners of the KWH group. [It allowed] to identify the company with a person”. (Management level, Cafro).
>
> ”It was. I think they fit well together, because both were family owned business. I think this was the heart of the deal, they had something common”. (Member of the legal team).

On the acquiring side, all but one of the respondents commented how this did not have any real relevance on the final decision (n=6), however, it was noted the fact this was somewhat expected given the industry structure, for companies of similar size as Cafro to be FoBs (n=3).

> ”It sounds nice, but that doesn't affect anything at all. In the end, it doesn't matter if it is a family owned or other kind of a company, what is important is the profitability of the company”. (Management level, Mirka).
>
> ”Well, it wasn't our main goal, but it was to be expected [to find this kind of] companies among the ones we look at, given that the ones that are stock market listed, are way too big”. (Management level, Mirka).
>
> ”Actually, another of the companies we were looking at, was also a family-owned business, but it was important for both us as buyers and them as sellers that they were willing to put their business up for sale [...]”. (Member of the Board, KWH).
>
> “It is actually one of the driving factors why we chose Cafro, why Cafro was interested to approach. So it was quite important”.(Management level, Mirka).

4.7.2. Cultural fit assessment and the acquisition process

Another important issue in this research, is that of the cultural differences faced by FoBs engaging in cross-cultural M&A processes. In the specific case at hand, interviewees were asked to offer their opinions and experiences with regards the receiving-country culture and the type of cultural issues experienced during the pre-combination phase and any possible cultural situations that have arisen ever since and that have had any impact on the combination and integration phase.

Two members of the acquiring firm and two members of their legal teams (n=4) said to have had experiences with the receiving-country's culture, from previous work-related tasks.

> ”Overall I have quite a good understanding of Italian business culture, and I have learnt a lot about them all the time. I have actually worked before at [Italian-owned company], so I worked a lot with Italians (both customers, colleagues and owners), so you may say that I had a really [close] personal experience with the Italian culture”. (Management level, Mirka).

> ”I was responsible for [our subsidiary in Italy], so for me the Italian culture wasn't difficult or any surprise of how they behave [...] The difference I would say is that [when] you have to deal with the older generation in Italy is difficult, totally different when dealing with the younger generation [...] they are totally open, they want structure and [due] process, they don't like to have things that are open/[uncertain] they like a more clear and direct approach. Cafro has both thinking[s]”. (Management level, Mirka).

People at the receiving-country were overwhelmly aware of the finnish culture, mostly based on stereotypes (n=3).

> ”Finnish companies, tend to be cautious not to be seen as want to take advantage of the other companies. They are straightforward, although, they value personal relations and trust building”. (Member of the legal team).

> ”We have several customers in Finland and a Finnish distributor whom we visited regularly. I personally have many Finnish friends”. (Management level, Cafro).

However, the overall impression with regards the national culture of the receiving-country was positive (n=11) and could be said to have aided in the decision to move forward with the process.

> ”With this process [we discovered that] you turn to the north of the country: [they are] quite similar to us in that way, its people and their culture is of course different, but entrepreneurially and corporate thinking is quite similar”. (Management level, KWH).

Although it has been stated that the structure and nature of Cafro as a FoB did not have any relevance in the decision making process, it has been highlighted as a undoubtedly asset when considerations for the integration process began (n=4).

> ”Another thing that was really interesting about with [this], it's that when you look at Cafro values and Mirka values, they are very close”. (Management level, Mirka).

> ”[One of my main roles was] to transmit the interest of Mirka to protect and preserve their culture, values, brand, etc. [They also needed reassurance in a few other points]: 1) they wanted to know [Mirka's] business plan for the Cafro's acquisition and with the specific business unit; 2) the future of the younger [Cafro generation] at Mirka; 3) to preserve the brand and the continuity of the Cafro brand within the Mirka family”. (Operations level, Mirka).

> ”It was necessary to get the ”right feeling” [from them], you never know what can happen: they could disappear the next day, they could bring up conditions that could not be met, etc., how fit are on a personality level, on a cultural level, is it the right family dynamic inside the company [...]”. (Member of the Board, KWH).

Responses regarding cultural clashes that have arisen since the integration process began were noted to come from both fronts: the previous image of Cafro as an independent entity (institutional resistance) and differences in home-country and receiving-country cultures (n=9).

> ”[Our] cultures are very different. It hasn't really been a language issue, it's about understanding each other and wanting to understand each other [...] and from our perspective, Cafro is just a small part of precision industry. But from a Cafro perspective, they used the be the only thing, so to become a small part of something that is a lot bigger, I think it is a little bit difficult [...] is important that from this year we start working with personnel, that we start listening to them, because the culture there [in Italy], is very hierarchical”. (Management level, Mirka).

> “Language has been a bigger [communication] barrier here [at Cafro than in others places I have worked at]; it has been quite difficult, there are only some key people who speak it and with whom we can understand”. (Operations level, Mirka).

> ”Something that I did at the beginning of the year was that with key people I spoke about Mirka's history [and] culture, where we come from, what are [our] plans for the future [...] and I think these are significant events so that the Cafro people feel that they are involved in something that is bigger than Cafro only [...]”. (Management level, Mirka).

4.7.3. Scope, timeline and challenges of the acquisition process

The theoretical material analysed emphasised the importance of plans formulation and analysis in order to secure the success in the combination and integration phase. As mentioned earlier on this subsection, Mirka created early on the process a business plan that served as a basis for the whole process. Once the decision was made to move forward and look begin a process for looking into a suitable partner, the legal team representing them took the lead.

> ”[We were] tasked with developing a tentative first list and subsequently a short list of companies with the desired characteristics, as described by the buyer [Mirka], such companies were located mainly in Switzerland, France, Italy and Germany. The first contact with [Cafro] took place [in October 2016]”. (Member of the legal team).

> ”We started the process mapping Europe in order to see who had these kind of products, and came with a list of around 20 [with the help of IMAP Proman]. Then we analysed them and look at their products, in order to see if we would be interested in them. Afterwards, we took contact with some of them and many declined, since they weren't interested [...] Then we found Cafro and realised it was precisely what we were looking for [...]”. (Member of Board, KWH).

The former information builds an image of a very methodical process, which highlights the issue that even when Mirka is part of a FoB and considers itself one, it acts for the most part as a listed company. Thus, the process can be said to have followed the industry standard, as expressed by one of their managers.

> ”We had a company managing the process of the acquisition and try to follow the legal way of how to acquire a company, because you cannot call a company and tell them we want to buy you, that doesn't work like that. There is an external company doing this job [...] doing this work for us and that comes with the proposal (which companies would like to sell), you cannot do it without [them], that wouldn't work [...]”. (Management level, Mirka).

According to the information collected, the first meetings took place almost a year after Mirka first started to consider an expansion into the new industry. Once the first contact was made and the acquiree firm showed interest in moving forward, one of the aspects that has been highlighted by both firms is that of the physical visits at each other’s premises (n=6).

> ”After the first contact, they came to Finland and visited our factory and got to know our staff, as well as, KWHs owners. After that, I can say the ”Finnish style” was exalted, and I think it was really meaningful to get the personal experience and get exposed to the ”Finnish style”, this is what helps to build a picture of us”. (Member of Board, KWH).

> ”We identified [Cafro and] got them to listen to us, they visited us [in Finland] and we visited them [in Italy], our owners went and meet them, they visited our installations, we had a presentation of what were we trying to achieve with this acquisition [...] Afterwards [while they pondered], the hardest phase begun regarding financial issues [...]”. (Management level, Mirka).

After this was done and the decision was made to move forward, an initial plan for what the acquisition process would be, was drafted jointly by member of both companies, with further meetings taking place at Mirka’s subsidiary in Italy or the legal team’s offices.

> ”There have been preliminary meetings where the outline of the project and of the processes have been delineated, then a preliminary due diligence was prepared which allowed Mirka to present an indicative bid. When the bid outline was approved by Cafro a complete due diligence on commercial, financial, legal and tax aspects was carried out with the support of Ernst & Young; after that a definitive bid has been discussed until an agreement has been reached”. (Management level, Cafro).

All meetings were held in English and Italian, given than one of the previous owners of the acquiree firm did not speak english. A most interesting issue surfaced when discussing language barrier during the negotiation phase: while some consider the difference in language knowledge not a problem (n=6), for others, this was something they had to constantly monitor and it actually slowed the process (n=2).

> ”If you take it from the language, I don't think it was a problem, although very limited sometimes: [Cafro's Managing Director] is very good with languages, but the others not so much”. (Member of the Board, KWH).
>
> ”Each meeting had these small nuances [in language] to really make them understand our points”. (Operations level, Mirka).
>
> ”[Meetings were conducted both in English and Italian, and this was an important part of the whole process, that we were able to conduct them also in Italian”. (Management level, Mirka).
>
> ”One of the partners (who unfortunately passed away) didn't speak english, but was assisted by one of his sons who spoke it rather well, and his son and us translated the relevant points of the meetings. So, the meetings [might] have taken more time because of the translation”. (Member of the legal team).
>
> ”So it was difficult to translate and making sure that the younger [generation at Cafro] were translating correctly to [one of the previous owners] what was our meaning in the discussions and the real objectives of the deal. The most challenging was to transmit what we were saying, not purely on a language basis, but was what our intention”. (Operations level, Mirka).
>
> “English is not always great and I would say this was a big issue, which made that a lot of the discussions that took place ended up being in Italian. Due to language barrier, it was hard to find the decision maker at Cafro”. (Member of the legal team).
> .

Other issues that challenged the negotiations overall were related to trademark (n=4), the role of the previous owners in the new organisation (n=5), financial aspects such as initial valuation and bidding offer (n=4), issues of whether the sells agreement would include assets or not (n=3), business plan implementation (n=2), due diligence and access to information (n=4) and the difference in size of the acquisition teams managing the process (n=5).

> ”We are still operating under Cafro's name and with Cafro's trademark, this was a litigious point on the negotiations, they are a proud italians and a family business, they had strong feelings for the company [...] This is the heart of the process, where this strong feelings of a family business integrating into Mirka will come into play, and we are not trying to replace their identity in anyway, but for it to become a part of Mirka's identity, becoming a stronger [brand] than before”. (Member of the Board, KWH).

> ”The main challenge was managing [such a] demanding negotiation [with only] the 5 members of the family, [and] the support of a lawyer and an accountant”. (Management level, Cafro).

> ”The hardest phase [was] regarding financial issues, how much does a company is worth? And this is not so easy, because you have your own firm where you have you heart, and to put a price tag on that is rather difficult”. (Management level, KWH).

> ”My main challenge during the due diligence process was to explain all the differences between Italian and Finnish regulations, we have very different Fiscal and Legal system”. (Operations level, Mirka).

The interviewees were also asked what kind of issues could have derailed the process, and a vast majority replied cultural differences / language barriers (n=9), highlighting the fact that getting to know each other and personal chemistry played a big role as well (n=5), getting the “right feeling”.

> ”For me, meeting them was always an important issue. It was necessary to get the ”right feeling” [...]”. (Member of the Board, KWH).

> ”Well, I would say it could have been [irreconcilable] cultural or language issues and also personal chemistry. Because we were selecting someone to cooperate with in a long term [project], we were selecting someone who we going to work with closely in there future, and there are many business transactions that doesn't work because of personal differences”. (Management level, Mirka).

> “Lack of respect of our family and company principles which, being very close to the Mirka principles, were never even vaguely put in discussion”. (Management level, Cafro).

4.7.4. Combination and Integration Process

Once all financial and business wise issues were settled, and a common agreement was reached to move forward, the integration tasks began, based on the business plan drafted jointly by both companies. Mirka assembled their integration team and named the person responsible to overview the process.

> ”I started to get involved a few weeks before the acquisition was announced and then when I went and met [the management team at Cafro] for the first time, when we sat to discuss, I told him, ”This is a little like an arranged marriage [...] Let's try and make this work” [...]”. (Management level, Mirka).

The integration team at Mirka set to work immediately in the integration, one of the first issues covered was the preliminary timeline and an agenda of issues that should be covered, with special emphasis on their communication plan.

> “We had a spreadsheet where we had a timeline and [...] we started from the employees: what it's important for them to know in the beginning? [...] So the first communication with them was really to make them realise that we are not here to dismantle their factory or to move or like to dismiss them [...] We tried to paint a picture of Mirka: who we are, where are we heading and why Cafro is an integral part of our portafolio, why we think this will be a good match? [...]”. (Management level, Mirka).

> “[After] the [deal] closing, a rather [eclectic] and intense period [began], [...] There was also a enormous amount of material created in order to inform both our employees and the people at Italy, what was the objective of the acquisition, what were we thinking on doing, all these issues that [usually] arise when there's a shift of ownership [...]” (Management level, KWH).

> “[Our] employees and distributors were informed first. Mirka and KWH’s management held a presentation and a FQA was distributed. Business [were set to continue] as usual for the first 6 months with software implementation beginning in 2018”. (Management level, Cafro).

The original timeline for the integration process was created, with an expected end date being the end of summer 2019. At the beginning of the project, setting up the integration of systems (accounting, IT, production and quality).

> ”I came here for the first time in January 2018, travelling between Cafro and Mirka all the time, spending here [in Italy], at a rate of a week per month, more or less; and of course, it has taken a long while to set everything up and analysing in production, and since September we have been working actively towards the actual implementation. [And during this period] there have come up a whole set of new questions that there weren't before [...]”. (Operations level, Mirka).

> ”In the first 2 or 3 years, the priority were to be in the integration of systems: IT & quality systems, manufacturing (setting up a cost-control system and revising the production process) and technology exchange”. (Operations level, Mirka).

However, they realised early on that the process would be more complex that they have expected (n=9). This has been the first recognisable challenge during the combination stage and has led to the first noticeable changes in their timelines.

> “[The integration process] demands to have data analysis and it demands to have the right system to analysis this thing and the integration in our system, it will [now] take the whole the year, so is

> not easy to integrate a production company like Cafro in our systems[…] We need to get people on track to use our systems”. (Management level, Mirka).
>
> “We are entering the phase of the project where we build the [pricing system for products?] and which will connect with the manufacturing reporting system [...] So we are finishing this up in May (2019), but we know there are more, so we are going to stay in Italy for a while”. (Operations level, Mirka).

Part if the integration challenges the acquiring company has encountered during the process, relate with issues involving the family members that have continued to work inside the company and the stress the change of ownership and hierarchical status this represents (n=4).

> ”We need to [teach the management team at Cafro] that all interactions can't go through them [...] the culture there [in Italy], is very hierarchical [...] I think the biggest struggle for the Cafro management, has been to remember that they don't own Cafro anymore and they are employees as everyone else, and I'd say that is [the most challenging]”. (Management level, Mirka).
>
> ”Before all management was done by the family, [no one] outside of them had the same level of responsibility and reporting privileges as we do today. [...] Another thing that is going to take some time is that communication no longer has to go first through one's superior, but that you can ask away without boundaries.”. (Operations level, Mirka).

4.8. The post-acquisition integration phase

At the time the data was collected, there was a sense that the integration process was just getting started, even though the acquisition had been completed almost two years prior. Nevertheless, the overall outlook was a positive one, even though the progress hadn’t been at the same speed as previously expected. As such, interviewees were asked to offer their opinions on the general state of the integration process, with a special interest in the challenges experienced so far, which were the expected following steps in the integration and combination process, as well as, issues regarding cultural integration and issues related to the final documentation as part of the post-acquisition phase.

4.8.1. Current state and next steps in the integration process

One of the aspects that appeared to have been successfully integrated at the time data collection took place was administrative tasks, which have generated a close relationship between the management at Cafro and Mirka's already existing subsidiary in Italy. However, further integration seems to be needed in all other areas, with production and quality systems, as long as sales and distribution, being the most critical.

> ”From what I can see, from an administrative point of view, the integration is completed. I know that we have some improvements to do in customer service and I think the most important challenge is in commercial and product range management activities, in that area I think that the targets are still not reached”. (Operations level, Mirka).

> ”I think that the most difficult thing to integrate has been sales [...] the way we work and the way Cafro's agents do is very different, and also the fact that Cafro's agents are quite old [...]”. (Management level, Mirka).

Both parties agreed in the fact that one of the next obvious steps, was related to the investment and re-training of the talent inside Cafro. Furthermore, as noted in the challenges the companies have faced during the integration process, that many of these issues are linked to the identity of Cafro as a former independent FoB.

> ”[This is one of the biggest differences with this small family firm], they don't have the detailed view on a product like we have [all features of our products] integrated in our system and we can see [them] from different angles: we discovered this can't [be done at Cafro] today, but it's our target [to do so]”. (Management level, Mirka).

> ”I have actually maintained my distance […] From what I have heard, there's no real change on a local level”. (Management level, KWH).

> ”The project to integrate the company into our Group is a very big challenge and to standardise its process is [even] harder than imagined. So there's a very big difference between perspective and reality”. (Operations level, Mirka).

> “We are talking of about a 3 years period after the initial talks are held [from where the need of changes in the strategy are identified, to when a company is acquired and the products are developed and introduced to the market globally)... only after this, is when the marketing of the new products can begin globally”. (Member of the Board, KWH).

However, the value of retaining the former owners, either as part of the management team or in a consultant role (n=4), has been emphasised as essential in navigating the company and specially in the knowledge transfer, which was one of the goals from the beginning.

> ”We had to keep the owners in the process, [otherwise] it would have been impossible to navigate in Cafro had they just disappear”. (Management level, Mirka).

> ”It was specially important at the beginning to keep [the previous owners], as we see them as key people [...] had [they all] stopped working at Cafro, we wouldn't have wanted to buy their

> operations anymore [...] They have built all this network through personal contacts, and it had to do with the fact that is such a small family-owned firm, so for us was really important that at least this third generation stayed to continue the operations of the firm, specially since they had the profile and background for this specific branch". (Member of the Board, KWH).

> "We [needed] to secure the key personal from the beginning [...] since if it this had been a staggered process like a joint venture, it would have been more difficult". (Member of the Board, KWH).

> "The previous owners, got a contract as consultants/[advisory role], for us to get the technology transfer and then last year in november, one of them passed away, which was a big surprise for all. There's one still there, whose contract ends on July, but this is a contract more for technology transfer not for daily operation business". (Management level, Mirka).

Additionally, plans for the complete change in status quo inside the company, had begun to reverberate among the different divisions working in the integration process, with a singular objective: to completely fold Cafro into Mirka's operations (n=7).

> "This is an ongoing process, I think after three [or] five years we'll be looking at Cafro as a production plant for precision industries, and there will be a lot of interaction". (Management level, Mirka).

> "The next step will be to completely integrate it under Mirka [merchandising, promotion and marketing portafolio] so it will become Mirka Cafro instead". (Member of the Board, KWH).

> "Cafro won't exist as it exists today, it will be a brand it won't be an independent company, it will be a production [plant], that's [Mirka's] goal. Today they are being treated like its own subsidiary, but this will change". (Management level, Mirka).

4.8.2. Cultural integration and Corporate Culture change and adjustment

Throughout the data collection, an element that served as a backdrop for the research as a whole, was that of the cultural integration, whether national or corporate and the effect it had over the acquisition process. Interviewees pointed out some of the main challenges faced during the pre-combination and integration process thus far.

However, as noted previously, the ultimate goal in this transaction would be the complete integration of Cafro into Mirka's operations. As such, respondents were asked what type of changes, if any, had been noticed as the integration process went along. For the most part, comments just pointed out the differences between management styles (n=7) or the seemingly stagnant state it was (n=4), with only three respondents letting on their views on how the culture had changed.

> ”We now have more contact with other people, so that has changed [...] they have become more open to changes and how to use our systems. But Cafro as a whole, I think, has become more integrated into Mirka day by day”. (Operations level, Mirka).
>
> ”For what I can see, there is more and more thinking as a Mirka company, however, in most things they are still behaving as Cafro, as an independent company. They, of course, feel the need to be integrated, mostly in the sales side”. (Operations level, Mirka).
>
> ”From what I have heard, there's no real change on a local level, changes [have been felt] in sales and places where they cooperate with Mirka [...] so just now have started to do things in a different manner”. (Management level, KWH).

It has been pointed out previously, that further training was needed at Cafro in order to deal with the negative aspects of hierarchical management derived from their home-country culture, however, a respondent had the opinion that this might be the result of inherent corporate culture differences.

> ”Cafro's and Mirka's cultures are different, they need to give responsibility to their staff and not to micromanage everything. Also, the sale approaches are different”. (Management level, Cafro).

Lastly, the acquired firm was of the opinion that even though the base values of both companies was similar, size and structure play an important role in the cultural integration.

> ”The similarity of the [companies' values], notwithstanding the significant difference in size and organization, has been an important help to the integration process”. (Management level, Cafro).

4.8.3. Evaluation and documentation

The ultimate goal of an acquisition as presented before, is the creation of synergies, which is at the heart of the case study at hand, Mirka’s mission statement for undergoing the process explored during the data collection of this research, was that of the wish of entering a new segment of the market, they required knowledge and products already available. From Cafro’s perspective, it would allow them to see the family company grow and expand, without the associated financial risks.

As has been presented before, the acquisition process has suffered a number of alterations and changes, which have affected the original timeline crafted for the project. Nevertheless, these challenges have offered members of both parties certain lessons to learn from. Interviewees were asked to offer their opinions regarding changes and things they wished could have known before or done differently.

One of the chief aspects that was brought up to this author's attention was that of communication. According to one respondent, this led to alterations in the integration plan, given that the information and data needed to proceed forward was not available.

> ”[One of the hardest parts on the whole project] has been being able to get hold of all the information we require [...] And because we run many systems at once, and many times one doesn't realise that there's need of more information, but this hasn't been easy because most of the time, for them these issues are quite self-evident and for us is all new [...] Also a better storage would have been recommendable [for their data], because for us during this project had to spend a lot of time, cleaning out unnecessary data, because we have been working against a timetable from the beginning and data we have gotten was unreliable”. (Operations level, Mirka).

This indicates that better communication of what was expected in order to carry out an smoother integration could have been done, as well as, an issue regarding lack of information that could have surfaced during the due diligence process.

> “We knew what we bought, we knew it would need a lot of effort and work to develop its [operations and capabilities], on the sales side, it has gone exactly the way we thought it would”. (Member of the Board, KWH)

> “I think what was underestimated was the complexity on production and product range (everything is customised), whereas traditionally in Mirka [relies] more on a catalogue, on standard offers of the items on stock, which is totally different from Cafro, where everything is tailor made for a single customer and also the impact of having a very skilled and know-how in sales processes was probably underestimated”. (Operations level, Mirka).

Participants in the data collection were also asked if there was anything they wished it could have been done differently or wished they knew before the process or their involvement begun.

> ”It would have been better for us to pursue first a Joint Venture and afterwards, look into acquiring them, however, giving the conditions this was impossible”. (Member of the Board, KWH).

> ”I believe that a whole image of how the project is seen should be communicated from the beginning, in order to help smooth the process. So I would say, just the communication process at the beginning of the project was an issue [...] Because when we started to worked in the integration

process of the systems, they discovered that they needed to complete new reports that they didn't have to before. So part of my assignment changed, in order to communicate to them what was needed [the goal], and I think, this was something that could have been done from within Cafro itself". (Operations level, Mirka).

"If I would have had the same information I was provided by Mirka's management, I would have done exactly the same [...]". (Member of the Board, KWH).

Additionally, they were asked to imagine a situation where the acquisition process would have failed, what kind of issues they thought would have influenced negatively the deal. A member of the legal teams mentioned the initial structure of the deal as a whole.

"The buyer(s) initially proposed a kind of a transaction we did not agree, because we wanted (the sellers) were [willing] to sell ALL of the business [operations], not only part of them. There were some discussions, very polite discussions and in the end, the buyers accepted to follow our idea and buy all of the business [with the corrected price]". (Member of the legal teams).

As a final point, an important aspect of any M&A process, specially during the post-acquisition phase, is that of assessment, evaluation and documentation of the process. During the initial phase it was mentioned that they (the acquiring firm) followed a very strict business plan, to guide their decision making and represent the goals they seeked to achieved. Likewise, during the negotiations, a jointly draft was made in order to steer the integration in a way both parties were satisfied

However, both a integration plan and a separate document concerning the first 6 months after the deal was closed, was prepared individually by the acquiring firm, so that they could monitor the progress made during this initial stage.

"We just have a document we created during the acquisition: what should happen, what's step 1, 2 and 3, after the acquisition, what happens day 1, what happens week 4, what happens then, etc... And that is a document we followed with [Cafro's management team] very thoroughly the first six months. Because [they] had a lot of things on [their] plate, making sure that things go according to plan.". (Management level, Mirka).

They were further inquired in order to know what type of documentation would they utilise in order to asses the acquisition process as a whole, however, given certain legal restrictions, they all declined to comment on this issue. Nevertheless, it was mentioned that were they to encounter themselves in another similar process, plans and documents created during this transaction would be utilised certainly utilised as comparison.

> ”I believe so, yeah. If we ever acquire another company, I think we would look at that document and see: how should we do this again?”. (Management level, Mirka).

While the presentation of empirical data, aided by the conceptual framework introduced in this chapter, assisted in answering the research questions in a broad manner; the analysis and interpretation of data in the chapter to follow will highlight the findings unearthed during this research and making use of the existing academic literature, a possible explanation as to why the findings were discovered will be presented.

5 ANALYSIS AND INTERPRETATION

The following analysis is based on findings from both primary and secondary research data. The thirteen interviews collected at the case company form the initial and major source of the findings, from where the central themes have been identified and from which, possible answers to the key questions concerning this research have emerged. Thus, within the design of this analysis, the respondents' experiences will be analysed and, if possible, compared with the company's view, and then reflected on the theoretical frame of reference, in order to identify and interpret the findings discovered in this research. This will be done by highlighting theories and concepts that were found to be either supported, contradicted or new in nature (Maynor et al. 269).

5.1. FoBs characteristics Overview

The existing academic literature offers six different aspects that are said to differentiate FoBs from non-FoBs: culture, capabilities, business strategy, business models, governance and capital structure (Linjawi 2015, Gottardo and Moisello 2014). These elements are mentioned at varying degrees throughout the data collection process, with one of the primordial aspects mentioned time and again, being the *long-term planning orientation* inside the Finnish firm, which according to Lumpkin, Brigham and Moss, is a common characteristic of FoBs (2010). It is of special interest to note that on the national culture analysis of the home-countries of both companies, it was discovered that Finland had a more *short-oriented orientation*, which contradicts what is seen here.

Furthermore, family business are said to be less likely to be involved in the service sector (Jorissen et al. 2002), which both of the companies involved in the M&A transaction at hand fulfill, by being in the industrial sector; however, all other aspects mentioned are debunked by the case companies: although both claimed to have a close relationship with their staff, culture at Mirka is more similar to that of a listed company and culture at Cafro has been qualified as highly “hierarchical”, which leads one to believe it could not be really informal (Linjawi 2015; Jorissen et al. 2002); although one of the case companies did in fact mentioned their interest of growing organically (Smith 2008; Jorissen et al. 2002), both seemed to be hyper aware of their position in their industries, with the main driver for the acquiree firm to move forward with the transaction was the lack of resources to expand internationally, while the acquiring firm was easily defined as a MNC, with subsidiaries in 18 different markets; finally, another characteristic that seemed to be debunked, was that of FoBs being more focused on their local market (Gottardo and Moisello 2014, Jorissen et al. 2002), with both firms deriving between 43% and 97% of their turnovers, coming from exports.

5.1.1. FoBs classification

A central discovery that materialed from the theoretical framework, was that of a homogenised typology on how to classify FoBs. As presented in **figure 4**, there are six overlapping criteria among the academic material analysed (Diéguez-Soto et al. 2015, López-Delgado and Diéguez-Soto 2015, Nordqvist et al. 2014, Kraiczy 2013), with the main vectors relying on a description of the different degrees of relationship inside a family unit, ownership, governance and management. However, as mentioned in chapter 2, an important factor in the definition should also include whether the company identifies itself as a family firm and whether the kinship relationship of the members of the family unit, goes beyond the ones considered in the current literature. The former, could also help settle down the debate and aid in the formation of a unifying yet malleable definition of what a family-owned business is. The classification is reintroduced below with a proposal of a seventh level:

i) At a first level, the firm is owned by at least two persons united by a marriage, cohabitational or same sex partnership bond, and it is ran by one of them.

ii) At a second level, the firm is owned by at least two persons united by a parent-child or sibling-sibling bond, and it is ran by one of them.

iii) At a third level, the firm is owned by at least two persons united by a marriage, cohabitational or same sex partnership bond, parent-child or sibling-sibling bond, and it is ran by a third party.

iv) At a fourth level, the firm is owned by at least two persons united by a marriage, cohabitational or same sex partnership bond, parent-child, sibling-sibling or grandparent-grandchild bond and it is ran by a third party.

v) At a fifth level, the firm is owned by at least two persons united by a marriage, cohabitational or same sex partnership bond, parent-child, sibling-sibling, grandparent-grandchild or cousin-cousin bond and it is ran by either a family member or a third party.

vi) At a sixth level, the firm is owned by at least two persons united by a marriage, cohabitational or same sex partnership bond, parent-child, sibling-sibling, grandparent-grandchild or cousin-cousin bond, and at least one external shareholder. It is ran by either a family member or a third party.

vii) And at seventh level, the firm is owned by at least two persons who consider themselves relatives in any kinship degree and at least one external shareholder. It is ran by either a family member or a third party.

With the former information, a classification of the two case firms at hand was made and both were positively found within this typology (one of them part of level V and the other as part of level II). Is thus believed that by providing a similar structure as the one above, a more comprehensive definition of what a FoB is, could be achieved.

5.1.2. FoBs in cross-border M&As

One of the most important aspects of this research was that of defying cross-border M&As in which FoBs are involved and if there are in any telltale signs that differentiate them from M&As in which non-FoBs are involved.

The first hurdle to overcome was that of the lack of academic research in this specific area, since the involvement of FoBs in M&As are seen as a rare occurrence (De Massis et al. 2018, Worek 2017, Rosa Reis et al. 2015, Gleason et al. 2014, Mickelson and Worley 2013, Bjursell 2011, Steen and Welch 2006). However, as presented in the case study at hand, FoBs can be both the acquirer and the acquiree.

FoBs involvement in M&As is seen as contradictory, since even if the creation of synergies could provide greater opportunities for rapid expansion and an exit in complicated generational shifts, they are seen as carrying added challenges due to diluted ownership, decision making rights and financial autonomy and security (Worek 2017). As observed during the data collection, these issues certainly were of consideration for both parties (specially the acquiree, who was in the middle of a generational shift itself), nevertheless, strategic planning greatly outweighed the challenges presented and thus it was decided to move forward. Furthermore, it was revealed that by agreeing to the transaction, the acquired firm would be able to achieve these strategic goals (market expansion), without the associated financial risks.

As expressed before, both companies were already engaged in several types of internationalisation: the acquiring firm being already a multinational corporation, with subsidiaries in different markets (a distribution centre and marketing and sales offices) and revenue from its home market only amounting to 3%; while the acquired firm had achieved almost a 50% revenue from international sales, which conducted through direct exports and indirect exports (sales representatives).

The reasoning behind a cross-border acquisition was not necessarily the main focus for the acquiring firm, but was not surprising, given that their home-market did not had prospective candidates with the required characteristics. Furthermore, it was explained that even if the profile of the acquired firm as being a FoB had some positive aspects on “storytelling”: two FoBs coming together, it did not had a weight on the decision, which was made solely on the characteristics and resources of the acquired firm. Their profile as a FoB was also not surprising, given the structure of similar-sized firms in the available pool of prospective candidates.

Mickelson and Worley point out that the motives, processes and outcomes of FoBs involved in cross-cultural M&As are directly affected by family-specific networks (2013), this can be seen in the case study, in the fact that the legal teams had a hard time identifying the decision maker inside the family, and once this was done, it became apparent that this individual was the most reluctant in agreeing to the transaction, which is in line with what is discussed by Bjursell (2011) and Anderson and Reeb (2003).

Moreover, after the general plan for the transaction was agreed upon, the role of the former owners inside the new organisation was quickly reveleaved to be of big importance for both parties: an associated value of the business was that of their network of distributors, seller, customers and know-how of the industry, which was tied directly to the members of the firm being acquired.

Lastly, it was of interest for the present research to investigate whether M&As of FoBs are in any way different than those that involve non-FoBs, in structure, speed or general planning. The results of the data collection, seems to point out that the pre-combination stage, which spawns from development of a mission statements, search and screening of candidates, negotiations and plan formulation of the integration phase to deal announcement, was of average length (less than 24 months), with the negotiations and integration planning alone, lasting less than 9 months. Members of the legal teams commented that the process was "*no significantly harder or easier than those involving non-FoBs*".

And thus, an answer to the first subquestion can be provided: *A family-owned business cross-border acquisition is defined as the act of* acquiring effective control *over the net assets or management of another company, with at least one of the actors classified as a family firm, due relationship inside a family unit, ownership or governance, occurring outside the natural borders of its primary fiscal location.*

5.2. Mirka & Cafro Acquisition Process Overview

According to Proman (n.d.), Cafro was in the middle of a generational shift, with the second generation of the family considering transferring ownership of the company to the third generation. At the same time, the KWH Group growth strategy, and consequently Mirka's, is based in both organic growth inside the group and through acquisitions (Coastline 2018b).

According to Mirka's Managing Director, the chief reason behind the acquisition, relied heavily in their continued efforts towards improvement and the desire to maintain their forerunner position within their industry (Coastline 2018a). The data collected, pointed out at synergy creation in the inclusion of superabrasives and grinding solutions into their core portfolio due to increasing industry interest in such products was the strategic goal in the acquisition, which falls in line with what can be found in the literature (Salaber and Rao-Nicholson 2013, Calipha et al. 2010: 6-24, Dunning 2000). The internal organic development of super-abrasive products would have been too time consuming and would require more know-how than the readily available, thus deciding to scout the opportunities outside the company (Proman n.d.).

Although Mirka had experiences with M&As in the past, and so had the KWH Group, no corporate acquisition handbook or guide has ever been developed (Nyman, N., and Antus, K., personal communication, January 31, 2019 and February 8, 2019) and thus, PROMAN was brought in due to past experiences helping the KWH Group with previous negotiations (Höglund, P., personal communication, February 1, 2019).

Table 6 presents a summarisation of the main aspects that characterise each stage of the acquisition process, as well as, the main events that should take place in each phase according to the theory presented in chapter 2.

Table 6. From pre-combination to post-acquisition - M&As stages characteristics and main events. Own elaboration.

	Characteristics	**Events**
Pre-combination	- Strategic planning - Creation of M&A team - Pool of candidates - Selection of target company. - Selection of Integration team. - Closing of the deal	- M&A mission statement. - Suitable members are selected. - Search, screening and analysis of companies. - Financial aspects & negotiation. - Planning for eventual takeover and integration process. - Warranty, indemnification and financial plan, internal announcement is done.
Combination and Integration	- Definition of new structures and strategies are set in motion. - Integration teams are deployed. - Culture & processes.	- Adjustment of integration timeline and scope. - Practical issues on-site will arise. - Training, retraining, human talent rehauling and culture amalgamation.
Post-acquisition	- Phasing and takeover are completed. - Acquisition and post-acquisition evaluation.	- Products, services and know-how are folded into parent-company. - New status quo is created. - Measure the change and its effects on culture and routines. - Final documentation.

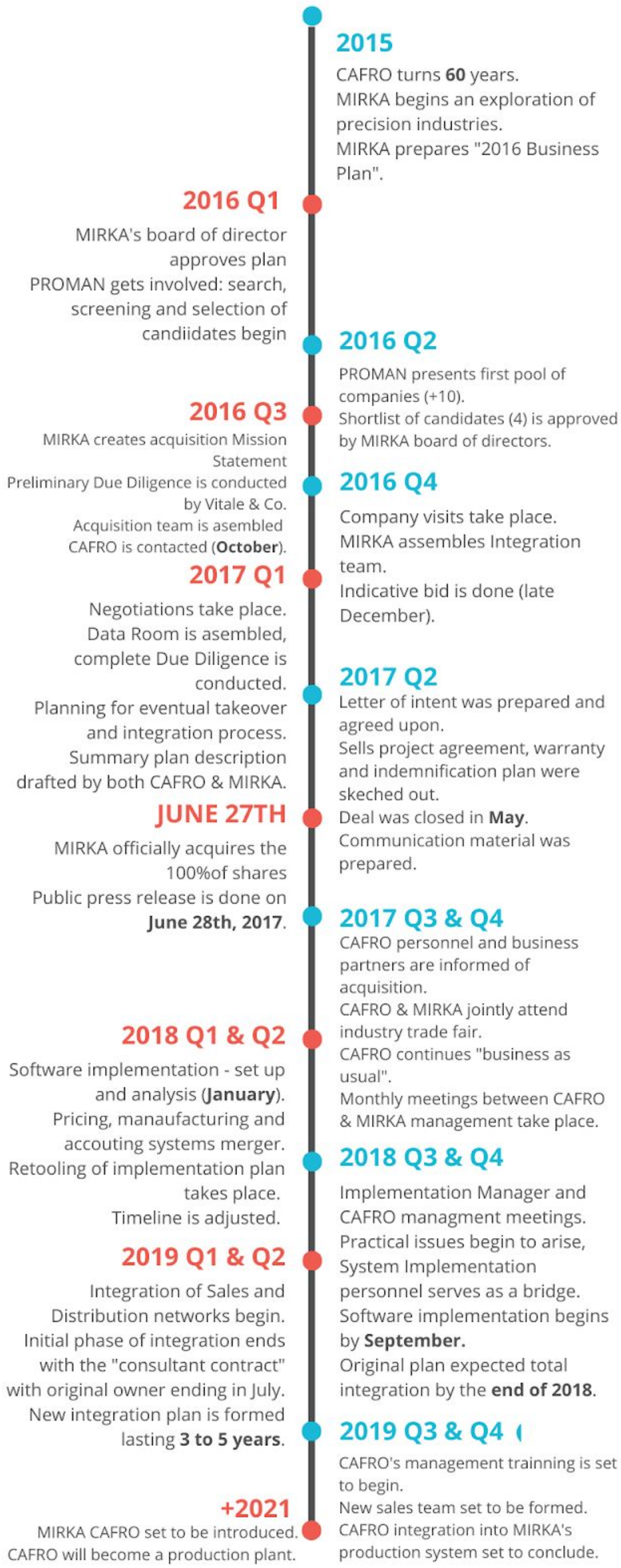


Figure 12. Mirka-Cafro acquisition process timeline. Own elaboration.

The elements elements presented in **table 6** will be hereupon utilised to analyse the process taken place in the case companies and figure out the stage in which they are situated according to the empirical material collected, making use of the theoretical framework to aid in the analysis. A visual representation of the transaction process as reconstructed from the data collected is presented in **figure 12** above in the form of a timeline to aid in the analysis.

5.2.1. Pre-combination stage

According to the information collected during this research, the pre-combination stage in the Mirka-Cafro acquisition could be said to have taken place between 2015, when Mirka crafted their "2016 Business Plan", which included a growth strategy focused on precision industries and suggested the idea of an acquisition and June 2017, when the deal was signed and the public announcement was made. The themes that emerged during the data collection as linked to key events in each section are contrasted to the definitions provided by Kristjanson Love (2000).

a) *Strategic planning*.

   The creation and approval of Mirka's "2016 Business Plan" by their management team and their board of directors fits in the "creation of a mission statement" category (Kristjanson Love 2000). Furthermore, as expressed during the data collection, both KWH Group's and Mirka's corporate culture is considered to be highly structured and based on plans, as well as, open and "warm". The former would help us to picture their leadership styles as lening on human performance and oriented in the future, however, could also signal certain degree of uncertainty avoice (House et al. 2004).

b) *Creation of M&A team*.

   When Mirka's top management, leaded by their Managing Director contacted and bought on board PROMAN to assistant in the identification of possible acquisition targets based on Mirka's target profile, this step can be said to have taken place, thus bringing external experience and professional advisory into the acquisition team (Schuler and Jackson 2001).

c) *Pool of candidates*.

PROMAN initially crafted a +10 list of possible acquisition targets, mostly based in Latin Europe or Germanic Europe, with the former being farther away to Finland than the later (House et al. 2004). Their public records and products were analysed. A shortlist of 4 companies was created.

d) *Selection of target company*.

Initial contact with the companies was made by PROMAN via their local partners (IMAP). Cafro becomes target company and are contacted. According to the data collected, their nature as a FoB *did not* impact the decision. A preliminary due diligence process was conducted by Vitale & Co. Preliminary discussions take place and company visits are arranged in Finland and Italy, where "chemistry" was an essential factor for moving forward, according to both firms, thus one could assume cultural distance play a role in this step. Meeting of members of both families took place and is said to have been crucial for the deal to go forward.

e) *Selection of Integration team*.

Mirka assembled their integration team, who was to be in charge of planning for the eventual takeover and the integration process. Meanwhile, formal negotiations took place, with financial issues and knowledge-transference as the main issues (Xu, Yang and Jiang 2013). The issue of the importance of the family members of the soon-to-be-acquired firm surfaced, as both knowledge transfer and value networks are said to be closely linked to them and issues regarding future compensation were resolved (Gomes et al. 2013). An indicative bid was made in late December 2016.

f) *Closing of the deal*.

Formal M&A due diligence was carried out and a "Summary plan description" and letter of intent were agreed upon, with the deal considered closed by late

May 2017, as the process took up around 10 months, it could be said that they avoided the risk of a ”hastily made decision” (Schuler and Jackson 2001). Mirka prepared an individual integration document to be used during the first six months of the integration, as well as, an information package to be distributed among customers, distributors and employees. Sells project agreement, warranty and indemnification plans were sketched out, with the deal being signed on June 27th and a public announcement made on June 28th, 2017.

5.2.2. Combination and Integration stage

The combination and integration stage is said to begin after the public announcement of the acquisition is done and last solidification is identified (Schuler and Jackson 2001). According to the information collected during this research, the Mirka-Cafro integration could be said to be an ongoing process. As such, a short explanation of the events that have taken place and how they can be linked to the three characteristics listed in **table 6** is presented below.

a) *Definition of new structures and strategies are set in motion*.

   Once the public announcement was done, the integration team began an exhaustive communication material package distribution among employees and business partners, taking head on one of the most common failure risks (Schuler and Jackson 2001). And although business continued “as usual” during the first 6 months after the acquisition, thus no changes in organisational culture were expected (Teerikangas and Véry 2012), constant communication and meetings occurred between Mirka’s and Cafro’s management, which is seen as a success factor (Gomes et al. 2013).

b) *Integration teams are deployed*.

   At the beginning of 2018, the first real changes began, with IT, accounting, manufacturing and quality systems being analysed and set up for future integration (Gomes et al. 2013). Personnel on site in Italy, have served as a bridge between Cafro and Mirka, as practical issues are being forwarded to the parent company for assessment (Schuler and Jackson 2001), with certain institutional resistance being identified. The last point could be said to be related to Italy's and Finland's national culture distance, more specifically Hofstede's UAI dimension (Hofstede Insights 2019a). Further, Cafro's top management was described as fielding all communication to their employees and being overly zealous, thus one could describe this as a clear power distance struggle (Hofstede Insights 2019a, House et al. 2004), enhanced by their national culture being more "masculine" (House et al. 2004).

c) *Culture & processes amalgamation*.
According to the data collected, given that both FoBs had similar corporate values and the northern Italian culture, was considered closer to the Finnish culture they were thought to be a perfect fit, from a business and cultural perspective, however, issues with language and culture have had obvious effects on the integration process (Xu, Yang and Jiang 2013), as a result, changes in the integration plan scope and timeline changes have occurred, which according to Gomes et al., are necessary to assure the success of a M&A (2013). At the moment data collection took place, talks of management training, retraining of current and hiring of new personnel were seen as the obvious next steps in the process (Gomes et al. 2013), with special interest in sales and knowledge-transference integration. A total integration of Cafro into Mirka's production systems were said to have concluded by late 2019, with the rest of the process still ongoing.

5.2.3. Post-acquisition stage

As the last point has let transpire, the combination and integration process at Mirka is still an ongoing process, with its initial conclusion (July 2019) being pushed to an indeterminate date from 3 to 5 years into the future. Although the management teams did not seem overly concerned about this situation during the data collection and were aware that retooling and timeline changes will occur in most M&A processes (Schuler and Jackson 2001), certain milestones and objectives were mentioned. A short explanation of these themes as emerged from the data collection is presented below.

a) *Phasing and takeover are completed*.

The final goal in the process is seen as that of the complete consolidation of Cafro into Mirka (Schuler and Jackson 2001), with merchandising, promotion and products being part of Mirka's marketing portfolio, with Cafro being seen as a production plant and a brand, not an independent entity any longer.

It was mentioned during the data collection process that need of management training was needed to bridge the gap between Cafro's and Mirka's corporate culture (Gomes et at 2013, House et al. 2004), however, a certain level of amalgamation has been perceived in those areas in which Mirka and Cafro cooperate more, such as operation, thus can be said that the level of communication is needed in all aspects of the transaction and in all levels of the organisation (Vaara 1999). The last point signals that their organisational culture has beginning to some sort of institutional collectivism (House et al. 2004).

b) *Acquisition and post-acquisition evaluation*.

An acquisition guide for future processes was discussed by Mirka's representatives as an absolute possibility, however, no acquisition review was mentioned to be scheduled to take place. A M&A review is said to serve to compare the original plan against those created afterwards and measure whether of not their goals for undergoing the acquisition process were achieved (Schuler and Jackson 2001).

5.3. Summary of the Findings

The objective of the empirical part of this research was to identify the cultural factors, understood as areas, issues and challenges that emerge during an acquisition process that involves FoBs in a cross-border context. Attention has been given to the identification of the sources as being either national or corporate culture in nature.

In chapter 4, a conceptual framework was created to aid in the analysis of the data collected, which was formed out of the elements and themes that emerged from the interview responses. The same framework is has been used and developed upon, in order to serve as a visual representation of the summary of the findings is presented below in **figure 13**.

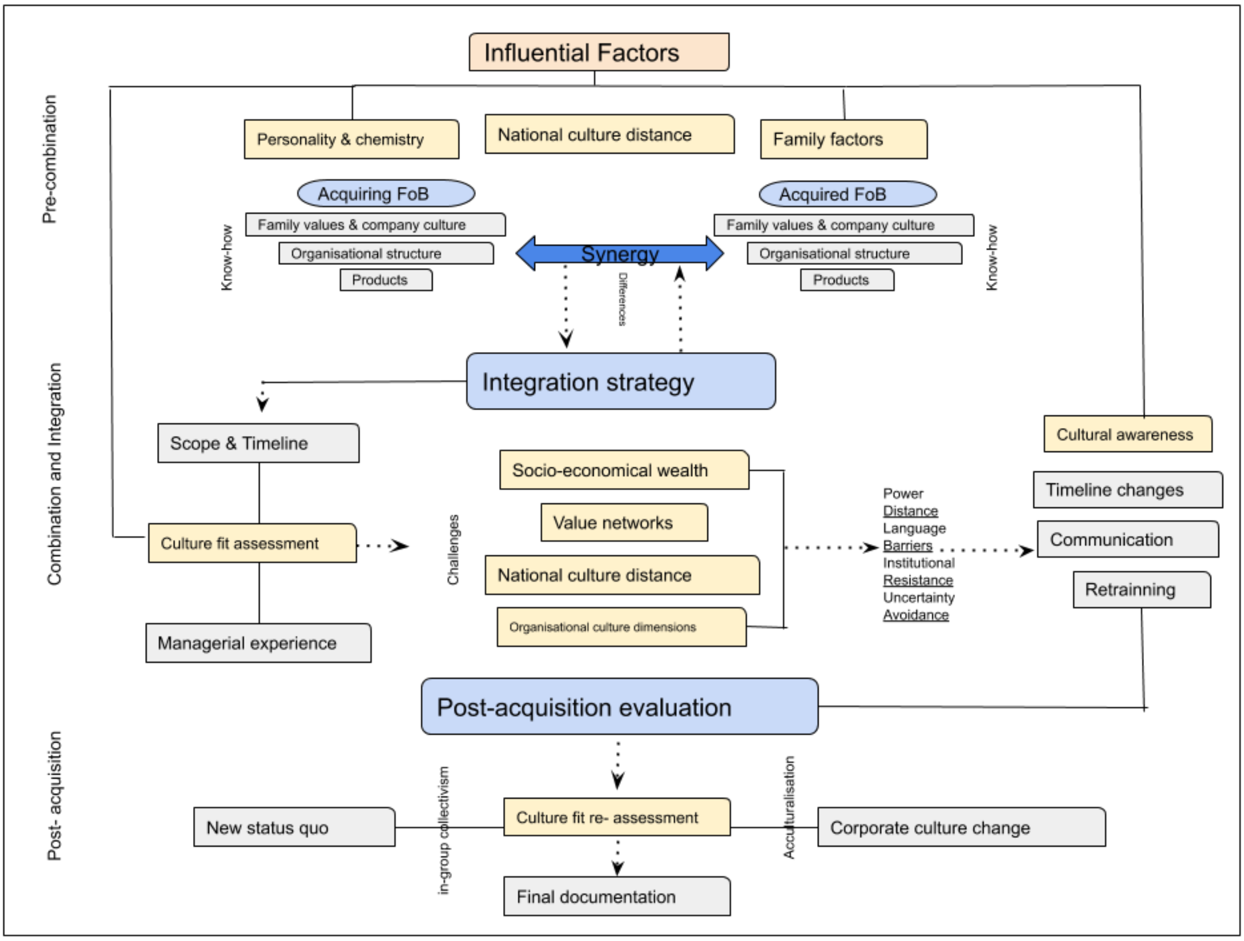


Figure 13. Summary of the findings.

Theory has been used to help reconstruct the process the case study company followed, paying special attention to the risk and success factors that were encountered during each step and the manner in which they were tackled. The findings in the data collection process seem to indicate that family related factors were overwhelmingly found in the firm being acquired, mostly during the pre-combination phase, with national culture distance being identified as essential in the meetings between both parties. Organisational and national culture issues emerged more prominently after the combination and integration phase began.

According to the data collected, the main issues encountered during the pre-combination phase were firstly the difference in size, since the people managing the acquisition from the acquired firm, were only 5 and a legal advisor, against the professional team assembled by Mirka and KWH and their advisors PROMAN, IMAP and Vitale & Co. On this point, is important to note that a difference in size, meaning that the acquirees are a smaller company, provided a better success rate to the acquiring firm (De Massis et al. 2018). However, during this phase, the acquiring company struggled due to language barrier (one of the owners did not speak english) and role ambiguity (it was hard to identify the decision maker), thus, their respective culture clusters (Latin Europe vs Nordic Europe) could be said play an important role (House et al. 2004).

A positive stressor that emerged during the pre-combination phase, as mentioned by both parties was the issue of chemistry and the cultural fit between both firm's values. This consideration of the cultural compatibility is important in any M&A (Schein and Schein 2016), given that failure in cultural integration is the biggest culprit in the failure of both domestic and national transactions (Weber and Tarba 2013; Teerikangas and Véry 2012; Vasilaski 2011; Weber et al. 2011; Morosini et al. 1998). However, it was stressed the fact that the nature of the acquired firm as a FoB did not influence the decision of the acquiring firm, even when it did to that of the acquiree.

Financial and legal aspects of the acquisition were considered to have been handled efficiently, and that considerations about the family members position and compensation after the transaction was completed were satisfactory. Furthermore, given the value networks found within the family members (both with and without decision making rights), this was an especially important aspect of the deal (Gomes et al. 2013).

Issues regarding the workforce at the acquired company were discussed during the integration plan formulation which was carried out jointly. Special attention was given to the communication of the plan to important stakeholders (Gomes et al. 2013).

One of the conclusions that can be made of this first empirical part is that the pre-combination between the firms was carried out correctly and led to a correct start of the integration and combination stage: both parties felt satisfied with the negotiations and the integration plans made jointly.

With this, an answer to the second subquestion of this research can be provided: *the family factors in the pre-combination phase in a cross-border transaction involving FoBs that affect its effectivity comprise the* involvement *of family members with decision rights in the* mission statement *of the acquisition approval and* candidate selection *of potential acquisition target,* company field visits *and* analysis*, as well as,* negotiations*, with the* decision maker easily identifiable. *Previous* experience in internationalisation processes *and/or the inclusion of* knowledgeable advisory partners *aid in the understanding of unforeseen challenges. Approval of other family members with or without decision making rights is seen as beneficial. Furthermore,* cultural fit assessment *and inclusion of the acquiree firm in the* formation of the integration plan *is also advantageous. Considering the* value network *of the family members with or without decision making rights in the integration plan is essential.*

A surprising fact that emerged during the data collection was that of the acquired firm operating as "usual" for the next six months after the deal was announced. However, is important to note that a constant communication between both management teams characterised this period. As such, the integration followed as planned during this period.

However, once more members of the integration team arrived to work on-site, issues emerged immediately, with the main culprit said to have been the lack of communication from the acquired firm to their employees, which could describe a clear difference in power distance between top management and other workers (Hofstede Insights 2019a, House et al. 2004). Another aspects that surfaced during this period, was the lack of information and documentation to carry out the integration of systems (namely IT, accounting, quality and production), an issue that should have been identified during the due diligence (Gomes et al. 2013; Schuler and Jackson 2001; Gertesen et al. 2000).

The first changes in the timeline occurred after this, with the integration of systems being delayed from 2018 to the end of 2019, however at the time the data collection took place, it was said that all administrative aspects have been implemented. Research shows that hierarchical conflict and institutional resistance began during this phase (House et al. 2004), as all interactions between both companies were being fielded by the acquiree firm's management; moreover, language barrier at this stage was also a catalyser of such attitudes, given the limited group of people with whom the members of the integration team could interact with. Additionally, issues of loss of identity were identified within the management team at the acquired firm, with problems recognising the firm as no longer being part of the family.

The members of the integration team on-site in Italy, have served as a bridge between both companies and the responses of the interviewees led on that culture and attitudes at the acquired firm were beginning to change. Nevertheless, no evidence on national and corporate culture distance enhancing the combination process were found to exist.

Finally, as the integration process was ongoing when data was collected, no information regarding the post-acquisition evaluation surfaced. However, comments made regarding "*a guide for future acquisitions*" were made by members of the acquiring team. Furthermore, comments regarding the future of the acquired firm indicated that a complete consolidation under the acquiring firm will occur, with plans for this said to happening sometime between 3 and 5 years into the future (beyond 2021).

Thus, the final subquestion of this research can be answered: *in the integration and post-acquisition phases of an acquisition transaction involving a FoB, constant* communication *should be maintained between acquiree and acquirer to ensure the integration plan is being followed;* training and description of roles *should be immediately done with remaining family members to ease in the* hierarchical and identity shift*; due diligence should notice not only if* information and documentation *exist, but in which form; selection of the* integration team *that is expected to be on-site at acquired firm, should consider the inclusion of at least one team member that speaks the* local language *(if this were different) or has* familiarity with the receiving-country *culture;* cultural fit re-assessment and final documentation *should be considered as part of the acquisition plan.*

6 SUMMARY, CONCLUSIONS, LIMITATIONS AND FUTURE RESEARCH

As indicated in the introduction of the thesis, the aim of this research was to describe the cultural aspects that influence the cross-border integration of family-owned businesses involved in an acquisition process, taking as subject of study a Finnish multinational member of a family-owned conglomerate which in 2017 acquired an Italian business-owned company. The following research question was formulated based in the research problem and objective: *What are the cultural factors that influence the acquisition process of a family business in cross-border settings?*

The current chapter will provide a general conclusion to the findings and will offer an answer to this research question. First it will summarise this findings with regards to this research subquestions. It will then continue and discuss the managerial and theoretical implications of the study. At the close, the limitations and recommendations for further research are both presented.

6.1. Summary

In order to answer the main question of this research, the study's subquestions needed to be answered. The first subquestion has been largely answered by means of the literature review which identified the most important vectors that comprise the definition of family-owned businesses, additionally, the exploratory nature of this research also identified what typology could be used to classify the distinct variations in ownership and familiar-relationship most FoBs find themselves situated in and finally, the theoretical background and academic research on the involvement of FoBs in M&As, as well as their characteristics, were explored. Further elements were analysed through the themes that emerged in the secondary data collection for the background in the case study at hand.

The second subquestion was extensively discussed in chapters 4 and 5, with the help of the empirical data collected, and utilised the conceptual framework as reference. Elements such as involvement, tacit approval and active participation from family members with decision making rights of FoBs in the pre-combination process are seen as key to the development of the deal. However, the consideration of the value network of family members with or without decision rights, but that are active in the operations of the organisation, are seen as vital for the successful formulation of the subsequent steps of the process.

The third subquestion of this research was extensively described in chapter 4, with an analysis also in chapter 5. The difficulty of recognising the end of the integration and combination stages and the beginning of the post-acquisition phase, made it challenging to define the elements that should be considered as part of one or the other, which was further exacerbated due to the analysis of the case study, being only in the early stages of their integration process. However, certain themes emerged throughout the data collection, which aided in the creation of the conceptual framework and in answering this question. Elements such as: clear communication of plans, training and description of roles and assistance in identity transition are seen as essential elements for remaining family members; with due diligence identifying the data and information the integration will be working with also important for the integration ground work. Furthermore, knowledge of receiving-country language or national culture are seen as advantageous. Lastly, the inclusion of cultural fit re-assessment and final documentation after the integration processes have been completed should be included in the initial integration plan.

6.2. Conclusions

Throughout this research, the main quest has been that of answering this thesis' research question, as presented in the introductory chapter. Nevertheless, the elements that have emerged during this project seem to be relevant for both theoretical can practical reasons.

6.2.1. Theoretical contributions.

By focusing on a frequently ignored subject in academic research, novel contributions to the current literature knowledge are implied. Mergers and acquisitions have been increasingly debated among researchers, with special interest from the strategic management and industrial economy perspectives (Rosa Reis et al. 2015). Furthermore, the consequences that such transactions have on the companies subject to it and the markets in which they operate have been also heavily researched (Chen et al. 2018; Reddy 2015; Weber and Tarba 2013; Weber, Tarba, and Bachar 2011). However, a category of firms in a different ownership structure rarely discussed in research not explicitly focused to the subject, are family-owned business (FoB).

Research regarding M&As involving FoBs is rare (De Massis et al. 2018, Worek 2017, Rosa Reis et al. 2015, Gleason et al. 2014, Mickelson and Worley 2013, Bjursell 2011, Steen and Welch 2006), which is surprising, given that families and not corporations nor financial institutions are said to be the biggest controllers of publicly listed companies worldwide (La Porta et al. 1999), however the lack of an unifying definition of what it means to be a FoB seems to be the biggest problem for academic research.

As such, this study aims to contribute to M&A of FoBs literature by providing an analysis of the vectors more often associated with the definition of family firms, which led to the creation of a comprehensive typology based on existing classifications (Diéguez-Soto et al. 2015, López-Delgado and Diéguez-Soto 2015, Nordqvist et al. 2014, Kraiczy 2013). This typology offered a clear distinction between the complicated definition of family itself, ownership according to these different levels of kinship, decision making right, governance and management, being able to succinctly define limits of what a family-owned business can be and offering the possibility of creating a new category for newer concepts, such as "*relative-owned business*". It is contented that a family-owned business should be considered as such, if the company itself identifies as one.

Additionally, the research offered interesting facts regarding the involvement of FoBs in M&As: whereas their involvement in such transactions is seen as contradictory (Worek 2017), globalisation and more intense international competition, has caused more and more FoBs to get involved in more aggressive forms of industry integration (De Massis et al. 2018). The case study was one for instance, given that both companies were defined as FoBs of different levels according to the typology.

Lastly, with the creation of the conceptual framework, this study aimed to offer a visual representation of the themes that emerged during the data collection process and that involved the case of two family firms engaged in an acquisition transaction, elucidating the family-related aspects which contribute to the success of the process and thus providing a more all encompassing perspective of the process as a whole.

6.2.2. Managerial Implications

Besides the theoretical contributions to the scientific research on family-owned business, namely as a comprehensive categorisation of the vectors used for an accurate description of the different types of FoBs and their definition, this study's objective is also to contribute to a practical level. The findings made during this research have important implications from the perspective of top management and family members involved in an acquisition process.

The findings from the case study provide an insight to the expected issues to emerge from family-member interactions, their role in the formation of the integration plan and the issues that tend to emerge during the combination phase. The results from the case study also elaborate the M&A process involving two FoBs, from a broad picture to comprehensive details entailing the steps to follow.

As mentioned before, literature on M&As of FoBs is limited and mostly focused on the reasons why FoBs do not engage in M&As, however, the findings of the interviews and the analysis of the case study as a whole, provide practical insights when not only a family firm is the acquired party (Gleason et al. 2011), but also the acquirer and add richer details for each stage within the process from both corporate and national culture considerations, but also the role family members are expected to play.

Closely related to this document's research question regarding the cultural factors that influence the cross-border acquisition process in which FoBs are involved, the interview data has derived some key findings about the family-related factors that influence the success of the process in the pre-combination phase. In consequence, five major factors were found to positively affect the outcome of the process, (1) previous experience in internationalisation processes; (2) close involvement of the family-members with decision making rights in the approval of the mission statement, target company screening and selection; (3) active participation in company field visits and negotiations; (4) tacit approval of family-members with no decision making rights; and (5), consideration of the value network of family-members with or without decision making rights in the planning of the integration process.

Additionally, further family-related factors that were identified as being instrumental during the early stages of the combination and implementation phase could be summarised in two fronts, (1) a clear communication of the role description of the family members remaining at the acquired company should be made a priority in the planning of the integration process; and (2), management training of remaining family members should be focused on easing the hierarchical and identity transition.

Thirdly, another aspect of importance for this research, was the role culture (both national and corporate) plays in the acquisition process involving family firms. Four factors emerged of the data collected, (1) cultural fit assessment should occur both during the target company selection and planning of the integration process, with special emphasis on family values; (2) the role national culture of the receiving-country plays in the management interactions of family-members should be considered during the planning of the integration phase; (3) during the formation of the integration team, knowledge of the cultural awareness in regards the receiving-country should be emphasised; and (4), cultural fit re-assessment and final documentation of the process should be included in the integration plan.

6.3. Limitations

The present section will elaborate on the limitations of this study. These limitations could be recognised in two fronts: on a methodological level, one of the most important limitations is that of generalisability, which is a limitation inherent to qualitative research, deriving from the empirical data collection and its analysis; and, in a theoretical level, due to the scope of the literature chosen to be reviewed and its limited availability.

On a methodological level, because this research was performed within only one case company at a specific moment in time, generalising across companies would be hard. The former is due to a few reasons: first, the companies involved in the acquisition are both family-owned, thus comparing against non-FoBs and their experiences should be approached differently; secondly, the combination and integration process were still ongoing, thus providing information beyond this point would be impossible; and thirdly, the case company and the acquired firm, both operate in a specific industry, as such, their intentions and approaches for pursuing the acquisition process would differ when compared to that of other companies in different industries. Additionally, as this research made use of semi-structured interviews in order to collect data, a main concern could be that the process could have suffered from interviewer and interviewee bias, thus, as expressed by Saunders et al., it affects the type of responses obtained and greatly influences the generalisability of the results (2012:156).

On a theoretical level, the main problem encountered was the lack of academic research available analysing the involvement of family firms in M&A projects and the material that was available and reviewed did not consider FoBs in the role of the acquirer; additionally, the academic material available, focused greatly on the reasons why FoBs do not engage in M&As; another issue encountered during this stage, was the lack of an universally accepted definition of FoBs and their typology, however, a comparison of those available were utilised and ultimately led to the classification of vectors found in chapter 2 and the proposal of adding further categories in chapter 5.

Finally, the conceptual framework developed only reflects the one case company here analysed and the data collected through thirteen interviews. A more extensive study, should provide perspectives from different levels inside the acquired firm, as well as, the experiences and opinions of stakeholders outside the companies, such as distributors and customers.

6.4. Future Research

This thesis' findings have revealed several themes, elements and aspects that factor inside the acquisition process in which FoBs are engaged, classified as cultural and family-related in nature. Based on these themes and elements, the following suggestions represent future directions research on the involvement of FoBs in M&As could elaborate on:

a) The present study can be said to have been cross-sectional in nature, as it took place in a specific moment in time, as such, a longitudinal study could be beneficial, in order to compare how attitudes and opinions with regards the different stages of an acquisition process involving family-firm, evolve over time.
b) The case company analysed and the acquired firm, are both located in Europe, thus additional cross-cultural studies which make comparisons between family

business undergoing M&A process in different parts of the world would be an important step for further research.

c) The analysis of firms in different industries could be also beneficial, specially if found in the service sector, since FoBs are said to operate mainly on the industry sector.

d) Finally, future research on the the definition and classification of family-firms should focus on the different vectors that form part of the general understanding of the term family, when a family-firm becomes a relative-owned firm and how this affects the dilution of decision-making rights.

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APPENDIX

Interview Guide and Questions

Information Statement
Name:
Role:
Location:
Experience with the company:
Citizenship:
Language preferred:

Dear _______________,

This research focuses is in understanding the cultural implications in cross-border mergers and acquisitions between family owned and non-family owned firms in the post-merger integration phase. As such, I am particularly interested in how family values have affected the development of the corporate culture in Mirka (and KWH in its entirety). This is specially relevant, because I strive to understand the cultural consequences of the internationalisation process. Hearing about your experiences, opinions and attitudes in the acquisition transaction between Mirka and Cafro, is of particular interest.

Providing short examples and anecdotes from your experiences would be helpful. While answering the interview, please be honest. The data here collected will only be used for the purposes of this Master thesis' research. As such, information regarding all subjects' identities will be kept anonymous, and so will it be any information disclosed that you would wish to be kept confidential. Permission will be sought before anything is attributed to you. Thank you for granting access and for agreeing to this interview.

Best regards,
Valentin Zavala

Interview Questions

Theme I. Interview background and Family business culture

1. To begin, please explain briefly a bit about the background of your role at Mirka.
2. What is the first memory of Mirka that you have?
3. In your own words, what exactly differentiates a family owned business to a non-family owned business?
4. How would you summarise the corporate culture of Mirka? Do you think the values of the Höglund family permeated into the culture of the company?
5. How would you say the Finnish national culture has impacted the corporate culture of Mirka? Do you consider its Swedo-Finnish roots important?
6. Since you have joined the company, how would you say corporate culture has evolved? Did the changed between a family member to a professional manager at the helm of KWH-group has had any effects on Mirka?

Theme II. Internationalisation process and cross-border interactions

7. Would you describe your company and processes as being primordialy focused in the local home market or the international market?
8. What kind of processes and cross-border interactions did your company have in the international arena (daughter companies and factories)?
9. How would you say the company's approach to internationalisation and other cross-border activities changed across the different generations at the helm of the business?
10. Did Mirka have any prior experience with mergers and acquisitions? And if so in which capacity? What was your role in them?
11. What kind of prior knowledge did you have regarding Italy and Italian companies?

Theme III. Acquisition process and decision making

12. What prior knowledge if any, did you have of Cafro?
13. Can you tell me about the strategy behind the acquisition.
14. When was the first time any talks of taking over Cafro took place? Who was the one that bring up the subject?
15. What happened after the decision to take over Cafro was made?
16. Did the fact that Cafro is also a family owned business impacted the decision?
17. What was the planned process for the merger? (design)
18. Describe the process that occurred and the activities that took place.

19. How were the meetings, processes, and activities organised?
20. What meetings, processes, and activities did not take place that you think should have?
21. What were/are the key factors that have made the process successful or not successful?
22. What were/are the key issues/events that most helped the process?
23. What were/are some of the challenges? Where could improvements have been made?

Theme IV. The post-merger integration phase

24. When was the transaction formally completed?
25. Where is the process at now? What's your current thinking about what the next steps should be? What issues have yet to be finalised?
26. How did you feel about your involvement during the process? Were your contributions acknowledged and acted upon?
27. What opinions did you form about Cafro's organisation as you interacted with them? Did your opinion about your own organisation change? Have your opinions regarding Cafro changed?
28. At this point, over a year after the merger was publicly announced, what is your assessment of the merger in terms of the key success factors?
29. For you, what single thing could have derailed the transaction process?
30. Were there any other significant events that have occurred in the past year that have affected the integration process?
31. How do you feel both personally and professionally about the entire experience?

We appreciate your time and cooperation.