

The influence of Culture on Business-Negotiations
Case study on Microsoft-Nokia Acquisition

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ABSTRACT

It is well known that cultural differences can serve as a base for the creation of values, as studies have suggested there can be possible opportunities to enhance performance. By taking an overlook to the cross-culture, business, negotiation databases, this research aims to clarify key concepts that create cultural barriers, which can be found in the companies' social structure world. Microsoft-Nokia acquisition case study provided a perspective of the cultural influence on business negotiations. Literature review show culture is a very important element for the success of any negotiation, negotiators can agree that cultural differences are key in the negotiating process; if they are not handled well, they could create problems. Pursuing this case study to obtain the necessary and required qualitative data regarding the cultural perspective of acquisitions between Microsoft-Nokia, therefore this permits a specific issue to be investigated in-depth and form a variety of perspectives; thus, in this case, we can see an individual originating from a particular cultural environment can move to another cultural setting without many barriers. By analyzing the content out of the first data collection and relating to the data collected from the interviews, using the content analysis technique, we can appreciate the closeness of cultures to business and the adaptation of companies in relation to others, emphasizing on people and their distinctive cultural patterns since culture can sometimes be complex due to the existence of internal factors that make each culture unique and it is necessary for companies 'operation and growth.

Keywords: Culture, Business, Negotiation, Across Culture Communication, Acquisition.

CONTENTS

INTRODUCTION	1
Background	1
Motivation	4
Research purpose.....	4
Research question.....	4
Limits	5
Delimits	5
LITERATURE REVIEW	6
Analytical Exposition: Theoretical Framework	6
Culture.....	7
Cultural components of International Business	8
Culture and International Business	9
International Business	10
The Meaning of Culture in International Business	12
Business Culture.....	12
International Negotiation.....	14
Operation in International Negotiation	15
Cross-Cultural Negotiation	16
International Acquisition.....	17
CONCEPTUAL FRAMEWORK	20
Influence of Culture on International Negotiation	21
Culture Influence in Acquisition.....	23
Culture Perspective of Acquisition in Nokia & Microsoft Case.....	25
Cross-Cultural Factors in the Microsoft-Nokia Negotiation.....	26
Negotiate a Business Acquisition with Culture Influence Nokia & Microsoft Case	27
METHODOLOGY	31
Research Method.....	31

<i>Figure 1. Research design methodology step Diagram Explanation</i>	31
Research Process	31
Research Design: Context Content Analysis	32
Research Design: In-depth Interviews	32
DATA ANALYSIS.....	34
Data Collection.....	34
Data Sorting.....	34
Validity.....	35
Reliability	35
Interview Questions.....	35
Data Examination.....	36
Analysis of the Context of Microsoft-Nokia Acquisition Failure.....	36
Analysis of in Depth-Interviews with Wenzao's scholars about Microsoft-Nokia Acquisition	43
CONCLUSION.....	50
Recommendations	53
BIBLIOGRAPHY	54
APPENDIX.....	59
APPENDIX 1: Interview Official Invitation.....	59
APPENDIX 2: Interview Transcripts.....	60
Interview Transcript Interviewee Code A interview 1	60
Interview Transcript Interviewee Code B interview 2	65
Interview Transcript Interviewee Code C interview 3	74

INTRODUCTION

Background

The cultural trend in business is nowadays considered inevitable. Through focusing on how culture influences business, we can see the importance of relationships established by different companies worldwide. To ensure a good bond with others will determine and influence how good our performance could be in the international market, what benefits can it get from developing and following up on those relationships, and how that could potentially lead on development cooperation and commercial agreements. Culture is an inherent element of the lives of individuals that make up a society, as it dictates how to behave and what is socially acceptable in its standards. Therefore, making culture worldwide is essential today for the achievement of the integral development.

Acknowledging cultural differences is considered the best business strategy. Some literature in cross-cultural negotiations stresses the importance of cultural factors, such as norms, values, and behavioral patterns in the negotiation styles, that companies should consider to survive in such a competitive world. After all, it can determine the success of the negotiation, making it possible to achieve desired results. According to professor Sidharth Shankar Raju in the field of culture and international business, globalization also accelerates the occurrence of international business, making it almost impossible for companies to survive without mutual agreements. More and more business opportunities and profits are waiting to be discovered in other countries.¹ To have knowledge on cultural diversity worldwide, companies would develop appropriate engaging strategies to create effective communication. Strategies for a successful negotiation might involve subtle choices to avoid

¹ Sidharth Shankar Raju, "Managing Cultural Diversities in Internationalisation of Business," *IJTSRD; additional collections* 2 (2018), https://archive.org/details/201ManagingCulturalDiversitiesInInternationalizationOfBusiness_201808.

any major incident, for example, being careful with the language we use, the type of negotiating approaches we take, the way of dressing, the food to invite or introduce, and even the gifts to deliver.

Nowadays companies need to participate in international negotiations seeking to diversify their markets, so the need to negotiate with foreign entrepreneurs arises. Due to this, the scholar's specialist in negotiation strategy Lax David & Sebenius James stated, "Two or more parties participate in international negotiation, all seeking to obtain a satisfactory result".² To achieve this, conflicts or setbacks that may arise when negotiating have to be resolved; It is not an easy task because on many occasions, one of the parties is not willing to give in, so it is necessary to plan strategies to help reach a mutual agreement.

According to scholar in international business, Rugman M Alan, it is important to know the essential aspects of international negotiation such as, definitions, the parties that intervene in it, the aspects that are commonly negotiated, and the general scheme of the negotiation.³ It is important to highlight the fact business and negotiation, cross borders; its culture, people, and company's values, on where negotiation and acquisition takes place. It is also important to consider the integration process to see whether culture fits and blends with the other cultures.

From the case of Microsoft and Nokia acquisition, this research wants to explore how important it is for companies to acknowledge cultural difference since that can provide points of reference to improve performance. For decision makers are not only acquiring a company, but making a culture acquisition. For example, over the years Nokia has not only been representing a multimillionaire company, but as well Finland as an entire country, which it's made of unique values, design, traditions and different point of views. Therefore, Nokia has

² David A. Lax and Jame K. Sebenius, *The Manager as Negotiator: Bargaining for Cooperation and Competitive Gain* (New York Collier Macmillan, 1986).

³ A.M. Rugman and R.M. Hodgetts, *International Business: A Strategic Management Approach* (McGraw-Hill, 1995). <https://books.google.com.tw/books?id=o4OqQgAACAAJ>.

stayed in the global market for a very long time. Obtaining as much information as possible counts on proper planning, which is a fundamental part of a negotiation. Some strategies allow negotiators to achieve better results in their international negotiations. For instance, the cultural aspect should be an essential aspect that must be considered before doing any negotiation.

Culture directly influences and impacts how international negotiations are conducted, since not all countries tend to negotiate in the same way. The international business consultant Gesteland Richard R. pointed out features in culture. That is, fundamental values, habits, customs, religion, and morality should be an essential part of the knowledge of an individual. To have a good communication and later obtain a negotiation would benefit both parties.⁴

In this paper, I will talk about how culture influences international negotiations. Cultural differences are key to an international negotiation where the case study of Microsoft and Nokia acquisition is explored. I would investigate the advantages, and failures of the negotiation, and why to acknowledge the relation between culture on business is important.

⁴ Gesteland Richard R., *Cross-Cultural Business Behavior*, 3. edition ed. (Copenhagen Business School Press 2002, 2002).

Motivation

Lacking knowledge of culture can bring negative consequences to our desire negotiation or business goals. Over the years, after taking several courses in negotiations, cross communications, business, and culture classes, and from developing many cases studies and simulations, I recognize that culture is of great importance in our daily lives and how it drives business.

Research purpose

Acknowledging the role culture plays in business successfully; will allow participants to easily be provided with an option to improve negotiation skills, creating for parties a better understanding of how to handle when negotiating, and possibly reach a win-win negotiation. Besides, the findings will allow locating and easily recognizing significant elements that are the fundamental strength of every negotiation, such as the power of the people, negotiation style, skills, culture difference, and how this can influence any negotiation positively or negatively.

Research question

❖ Leading question: Does culture influence international business?

Field Questions:

1. How is culture perceived in terms of business?
2. Does culture have any effect on negotiation?

Limits

There have been some limits in this research, for better understanding of the reader, the research points out each limit as follow:

1. This research will only focus on analyzing the cultural characteristic and briefly mention other key terms because they relate to each other. since the range would be too wide.
2. This research did not contain any point of view of the employees because there was no way to do an in-depth interview with the individual of these two companies. In this case, the approach was to interview Professor who has knowledge related to the fields, however many of them didn't agree to participate on the interview.
3. To fill the gap of the point of view and explain the reasons for the acquisition failure, press-release, memos, companies' reports by authorities from these companies were used and analyzed to explain the cultural influence on this case.

Delimits

My case study will only focus on:

1. The case of the acquisition was only use to explain potential reason how culture can influence negotiation.
2. Although the case of Microsoft & Nokia might have other reasons why it failed, for the purpose of this research, only the cultural aspect was evaluated.
3. This case has a characteristic context content analysis; the case of Microsoft & Nokia was used along with the theoretical and conceptual framework and its part of the data analysis.

LITERATURE REVIEW

Analytical Exposition: Theoretical Framework

As the world becomes more and more international, and in such a diverse multicultural environment where we live nowadays, embracing cultural and study culture diversity is the key for internationally competitive businesses. That is why this research project built the theoretical framework; defining four main key terms with two subtopics each, ranging from culture to business, negotiation, and acquisition, with an analysis that relates those terms with culture.

Negotiation has gained strength in recent years due to borders opening up. Relations between countries, people, and enterprises have come a long way, from its first manifestations such as barter to the current diversification and specialization. Doing business with other economies is vital because it is highly lucrative for the parties involved. Therefore, study variables that come along with the negotiation process have become relevant to polish cross-culture negotiation and make the insertion process to the market easier for the participants.

Culture as an element of international business plays a role in expanding and growing firms' markets. It is crucial to understand that it is necessary to carry out negotiations when carrying out international operations in business. Those negotiations cross borders and the culture being dealt with, people from different backgrounds seek a convenient solution that leads to productive results. Be well aware of cultural influences can lead to better performance and the success of any negotiation.

Culture

As international business scholars D.A. Ball and W.H. McCulloch explain, culture is, “The sum total of the belief, rules, techniques, institutions, and artifacts that characterize human populations”.⁵ In reference to the concept of Culture, other international business scholars such as, Alan M. Rugman & Simon Collinson defined Culture as “The acquired knowledge that people use to interpret experience and to generate social behavior”.⁶ Based on their argument, culture can be perceived as something that can be translated into something tangible. The given theories infer that culture can be considered the amount of knowledge created by the history, traditions, studies, experiences with which an individual grows, develops, and continues passed onto the next generation.

To expand more in the concept of culture, according to the scholars in intercultural communication? Samovar L.A and Porter R.E in a definition fragment extracted from the negotiation handbook by Moore, Christopher & Woodrow, Peter J:

*“Culture is the cumulative result of experience beliefs, value, knowledge, social organization, material objects and possessions, concepts acquired or created by groups of people over the course of generations. Culture manifests itself in patterns of language, behaviors, activities, procedures, roles, and social structures and provides models and norms for acceptable day-to-day communication, social interaction, and achievement of desired effective and objective goals in a wide range of activities and arenas”.*⁷

⁵ D.A. Ball and McCulloch W.H., "International Business: The challenge of global Competition," (Boston: Irwin McGraw-Hill, Pag.258, 1999).

⁶ Rugman Alan M. and Collinson Simon, *International Business* 4th ed ed. (McGraw-Hill, 1995).
www.pearsoned.co.uk/rugman

⁷ Christopher W. Moore and Peter J. Woodrow, *Handbook of Global and Multicultural Negotiation*, 1st ed. ed. (U.S.A: Jossey-Bass, Pag. 5, 2010). <http://blogs.unpad.ac.id/teddykw/files/2012/06/Handbook-of-Global-and-Multicultural-Negotiation-Christopher-Moore.pdf>.

Both scholars see culture more as a result of the background from where people come, and it has been developing for years, and it is acquired based on the surroundings rather than something born as part of their personality or characteristics, but eventually becomes part of it.

Cultural components of International Business

Culture itself is easy to obtain by living and emerge ultimately in other's culture. However, if it is not possible to experience other cultures, acquire a certain degree of knowledge about other cultures should be fundamental, otherwise this sometimes could turn into a sensitive topic or hard situation to deal with, mainly because the first impression always matters and people of different cultures will have different ways of behaving, that's why it is imperative to learn and navigate through culture in negotiation, a clear example is the way we communicate, the use formal business language, expression, and even body language.

Most newcomers to international business do not have the opportunity to receive the proper training. However, understanding other cultures can be the first step. The more individuals know about someone else's culture, the more accurate their behavior will be predicted, and the insertion of the individual into the other's culture would be almost unnoticed.

The concept of culture is so broad that even ethnologists (cultural anthropologists) must break it down into topics to facilitate its study. The views of expert in international business Studies Daniel P. Sullivan about the components of culture vary considerably; he argued that, "Because people belong to different groups based on nationality, ethnicity, religion, gender, work organization, profession, age, political party, and income level, each

of this group comprises a culture".⁸ He added that, "by understanding these behavioral factors, values, attitudes, and beliefs"⁹, we should be able to fully embrace the cultural conditions so that we can use them towards developing a reasonable and stable business practice.

Culture and International Business

Although the concept of Culture may vary based on the purpose of the research, culture should be defined to reflect and suit what needs to be explained to the audiences for this research project. Most anthropologists conceive culture as traditions, beliefs, social norms, techniques, structure, and instruments that characterize human groups. In the words of the sociologists Gelles J. Richard and Levine Ann, culture consists of common patterns of behavior that are learned from the members of a certain society, which represent the lifestyle of a specific group of people.¹⁰

Most anthropologists also agree that:

1. Culture is something individuals learned; it is not something they were born with it.
2. The different aspects of culture are strictly linked.
3. Culture is spread among specific groups of the society
4. Culture defines the limits of different groups, what can be done and what cannot.

Because society comprises people who have a culture, it is almost impossible to talk about them without relating them to their culture. Anthropologists usually employ the terms interchangeably or make them into a single word, known as sociocultural; This term is used because the variables of interest to entrepreneurs are both social and cultural.

⁸ Daniel P. et al., *International Business Environments and Operations*, 15th ed. (England: Pearson Education, 2000). www.pearsonglobaleditions.com.

⁹ P. et al., *International Business Environments and Operations*.

¹⁰ Gelles J Richard and Levine Ann, *Sociology An Introduction* 6th ed. (McGraw Hill, 1999). <https://www.mheducation.com/>.

International Business

Companies are born in a local market. Although one of their objectives is to extend their duration in that market, its dynamics and strategic vision play a fundamental role in the company's decision whether to expand into a new market, in another region, or beyond the borders. International Business allows the company to optimize its costs in obtaining new products or services with different suppliers, to enter this new market with a competitive advantage.

According to Trobez Sara, Vesic Monika who specialize on business ethic stated: "When we do business with other organizations, we cannot choose the person that we want to do it with".¹¹ In a diverse world, it is important to be able to handle different types of people, be able to operate in accordance with the different participants of the business. To complement the previous theory, Možina stane studies organizational behavior argued that, "It is not enough to be tolerant of differences in other organizations, we must learn to understand the differences and use them in our and others favor. Every organization must generally behave in accordance with the culture of the country in which it operates".¹² This become relevant especially when there is more inclusion of the influence of foreign cultures and growing foreign investment. So, it is important to accustom to international business culture.

The term business is a keyword that can be related to culture. According to economist Adam Hayes, "The term "Business" also refers to the organized efforts and activities of individuals to produce and sell goods and services for profit".¹³ What is the reason for studying international business? The scholar in business studies, Skripak Stephen J argues

¹¹ Trobez Sara. and Monika Vesic., "The effect of Culture on Business Ethics," *Dynamic Relationship Management Journal* 6 (May 1st 2017), <https://doi.org/10.17708>, <http://sam-d.si/wp-content/uploads/2017/11/DRMJ-vol06-no01-2017-05.pdf>.

¹² Možina Stane. et al., *Management : nova znanja za uspeh* (Radovljica, Slovenian: Didakta, 2002). <https://www.worldcat.org/title/management-nova-znanja-za-uspeh/oclc/445642384>.

¹³ "Business Essentials ", Investopedia, updated July 4th 2020, <https://www.investopedia.com/terms/b/business.asp>.

and defines business as: “Those activities on where goods or services are provided to consumers with the purpose to make profits.¹⁴ The scholar Timms. J simplifies it, “one’s regular occupation, profession, or trade; buying and selling”.¹⁵ Today there is hardly any company, large or small, that does not deal with the effects of global events and competition. Companies have to sell their products or obtain supplies and profits from foreign companies or other nations.

A more complex answer is that companies venturing into international business may have to adopt business modalities, such as export and import, different from those they are used to, on the national scale. To operate effectively, managers must be aware of these different modalities. Furthermore, it is common for international business to take place within the framework of the external environment, more diverse than the prevailing national level. The physical, social and competitive conditions of this external environment would affect the execution of business functions, such as marketing, competitiveness, among others larges negotiations.

International company operations and government regulation of international business influence company profits, job and wage security, consumer prices, and national security. The deep knowledge of the international business will allow one to make more informed decisions, such as where you want to work and governments policies, norms and what it is culture acceptable by them.

¹⁴ Stephen J Skripak, *Fundamentals of Business*, ed. Virginia Tech & Morgan Westcott (Blacksburg, Virginia: Pamplin College of Business and Virginia Tech Libraries, 2016).
<https://vtechworks.lib.vt.edu/bitstream/handle/10919/70961/Fundamentals%20of%20Business%20%28complete%29.pdf>.

¹⁵ J. Timms, "Introduction to Business and Management," in *Economics, Management, Finance and the Social Sciences* (United Kingdom: University of London, 2011).

The Meaning of Culture in International Business

Culture is meaningful when working with a different culture than your own. Problems could arise based on the uncountable amounts of culture sets an individual can encounter in every foreign market. Those who limit their knowledge to one culture tend to believe they know the cultural characteristics of other places, but eventually might find out we can't make comparisons with other cultures. Especially when societies consider their culture superior to others, and attempts to introduce their way of doing things might be met with fierce and resistance.

How do international entrepreneurs learn to live with other cultures? The first step for them is to understand that there are cultures other than their own. Then they need to go a little further and learn the characteristics of those cultures to adapt and fully embrace those cultural features.

Business Culture

The term business culture refers to the weight or value the culture possesses over businesses relationships among countries, employees, companies, or any other individuals, and it's strictly connected to the position or occupation the individuals exercise in the environment where they develop. Business culture also comprises the organization level, strategy, performance, and perception, which come into the display when cultural relation, negotiation, and business are established and often influenced by the culture surrounding them.

It is important to highlight the variables that make up culture from the points of view of various scholars. Having full knowledge of these factors is essential to understand everything that comes into play and generates a response in a person, to different decisions or situations. In the first instance, according to what was expressed by the anthropologist Burnett Tylor, "culture is that complex whole that includes knowledge, beliefs, art, morals,

law, customs and any other habits and capacities acquired by man as a member of society”.¹⁶ It is worth emphasizing that the author highlights culture as something that is not innate, rather, it is learned when man learns to live in a society, bearing in mind the concept of culture as a set of facts, events learned as one of the determining factors when carrying out an internationalization strategy. During the development of these items, the term culture will be defined from a different perspective, with the business area as the endpoint. Thus, the concept of culture can be interpreted as a set of facts and events learned individually and collectively that affect the behaviors and attitudes of people from a certain social group. An important factor to consider in international business is the market dynamics imposed according to its conditions and trends, therefore companies adjust their products or services intending to meet the need of their target groups. Understanding the influences of these diverse cultures would help people to acquire knowledge and facilitate an easy transition when accustomed to somebody else ways of thinking and doing things, especially to the cultural influence on businesses that have fixed values and shared a unique business culture, in few words, the way it operates.

Culture is part of the characteristic an individual brings to the table when establishing a relationship and counts as the main influence found in groups in different social levels based on where someone grew up. Business Culture, on the other hand, tackles the influence of culture related to businesses' workplace, development and settlement of their bases, on where people relate to the business' structure as part of the internal and external community, local or internationally, due to the diversity around the globe, where people from other countries can exchange different views and experiences.

¹⁶ Tylor. Edward Burnett, *Primitive Culture*, vol. 1 (London: John Murray, 1871). <https://archive.org/details/primitivculture01tylouoft/page/n17/mode/2up>.

Failing to consider the cultural-related issue and differences can lead to overall failure in international negotiations, for instance, being excluded for important business-related matters that can potentially have a huge impact on the business aspect of a company, Overall losing equal access to opportunities and resources.

International Negotiation

In recent decades, there has been an interest in achieving international negotiations to open the borders of organizations, through internationalization to expand the scope of the companies. This trend has increased greatly, driven by people wanting to take advantage of the globalized environment and in turn obtain competitiveness, growth, and diversification of markets. That is why it is essential to make use of the art of negotiation to decide which strategies are feasible to create new opportunities. Negotiating today is inherent to the human being since it is incorporated as a component of human behavior, all the time, we are in constant negotiation, whether between friends, countries, companies, or family.

Due to the fact many forces and circumstances can influence business, it is important to come out with a good negotiation plan, but what is the negotiation, and what does it have to do with Business and Culture? For the Scholar Brett M. Jeanne in the book the handbook of Negotiation and Culture, define negotiation in simple terms: “A form of Social Interaction”.¹⁷ meanwhile for, Seng Tan Joo & Lim , “A negotiation is a form of social interaction in which parties who are interdependent try to resolve incompatible or divergent goals”.¹⁸

According to Albin Cecilia sees the definition of Negotiation as: “Negotiations are required to bring all needed parties into the process”.¹⁹ Later, extend this definition by

¹⁷ Brett M. Jeanne. and Gelfand J. Michele, *The Handbook of Negotiation and Culture*, ed. Gelfand J Michele. and Brett M Jeanne. (Stanford, California Stanford Business Books, 2004). http://www.unice.fr/crookall-cours/iup_cult/_docs/_Gelfand%202004%20Handbook%20of%20Negotiation%20and%20Culture.pdf.

¹⁸ Joo Seng Tan. and Elizabeth Nk. Lim, *Strategies for Effective Cross-Cultural Negotiation (The F.R.A.M.E Approach)* (McGraw-Hill Education (Asia), 2004).

¹⁹ Cecilia Albin, "Negotiating international cooperation: global public goods and fairness," Research Article, *Review of International Studies* 29 (2003), <https://doi.org/10.1017/S0260210503003656>, British International Studies Association, <https://library.fes.de/libalt/journals/swetsfulltext/16957014.pdf>.

adding, “Negotiations must bring all parties to the table and agree on collaboration, and ensure implementation of it”.²⁰ Finally, she argues “that negotiators do not simply pursue their narrow interests or those of their countries”.²¹ In international negotiation, it seeks to achieve conditions in which both parties win, increasing trust and therefore favoring the long-term relationship.

In the ideas of Ball & Wendell, Negotiation is defined as the process in which the parties involved communicate with each to reach an agreement, with the idea of obtaining something the other wants or vice versa, while providing the foundations for a correct understanding that helps meet the needs and, therefore, the satisfaction of the interested parties.²²

Operation in International Negotiation

Conflicts may exist between the parties involved, where one has something that the other wants to reach an acceptable and lasting compromise. Unfortunately, it is not easy to achieve this, because on many occasions, some of the parties are not willing to give in, so it is important and necessary to plan strategies that help to reach an agreement.

In international negotiation strategies must be managed to look for greater efficiency in the process of negotiation, which are reliable, constant and lasting relationships. Using these strategies allows us to know more and better the situations to negotiate, which leads us to achieve a satisfactory point for both negotiators.

²⁰ Albin, "Negotiating international cooperation: global public goods and fairness."

²¹ Albin Cecilia, *Justice and Fairness in International Negotiation*, 1st ed., vol. 1, Cambridge Studies in International Relations, (Cambridge UK Cambridge University Press, 2001).
https://assets.cambridge.org/97805217/93285/frontmatter/9780521793285_frontmatter.pdf.

²² Donald A Ball and Wendell H McCulloch, *International business : introduction and essentials*, 5th ed. (Homewood, IL Richard D Irwin Inc, 1993).
<https://archive.org/details/internationalbu000ball/page/n3/mode/2up>.

Cross-Cultural Negotiation

Since countries decided and agreed in mutual cooperation, trade agreement, a treaty among others, international negotiations have become increasingly significant in the field of international business. Participants involved have grown due to the fact of the good regional and global decision-making. The scholar in skills training in negotiation Albin Cecilia examines and believe this is a consequence of goodwill and believe in " the role of considerations of justice and fairness in their negotiations".²³ Referring that, the enhancement of this type of mutual assistance which it is beneficial if it's done as transparent as it can be.²⁴

Negotiations are related to the relations previously established, and as its characteristic, those relationships can be created by individuals or within a group of people. In the words of the multicultural negotiation scholars, Moore Christopher and Woodrow Peter J, developing a productive relationship with a common interest should be one of the main points that need to be took into consideration to reach a successful negotiation.²⁵ Eventually international negotiation expand the opportunities for your local business, and get more benefit for the nation, these don't include only one person but many layers within the individuals or organizations. But instead, it heavily depends on the approach or behavior when establishing across culture negotiation.

Cross Culture Negotiation indicates the cultural context in which the negotiation takes place, the dilemma of who should adapt to others' cultures, and the cultural components in the negotiation that must be taken into account in international markets, considering the social-cultural environment, on where the interaction among participants are given. The scholars in cross-cultural negotiation Kiing Lim and Joo Seng Tan, highlight that, negotiations are conducted based on behaviors, communication, belief, and pure interaction, making it even

²³ Cecilia, *Justice and Fairness in International Negotiation*, 1.

²⁴ Cecilia, *Justice and Fairness in International Negotiation*, 1.

²⁵ Moore and Woodrow, *Handbook of Global and Multicultural Negotiation*.

more important for the negotiator to understand the culture handle in international business negotiations fully. .²⁶

In international negotiation, to obtain the best results, it is necessary to adapt to the other party's culture, the scholars in culture in negotiation, Abazaamib Joseph & Musahc Agoswin stressed the importance of adapting, especially if it is negotiated in countries with a "high context".²⁷ Therefore, the international negotiator must know the key components of the other party's culture to which they will have to adapt, especially if they have less negotiating power. The scholars on cross-culture studies Steers M Richard. Nardon Luciara & Sanchez-Runde J. Carlos provide pointers and advised, which should fundamental for anybody in the international business field to follow: time management, interpersonal and professional relations, to analyze social and professional status, to polish argumentation techniques when communicating or sharing points of view, be able to go over concessions and agreements and fully emerge on the key points, and finally be able to reflect on the decision-making, to be able to come out with good outcomes.²⁸

International Acquisition

The corporate finance institute defined acquisition as, “a corporate transaction where one company purchases a portion or all of another company’s shares or assets”.²⁹ The acquisition of companies occurs when a company buys part of the capital stock of another company, with the intention of totally or partially dominating it. The scholars Roberts, Wallace & Moles defined acquisition as “combining two or more companies into one new

²⁶ Tan. and Lim, *Strategies for Effective Cross-Cultural Negotiation (The F.R.A.M.E Approach)*.

²⁷ Mathias Awonnatey Ateng, Joseph Abazaami, and A. Agoswin Musah, "Exploring the Role of Culture in Shaping the Dagbon Ethnopolitical Peace Negotiation Processes," *International Negotiation* 23, no. 3 (22 Aug. 2018 2018), <https://doi.org/https://doi.org/10.1163/15718069-23031164>, https://brill.com/view/journals/iner/23/3/article-p515_7.xml.

²⁸ Steers M Richard., Nardon Luciara., and Sanchez-Runde J. Carlos, *Management Across Cultures Developing Global Competencies* 3rd ed. (United Kingdom: Cambridge University Press, 2016). www.cambridge.org/97811.

²⁹ "Acquisition "The purchase of part or all of another company's shares or assets"," Corporate Finance Institute, 2015-2021, accessed July 21st, 2021, <https://corporatefinanceinstitute.com/resources/knowledge/deals/acquisition/>.

company or corporation. In an acquisition, company A buys company B. Company B becomes wholly owned by company A”.³⁰ The acquisition of the companies will give rise to different levels or degrees of control depending on the percentage of the share capital of the acquired company in its possession and according to how the rest of the shares are distributed among the other shareholders, the authors also added, Company B might be totally absorbed and cease to exist as a separate entity or company A might retain company B in its pre-acquired form.³¹ Throughout the years, many studies have been developed focusing on the cultural viewpoint and its notable characteristic as an example, cross-culture acquisition has shown the evidence of cultural power. Especially because acquisitions are one of the ways that company grows, bringing with them the advantage that a business is not started from scratch, but rather know-how is acquired, a market share, resources in operation at the service of the business.

The alternatives of standardization or adaptation of the marketing strategy require a detailed analysis of the forms of expression and general behavior patterns that make up the market's culture where it is intended to reach. Despite the fact markets are increasingly global, their condition and dynamism fully depend on cultural barriers that permeate a given country's economy's politics, laws, and regulations. For instance, the fact that products or service is successfully accepted in a specific place does not guarantee this success will be replicated in other markets.

Despite being mergers and acquisitions part of the most important strategies for external growth and corporate development, their success rate is low. According to economists Bagchi and Rao cited by Bauer and Matzler in the journal antecedents of M&A

³⁰ Roberts Alexander., Wallace William, and Moles Peter, *Mergers and Acquisitions* (Edinburgh, UK Edinburgh Business School Heriot-Watt University 2003). <https://ebs.online.hw.ac.uk/EBS/media/EBS/PDFs/Mergers-Acquisitions-Course-Taster.pdf?fbclid=IwAR2Q9xGJqx6fhnszS9GyUSaiWiZgPF0WHuV835n7jCIzCjd8ETMGbAMrC6Y>.

³¹ Alexander., William, and Peter, *Mergers and Acquisitions*.

success, there are reports of around 40% to 60% of the acquisitions are failure.³² According to Krug, Jeffrey Hegarty W, the empirical evidence shows that these operations do not always show value for the shareholders and that they also have often negative consequences for other stakeholders such as employees or senior managers of the acquired companies.³³ As has been seen so far, several companies have suffered culture shocks, which results in economic losses and administrative weaknesses. For this reason, organizations must be aware of habits, customs, and other cultural variables to minimize the risk of being rejected.

³² Florian Bauer and K. Matzler, "Antecedents of M&A success: The role of strategic complementarity, cultural fit, and degree and speed of integration," *Southern Medical Journal* 35 (2014).

³³ Jeffrey Krug and W. Hegarty, "Predicting Who Stays and Leaves After An Acquisition: A Study of Top Managers in Multinational Firms," *Strategic Management Journal* 22 (02/01 2001), [https://doi.org/10.1002/1097-0266\(200101\)22:2<185::AID-SMJ149>3.0.CO;2-M](https://doi.org/10.1002/1097-0266(200101)22:2<185::AID-SMJ149>3.0.CO;2-M), https://www.researchgate.net/publication/230141673_Predicting_Who_Stays_and_Leaves_After_An_Acquisition_A_Study_of_Top_Managers_in_Multinational_Firms.

CONCEPTUAL FRAMEWORK

Every company has different characteristics, which can be perceived through the culture that predominates in each company. We can all agree that companies like fingerprints are always unique and very complex social systems. They combine science, people, technology, and humanity, which are necessary factors for companies to survive. The culture in terms of business or negotiation over decades has and can affect the entire sectors of our life. More importantly, not being able to handle the culture difference present on them can often create conflicts and misunderstanding that would leave, as a result, large losses and fail to accomplish what was desired. Not to mention there might not be any future plants that can be constructed, making any future cooperation or opportunities almost impossible to be developed. In order to gain a better understanding of this phenomenon, most of the current literature studies have shown the effects of these transactions on organizations, organizational culture, and individuals. Finally, it emphasizes the importance of having an efficient and effective process in the post-merger phase, which is crucial for the transaction's success.

The extensive development of the concepts above allowed us to clarify, the polysemy complex around the terms: culture, business, negotiations, and later acquisition and how they relate. The cultural concerning the other terms continues to branch out. Therefore, I decided to develop this research with a closer analysis related to the study's purpose, where the case of the acquisition negotiation between Microsoft & Nokia serves as an example. Analyzing the cultural influence and how culture is applied in different aspects of this acquisition, using theories to explain why culture was a key factor Microsoft & Nokia did not consider, as a consequence, the acquisition was a failure.

Influence of Culture on International Negotiation

Negotiation is a fundamental process by which we make decisions, but we don't examine enough how it works. Therefore, for most business people to better understand the negotiation, it is necessary to know the process.

Due to its dynamic nature, similarities, and differences around the world, culture represents a great challenge for strategists and international negotiators, they must take into account these factors in the development of the international strategy for the negotiation process, penetration, or introduction to the market. That is why obtaining an adequate study of this factor becomes a competitive advantage for global and international companies. According to economist Porter M, it is understood as the differential value of a company that allows you to be superior to your competitors.³⁴ Besides, the study of this factor indicates which cultural characteristics can be considered as threats or opportunities, to favor future interactions in the negotiation processes. In turn, as the author Porter also added, to identify shared cultures gives way to standardization in the implementation of marketing and facilitate relationships in international negotiations.³⁵

For a good international negotiation to occur, as the scholars O. Castro & Abreu JL mention, it is necessary to study in-depth some cultural variables as a whole, to avoid making mistakes.³⁶ In these negotiations, for Mark Aronoff, "The language of a people or nation" matters, but what is remarkable is the importance of the diversity. There are over 7,099 different languages".³⁷ This component plays a fundamental role because it is linked to intercultural communication, which is critical factor for the parties to understand each other.

³⁴ Porter Michael E., *The Five Competitive Forces That Shape Strategy* (Harvard Business Review 2008). <http://www.simonfoucher.com/MBA/MBA%20622%20-%20Strategy%201/Notes/L01A%20The%20Five%20Competitive%20Forces%20That%20Shape%20Strategy%20-%20HBR.pdf>.

³⁵ E., *The Five Competitive Forces That Shape Strategy*.

³⁶ O. Castro and Abreu JL, "How the cultural context in administration affects international business " *In International Journal of Good Conscience* 3 (2008), www.daenajournal.org.

³⁷ "Language (linguistics)," Department of Linguistics, Stony Brook University/Scholarpedia 2007, [http://www.scholarpedia.org/article/Language_\(linguistics\)](http://www.scholarpedia.org/article/Language_(linguistics)).

Also, other cultural element should be considered, to understand what is admissible and not in that culture.

As for the following report, we will be analyzing closer the relation between Nokia & Microsoft, their cultural tendencies, major characteristics that have made this deal possible. The negotiation strategies and different factors have taken place during the negotiation deal between Nokia & Microsoft made in 2013. First, let us focus on the companies to understand more about each party's role was, in order to close this multimillionaire deal. Moreover, how they relate with each other even before Microsoft acquired Nokia.

Nokia is a Finnish multinational communications and information technology company headquartered in Espoo, Uusimaa, Although Nokia had operated in various industries over the years,³⁸ Nokia's dominance extended into the Smartphone industry, however, it was eventually overpassed by other competitors in the market. Microsoft is an American multinational technology company headquartered in Redmond, Washington,³⁹ that develops computer-related services.

As the Smartphone industry sharply rose, at the beginning of 2007, Microsoft drew on a market strategy and extended their industry to provide a modern Smartphone operating system to keep up with its rivals (Apple and Google). Before the acquisition of Microsoft back in 2010, Nokia has replaced its mobile operating system known as Windows Mobile and transitioned into the new Windows Phone OS. which was one of the first steps, so they were able in 2011 to join Nokia forces with Microsoft to strengthen its position in the smartphone market. A few years later, Nokia started an alliance with Microsoft. On September 3, 2013, Microsoft announced, one of its biggest acquisitions ever with its decision to acquire Nokia's

³⁸ "Nokia Worldwide presence," Nokia, 2021, accessed July 4th 2021, <https://www.nokia.com/about-us/worldwide/>.

³⁹ "Microsoft office locations around the world," Microsoft Inc, 2021, accessed July 27th, 2021, <https://www.microsoft.com/en-us/worldwide.aspx>.

devices and services for \$7.2 billion.⁴⁰ The agreement marked one of the biggest acquisitions in history and the best moves made by Microsoft to upgrade its presence in the smartphone market, helping Nokia solve its problems so it can continue competing in the extremely lucrative industry. Making Microsoft's Mobile was Nokia successor in 2014. After the acquisition, Nokia remains in the market but working on other related business.

Culture Influence in Acquisition

Cultural differences are considered sources of value creation. National culture often drives the corporate's visions and contributes greatly to a more solid acquisition performance. For Microsoft and Nokia, the cultural influence in the acquisitions can be determined by looking into the resulted from the acquisition.

According to the literature review, culture carries a crucial role in the success of any business acquisitions. Therefore, tackling cultural differences can enable an easy transition with the new team. New business practices, visions, and goals would lead to better performance. Companies worldwide consist of essential elements of organizational culture such as, mindsets and behaviors, good business culture practices, norms, values, and beliefs; alongside with a good management culture. All these elements are of highly important during the process of acquiring other culture different than ours own, especially when it is in a different continent. Culture differences tend to expand twice as more, since often many of these elements can be left unconsidered.

Culture and other models must tackle the connections created before the acquisition, known as “Cultural difference,” not just at the country level but also at the organizational level. This means the different aspects of the company, otherwise, after acquisition integration, the results to face may not be favorable.

⁴⁰ "Microsoft to acquire Nokia's devices & services business, license Nokia's patents and mapping services," Microsoft News Center, updated September 3, 2013 2013, accessed July 4th, 2021, <https://news.microsoft.com/2013/09/03/microsoft-to-acquire-nokias-devices-services-business-license-nokias-patents-and-mapping-services/>.

To obtain a successful acquisition, it is required to balance the cultural aspect and roles obtained from the absorption of other's companies, business structures, and practices. Each independent enterprise has its own culture and prefers to stick to what they're accustomed to, aiming to find an easy adaptation and balance of power to adhere to local customs, minimizing cultural differences and its impact.

When acquisition takes place, preferences are a relevant issue that must be taken into consideration. The acquirer has to make sure to evaluate which culture settings to preserve and which ones to replace or improve. This could be an acute problem, since dealing with cultural identity should be addressed and acceptance with open-mindedness as part of a business strategy, in a diverse and multicultural firm with presence worldwide, however, post-acquisition integration outcomes can create culture clashes considerably notable, with stress on upcoming acquirer's business strategy. The integration model is chosen because members could see their cultural identity hard to preserve.

Nevertheless, culture models' theories included in the acquisition are of vital relevance because they contain and provide explanations on culture influence post and prior to the acquisition process. That is because, their main functions rely on the main concept of culture that includes the values, norm, and other behaviors. So, to understand cultures role in a company from different background underlines cultural process on companies' vision, values and development, which eventually implicate how companies as a whole are shaping its identity. The assessment is needed to avoid culture clashes during the acquisition. Both parties that must change for the solid reason that growth is important, and could be beneficial to both cultures.

Culture Perspective of Acquisition in Nokia & Microsoft Case

In the Microsoft-Nokia acquisition negotiation, we need to consider the relevant precedents leading to negotiation to understand companies' cultures. These concerns deal with different cultures, measure the effects or impact of acquisition, and investigate how to do business. Both companies come from different backgrounds.

Microsoft comes from the US and Nokia from Finland; Out of this acquisition negotiation, we know this is a cross-cultural negotiation considering both companies come from different continents.

The second fact is that the negotiation was produced because of Microsoft and Nokia's prior association; and the need for each other's. From Microsoft standpoint, it needs Nokia's products and capabilities. From the Nokia side, they need financial power in order to remain in the market. The collaboration has shown the two companies are being complementary to what they already offered, according to The Verge.com, Nokia already control great part of windows' phone industry.⁴¹ which ended up inspired Microsoft to pursue the negotiation of the acquisition of Nokia.

Furthermore, in the acquisition beginning, multiple sources were point out both companies were facing a not very promising best alternative to a negotiated agreement (BATNA), For instance The Verge.com, highly this acquisition as risky.⁴² Since Nokia wasn't doing good in the market, and although Microsoft wanted to enter the smartphone industry. It wasn't the best solution to acquire a company with innovation and other related market problems.

If Nokia didn't want to sink, and Microsoft wanted to consolidate its presence in this industry, the quickest access point was to acquire a company with a solid market and great

⁴¹ "Microsoft wasted at least \$8 billion on its failed Nokia experiment," The Verge, updated May 25th 2016, August 16th <https://www.theverge.com/2016/5/25/11766540/microsoft-nokia-acquisition-costs>.

⁴² Tom, "Microsoft wasted at least \$8 billion on its failed Nokia experiment."

recognition worldwide. Making clear they were the perfect match for each other, especially after working together in the launch of the 'Nokia Lumia 800' released in Europe back in 2011, the first mobile phone device that runs the Windows operating system. Due to this, it is important to emphasize that both companies have a relationship prior to the acquisition negotiation, where it can be inferred that they know each other better and have a greater degree of trust.

Cross-Cultural Factors in the Microsoft-Nokia Negotiation:

One of the most interesting aspects of the Microsoft - Nokia negotiation is the cultural factors that must be acknowledged as an important part of the negotiation. Due to Microsoft being an American enterprise, the acquisition of Nokia has presented a challenge for Microsoft. In what the scholar on understanding nationalism Nakul Kundra points out that Americans, there is less emphasis on patriotism than other countries.⁴³ Nokia is the best-known part of Finnish pride. It was crucial for Microsoft not to undervalue Nokia's importance otherwise, this could have brought catastrophic consequences to the negotiation. Even though Nokia was part of Microsoft catalog after the acquisition, Microsoft decided and agreed on keeping Microsoft's mobile development work in Finland, along with the brand name since Nokia already had a strong market position and a solid brand image .

Due to the nature of the Nokia and Microsoft negotiation, the challenges of cross-cultural negotiations were latent part of the discussions on where executives from both companies agreed on meeting-up in their respective countries. According to the Professor in dispute resolution and organizations, Thompson Leigh, to achieve mutual respect and that negotiation would be developed under both companies' cultures and operating styles.⁴⁴

⁴³ Nakul Kundra, "Understanding Nation and Nationalism," *Interdisciplinary Literary Studies* 21, no. 2 (2019), <https://doi.org/10.5325/intelitestud.21.2.0125>, <https://www-jstor-org.wenzao.idm.oclc.org/stable/10.5325/intelitestud.21.2.0125>.

⁴⁴ Leigh Thompson, *Mind and heart of the negotiator*, ed. 2nd (NJ, U.S.A: Prentice Hall Press, 2000). <https://dl.acm.org/doi/10.5555/1408565>.

Although Nokia - Microsoft negotiation involved cultural differences, it was clear the deal was lucrative for both parties, as it was previously mentioned in the early stage of this project, Microsoft has an urgent need to incorporate itself into the phone industry in order to compete with Apple, a company that already has monopolized software development and innovate on the area of the new generation of phones “smartphone. On the other hand, Nokia needed help with emanated losses of its mobile division. If Microsoft had not persuaded a negotiation with its longtime partner, Android or Apple would've acquired Nokia. Moreover, because Nokia was ready to focus on other profitable business areas. Meanwhile Microsoft's business nature already was much more diversified than Nokia's, therefore Microsoft could not lose out on the chance to enter the mobile phone industry. If Nokia had not closed this deal probably, the company would have sunk entirely.

Negotiate a Business Acquisition with Culture Influence Nokia & Microsoft Case

Cultural factors can affect a certain company's external and internal activity, fundamentally on the negotiation processes that companies carry out in international markets. The company's adaptation to the sector where it will arrive is necessary to have the capacity to prepare and acquire expertise before entering the new market, such it was the case for Microsoft & Nokia.

According to Microsoft News Center, Microsoft announced back in 2013 a € 5.44 billion acquisition of Nokia's hardware and services, including mobile phones, equivalent to \$ 7.2 billion.⁴⁵ The Microsoft-Nokia acquisition was completed at the beginning of 2014. Represent one of the most remarkable acquisitions of the century of two companies from different industries. On the one hand, Microsoft's business line which is computer-related products and services. The other is Nokia, which focuses on telecommunications products,

⁴⁵ Center, "Microsoft to acquire Nokia's devices & services business, license Nokia's patents and mapping services."

with sales according to the Nokia official website, in around 150 countries and employees in 120 countries around the globe.⁴⁶ Nokia shareholders supported this large-scale acquisition, and Microsoft tried to embrace it with open arms.

The acquisition between Nokia and Microsoft positions both companies in the run of the global smartphone industry, therefore competing with other companies in the same industry such as Apple and Google that are considered the pioneer of the industry.

Acquisition changes are unavoidable, when acquiring a company with a culture that could potentially represent conflicts, by default, it would be clear that employees as much as managers from two sides won't be able to comply, making them more vulnerable to culture classes. Nokia wasn't the exception with complication to handle the business culture and organization culture, it was clear that the new administration wasn't able to keep up with Nokia already doctrine culture, causing employees to finding themselves lost, with lack of leadership, incurring in losses, job cuts, and smartphone market loses due to the, falling in rapid lack of innovation, Nokia wasn't fallow the product vision, creating new ideas or weren't process by top management, to ended up to lay off most of its employees to try to minimize its US\$ 4 Billion in losses.

In statement realized by formal CEO Stephen Elop, reported by Business insider, he stated

"I believe at least some (failures) of it has been due to our attitude inside Nokia. We poured gasoline on our own burning platform. I believe we have lacked accountability and leadership to align and direct the company through these disruptive times. We had a series of misses. We haven't been delivering innovation fast enough. We're not collaborating internally".⁴⁷

Culture has demonstrated a different level of organization, on where it has its roots; on belief, values, and behaviors. Those are utilized to deal with common issues presented on

⁴⁶ Nokia, "Nokia Worldwide presence."

⁴⁷ "All Microsoft Employees Should Read Stephen Elop's 'Burning Platform' Memo Right Now," Business Insider, updated Sep 3, 2013, accessed July 8th, 2021, <https://www.businessinsider.com/stephen-elops-burning-platform-memo-2013-9>.

people's performance, especially when adapting external practices and sharing other's people similar aspects in life to tackle their different behaviors.

As the first step to take, it should be necessary that instead of forcing new visions, existing ideas and major elements of the culture should be reinforced for easy integration, to provide members with the idea that customs and identity remain the same, making them more flexible in accepting possible changes in the future.

By putting Microsoft and Nokia in the same context, we can know both companies have achieved a certain degree of growth through constant innovation before the acquisition. Therefore, the lesson to learn lies when organizations come together in good or bad merger weather, which could be the best business strategy, that companies can take for future commercial endeavors.

To sum up, culture is a variable that transforms the results of employees, influencing their leadership, values, and behavior changes, therefore, tackle culture could become a very useful tool for companies to understand their source of competitiveness advantages, meaning improve their ability to innovate, compete, and outperform its competitors. In addition, companies can identify their future decision-making, the type of company they want to be, their current and potential markets, and finally, the path and specific goals to be carried out in the long term. Considering all those activities will add value to customers and, in competitive terms, will greatly strengthen the organization's image to be consolidated before the public. Creating advantages over their competitors and aim to improve their corporate image.

The truth is that when a business culture is solid, it is possible to establish social agreements and generate the cooperation required to achieve business objectives. A weak corporate culture translates into low production, low connection capacity of the brand with its stakeholders, loss of talent, and conflicts that threaten the competitiveness of the business.

Companies that face competitiveness problems can find one of the biggest barriers in their culture. In a constantly changing world, business culture has to evolve changes that must accompany the company's strategic since the previously supported culture can become an obstacle. Hence, the effective management of business culture is considered an essential element in implementing a strategic decision.

METHODOLOGY

Research Method

The methodology used was qualitative, with a generative focus on understanding the influence of culture on international business through a case study of the Microsoft and Nokia acquisition. I collected data using two methods: I first used context analysis and gathered data from reputable sources that give information on the company's acquisition, then analyzed the data to determine the main cause for the acquisition's failure. My second method was conducting interviews with pre-designed questions to gather information and investigate people's perspectives, experiences, and points of view. This attempts to uncover specific features of this increasingly prevalent phenomenon known as culture, and therefore define the aspects connected to international negotiating efficacy and the most significant cultural variables inside the acquisition of other cultures.

This approach designs the following methodological process:

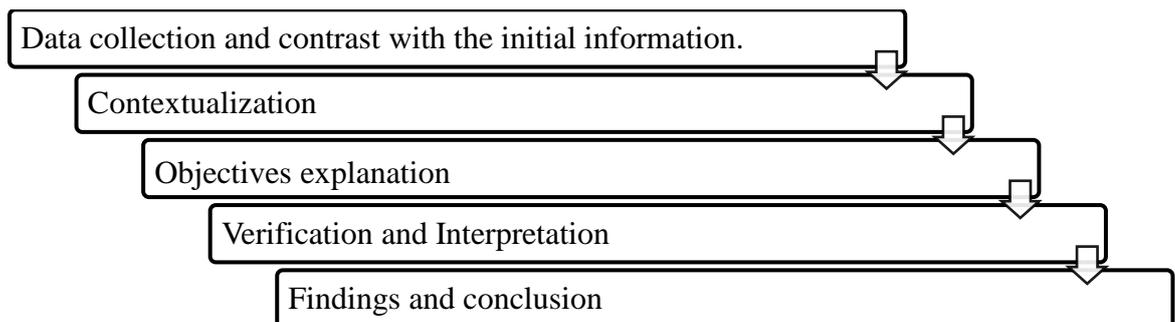


Figure 1. Research design methodology step Diagram Explanation

Research Process

In the process of searching for information, I first read multiple academic articles, journals on “Z-library,” including books with main titles, such as *Culture, International Business, Strategies for Effective Negotiation, Cross-Cultural Negotiation*. Those explained how to manage across cultures and tried to relate to the case of Microsoft & Nokia acquisition as the point of reference to back up the arguments presented, and how all those terms related to each other. To immerse myself even more in the topic related to my research,

I have taken at least five courses, such as international negotiation and communication, cultural policy and administration, introduction to international culture economy, introduction to international cultural studies, cultural politics, and society; between the first and second semester of 2021, to be able to acquire knowledge, and the necessary skills to carry out more objectively this research.

Research Design: Context Content Analysis

The raw data for the initial phase of the data collection came from the memorandum, press conferences, online news, and companies' official websites, and then I conducted some analysis of remarks made about the acquisition. This allowed me to make use of the reports associated with the firms' acquisition data to draw reasonable conclusions based on the information provided by the sources.

Research Design: In-depth Interviews

In addition to context analysis, to tacked and achieved the desired purpose, this research was conducted through in-depth interviews to verify the ideas, concepts, behaviors and compared them to the literature review along with a thorough analysis. Other scholars, such as Patton Michael who specializes in qualitative research and evaluation methods, consider a similar approach and point out "the interview is the best way to find in the depth people's experience, opinions, concepts, overall knowledge".⁴⁸ I decided to conduct the interview with an open-ended approach because I did not want to limit the interviewees to agree or disagree to something specific, but instead, I want to get deep into those narratives based on their experience that can give life to my research, meanwhile, not only the interviewees, but the audience who gets to read my research, become aware of cultural influence and its positive and negative impact on today's world.

⁴⁸ Patton Michael, *Qualitative Research and Evaluation Methods*, 3 ed. (USA: Sage Publication, 2002). <https://aulasvirtuales.files.wordpress.com/2014/02/qualitative-research-evaluation-methods-by-michael-patton.pdf>.

In a qualitative study context for the problem I want to present, my first purpose is to be able to validate the hypothesis raised, second to analyze the responses of the interviewees in detail, identify important characteristics of the content, highlight the comments that support each discovery or that serve as a contribution to improve the studies of theories mentioned in this project, finally present the finding in a simplified way so that audiences can understand and obtain information that may favor anyone who has an interest in this matter.

According to the scholars in cultural foundations of education S.J Tylor, the interviewer discovers and analyzes the interviewee's motives, beliefs, attitudes, practices, and opinions.⁴⁹ The interviews mainly use oral conversations between interviewers and interviewees to achieve the exchange and construction of opinions. Before the interview, questions were designed according to the research and asked the recipients. The samples were chosen from the population with expertise on the considered terms; in this case, a group of professors with a culture or business background, A formal invitation was sent to their email, arrangements were made upon agreement.

The questionnaire has a set of 9 questions, designed to get first-hand data about experience, knowledge, and opinion of culture and its influence on business. The advisor reviewed and approved the questions. The information was sorted out by case and analyzed, to understand better and improve the negotiation across cultures. It will be included in the conclusion part of this research paper.

⁴⁹ S. J. Taylor. and Bogdan Robert, *Introduction to qualitative research methods : the search for meanings* (Canada: Wiley, 1984). <https://b-ok.global/ireader/5102991>.

DATA ANALYSIS

Data Collection

In order to have a big picture of cultural differences and the influence on business, I decided to conduct interviews with at least three majors' business professors and Cross-culture professors at Wenzao Ursuline University of Languages, bases on the framework of this project. The populations for this interview who meet the main criteria; must know or have a background in culture or business. Through the interview with these professors, we would be able to gather their personal experiences, they have gotten over the long years of learning and teaching, since they are the ones who are in the first line when it comes to being exposed to different cultural backgrounds.

The interviews were held online through Google meet due to the pandemic. During the interview session, the interviewees were informed about the purpose of the interview. The interview would be recorded for the validity of this research, approval was asked before the interviews began. The interviewees were allowed to provide any input or ask clarifying questions before, during and at the end of the interview.

Data Sorting

After collecting all the data, an overview and analysis were made to compare the interviewees' groups. The idea was to sort them out into group, business and culture, to analyze their knowledge according to their abilities, to see what they can contribute or can provide according to their understanding of the influence of culture on cross-culture negotiation; for that the interviews were designed with questions that have a descriptive characteristic, such as, behaviors, activities, or experiences, related to culture and its influence on business and negotiations, allowing the interviewer to ask open-ended questions so that the interviewees respond on their own terms.

Validity

The face validity of the content is ensured by using the design of a questionnaire for the interview. Thus, the questions expected to measure and compare to what was pointed out by the literature review, theoretical framework and the context analyses, thus can represent the content or subject measured. Logical analysis was used because the nature of the questions is carried out by the deductive method.

Reliability

I have decided to collect the raw data from interviews and trustworthy sources, such as companies' websites and popular mainstream media; this means I will work with those narratives from my sample population and available literature reviews. Validate interview transcripts, and the research content created will accurately reflect what is being studied and shown on the contribution.

Interview Questions

❖ Introductory questions

1. What is your point of view on the terms Culture, Business, Negotiation and acquisition?
2. Do you think these terms relate among themselves? Why yes or why not?

❖ Analytical questions using case Microsoft & Nokia as example.

3. Why is culture relevant in the acquisition of another company?
4. Do you think that culture has any influence on the way business is done?
5. What is the importance of culture when we relate with others within a company?

❖ By effect using case Microsoft & Nokia as example.

6. When encountering different cultures, who should adapt first, the host or foreign company, in case of an acquisition? Why?
7. Could any internal factor influence business or the way business practices are conducted?
8. How can culture determine if a negotiation can be successful or not?
9. What should be the factors to consider in terms of acquiring companies with different cultural backgrounds?

Data Examination

Analysis of the Context of Microsoft-Nokia Acquisition Failure

❖ *For the first stage of the data examination, I have decided to explain how culture matters in business via Microsoft- Nokia acquisition case study, using Context analysis.*

Here we list three possible theories as to the potential reason why these two powerhouse companies' acquisitions could have made them fail.

1. Organizational Culture Failure

All companies, regardless of their size, their activity, and the sector to which they belong, have a culture that represents them, and determines their actions and way of doing things, solidifying the image and perception of the organization in front of society.

In this sense, the scholar in the field of organizational development Edgar Schein defines that, culture is the basis of basic assumptions and beliefs shared by the members of a company, which work unconsciously and define the vision that the company has of itself and its environment.⁵⁰ The author pointed out that top managers should actively work through strategic planning, seeking to understand and promote the culture of the organization members because if there is no culture, the organization itself will not have an identity.

According to Microsoft's official website, the agreement included the transfer of 32,000 employees from Nokia to Microsoft.⁵¹ According to Steve Ballmer Microsoft's CEO, stated that, "Nokia will enhance the capability and talent in areas such as management, engineering, manufacturing, assembly, and distribution."⁵²

⁵⁰ Schein H. Edgar, *Innovative Culture and Organization* (M.A U.S.A: Massachusetts Institute of Technology, 1988). <https://dspace.mit.edu/bitstream/handle/1721.1/2214/SWP-2066-21290193.pdf?sequence=1>.

⁵¹ Center, "Microsoft to acquire Nokia's devices & services business, license Nokia's patents and mapping services."

⁵² "INSIDE THE MICROSOFT-NOKIA ACQUISITION," INVESTMENT IN MOBILE FUTURE, updated Sep 5th, 2013, accessed July 18, 2021, <https://imi.vc/library/75>.

In a statement from Nokia former CEO Risto Siilasmaa, "For Nokia this was an important step to reinvent ourselves and strengthen our financial position and start our next chapter."⁵³

This brings to life how Schein sees culture and individuals to canalize the potential towards the company's growth. His remark stated, for any given group, culture is a homogenizing force. Organizational culture is relevant since people are the heart of any business, their image and true meaning come from the inside out. *However, it seems that was not considered when Microsoft bought out of Nokia, and eventually, one of the reasons why this acquisition was a failure.*

Multiple reports point out the massive layoffs of employees from Nokia due to the change of leadership.

"According to report from CNN Hope King, Microsoft left jobless at least 18,000 employees in the first round of layoffs and 7,800 employees in the second round."⁵⁴

In addition to this massive layoff, there was a loss of talent, vision, and even the business practices that Nokia had had over the years and made it successful. Based on the literature review analysis of successful merge and acquisition, a company needs to retain the talent, good business practices and cultural identity to improve what is good and get rid of what can potentially harm business to achieve success.

⁵³ "This One Stat Tells Us How Desperate Nokia Was For Microsoft To Rescue It," Insider, updated Sep 3rd, 2013, accessed July 18th, 2021, <https://www.businessinsider.com/this-one-stat-tells-us-how-desperate-nokia-was-for-microsoft-to-rescue-it-2013-9>.

⁵⁴ "Microsoft to lay off up to 7,800," CNN Business, updated July 8th, 2015, accessed July 8th 2021, <https://money.cnn.com/2015/07/08/technology/microsoft-layoffs-7800/>.

2. Cultural Influence on Management and Administration failure

Cultural influences can be shown in managers' skills: how managers plan, decide, act, and control can be applied. There are obvious consequences in the way subordinates and other people are treated, but there are also very defined cultural traits.

According to scholars in multicultural management, Brett Behfar & Kern C, team members from different backgrounds can offer several advantages to international companies, including knowledge of different markets. They also generate great problems that emanate from cultural differences, which can seriously damage the effectiveness of a team or even bring it to a standstill.⁵⁵

With the idea in mind, to improve the organization's culture towards developing their merger. Especially due to the cultural outlook regarding Microsoft and Nokia at a time can be complicated due to the companies' large presence. *According to Frommer Dan, Nokia had hired a former Microsoft employee as CEO.*⁵⁶ Today things are very different, and Microsoft's sales figures for mobile phones, practically on the ground, suggest that Ballmer's bet, at that time the project was his, has been a failure, Microsoft lost the battle of smartphones.

*As Bill Gates himself described in interviews recorded by CNBC, A \$ 400 million mistake due to "mismanagement," he could have guided his team to take advantage of the opportunity.*⁵⁷

⁵⁵ Brett Jeanne, Behfar Kristin, and Kern C Mary, "Managing Multicultural Teams," Business and Culture, *Harvard Business Review* (November 2006), https://www2.byui.edu/HMM10/team_management/resources/R0611D.pdf.

⁵⁶ "Nokia Steals Microsoft Office Boss Stephen Elop As New CEO," Insider, updated Sep 10th, 2010, July 20th.

⁵⁷ "Bill Gates reveals his 'greatest mistake' that potentially cost Microsoft \$400 billion," CNBC News, updated Jun 24th 2019, accessed July 18th 2021, <https://www.cnbc.com/2019/06/24/bill-gates-says-his-biggest-mistake-was-not-beating-google-on-android.html>.

Although there are multiple types of barriers a team or company can face, we will go over 3 of the most important ones.

2.1.1. **Acculturation** is how individuals or groups adjust or adapt to a specific culture different from theirs, which is one of the keys to success in international business. In the scholars' ideas in business studies, Pallab Paul, Kausiki & Burnett John, acculturation is not always easy to implement because each culture is essentially conservative and resistant to changes.⁵⁸

Another response to cultural differences is to adopt a simplification of attitude. An American manager may assume that managers from other cultures are very similar to them. This reflects our basic premise that everyone else in the world performs administrative practices as they do in America. Obviously, the American cultural values are not the same as those of directors or administrators of other cultures.

2.1.2. **Role:** There is a considerable difference in the perception of the roles of managers. Many of the differences are attributable to their perception of who should make the decisions. In one example, in the analysis of the Professor in Management & Organizations, Brett Jeanne, Americans assume that their role as managers is to delegate responsibilities, foster autonomy, and manage participation as only a strategic guide.⁵⁹ The scholar also points out that, managers must consider how to interpret the roles of the people they will be in charge of in the field of international business.⁶⁰ The frame of reference of a finish is totally different, for example, the manager is the boss, so he must decide when a job has to be completed. Often *Finnish Perceive the behavior of the American managers as incompetent if they are not able to perform a simple task as such.*

⁵⁸ Burnett John, Pallab Paul; Kausiki, and Mukhopadhyay, *Global business : Culture and Organization* (Arizona, U.S.A: University of Phoenix, 2002). <https://www.worldcat.org/title/global-business-culture-and-organization-gmgt-510/oclc/62175654>.

⁵⁹ Jeanne, Kristin, and Mary, "Managing Multicultural Teams."

⁶⁰ Jeanne, Kristin, and Mary, "Managing Multicultural Teams."

2.1.3. **Language:** Spoken or written language is a point that can cause a communication error, when a person does not have the command of the local language. *Now imagine related to the case of acquisition, English from Microsoft side and Finnish from Nokia side. According to Frankfurt International School, although English and Finnish share the same Latin alphabet, aspects such as grammar and sound systems are completely different.*⁶¹

Even if the languages are similar, another clear example of this is the United States and England, which have a similar local language at first glance, but some words' pronunciation and even some meanings are different.

3. Competitive Culture failure

The competitive culture strategies companies design insistently seek to achieve a superior position than their competitors, secure clients and develop competitive and differentiating skills.

According to Nokia official website, Nokia also opened its way through the phone industry by creating cultural icons like the 1110 phone, among other models in the early 2000s.⁶² Later success with other phones model made Nokia become a pioneer of the phone industry, whose transition to the later technology trend “smartphone” was overpassed by the high competition such as the one from apple.

If we understand the brand as the promise of an experience, then culture plays a fundamental role in the process of building and positioning the brand. This is the wake-up call made by management guru *Tom Peters when he affirms that, we still insist on seeing the*

⁶¹ "The differences between English and Finnish," FIS EDU, accessed July 14th, 2021, <http://esl.fis.edu/grammar/langdiff/finnish.htm>.

⁶² "Our history," Nokia, 2021, accessed July 15th, 2021, <https://www.nokia.com/about-us/company/our-history/#:~:text=From%20its%20humble%20beginning%20in,telecommunications%20began%20in%20the%201990s.>

*brand as the company's external image of a product or service, when in reality, effective brand management is, in fact, more internal than external.*⁶³ However, Companies tend to grow to the point that they do not have the same brand image as their beginnings. For example, one of these companies was Nokia. *As reported in an article by The Guardian, even though Microsoft nearly killed Nokia's name, Nokia knew how to play its cards by reserving a re-entry in 2016, which has just happened nearly 2 years after Microsoft acquired Nokia.*⁶⁴

In addition, companies have competitive work culture when they have characteristics that other companies do not have or when they present them in lower ranks or levels. Certainly, to keep competitive culture allows the organization to create value, which guarantees the satisfaction and loyalty of its customers, thus developing strategies in prices compared to those managed by its competitors, obtaining benefits that will be reflected in the organization's income.

According to Nokia CEO Stephen Elop, cited by CBS News, who recognized their competitor had gotten the best of them, stated the following:

*“While competitors poured flames on our market share, what happened at Nokia? We fell behind, we missed big trends, and we lost time. At that time, we thought we were making the right decisions; but, with the benefit of hindsight, we now find ourselves years behind.”*⁶⁵

It is important to highly that competitive culture represents an advantage to companies since having a fair business competition increases profits and encourages companies to continue investing their resources in constant technology innovations, increase their response capacity and productivity, to be more efficient in their activities by creating products sharply and adding value to the services. However, the arrival of the iPhone changed everything,

⁶³ T. Peters, *Re-imagine!* (Dorling Kindersley, 2006).
<https://books.google.com.tw/books?id=cWWwAAAACAAJ>.

⁶⁴ "Nokia returns to the phone market as Microsoft sells brand," The Guardian, updated May 18th 2016, accessed August 14th, 2021, <https://www.theguardian.com/technology/2016/may/18/nokia-returns-phone-market-microsoft-sells-brand-hmd-foxconn>.

⁶⁵ Jim, "All Microsoft Employees Should Read Stephen Elop's 'Burning Platform' Memo Right Now."

even how people work, the smartphone became the only option for the future, and many companies fell along the way, unable to adapt to the new paradigm, and Nokia was not the exception.

Analysis of in Depth-Interviews with Wenzao's scholars about Microsoft-Nokia Acquisition

❖ *For the second stage of the data examination, I tested via in depth-interview how Wenzao's scholars in culture and business view the case study framework presented and see if the findings between the data's 1st and 2nd stage examination match the purpose of this research paper.*

Throughout the analysis and presentation of this data, according to what was indicated by the respondents, find out that the approach was quite similar to the one from the first stage, with the main idea, how could culture have influenced the process of Pre and post-acquisition, bases on the results given. Because of the similarity on responses with the first stage, I decided to label my data collection from the interview with the same heading names as the context analysis for better understanding.

1. Organizational Culture Failure

Adapting to a new culture can be challenging, moreover, when employees have to deal with uncertainty about what the future may hold and how is the new administration is going to operate, for instance, it was well known that Microsoft in the acquisition laid off 32,000 former Nokia employees, Meaning, that lay off employees was not the smartest move from Microsoft, which could have foreseen and at least informed employees that part of acquisition includes jobs reduction, in accordance to the economist Gaughan A. Patrick, staff reductions are one of the first steps a company will have due to the fact, there is a need of cost-saving.⁶⁶ As for mine interviewee see kind of similar approach.

⁶⁶ Gaughan A. Patrick, *Mergers, Acquisitions, and Corporate Restructurings* (New Jersey, U.S.A: John Wiley & Sons, Inc, 2018).
file:///C:/Users/wilmer/Desktop/Cultura%20espanol/Mergers,%20Acquisitions,%20and%20Corporate.pdf.

Interviewee code C interview 3

“The American companies are very revenue and profit-oriented, so when they are not doing well, they will lay off directly; but other companies are different, everyone will meet the difficulties. I don't fire anymore, but we can accept that everybody needs to receive less salary to help the company struggle over this period. We collectively reduce salaries from the supervisor to the lowest-level personnel, but we will never lay off employees.”

From this, we can see that organization's culture should be a priority to have during negotiation, as much as the organization of the production or manufactory, unknown cultural issues can impact the businesses, to go far and become established.

The interview also throws a very accurate approach, that there is a link on how culture influences the purpose and decision of people who embark on international business negotiation. One of the interviewees explained that the acquisition was seamless because the two companies who joined this acquisition had different purposes. The responders point that Microsoft was not buying a brand; they were buying their ticket to the smartphone industry.

Interviewee code B interview 2

“If the brand is for sales, there is a reason to be, if they are interested in a merge, they have also used up the potential within the organization culture, maybe they have also experienced a degree of failure because they culturally not be able to expand further.”

They further argued that organizational culture's role was crucial to understanding the behavior of business partnership between Nokia and Microsoft, especially when the two companies were not facing a favorable and adequate environment to plan a proper negotiation. On the other hand, some point out that to be able to reach a good cultural transition, it is important to understand the identity and background of those who are part of that culture, also by being able to work with those cultural aspects, it would have reached a

successful blend of the culture however aspects such as a role, decision making, and language can bring several consequences if they are not treated properly.

Interviewee code A interview 1

“Living backgrounds are different. The way we conduct issues are different, and the living environments are different, somehow, only if you live there, you will understand how they conduct things and behave.”

Interviewee code B interview 2

“Even though everyone works for the same company but comes from different parts of the country, share different values, and therefore understands certain political or technical things within the organization and between the organization it’s very important.”

According to the interviewees, the managers paid attention to the impact organizational culture has on organizational effectiveness to lead each employee's value and behavioral orientation to improve staff's commitment to the organization. That would influence the effectiveness of the management structure itself. Thus, the manager's implementation capacity is strongly impacted by culture.

2. Cultural Influence on Management and Administration failure

1.1.1. Acculturation

The interviewees were also asked to explain how culture can blend if there should be a certain level of adaptation, who should be the one to adapt. Accordingly, they explained that culture transitioned faster when those who are part of acquisition embraced cultural diversity. The interviewees point out that it is important to be open to change and blend to succeed.

For instance, interview 1 code A point out the fact that it should be really important to try to blend and overall comply with local culture, it is very important to have an open mind to the new lifestyles that we will face, but keep in mind that we need to be mindful of all the other cultural aspects we will have to deal with, which on some occasions it can be more than one.

Interview code A interview 1

“There is an old saying, “When in Rome, do as the Romans do” which mean you should try to adapt yourself into the local culture, in order to comply and accommodate well in the environment, no matter if you are a foreigner coming or you are going to another country... so, it is good to understand local people's culture and their practices.”

Interviewee code B interview 2

“I think when it is business and when you are the new boss, you can expect a degree of adaptation from your locals, that is what is called the business culture.”

Our second Interviewee had a different point of view, he seems somehow that if you have a certain position, you should have a certain degree of acceptance by others, I believe this mainly has to do with things that sometimes we might think are correct, even though they aren't, so people tend to let it go, without that much problem.

1.1.2. Role

The result of the interaction of the different interest groups with the company and the decisions that managers make are defined and guided by the culture so that it is recognized in society. Our interviewee points out that when this identity is strong and is part of the collective conscience, it allows the members to be united and aligned around the purposes, objectives, and interests of the organization, which brings competitive advantages concerning other companies in the industry. since it is highly important the perception of other of you and your company.

Interviewee Code B Interview 2

“If you look into Microsoft as an American company even though they are international, it tends to be more horizontally, In the decision making is structure, which is probably there will be a high distancing between hire level and the lower levels, wherein Finland does not, it is just flat structure, in American culture, it is a culture that does not foresee employees making decisions.”

“As to your identity, which is formed by your culture, so you need to reflect on how your culture influence your decision making because negotiation is never an objective process, it is never only about numbers, it is about who you are or what other people think you are, what the other think who you are.”

Interviewee code C Interview 3

“At the meeting, at that time, you will find out what the culture shock is, and you can see that different countries have different ideas and practices, therefore different decision making approach.”

The responders also suggested that the acquiring company's culture affects the acquired company, especially when these companies share different aspects outside of the frame in terms of something that cannot be fixed. This is because cultures existed between the firms during the pre-acquisition.

1.1.3. Language

They further explained that culture in the form of language is of great value in international business because having realistic communication during and after the acquisition can guarantee the success of any negotiation.

We can say that the ability to communicate effectively in a language can make the difference between gaining or losing business opportunities but it can also bring repercussions if it is not handled properly, our interviewees mentioned that although it is good to have a command of the language, not always this means that it is again because

misunderstandings occur when it comes to communicating in a language that is not yours, worse in business terms.

Interviewee code A interview 1

“Language is very important, different languages have different meanings in each country, at least from my side; English is not my mother tongue, so sometimes I misuse the words, and I cannot catch up with the meaning that implies that word intention.”

Interviewee code B interview 2

“Language can unite us, but as well it can separate us...Have a common language, and think that we understand each other it’s like tip of the iceberg, what you do not see is the iceberg beyond the top, and these icebergs can be different from country to country, from the continental continent, that has to do with culture, business ethic, and the culture and business ethic in Finland and the US is very different.”

Those who decide to emigrate from their country of origin and settle in another country, whose cultural characteristics and language become barriers, encounters difficulties on a day-to-day basis for cultural and language reasons. However, for international negotiators, these components are necessary to be acquired.

3. Competitive Culture failure

The cultural differences influenced integration benefits during integration; at times, companies are very complex social systems. Whether you want to work, manage or acquire them, it is necessary to understand their operation because companies combine science, people, technology, culture.

Interviewee code B interview 2

“I will say that culture expresses itself in people, and culture changes expressed in people as well; now organizational culture can be a reflection of the genetic culture, but they might also be different depending on who the individuals are, who built this company.”... “So, when it comes to these multicultural negotiations, culture plays a huge role, even whether you trust someone, and a what degree you trust that someone, whether you do not trust that someone, and all have to do with this subject values.”

Interviewee code C interview 3

“Culture shock may be the first problems. The second is all of their systems; so, you have to look at Microsoft’s promotion system at all levels. The practices of the two companies will be different, and this will also cause post-merger problems.”

Failure to integrate the two cultures in acquisitions translates into failure in the acquisition process and for those who comprise the companies, such as employees who would end up in separate directions. Companies must understand how to use them for their survival, avoid or minimize what is known as culture shock, against the argument that cultural distances between two companies have enormous impacts on the acquisition and the post-acquisition integration process.

CONCLUSION

Giving support to companies that want to grow, regardless of their size, in order to be successful in any type of business, it is important to take into account several aspects such as: economic, financial, social, and above all cultural. In this research project, several important topics were touched, but more importantly the cultural aspect in the negotiation, and the way companies do business. It is important for foreign investors to know that there are differences between their countries and that many things, no matter how elementary they may seem, may be unknown to them or are simply handled differently.

In chapter three there is a summary of the most important aspects that must be considered if an individual is interested in venturing into develop a cross culture negotiation, along with a brief explanation on how the case from Microsoft -Nokia acquisition take place on this research paper.

From the case of the Microsoft and Nokia acquisition, we can learn that that culture influence each and every aspect of our life and it is important to acknowledge cultural differences since it can provide you with points of reference to improve performance, especially in term of cross-culture business negotiations, for example when you buy a company in another country, you are not only acquiring a company, but it is also a culture acquisition. This is given because business and negotiation cross borders and its culture, people, and company's values, on where acquisition takes place, it is also important to see culture and consider the integration process to see whether culture fits blends with the other. As the interviewees shared, international business negotiation and culture are inseparable.

Furthermore, they have more than one process within the negotiation and post negotiation, that is why one of the most important aspects highly in the interviews was the process of communication; culture highly relay on the process of communication, and this is because different countries have different cultures, and then cultural differences are formed, in different shapes and colors, sometimes comes in languages, other times in the way an individual behaves, or simply the ways of thinking; these criteria will highly influence their negotiation styles, which in every continent or country will vary, influence by the background, the content or even the member who are part of the negotiation.

It is important to come out with strategies to understand, treat, master, and solve cultural differences, negotiator in order to avoid culture shock or have more relaxed acculturation, or just to minimize the impact of culture on their business or negotiation would try to recognize that different negotiators have different understandings for the matter that is being treated, even the choice of words, along with the actions. It is quite common that cultural differences can bring misunderstandings among those who are part of the negotiation. Culture, without doubt, can become an obstacle because we are very diverse, and differences can make the negotiation fail or even make it hard for a negotiation to be successful, even more, when we are talking about big takes over within multinational companies.

On the other hand, something that has been mentioned multiple times was the individual, which according to the interviewees; people, whether in a company or society, are the bearer of culture. and every person with have a different culture by nature, for example, behavior within organizations is unpredictable because it originates from needs and value systems and there are no simple formulas or procedures for working with people, which are already very complex, or the ideal solution for an organization's problems. From this, it follows that man must increase his understanding and enhance existing capacities to

qualitatively raise human relationships at work to achieve the proposed goals, especially on that occasion where there is a cross-culture risk. After all, it will not matter which strategy you have if you do not have the right treatment for relating culture issue, it will be likely that the business and negotiations will not be successful because this can only be achieved if we are willing to think and work with people as part of a company true cultural identity, therefore, contribute to its growth.

Recommendations

- ❖ How to learn to live with other cultures? The first step is to understand that there are cultures other than your own, explore and learn the characteristics of those cultures in order to adapt to them.
- ❖ The second step is to know that there are attitudes and beliefs that influence almost all aspects of behavior and help to order a society and its members. The more managers learn about certain key attitudes, the better equipped they will be to understand why people behave the way they do.
- ❖ Know the language of the place where we want to do business. In most cases, English has become the language of business. However, in recent years, knowing the local language is very well regarded, which generates many advantages, since it will generate confidence among negotiators.
- ❖ Non-verbal language. Many times, non-verbal communication, tells the employer something that the language does not convey. Unfortunately, differences in customs between cultures are likely to cause interpretation problems in communication, so it is very important to know or try to learn as much as possible about the customs of the culture we are addressing.
- ❖ Try to know the different types of negotiation in different cultures.
- ❖ Build relationships, not deals. It is becoming more and more frequent for entrepreneurs to consider commercial transactions as stable and lasting business relationships and not as a single purchase-sale operation; that is, the potential long-term value is much greater than the advantages obtained in relation from a single commercial operation.

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APPENDIX

APPENDIX 1: Interview Official Invitation

Hello, Dear Professor _____

I hope this email finds you well,

My name is Wilmer Espino (林大威), and I'm currently a four-year student from International Affairs in Wenzao University, for my research this year, I would like to cordially invite you to be part of my research graduation project, I would highly appreciate your willingness to be part of a short interview.

The interview will be mainly interested in hearing about the influence of Culture on Business-Negotiations putting the example of a case study on Microsoft-Nokia Acquisition, with the main goal to collect experiences from your point of view. It should last around 15-30 minutes since you will be asked a set of questions that range from culture effect on business and how culture cross-border in terms of international business. Please select an interview time that works for you; you can select between online or in-person interviews. If you choose an online interview due to the pandemic, we can use different tools such as Zoom, Google meets or Team, or any other media you consider adequate.

Thank you in advance for your contribution and looking forward to hearing from you.

Best regards,

Wilmer Espino.

APPENDIX 2: Interview Transcripts

Interview Transcript Interviewee Code A interview 1

Interviewer: I'll let you know that this interview will be recorded for the purpose of this research. and I'm intending to use all the information based on your experience there is no right or wrong answer, I also will send you a scrip for you to check out if there is any factual error. That could have a cure when I was writing the transcript.

Interviewer: My research topic is the influence of culture on business negotiation with a case study of Microsoft and Nokia acquisition. I will be providing you with an explanation for this case but before we diving in, I have decide to narrow down this case study of Microsoft and Nokia and why I did this, it was because what happen that these two companies are from two different countries in two different continents , therefore they share different cultures, eventually Microsoft back in 2014 they bought a Nokia so they become owner on Nokia and what I'm trying to find out with this case study is the reason why the acquisition failed and how culture could have play a big role before and after the acquisition.

Interviewer: That's why I would like to ask you first of all what is your point of view in the turn culture business, business and negotiation?

Interviewee: Culture is a behavior who is the form of life practice in an organization or society, for example in a society we will say live style, But in an organization we will say culture is the practice of things, their value, the ideas about the life likewise we can say culture in Wenzao will be based on the whole idea of the institution for example we always like to serve, so likewise the business will have their own business culture, culture will vary from country to country, Nokia's business culture and Microsoft business culture are different I cannot say what culture these companies have but I can say that these two companies have their own culture and their practices,

As I said before companies come from different backgrounds and not only companies but people as well have their own culture and vary, that would take me to the next question.

Interviewer: So, do you think that culture has an influence in the way we do business every day?

Interviewee: Oh, definitely I still want to take Wenzao as an example, because in Wenzao we always say that we want to train students to know about how to have to serve it to people how to love people, and Nokia and your research target has as well a purpose their own ideas about Business, so my point is companies do have their own culture and the way they practice it,

Interviewer: I appreciate that you bring the example of Wenzao and he definitely makes sense, and since there's a lot of international students and you have to relate with them somehow this is the same thing that happened with this company, so

Interviewer: when you relate with other people whether is from another country in your opinion who do you think issue adapt the locals or the foreigners that come to the country.

Interviewee: There is an old saying, " When in Rome, do as the Romans do" which mean you should try to adapt yourself into the local culture, in order to comply and accommodate well in the environment, no matter if you are a foreigner coming or you are going to another country, you don't touch things that are considered taboo, we should take something good in order to make your sale playing well with the local people, that is the reason why you should take a course called intercommunication culture which aim to allow students To understand different culture and have different perspective on the same issue, If we really don't understand others ideas somehow, you will do something wrong, probably for your perspective there is nothing wrong, but from the other person perspective that is totally

wrong, since everyone is different, so it is good to understanding local peoples culture and their practices.

Interviewer: Moving to my next question; Do you think when you relate to other people, culture determine how successful that relationship can be?

Interviewee: I think it should be since you should understand, several years ago there was a bank HSBC Basically starting in Hong Kong, so Hong Kong people like the fish that is very long but looks like a snake, But you know Chinese are very hospitality, they invite their partners to come to a restaurant where they serve the fish, from the very beginning the person was polite, he was British, he said the fish was delicious and try to finish the bowl, but I don't think he really enjoyed it , but he finished it, so they Chinese said okay, the bowl out of soup, so he offered another one, so the person said okay, but we can see how difficult it was for him to try to finish, so of course understand the person and his background is important, since again intercultural communication is so important when you want to develop your business in a foreigner country, it's a must, otherwise it will be a failed.

Interviewer: Do you think any aspect of culture should be considered in the negotiation of this acquisition? For instance, do you think language is important?

Interviewee: In the UK if you turn your fingers inside out they were things that is the signs of victory, but in the UK they think that is the F word, because British and France have a long dispute, since ancient times, at that time those finger were used to shoot arrows if you keeps those finger, you are a solder, if you don't have those you're a useless solder, so that's why you should use the fingers like that, so body language count as very important part, different language have different meaning in each country, at least from my side, English is not my mother tongue, so sometimes I miss use the words and I can't catch up the meaning that implies to that word intention.

Interviewer: What strategy would you use to get you ready for culture?

Interviewee: Personally I will try to find from books but nowadays day Internet is so convenient, so we can use some keywords to look for information from database or friends, local people from anywhere Who can help so normally I will get this information from those, but as well living in the place is important that is the reason why before I went to Britain I will try to find information in the books and even though it's a book which is for an ancient ago it's outdated, a this happen because by the time I went to the UK, the internet wasn't very accessible so I have to read books, but when I went there I found out everything was different, so it was like having a honeymoon, so at the beginning I felt very interested but gradually I faced culture shock since my experience were different from the information I collected from the books , So I tried to discuss with my friends that were there for many years and I asked the local people the way the live and even the language the use, so I think asking the person directly will be more convenient.

Since you live here you can understand Taiwan, just like Korean, Japanese and Taiwanese we are all Asian, however our living backgrounds are different. The way that we conduct issues are different and living environment is different so somehow, we will say that Japanese are very polite, and at some extend they also are very scared about foreigners. However, they are really polite, only you live there you will understand their way they conduct things and behave.

Interviewer: So, you would say that culture relates to individual?

Absolutely, culture is related and it comes from individual, since they are the first source of culture and the way is creating and shape.

I hope your answers can't really help you for your research and I hope that your research is very distinct.

Closing

Interview Transcript Interviewee Code B interview 2

Interviewer: Good afternoon my name is Wilmer and I'm a 4-year student in wenzao university of languages, my research topic is the influence of culture on business negotiation with a case study of Microsoft and Nokia acquisition. I will be providing you with an explanation for this case but before we diving in, I'll let you know that this interview will be recorded for the purpose of this research. and I'm intending to use all the information based on your experience there is no right or wrong answer, I also will send you a scrip for you to check out if there is any factual error. That could have a cure when I was writing the transcript.

Interviewer: For this interview I will be analyzing the data I won't keep any record for your personal information, after I do the presentation, I will disposal all the information recorded.

Interviewer: Now to start her interview as I was saying the topic of my GPS is the impact of culture in the way we do business, for this interview we will focus in the term culture, if at some point there is any question you feel can feel free to ask me any question at any time at any moment if there are any questions that you will not like to answer it you are more than welcome to do so,

Interviewer: Basically about Microsoft and Nokia Microsoft, Microsoft is a computer company located in the US and Nokia is a phone company who had dedicated in its industry mainly to communication back in Finland, This is company come from two different countries from two different continents Therefore having these two companies can provide me with two different cultures that I can compare, they had an acquisition back in 2011 and I am trying to find out the reason why their acquisition failed, Based on the cultural aspect in the negotiation for that I would like to ask you the first question,

Interviewer: What is your point of view on the terms business, culture, and negotiation? And how those terms relate among themself.

Interviewee: When we look around there is a vast array of literature on the importance of culture when it comes to business negotiation, so there is basically two schools, 1) there is one study that goes back 1970s by the name () found that there are many of this business negotiation goes wrong, much decision that communicates within this multinational corporation where misunderstood, and the question was happen that, and the answer was, there are too many different culture background, even though everyone work for the same company, but come from different part of the country, share different values, therefore understood certain things that were political or technical and then also they find out that within the organization and between the organization, so when to enter to the business relationship (Mayer) 2010 complete map of culture and said we can identify this culture values, and those influence how people takes decision and if we don't do justice to these values, and we go to a negotiation without take them into count we will make mistake.

This is not only about black and white blue or green but it's also about different aspects of short term and versus long-term 's orientation, but aspects of cultures. implemented by people who are interested in negotiating and they want to know about soft negotiation or hard negotiation so cultured is a good way of approach of negotiating end it should be built based on business decisions, we can identify this and then we can find a formula for each culture and with these formulas we will find out how deep is to negotiate and what things can go wrong

And if it doesn't go wrong, it just doesn't go wrong at the end it comes wrong since the beginning, the whole process it was set up in the wrong way.

So, the second school says that everything is schematic, since what we see often is that we don't negotiate with cultures we negotiate with individuals so we have to pay attention not to what the culture says, but who is the one that belongs to that culture.

For example if you are Nicaraguan and if you have a good education background is most likely you have 3 or more cultures within you, so you are more familiar with cultures and they may influence the way you negotiate and take decisions, much more than the place that you original were born, so this is the culture of political school, my personal I will hear more to the second school, the first one since It's not really sensitive when it comes to the different methodologies developed, and this kind of approach are more less neglect by the social science methodology.

Interviewer: I think it was a nice approach something that I would like to recap and ask you about, this seems to be organization culture and culture organization in the first approach refers to decision and people, and the second approach you were mention it seems refer to the people and negotiation style and that is has become part of the culture style whether is hard or soft negotiation, So would be okay to say that culture in a business level for a company reliance on people since they are the main source of culture power, and the ones that driven the organization culture therefore they have a purpose and determinate how the culture of the company is going to be.

Interviewee: Yes, I will say that culture expresses Itself in people, and culture changes express in people as well, now organization culture can be a reflection of the genetic culture, but they might be also different depending who the individuals are, who built this company,

Interviewer: Yes, I agree with you and this will lead me to my next question, the way company are built, especially as I mentioned before Microsoft being an American company and Nokia being from Finland, they are two type cultures and the way they do business and the way they get to their customers.

Interviewer: why do you think that company is relevant whenever you do an acquisition?

Interviewee: It might be different and relevant and different countries if we talk about Finland, Finland is an extreme country in Europe not just talking about geographically but as

well in terms of civil rights and social awareness, their working hours expresses themselves is relatively low, very low working hours per week, it is a flat structure is a flat decision makings, in kind of vertical structure also in a high degree of employees participation in decision-making, so if you look into Microsoft as an American company even though they are international, it tends to be more horizontally, In the decision making is structure, which is probably there will be a high distancing between hire level and the lower levels, where in Finland does not, it is just flat structure, in American culture they are more working hours than Finland, and it is a culture that doesn't foresee employees making decision.

It is clear that both have different definitions of efficiency, basically Nokia has been very famous in Finland and its part of the pride, such as Ikea, giving up Nokia has been like giving up part of your identity, most of my theories were looking towards those ideas, if Nokia wouldn't have those employees Nokia wouldn't have been as successful as if it was, by Microsoft trying to change its identity into a more American way.

Interviewer: In another matters what do you think that is important culture when we relate to others, for example if you were a manager and you're going to another country what role what role does culture plays,

You mean if me as individual manager go to another county to work or look for another job,

Interviewer: What I mean by this is that if you as a manager you were going to buy a company in another country,

Interviewee: well I will ask myself why would I need to do this, for the example of Microsoft and Nokia we have to asked why Microsoft wanted to buy Nokia, obviously they didn't need Nokia they just wanted to buy the market, they just wanted to compete with the revivals, they just want to buy the market but no Nokia, they wanted Nokia but an into a very reduce level, it is like the merge between an elephant and a mouse, the elephant doesn't have any use for the mouse, other the interest of what they can get, there is any love, respect, that is the

mentality of the market, probably the negotiator we're careless enough and finish being finish, they wanted to know what's going on with the company, but nothing happen.

Interviewer: Actually, the literature review points out that Microsoft didn't really want to buy Nokia they just want to make sure that they enter to the market so they can compete with Apple, so I really appreciate you have brought this example.

Interviewer: Do you think if are not able to recognize others culture in our business strategy? Especially whenever you go to another country and things work differently and it won't always go the way you want to be.

Interviewee: If the brand is for sales, there is a reason to be, if they are interested on a marge, they have also used up the potential, they have within the organization culture, they have reach the limit, maybe they have also experienced a degree of failure, because culturally not be able to expand further, being Finnish doesn't really prepare you for a develop market, Nokia itself maybe wanted to enter in negotiations, couldn't become bigger, maybe that's why they were interested on merging with somebody else, The culture is more important than what people think, because it is relatively easy among MBA to come to a more precise decision because these people perhaps went to school to study this specific market, they are all consider as multicultural but as a matter of fact they are a culture They don't have a specific culture and they don't necessarily understand culture, they have a common language and they think that they understand each other, but this is the tip of the iceberg, what you don't see is the iceberg beyond the top, And this icebergs can be different from country to country, from continental continent, that have to do with culture, business ethic, and their culture and business ethic and Europe and the US is very different. They ultimately results are similar but the arguments are different, their values behind the arguments are different, and this could be a big problem and it takes over

Interviewer: Thank you for your approach Professor, the literature review also mentions this according to what I have researched so far.

Interviewer: Do you think the language is part of a specific culture or country and that is something that we should take in consideration when we do negotiations, as a part of a business strategy?

Interviewee: Language can unite us but as well it can separate us, as Oscar says about the United States and England, there are two countries separated by the same language especially because of the meaning of the words, there is a big temptation to say that someone uses the same word that they actually mean the same thing, in business there is actually operation context of the words, on where you have to look into what they actually mean, So for example the word right it actually means something different in each country, for example the word “right” in the US for workers might mean something low due to the fact that workers don’t really have a lot of rights and easy can get fired, Meanwhile in Finland once you’re hired as a civil service you cannot be longer fired, if they fire you the labor unions are part of you, Since when you signed a contract the labor union also goes through your contract and give you advice, so this makes these countries very different. In a way there is a certain advantage of using translators, because a good translator will not only be translating words, she or he will be translating the context, and this is what is needed, If you think that you come from a culture that is a universal culture, For instance Chinese speak English, or at least some English, that could mean different things especially in terms of these operations,

Interviewer: Based on the idea if I were to move to another country sort of what Microsoft did, the business ideas from America to Finland, who do you think it should adapt to the host country or the foreigner who is coming to the country.

Interviewee: I think when it is business and when you are the new boss, you can expect a degree of adaptation from your locals, that is what is called the business culture, and the

business culture is something That needs to be make explicit, if it is not make explicit you can get in trouble, that is why people goes to seminars, because that makes business culture explicit, teaches them to think in a certain way

That might be different from the way they think and they can act as a private entity, now if you are owner of a company I don't think it would be a good approach to say that you are the one who is in charge now So for the best interest for the employees to stay, it's better to work towards a transitional change, in a business culture, To learn a language will help you to understand more the place where you live, you don't really necessarily have to agree with what's going on the country, however many managers do not learn the language so what they know about the country is what they can learn From the domestic helpers, however the only way to know from first-hand is to learn the language you can or not always suspect that people would tell you everything neither they will speak your language, especially those who want to understand the culture, languages can be the key to learn more about the language, otherwise you would always believe what other people want you to believe, if you learn the local language it would be easy to understand the reality surrounding you.

If you put it in the example of Microsoft and Nokia, Americans learning finish, one of the most difficult language in earth, it's not going to happen,

Interviewer: What is the impact the culture has in business negotiation according to your ideas, we as individuals we go through negotiation as well all the time?

Interviewee: Culture exists because we exist, we are the barriers of culture, so whatever we do is influence by culture, it might be one culture or you could be more than one culture, that we have been exposed to or that there have we have been growing into, apart from that there is an adjective business interest, if it is about taking over the company, you will look into numbers first, So you want to know the key numbers, how well is doing the company ,

Whether it has shareholders whether he has going through reasonable growth, And what the market shares are etc.

There is always the culture aspect when you take over a company but as well, they objective aspect, so often company has the temptation to believe that the oats active aspects weight more than the culture aspect, so when he comes to these multicultural negotiations culture plays a huge role, even whether you trust someone, what degree you trust to that someone, whether you don't trust the someone, and all have to do with this subject values. It this is not considered we might be ended up having wrong perspectives, doesn't me because someone is right in New York, it would be right to somewhere else because you're not in New York and things goes wrong, since you're not transparent to yourself, as to your identify, which is formed by your culture, so you need to reflect how your culture influence your decision making, because a negotiation is never an objective process, it is never only about numbers, it's about who you are or what the other people think you are, what the other think who you are, depends largely on who you enter in a negotiation and how you present yourself, how you negotiate. It is not I will get this because I told this, but depends on how did you do that.

In negotiation you spend time with other groups, it's not just a letter, which is objective thing it's not about you get \$20 and whether you agree if you want or you don't want it, but when he comes to take over, you spent hours and hours with the other team in our room, whenever they say it's always is mitigated and influenced in how they behave They may say all the right words in the wrong way or in a way that you find unacceptable, So this behavior somehow might not be natural and you can come across as insincere, as bully, harsh, and that it when culture comes in, not much what you say in term of number, but how you behave and you have present yourself.

Interviewer: Thank you Professor I really appreciate your time; I believe what you have provide will be really helpful for my research.

Anyways that was my taking on this, if you have any question, you came always come back

Closing

Interview Transcript Interviewee Code C interview 3

Interviewee: Hello 大威

Interviewer: Hello good morning, Professor

Interviewee: 請說

Interviewer: sorry for keeping you waiting huh. So, I will just go straight to the interview question so I won't take your time okay.

Interviewee: Okay

Interviewer: Just to let you know before the interview will be recorded for the purpose of this research, I won't keep your personal information and eventually I will send you the huh script for you to check if it is correct, all the information you provide.

Interviewee: So, I can reply in Chinese, or I need to speak English

Interviewer: You can reply in Chinese if you want, it is not a problem.

Interviewee: Okay

Interviewer: So, the research topic for my GP would be the impact of Culture in Business negotiation. And I try it to basically minimize in the sense that narrow down to a case study of Microsoft and Nokia.

Interviewee: Wait a moment, what is the Culture Business negotiation

Interviewer: Sorry, what was that?

Interviewee: You said your topic is culture business negotiation, right?

Interviewer: yes

P: But it is a new term for me. So, what is the definition of Culture business negotiation?

Because I need to know your topic clearly then I can know what I can reply to you.

Interviewer: Sure, in this case, they are not together these two terms, it is just how the culture influence business negotiation. So, culture itself could be as a business strategy or it could be as well as the culture of business... the representation...

Interviewee: You mean the post-acquisition culture shock?

Interviewer: yes,

Interviewee: Or the Culture influence on how the two firms negotiate the deal

Interviewer: Both, actually it's both. It's post and how they actually the result of acquisition.

Interviewee: okay

Interviewer: So basically, what happened with them is that they started the acquisition in 2011 and eventually in 2014 they finished. And later three years the acquisition was a failure. So many of them, they said that it was just because Microsoft wasn't buying any business, but basically it just wanted to buy the entry of smartphone industry. According to the literature review. They didn't really clearly review things such as organization culture which. because they ended up laying off so many workers from Nokia. Eventually the idea of Nokia being finished company from Europe and ended up being just replaced by the American Culture. So that's why the reason I have chosen Nokia and Microsoft, because one company is from America and one company is from Finland. So just start my first question to you professor, I would like to know what your point of view on the term "business negotiation acquisition and how this relate to culture?

Interviewee: First of all, it can be divided into several points. The first one is because after the merger, there will be two supervisors in the same position, right? So, one belongs to the buyer and the other belongs to the seller. The first counterattack caused by the acquiree is that if two supervisors are bound to leave, then, the group of people brought by that supervisor will be together. Taking this away, or letting the people who stayed in the company huh encourage them to feel dissatisfied, so usually this will be the first question after the merger,

that is, who will take over the coordination of the supervisory position, could you understand the Chinese?

Interviewer: Yes, yes

Interviewee: So, this is the first one. In fact, I don't know about the mergers and acquisitions of Microsoft and Nokia. Then I know there are other companies' mergers and acquisitions, and they may have problems, so culture shock may be the first problems. The second is all of their systems; so, you have to look at Microsoft's promotion system at all levels. The practices of the two companies will be different, and this will also cause post-mergers. Arguing like this. For example, in Europe and the United States, if it is a Japanese and American company, then hmm (U.S.). Japanese companies have different degrees of centralization and decentralization. The centralization of Japanese companies focuses on procurement and finance.

In the United States, they are export-oriented. But in Japan, they are process-oriented. So, when two companies, the Americans may care about....They don't care whether you check in at work or not, you have to see It's that if you deliver the results within the required time, they can accept it, but the Japanese, what they require is that they must check in when they go to work every day. Just like Taiwan, when an American company arrives in Japan, they will have It may cause culture shock at the national level. Then there's a Taiwanese company called BenQ. It once bought the mobile phone department of Siemens in Germany. At that time, Taiwan's BenQ failed, this acquisition failed, because there's no labor union in Taiwan. But the both of the huh. BenQ. huh. he simply seek he can manage this problem, but the labor union is very powerful in the Europe, so the acquisition failed because they find they have no experience about how to manage the labor union or how to negotiate with the leader of labor union. The BenQ spent a lot of money but in the next year he knows this acquisition is a

failure. he cannot buy the... successfully to acquire the Siemens. So, you can face a lot of different problems in the acquisition including the before and after the acquisition.

Interviewer: Just to recap to what you said, so you will say it will be accurate to say that huh in the term of culture. For example, you put Japan and America. America will care more about the outcome no matter what how many hours does the worker have to work and versus any other country that perhaps they will care more about the workers eventually care more about the worker will give you a good result of the outcome? Do you think it will be accurate to say base on what you said?

Interviewee: American business is outcome-oriented, you can finish your job that's ok. So, if you can give the leader the outcome, they can accept it even if you cannot show up in the company. they can still accept it. but in the Japanese, they cannot accept it. And Japanese have a very high... career hierarchy. So, you need to respect the elder people or the previous people, huh I mean, the system is very obvious, so if you are a junior, you have to respect the seniors very much. As for the American business, if you have the ability, you can be the leader. I don't care about your previous experience and whether I am younger than you. Long, or if I stayed in this company longer than you, what I look at is your ability, but Nissho is not, The American companies are very revenue and profit-oriented, so when they are not doing well, they will lay off directly; but other companies are different, everyone will meet the difficulties. I don't fire anymore, but we can accept that everybody needs to receive less salary to help the company struggle over this period. We collectively reduce salaries from the supervisor to the lowest-level personnel, but we will never lay off employees. so, this is their practice is very different.

There are companies like Japanese and Taiwanese. The practice is different, for example, if I want to buy from Taiwanese business today, is it right, I want to buy some items, so I will (held?) the bid, and every seller they can bid. And I will choose who offer the same quality

with cheaper price right? that's what American firms and Taiwanese firms do. But for the Japanese firms they do not do so, they focus on the relationship. If I want to buy some the items, even if you offer the cheaper price, I will not choose you because you are a small company you are not a huge company. So I care about the long term relationship, that is, if you are a small company, I will worry that you may breach the contract and you may not be able to deliver to me as scheduled, so Japanese companies will tend to choose those with past cooperation experience Partners, they will choose some firms they belong to the big business group, and our group and your group we had a corporate relationship before, and because I want to make sure you can give me your goods in time and even, it's you met up For some problems, you can still deliver on time. This is something they care about, like Sumitomo, do you know Sumitomo group?

Interviewer: No

Interviewee: Sumitomo Group, Japanese has three large business groups...

Interviewer: oh, is that an insurance company?

Interviewee: Sumitomo has Sumitomo Metal, Sumitomo Bank, Sumitomo insurance, Sumitomo chemical.

Interviewer: Yes, I know

Interviewee: that is an over 100 years business group, there's a Sumitomo company called Sumiko in Taiwan, Sumika is making the LCD screen, and his buyer. Mm this firm's buyer is Chi Mei Electronics, Chi Mei is a Taiwanese firm, then at that time During the financial crisis in the United States, Chi Mei's products could not be sold. Then Chi Mei Electronics went to see Sumitomo Group and said, I can't get so many products from you now, because my products cannot be sold, so I can't follow them. You buy goods, but our contract has stated that I must buy how many quantities with you every year, so they told the Japanese that I buy so many quantities like you, but you give me 50% off the price, then at that time, Sumika had

an internal meeting. At that time, Sumika's director was Japanese and the general manager was Taiwanese. Okay? At the meeting at that time, you'll find out what the culture shock is, and you can see that different countries have different ideas and practices, therefore different decision making approach.

The Taiwanese think that if we get a 50% discount today, it would be equivalent to saying that the price I sold to Chi Mei Electronics was lower than my cost, so for the Taiwanese the general manager he says disagree ok, because I cannot sell you the price is lower than my cost, so I will also lose the money too. But as the Japanese boss they agreed, they accepted this agreement. because they care about the long -term relationship, we are partner. So, I supposed need to help you to go through. I still want my buyer can still survive in this difficult period. So finally, Sumika make a decision is yes. They sell their goods to Chi Mei Electronics with cheaper price, and this price is they will lend the cost. The agreement they reached was that during the financial crisis, Sumika was shipped to Chi Mei Electronics at a price lower than the cost. After the financial crisis, Chi Mei was going to He made up for the amount he had previously subsidized by Sumika. I originally wanted to sell one thing for 80, but now I want to sell you for 40. After that, I have to make up for it to me. It was lucky that there was actually only one during the financial crisis in the United States. It happened in 2008, and it responded in 2009. Later, CMO also made up the difference, but you can see that different countries have different ideas and practices.

Interviewer: thank you I really appreciate it. I think it is a really accurate example. or how actually the relationship works, and sometimes even part of the culture is about trust and relationship that you enter to the business right. I really appreciate the example

and that will take me to my next question professor do you think that...

P: I thought you already finished your interview

Interviewer: yes, yes almost I have two more questions for you and that will be done.

So, what do you think that the culture is relevant in acquisition and do you think that company take this as a business strategy. like do they think about the culture before doing the acquisition or a negotiation. Do you think?

Interviewee: Yes, Culture is very important. Especially in the international business you will face a lot of culture shock. Even I don't do the acquisition. When I want to set up a subsidiary in a local country, I still have need to face the culture shock. If you take the international business management course then you can know a lot of casts about what is the problem of culture shock and how to deal with it

Interviewer: Yes, I did take your course already. I put what I have learnt from the class in me GP and it's something I really appreciate it.

Interviewee: Okay!

Interviewer: So that would be over for my interview and thank you so much for taking the time to have a quick work with me. Thank you so much professor I hope you have a wonderful day. See you around

Interviewee: You are welcome bye bye.

Closing
