

Culture or Culture of Participation: A Success Factor by International Mergers and Acquisitions?

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Abstract

Diverse studies try to identify the influencing factors of success and failure for international Mergers and Acquisitions (M&A). In this context, especially the role of participation and culture is being discussed controversially. The following article tries to shed some light on the debate, based on a quantitative research conducted in Bulgaria and Romania. In both countries organizational members were surveyed who were involved in an international M&A-process initiated by a German based multinational company. The results show that participation is understood and valued differently in both countries.

Keywords: culture, participation, acquisitions

1. Introduction and Theoretical Background

Due to globalization and increasingly connected markets, companies cannot focus any more on internal growth strategies exclusively. They must open their minds equally for external growth through merger and acquisition transactions (Unger, 2007). Following US-American literature the words “merger” and “acquisition” are used synonymously and are referred to as “M&A”. National and international M&A transactions follow the same stages, processes and goals. However, due to different market structures, regulatory frameworks, cultures and languages, the latter present more complex challenges (Jöns & Schultheis, 2004). M&A transactions can be divided into three different stages: Pre-Merger stage, transaction stage and Post-Merger-Integration stage. Especially the last stage, the PMI, is crucial because the integration determines whether anticipated synergies can be reached or not. The integration of two different companies can be seen as a change-management-process (Gudacker, 2001). In order to facilitate the change-management-process, resistance forces have to be minimized. In this context, it is crucial to handle employee reactions properly. M&A transactions may cause a merger syndrome, meaning an emotional resistance of employees who fear job reduction, uncertainty or changes caused by the M&A (Wirtz, 2003). These subjective feelings have objective effects on job outcome like job satisfaction, commitment, effectiveness and productivity (Glaum, 2010). Participation and employee involvement are seen as key success factors to limit the merger syndrome and to establish a willingness to change among all organizational members involved (Griesbeck, 2005; Gudacker, 2001; Gut-Villa, 1997; Kotter, 2008; Scholz, 2000; Unger, 2007). Employees receive the possibility to contribute to the change-management-process and be part of it which fosters their motivation and contributes to positive job outcome.

For some time, the number of M&A transactions has increased and this development has been intensified by rapid technological progress, the opening of the European internal market, the collapse of socialism, and the resulting transformation process in Eastern Europe. Therefore, the number of M&A transactions, especially international M&A transactions in Central and Eastern Europe, as well as their importance increased continuously worldwide. Compared to national business relations, international M&A seem to face additional challenges. All M&A lead to a clash of different business cultures which may cause conflicts (Pribilla, 2002). Furthermore, international M&A also face different national cultural backgrounds (Grube & Töpfer, 2002). On top of culturally caused tensions on the macro-level (national culture) and the meso-level (corporate culture), cultural differences on the micro-level can produce further conflicts (Barmeyer, 2010).

From an economic perspective, intercultural management helps to identify and resolve intercultural conflicts (Steiner, 1995). Unfair treatment of employees causes conflicts that can result in operational costs. The existing potential for conflict increases, especially when one is dealing with questions of corporate management in

international companies (Donaldson, 1993). With globalization and the associated increase in international business activities, the handling of issues concerning cross-cultural conflicts becomes increasingly important (Gilbert, 1998).

Effective conflict management is fundamental, if the positive sentiments subside and the cultural differences between domestic and foreign executives are noticed (Holtbrügge, 1995). To use the conflicts productively, the situation should lead to an increased sensitivity to the cultural value systems (Reineke 1989).

In this context, the importance of participation and involvement of employees during the integration process have to be considered. Although these instruments seem to represent success factors within western countries (Gudacker, 200; Kotter, 2008; Scholz, 2000; Unger, 2007), it is questionable if they are a magic bullet and work as efficiently in a different cultural context (Barmeyer, 2003; Beitel, Mußhoff & Uhlaner, 2010; Genkova, 2009). In a comparison between Bulgaria, Finland and Japan, Routamaa et al. (2009) found indications that there are small culture-based differences that must be taken into consideration in international business. In similar fashion Alves et al. (2006) highlighted that the concept of self-leadership and its application differs from culture to culture. Furthermore Catana and Catana (2010) explored the societal and the organizational culture of the Romanian finance industry and showed significant differences between culture levels (organizational versus societal) and culture manifestations (practices versus values). Finally Bibu and Brancu (2008) describe the positioning of Romania on the European map of cultures, in order to identify the convergence and divergence of its societal culture with various European cultural clusters. The following case study deals with this matter and tries to give some insights and implications.

This case study was conducted in Bulgaria and Romania with employees affected by a recent international Post-Merger-Integration stage. Within this study it shall be clarified, whether they wish to be involved in the M&A process or whether a good leader should behave authoritarian.

In addition to general leadership tasks, internationally successful leaders must lead employees from other cultures differently (Stock-Homburg & Ringwald, 2008). The practice of leadership is largely influenced by the cultural context (Thomas, 2009; Rathgeber, 2005). A specific leadership behavior should not be interpreted as a result of permanent personality traits, which is stabile across different situations. It must rather be assumed that the same individual shows different leadership behaviors in different situations (Von Rosenstiel, 2006).

In intercultural contexts, the complexity of the situational influence is large, because the leadership behavior and the content meaning of what is leadership success are culturally specific (Keuper & Neumann, 2008; von Rosenstiel, 2009; Stumpf, Zeuschel, & Ruhs, 2003; Thomas et al., 2003). The same leadership style is perceived differently in different cultures and each style has a different effect on the performance (Thomas et al., 2003).

In general, leaders and employees of a country or an organization have a self-evident perception of good and correct leadership concerning authority, participation, accountability and behave accordingly (Barmeyer & Haupt, 2007). In intercultural M&A situations it is often unconsciously assumed that the organization members of another culture think, feel, and act similarly (Barmeyer et al., 2007). The believe in implicitness regarding leadership is, therefore, not reflected or expressed in an intercultural context which makes successful leadership more difficult (Barmeyer et al., 2007).

The focus of the survey was on leadership in corporate context. The definition of leadership follows the definition of House et al. (2008) who defines leadership as „the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members“ (Chhokar, Brodbeck, & House, 2008, p. 6).

In Romania and Bulgaria participation has a culturally different origin than in Germany. A consequence is that different understandings regarding participation exist. For many years in Germany the value of participation has been very important in political and economic areas, whereas in Romania and Bulgaria the delegation of tasks and the cooperation of employees in economic and political areas is a new perspective. Romanians and Bulgarians, therefore, are not that much exposed to the concept of participation.

Culture can be defined as a set of shared motives, values, beliefs, identities, and interpretations that result from common experiences of members of collectives and are translated into different behaviors (Hofstede, 2006; House et al., 2004). Each member of the same national culture develops the same values and, as a member of a certain organization, undergoes a second socialization, based on the company's values and assumptions. In general, each culture is successful and based on certain assumptions that have been proven in the past (Barmeyer, 2003). In inter-cultural cooperation, however, when systems meet and interact, differences in behavior appear which can lead to conflicts (Barmeyer, 2003). In this context, it is discussed controversially if cultural

differences affect the success of international M&A or not and whether and how these differences should be handled (Beitel, Mußhoff, & Uhlaner, 2010; Bueno & Bowditch, 1989; Forstmann, 1994; Jansen, 2008; Schreier, 2001; Stüdlein, 1997).

On the one hand, supporters of a culture-free assumption deny any influence of culture on organizations and neglect any impact of culture on international M&A (Cacciaguidi-Fahy, 2007; Jansen, 2008). On the other hand, supporters of a culture-bound assumption stress the importance of culture on organizations and leadership (Adler, 1991; Bueno & Bowditch, 1989; Child, 1981; Forstmann, 1994; Palazzo, 2002; Stüdlein, 1997; Schreier, 2001). Thus, management-models and tools cannot be transferred across cultural boundaries. Therefore, cultural suitable approaches have to be considered during the integration of two different organizations. Additionally, it remains unclear whether globalization and other forms of internationalization lead to a congruence of existing management models or whether – due to the culture-bound assumption – they will remain divergent (Apfelthaler, 2002; Barmeyer, 2003; Froese & Jöns, 2004; Frimousse, 2007). Due to this debate it is discussed controversially if culture affects the success of international M&A.

However, even if taking into account cultural differences and assuming an impact of culture on international M&A it is unclear how these differences should be handled. Some authors suggest a model of cultural-fit which implies the harmonization of cultural differences and the adaptation to different cultural styles (e. g. concerning negotiation or leadership) (Forstmann, 1994; Stüdlein, 1997). Other authors, though, emphasize cultural diversity and a tolerant coexistence of different cultures (Keuper & Neumann, 2008; Neubauer, 2003). As a third alternative, a new culture can be created that includes deliberate recognition and is built on relevant cultural aspects for the specific organization or team at hand.

2. Method and Results

In the present case study two major research areas are analyzed:

1. Integration of the corporate culture of the Bulgarian and Romanian company into the corporate culture of the German company.
2. Influence of the local leadership on the processes of M&A in order to develop a consistent and well-functioning corporate culture.

Furthermore, there are two main questions on this case study. We want to know whether employees wish to be involved in the M&A process (question 1) and whether a good leader should behave authoritarian (question 2). In addition, we would like to mention that in both countries organizational members were surveyed who were involved in an international M&A-process initiated by a German based multinational company.

To answer the questions and solve the problems a qualitative and a quantitative survey were conducted. The goal of the qualitative survey was to interview the employees and executives from the company. The quantitative survey had the objective to get a comprehensive opinion of the conflict areas in the Bulgarian and Romanian subsidiaries.

The sample for the qualitative survey includes 14 Bulgarians, 13 Romanians, 5 German Expatriates in Bulgaria and 8 German Expatriates in Romania.

The results of the interviews show potential for conflicts regarding self-awareness and the awareness of others. Besides cultural conflicts, potential for conflicts arise due to different perceptions and self-evaluations. The self-perception of Romanians and Bulgarians does not fit the awareness of Germans concerning Romanians and Bulgarians. This leads to potential conflicts. An additional potential for conflict is postulated in the cultural expression. Based on the qualitative results, it was expected that statements regarding different appreciations of tasks and people orientations existed.

Table 1 gives example statements, which highlight differences between the cultures that could show the potential for conflicts during the transfer of the corporate culture. Romania and Bulgaria are grouped together due to higher cultural similarity compared to Germany, high congruence in responses, and their role in the M&A process which was initiated by the German company.

Table 1. Example statements, which highlight cultural differences

Group	Statements	Statements
Romanian and Bulgarian executives	Romanians/ Bulgarians about the behavior of Germans.	Romanians/ Bulgarians about the behavior and the expectations of the Romanians/ Bulgarians.
	<ul style="list-style-type: none"> • German leaders have no personal relationship to their employees: communication is impersonal and there is generally a personal distance. • German leaders do not spend a lot of time with their employee. 	<ul style="list-style-type: none"> • Egocentric individualism: Tendencies of some Romanians/ Bulgarians to pursue their own interests at the expense of others.
Romanian and Bulgarian executives	Romanians/ Bulgarians about the behavior of Germans.	Romanians/ Bulgarians about the behavior and the expectations of the Romanians/ Bulgarians.
	<ul style="list-style-type: none"> • German leaders try to spend enough time with their employees. • German leaders should promote more personal relationships with their employees. 	<ul style="list-style-type: none"> • Romanian/ Bulgarian leaders spend more time with their employees, as German leaders. • Romanian/ Bulgarian leaders have a very close relation to each other and treat humans as humans and not as objects. • Romanians/ Bulgarians avoid conflicts and have a high need for harmony. • Romanians /Bulgarians do not want to stand out from the group.
Romanian and Bulgarian employees	Romanians/ Bulgarians about the behavior of Germans.	Romanians/ Bulgarians about the behavior and the expectations of the Romanians/ Bulgarians.
	<ul style="list-style-type: none"> • German leaders have no personal connection to their employees, so they miss some information. • German leaders cancel meetings and believe consultants more than their own employees. • German leaders address problems immediately and they have a direct way of communication. 	<ul style="list-style-type: none"> • Romanian/ Bulgarian employees have learned, if they want to progress, they must use a direct form of communication. • Romanian/ Bulgarian employees have to target conflicts. • Egocentric individualism: Tendencies of some Romanians/ Bulgarians to pursue their own interests at the expense of others.
Romanian and Bulgarian employees	Romanians/ Bulgarians about the behavior of Germans.	Romanians/ Bulgarians about the behavior and the expectations of the Romanians/ Bulgarians.
	<ul style="list-style-type: none"> • German leaders have a close personal reference. • German leaders could be more people-oriented. 	<ul style="list-style-type: none"> • Romanians/ Bulgarians have a close and personal relationship with their peers and they are very people-oriented. • Romanians/ Bulgarians avoid conflicts and have a high need for harmony.
German executives	Germans about the behavior of Romanians/ Bulgarians.	Germans about the behavior and the expectations of the Germans.
	<ul style="list-style-type: none"> • Romanians/Bulgarians lack direct communication when they see problems 	<ul style="list-style-type: none"> • Germans have a very direct communication. • Germans do not avoid conflicts.
German executives	Germans about the behavior of Romanians/ Bulgarians.	Germans about the behavior and the expectations of the Germans.
	<ul style="list-style-type: none"> • Romanians/ Bulgarians have a strong personal relationship with other Romanians/ Bulgarians. • Romanians/ Bulgarians have an emotional intelligence. • Romanians/ Bulgarians take enough time for their employees. • Romanians/ Bulgarians prefer harmony: they avoid conflicts and decisions take a long time. • Romanians/ Bulgarians do not want to stand out from the group. 	<ul style="list-style-type: none"> • Germans should be more people-oriented.

The examples in Table 1 demonstrate that during the implementation of corporate goals different cultural values and norms arise which can lead to potential conflicts.

The Germans always stressed the point, how important it was to know the process, to explain all relevant details to the Bulgarians/Romanians, and how frustrating it was to keep reminding them and to monitor the process. The Bulgarians and Romanians kept on stressing out, how important it was to remind the Germans about existing people network, introducing them to influential people, and how frustrating it was to realize that they prefer to stick to processes instead of remembering names.

To make it short, especially the different approach to establish a good business relation and to earn trust seemed to cause many misunderstandings and potential conflicts.

In this context, the leading role of the German, Romanian and Bulgarian leaders is very important. The task of the leaders is to exemplify the norms and values and use them to achieve the corporate goals. Therefore, the reason to conduct an empirical study was given.

Based on the results of the interviews, we generated two hypotheses.

Hypothesis 1: Bulgarians and Romanians reject participatory instruments, e. g. employee surveys or workshops to build a common corporate mission, and prefer not to be involved in the M&A process.

Hypothesis 2: Bulgarians and Romanians both equally prefer an authoritarian leader who is on the one hand charismatic, team-oriented, autonomous and human-oriented and on the other hand self-protective and autocratic.

These hypotheses were chosen to give implications for further studies and for practical use regarding international M&A. While employee involvement seems to be a factor of success during international M&A in a western context it may not be regarded as very useful in order to reduce resistance forces in a different cultural environment in which high power distance and high uncertainty avoidance predominate (Bibu & Brancu, 2008; Catana & Catana, 2010; Davidkov, 2004; Neculaesei & Tatarusanu, 2008; Routamaa et al., 2009; Steyrer et al., 2006; Takei & Ito, 2007). This could give important implications for further M&A in Central and Eastern Europe. Future M&A-transactions in these countries would have to develop different approaches in order to be successful. The same argumentation applies regarding leadership style. Many studies suggest that participative leadership has a positive impact on job outcome (Felfe & Schyns, 2002; Konradt, 2009; Tims et al., 2011). However, due to different national cultures and their influence on relevant characteristics of a good leader (Alves et al., 2006; Barmeyer & Davoine, 2006; Pekertia & Sendjaya, 2010), an authoritarian leadership may be more efficient in Bulgaria and Romania. Future M&A-transactions in these countries would have to be more cautious regarding the transfer of western management models and leadership styles.

A quantitative research design was chosen to identify the importance of employee involvement (e. g. participation in different task groups, participation in preparatory seminars) and to analyze relevant characteristics of a good leader. Therefore, managers and employees working for a multinational company in Bulgaria and Romania were questioned. This company is based in the energy industry with headquarters in Germany and subsidiaries in several different countries and both subsidiaries in Bulgaria and Romania underwent a PMI.

In order to answer the main questions and to test the hypotheses empirically, a second sample (sample 2) was consulted. The second sample consists of 284 managers and employees (Bulgaria: 105; Romania: 179). Regarding gender distribution the proportion within Bulgaria is very similar (male: 53; female: 49). However, in Romania more male test persons participated in the survey (male: 120; female: 59). A possible reason for this unequal distribution may be seen in the positions of the tested people. While in Bulgaria most participants work as employees (85; managers: 20), on the contrary, in Romania most tested people occupy management positions (115; employees: 65). Most of these Romanian managers work as low-level managers in the field subsidiaries.

To better understand the results, there are some data about the questionnaire. First of all, the questionnaire was only answered by the second sample. The questionnaire in this case study contains open questions (e. g. factors of failure during the PMI) as well as closed questions (e.g. employee involvement, leadership characteristics). Due to an ethic-research approach, universally tested and validated research instruments were used (Barmeyer & Genkova, 2010; Holzmüller, 1995). Therefore, the following research is based on instruments created by Jöns (2006, 2010) and by the GLOBE project (House et al., 2004). Jöns developed a questionnaire in order to measure organizational culture and its change due to M&A transactions. Certain questions, which will be focused on in this paper, deal with employee involvement and factors of failure. The GLOBE project measures national and organizational culture as well as leadership behavior. The latter was used in the conducted survey in order to identify relevant characteristics of a good leader. Organizational leadership is defined as 'the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the

organizations of which they are members' (House et al., 2002, p. 5). The leadership instrument consists of six dimensions (charismatic/ value-based, team-oriented, self-protective, participative, human-oriented and autonomous) which are formed by 21 scales. The presented results are part of an extensive study which, additionally, included tests to measure national and corporate culture. Due to the multitude of different instruments only the 13 scales out of the GLOBE instrument which contributed to the study were chosen (Visionary, Inspirational, Self-Sacrifice, Performance-Oriented, Collaborative Team Orientation, Diplomatic, Administratively Competent, Self-Centered, Status Conscious, Autocratic, Participative, Humane-Oriented, Autonomous). In order to establish linguistic equivalence, forward-back translations as well as expert reviews were used (Barmeyer & Genkova, 2010; Eckensberger, 2003; Holzmüller, 1995; Van de Vijver, 1998).

The analysis of the open questions has been conducted according to the quantitative content analysis by Mayring (2010). At first, the whole material was reduced to its main contents. Secondly, the material was structured based on defined criteria. By doing so, categories were detected, based on scientific knowledge of the raters on culture and challenges of intercultural collaboration as well as on an inductive analysis of the text material. The closed questions are based on a seven-point Likert scale (from 1: This behavior or characteristic inhibits a person greatly from being an outstanding leader to 7: This behavior or characteristic contributes greatly to a person being an outstanding leader).

In the following section, the results will be described. In order to answer the first question Bulgarians and Romanians were first asked to name factors of failure. In total, 126 statements were made as to this topic; 37 in Bulgaria (test person=30) and 89 in Romania (test person=66). Five subcategories were defined: strategy, institutionalized processes, detailed preparation, people orientation, and culture (see Gajda & Genkova, 2010). In both countries the fewest statements can be attributed to "institutionalized processes" (Bulgaria: 2.70%; Romania: 1.12%). In Bulgaria most statements relate to "detailed preparation" (37.84%) and in Romania to "people orientation" (50.56%). In this context, Bulgarians identify, for example, staff reduction, unclear responsibilities/tasks, and choice of not qualified members as crucial factors of failure during a PMI-process. In Romania, however, the main factors of failure belong to "people orientation" and contain statements regarding poor flow and transparency of information, lack of employee involvement, lack of approval and creation of uncertainty. In Bulgaria, the subcategory "people orientation" only scores 10.81%. Statements in this subcategory are poor flow of information, lack of training, and change of location. Participation and employee involvement, apparently, seem to be more important to Romanians. However, although Romanian managers and employees identify the lack of employee involvement as a factor of failure, it has to be added, that in total only four statements (8.89%) were made as to this topic.

Additionally, the tested people in both countries were asked to describe their involvement in the M&A-process. In Bulgaria, out of 89 subjects 70.79% did not attend any preparatory workshops (on technical, management or intercultural issues) before the PMI. Also in Romania most test people did not attend any preparatory seminars (66.67% out of 174 subjects). However, most Bulgarians and Romanians confirm that during the PMI special project groups and workshops were implemented and most organizational members were either directly involved or knew someone from their own department who participated in these groups. It has to be added though, that approximately 30% in both countries described these project groups/ workshops as obligatory. When asked if they are glad to be involved in the M&A-process, an average of 2.98 (Bulgaria, N=60) and 2.78 (Romania, N=141) is reached, showing that organizational members in both countries are mostly glad to be involved.

Concerning the first hypothesis, that Bulgarians and Romanians reject participatory instruments, no final conclusion can be made. Only Romanians named the lack of employee involvement as a factor of failure. Furthermore, most Bulgarians and Romanians didn't participate in any preparatory seminars but were involved in the process itself – however, one-third of the participants had to attend these workshops as an obligation. Therefore, it is unclear whether they wanted to participate and be part of the process or whether – due to a high power distance index (Bibu & Brancu 2008; Hofstede 2006; Routamaa et al., 2009) – Bulgarians and Romanians had to participate as it was obligatory. Therefore, it is difficult to draw a final conclusion whether Bulgarians and Romanians reject participatory instruments or not.

In order to answer the second question, characteristics describing a good leader were analyzed. The conducted factor analysis and the test for reliability show that not all six GLOBE dimensions of leadership (charismatic/ value-based, team-oriented, self-protective, participative, human-oriented and autonomous) were proven in all countries. Cronbach's Alpha was very low for the dimensions self-protective (.47) and for human-oriented (.36). Therefore, only the dimensions charismatic/value based (.89), team-oriented (.83), autonomous (.71) and participative (.56) were analyzed cross-culturally. Within the dimensions charismatic/ value based and team-oriented the arithmetic average in both countries is very similar and shows no significant difference. Both

groups agree that charismatic and team-oriented behavior contributes positively to a person being an outstanding leader. Romanians also point out, that delegating and behaving egalitarian characterizes a good leader while Bulgarians score lower on these items. These results indicate that in Romania a good leader should, command and behave dictatorial, but also treat people equally and delegate. It seems that Romanians prefer a benevolent paternalistic leadership style which is characterized by an absolute ruler who is status-conscious and acts as elitist but who also cares about his subordinates. In Bulgaria, however, a good leader accepts differences in hierarchy but does not take advantage of his status and therefore does not act as elitist. Moreover, a good leader does not command nor does he behave dictatorial. Therefore, it could be assumed that Bulgarians prefer a cooperative leadership style. Concerning the hypothesis, it has to be concluded that Romanians, more than Bulgarians, prefer an authoritarian leader.

The second hypothesis, that Bulgarians and Romanians prefer an authoritarian leader equally, has to be rejected. The survey shows that Romanians and Bulgarians have a different understanding of an ideal leader. It seems that Romanians prefer a benevolent paternalistic leadership style which is characterized by an absolute ruler who is status-conscious and acts as elitist but who also cares about his subordinates. Bulgarians seemed to prefer a cooperative leadership style which is characterized by a leader who accepts differences in hierarchy but who does not take advantage of his status and who neither commands nor behaves dictatorial.

3. Case Resolution and Discussion

Due to the different perceptions of Germans and Romanians/ Bulgarians within each dimension several potential conflicts can be identified. The quote "German leaders have no personal connection to their employees, so they miss some information" from the qualitative study is a typical example of the different expressions of people orientation. The discrepancies in the perceptions have different reasons. On the one hand, a reason could be the choice of the sample. Only Romanians and Bulgarians, which can speak English and work very closely with the German leaders, were chosen. Due to the proximity to the Germans, Romanians and Bulgarians, they could learn many management practices and cultural attitudes. Finally, they may have adopted these practices and attitudes. However, the German leaders were asked to describe the behavior of all Romanians and Bulgarians. On the other hand, discrepancies may have been enhanced due to the issue. In the survey of German leaders no distinction in Romanian leaders and employees were made, which would have led to different results. In addition, the different perceptions could be a result of different bases of comparison.

As case resolution, participation and involvement of employees during the integration process of M&A do not work as a magic bullet. The survey shows that participatory instruments were used in Bulgaria and Romania but it remains unclear whether the organizational members prefer these instruments or whether they reject them. Results show that participation is differently understood and valued in both countries and should therefore be implemented carefully. It seems that in Romania, more than in Bulgaria, organizational members like to be involved on an informational basis but do not want to assume responsibilities related to it. Furthermore, it can be concluded that Bulgarians and Romanians have a different understanding concerning a good leader, in particular concerning autonomous and participative behavior.

This study can enable some implications which are important for further research and for practical use.

The discrepancies in perception lead to potential conflicts which require handling. As already mentioned in the theoretical part, a successful handling of conflicts requires that conflicts do not remain latent and intensify over time. To handle conflicts in intercultural context it is necessary to know different strategies. Furthermore, the ability to handle complexity is also important and last but not least the intercultural competencies should not be forgotten. Intercultural competence seems to be useful for solving the identified conflicts because the discrepancies results from different valuations and perception foundations.

Future studies should focus on identifying the different meaning of participative behavior in Bulgaria and Romania. The described results, based on quantitative research design, can only represent a starting point. Especially qualitative research designs, including in-depth interviews can shed some light on the different understanding of participation in both countries and derive further implications. In this context, it would be very interesting to analyze the meaning of delegation in both countries and whether or not this behavior is linked with assuming responsibility. Furthermore, future work can focus on how participation is associated with leader performance and work output (e. g. effectiveness, satisfaction). Additionally, differences in age, gender and regions should be analyzed.

In regard to practical implications these results show that despite similar national cultures (macro-level) certain micro-level-aspects are culture-specific. In this context, especially the meaning of autonomous and participative behavior has been discussed. Expatriates should keep in mind that different values concerning an optimal leader

exist. They should, therefore, behave accordingly. Especially in Romania an ideal leader is associated with a benevolent patriarch who acts as absolute ruler, who assumes responsibility, who appears charismatic, and who values team-orientation.

At the very end, some limitations of this case study have to be mentioned. The first limitation to this study is that it focuses on a limited number of outcomes. Future work can focus on how participation is associated with leader performance and work output (e. g. effectiveness, satisfaction). Another limitation of this study is the sample size. Despite intensive efforts, only some test persons returned a complete questionnaire. Finally, this study was carried out on an energy-based organization in Bulgaria and Romania. Future works on participative behavior should include other industries and countries to further validate the outcomes of participative leadership.

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