A Study on Motivators and Success Strategy for Merger and Acquisition

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Abstract – This paper actually briefs on a detailed format that actually addresses the complex and a very vivid nature of the happenings seen of the culture for the international acquisition performance. This particular perspective also suggests that it is actually not actually the cultural difference seen as per, but is also termed as ineffective set of management of cultural differences which actually may be the pivotal reason for actually being faced with the very high failure prices of the international acquisitions made.

It is therefore termed as an important part that every MNCs actually also consider the actual need to be successful and also to combine different set of varied set of cultures in its actual order to actually improve the real performance made on these set of transactions made.

Keywords: Merger and Acquisition, Cross Cultural Difference, International Acquisition.

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INTRODUCTION

It is been observed that cross-border mergers are a rapidly increasing and are termed as an important phenomenon in the world economy. They comprise well on the over a half of all the foreign direct investment (FDI) made, which is considerably more than the Greenfield FDI made. They also wish to actually constitute the actual increasing proportion of all the set of mergers made. Moreover, there is also considerable anecdotal and even other evidence which is suggesting on the cross-border merger made which waves and actually coincides with the episodes of trade liberalisation and even market integration.

A detailed study made on the European Commission which was analyzed that even cross-border mergers are actually dominant form of the nature made with the adjustment implemented by the European firms to the actual extension made by the EU Single Market, and also is having the similar patterns which was actually founded for the Mercosur which was made by the economic union in the Latin America. From past 02 decades, it is been observed that even cross-border or both the even both the international mergers and even acquisitions (IM&A) have actually become the most preferred method made on foreign direct investment i.e. (FDI). The actual trend portrays that even IM&A together go both ways: i.e. towards actual developing the countries and from them, even reshaping the world's economic boundaries (Chapman, 2003). Even the trends are not withstanding, with the researchers who actually

suggest that, even overall, the expected financial benefits of M & As are termed as often and is not realized (Auster & Sirower, 2002).

The high rate of these failures have been actually been associated which is mainly to the actual fact that actually remains as "M&A which are still being designed with the business and even the financial fit termed as primary conditions, and is leaving psychological and even the cultural issues termed as the secondary concerns" (Bijlsma- Frankema, 2001, p. 192).

While as new set of countries which enter in the free-market economy, paying attention captured on the cultural factors in IM&A and is becoming crucial (Rondinelli& Black, 2000). The actual wider even the cultural gap and even the current trend of IM&A which is between actually developed and even developing countries also increases the urgency of actual understanding the real effects of the culture dynamics of IM&A and on the issues made which is such as corporate governance and even the local adaptation strategy.

From the actual literature review and even in different view's of various author's mentioned it is very clear that even the culture also clashes which is between the merging organisations and have been termed as one of the most important and pivotal explanations made for the actual failure made on mergers and acquisitions. Researchers such as Buono et al. 1989; Datta and even Puia 1995; Veiga et al 2000 which is put into actual

blame behind the lack of success which is made on the cultural differences which is between made on the companies and even the difficulties made on these differences which created in M&A company integration. This is carried due to the cross-cultural situations made on the difficulties in M&A which is encountered further, when even the actual merged companies which are in actual beyond from two or more other different countries.

People who are working which are around the world which may actually are in responsive in nature to the same situations or even on the events made in a very different set of behaviour made. So, it is pivotal for the organisations which are been involved in an international merger or acquisition to actually think which is about these differences which is right from the design stage.

However, even one should try not to forget the actual combination made between the organizations with the well-matched and are that is highly compatible cultures which would actually face to meet the expectations. If they are being insensitively and are very poorly managed, on the other hand, even in the various set of situations where the different cultures are actually combining various organizations which are being very highly dissimilar and are even potentially which is incompatible, and is in good management which can still which is prove effective.

It also addresses of the difficult nature of the causes of culture which is caused for both international acquisition performance as well as Mergers.. This perspective also suggests that it is particularly not even cultural difference per se, but it is termed as ineffective management of cultural differences faced that may actually be the pivotal reason for the high failure rates caused towards the international acquisitions.

It is therefore termed as an the most important link where even MNCs are being consider with the actual need to be successfully combine with different cultures in actual order to improve the performance of these transactions.

Acquiring company	Acquired company	Deal value (US$ billion)
British Petroleum (United Kingdom) *Petroleum*	Amoco (U.S.) *Petroleum*	61.0
Daimler-Benz (Germany) *Automobile*	Chrysler (U.S.) *Automobile*	39.0
Zeneca Group Plc (United Kingdom) *Pharmaceuticals*	Astra (Sweden) *Pharmaceuticals*	34.0
Fortis (Netherlands) *Bank*	General de Banque (Belgium) *Bank*	14.0
Texas Utilities Co (United States) *Electricity*	Energy Group Plc (U.K.) *Electricity*	10.4
Seagram (Canada) *Music*	PolyGram (Netherlands) *Music*	10.4

Top companies involved cross-border M&As in 1998
(Source: KPMG Corporate Finance, 1999)

RESEARCH METHODOLOGY:

A descriptive research methodology is used in this paper to study made on the impact caused on the culture of the cross border merger and acquisition.

The **objectives** of this study are:

a. To under the motivation made behind the merger and acquisition.

b. To study the actual causes for the failure made on mergers and acquisitions

In order to achieve the above objectives, various literatures on successful as well as failed crossed border mergers were analysed and on the actual basis of those reviews conclusions are drawn.

Explanations made for the actual failure made on the mergers and acquisitions made:

The actual success on mergers and acquisitions that are directly proportional to the level and even on the quality of the planning which is involved.

Most of these set of organizations actually utilize the inadequacy of time and also try to analyze and try to predict the current and the future market trends as well as the merger issues. Organizations, even sometimes, try to allocate the insufficient resources to actually establish the proper strategic set of objectives. Many transactions also fail or even suffer with the significant setback made as a result of the insufficient which is carried due to the diligence which is performed on the target company Oon, 1998.

However, it is very apparent here that the actual ratio of mergers and their failure is very high which is caused and is during the actual integration process made, Simpson, 2000. Integration may also fail because of the appropriate strategic management made, and even analyze the differences which actually incorporate the cultures, and also delays in the communication made and even on the lack of clear vision created. M&A has been a very long and a detailed history; it has been actually existing at least since the old 1900s Gaugan, 1999.

However, the actual saliency of M&A has been increased considerably and is caused during the past 02 decades as numerous the US firms have actually adopted M&A as a common corporate strategy to actually expand their organizational capabilities and also to take the better competitive market positions Buono and Bowditch, since 1989, Sally Raid, 2007. This actual propagation also have been continued during the 1990s, and even beyond, which is including 7,809 M&A transactions

Dr. Pawar D. D.*

made with a total value of $1.19 trillion in the US since 1998 alone Guaghan, 1999.

Here, many of the scientists and the researchers who have searched on the literature for clear and their systemic answers to actually question which did not actually found the right answer. However, there are some set of progress which has been made to actually find out with the suitable answer.

Past research on M&A has focused on either the effect of various financial issues, such as the mode of transactions and the number of bidders, or the performance implications of various strategic issues, in particular, the level of relatedness. For example, even a general but it is still questionable and also claims in that and is related with M&A display and its superior performance made as compared to the unrelated M&A made by actually providing the better synergy caused due to the economies of scale and its scope Datta, 1991.

As neither financial nor strategic perspectives provide sufficient explanations of why nearly half of M&A fail to fulfill prior expectations, However, recent researchers have captured the attention has been shifted to the human side of M&A, exploring the issues of organizational fit and/or the actual organizational integration processes Hogan and Overmyer-Day, 1994.

Gilkey 1991 which actually argues that even mergers and acquisitions failure ratio is also as high and is because they are still not planned with the business and the financial fit and also considers it as the primary conditions, rather they should also consider the psychological and even the cultural issues termed as a primary conditions. "A close examination of these issues which could have brought about a learning process, and has been directed and is successfully managing such set of ventures". Gilkey, 1991, p.331.

Risberg 1997 p.257 actually viewed that by "studying the actual concept of acquisitions caused through by a different perception, even a cultural ambiguity structure, which also helps us to actually understand the difficulty of these phenomenon in a better way and even it is perhaps which can actually prevent some unwanted results from it".

Riseberg 1997, his set of studies was concluded by the communication made as the most useful device to actually negotiate the meaning out of the acquisition and the ambiguities made which is during the integration process. Researchers such as, Cartwright and Cooper, 1992; Bueno and Bowditch, 1989; even Gilkey, 1991 all are in a actual view that is caused during the last 02 decades, study and even the management of "Human factor" has also become and is termed as an pivotal source of success made both in mergers and acquisitions. These authors agree that even the culture has played a pivotal role in M&A.

However, it is not termed as that easy as that to actually spread the knowledge which is about the real importance of the culture differences made which is within the merged organizations. If the actual organizations want to work and even wishes to actually achieve a higher set of level of integration, then they have to actually answer that how the actual part that even the culture plays in success or even the failure of organizational melting processes which can be predicted. Cartwright and Cooper, 1992. 1.1

CULTURE DIFFERENCES:

Even the culture differences are facing the differences, which are to be considered as to be termed as the most pivotal issue for the actual lack of the predicted performance, even the loss of key employees, and even it is time consuming conflicts even in merging of business Bijilsma-Frankema, 2002.

As to BijilsmaFrankema 2002 the term 'Culture clash' could also be actually used to describe the conflict which is between the merged organizations; which may also include the differences in their styles, the norms, even sanctions, philosophies, and on the objectives made. This may, in fact, to be termed as the most difficult set of factors when they actually 02 companies decide to actually combine.

Covin et al 1997 also argues that even, if the conditions for M&A are termed as being favorable, where even still mergers can so be a change in the nature; orientation and even the character of one or even both of the merged partners; which also means it will actually require 5-7 years where employees can also feel whether they have truly has understood one or the another's culture very efficiently. It is been observed that most of the adjustment problems which were made has been actually witnessed and is also caused which is during the post-merger period Mirvis and Marks, 1992.

According to Mirvis and Marks 1992, these set of problems actually arise due to employee's fear of losing the job and even the financial debt which is caused due to job loss. Also, it fears that arise caused is due to the actual loss of the group of team members, and even the appointment of new team members and their new supervisors can also lead the various organizations into an ambiguous situation. By forcing employees to deal with new supervisors and new team members, they could build up worries of taking certain risks and raising sensitive issues.

Dr. Pawar D. D.*

This can also lead to actually develop 'us versus them' scenario, where even the trust for the new members will also be nominal as per Mirvis and Marks, 1992. Various Organizations, are having this actual kind of the situation which may find themselves in the dilemma which is caused due to the loss of the collaboration and even the interest caused due to the among the employees of the new business amalgamation. It will also be difficult to actually achieve the synergies that were initially sought out; it will also be very difficult to actually resolve various conflicts and even sensitive issues caused, if at all, this actual resistance also arises often. Even Post-merger can also be the most difficult time for the new team to actually move forward as a whole as per Appelbaum et al, 2004. 2.

(Preeta Roy et al, 2004) This case study is based merger of two leading competitors in the global computer industry, Hewlett-Packard Company (HP) and Compaq Computer Corporation (Compaq).The case explores the reasons for HP's failure to realize the synergies identified prior to the merger. On September 04, 2001, two leading players in the global computer industry -Hewlett-Packard Company (HP) and Compaq Computer Corporation (Compaq) - announced their merger. HP was to buy Compaq for US$ 24 billion in stockin the biggest ever deal in the history of the computer industry. Critic called it a strategic blunder and even the dumbest deal of the decade. Together, the pair lost US$ 13 billion in market capitalization in a couple of days. Major reasons for the failure of this deal can be attributed to lack of proper strategy.HP culture waslargely based on engineering and compromise, while Compaq had a hard-charging sales culture. Management too in this case was bit autocratic and centralized rather than being freeand flexible.

AMBIGUITY AND EVEN THE COMMUNICATION PROBLEMS:

Ambiguity and even the Communication problems caused with the merged entity as per Feldman 1991:p. 146, also emphasis on the ambiguity which actually begin in an organization when there is "no as such clear interpretation of the phenomenon or of the set of events." However, even understanding of an event by group of individuals can also be very throughout by the organization as per Martin and Meyer son 1991.

Meyer son and Martin 1991 even further explained that ambiguity can also exist in the whole organization, as well as among the group of individual's and also depends on their varied set of culture's knowledge. So, even ambiguity also exists at various set of levels of an organization and each of the individual's also experience it at the different intervals. In the past even the number of authors such as, March and Olsen 1976, Khan et al 1964, Cohen and March 1974 have also identified the ambiguity in the organizations.

In total, even the insufficient information and even there is lack of proper communication found among individuals, is termed as the main cause of ambiguity in organizations. Khan et al 1964, p.23 it also argues that even "ambiguity as the termed as lack of clear and consistent information given". Frost et al. 1991 it also binds the ambiguity and even the communication. He even asserts that there is proper information which can be resolved easily. All these detailed descriptions actually shows the clear relationship which is between the ambiguity and the information communicated.

So, henceforth there was a proper communication of information which was caused due to the among the individuals which can also decrease the actual ambiguity. However, it is also very possible that even the wrong communication may also lead to an increase in the ambiguity. Once the firms are being merged with each other and a new firm has been established, even the employees previously working independently will also have to actually adapt the new infrastructure and the work environment.

Changes may also occur because of the previously independent firms which actually show comparatively less information similarity in the work environment and once it also becomes well organized, their actual expectation will be different from their actual set of employees Martin and Meyerson's 1991.Organizations are also becoming as global, and are however, according to Martin and Meyerson's 1991 even the ambiguity must be easily identified in the information which is been communicated.

According to Schein 1993 if organizations wishes to understand one another's actual culture, they have to even acknowledge it. Therefore, there is a proper communication made which can lead towards actually acknowledging the various cultures inside the organization. Davis and Jasinski 1993, which is further in view the actual importance of communication that it must be used actually as a meaningful device for the individuals involved.

The proper set of management of change in an organization can be possible due to proper communication in the organisation. According to Young and Post 1993, p.36 "that communication was too important to make employees less resistant to change." Furthermore, there is also a point out that proper communication which should be initiated from the top management and should also be continued throughout the actual transformation period. Scweiger and DeNisi, 1991 it elucidates that there actually should not be any disagreement made which is between the words which is spoken and the action taken into consideration.

Dr. Pawar D. D.*

They further explained that, even proper communication is as important tool as in management of change which is particularly caused during acquisition. However, it actually must be consistent to shun any of the confusion. Un-consistent communication made which may be actually created during the early phases of acquisition process, and as everyone also shapes their own opinion about the actual acquiring of the company.

MANAGEMENT OF CULTURAL INTEGRATION:

Management of cultural integration is actually having improper communication which cannot be the only single cause of issue for merging the organizations; it is seen that the senior executives of the organization who are also dealing with the amalgamation process, even sometimes intentionally withheld the information from the employees and is also a serious issue caused. As there are these kind of issues faced which can actually create uncertainty, even loss of trust and even loyalty which leads to actually develop confusion among the employees.

Many authors argue that, organizations are moving from functional to network form, so, performance of the organization now depends on trustful relations between each individual of the organization. According to Miles and Snow 1994, "A high level of trust with in a network form is seen as a functional equivalent of building and maintaining control in functional forms." A generally conceded set of ideas generated is that actual trust caused on managerial philosophies, actions and even beliefs which can actually reduce the transaction costs incurred.

Authors such as Sheperad and Tuschinsky 1996, Powel 1990, Cumming and Bromiley 1996 are of the view that, even in a relationships there are of a trusting nature, even costs which are actually associated with the control, even checks and actual monitoring caused which can be minimized later. Control and even trust are termed as the vital elements of the merged organizations; if the control is not actually minimized then even trust will actually decline among the individuals.

According to Handy 1993 even the subordinates actually trust on their manager and even the control over their work made by the manager and it remains constant in sum. So, when actually there is an increase in the amount of the control made then the actual amount of trust will actually decrease in the same manner.

And that is caused due to the lack of its actual awareness which is caused due to the individuals, who are about to deal with the managerial attitude or even the behaviour which should be trusted or should be distrusted. The actual balance between the managerial behaviour and even the trust caused due to their employees which can also be minimized by the shared norms which can also help in actual reduction of creating misunderstanding regarding the mutual expectations.

Let us assume that, people who actually do not want to harm anyone might also do so, because he/she actually does not have any idea about the norms and its expectations of others. For this actual purpose, even regular dialogues caused between the two parties can also lead to be more sharing of the norms which can also help how to properly communicate information regarding one another's norms and expectations.

According to Nguyen and Kleiner 2003 that also regulates the dialogue which can involve the "exchanging ways of actually thinking and even reasoning that have actually brought about the conclusions between the people and draw of each other's behaviour easily". Simply because of the exchanging they cannot be concluded as it is a learning process. Learning is all about each other's way of actual reasoning the adds to the mutual understanding, and it also assists the comparison: is the other's actual reasoning and is really so different or just it is an alternative pathway which is taken from a common ground or so. Even the alternative paths may reply to the specific situations, each with its own actual success value. They can all be seen as actually be supplementing with each other. Even both the ways of thinking can actually be combined with a new logic behind it. There are considerations which are potentially furthering the integration and may arise later, thanks to the actual quality of a dialogue over the simple exchange of conclusions.

ACQUISITIONS AND ORGANIZATIONAL CULTURE:

The actual literature has been explained with the culture in the form of "value" which is having both the similarities and even the differences Riseberg 1997. As per Jemison and Sitkin 1986, it has been cited in Riseberg 1997 to actually make the real acquisitions and the work, it is termed as very important to actually find the fits which is between the combining companies. e.g. similarities in the corporate culture and even in the management styles Nahavandi and Malekzadeh, 1988. The most used fundamental hypothesis is that to actually make the acquisition work fruitfully.

There are 02 organizations which must be actually integrated in such a way that even they actually become as similar as it is possible in order to actually attain a mutual corporate culture Nguyen and Kleiner 2003. As per to Haspeslagh and Jemison 1991 cited in Riseberg 1997 that there are these set of hypothesis which actually do not fully

Dr. Pawar D. D.*

describe the integration in all the acquisitions. So, it also indicates that, there are various degrees of integration which should be actually used according to the nature of the acquisition.

However, researchers such as Napier et al 1989 also argues that, even the acquired company which is mostly forced to actually adapt to the acquiring company's real culture and the routines which may also lead to the complications in their real adjustments made to the parent company. On the other side, there is a round which should also be implemented and taken into consideration.

According to Martin and Meyerson 1991 cited in Riseberg 1997 p.258 "A culture is also viewed as an ambiguity with the perspective which cannot be actually characterized as being either in harmony or in terms of conflict. Instead, every individuals should share their viewpoints, and also disagree about the some and are being ignorant of or indifferent towards others."

According to Fines 1991,there is still an existing organizational theories, which are being acquired by the group of companies which should be integrated into the acquiring company's existing culture which actually does not account for the cultural differences caused within the organization. Inside the organization there are most different cultures which exists due to the actual people's belonging to the different ethnic group and their gender or nationality Risberg, 1997.

ACCULTURATION PROCESS

Martin and Meyerson 1991,they also elucidated that as per these set of organizational theories the culture is actually viewed as something which can be homogenizes in nature and both the organization and its members as well. Thus, when there are 02 cultures they actually merge together, the existing theories that often assumes that one of the two should also integrate into the other existing organizational culture to actually make the new and existing organization work Berry, 1980, Nahavandhi and Malekzadeh, 1988 cited in Risberg 1997.

However, an organizational culture which is rarely and has set of values, norms, even expectations and assumptions which actually unites all the organizational members. As per to Schein 1993 organization may also consist of different subcultures that may also have a quite conflicting assumptions about the reality. 5. Acculturation is also a process Nahavandhi and Malekzadeh 1988, p. 82 has also cited in Salama, 2003 to actually adopt "the anthropological term acculturation to actually illustrate the cultural and even the changes which are resulting from the interaction of one organizational culture with another as well". Cultural differentiation; and even organizational forces for the integration are the actual basis of acculturative process. This has

been also observed by Buono and Bowdich 1989, p. 105 and has also cited in Salama, 2003 "that some of the individuals which may also refuse to actually give up particular culturally bound and even their ideologies, traditions or behaviours, therefore, the actual may be purposely delay with the acculturation process", or even the"lag" behind the rest of the organization in actual terms of accepting the culture which may change Vansina, 1991. Salama, 2003, p.314 and further can be elaborated that even the "acquisitions selections decisions are actually made and are driven by the financial and even the strategic considerations.

Yet many organizational alliances which may fail to actually meet the expectations and is caused because of the difficulties faced in the acculturation process which would compromise the knowledge transfer and learning to occur". These set of kinds of the difficulties actually faced in the acculturation process which could be a real function of either or even both of the integration strategies made or the incompatibility made of the partners' cultures Carwright and Cooper, 1992, Creed, 1996. 6.

CONCLUSION:

By evaluating critically along with the various authors' there are views in the literature occurred on the mergers and the Acquisitions of the actual cultural difference, but is also an ineffective management of the cultural differences that have occurred and is the main reason for the actual high failure rates caused to the international acquisitions. In a relatively short span of time using the proven, business focused tools suggested, cultural due diligence can be undertaken.

But the same approach and tools are also relevant for all projects that rely on a combination of unknown people and/or companies and/or nations. Cultural understanding cannot be 'painted on afterwards'. Best therefore, to be diligent in assessing and planning this 'fourth dimension' as diligently as the strategic, financial and legal issues.

Trust in the process of cultural integrations, can also enhance co-operation between groups belongs to different cultures. This can all be achieved by actually developing the acculturation system in the organization. Actually the acculturation system also must consist of how to actually develop the regular dialogues, with enhanced share goals, and shared knowledge about differences and even similarities in norms, in values, and even in expectations which are making the agreements, and monitoring the conformity and the agreements, with proper handling of non-conformity, and even in advance agreement on conflict resolutions made.

The acculturation system will also be emerged as the key factor in trust building.

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