BULETINUL INSTITUTULUI POLITEHNIC DIN IAŞI
Publicat de
Universitatea Tehnică „Gheorghe Asachi” din Iaşi,
Tomul LX (LXIV), Fasc. 2, 2014
Secţia
CONSTRUCŢII DE MAŞINI

LATEST TRENDS IN MERGERS AND ACQUISITIONS RESEARCH. THE NEW PATTERN OF GLOBALIZATION

BY

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Received: September 4, 2014
Accepted for publication: October 6, 2014

Abstract. The corporate sector all over the world is restructuring its operations through different types of consolidation strategies like mergers and acquisitions in order to face challenges posed by the new pattern of globalization.

Cross-border mergers and acquisitions (M&As) sharply increased over the last two decades and this is partly the result of financial liberalization policies, government policies and regional agreements.

This study aims to highlight the leading questions in M&A research and tries to find ways to overcome the inconsistencies of the research findings.

Our study proposes an analysis of the most important reasons for the M&A activity and the main processes during this kind of activity. We focus, also, on performance and success factors of mergers and acquisitions.

In this article, we aim to answer the questions "Why companies perform M&A?", "What is actually M&A performance?" and "How to achieve success in M&A?".

We intend to contribute to the M&A literature by revealing the current understanding of the M&A fundamental issues. We aim to discuss also the relevance of current M&A performance research.

Key words: M&A performance, cross-border mergers, acquisition, success factors.

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1. Introduction

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We intend to contribute to the M&A literature by revealing the current understanding of the M&A fundamental issues. We aim to discuss the relevance of current M&A research.

This paper seeks for a common understanding of M&A fundamental issues by providing various interpretation and highlighting some inconsistencies of M&A literature. Scholars and practitioners explain these inconsistencies in different ways.

In the next section, we briefly describe the main reasons for mergers and acquisitions. In the third section, we describe the main issues regarding the M&A processes. In the fourth section we present and discuss the concept of M&A performance. The fifth section presents some of the M&A success factors. We conclude by discussing our findings in the M&A field.

For the past decades, there has been a growing body of research on M&A performance and on the success of mergers and acquisitions (M&As). Anyway, the key determinants for success remain insufficient understood.

In what follows, we attempt to synthesize the findings from the M&A research, to identify conflicting perspectives, and then use our analyses to propose further directions of research in the field.

The present article does not attempt to be exhaustive in analysing the current trends in M&A research. We just try to focus attention on what we see as the most important gaps and unsolved research questions.

Trompenaars and Asser (2010) consider that global business expansion and development through mergers, acquisitions and strategic alliances is big business. Even in the wake of the financial crisis of 2008/2009, in a climate of banking difficulties and credit restrictions, more and more "share for share" deals are being proposed and effected.

Cross-border transactions, involving companies based in different countries, often present mouth-watering opportunities for expansion into new markets (Rosenbloom, 2002). These deals also include regulatory and legal issues and complex cultural considerations, such as the need to understand foreign market dynamics, employee work styles, and managerial bias to integrate the companies successfully afterward. The authors consider that the merger involving Swedish Asea and Swiss Brown Boveri Inc. was a classic multicultural merging of equals. Yet the complexity of integrating these companies into engineering giant Asea Brown Boveri (ABB) extended well beyond internal business issues. For instance, ABB had to contend with strong national companies, governments, and striking unionized German workers, plus powerful and culturally different management comprised of five nationalities on the eight-person executive committee and nineteen nationalities among the 170 head office employees.

Calipha *et al*. (2010) point out that present-day corporate strategy is focused firmly on M&As as a tool for promoting future growth and creating sustainable value. As a result, companies are aggressively seeking and buying compatible and synergistic businesses to bolster core strengths, and shedding noncore operations.

Trompenaars and Asser (2010) emphasise that looking ahead, many pundits are predicting two conflicting trends, which have their origins in 2009. On the one hand we can observe a plethora of divestments and deintegration processes going on, in particular in the financial services industry. On the other we can see a round of increasing integrations and reorganizations under the pressure of global sustainability while global competitiveness increases. Bigger companies will abound but their strength will lie in their nimbleness and agility, not simply their scale or scope. Companies are realizing that they have to operate within a business ecology where interdependence, not independence or singular dependence, is the name of the game. Emerging markets will find more flexible capital sources, and conglomerates will leverage and alter their strategic approach to markets, forcing others to make rapid adjustments. Even the big US-based companies employ more and more people outside of the US and many generate more than half their income overseas (GE, Corning, IBM J&J, etc.). Indian, Chinese, and South African corporations are acquiring and integrating companies in the UK, the US, and across various parts of Asia and Africa (Old Mutual, Lenovo, Haier, Tata, Mahindra, etc.). Constant change, economic waves, financial bubbles, ambiguity, and risk measures will put a greater emphasis on the ability to increase capacity, influence employees, collaborate with other entities across borders and boundaries, and integrate with former challengers.

Another interesting point of view is offered by Hofstede *et al*. (2010). They consider that companies are replicators, and good companies also function as moral circles, albeit not necessarily at the level of values, as shown in this book. They are continually being created, bought, and sold, and they go bankrupt. On a time scale of years, new businesses are being created. These entities are not necessarily better than their predecessors, but they are mutations, some of which may be better adapted to current evolutionary pressures. The selective mechanism is based on many factors, including the ability to make friends in high places, to remain within the law, to use new communication technologies, to create an acceptable public image, to limit cost, to produce quality, and to innovate. The time scale is months or years. The whole landscape of business evolution is being governed by nations and international organizations–at least, these bodies attempt to administer favourable selective pressure that enhances good practice and curbs practices deemed detrimental to society.

Some scholars consider that institutional theory can offer a comprehensive framework for understanding variations in national M&A activity (Very *et al*., 2012). On the one hand, local economic conditions could influence M&A activity; on the other, M&A activity in the United States could influence M&A activity in foreign countries. This framework suggests both dependence and contagion with regard to national M&A activity: dependence on a country's institutional context, and contagion from U.S. M&A activity.

Sonenshine and Reynolds (2014) notice that while most cross-border mergers take place among firms in developed countries, an increasing amount of activity has been occurring in emerging markets. This is not surprising considering that the developing world has accounted for much of the world's economic growth over the past decade; the OECD recently predicted that developing and emerging economies are likely to account for 60% of the world's economy by 2030.

Other scholars point out that given the rapidly shifting corporate and global landscapes, if we are to keep pace with the speed of change, learning and innovation occurring in the companies that we study, we need to be ready to maneuver ourselves as researchers engaged in studying one of the most prevalent forms of change in modern corporate history: M&A (Cartwright *et al*., 2012).

Others posit that cross-border mergers and acquisitions have become an important strategy employed by firms in the global competitive landscape (Hitt & Pisano, 2003). As such, managers must be better informed as to the potential opportunities and challenges presented by this significant strategic action. Furthermore, they must understand how to increase the probability of successful cross-border merger and acquisition actions.

Some scholars claim that culture, through the influence on behaviour, attitudes, and positions towards action can be considered an important factor, maybe decisive, of facilitating, blockage, success or failure in different types of research (Zaiț & Spalanzani, 2009). We consider that this approach is very suitable for the M&A research which is the subject of this paper.

2. M&A Reasons

Business is increasingly pursuing mergers, acquisitions and strategic alliances, not only to implement globalization strategies and necessary restructuring, but as a consequence of political, monetary and regulatory convergence, as Trompenaars and Asser (2010) point out. Global companies like P&G, J&J, IBM, GE, Pfizer and Cisco but also Tata & Sons, Mahindra & Mahindra, Haier, Lenovo, HSBC, and others all have an M&A strategy coupled with an organic growth strategy, enhancing growth and managing risk at the same time.

Some authors posit that organizations rely on three mechanisms to achieve growth: organic growth, alliances, and mergers and acquisitions (Rosinski, 2011).

Other authors propose five ways of international expansion, in increasing order of cultural risk: (1) the greenfield start, (2) the international strategic alliance, (3) the joint venture with a foreign partner, (4) the foreign acquisition, and (5) the cross-national merger (Hofstede *et al*., 2010).

Some scholars argue that a multinational may choose to engage in cross-border mergers to internalize an activity in order to avoid the disadvantages of working through a foreign firm (Sonenshine & Reynolds, 2014). Cross-border mergers also enable firms to obtain resources from local firms, such as its knowledge base, technology, and human resources, as well as gain access to markets and to key constituencies at the local level.

Other scholars conclude that generally named M&A motives reflect external motives (such as growth or globalization) as well as more internal orientations (such as changing business models or achieving synergies) (Calipha *et al*., 2010).

Firms with high levels of intangible assets or research and development (R&D) intensity are natural candidates for cross-border mergers because the combined firm needs to spread the high fixed cost of R&D expenditures and knowledge asset attainment over large foreign markets (Sonenshine & Reynolds, 2014).

Another interesting article (Kim *et al*., 2011) points out to the negative impact of "growth desperation". The authors consider that firms generally grow through two standard methods−organically by developing growth from internal activities or through acquisition by buying growth from outside the firm−and desperation for growth may arise from either of these approaches. Hence a lack of organic growth and a dependence on acquisitions for growth are the two major drivers of desperation.

The M&A reasons, as they emerge from our analysis, can be described as a result of globalisation, of the need of growth and of achieving synergies.

3. M&A Processes

A recent article (Gomes *et al*., 2013) argues that merely investigating additional discrete variables, within discipline, may not be sufficient to progress M&A research as this is to fall into a "specialization trap". M&A is a multilevel, multidisciplinary, and multistage phenomenon. It requires a more pluralist approach, with integrative frameworks, to grasp the complexities of this multifaceted, multitemporal phenomenon. The authors consider that, historically, M&A researchers have focused separately on preacquisition factors and postacquisition factors influencing performance. However, failure to find a consistent relationship between synergy potentials of strategic fit and M&A performance has led researchers to recognize that "organizational fit" between companies postdeal may be the main determinant of overall M&A performance. The high failure rate of mergers and acquisitions suggests that neither scholars nor practitioners have a thorough understanding of the variables involved in the M&A process and their complex interrelationships. The existing body of knowledge is characterized by several independent streams of management research that have studied discrete variables in either the preacquisition or postacquisition stage. The authors have provided a broad review of the existing body of knowledge on M&A, covering the main disciplinary contributions from strategic, economic, organizational, social, and behavioral perspectives and organized by critical success factors. The article has highlighted how the value of each of the critical success factors can be enhanced through consideration of how they may relate and be informed by other critical success variables both within and across phases of the M&A process. In this way, an interdisciplinary approach to M&A is outlined and a more holistic perception of the phenomena is achieved.

During their research and consulting, Trompenaars and Asser (2010) have collected around 1,500 dilemmas relating to mergers and acquisitions. These dilemmas can be categorized/clustered as ten frequently recurring dilemmas. The authors highlight this way too the complexity of the M&A processes.

Some scholars (Weber *et al.*, 2012) remark that the achievable performance potential of a merger consists of the pre-merger strategic, financial, and contextual (*e.g.* national culture) conditions. The management of the post-merger integration process is likely to determine the extent to which this potential is realized. Cross-cultural conflicts between the two top management teams during the integration process may prevent exploitation of the potential synergy that can arise from sharing resources or transferring resources and skills.

Other scholars support the previous ideas showing that many studies seek to explain the ultimate success or failure of alliances on the basis of their initial conditions. M&A scholars should try to avoid the separation we see in the alliance literature between studies focusing on structure, and those focusing on process (Stahl *et al.*, 2013).

Trompenaars and Asser (2010) consider that the synergy and savings evaluations process generally focuses on the areas of procurement, R&D investments, and new product development, as well as distribution channel and supply chain analysis. Examination of the operational cost reductions normally considers the area of headcount reduction, which is often the most difficult synergy to achieve and implement. Loss of staff is an inevitable outcome following the execution of a merger. On average 50% of managers will leave following the first year of any acquisition or merger, so it is vital to analyze precisely how and indeed whether the vision, mission and values of the NEWCO are completely aligned within the merger strategy. This important (re)alignment of business and cultural dilemmas forms the basis of our integration process. It is also extremely important to assess the inherent dilemmas underlying headcount reduction.

Some authors focus on the due diligence process. Different styles of doing business often make a market for the same product vary from country to country, as Rosenbloom (2002) points out. Also, cultural peculiarities often dictate the organizational structure of the target company (such as hierarchical organizational structures in Japan). Some cultural differences can be overcome; others cannot. The author observes that due diligence can determine the extent to which change can or cannot occur smoothly within a firm or market.

Gole and Hilger (2009) generally agree with the previous author and mention that typically, in the course of due diligence, exposures of various types and magnitudes are identified, and the prospective acquirer must address the more significant ones at some point. The nature of each due diligence finding dictates whether it is best addressed before or after the closing. The authors exemplify that some findings may alter pre-established assumptions about future growth and profitability prospects and therefore affect the perceived value of the target business. Similarly, other issues might involve the discovery of legal or regulatory concerns that place the target business at risk for future liability. Issues such as these may result in the need to renegotiate the value, structure, or terms of the acquisition transaction. They would be assigned to the team charged with negotiating the definitive purchase agreements, which must obviously address them prior to the closing. Other issues, alternatively, may flag potential risks to the combination of the acquiring and acquired businesses. Those issues should be considered by a separate team tasked with the post-acquisition integration and contingency planning.

A similar opinion, but focusing on intercultural issues, belonging to Trompenaars and Asser (2010) reveals that due diligence is of fundamental importance to the non-operational pre-deal activities. It enables the acquirers to focus their attention upon market reviews, risk assessments, management competencies, and synergies to support the operational impact. It generally doesn't involve a full review of the (corporate) cultures of the two companies, but traditionally stays solely within the realm of financial measurement and reporting tools.

The due diligence process has different names in the M&A literature but almost the same meaning. To make sure two companies in a cross-border deal can achieve and maintain strategic alignment, exhaustive strategic due diligence must be conducted (Rosenbloom, 2002). Often called "commercial assessment" or "commercial review," strategic due diligence begins with a company's corporate, or strategic, planning.

DePamphilis (2011) focuses on the use of the results of the due diligence process. He points out that in determining the initial offer price, the acquiring company must decide how much of the anticipated synergy it is willing to share with the target firm's shareholders. This is often determined by the portion of anticipated synergy contributed by the target firm. For example, if the results of due diligence suggest that the target would contribute 30 percent of the synergy resulting from combining the acquirer and target firms, the acquirer may choose to share up to 30 percent of the estimated net synergy with the target firm's shareholders.

The M&A process, as it emerges from our research, can be described as multilevel, multidisciplinary, and multistage phenomenon.

In our analysis, we found various interpretations of M&A processes. Consequently, we observe that many scholars and practitioners had significant contributions in the field.

Our findings reveal that, although most of the researchers point to the importance of due diligence of M&A, in many cases there is not an appropriate practical approach.

We can assert that, despite claiming that M&As is multitemporal phenomenon, many M&A scholars still have a statical approach in M&A research.

4. M&A Performance

Although success rates of mergers and acquisitions are difficult to compare, as surveys in the area use a variety of assessment metrics, most point to a success rate of about one third, while some have found that only 20% of mergers and acquisitions are ultimately successful as Trompenaars and Asser (2010) contend.

Analysis of the success rate of mergers and acquisitions are available (Rosenbloom, 2002) and show that value creation, the ultimate aim of a merger, acquisition, joint venture, or related type deal, is anything but certain. One in five such deals falls through after it's announced, due to either regulatory issues or a failure to resolve outstanding disagreements. Of those transactions that do close, one-half to three-quarters fail to create shareholder value (their earnings are less than their cost of capital), according to several studies by Harvard Business School and surveys of CFOs by Bain & Company. The authors highlight that one of the main reasons is a failure to align strategic goals with the process of generating and executing transactions.

Rosinski (2003) presents a "success story" from the point of view of a practitioner. He remarks that in 2000, Unilever acquired Bestfoods for just over US $25 billion. The operation was among the twenty largest mergers and acquisitions worldwide that year. Rather than de facto imposing its culture, Unilever understood that to make the merger work, cultural differences between the two companies had to be well understood.

We agree with Meglio and Risberg (2011) when they consider that it is not possible to talk about M&A performance as if it was a universal construct. Almost all quantitative studies in the sample use M&A performance as the dependent variable. The authors see this as a clear indication that M&A scholars consider performance as one of the most important gauges to assess the outcome of acquisition strategies. Their article also reveals that US industries are well studied. A closer examination of the data used in the articles and of the authors' affiliations can help us to understand why. The majority of the articles in their sample employ secondary data from large American databases (for example, the Standard and Poor's COMPUSTAT database or the Federal Trade Commission's merger series) that collect information from US based companies.

Some scholars (Gomes *et al*., 2013) claim that if both strategic fit (synergy potential) and organizational fit factors (cultural differences and national culture of the acquiring company) are known premerger, and are taken into account in the choice of integration approach postmerger, M&A performance is superior to those deals that did not consider premerger factors for postmerger decisions.

Other scholars (Li Destri *et al*., 2012) reveal that the key to understanding the dynamics underlying the performance of M&A is the comparison between the amount of premium of acquisition (that is negotiated between the parties) and the value of synergies that a business combination generates. The choice to acquire a firm or merge with another firm should result from a well-developed corporate strategy. Conversely, the lack of understanding of the nature and sources of synergies and their appropriate evaluation results in exceeding the reservation price and leads to the "synergy trap" *i.e*., a downward spiral that involves the progressive and incremental destruction of wealth.

Others (Weber & Drori, 2011) remark that the performance of M&As depends not only on the synergy potential available before and during the merger but also on whether the synergy can actually be realized in the postmerger stage. Strategic and financial decisions by top executives need to be considered simultaneously with the role of the individual in the implementation process to achieve the expected M&A performance.

Still others (Weber *et al*., 2012) indicate that much has been written about the financial, strategic, and integration aspects of M&A, but the findings are contradictory and the reasons for variations in M&A performance have remained unclear, probably because of the focus on pre-merger variables, thereby neglecting cross-cultural conflicts between people in the post-merger period.

Meglio and Risberg (2011) highlight that the M&A performance construct is not a universal construct, but it is sensitive to the research setting. M&A scholars should specify where they measure M&A performance. The description of the research settings should include, but not be limited to, the industry (ies), the geographical areas, the nature of the deals, or the merger waves the studied transactions belong to. M&As are not instantaneous events, and M&A scholars should use measurement methods that do justice to the processual nature of the deals under investigation. More longitudinal studies are therefore strongly recommended. The time scale of the M&A performance measure should be clearly accounted for in the study. The choice of the time scale should be guided by the research question and should be consistent with the nature of the deals under investigation and the features of the research settings.

Straub (2007) shows that trillions of dollars have been wasted on the acquisition of tens of thousands of firms, with quite a few studies having been produced on post-acquisition performance. These studies do not, however, universally confirm managers' obvious enthusiasm for the practice, as M&As' influence on post-acquisition firm performance remains 'inconclusive'. The existing empirical post-acquisition performance studies have not recognized any prerequisites that would be useful in forecasting post-acquisition performance. All this emphasizes that M&As are relative complex events that involve the interaction of a large number of company life variables and are insufficiently comprehend. The reason for this is, to some extent, because researchers have tended to consider only certain explanations for M&As.'

The high failure rate of mergers suggests that neither scholars nor practitioners have a thorough understanding of the variables involved in the postmerger integration process, as Weber and Drori (2011) argue.

Gertsen *et al*., (2004) consider that the emphasis on contingency and embeddedness makes it less likely that practitioners overlook relevant local linkages and the impact of national business systems on merger performance. An enhanced understanding of culture as a dynamic process encompassing differentiation, fragmentation and ambiguities leads to more multifaceted pictures of daily life in merged organizations. And an awareness that our understandings of events and actions are socially constructed may help both managers and employees to shift their perspectives and see organizational life from others' perspectives.

One of the major shortcomings in the research of M&A performance is revealed by Weber *et al*., (2011). The authors point out that the combined effects of corporate culture, national culture, and synergy potential on various integration approaches, as well as their influence on M&A performance, have never been simultaneously investigated.

Meglio and Risberg (2011) conclude in their study that M&A performance is an ambiguous construct. The ambiguity of the construct makes it essential that M&A scholars clearly define what it is that they label as M&A performance. This means clearly stating if M&A performance falls within the financial or the non-financial domain or both, over which dimension(s) the performance is measured, and through which indicator(s).

The picture emerging from our analysis shows a lack of consensus about the M&A performance concept.

In our study, we found various meanings of M&A performance. Consequently, we observe that many scholars and practitioners had significant contributions in the field. We can observe that, despite these advances, important research gaps remain.

Looking into how M&A scholars and practitioners justify their opinions, we believe that M&A performance remains a central concept in M&A research.

5. M&A Success Factors

Two classic cases of successful cross-national mergers are: Royal Dutch Shell (dating from 1907) and Unilever (dating from 1930), both Dutch-British (Hofstede *et al*., 2010). They show a few common characteristics: the smaller country holds the majority of shares; two head offices have been maintained so as to avoid the impression that the corporation is run from one of the two countries only; there has been strong and charismatic leadership during the integration phase; there has been an external threat that kept the partners together for survival; and governments have kept out of the business.

From a cross-border perspective the probability that a deal will succeed depends primarily on two factors: the quantifiable value of the deal and the level of cultural barriers or execution risk as Rosenbloom (2002) argues.

Zaiț *et al*. (2014) define an integrated system of determinants of FDI (especially on M&A) composed of seven categories of determinants: Economic, Social, Cultural, Institutional, Technological, Organizational and Commercial.

Some authors analyse the success factors for both crossborder and domestic M&As (Calipha *et al*., 2010). They consider that many companies fail to capture the much anticipated added value from M&A deals. When asked to draw on their recent experience to pinpoint the critical elements of a successful crossborder M&A transaction, respondents most often cited “orchestrating and executing the integration process” (47% of respondents), conducting due diligence (43%), and energizing the organization and understanding cultural issues (40%). The same factors were generally regarded as key to successful domestic transactions as well, although in cross-border deals the emphasis on cultural differences and various postacquisition integration approaches is naturally greater.

Other authors (Hofstede *et al*., 2010) point to “crossborder learning” in M&A. They show that lack of universal solutions to management and organization problems does not mean that countries cannot learn from each other. On the contrary, looking across the border is one of the most effective ways of getting new ideas for management, organization, or politics. But their export calls for prudence and judgment. Nationality constrains rationality.

A slightly different vision argues that combining neo-institutional theory with economic comovements theory in a dependence/contagion framework, can be considered that M&A activity would gain from being predicted at national level because its evolution depends on country-specific sets of explanatory variables (Very *et al*., 2012). U.S. M&A activity could influence M&A patterns of foreign countries by contagion effect.

A "classical cultural point of view" is expressed by Hofstede *et al*. (2010). They mention that organizational, or corporate, cultures have been a fashionable topic in the management literature since the early 1980s. At that time, authors began to popularize the claim that the "excellence" of an organization is contained in the common ways by which its members have learned to think, feel, and act. Corporate culture is a soft, holistic concept with, however, presumed hard consequences. Organization sociologists have stressed the role of the soft factor in organizations for more than half a century. Using the label culture for the shared mental software of the people in an organization is a convenient way of repopularizing these sociological views. The authors consider that organizational cultures are a phenomenon by themselves, different in many respects from national cultures. An organization is a social system of a different nature from that of a nation, if only because the organization's members usually did not grow up in it. On the contrary, they had a certain influence in their decision to join it, are involved in it only during working hours, and will one day leave it.

Another paper focused on cultural issues (Shenkar, 2012) shows that in the FDI literature, cultural distance (CD) has had three primary thrusts. The first thrust has been to explain the foreign market investment location and especially the sequence of such investment by multinational enterprises (MNEs). The second, to predict the choice of mode of entry into foreign markets. A third application has been to account for the variable success, failure and performance of MNE affiliates in international markets.

Other researchers (Ulijn *et al*., 2010) highlight that most scholars and practitioners intuitively feel that cultural differences matter in strategic alliances and M&A, but when they matter, under what conditions they matter, and how they matter are at the moment poorly understood. Therefore, future research should pay attention to conditions that serve to moderate the culture–performance relationship in strategic alliances and M&A. For example, the different forms of cooperation, namely strategic alliances and M&A, ranging from relatively high levels of integration to relatively low levels of integration, may have different consequences for culture. Cultural issues happen to be particularly relevant in M&A of firms because different cultures must be integrated into a single one, or one culture has to be absorbed by the other.

Some authors (Hofstede *et al*., 2010) choose to point to the basic values of a multinational business organization showing that they are determined by the nationality and personality of its founder(s) and later significant leaders. Multinationals with a dominant home culture have a clearer set of basic values and therefore are easier to run than international organizations that lack such a common frame of reference. In multinational business organizations the values and beliefs of the home culture are taken for granted and serve as a frame of reference at the head office. Persons in linchpin roles between foreign subsidiaries and the head office need to be bicultural, because they need a double trust relationship, on the one side with their home culture superiors and colleagues and on the other side with their host culture subordinates.

An interesting point of view of success factors and the way of reaching success belongs to Rosinski (2011). He mentiones that coaches can help organizations identify the combination that is best suited to their unique circumstances, help in the execution (e.g., integration), while being ready to challenge the assumption that bigger necessarily means better.

A slightly different view (Vaara *et al*., 2013) considers that managers may use cultural differences as convenient attribution targets. The authors found that prior experience strengthens the association of failure with cultural differences. Their finding suggests that managers can ‘learn’ to explain failure with cultural differences, which carries with it a risk of using cultural differences as easy explanations and scapegoats,

Some authors (Stahl *et al*., 2013) point to four main unresolved issues: linking pre- and postmerger processes, the role of culture, the role of prior acquisition experience, and how to assess performance.

A different point of view is expressed by Zaidman (2001). She considers that communication problems among international managers are better explained by focusing on differences among the discourse systems that have an impact on the participants’ communication behavior rather than on global categories of cultural difference.

Some authors consider knowledge transfer as one of the most important issues (Reus, 2012). He considers that M&A success depends on mechanisms that enhance the exploration and exploitation of knowledge. Exploration depends on the capacity to absorb new knowledge, which is a function of the amount of prior related experiences of the acquirer and target, and complementary knowledge among acquisition partners. Exploitation of knowledge depends on combinative capability, which is a function of the extent to which acquisition partners have the opportunity, motivation, and ability to share knowledge.

Zaiț (2013) believes that intercultural approach should remain what it is and was considered since its inception: a way to consider relating of different cultures where the company, corporation or organization performs actions, activities or business to which those connections can have consequences. Thus, interculturalism is neither a field nor primarily marks the existence and way to communicate for several cultures that come into relationship through enterprise, corporation or organization. The emphasis, in this approach, is placed on variability, on what is different between two or more cultures and on the consequences of the actions developed by those entities in or between the considered cultures.

Research into M&A success factors reveals mixed results.

Although most of the researchers point to cultural determinants of M&A, there is not a general common opinion of the main M&A success factors.

As the M&A literature reveals there are many gaps and unsolved problems in the field. Therefore, the contradictory findings suggest that these complex issues require more theoretical and empirical study.

In addition, future research on M&A success factors should consider analysing the relation between cultural and non-cultural determinants of M&A.

Future studies could also explore other success factors specific for different countries. One of the directions might be studying particularities of M&A in Eastern Europe after large scale privatization.

Table 1 shows some of the critical success factors in M&As, revealed by scholars and practitioners in their studies.

Table 1

Critical Success Factors in M&As

Critical success factors in M&As	Authors
1. Achieving synergies	Calipha *et al*. (2010) Li Destri *et al*. (2012) DePamphilis (2011) Reus (2012)
2. Levels of research and development (R&D)	Sonenshine and Reynolds (2014) Trompenaars and Asser (2010)
3. Post-merger integration process	Calipha *et al*. (2010) Weber and Drori (2011) Weber *et al*. (2012) Gomes *et al*. (2013)
4. Strong leadership	Hofstede *et al*. (2010)
5. Understanding of the variables involved	Gomes *et al.* (2013) Weber and Drori (2011) Hitt and Pisano (2003)
6. Organizational cultures	Hofstede *et al*. (2010) Ulijn *et al*. (2010) Zaidman (2001) Weber *et al.* (2011) Vaara *et al.* (2013)
7. Cultural distance	Shenkar (2012) Rosenbloom (2002)
8. National culture	Weber *et al*. (2012) Gomes *et al.* (2013) Gertsen *et al*. (2004) Weber *et al*. (2011) Vaara *et al.* (2013)
9. Linking pre- and postmerger processes	Stahl *et al.* (2013) Straub (2007)

Table 1
Continuation

Critical success factors in M&As	Authors
10. Due diligence	Trompenaars and Asser (2010) Calipha *et al*. (2010) Gole and Hilger (2009) Rosenbloom (2002)
11. Cross-cultural conflicts	Weber *et al*. (2012)

6. Conclusions

Even during the financial crisis after 2008, more and more M&A deals are negotiated and implemented. Business is increasingly accomplishing mergers and acquisitions, both as globalization strategy and necessary and as a consequence of political, monetary and regulatory convergence.

The global economy reveals many divestments and deintegration processes but, in the same time it reveals also integrations and reorganizations processes while global competitiveness increases.

Most surveys on M&A point to a success rate of about one third. The success likelihood depends first and foremost on the quantifiable value of the deal and the level of cultural barriers.

By creating conditions for knowledge sharing, M&As are a particularly suitable context for organizations to access and share organizationally embedded knowledge-based resources especially in cross-border transfer.

M&A is a multilevel, multidisciplinary, and multistage process which requires a pluralist approach. M&A researchers have focused generically separately on pre-acquisition factors and post-acquisition influential factors. Neither scholars nor practitioners have a comprehensive understanding of the factors involved in the M&A process and their interrelationships.

Researchers consider performance as one of the most important gauges to assess the outcome of acquisition strategies but they must state where the M&A performance is measured and they should use appropriate measurement measures to capture the processual nature of the deals.

We conducted an analysis of the most important reasons for the M&A activity and the main processes during this kind of activity. We have focused, also, on performance and success factors of mergers and acquisitions. This article allowed us to draw attention to the problem and will enable us to develop further research to reach more generalizable results.

In this paper, we have synthesized some major findings from the M&A research and have identified some conflicting perspectives.

We tried to answer the questions “Why companies perform M&A?”, “What is actually M&A performance?” and “How to achieve success in M&A?”.

From the analysis above, it is self-evident that M&A reasons are a result of globalisation, of the need of growth and of achieving synergies.

In our study, we found various interpretations of M&A processes. Consequently, we observe that many scholars and practitioners had significant contributions in the field.

Our findings reveal that, although most of the researchers point to the importance of due diligence of M&A, in many cases there is not an appropriate practical approach.

We can assert that, despite claiming that M&As is multitemporal phenomenon, many M&A scholars still have a statical approach in M&A research.

Looking into how M&A scholars and practitioners justify their opinions, we believe that M&A performance remains a central concept in M&A research.

Research into M&A success factors reveals mixed results. Although most of the researchers point to cultural determinants of M&A, there is not a general common opinion of the main M&A success factors. Therefore, the contradictory findings suggest that these complex issues require more theoretical and empirical study.

In addition, future research on M&A success factors should consider analysing the relation between cultural and non-cultural determinants of M&A.

Future studies could also explore other success factors specific for different countries. One of the directions might be studying particularities of M&A in Eastern Europe after large scale privatization.

To sum up, future studies in this area should focus on clarifying the M&A performance concept and on the relation between cultural and non-cultural determinants of M&A. Further research could also extend the area of interest to Eastern Europe M&As.

We believe our paper contributes to further the understanding about the M&A fundamental issues by providing a different way to interpret the inconsistencies of M&A research outcomes.

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CELE MAI RECENTE TENDINȚE ÎN CERCETAREA ÎN FUZIUNI ŞI ACHIZIȚII. NOUL MODEL DE GLOBALIZARE

(Rezumat)

Sectorul corporatist din toată lumea îşi restructurează operațiunile sale, prin diferite tipuri de strategii de consolidare, cum ar fi fuziuni şi achiziții, pentru a face față provocărilor generate de noul model de globalizare.

Fuziunile şi achizițiile transfrontaliere (M&A) au crescut brusc în ultimele două decenii şi acest lucru este în parte rezultatul unor politici de liberalizare financiară, unor politici guvernamentale şi unor acorduri regionale.

Acest studiu îşi propune să evidențieze cele mai importante întrebări din cercetarea în fuziuni şi achiziții şi încearcă să găsească modalități de a depăşi inconsecvențele din rezultatele cercetării.

Studiul nostru propune o analiză a celor mai importante motive ale activităţii de fuziuni şi achiziţii şi a principalelor procese specifice acestui tip de activitate. Ne concentrăm, de asemenea, pe performanţă şi pe factorii de succes în fuziuni şi achiziţii.

În acest articol, ne propunem să răspundem la întrebările ,,De ce companiile realizează fuziuni şi achiziţii?", ,,Ce este, de fapt, performanţa în fuziuni şi achiziţii?" şi ,,Cum se atinge succesul în fuziuni şi achiziţii?".

Intenţionăm să contribuim la literatura de fuziuni şi achiziţii prin dezvăluirea înţelegerii actuale a aspectelor fundamentale în fuziuni şi achiziţii. Scopul nostru este de a discuta, de asemenea, relevanţa cercetării actuale a performanţei în fuziuni şi achiziţii.