

Research Article

**Factors influencing post-merger and
acquisition success of selected multi-national
firms**

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DECLARATION

I, Mariam Dymond, declare that this research article is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration, in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this, or any other university.

Mariam Toma Soliman Dymond

Signed atSprings.....

On the11th day ofDecember..... 2018...

DEDICATION

I would like to dedicate this work to my husband Roger, for his unfaltering support and patience. I would never have attempted such a big project if it were not for his support and encouragement.

Thank you, Roger, for your amazing support and love, helping me through early mornings and late nights, with positive and relentless patience, giving me hot coffee and preparing my lunch box before I left to work, everybody around the world talks about love, Roger made me see it.

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Abstract

Orientation: Mergers and Acquisitions (M&A) is the process of combining companies to achieve certain goal(s). Companies take advantage of M&A to expand their business for better growth and profit. Although some scholars might argue that the strategic motive can be financial, or non-financial (Eun & Resnick 2007), others might have indicated different factors such as economy of scale and market shares (Evans, 2010) and subsequently more profit. It is estimated that more than 75% of new M&A eventually fail to meet the expected gains. Many factors have influenced and continue to influence post-merger and acquisition success of multi-national firms.

Research purpose: This study investigated factors and reasons behind the post Mergers and Acquisitions successes and/ or failures, with a focus on the relationships between these factors, if any. A Fuzzy Cognitive Map (FCM) was drawn to illustrate the strength or weakness of such relationships.

Motivation for the study: The aim of this study was to understand and unpack M&A. Based on the research done, this topic appeared to have a limited number of specialised professionals in its field. In addition, the intention was to contribute to the body of research from a different point of view, precisely from the view point of Practitioners, Experts and Management, who experienced the process first-hand; paying special attention to detailed analysis rather than generalised definitions.

Research design, approach and methodology: A combination of theoretical frame of reference in the form of literature reviews, were used to investigate the different possible factors and point of views on the topic of M&A. This was combined with qualitative and semi quantitative research methods and a mixed method approach was employed. The research Paradigm dictated the choice of Predictive Data Analytics method, as it was suitable for the type of research that uses data mining, collection from interviews (qualitative), surveys and FCM adjacency matrix (semi-quantitative) research methodologies, both of which were used in this research, utilising elements of both in the same study.

Main finding: Research results exposed that a noteworthy number of respondents and interviewees (managers) rated the following as important factors and contributors to the success of the M&A integration process:

- Positive correlation for Planned Integration Execution; positive correlation for Due Diligence and a Negative correlation with demand for growth.

Practical implication: A quote attributed to Abraham Franklin specified that failure to plan results is a plan to fail (Raje, 2008). Special planning should be given to human resources -

the people most impacted by the M&A - most especially at the beginning and throughout the integration because overall integration success or failure is likely to have a direct correlation with the buy in, support and execution of the people involved. The integration process must be well planned to enhance success. In addition, Due Diligence findings should be taken into consideration when formulating the implementation plan.

Contribution/ value add: No preceding scholar's article or research may have been published or available, investigating the relationship between the factors and elements impacting the success or failure on the M&A integration process presented on a Fuzzy Cognitive Map (FCM). Findings will identify and appropriately address gaps and highlight any contradictions in the literature.

1. INTRODUCTION

During the last few decades, the world has seen an incredible increase in companies listing on the stock exchanges around the globe (Steinbach, 2017). Shareholders from different backgrounds are investing in stocks and shares of companies they do not manage and rarely visit or meet their management teams. It is noted that investors choose to invest for different reasons, whether it is for pension and retirement funds, or for seasoned investors wealth creation. Motives and reasons do differ. However, the focus of investors and shareholders is essentially the same, generating two types of returns, annual income and long-term capital growth (Kurt, 2013). Subsequently better margins and profitability are achieved. That target is not easily attainable without achieving 'growth'.

Mergers and Acquisitions are closely related and sometimes also connected, with a slight distinction between the two. Gaughan (2012), defines a Merger as '... a combination of two corporations in which only the one corporation survives, and the merged corporation goes out of existence'. Scott (2013), recognised that in a Merger, two or more companies are combined into one, whereas in an Acquisition, the acquiring company remains the same, and the acquired company normally changes its identity. That means that a new company can be created out of two or more existing companies and one of the old companies will cease to exist (Scott, 2013). While an Acquisition is more of an ownership takeover (Sherman, 2005) Nouwen (2011) further describes the M&A process as 'fusions' of two or more companies to attain certain strategic goals' (Nouwen, 2011). The Author challenges the notion that the Acquired company ever totally ceases to exist as integration failure could imply that the acquired company continues to exist and has failed to assimilate fully into the new organisation.

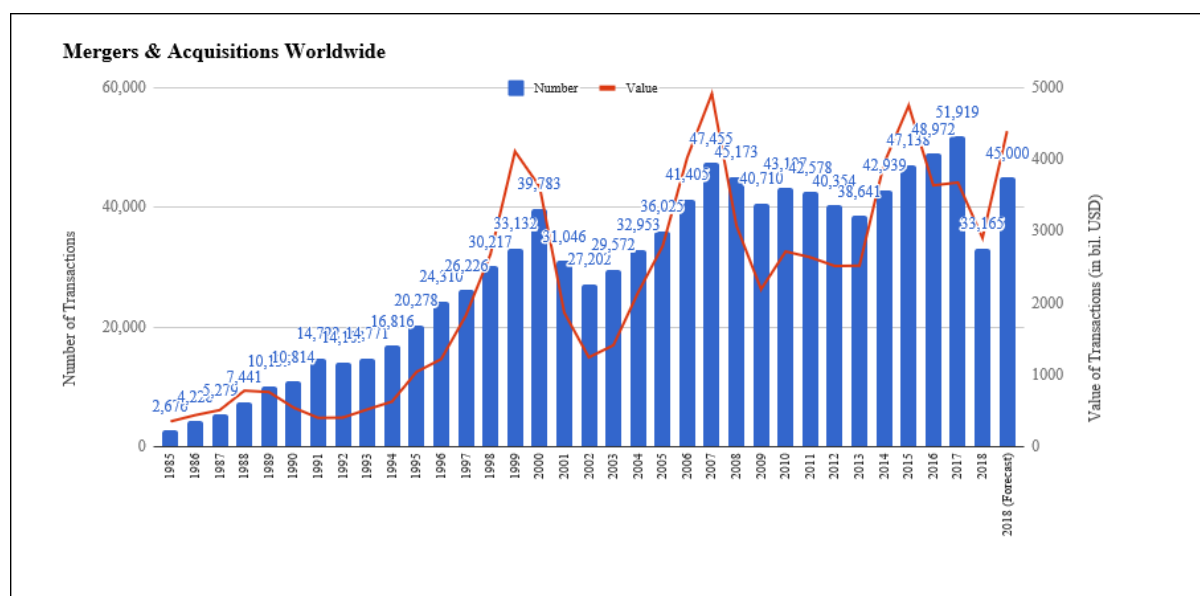


Figure 1 Mergers and acquisition activity Worldwide (‘IMMA,’ 2018)

In 2017, Companies in the US announced over 50,600 M&A transactions, with a total value of over 3.5 trillion USD. This was a marginal increase of 2.9% from the previous year, representing a 2% value decline.(IMMA, 2018).

1.1 Social value

The paradigm of the study also intends to gain a better understanding of the reasoning behind such ventures from various perspectives such as from; managers, economists, financial specialists, social and scientific perspectives. With these huge transactions at stake, managing the process is critical. Managers play crucial roles in advancing the effectiveness or let-down of the integration of a business, most of which, to a large degree, rely on the management and leadership skills of the executive and management teams of organisations. They are responsible for driving business strategies and increasing efficiency and effectiveness. Managers are also responsible for exploring opportunities and identifying possible threats from competition (Steyn et al., 2018).

This study mainly reviewed examples from international companies. Though, many business leaders will advocate in favour of M&A activities, as they consider it being more sensible to purchase than to build from scratch. The authors of the PwC survey report on M&A integration (2017) argued that for companies, acquiring the talent and capabilities they needed, to connect with their target markets, meant that they had to integrate with a completely new form of organisation, with its people and talents sometimes far outside the acquirer’s core. In the author’s view, it makes sense to leverage off existing structures rather than to ‘reinvent the wheel’

1.2 Scientific value

This study is aimed at investigating the reasons behind the success or failures in post Mergers and Acquisitions integration processes for selected multi-nationals. Particularly, given that the field of Mergers and Acquisitions study is wide and cross functional, and often thought of as having financial motivations with the view that compound growth is achieved through M&As.

However, not all merger projects and ventures of two companies are successful. The reported failure rate in Mergers and Acquisitions is high. The question follows: Why do some mergers succeed, whereas others fail? In conjunction with literature review, this research is also aimed at gathering insight and compiling evidence from literature, empirical analysis, surveys and interviews with respondents in the field, exploring determinants of successes or failures of Mergers.

In this paper, possible answers to this question are discussed. Review of M&A related literature shows, there are some discrepancies about the factors that should determine the level of integration. Literature review will seek to find common ground where some theories might agree, disagree, overlap or have notable gaps and discrepancies.

Several additional variables from respondents suggested by direct observations of interviewed experts and collected data from surveys, historic data and information on specific global firms were also considered.

1.3 Conceptual Framework

This research primarily seeks answers to the question 'What could be the major elements or factors behind the success of Merging and Acquisitions?'

1. This study included examples from international companies, and reasons or factors of their perceived success, as well as the strength of the relationship of these factors, if any, as illustrated through a fuzzy cognitive mapping analysis chart (Kosko, 1985).

The relationships (if any) between factors that cause the successes and failures were evaluated through a combination of responses to survey and questions sent to selected samples of populations. This was in order to formulate an adjacency matrix as per Fuzzy Cognitive Mapping Model (FCM), (Kosko, 1985) in comparison to the original FMC and proposition comparison and testing.

2. This study sought to determine some of the possible factors that influenced M&A integration as proven through literature reviews.

3. Reasons and motives behind the preference for M&A vs building from greenfield were investigated along with the relationship, if any, between strategic motive and integration method.
4. After these elements were identified, better understanding was gained of possible pitfalls in the original planning and decisions that might have led to the failure or underperformance of the venture. This was done through talking and interviewing three of the top international executives, with first-hand experience in the field; a study of several resources in the literature review, as well as the review and analysis of content of actual company surveys completed by more than twenty high to middle management respondents involved in M&As.
5. It should be noted that using mixed methods in research is a modern alternative approach to using either only qualitative or only quantitative research methods; as these can fall short of the major approaches in research (Creswell, 2003).

1.4 Aims and Objectives

It is the author's view, Figure 1 above is evidence that M&A while showing a value decline are still occurring at very high levels globally and will likely continue in the foreseeable future. What is not clearly evident is the motivation and the various factors that influence the success or failure thereof. The research will endeavour to summarise what is already known about M&As with a focus on success or failure contributors. Furthermore, the research will identify any knowledge gaps and the author will argue innovatively and critically applying logical reasoning to findings in order to arrive at a sound conclusion.

2. PROBLEM STATEMENT

The existing issue which in the author's opinion needs to be addressed is as follows;

Despite the importance of companies Mergers and Acquisitions, there are still gaps that researchers and academic studies have not extensively explored, namely, the Post Implementation Integration process. According to a KPMG study, published 2015, 83% of M&As fail (Bradt, 2015) this is the case despite the surge in M&As. In another study, by Shim, (2009), for the Delta Publishing company, it is explained that only 23% of acquisitions realise the cost of the initial paid capital within the payback period (Shim, 2009). In the past, companies looked at the M&A process from a strategic and transactional point of view, they still followed a hands-off approach as opposed to the more recent integration type of process (Cooper & Cartwright, 2011). Therefore, there is an ever-growing need for researchers and managers to contextualise this area, especially with regards to the importance of the post Merging and Acquisitions integration process, which requires more attention, more intervention and a much more hands-on approach. This inevitably also brings its own challenges and problems (Cooper & Cartwright, 2011). Companies can go through an M&A process, succeed or fail, without realising the exact reasons of the results.

According to Friedman (1962) growth and maximising the value of shareholders is the axis of all managerial activities and the only social responsibility of any corporate (Friedman, 1962). Whether this is through M&A or other expanding activities, the thirst for unrelenting growth might stand in the way of paying enough attention to other important elements and factors that could assist the new company to integrate into the new holding company. While every company and investor have different needs and strengths, every M&A implementation will have a unique set of focus points. There might still be features and elements that could be common between them (Pritchett et al., 1997) (Olofsson & Sjöstrand, 2012). In addition, financial text books define a merger as successful when the post-merger value of the integrated firms are higher than the sum paid for the target firm. (Brealey, 2005)

While literature on this topic covers many aspects of the integration process, not many studies were found to address actual concerns and feedback of teams and executives who experienced the process themselves. This provided a challenge in terms of providing details of these aspects, as well as in the attempt to map casual and effect relationships between such reasons and concerns. In addition, in the author's view most research focusses on vague, unclear and broad concepts, such as the lack of leadership and culture, rather than digging deeper in to detailed causes.

2.1 Purpose

The purpose of this research article is to contribute to the M&A body of research by studying certain firms and their employees' reflection on what is needed for the integration process to succeed, and analyse collected information, in order to draw an FCM of the strength of the relationship between factors.

Additionally, to find answers for the questions of the major factors that influence post M&A integration processes and contribute to the success and/ or failure, as well as extract top factors from the results plotted on (FCM).

2.2 Research question

'Education that which reveals to the wise and conceals from the stupid the vast limit of their knowledge' (Mark Twain n.d.). Concise research questions are the most important part of any research. Defined questions assist researchers to organise projects. As the research progresses multiple theories and new ideas appear. (White, 2009).

Research questions were;

1. What are the factors that can explain post-merger and acquisition success and failure?
2. In the 'FS Company' case study, what are the possible factors of post M&A implementation successes or failures?
3. How strong are the links between these causes and factors?

This literature review also critically examined some reasons that motivate corporates to Merge and Acquire from the view point of scholars and business writers.

Also, a review was performed on other empirical research that investigated aspects of Mergers and Acquisitions in an attempt to answer the research questions. Finally, an examination of Mergers and Acquisitions, in an international context, was conducted, from an internal view of company 'FS'.

3. SCOPE OF WORK

The following is a structured breakdown of the scope of work, in order to be able to achieve the aim of the study:

1. To determine some of the possible factors that influence M&A integration as proven through literature reviews
2. To investigate reasons and motives behind the preference toward Merging and Acquiring vs building from greenfield through literature reviews.
3. To gain better understanding of possible pitfalls in the original planning and decisions that could lead to the failure or under-performance of the venture. This was achieved through talking and interviewing top international executives with first-hand experience in the field, researching several resources in literature review and actual company surveys.
4. To evaluate the relationships, if any, between factors that cause the success and failure through a combination of surveys and questions sent to selected samples of populations, in order to formulate an adjacency matrix as per Fuzzy Cognitive Mapping Model (Kosko, 1985).

3.1 Delimitations/ Assumptions

Knowledge is anti-foundational, absolute truth can never be found (Creswell, 2003). Assumptions and propositions are limited by available information, which was based on evidence collected during the research. This might have been influenced by the responses from the interviewees, as well as the interpretations of the replies from the surveys. This research started with testing of literature theories and the collection of data and evidence.

The focus of this paper was to investigate on experiences of specific multi-national firms. A deep analysis of only post implementation integration was conducted with some references to reasons of striking the deal and strategies behind pre-implementation decisions. Local international corporates were not investigated; therefore, findings are not specific to South Africa. The intention was to obtain a global, multi-national perspective.

The author is involved through her career in M&A integration and some of her experience might have influenced or biased the research direction. This was mitigated by keeping an open mind and relying on research findings. In addition, the author did not aim to make a roadmap of how to conduct a full integration process, but simply contributed to the body of research by pointing out the possible pitfalls, with an attempt to generalise in order to contribute to the body of knowledge on the topic.

The author measured success and / or failure based on the definitions of success as stated in the research paper.

The population of top international executives interviewed, was limited to five, due to the limited number of available experts. Only three of these international experts agreed to be quoted and to fully assist. Reliance on these three experts was deemed adequate, due to the level of experience these individuals had on the subject matter. To further supplement this, a further twenty-two top managers in the internal FS Company were asked related questions in the survey. A mix of email replies and telephone call interviews were also used in addition to a Qualtrics survey that was sent to several other respondents. Seventeen of these responded representing a 77% response rate. Their replies were used as part of the formulation of the FCM analysis.

The predictive data analysis method is only used when analysing data collected from surveys sent to many potential respondents. It could be argued that seventeen respondents are very limited therefore the data available did not cover a wide sample population. However, due to the level of specialisation required for this topic this could be deemed an adequate population. The survey aimed to collect opinions of experts, and the sample can be considered a good representation for this research purpose.

Another issue worth noting is that the author used case study research with a familiar company she was privileged to work with. The familiarity might impact the observations and conclusions driven due to her in-depth knowledge of the selected company and the factors and circumstances surrounding the decisions taken. However, in case studies it is easy also to draw connections with business and managerial related literatures.(Starman, 2013)

4. LITERATURE REVIEW

4.1 Defining M&A success

With the understanding that some major companies rely heavily on M&A as a way of expansion and growth, it is understood that some of these attempts to integrate fail to the detriment of the business, like in the case of the of America and Merrill Lynch where the shareholders' value was destroyed and pain was caused to all involved parties (Rhee, 2010). It has become apparent that it is not always easy to predict how successful the decision will turn out.

It is reported that while the announcement of an M&A deal often causes the acquired company's stock price to rise. On the other hand, 47% of executives leave the new company within the first year, and 75% leave within the first three years. In the author's view this is a significant failure due to lost corporate/institutional knowledge representing a brain drain from

the organisation which is therefore a post M&A failure. In addition, regrettably, synergies projected are not achieved 70% of the time (Steynberg & Veldsman, 2011). It was also observed that productivity of merged companies could be negatively affected, by up to 50% in the first year, and financial performance of newly merged companies is often lacking (Shim, 2009).

Understanding the importance of a successful M&A deal, and that the same value of the companies that the managers are aiming at maximising, could be at stake if the integration process is not a success, which raises a question of how to define an M&A deal as successful?

In March 2017, PwC's survey on M&A defined the success of the deal by its ability to achieve the strategic and financial objectives it was set to achieve (PwC, 2017). That agrees with the general definition of success as provided by the Oxford Dictionary definition (2017) stated below:

'The accomplishment of an aim or purpose.' (Dictionary, 2017)/ 'Favourable or desired outcome; also: the attainment of wealth, favour, or eminence' (Merriam-Webster, 2018). The author acknowledges this simplicity of the definition is not a fair representation of the complexity of the process and its execution but notes that it gives a good basic definition relevant to this research.

Other key features in the determination of the success of a deal, is based on elements such as financial growth, the market position, the management strength and various other aspects that might look concrete and solid as they are easier to measure, track or quantify. It is seldom that intrinsic, immeasurable aspects of the organisation such as culture, beliefs, style, structure and traditions are reviewed in order to establish success. All of these might provide evidence as to the foundation and conventions on which the company was built, as well as its mission and future.

These elements are rarely taken into consideration to ensure overall the success of the overall integration (Schein, 2004)

In a study by Cartwright and Cooper (1993, p. 57), it is stated that most M&A motives could be based on actual facts but some are based on emotions, or just to take advantage of a situation. In most cases the specified and declared objective of the majority of Mergers and Acquisitions is to 'achieve synergy' and the accepted description in M&A jargon is 'two plus two, equals five'. However, it has been an expensive lesson for many organisations around the world to learn that, it is not that simple, and that the identification of potential synergy

between companies is not a guarantee that the combination will actually realize that potential (Cartwright & Cooper ,1993).

4.2 Distinction between Mergers and Acquisition

4.1.1 Mergers

Most literature reviewed, revealed that mergers could be divided into three types, i.e. horizontal, vertical or a conglomerate:

- **Horizontal mergers** are described by Shim (2009) as ‘Mergers that combine companies that compete in the same industry’.
- **Vertical mergers** are mergers occur when a company merges with its suppliers or distributors. (Shim, 2009).
- **Conglomerate mergers** take place when companies from unrelated industries merge. (Shim, 2009).

In the author’s view, forth type of merger was neglected by Shim, 2009 and should be listed as it is equally important:

- **Concentric mergers** occur when organisations acquire unfamiliar, but related businesses, for example a sportswear retailer, acquires a leisure wear manufacturer (Cooper & Cartwright, 2011).

Identified types of mergers, are used in different circumstances. This could be an area for further research as some types of mergers might fit the strategic goals of the corporate more than the others. The choice of the suitable type of merger might impact the success of the integration or failure.

M&As and ‘growth’ are closely related subjects (DePamphilis, 2010). Growth is the motive behind all activities of corporates. In its broader consideration it has also become the goal for countries and individuals alike (Fioramonti, 2017). With this new focus, M&As are an everyday business norm, with the focus on maximising shareholders’ value; a concept published by Melton Friedman in his famous 1962 book Capitalism and Freedom, where the basics around the social responsibility theories of corporations are discussed.

‘There is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits’, (Friedman, 1962).

The surge in mergers can be attributed to the following, (Shim, 2009):

- Horizontal consolidation aimed mainly at achieving cost saving from synergies;

- The acquiring company tends to leverage their financials by combining cash and bonds, to buy the equity of the new company; incurring high costs and usually paying too much for the equity; and
- Much lower acquisition premiums paid initially.

4.1.2 Acquisitions

On the acquisition front, as per PwC's M&A Integration Survey Report (2017), there are different types of acquisitions:

- **Transformational** — Deals which mainly focuses on including expanding the Company's (Mergers And Acquisitions, 2009) market foot prints, and acquiring new market channels, products, or operations. This is transformative because of its direction towards a fully integrated Organisation
- **Absorption** — In these deals, the acquiring and integrating companies are similar, for example, industry competitors, this also can be viewed as industry consolidation.
- **Tuck-in** — Deals that involve acquiring and integrating relatively small Companies, generally to pick up key products or technologies.
- **Stand-alone** — Deals that involve acquiring, but not integrating, and keeping the newly acquired entity operationally separate from the rest of the Organisation.

In a survey by PwC (2017) it was stated that more than half of Fortune 1000 survey respondents described the largest transaction they completed in the years from 2013 to 2016 as transformational - from 44% in 2013 and merely 29% in 2010. With a decline of 50% in the number of absorptions deals since 2010.

Tuck-in acquisitions show a modest but continuous decline. To some degree, the ongoing shift toward transformational deals reflects the global economy's steady recovery since the recession of 2007–2009. After the consolidation that many sectors experienced, there are simply fewer absorption targets available.

Again, further research would be required to determine if the type of acquisition is a factor influencing post M&A success. For instance, absorption acquisitions might have more chances of a success in post M&A, than transformational acquisitions, as transformational acquisitions are more invasive than absorption acquisitions.

Acquisition type of the largest acquisition in the past three years:

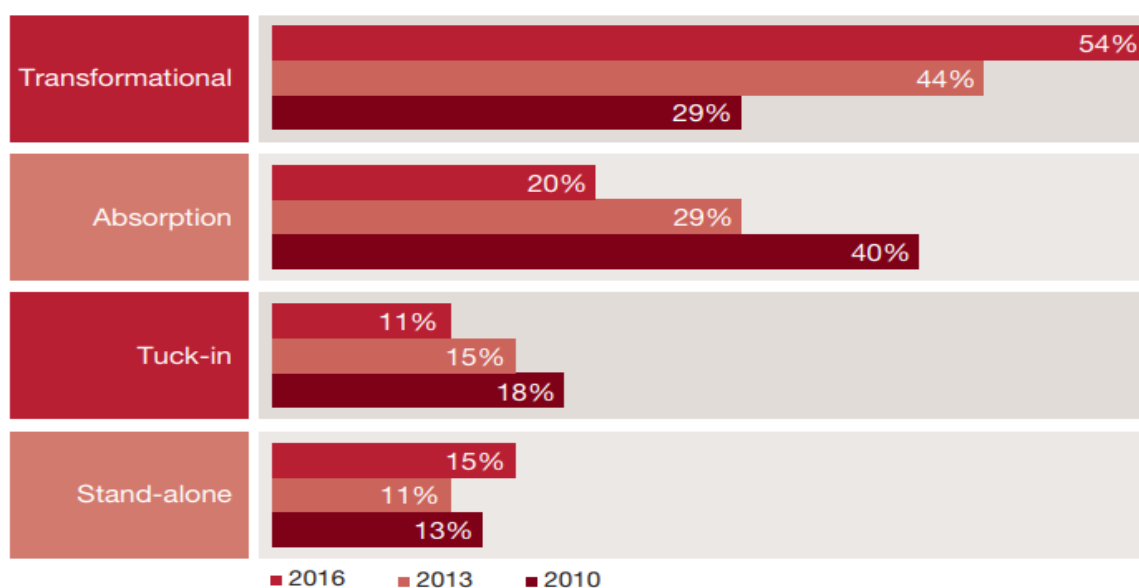


Figure 2 Transformational deals continue to increase

Friedman (1962) argues that formation of the corporate identity is sacred in expansion (Friedman, 1962). Almost daily there is a new company acquisition going through, or some sort of negotiation for a new joint venture coming up. Over the past 100 years most major companies around the world went through countless aggressive acquisitions, as such, almost every new and upcoming successful business at some stage expects or seeks to be approached by a conglomerate or big company to buy it out. As the saying goes; 'you make money when you create a business, you make more money when you sell a business'. (Carmichael, 2018).

Big corporates such as Famous Brands, Bidvest, Shoprite Checkers, Barloworld Limited in South Africa, 3M, General Electrics, Alphabet Inc., Du Pont, Berkshire Hathaway in America and the likes, consider M&As a normal stage of business, after cost cutting and expense controlling. It has become the next natural step for expansion and growth. Such examples of big corporates would also be ideal case studies to further explore success or failure rates.

An international company, in the packaging industry, was used as an example for this study and it was named FS Company. FS Company successfully executed over 14 acquisitions of major companies in the industry around the globe with the value of €605 million, in the period from September 2011 to September 2017. Managers were interviewed, and information was collected on FS Company to gain an informed understanding in relation to the process of M&A integration.

4.3 Integration process

Integration is a process and not an event. This process generally occurs as a pre- and post-acquisition, it is a complex and demanding process. Integration is considered vital for mergers to be successful (Cording et al., 2006) Integration periods are measured by months and years not days or weeks (Pritchett, 1987). However, in this study it mostly refers to the process after the deal is closed. A key dilemma, however, persists when post-acquisition integration occurs. An acquiring organisation would in some cases need to ensure a high degree of functional integration (interference) to unlock synergies. However, this may cause socio-cultural integration to fail, due to the disruption of routines, resources, and competencies, thereby destroying value (Gomes et al., 2013). This relationship between the level of integration and value created is illustrated in Figure 3 below as follows: No integration = (0%) and yields some residual value, progressive integration adds value to a point, and then destroys value as integration increases.

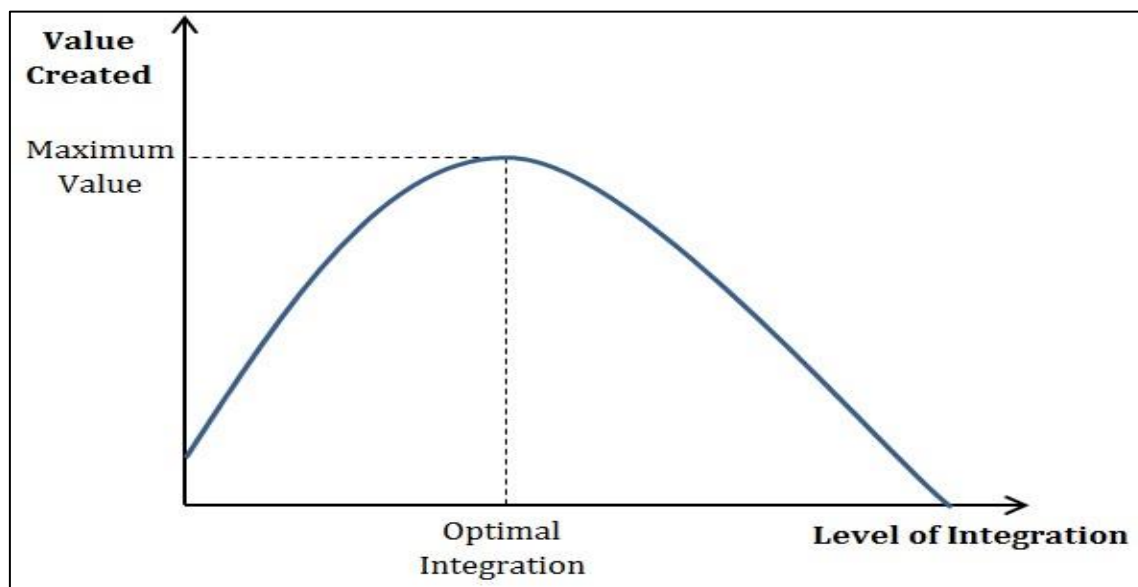


Figure 3 Value Created vs Level of Integration

In the author's opinion, it follows from Figure 3 that a concerted effort must be made to track integration to an optimal level and maintained there for maximum value to be derived by the organisation.

With all the reasons and processes mentioned above, the integration process contains the most crucial components to ensure the viability of the deal and its execution. The traditional integration approach was to 'make them like us' or was determined using simplistic criteria such as the size and quality of the acquired organisation (Haspeslagh & Jemison, 1991). Three key literature views have since developed in determining an acquisition integration approach, i.e. strategic motive, capabilities, and relatedness (Olofsson & Sjöstrand, 2012).

A fact that is greatly ignored, is that this the integration process commences from the moment an active interaction and communication is started between the parties (Shim, 2009). With a transaction as complex as a merger or an acquisition, the process presents companies with serious challenges and problems, in addition to possible pitfalls. Many of these problems could appear and become relevant from the preliminary stages of the process i.e. during the initial non-disclosure agreement and the due diligence stage. A serious issue could be an executive willing to force a deal, that should not have been done, especially when an internal executive defends his or her decision, ignoring warning signs of a miss-fit pointed out by his/ her committee. Another problem could be over-estimation of the value of the acquired company.

As a result of mistakes, rushed or misleading planning, the post-merger integration process between the companies becomes unsustainable (Sherman, 2005). These pitfalls and problems can undoubtedly become expensive for all parties involved therefore the integration process should be well planned.

4.4 Motivation for M&A activities

Mergers and Acquisitions are arguably the most complex and multi-layered exercises that big organisations go through and are driven by many motivations, some of which are above.

Strategic Motives: In the author's view, the strategic motivation often has a bearing on the success or failure of a M&A as unpacked below.

4.3.1 Capabilities

Haspeslagh and Jemison (1991), suggested considering the capabilities of the acquired company. Their framework includes two criteria – the need for strategic interdependence and for organisational autonomy, with four approaches, i.e. absorption, symbiosis, holding, and preservation. That might be best applicable for owner developed corporation, while the acquired company might be best managed remotely to preserve its culture or unique brand without much change or interference required. It is noted that the work of DB Jemison was based on some previous articles published by him in 1986 (Jemison, 1986)

Put simply, in the author's view: - Organisation autonomy preserves culture enhancing M&A success.

4.3.2 Relatedness

It is argued that relatedness is the degree of similarity between organisations was the key factor to consider in the integration approach (Olofsson & Sjöstrand, 2012). A high degree of relatedness correlates with Haspeslagh and Jemison's (1991) high need for strategic interdependence, and conversely a low degree of relatedness correlates with their high need for autonomy. This is further raised and confirmed in the structured interview comment given by McCormick process owner Ms. Scott with examples provided through their history of M&A. In the author's view, relatedness borders on unconscious bias with similar entities being 'drawn' to each other therefore possibly enhancing likelihood of M&A success.

4.3.3 Combined Integration Approaches

Haspeslagh and Jemison's (1991) framework was the most widely used and understood in the literature, and together with the aforementioned views laid the foundation for organisations to determine an optimal integration approach. Other elements were added to these views, such as cultural dimension, synergy potential, and cultural differences (Gomes et.al., 2013) (Ai, 2014). Haspeslagh and Jemison's (1991) framework failed to address socio-cultural differences and may hamper its effectiveness to create value. In the author's view, this is especially applicable with the new globalisation age, with companies acquiring others based on their performance and market potential, without fully understanding the total surrounding ecosystem that assisted in the desired outcome. For example, when in emerging market countries, such as Nigeria, there are hidden costs and other 'commissions' that might not be accounted for initially and foreign acquirers will fail to detect or estimate its impact on the business as a whole. The additional elements added to this framework by Gomes et.al (2013) call for a 'light-touch' balanced approach which combines the preservation and symbiotic approaches with synergy potential, cultural influence, and learning perspective considerations (Ai, 2014).

Olofsson and Sjöstrand's (2012) integrated framework also incorporates Hubbard's (2001) strategic motive and degree of integration, Howell's (1970) degree of relatedness, with Haspeslagh and Jemison's (1991) need for strategic interdependence and autonomy.

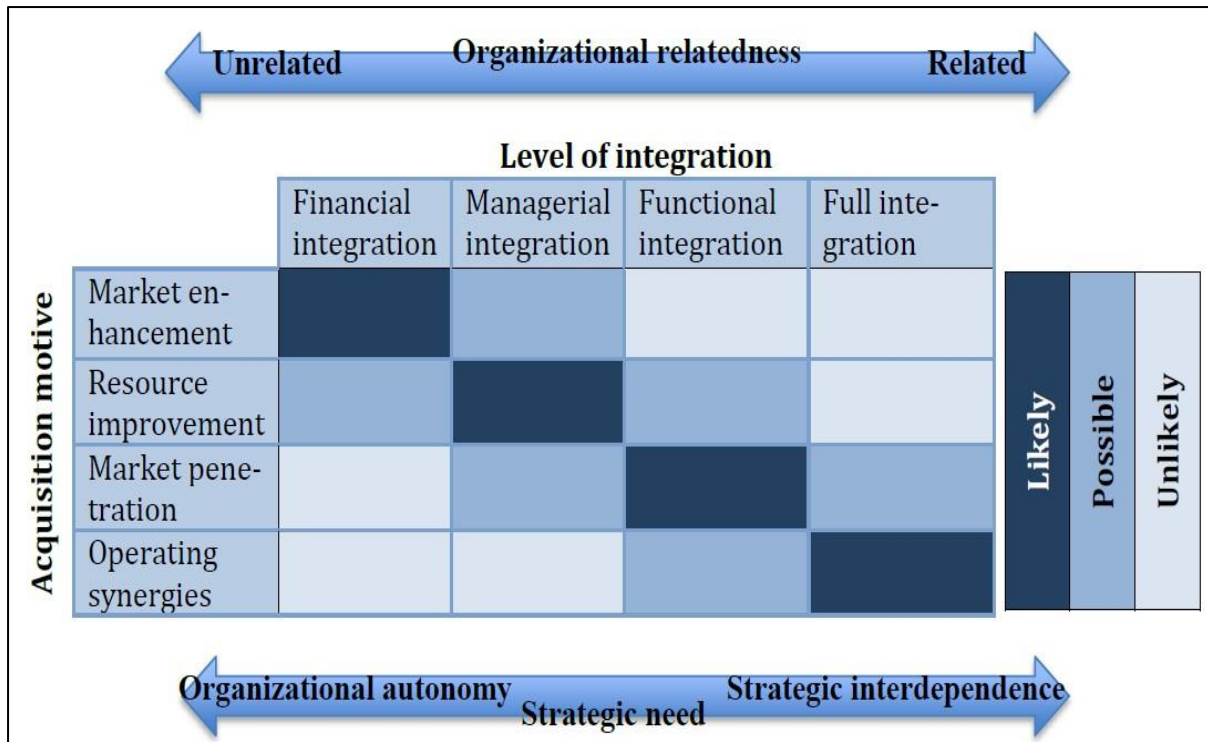


Figure 4 Integrated approach: Interdependence, Autonomy, Relatedness, Motive (Olofsson, & Sjöstrand, 2012)

Savovic (2012), also stated a relationship between Haspeslagh and Jemison's (1991) level of autonomy and tolerance with multi-culturalism, and their need for strategic interdependence with relatedness.

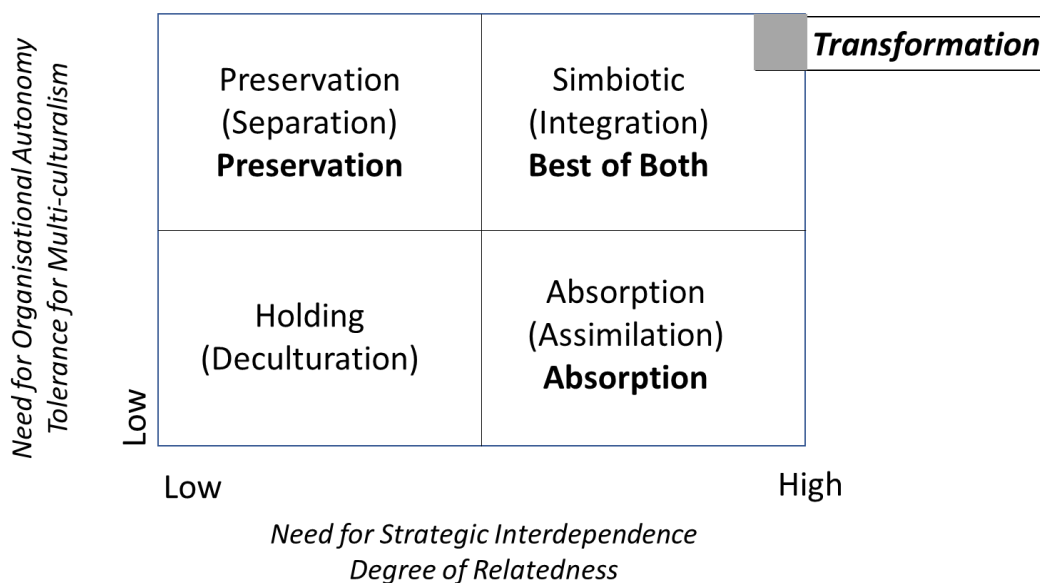


Figure 5 Integrated approach: Interdependence, Autonomy, Multiculturalism, Relatedness (Kimberly & Lamont, 2004) (Savovic, 2012)

The motive behind an acquisition should inform which integration approach to apply. Brourthers et al., (1998) claimed three types of motives exist – economic, personal, and strategic motives. The most common reasons for M&As are strategic expansions aimed at domination and geographic expansion. Other could be new market entry or new technology acquisitions as per Igor Ansoff, in his article, ‘Strategies for Diversification’ in the Harvard Business Review 1957. Ansoff explained that for businesses and companies to grow they need to find ways to diversify and suggested that the new markets and new products quadrant is ought to be a ‘game changer’ this quadrant allows the company to enter into a new market with new product and it carries high prospects for growth, while firms came to the realization that this strategy of expansion carries the highest risks (Ansoff, 1957) while Ansoff himself did recommend that companies look strategically at what they aim to achieve before venturing into new markets, some schools of thought suggests that the use of strategic management tools such as the Ansoff Matrix might lead manager into overanalyses. Ironically, Ansoff himself later remarked about this and it was he who first mentioned the now famous phrase ‘paralysis by analysis’. ‘Make sure that you do not fall victim to procrastination caused by excessive planning’. Managers and corporates use these solutions and models, leading in them taking decisions to venture into M&A. in comparison to other growth strategies with the risk of venturing into new markets or working on new products with unfamiliar characteristics.

Most companies could not do that on their own due to different market penetration barriers and technological disadvantages, so they resolve to M&A as a solution.

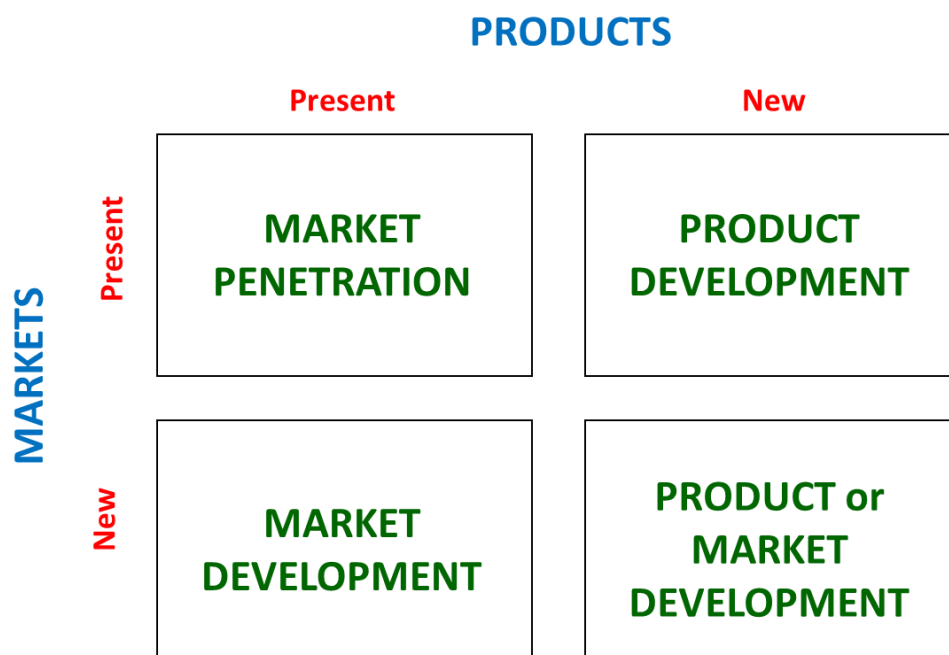


Figure 6 Ansoff Matrix (Ansoff 1957)

Similarly, Hubbard (2001,) put forward a motive-driven approach and acknowledges the trade-off between value created and the level of integration (Olofsson & Sjöstrand, 2012)

4.4 Perceived advantages of a Merger

- Companies expect to multiply their influence in the market, increase their presence, visibility and possible expansion of products offerings.
- Mergers can assist companies to widen the variety of offerings to their customers and possibly diversify their source of income, thereby assisting with maintaining balanced cash flow and decreasing the risk of falling income during the product decline in the product life cycle.
- Diversify sources of cash so the company will not miss investing opportunities. (Shim, 2009)

4.4.1 The quest for growth

Companies have several options to grow organically or inorganically. Examples of organic growth are increased sales via new products and new markets / new customers. Inorganic growth heavily relies on M&As. The Demand/ quest for Growth is one of the key causes of M&As so has been included in the FCM as a transmitter node. Refer to the FCM findings for results that support the below literature.

Refer to Figure 8 FCM developed by author illustrating transmitting nodes and the strength of relationship between transmitting nodes and normal and receiver nodes. The result of the survey confirms with the earlier proposition that Demand for growth did have a high negative impact on Due Diligence and a good impact on availability of resources with change management with a small negative impact on sustainable hybrid

The best example of inorganic growth is an acquisition of another firm, often done to gain access to a new product line, customer segment, or geography. Finally, external revenue growth opportunities are franchising, licensing, joint ventures, strategic alliances, and the appointment of overseas distributors, which are available to growing companies as an alternative to Mergers and Acquisitions as a growth engine, (Sherman, 2005).

Also the new International business climate 'unique and relatively peaceful post-Cold War period, globalisation of markets and global thinking of corporate leaders, de-regulation of the communications industry, and an extraordinary abundance of venture capital for domestic and global projects' (Cairncross, 1997). This made it easy for companies and businesses to find and acquire businesses even beyond their geographic borders, for example, the FS Company head office is in a Nordic country and while they have successfully acquired and managed companies in several remote countries around the world, including the region of South East Asia, New Zealand, Australia, the United States, Africa, India, Middle East and South America. The technological communication advancement made it even easier to run these companies, making the quest for growth with no limits or barriers, unlike in the past when companies' growth used to be trajectory and systematic, companies now can grow exponentially.

4.4.2 Exponential vs. linear growth

Famously in 1965 and during the early years of microchip technology Gordon Moore, a founder of Intel working in Fairchild Semiconductors, predicted in an article in the Electronics Magazine, based on his observations on how engineers were successfully and constantly reducing the size of the microchips and the transistors and reducing the gaps in-between them by 0.7'. While maintaining the same efficiency in almost half of the space every 18 months,

with all the computing capacity in about half the area ($0.7 \times 0.7 = 0.49$). He was correct (Cairncross, 1997), this predication became known as Moor's Law and was not only applicable in transistors and microchips, but in many technological applications. One good interpretation of this law is found in the 'Death of Distances' book by Francise Cairncross. It was explained how innovations were doubling and quadrupling every year with a level that was not possible and could not be happening if not for the artificial intelligence and computers contributing to it, as development became faster. In the author's opinion, it could be possible that the type of growth, specifically exponential growth by the nature of its magnitude and pace impacts integration success as integration could be more challenging due to the exponential pace.

It was observed that this was true in some more agile and smaller companies, they seemed to find solutions that big and complex organisations could miss or not have the capabilities to achieve, examples could be a simple App like WhatsApp with as many users as 800 million by 2015 (Flore, 2015). This App was started by two Silicon Valley engineers Brian Acton and Jan Koum Both worked at Yahoo, but the idea came to them when they both were out of their jobs on a break. WhatsApp was bought by Facebook for \$14 billion in 2014.

One could say it was easy to use a Silicon Valley type operation as an example, however we could also find examples of great ideas getting lost in big corporates for years. For example, Nespresso was invented by Nestle in 1986, however the product was almost lost in this big corporation, until 2010 when they launched smaller and smarter coffee machines that addressed the needs of households and offices. It took Nestle over 25 years to get the product and the brand to grow. However, most companies would prefer to grow faster.

In the author's view, the above in many ways explains why companies around the world sense the fast pace of development as applications and technologies are advancing on the back of each other, rather than simply learning by doing. Faced with this dilemma companies ought to seek growth beyond the traditional linear way (Cairncross, 1997) hence the increased effort in M&A whose successes or failures are investigated in this research.

4.4.3 The argument against /for Growth

(Success in a world without growth)

In his book Wellbeing Economy, Fioramonti (2017), a professor of political economy at the university of Pretoria argued that humans sacrificed all other important aspects of life to gain another notch at Gross Domestic Product (GDP) and that countries around the world were obsessed with it as it has become what he describes as a beauty contest paying hefty prices (Fioramonti, 2017).

On the other hand, Rajan (2010) in his book titled *Fault Lines*, spoke of growth from the point of view of preparing nations and its people for a better life. He called countries like the United States, England and Germany early developers growing from 1820 to 1870 at a growth rate of 1.8% to 1.3% annually. In contrast, at a much later stage, he called South Korea, Taiwan and China, late developers. These countries had faster growth rates by comparison. Japan with its unique cultural attitude on growth grew between 1950 and 1973 at 8% annually (Rajan, 2010). For a country like Japan, with a history of a very high growth for years and to obtain a flat state of no growth for the past 10 years, Japan is still considered one of the most socially caring countries in the world, presenting researchers and writers with a very interesting case study. Additional and further research could be done on M&A cases and the level of impact of the country's growth history on its culture of integration. The question presented here refers to whether it is acceptable to investigate Growth as the sole reason for investment whether it is for a country or a corporate?

4.4.4 Cross border quest for gross and human capital

Organisational growth is important for building nations. As organisational wealth is built; more physical capital (such as machinery and land) is attained which in turn increases income, because physical capital increases productivity. As Rajan (2010) explains; one construction worker with a backhoe can shift far more mud than several workers with a shovel in an organisation. Rajan (2010) gives another example with a deeper comparison between an Egyptian farmer ploughing by ox as his ancestors have done for five thousand years versus farmers from Iowa using tractors. Were we to give the Egyptian farmer a tractor that should make him more productive? In fact, because he is starting from scratch, his growth trajectory should be faster and more tangible than the farmer from Iowa, right? As it turns out, it does not work that way. On the contrary, the Egyptian farmer has no experience or education to work with the machinery, fertilizations and pesticides (Rajan, 2010). The question is: Could we merely invest and export our business models around the world? Could money and equipment yield the same productivity wherever it transferred? Even accounting for differences in human capital in rich and poor countries - such as knowledge, experience, attitude towards work and value systems including religious practice and commercial mindset - is suggesting that we might want to shift investments and expand around the globe. But do we have the human capital and eco system, such as education and legislations that will support the efforts and sustain long term growth for the organisation? From this simple analogy it is becoming clearer that differences in human resources and cultural barriers are not simply in the way people speak or live their daily lives, it can impact success or failure of M&A including the way integrated organisations work and the way they approach their daily tasks simple or complex. Whichever way that might look logically and routinely done in advanced

countries but not so obvious in other countries. In the author's view and for that reason we need to pay more attention to catch words that most managers and board members use in M&A planning meetings, words such as 'Business units Synergy', 'export of business model', 'it is a plug and play' and market power.

Beside the growth aspect, a merger also assists in reducing the risk through diversification. While diversity brings about many advantages, it also brings some challenges to success for M&A.

4.5 Consolidation

The three most common ways of joining two or more companies are a merger, consolidation, or a holding company industry consolidation (Shim, 2009).

Competition can get fiercer than ever with the exponential level of learning. Sometimes big corporates fail to catch up and are left with no choice but to acquire its competition and consolidate the market. While this might sound like the next logical step to take there are laws and regulations which make it a very difficult and pain staking process to convince the competition commissions that consolidation is not necessarily a means to monopoly especially in open and free markets environment.

Acquisitions can also take many forms and shapes and be either friendly or hostile. Friendly acquisitions occur when both parties reach agreement, unlike the hostile acquisition / takeover in which case the target company is not in favour of the acquisition, but maybe forced to 'submit.' In which case the target might seek a third party in the form of 'white knight' to rescue the company from possible forced takeover. There is scope to further research to investigate whether friendly acquisitions are more successful, post-acquisition than hostile acquisitions, as this might be a contributing factor.

4.5.1 The argument for/against consolidation

New industries are usually fragmented at the beginning, but they consolidate as they mature. In a Harvard study done by Deans, Kroeger, and Zeisel (2002) on the consolidation curve the researchers categorised the consolidation of M&As into three major stages, and the consolidation activities of a certain company is dependent on the industry it belongs to:

Stage 1: Opening.

This is normally applicable for a single start-up companies that have a monopoly with a new or de-regulated industry, such as newly privatised industry in the country. Soon this concentration of 100% with one provider dropped with the emergence of new competitors and the market share became divided between three and then ten and so on. This happened in several industries such as energy, communications, transports, financial services and other

new industries such as soft drinks and biochemistries, as they started from a single provider and then became fragmented. Consolidation was inevitable due to the need for the industry to create industry barriers to entry (Greame et al., 2002).

Stage 2: Scale.

Companies in this stage were concerned with building scale for their operations and going bigger. With scaling, companies became bigger and could manifest as controllers of the industry acquiring their competitors, for example airlines, hospitality industry, car manufacturers and OEM suppliers, banks, and pharmaceuticals.

Companies in these stages took on big numbers of acquisitions, resultantly most of these Companies' master merger-integration skills. They mastered the art of preserving the roots of their cultures being what made them grow in the first place. While they integrated the new company into their own, kept a good control and maintained the skilful employees from the newly acquired Companies. One of the most important aspects of this was their ability to centralise core services via IT central platform speeding up their moving to stage.

Stage 3: Focus.

Following the hard times any company goes through to survive stage two of consolidation aspect, companies progressed to stage three and started to concentrate their efforts on becoming a giant in its field. Subsequently, in this stage it is found that only the top three players of an industry dominated and controlled the market. Huge scale deals were conducted in this stage. Examples of focus-stage industries could be iron ore smelters, original car parts manufacturers, shipyards and manufacturers, and breweries. GM's acquisition of stakes in Isuzu, Subaru, Suzuki, Daewoo, Saab, and Fiat are examples of solid third stage strategies.

Corporates in stage three business resolve to accentuate their essential competences, concentrate on effectiveness, and either help up or slice away frail businesses. Identifying upcoming entrants early on permits focus-stage competitors to choose whether to destroy them, buy them, or simply match them.

Stage three companies would correspondingly recognise additional main companies that were expected to continue into the next, and concluding, phase and avoid all-out assaults (Graeme et al., 2002).

The problem with these consolidation ideologies and practice promoters was that it would be difficult to evaluate the significance of the opportunity as the motive was always one or

maximum two of the five forces of the industry (Porter five forces) which were barriers to entry, and the guarantee of supplier. Sometimes companies would acquire what the executive thought was the latest technology and a few years down the line the company ended-up with a white elephant, with some of the core employees leaving or creating a new technology for their own benefits, creating new competition and a 'catch-22' situation. This partly being a reason for the post-merger failures.

4.5.2 Building a legacy

One of the important elements that motivates companies to go through Mergers and Acquisitions is the executives' dream of making a reputation for themselves, following in the footsteps of great business leaders or reading about other competitors in the industry successfully executing a M&A. According to professor Ariely (2008), in his book *Predictably Irrational*, 'most people do not know what they want unless they see it in context'. Ariely (2008), explained that, 'We know what kind of racing bike we want—until we see a champ in the Tour de France ratcheting the gears on a particular model. We do not know what kind of speaker system we like—until we hear a set of speakers that sounds better than the previous one. We do not even know what we want to do with our lives—until we find a relative or a friend who is doing just what we think we should be doing. Everything is relative, and that's the point. Like an airplane pilot landing in the dark, we want runway lights on either side of us, guiding us to the place where we can touch down our wheels' (Ariely, 2008).

Examples above suggest that our perceptions as managers could be manipulated to achieve different outcomes by simple illusions of the possibility of becoming great, as well as creating certain types of 'cognitive biases' which may drive us to ignore risks. Cognitive Biases are common types of mental shortcuts used to make judgments (Simon et al., 1999). The consequences being failed M&As.

It was observed that in business and especially with global players always looking for double digits' growth, they also have to grab hold of any perceived opportunity, and that is the issue with perception of emerging markets which was experiencing a major economic slowdown and the late arrivals were still perceiving entering the market as a huge opportunity. This drove the assumption that it might have been that business dealings and agreements were controlled by human emotional states and ambitions, as in this case with executives who entered into expensive and occasionally impossible deals and sold to shareholders as expansion into emerging market. An example of that which comes to mind is Telkom in Nigeria, while many analysts attributed the failure and the eventual exit in 2010 to the poor choice of acquisition target (Ntingi, 2010), psychologist researches proved that humans tend to want to see the positive side of life and ignore possible risks so they fall in the trap and forget about scientific

research methods and long-term observation and analysis. Executives might not see the full picture with all the work done throughout the stages of the merging and full turns of events, but only look at positive statistics and media coverage. In the author's view, this further emphasise how critical adequate Due diligence is to counter our human irrational emotional decisions which impact M&A successes or failures.

4.5.3 Legacy builders and the human side in the M&A process

According to Welch, 2001, everything in business is about people. In his book, *Straight from The Gut*, his historic claim and very unconventional style explains that by hiring the best you had access to the best ideas and if those ideas could be freely circulated, in a boundary free business environment in any company, this would be the best place in the world to work. He also explained that he spent the first few years of his career as a chairman studying the staff and cutting off what he considered as 'dead wood' separating and identifying the star. Welch pioneered the system of managers having to annually remove 10% of their staff. 'Rigorous differentiation' he says, 'delivers real stars - and stars build great businesses.(Welsh, 2001). The question here was that just because the employees did not help him to achieve his goals, did that make them dead wood? What role does a manager play to develop staff? Although these claims made by Welsh (2001) have been debated and argued in many forums, especially because of how easily it could be interpreted as that people who might be just doing their jobs were not significant contributors, they were just not original enough to invent or go the extra mile. However, this might be looked at by other managers as overly aggressive and an over the top management style, that aimed at achieving egotistic mega successes, leaving too many bodies behind unnecessarily, without trying to consult or analyse reasons for these people being so called under-achievers in the first place.

Addressing people's competency gaps earlier on in the integration process has presented itself many times in literatures focusing people competencies as an integral part to achieve the promised synergy (Canina & Kim , 2010).

The approach of Welch (2001) to discarding staff could explain the statistics referred earlier that 75% of Executives leave within the first three years of a M&A. While this initially was perceived by the Author as a failure due to perceived brain drain, the Author challenges this notion that it could actually be a natural progression to retaining only the best staff therefore not an indication of M&A failure but its success instead.

4.5.4 The Deal Makers

Some managers were also the deal makers who mostly ignored warning signs in their decision-making process. A review of a paper published in *California Management Review*

2017 volume 59, explains that deal makers tend to neglect uncertainty when making acquisition decisions, rushing into deals that eventually fail to deliver the anticipated synergies. The review explains that behavioural biases cloud executive decisions making processes and advises against going through with full majority holding favouring what the study calls Toehold Acquisitions. In other word buying a minority share of less than 5% in the target company which allows the bidding company to engage in the decision making of the target company before bidding for the controlling share. This practice exists in order to guard themselves against the negative effects of uncertainty (Han et al., 2017)

This approach allows the deal makers to test the water before getting into full merger, unfortunately according to Han et al, (2017) in their study 'Toehold Acquisitions as Behavioural Real Options' this strategy is not taken advantage of or applied enough. In the author's opinion, organisation should be encouraged to 'test the waters' to improve chances of M&A success.

4.5.4 Endowment effect

In his book Predictable Irrational, Dan Ariely (2008), under the title The Real Cost of Ownership, he argued that people value what they own mostly more than others. Attributing that people, at times, value what they own, more than what other people might value. This explains why a seller of a house would be valuing their property more than a potential buyer would be willing to pay. The same goes for most other things such as automobile, jewellery and sometimes even the smallest of items such as musical instrument or books. Elaborating that, from his observations, in many transactions, most of the owners believe that their possessions are worth more money than what buyers might be willing to pay. As the old saying goes 'One man's ceiling is another man's floor.' - when you are the owner, you are at the ceiling; and when you are the buyer, you are at the floor (Ariely, 2008).

Evidence has shown that majority of acquisitions are overpaid and fail to deliver synergistic added value to the acquirer. (Han et al., 2017).

From the above we could surmise that there are many issues with the motives behind M&As. Adding to that is the possibility of some executives' desire to build a legacy rather than being driven by genuine interest in the shareholders and stakeholders' interest. All of which have an impact on the M&A success or failure.

5. RESEARCH METHODOLOGY AND DESIGN

Creswell (2003) argued that 'knowledge is conjectural and absolute truth may never be found', giving that we can assume that evidence gathered in researches may not be perfect, for this reason research does not necessarily prove the hypotheses, but rather indicates our failure to dismiss or reject them (Creswell, 2003). The aim of this research was to gain knowledge and insight into some of the drivers and elements behind the success and/ or failure in the integration of the merged and/or acquired companies, as well as post implementation pitfalls and possible causal and effect relationships of between those factors (if any) of Mergers and Acquisitions.

5.1 Disposition

A theoretical frame of reference, in the form of a literature review (refer above), was combined with qualitative and semi-quantitative research method. A predictive model was formulated, based on information and evidence from literature review, summarising the matrix of factors and elements of success and failure. Structured interview questions were formulated, and interviews were conducted. Finally, further information was collected regarding the strengths and weaknesses of relationships between factors and elements.

The mixed methods approach was suitable for use of the sequential concurrent transformative alternative strategy of inquiry (Creswell, 2003). As a result, the author elected to use the predictive model, in summarising information collected from the following sources:

- Literature review;
- Company surveys;
- Structured interviews; and
- Observations.

This was to analyse a selection of elements and factors collected. a predictive model was established for the examination of the strength of relationships between these factors. In addition, a using a Fuzzy Cognitive Map was used and the relationship and strength or weakness of links, as well as the nature of these relationships, were built on assumptions forming the proposition.

5.2 Data collection instrument

This study employs qualitative research instruments, as well as a semi-quantitative research instrument. The primary research was conducted on factors influencing post-Merger and Acquisition (M&A) successes of selected multi-national firms. A sample, comprising of mainly experts in the field, published opinions and observations to identify possible general causes. Refer to Figure: 7 for elements of Inquiry adapted from Creswell (2003).

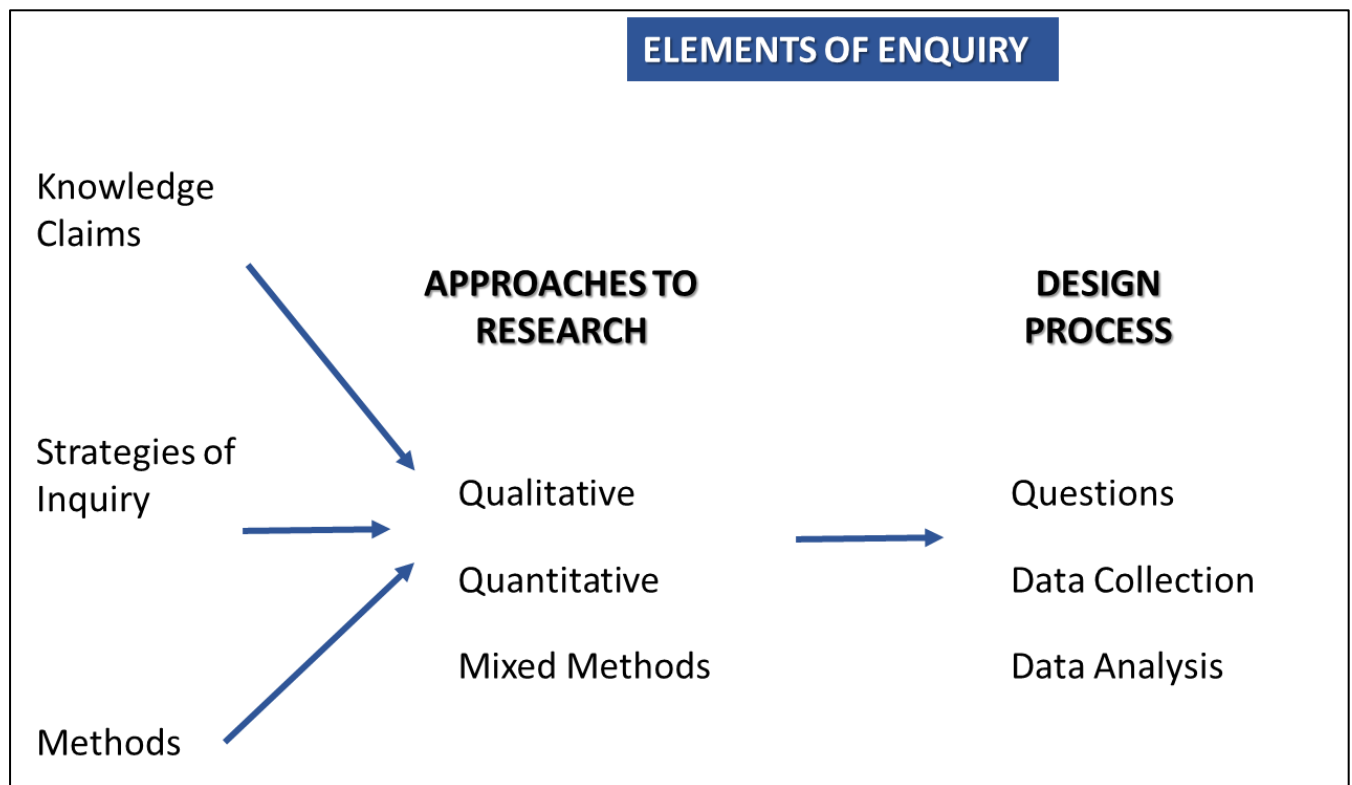


Figure: 7 Elements of Inquiry adapted from Creswell (2003)

Structured interviews and surveys were conducted with seniors in the organisation named 'FS Company' for confidentiality purposes. FS Company is a case study to assist in refining the research and examining the main factors that influenced the data collection instrument. The interviews, experts published opinions as well observations were used to identify some general causing factors and to assist to refine the research as well as to examine the main factors that influenced the successes and failures of the Merging and Acquisitions.

The following main resources were utilised to collect information for the literature review part of this research article:

- Google Scholar, provided an easy and simple way to access cited reviews on the topic;
- Personal collection of business and management book examples (Fioramonti, 2017);
- Harvard Business Review articles;

- The daily business news;
- FS Company sourced interviews, surveys, and documentation;
- YouTube lectures and sources on the topic;
- Archival records; and
- Structured interviews, direct observation as well as participant-observation.

Information was collected from sources as listed above and plotted on a Fuzzy Cognitive Map (FCM). The strength of the causal relationship was directly analysed, together with the direction and the degree of this strength using the FCM method.

The questions of the structured interview are listed hereunder:

1. What has been your experience(s) in Mergers and Acquisitions?
2. What were the reasons behind the Merger or Acquisition?
3. What factors do you believe influence the integration process success or failure?
4. Looking forward, which factor would you consider changing, or focussing on, to insure better chance for success?

Also, additional survey questions were sent to certain respondents from around the world, to establish the degree of relationships between the refined factors above and to plot it on a Fuzzy Cognitive Map Adjacency Matrix, testing the steadiness of the system and to confirm or disprove the proposition.

The paradigm of this research dictated that it was preferable to use the Predictive Data Analytic Method, as it is suitable for either quantitative or qualitative research methodologies and it utilises essential rules and there are benefits from using the two approaches for this research. Refer to Figure 8 which visually depicts the Taxonomy of Data Sources. In addition, this was preferred as the author had a proposition based on interviews and internal company's surveys, as a fair representation of information gathered would be finding further evidence for the proposition, rather than formulating a hypothesis which was not suitable for this research paradigm. Following a descriptive research method would not have been suitable for this research, the term Descriptive Research denotes aspects of research such as enquiry, design, data analysis and collection methods. 'Descriptive statistics explains exactly what it is, while inferential statistics try to determine cause and effect' (Glass & Hopkins, 1984) (Steyn et al., 2018). Using some visual aids, such as graphs and charts, interviewees consisting of three executives from major global companies and 17 Qualtrics surveys were received from internal FS Company staff from different managerial levels including director and executive levels. These respondents were selected due to their experience in integration process first-hand in their careers.

		Precision of the Data Type	
		Qualitative (Non-Numerical Data)	Quantitative (Numerical Data)
Proximity of the Measure	Direct	Historical on-numerical records Open-ended questionnaires Interviews Direct observations DiQual	Historical numerical records Surveys Numerical simulations Test results DiQuant
	Indirect	InQual Open-ended questionnaires Interviews Observations	InQuant Open-ended questionnaires Interviews Observations

Figure 8 The Q2ID Taxonomy of Data Sources source: (Ellis& Levy, 2012)

In the final stage a Fuzzy Cognitive Map (FCM) was drawn, based on the factors discussed with four main factors in the transmitter nodes versus nine normal receiver nodes. The author's preliminary proposition is compared and tested against the respondents' and plotted in maximum of sixteen scenarios, as per Creswell (2003) 'Research is the process of making claims and then refining or abandoning some of them for other claims more strongly warranted' gathering evidence and rational from all the above resources to reach to the final conclusion.

5.3 Target respondents

Interviews, direct observation, participant-observation were all methods utilised to collect information from sources above and finally plotted it on Fuzzy Cognitive Map (FCM), looking directly at the strength of the causal relationship, the direction and the degree of such strength using the Fuzzy Cognitive Mapping (FCM) method.

The choice of executives interviewed was mainly in attempt to reflect the view of these three Executives who are experts in the field. Interviewee also assisted the author on explaining the reasons for their decisions, their companies' actions and attitude towards M&A projects in general. In addition, in some of the certain cases they shared without necessarily predicting the behaviour of the nodes and the relationship between them. The author has aimed

to test the strength of relationships between the transmitting nodes and the receiving nodes later in the FCM plotted afterwards.

Five Executives from three different global companies were initially selected. However, two were disqualified due to the personal relationship with the author. Executive, the Author reports to and the second is the spouse of the author. Both interviews were not used due to concerns over independence and familiarity leading to prediction distorting the results.

Papageorgiou & Salmeron, (2013) argued that an FCM is generally drawn incorporating several different resources of knowledge and building on first hand experiences. In this research, the author chose to build on human experts' opinions and first-hand observations from people in the field to achieve better understanding of the system and to find out which elements are controllable in this dynamic FCM modelling technique.

5.4 Data collection procedures, target respondents

Based on the purpose of the research, the target respondents were identified as senior and middle-level managers of multi-layered businesses around the world and in South Africa i.e. businesses that combine manufacturing, sales and supply chain which presented enough complexity to answer the questions presented. The research was not limited to specific targeted areas or geography, in an effort to include global and international companies, as the issues on hand are global issues.

It is very important to have a detailed definition of the target population of surveys and interviews to ensure the validity of the information and reach a meaningful conclusion (Blaxter et.al., 2006)

Surveys include methodically organised thoughts and questions that aims to get the range of answers that helps to find solution to the problem at hand, in addition to methodical interviewing, all are designed to ask same questions to different people within the sample population to get as much consistent answers to consistent questions, and in all of the above, Standardization is key (Blaxter et al., 2006)

5.5 Qualtrics Survey

Intended sample size was limited due to the nature of the field of reasearch, and the level of the questions, requiring good understanding and experience in the topic.

Qualtrics questionnaires were sent ot several post graduate students, professionals across the world over 300 people. However, only 19 replied two of which were disqualified and only 17 respondents answers were accepted and considered.

5.6 Internal company Survey

Twenty-two survey responses were received from internal FS Company staff from different managerial to high level director and executive levels, looking at mainly the people side of the integration process.

Some key issues with data collection were noted and successfully overcome such as;

- Technology challenges – some respondents indicated that the survey expired and they could not access the survey.
- Targeted respondents were based in different time zones (different parts of the world) and the author was also travelling quite extensively during the research. The different time zones presented issues when respondents and the author needed to communicate resulting in lag times in responses or communication; and
- Furthermore, due to language barrier, there were some instances of misinterpretation of questions, clarity was sought to overcome the language barrier.

5.7 Measuring instrument and pretesting of the questionnaire

Interviews were recorded with mainly top-level management sample, statements were taken, consent to use statement in the research was taken during the interviews.

In order to test for clarity purposes, an internal company survey was used to draw a future roadmap for M&A integration. This study did not intend to layout a roadmap for the integration process, but it was aimed at establishing factors that influenced the integration process and established the strengths and weaknesses of relationships. The same internal survey of the company was also used to test management opinion, assisting in drawing essential list with the literature review and assisting in drawing final survey and interview questions. Usage of information in this internal FS company survey was done with permission from top management only for this research purpose and not for publishing.

Qualtrics survey software was used to formulate and distribute eleven survey questions, which were sent to a chosen sample population.

The questionnaire comprised of several sections to measure the strength of the relationship of the factors causing success or failure with open ended questions using the Likert scale with the following indicators:

- Extremely positive = 1;
- Moderately positive = 0.5;
- Slightly positive = 0.25;
- Neither positive nor negative = 0;

- Slightly negative = -0.25;
- Moderately negative = -0.5; and
- Extremely negative = -1.

Once this information was collected it was plotted in Fuzzy Cognitive Mapping. 'Fuzzy cognitive mapping (FCM) was developed by Kosko in 1986. FCM is an extension of conventional cognitive maps of binary logic set theory. Cognitive maps (CMs) are defined as a type of mental processing composed of a series of modelling decision making in individual mind maps and social political systems. CMs have been studied in various fields due to a strong visual representation of causal relationships and a clear comparison of mental models to reality' (Uğraş T., 2013) .

'Conventional cognitive maps make knowledge acquisition oppressively burdensome from insufficient decision information, different experts. Hence, a need to represent causal relationships of linguistic quantities becomes very important. FCM can express various degrees of increase or decrease of casual relationships. It is a powerful tool to represent and compute the 'strength of impact' of causal flow paths in dynamic environment. Fuzzy set theory is behind the computational theory of FCM' (Uğraş T., 2013).

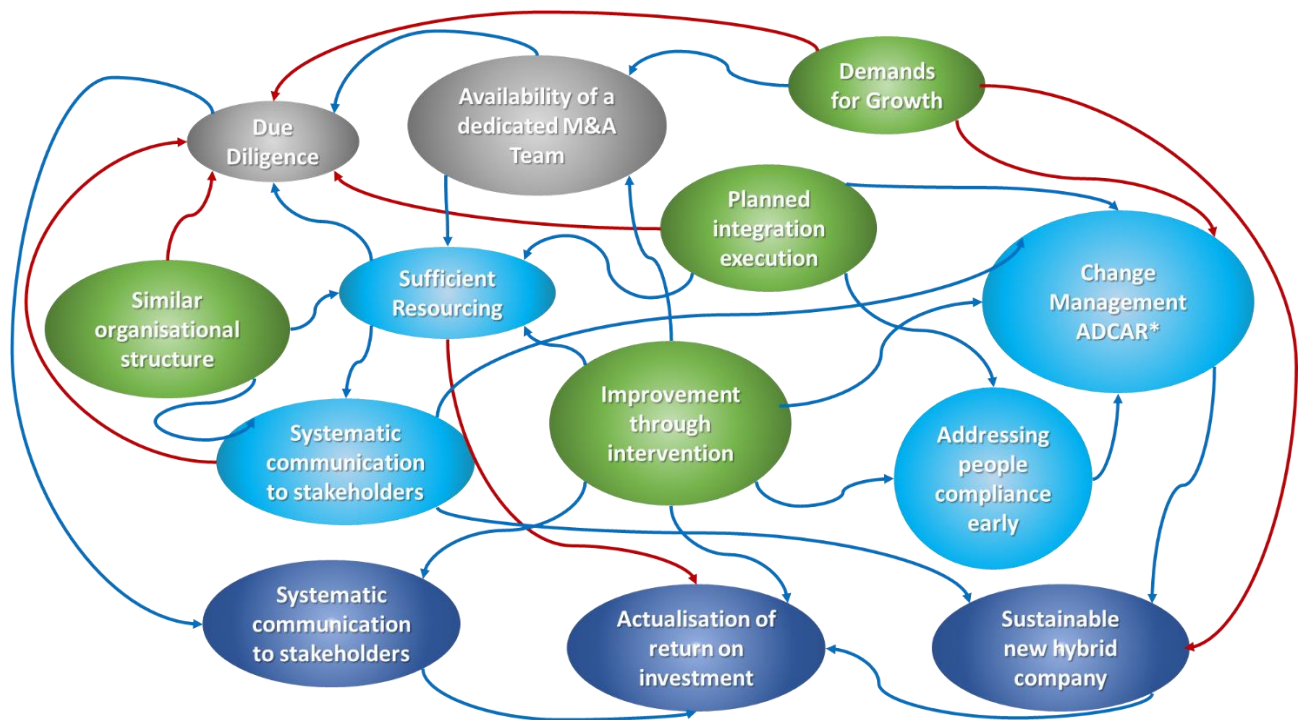


Figure 9: Fuzzy Cognitive Map (FCM) developed by author predicting the relationship between identified factors.

5.8 Fuzzy Cognitive Mapping for the success and failure elements

5.8.1 Data analysis

Unpacking the data and analysing it from multiple sources and point of views it is best done immediately after collection. As soon as the main data was collected, it was examined. Babin & Zikmund,(2015) believe that the maximum benefits would be derived that way. Interoperative method for data analysis is determined by evidence requirements, and by the characteristics of the data collected.

Limitations of FCM are that it cannot handle more than the relationship between the nodes and it cannot resolve the randomness that might exist in some studies (Papageorgiou & Salmeron 2013)

5.8.2 External Survey via Qualtrics Software

For purposes of collecting data from international and local respondents; sorting, capturing, editing and analysing the data, the Statistical Package for Masters' research in Qualtrics was utilised. The steps followed for data analysis are listed below:

- (1) Validity and reliability of the collected data were decided by testing using Qualtrics surveying system with data analysis tools from Excel with the help of research academics at the University of the Witwatersrand;
- (2) Surveys results were recorded, and enclosed in the supplementary files (including frequencies, percentages, mean scores and standard deviations);
- (3) Propositions introduced and compared using Fuzzy Cognitive mapping tools measuring the strength of the relationship between each transmitter node and normal and receiver nodes on an adjacency matrix assuming that Strategic high demand of growth, similarity in corporate structure and familiarity with business and acquired company might have a negative impact on Due Diligence process. Similarly, high growth drive in the acquirer will drive the availability of resources in the form of dedicated M&A team and free cash and expertise to smooth the transition period and ultimately lead to achieving projected synergy and subsequently resulting in a Sustainable Hybrid company; and
- (4) After collecting information and identifying possible major factors that caused failure or success of M&A integration, using Fuzzy Cognitive Mapping to identify the major elements and factors relationships, if any, and the strength or weakness of the such relationships, comparisons were made with the initial proposition by the author.

5.9 Qualitative Data Analysis

As argued in a journal published by Life, Researching Social (1994) coding text fragments is a suitable method of analysis of qualitative data (Life, 1994). Data was collected in the form of:

- Structured interviews transcript;
- Internal FS company survey; and
- Field observations.

The author collected qualitative data from the above resources, while working on the literature review, adding data to an open diary, which enhanced the theory analysis and reconsideration of the problems. As the proposition was derived from the qualitative analysis and the literature review resulted in a large volume of data. Text and selection processes were applied based on the similarity in statements between the data sources mentioned above and the relative importance of the elements and factors mentioned. The data fragments were sorted between relevant and irrelevant. For instance, some information considered irrelevant included details of company production and expansion strategy. However, the author did not discard them entirely and maintained them for integrity of the script but disregarded them in the conclusion formulation. Likewise, in the internal company survey, some information and data were voluminous and a summary schedule was introduced with key elements extracted based on relevance and comparability to other resources, example will be:

- Quest of expansion “growth”;
- Provision of Sufficient resources;
- Due Diligence process planning; and
- Early intervention to address noncompliance and competency gaps.

These elements were deemed key in the qualitative data resources.

Also looking at theoretical analysis, finding deviation and fractions between scholars and business economist allowed the author to move the research direction from a generalist concepts to finding specific elements that can be measured and observed achieving the first objective of the study as the aim of this study was not to achieve a universal explanation but to apply knowledge and reach better understanding of factors influencing post M&A success and failure.

5.10 Content validity and reliability

Content validity refers to how a test on how well the construct provide an adequate representation of the question at hand. This is because there are actual tests or statistical measures to check the validity of the construct. The validation will depend on the experts in the field. Content validity might involve subjective judgement by experts as to the

appropriateness of the measurement. Researched theories, articles and books mainly focusing on the Mergers and Acquisitions were used to develop the matrix. Seven scale questionnaires were developed to represent the proposition and sent out, seventeen respondents replied.

6. STEPS TO KEY FINDINGS

This section presents the results in accordance with the identified research objectives:

The first objective was to determine some of the possible factors that influence M&A integration. These are outlined in the conclusion.

The second objective was to investigate reasons and motives behind the preference of Mergers and Acquisitions vs building from greenfield. This was discussed in the literature review and the structured interviews. Evidence indicated that resources explained that there were many reasons behind an acquisition, this informs which integration approach to apply. Brouthers et al. (1998) claims three types of motives exist – economic, personal, and strategic motives.

ECONOMIC MOTIVES	PERSONAL MOTIVES	STRATEGIC MOTIVES
Economies of scale	Increase sales / firm growth	Pursuit of market power
Increasing profitability	Managerial challenge	Acquisition of a competitor
Risk-spreading and cost reduction	Acquisition of inefficient management	Acquisition of raw material
Create shareholder value	Enhance managerial pride	Creation of barriers to entry

Table 1: Types of motives (Brouthers, van Hastenburg, & van den Ven, 1998) (Olofsson & Sjöstrand, 2012)

The third objective, after Identifying these elements, a better understanding was gained of possible pitfalls in the original planning, as well as in the decisions that might have led to the failure or under-performance of the venture. Through discussions and interviews of a selected sample with first-hand experience in the field, through several resources in literature review and actual company surveys this was possible.

Some of the elements mentioned in the literature review were also mentioned in the Surveys and interviews which reinforced the observations

6.1 Internal FS Company Survey Key Findings

The following section includes the results in accordance with the identified research objectives. The first objective was to compile a limited demographic profile of the respondents limiting samples to directors and senior managers levels that were involved in post M&A deal integration process, with full access to information and can formulate a trusted independent

opinion. Key findings noted in order to have a successful integration a people focus approach must be taken focussing on the following steps:

- Ensure sufficient resourcing;
- Define and close capability gaps;
- Plan integration and execute with systematic change management;
- Secure realisation of the synergies (revenue and costs);
- Focus on leadership capability building;
- Address people compliance as early as possible; and
- Communicate systematically to all stakeholder groups using multiple ways.

From the collection of 115 statements from ranked interviewees, the following findings were recorded highlighting and agreeing with some of the above findings. Most pitfalls highlighted were attributed to cross cultural issues.

- Underestimating Key Man Risks;
- Being realistic with expectation, vs over-estimating the value add/ROI or understating payback period of the deal;
- Working culture mismatch;
- Shared Values vs Risky behaviours of previous owner/s;
- ERP and technological issues; and
- Legal, supply chain, and economic characteristics of countries.

The fourth objective was, evaluating the relationships, if any, between these factors that causes the success and failure through a combination of surveys and questions sent to selected samples of populations in order to formulate an adjacency matrix as per Fuzzy Cognitive Mapping Model (Kosko, 1985).

Refer to Figure 10: Relationship Factors below for the results and interpretation of the FCM depicting survey results;

Scenario one All Transmitter nodes are present

- Demand for growth has a high negative impact on Due Diligence (DD). Based on the author's interpretation this is likely linked to the emotional attachment resulting in organisations compromising all including DD to attain growth. Change management is also positively impacted. It is noted that there is also a small negative impact on sustainable hybrid. Demand for growth also results in the organisation investing in its resources including having a dedicated M&A Team.
- The FCM results indicate that availability of a dedicated M&A team will have a positive impact on DD. The author attributes this to the fact that the acquirer will drive the availability of

resources in the form of dedicated M&A team and free cash and expertise to smooth the transition period and ultimately lead to achieving projected synergy and subsequently resulting in a Sustainable Hybrid company.

- Planned integration execution shows a positive impact on change management, addressing people compliance early but with the strongest impact being on the sufficient
- Improvement through intervention has a positive impact on change management and achieving projected synergy and Actualisation of ROI and a sustainable new Hybrid.
- Similar organisational structure shows a negative impact on the Due Diligence process and a positive impact on sufficient resourcing and systematic communication to stakeholders There is also a direct impact on the forming of a sustainable Hybrid company. The survey indicated that the participants were of the opinion that a similar organisational structure has a good positive effect on the forming of a sustainable company.

For Normal and Receiver Nodes

- Sufficient resourcing has a direct positive relationship with Due Diligence with less strong but still positive impact relationship on the systematic communication to stake holders. Sufficient resourcing impacts negatively ROI as sufficient resourcing might be too costly therefore raising the price of the exercise resulting in a negative ROI. The survey participants were of the view that there is a positive but not very strong direct relationship between sufficient reasoning and the actualisation of sustainable new hybrid company.
- Systematic communication to stakeholders appears to have a negative impact on the Due Diligence process as it can distract and distort perception of the reality along with familiar organisational structure but has a positive impact on the change management.

From the above one can note that Demands for growth as a transmitting node has more negative impact on other receiving nodes, that is in line with the proposition that demands for growth as a key driver for the process of merging and acquisition might negatively impact the outcomes of Due Diligence by distorting the vision and blind managements to the problems ahead or even not giving enough attention and resources to the Due Diligence process in the interest of achieving synergy and increasing ROI at all costs.

Adjacency Matrix					For calculating steady state:															
Demands for growth	Transmitter nodes	-1.00	0.50		0.25								-0.25							
Planned integration execution				0.50	0.25	0.25														
Improvement through intervention					0.25			0.25	0.25	0.25										
Similar organizational structure			-0.25	0.25				0.25					0.50							
Due Diligence	Normal and Receiver Nodes										0.25					0	0	0		
Availability of a dedicated M&A Team		1.00		0.25													0	0	0	
Sufficient resourcing		0.50						0.25		-0.25	0.25						0	0	0	
Change management													0.25				0	0	0	
Addressing people compliance early					0.25												0	0	0	
Systematic communication to stakeholders			-0.25		0.25									0.25			0	0	0	
Achieving projected synergy and optimisation														0.50			0	0	0	
Actualisation of Return on investement																	0	0	0	
Sustainable Hybrid company													0.50			0	0	0		
Steady State:		1	1	1	1	-0.4	0.5	0.88	0.93	0.25	0.47	0.14	0.64	1.07						
Mean						3.2	0.5	1.4	2.9	0.6	1.3	1.4	4.8	3.9		Extremely negative	-1			
Stdev						2.7	0.4	0.6	1.8	0.4	1.0	0.8	3.9	3.1		Moderately negative	-0.5			
Lower quartile						1.2	0.3	1.1	1.4	0.3	0.6	0.9	1.8	1.6		Slightly negative	-0.25			
Median						2.0	0.5	1.4	2.6	0.8	0.8	1.2	3.3	3.0		Neither positive nor negative	0			
Upper quartile						5.7	0.9	1.8	4.0	1.0	2.0	1.9	7.3	4.7		Slightly positive	0.25			
Inter-quartile range						4.5	0.6	0.7	2.6	0.8	1.4	1.0	5.6	3.0		Moderately positive	0.5			
																Extremely positive	1			

Figure 10: Relationship Factors

After collecting information and identifying possible major factors that cause failure or success of M&A integration, using Fuzzy Cognitive Mapping to identify the major elements and factors relationships, if any, and the strength or weakness of the such relationships.

6.2 Findings

With the demand for growth, corporates tend to take investment decisions in isolation, identifying M&A targets without the necessary investment in formulating and training a team of M&A specialists to identify, approach, evaluate and close deals, with the right price and in the right time.

Chasing growth at all costs may also contribute to the tendency of corporates to neglect investing in a team of auditors to execute Due Diligence (DD) correctly. A saving on DD could lead to a costly transition in future. Corporates ignore red flags and possible liabilities. The quest for growth might have a negative impact on Due Diligence, and the appropriate time taken to execute change management, resulting in unsustainable hybrids and the possibility of, at worst, failed attempts to integrate and extended costly integration periods, at best.

Similar corporate structure could lead to familiarity and falling in the trap of accepting similarities and overseeing possible misconduct, or bad governance, as checks and balances are assumed to be in place.

According to another research done by Cordinget al., (2008), integration is a problematic and multi-layered procedure, but vital for the acquired company in order to perform as per expectation. The most important reasons why acquiring corporates may experience complications is that the integration process reveals high levels of what they called 'intrafirm linkage ambiguity' or 'a lack of clarity in the causal link between integration decisions and their performance outcomes' (Cording et al., 2008). Integrating any business should not be a short-term goal, therefore the decisions and the steps taken in the process have long term implications.

7. CONCLUSION

It is evident from the literature review that some of the factors that can impact the success or the failure of the integration of companies post M&A can be narrowed down to the following perceived success and failure factors are tabled below:

Success factors	Failure factors
Similar organisational structure, Spotted improvements with Controllable company size (Schein, 2004) (Chen, 2018) (DePamphilis, 2010) (Voigt, 2008)	Unfamiliarity with organisational structure and working culture, Political, environmental differences (Cooper, 2017) (Voigt, 2008) (Rajan, 2010) (Cartwright, 1993)
Sufficient resourcing (Pritchett, 1987)	Lack of resources (Bradt, 2015) (Ai, 2014)
Planned integration execution (Steynberg &Veldsman, 2011) (Monnink, 2008)	Different priorities in the planning (Olofsson, J. & Sjöstrand, S., 2012)
Change management (Shim, 2009) Capability gaps filled.	Large gaps cultural and languages taking over communication (Cartwright, 1993) Shared historical context, motive and goals, Shared motive and goals ((Shim, 2009)
Focus on leadership capability building and Addressing people compliance early (Welch, 2001)	Inability to adapt to new centralised decision-making process, Very late and too expensive to intervene (Chen, 2018) (Cooper, 2011) (Evans, 2010)
Systematic communication to stakeholders (Cooper et.al, 2006)	Lack of transparency (Evans, 2010)

Table 2: Survey and Literature review analysis by the author.

Based on literature review, some corporates have learned through experience to pursue and acquire companies closer to their core business, in which they can see similar and shared history and structure, calling that a 'good fit' which increases the odds of success of post merging integration. Particular attention was given to the issue of key man risk, weighing their options between keeping founders and entrepreneurs on board or paying cash for their shares. Particularly that in the past few years, companies tend to choose to pay cash rather than stock, due to low interest rate which boosts better due diligence and more-realistic evaluation of the company in discussion. Due diligence is a key process in the integration mapping and drafting, highlighting the important sources of value – and danger- and assists in directing the actions and focus points of the integration process. The longer-term trend of more-frequent

acquisitions is due to lower international interest rate, allows companies to develop tried and tested models and form expert teams for successful integration and managers with professional integration-management skills. The integration team 'task-forces' should be structured around key resources of value confirmed by the due diligence.

It became clear that to create true value from an acquisition, a unique and integrated approach was required, in order to find the right balance between integration, autonomy, strategic motive, relatedness, and other secondary factors. An acquiring organisation should preferably consider this approach before striking the acquisition deal as it may have a significant impact on the realisation of value promised in such a deal.

Both theoretical and empirical studies, suggests some of the variables are relating to the due diligence process documentation, reporting, executing, that growth as a drive for M&A activities does not have a significant negative impact on the quality of the implementation process and change management process as thought earlier by the author but rather the discipline of the acquirer to apply the suitable integration process for the integration motive. The following findings were also noted from testing the relationship between major elements of success or failure in the M&A integration process through, in particular, the possible negative relationship between Quest for growth; company values; Due Diligence and the strong positive relationship between investing in similar corporates with similar structure and the ability to achieve a long-lasting sustainable hybrid new organisation.

7.1 Further implications of this study

This study is in a way opening the door to other scholars and students to research further the possibility of developing a defined model, with a predicting model and algorithm, enabling corporates that are interested in venturing into a new M&A project to put down their strategic motives and all relevant information behind the M&A utilising Artificial intelligence (AI) to look at the available resources, capital and expertise to be able to get to a decision that is not influenced by emotions or Executive personal ambitions. AI ability to aid and assist decisions in investment is already utilized technology by investors and businesses around the globe.

8. ACKNOWLEDGEMENTS

8.1 Ethical considerations statement

Respondents and interviewees voluntarily contributed in the research. The author disclosed a detailed clarification of the research purpose for the interviewees and survey participants to understand the purpose thereof. Participating respondents were entitled to withdraw at any time as well as review the interview contents. Any specific numbers concerning the strategy or plans that involved matters of confidentiality of companies were removed. The author

ensured that no influence from her part was exercised to affect the situation of the participants, in any way, in order to have an impact on the outcome of the participant answers. The research consists of factors that were identified after the questions were collected and not suggested by personal opinion or experience of the author. Information regarding the date when the research was completed and when feedback could be provided were communicated to the participants. All were collected with the identity of FS Company as case study and its employees were not revealed.

The author executed this focused investigation as an insider, with sensitivity to the confidentiality and security of information, integrity of the research and facts presented with minimal to zero impact.

8.2 Competing interests

The author declares that she has no financial or personal relationship(s) that may have inappropriately influenced her in writing this research article. No direct or indirect financial supports were received or offered in order to conduct this research and non-represent conflict of interest and have not prevented the author from executing an unbiased research;

- All precautionary measures were taken to ensure that no influence from external forces been exercised in impact the research design, execution, analysis, interpretation and reporting;
- No relationships, directly or indirectly to any of the used books and journals or used authors; and
- Author contributions: All authors should meet the criteria for authorship as outlined in the authorship policy and author contribution statement policies.

8.3 Author's contributions

The author wrote this article and submitted it in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. Supplementary Files

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8.5 Disclaimer

The views expressed in the submitted article are based on research materials, literature interpretations, surveys answered, structured interviews and researchers propositions and not an official position of Wits or its Lecturers.

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10. ANNEXURES AND ADDITIONAL INFORMATION

Supplementary information

Appendix 1: Internal FS Company Survey

Questions were, in your experience what do you think are the challenges in Integrating new acquired teams and how can we overcome these challenges?

The respondents were from different areas around the world and vary in positions

Provision of sufficient resourcing

Challenges	Desired/ Best Practices and key learnings
Accessibility to a fully dedicated experienced resource during the Integration process	Recommend a full-time senior Integration Directors to lead the processes Allow additional other resources or plan for costs of additional resources to assist in the integration Build on collaboration network in total FS Company functions (whether it is in business Segment or total Group level) Introduce the target company's individuals and employees to FS Company ways and give visibility to FS Company background and contextualized ideology i.e. (site visits, benchmarking etc.)
Prospects and expectations from new roles not defined and concise	Outline with clearly defined expectations job roles & responsibilities Set clear expectations Define clearly career paths and available opportunities within FS Company for future development, so employees can decide whether the new company is suitable for their ambitions or not

Unit efforts between teams to enable the one team spirit in integration

Work as a team: New people in target company endure a lot of changes and experience rigorous enquiries from different parts of FS Company organisation all at the same time, *'you cannot drown the people in requests'*

Sub-stream function leaders prioritize and feed the most important activities into common integration plan, which is then discussed and followed up together

Remember that 50 people need the same level of detail in communications as 500 people

Define and close competence gaps

Challenges	Desired/ Best Practices and key learnings
Define capability gaps	It is essential to study and analyse existing competencies of key people in the acquired unit (including way of working and management style) Compare to FS Company capability needs (values, leadership competencies, professional competencies) Define functional gaps to be closed (Finance, Safety, IT, HR, Production and so on)
Close capabilities gaps	Training and developing people is essential; working in local family business and global company differ fundamentally and requires closing competency gaps (training of global company processes, practices) Bridge competence gaps also for people working in integration Plan for costs of training and development activities

Plan integration and execute with systematic change management

Challenges	Desired/ Best Practices and key learnings
Integrate new teams and make them feel part of FS Company family	FS Company management team and leaders to be visible and to spend enough time at least (1 week) on site after Day 1 Plenty of two-way communication, which is then built into standard way of working (team briefings etc.) Share the future direction and commitment to people
People are interested in question: <i>What is in it for me?</i>	Understand and clarify stakeholder expectations (leaders, experts, shop-floor) Be prepared to answer concrete questions about employment, terms and conditions, benefits <i>FAST, speedy decision making</i> Manage fear & uncertainty with clear communications & reassurance timeously
Changing culture takes time (up to three years)	Build culture topics to integration, but allow sufficient time for changes, <i>you cannot rush culture</i> Clarify expectations on all levels (GM's role, managers/supervisors, employees) Make sure our company values and behaviours are discussed, understood and actions are taken if violated

Secure realization of the synergies (revenue & costs)

Challenges	Desired/ Best Practices and key learnings
Post-closing targets are perceived very stretching for people in target unit	Involve key people in setting the synergy targets at a certain stage Share positive examples from other M&A projects
People are not used to setting stretch targets	Explain the company strategy and ambition to raise awareness Manager of target unit's GM to explain the way target are set and why Ongoing extra attention & support for new units
Costs for integration work are underestimated	Plan costs of integration into synergy targets Consider freeing up resources and replacements as additional cost items

Focus on leadership capability building

Challenges	Desired/ Best Practices and key learnings
Clarify expectations for FS Company leadership	Assign a leader mentor/sparring partner for GM to clarify expectations for General Manager role in FS Company Discuss and train all local leaders on FS Company leadership competencies
Retain key leadership talent	Have a retention plan to key leadership & talent
Role modelling	Making people <i>feel welcome to FS Company family</i> is very important for engagement, <i>show that you care</i> Senior leaders visible on-site for first week to answer questions Spend a lot of time on two-way communication (talking with people on all levels) Be careful not to make promises you cannot keep, do not say 'yes' to everything
Leaders to develop people	Understand people's career aspirations & give opportunities to people looking for professional growth Invest in leaders' coaching & listening skills

Address people compliance as early as possible

Challenges	Desired/ Best Practices and key learnings
Understand what it takes to have people compliance in place	Conduct on-site people compliance audit as early as possible Train people on people compliance: code of conduct, working conditions, global employment guidelines (for HR), Supplier code of conduct Be prepared that compliance requirements from customers will be different post-integration
Costs of compliance	Conduct careful compliance cost analysis as part of DD (if possible) Analyse and plan for bridging business compliance
Communicate benefits of compliance	Communicate benefits and value of harmonized practices and policies across FS Company Focus on why? Communicate value of compliance to our values, customers and business results

Communicate systematically to all stakeholder groups using multiple ways

Limitations

Challenges	Desired/ Best Practices and key learnings
Communication is key to success	Plan, follow-up and resource communication activities, also beyond Day 1 Make use of available best practice tools and templates, contact Segment HR and Group communications for help early Have HR people from other sites to address questions around employee practicalities
Understand change curve and typical emotions related to change	Plan communications considering people's concerns and emotions Recognise early successes and give a lot of positive feedback Take time to have two-way dialogue/conversations, this is the best way of communications through change Focus on active listening and be open to feedback
Focus on value and benefit driven communications	Tailor messages to address relevant concerns and benefits for each stakeholder Be prepared to Answer the question: What is in it for me?
Re-branding	Implement FS Company brand guidelines and communication practices Make sure visible symbols & signs of FS Company are implemented right away (signs, letterheads, ppt templates, business cards, notice boards etc.)

What engages people?

Leaders / Management teams	Experts / Managers, supervisors	Frontline operators
Personal interaction and time with senior FS Company leaders Feeling that one's contribution is needed 'Meaty role', a lot of responsibility and challenge Clear expectations, but freedom in how to achieve goals 'Feeling being part of the family', part of the team Career and growth opportunities in global company Not being left alone to survive Money	Training opportunities Job security Progress at work: 'Everyone wants to score goals' Respect for their specialist knowledge Giving projects, getting involved in global networks Competence assessments development & rotation opportunities Learning and sharing best practices, visiting other sites and learning from them Recognition for top performance Six sigma, Health and safety	Job security Health and safety Good working conditions Values and work culture 'They love new investments' Training Information about business and how it is going gives security Respect Comp & benefit package No discrimination! Engagement survey and action planning process Communication and team briefs 'Walking the talk'

The above findings might have been in the context of human resources orientation and might lack the overall depth required to cover all aspect of integrations that are required, however, we must not discount them as soft issues. cultural and other leadership issues discussed in these finding can and will open a roadmap to address real important factors in our FCM.

Appendix 2: Interview questions

1. What has been your experience/ experiences in Mergers and Acquisitions?
2. What were the reasons behind the merger or acquisition?
3. From your experience what are the factors that you believe it influence the integration process success or failures
4. Looking forward which factor would you consider changing or focussing on to insure better chance for success

Interview respondent 1

Date: 22nd May 2018 Hong Kong 2018

Name of Interviewee: Ville Soro

Company: Huhtamaki OYJ

Title and designation: M&A Director& Legal Counsel Food Service Europe Asia Oceania, Hong Kong

Location: Hong Kong/ Finland

1. QUESTION What has been your experience/ experiences in Mergers and Acquisitions?
2. INTERVIEWEE Probably I was the first ever person at Huhtamaki Worldwide with a title to specialise in M&A as a legal Counsel
3. QUESTION What were the reasons behind the Merger or Acquisition?
4. INTERVIEWEE in Emerging Markets we are always finding White Spots (empty areas) filling geographic white spots, in Europe we are less expanding more consolidating our existing operations and serving better our customers.
5. We have done some vertical integration with Tailored Packaging our recent acquisition buying distributors in Australia.
6. QUESTION will you do that for Raw Materials as well?
7. No, we had clear consequences, purely expanding, buying raw materials manufacturing is not expanding.
8. The values of our corporate, it is very important to keep our values (we know our business),
9. if you are moving to a new business area, we still need to be expert in supply chain and distribution business Australia Not Germany Not the USA but in Australia.
10. QUESTION From your experience what are the factors that you believe it influence the integration process success or failures?

11. INTERVIEWEE Well you probably know that almost 2/3 of total M&A failing g to make the promised results, in Huhtamaki when I look back I say How would it look like if we didn't do that at all, in other word, what was our alternatives?
12. Be realistic with your expectations, corporate expectation, selling the deal with high hopes I say curb your enthusiasm
13. Due Diligence find risks, list it and analyse it.
14. If it is Red flag- it is important and normally I say this 0% to maximum 5% of what we find in Due Diligence exercise.
15. The Due Diligence findings will make us reconsider our decision
16. Value findings 5-25% of the findings is something has some implications on the agreement we call that value finding.
17. 75% sort of good to know, low hanging fruits, head counts, supply chains all are kind of discipline corrections we can take into consideration while integrating.
18. Corporate culture is important to consider, similar structure, buying small family business, in our company is not after turnaround business, but making full range of packaging
19. Understanding and respecting the culture which created the business which made us interested in it in the first place, over communication might suffocate it and that must be taken into consideration into the integration process
20. The capabilities to integrate the new company
21. We still have a lot to learn we are slowly in the position of having an M&A team and defined process which includes commercial analyses, gives a structural increase changing the philosophy, segment region, local unit, they need to roll up their sleeves, be held accountable
22. Local Business units need to insure the Communication, there are targets established for them,
23. How much organic growth and how much through new business?
24. Transaction team should be involved and stay on the project, transferring their professional skills.
25. When we are building the business case, and get the info up to our CFO, talking synergies are good, then we get the instructions to dig deep, find more.
26. Building Synergies are good but doesn't fly anymore, the executive boards now are more demanding, and they challenge you before investing the shareholders' money and so they should I understand where they come from.
27. In China now it started to be a moving target,

28. Local manufacturing is spread, and we started to consolidate our operations in China now is different to the market it was 10 years ago, cost increased for everything, Companies also now must be adapting to changing circumstances
29. QUESTION Looking forward which factor would you consider changing or focussing on to insure better chance for success?
30. If you take a decision you must take best price
31. Agile company reinvest in itself,
32. Nokia, used to make electrics and rubber boots, I still have a rubber boot from Nokia before they made mobiles and telecom network
33. I believe adaptability of Companies is key for success.
34. The future is innovation, new disposable plastics developed, and mature market has now new plastic agenda especially in the European world

34 statements less 4 questions= 30

Interview respondent 2

Date 12 June 2018 Cape Town SAPICS 2018

Name: Laura Scott

Title: Global process owner – Integrated Business Planning at McCormick & Company

Location: Baltimore, Maryland Area USA.

1. QUESTION What has been your experience/ experiences in Mergers and Acquisitions?
2. INTERVIEWEE, I have been in McCormick for long time now and been in the forefront of our acquisition integration process with teams from different departments, now I'm process owner, I'm even more involved in this process
3. QUESTION What were the reasons behind the merger or acquisition?
4. INTERVIEWEE in McCormick usually the reasons are:
5. To acquire an adjacent,
6. to grow market shares
7. for example, you might have heard about one of our biggest recent acquisitions when we bought the famous French's for \$4.2 billion in 2017 in our savoury business,
8. as well as Giotti was a great addition to us in the flavouring business,
9. it was family owned business for over 80 years,
10. Giotti has manufactured natural and organic flavours, aromatic herbal extracts, concentrated fruit juices and a wide range of aromatic concentrates for all food types: drinks, spirits, ready-made foods, baked foods, confectionery.
11. By making endless investments in scientific research which is great for McCormick

12. Giotti is a brand in which successful innovation is steeped in traditions
13. McCormick is Baltimore Maryland company with Growth of 38% to 42% through national and international acquisitions,
14. in the mid 1990 in the UK we bought Schwartz and Europe
I'm sure you can go on google and check how many brands we got Our brands include McCormick; Zatarain's, Lawry's very famous with the bottles, Old Bay Seasoning, French's we are so proud of this acquisition, Frank's Red Hot, Mojave Foods, Cattleman's, Giotti the flavouring business, El Guapo, Gourmet Garden from Australia, Kitchen Basics, Stubb's, Brand Aromatics, Thai Kitchen and Simply Asia (United States); Ducros, Drogheria & Alimentari, Kamis, Galeo, Margão (Portugal), Silvo, and Vahine (Europe); Club House spices and Billy Bee Honey (Canada); Schwartz (United Kingdom); Aeroplane Jelly and Keen's Mustard (McCormick Foods Australia); Kamis (Poland).
5. QUESTION From your experience what are the factors that you believe it influence the integration process success or failures
15. INTERVIEWEE It is a big challenge when the company grow and is now a target for acquisition,
16. It is almost a culture shock for the acquired company.
17. Growing from a one owner company to part of a public company, board of directors and so on
18. Culture is very important, we always try to keep them remain independent
19. I think Reasons for failings I can start at one bad acquisition decision if I can say that was Thai Kitchen and Simply Asia,
20. the growth was grossly over stated in the Asian market, the supply chain was complex and expensive which doubled the pressure on the margin and while it was great brand, we still haven't figured it out yet.
21. Another very complex market was Gourmet Garden Australia, with the concept of buying from the farms, lightly dried, good healthy concept, and it was good commercial company,
22. What we did not know that they were taking significant risks with their business model, the owner and the company's attitude and culture was totally different to ours, I mean extremely different company- basically saturated Australian market
23. Reasons for Success, from the top of my head should be the right fit: Right fit to stated ambitious in the market place,
24. We cannot say something and go on our own and do something else it all has to make sense to the market and the analysts.
25. We are concerned with the food experience we offer our customers.

26. The integration cannot be too long, Flavour business did not want 3 years of new business process
27. Now it is 5% of our export business
28. Global gross is now our IRR driver
29. Our focus is the Asian market
30. Asia Pacific market is just now being integrated business and we are playing in China, North America, South America and the EMEA region (Europe Middle East and Africa)
31. I don't believe our company is not international it is global.
32. We put them by product category that with capacity limitation, assess where is growth, small company
33. Technology makes small Companies do big things,
34. ERP like SAP for example French's was a smart move with similar ERP system to McCormick using SAP it is a small company not manufacturing.
35. Some other Companies like Lawry's did not have any technology, but it was easy to integrate in 2008
36. McCormick bought Lawry's which did not have technology we bought the Brand and Customers, Unilever was going to close it and layoff the workers and management
37. It is important to look after the people
38. I personally take it on myself to empower women and assist them to achieve their potential
39. My daughters are empowered, and I have raised them to trust their own abilities
40. As I have mentioned before I was a chemist in the lab and then got involved in several roles until I grow in my current role which now have no relation to what I was trained originally to do.
41. I was from a modest family and earned a scholarship, so I know what it means for people to achieve good things and go beyond their original perceived limitations.
42. At McCormick we take care of our employees, and I'm not just saying that as a member of the management team, but really my Boss always care for me, for example if I'm travelling long distant or working late hours on a project, he always tells me I don't have to drive while tired to come to work he knows that I work hard.
43. I want the new Companies we acquire also to see this culture as we are a family.
44. In fact, now I'm going after our interview to the forum discussion on women role in business.
45. We have very strong ladies on the panel of discussion and yesterday I was in the preparation discussion, and they literally crushed the guy overseeing the discussion that was so funny but I'm happy to see strong women in command in Africa as well.
46. It is all about Lean Growth not just synergy.

46 statements less 4 questions = 42 statements

Interview respondent 3

1. What has been your experience/ experiences in Mergers and Acquisitions?
2. What were the reasons behind the merger or acquisition?
3. From your experience what are the factors that you believe it influence the integration process success or failures
4. Looking forward which factor would you consider changing or focussing on to insure better chance for success

Name Frank Hofenbetzer

Company: Huhtamaki OYJ

Date 08 August 2018 Springs South Africa

Title and designation: Group Vice President Strategy Development

Location: Germany/ Finland

1. QUESTION What has been your experience/ experiences in Mergers and Acquisitions?
1. INTERVIEWEE: I started my Career with Huhtamaki in Finance and as a controller in Germany then gradually went on various positions and was the director for M&A for many years until I moved to Be the Vice President for the group Strategy Development.
2. QUESTION What were the reasons behind the merger or acquisition?
3. INTERVIEWEE The question is it about synergy or about optimization? It's very important to realize savings, if you look at inferior company and put best practices in the inferior company remotely but you gather and consolidate sales together, so Synergy is not in the picture only optimized performance.
4. Shared service centre, you need sufficient size, 10 12 years ago we couldn't have the volume for it in Poland for example and we didn't merge with big Companies, now it's different so things can change at times.
5. Synergy is one way of optimization, but optimization is about improvement.
6. QUESTION From your experience what are the factors that you believe it influence the integration process success or failures?
7. Leaders, are sometimes one of the reasons we buy a company
8. For example, our most recent acquisition in Australia Tailor Packaging it is important to keep in mind that the owner built a network of distribution, although the setup alone might be attractive, still the ownership and therefore the ways they managed are important.
9. QUESTION What about building capabilities post-merger?

10. INTERVIEWEE Either party educate each other, using training or educational tools to acquire the new skills
11. QUESTION What about Due Diligence is it a formality?
12. INTERVIEWEE Depending on the size of the deal
13. If that is high in the Billion Euros deal, the ego of the CEO might get in the way.
14. If you have a deal maker or team with experiences, you have a better chance that we get to dig deeper.
15. You need the head of the business to want to go forward, but also have a deal team mature enough to walk away
16. once the red flag is raised you can't ignore it, then that will be wilful negligence
17. QUESTION Looking forward which factor would you consider changing or focussing on to insure better chance for success?
18. INTERVIEWEE Joint effort between the two parties to put a vision on how the combined business must develop in the future
19. Everything else is Mechanical
20. Putting together a vision on this what we want to achieve, how we want to achieve it, then put the right resources in place, money, people and so on to realize that vision
21. QUESTION How to keep the good people of the Organisation?
22. INTERVIEWEE You need to have a culture fit first
23. Huhtamaki has a tradition of allowing freedom to the merged company to manage on its own without our direct interference at least not at the beginning
24. Common vision how to achieve it is key for collaboration
25. Financial incentives are also key
26. One of the reasons to go through JV is to keep entrepreneurs on board for 3 years or so
27. JVs can be a way to keep commitments and to keep them, so they have skin in the game and that Strategy so far has worked so well
28. Retention bonus payable after 3 years is not as effective, it is not a motivation to perform well just to stay,
29. while if they got a share of 35% or so they work harder.
30. Genera Electrics (GE) Point of view, regarding entering new territory in this case (Australia) we did something new, we are huge scale producers, this acquisition exposing us to selling and distributing in Ireland, we couldn't enter their world before
31. Poland, big machines, high speed machines, small coffee shops representing 1/3 of the market.
32. Boosting that with their business model
33. QUESTION Consolidation?
34. INTERVIEWEE It is not really our strategy it's more about broadening our scope

35. Delta Packaging was broadening our portfolio
36. We are less about consolidation and more about broadening our scope.
37. QUESTION Looking forward which factor would you consider changing or focussing on to insure better chance for success, how do you see the future of M&A?
38. INTERVIEWEE Our industry is changing around the world reducing plastic cups and bags, one of the biggest issues around the world is sustainable manufacturing
39. Impact on M&A, with Private Equity Companies are keener on plastic producing Companies for quicker pay-outs
40. PE Companies buys plastic manufacturers fixing them and increase multiples.
41. But we don't think it will keep working like that forever
42. Waves of M&A multiples were lower now they are very high
43. As soon as the interest rate increases then it will be more difficult to finance M&A.
44. Low Passed in Germany to protect sensitive industries such as Electricity, Infrastructure, and Traffic so lows changing the ways to invest.
45. Also Localisation and national protectionism might cause an increase in M&A activities putting boundaries around the countries and reduces the flow of goods from a country to another might increase FDI, so if you don't want to import and you are putting a high tariff like in the case of USA and China the only way for you to buy my products that I come in your country and produce my products inside the country that will have a significant impact on the M&A activities in future
46. Domestic consumption in Germany is growing very slowly with all education and technology and reform agenda we had from social democrats, more competitive prices of German goods the Christian Democrats policy helped in achieving an increase of 3%
47. People are more optimistic in M&A because managers wants to grow their business and that will continue to be the case

Total 47statements less 4 main questions = 43 statements

Total Interviewee statements 30+42+43=115 Statements

Appendix 3: Surveys

Survey sent to people in FS Company and outside the company through Qualtrics to assist with the FCM matrix drafting

Survey questions

Good Day,

My name is Mariam Dymond and I am a part time MBA student at the Wits Business School.

As part of my research project, I am investigating the strength in relationship (if any) between factors of post mergers and acquisitions success or failure of integration process.

I would like to invite you to participate in this research by answering a few questions. These questions should not take longer than 10 minutes to answer. Please indicate the first immediate response comes to your mind, based on your experience on an Integration Project.

Should you feel that any of the questions are unclear, please contact me on the details provided below

Mobile +27 82 4267537

E-Mail : 1787506@students.wits.ac.za

Kindly state if you consent to participate in the survey.

- ☐ Yes
☐ No

Optional. If you wish you can state your name here.

Q1. During the integration process were you :

- ☐ Internal party
☐ External or third party consultant

Q2. What was your title or role during your most recent M&A project?

Q3.

Estimated number of staff employed at the organisation of your last integration process Merger or Acquisition

This survey is seeking to measure the relationship (if any) between some critical factors of post merger and acquisition success or failure.

Some clarity of what these factors relates to, in the context of this survey is offered below.

Thank you

Similar organizational structure	Relating to hierarchical arrangement of lines of authority, communications, rights and duties of an organization.
Planned integration execution	That means a developed credible, detailed integration plan that produces a Seamless closing for the process, and includes a roadmap for a speedy path to value capture through a detailed post-close 100-day plan. Throughout the integration.
Improvement through intervention	Mainly on addressing people compliance, bridging capacity and capabilities.
Due Diligence	A comprehensive appraisal of a business undertaken by a prospective buyer, especially to establish its assets and liabilities and evaluate its commercial potential.
Availability of a dedicated M&A Team	Available dedicated resources specifically to M&A with different deciplines and hirarcy with a clear mandate to drive organisation's strategy through manging individual deals and dsupporting performance improvement
Demands for growth	Business growth demanded by shareholders and investors
Sufficient resourcing	In terms of people, financial resources and expertise.
Change management	Begin by reviewing the lessons learned from the organization's change history. Show senior leaders the business case for change, clarifying the connection between integration success and business results. Clarify the goal of the change effort. Focus all stakeholders on a common, clear purpose.
Addressing people compliance early	In Terms of working cultural differences, new regulations and code of conduct.
Systematic communication to stakeholders	Stakeholdersinclude employees, labor unions, suppliers, customers, business partners, investors and shareholders, the local community, government authorities and regulators
Achieving projected synergy and optimisation	Synergy, or the potential financial benefit achieved through cost saving, and consolidation of roles thorough the combining of companies.
Actualisation of Return On Investment	Return on investment (ROI) is the ratio between the net profit and cost of investment.
Sustainable Hybrid company	New organisation after M&A process

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Q10.

From the work you have done, and your experience in Post Merging and Acquisition integration process, what other elements and factors you would like me to consider in my research project?

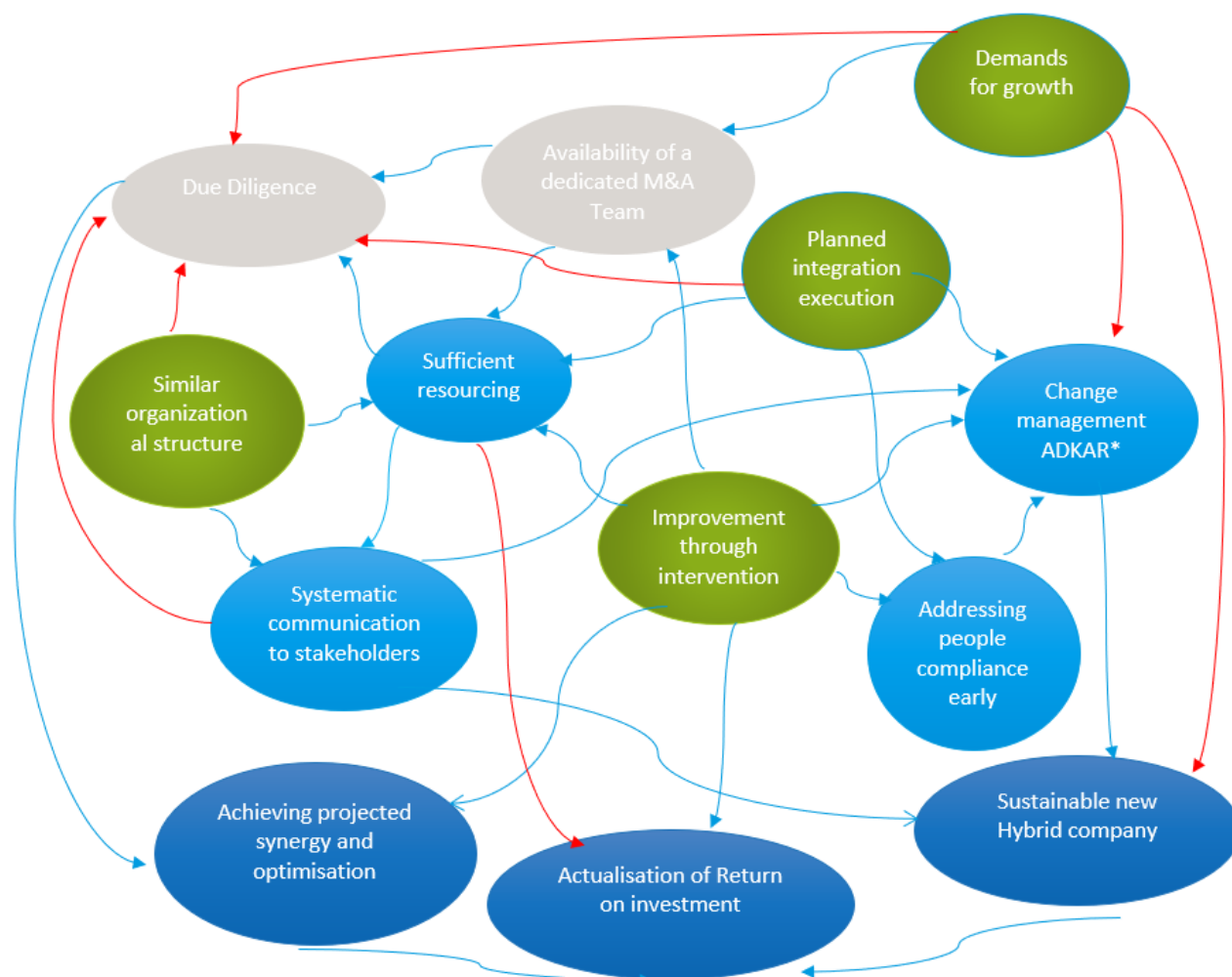
Q11. If you have to choose one factor or element that leads to success or failure of the integration process which one would that be? and In your words please state why?

0% 100%

Responses were analysed and maintained on Excel file data sheets.

Fuzzy Cognitive Map (FCM) Predicted model.

*ADKAR model of change People



Fuzzy Cognitive Map (FCM) developed by author predicting the relationship between identified precised factors.

Researcher Original Proposition (Predicted model) :

With the demand for growth, corporates tend to take investment decisions in isolation- Identifying M&A targets without the necessary investment in formulating and training a team of specialists in M&A to identify, approach, evaluate and close the deal, with the right price and in the right time.

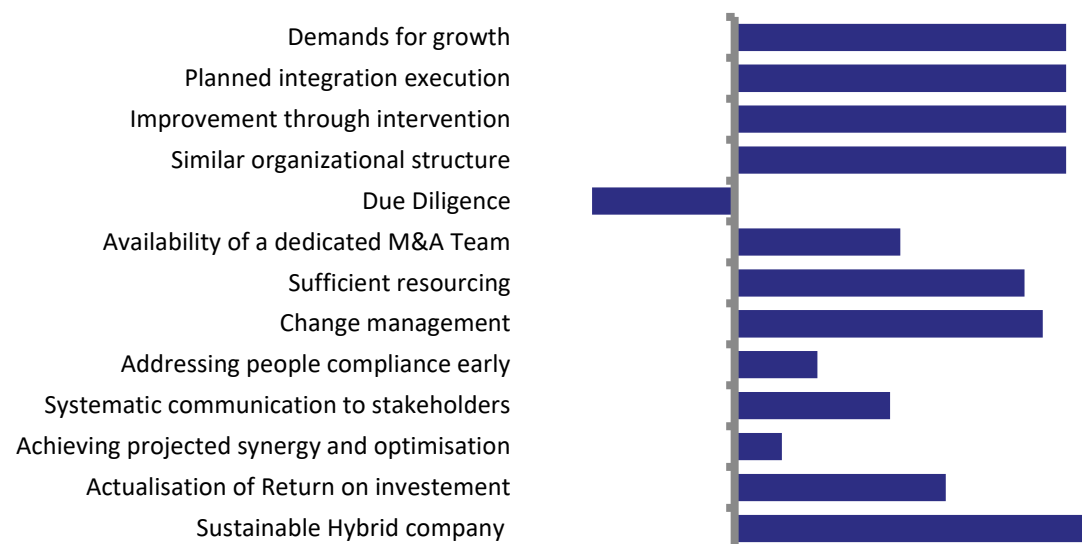
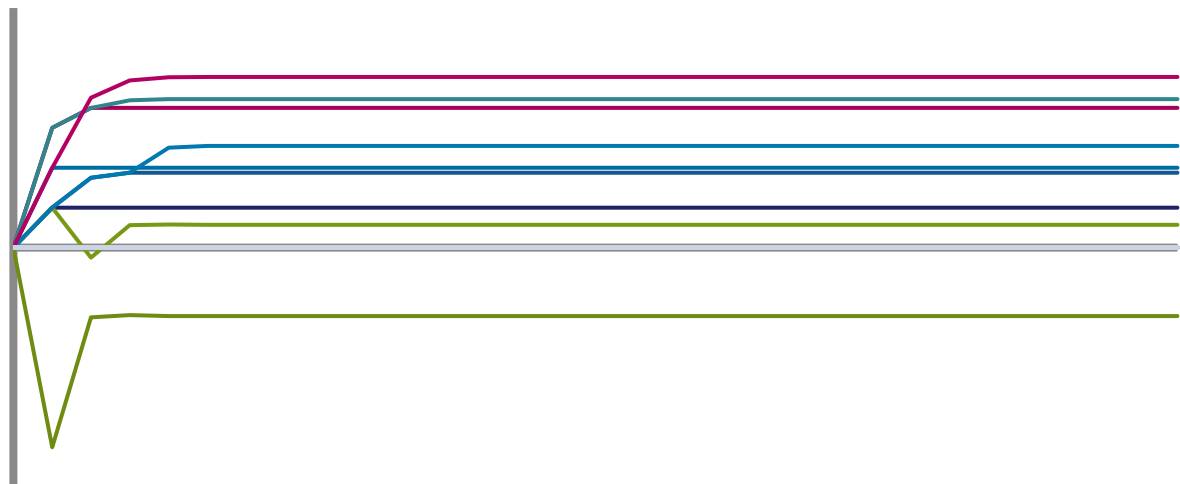
Chasing growth at all costs, corporates might not also invest in a team of auditors to execute Due Diligence correctly, a saving on DD might lead to a costly transition in future, ignoring redflags and possible liabilities, the quest for growth might have a negative impact on Due Diligence, and the appropriate time taken to execute Change management resulting in unsustainable hybrid and the possibility of failed attempt to integrate at the worst and long costly integration at the best.

Similar corporate structure might lead to familiarity and falling in the trap of accepting similarities and overseeing possible misconducts or bad governance as checks and balances assumed to be in place.

According to a research done by King et. al (2008) Integration is a problematic and multi layered procedure, but very important for the acquired company in order to perform as per expectation. The most important reasons why acquiring corporates may meet complications is that the integration process reveals high levels of what they called 'intrafirm linkage ambiguity' or 'a lack of clarity in the causal link between integration decisions and their performance outcomes' (King et.al 2008). Integrating any business is not a short-term goal therefore the decisions and the steps taken in the process have long term implications

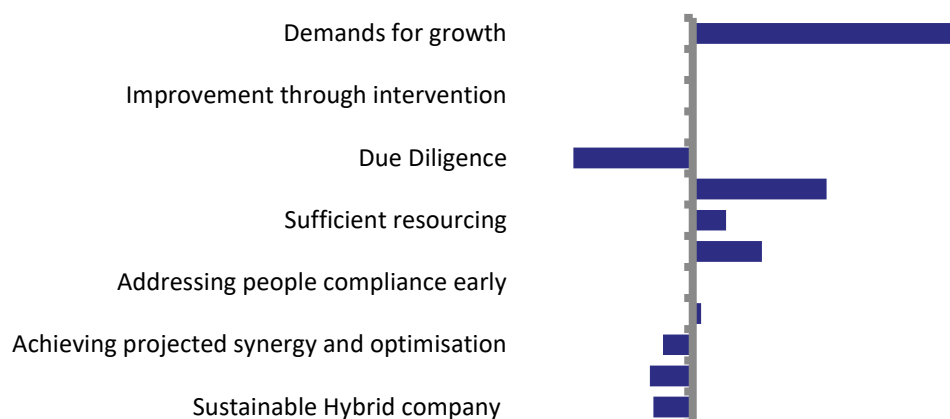
Measuring the strength and weakness of relationship between the identified factors and plotting it on an adjacency matrix with possible scenarios.

[illegible]



[illegible]

In Chart one we can see that: Steady state for demand for growth=1 which is testing the result of the presence of transmitter or factor in the absence of others, in otherword in the absence of planned integration execution, and improvement through intervention, similar organisational structure (reporting cultur, hirarchy chain of commands) Steady State chart



Convergence chart for first assumption

Scenario (3)

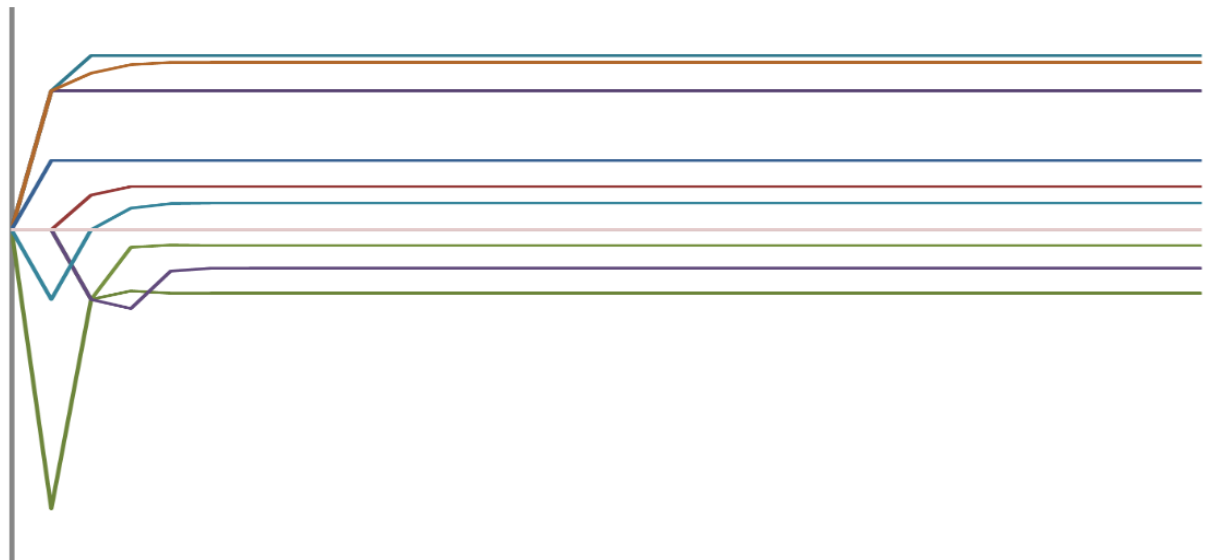
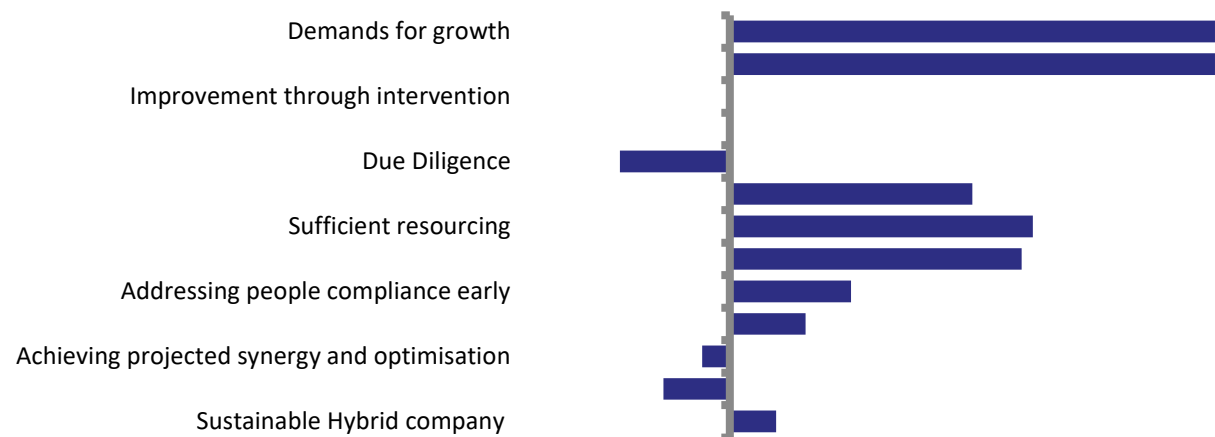
Presence of both Demands for growth =1

planned integration execution=1

absence of Improvement through intervention =0

similar organisational structure=0

Adjacency Matrix					Demands for growth Planned integration execution Improvement through intervention Similar organizational structure Due Diligence Availability of a dedicated M&A Team Sufficient resourcing Change management Addressing people compliance early Systematic communication to stakeholders Achieving projected synergy and optimi- Actualisation of Return on investment Sustainable Hybrid company													For calculating steady state:		
Demands for growth	Transmitter nodes	-1.00	0.50		0.25									-0.25						
Planned integration execution				0.50	0.25	0.25														
Improvement through intervention					0.25				0.25	0.25	0.25									
Similar organizational structure		-0.25		0.25				0.25					0.50							
Due Diligence	Normal and Receiver Nodes								0.25							0	0			
Availability of a dedicated M&A Team		1.00		0.25												0	0			
Sufficient resourcing		0.50					0.25		-0.25	0.25						0	0			
Change management											0.25					0	0			
Addressing people compliance early					0.25											0	0			
Systematic communication to stakeholders		-0.25			0.25								0.25			0	0			
Achieving projected synergy and optimisation													0.50			0	0			
Actualisation of Return on investment																0	0			
Sustainable Hybrid company													0.50			0	0			
Steady State:	1	1	0	0	-0.2	0.5	0.63	0.6	0.25	0.16	-0.1	-0.1	0.1							
Mean					1.8	0.5	0.9	1.8	0.6	0.5	0.5	2.0	2.0		Extremely negative		-1			
Stdev					1.3	0.4	0.4	1.1	0.4	0.4	0.3	1.7	1.6		Moderately negative		-0.5			
Lower quartile					0.9	0.3	0.6	1.0	0.3	0.1	0.2	0.9	1.0		Slightly negative		-0.25			
Median					1.8	0.5	1.1	1.8	0.8	0.5	0.5	1.6	1.4		Neither positive nor negative		0			
Upper quartile					3.1	0.9	1.1	2.8	1.0	0.6	0.8	2.6	2.2		Slightly positive		0.25			
Inter-quartile range					2.3	0.6	0.5	1.8	0.8	0.5	0.6	1.7	1.2		Moderately positive		0.5			
Index															Extremely positive		1			



Scenario (4)

Presence of Demands for growth =1
 planned integration execution=1
 Improvement through intervention =1
 and absence of similar organisational structure=0

Adjacency Matrix				Demands for growth	Planned integration execution	Improvement through intervention	Similar organizational structure	Due Diligence	Availability of a dedicated M&A Team	Sufficient resourcing	Change management	Addressing people compliance early	Systematic communication to stakeholders	Achieving projected synergy and optimisation	Actualisation of Return on investment	Sustainable Hybrid company	For calculating steady state:	
Demands for growth	Transmitter nodes			-1.00	0.50			0.25							-0.25			
Planned integration execution						0.50		0.25	0.25									
Improvement through intervention								0.25				0.25	0.25	0.25				
Similar organizational structure				-0.25			0.25				0.25				0.50			
Due Diligence	Normal and Receiver Nodes											0.25					0	0
Availability of a dedicated M&A Team				1.00			0.25										0	0
Sufficient resourcing				0.50							0.25		-0.25	0.25			0	0
Change management															0.25		0	0
Addressing people compliance early								0.25									0	0
Systematic communication to stakeholders				-0.25				0.25						0.25			0	0
Achieving projected synergy and optimisation														0.50			0	0
Actualisation of Return on investment															0.50		0	0
Sustainable Hybrid company																0.50	0	0
Steady State:		1	1	1	0	-0.2	0.5	0.63	0.85	0.25	0.16	0.19	0.39	0.41				
Mean						1.8	0.5	0.9	2.3	0.6	0.5	1.1	3.1	2.5			Extremely negative	-1
Stdev						1.3	0.4	0.4	1.3	0.4	0.4	0.5	2.2	1.9			Moderately negative	-0.5
Lower quartile						0.9	0.3	0.6	1.3	0.3	0.1	0.7	1.6	1.2			Slightly negative	-0.25
Median						1.8	0.5	1.1	2.3	0.8	0.5	1.0	2.3	1.8			Neither positive nor negative	0
Upper quartile						3.1	0.9	1.1	3.3	1.0	0.6	1.4	4.2	2.9			Slightly positive	0.25
Inter-quartile range						2.3	0.6	0.5	1.9	0.8	0.5	0.7	2.6	1.7			Moderately positive	0.5
																	Extremely positive	1

