

# ADVANCES IN MERGERS AND ACQUISITIONS

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ADVANCES IN MERGERS AND ACQUISITIONS VOLUME 16

# ADVANCES IN MERGERS AND ACQUISITIONS

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# INTRODUCTION

As global business moves out of recession into slow growth in most of the developed and emerging economies, we are seeing an expansion of strategic alliances, mergers and acquisitions. The contributions, in this 16th annual volume of research/theory/practice on M&As, reflect this trend and explore the issues pre-merger/acquisition, strategic decisions, post-merger/acquisition, and ethical issues.

The first chapter highlights one of these trends, when some firms with strategic alliances are moving into acquisitions. As more and more firms during the recession developed synergistic alliances with other businesses as an intermediate strategic option, and found that it worked for them, the movement has been toward solidifying this relationship through acquisition. The next chapter explores one of the often forgotten factors in considering a merger, the management styles of the respective organizations. The author argues that what successful mergers and acquisitions require are “behavioral due diligence” of the leaders in the pre-merger stage of the process, to ensure either compatibility or what needs to be done to ensure success if the styles are fundamentally different. This “people orientation” pre-merger is the focus in the next chapter, where the authors suggest that the new organizations have the right mix of human capital; so the decisions about who to retain or not need to be done to ensure the right human resource mix for the merged organization.

In addition to these issues are those to do with strategic considerations, like strategic investment appraisals, which feature in our fourth chapter. This chapter explores how an organization might appraise an M&A as a strategic investment, highlighting a number of possible approaches and theories. One of these is the “special purpose acquisition company” (SPACs), which are set up to acquire a potential target. This follow on chapter suggests that SPACs, as they are currently configured, do not necessarily produce successful M&As but could be redesigned to do this and ensure more sustainable businesses. And finally in this strategic arena is the notion of “business model relatedness,” where both an acquirer and target have relatively common business models, there will be less identity conflicts that could harm post-acquisition performance.

In terms of the post-merger or post-acquisition period, there are important issues to smooth the inevitable potential cultural difficulties. Training during this transition stage is critical to minimize the stress of uncertainty and feelings of alienation, as the subsequent chapter highlights. There is a substantial

literature on the perceived effectiveness of training during this transition period and employees level of commitment to the newly merged firm. And finally, the next chapter explores the PMI risk framework for classifying and identifying the potential risks that might inhibit post-merger success. This chapter identifies the relationship breakdowns that can occur in the post-merger integration phase. And finally, the last chapter explores the topic of ethical evaluations of the impact of M&As. This involves a stakeholder framework for evaluating M&A beyond just does it provide financial value: its ethics, governance, and desirability.

Although these chapters were standalone contributions, and not structurally integrated, you can see some themes from pre- to post-merger/acquisition on how we can be more systematic in our approach to M&As rather than a “fly by the seat of our pants” attitude to M&As. A more strategic approach is necessary in considering likely partners, in communicating when implementing, along with training and development; and in the post-merger phase an honest appraisal about ‘what’s not working’ rather than a corporate or PR cover-up. We hope you will find nuggets of useful research and advice to ensure a more successful M&A.

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*Editors*