

Presentation PowerPoint Slides

LEVEL 7 ASSESSMENT SPECIFICATION

Student name:	Chan, Wai Ming Raymond	Student ID number:	1818885
Programme:	DBA		
Module:	Approaches to Research and Academic Communication		
Module code:	SBPD7001	Contribution to Overall Module Assessment (%):	100%
Lecturer:	Dr M. Cheung	Internal Verifier:	
Assignment Title:	Portfolio	Word count (or equivalent):	7,500 words
Submission deadline:	26 August 2019	Return date of provisional marks & written feedback:	30 September 2019
Submission method:	All written assessments, where practical and possible, must be submitted via Turnitin unless otherwise instructed by the Lecturer. (Please DO NOT put this assessment specification into Turnitin or it will match many similarities with other students' submissions.) Alternative submission method (if applicable): Late submission of the assessment will result in a late penalty mark. Penalties for late submission: Up to one week late, maximum mark of 50%. Over one week late, 0%. Only the Extenuating Circumstances Panel may approve a change to submission dates.		
Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Module Learning Outcomes (from module syllabus)

By the end of this module the student should be able to:

1. Critically reflect on the role of theory, epistemology, ontology and axiology in shaping and interpreting research;
2. Critically discuss approaches to reliability, validity and bias in social research;
3. Examine fully the ethical considerations in social research and develop research designs that meet a high standard of ethical practice; and
4. Critically analyse communications and communicate scholarship effectively.

1

Corporate Cultures, Leadership and Finance Efficiency in Mergers and Acquisitions – A Literature Review

Raymond Chan
Student no.: 1818885

SBPD7001 Approaches to Research and Academic Communication

Agenda

- I. The Chosen Article
- II. Literature review on the Research Topic

3

I. The Chosen Article



The Chosen Article

"The Different-Culture Management in Mergers and Acquisitions Affecting to the Fit of Personal-Organizational Values and Business Performance. Journal of Accounting, Finance & Management Strategy, 13(1), 27-55."
by Hisiao-Chen Chang (2018)

5

Abstract

Journal of Accounting, Finance & Management Strategy, Vol. 13, No. 1, Jan. 2018, pp27-56

The Different-Culture Management in Mergers and Acquisitions Affecting to the Fit of Personal-Organizational Values and Business Performance

Hisiao-Chen Chang¹

Abstract

In a changing economic environment, the employees' loyalty to and the unified value about the company stand as the key points for the company to be perpetually under operation. Therefore, an enterprise must reinforce the fit between the employees' individual values and the enterprise ideal of managements so as to prevent the good workers from leaving and make them happily work for the company. Such fit, therefore, contributes greatly to the enterprise's vantage in the industrial competitions.

This research is to analyze the fit between the values of the individual employees and the company. A different company with different values may affect such fit, as a great contribution to business performance. Therefore, the influence of different culture on the personal-organizational values of the emerged company will also be the focus of this thesis, which will further discuss the strategies of managing the personnel and the system of company that has been infused with the different cultures. The statistical software SPSS18.0 is used to analyze the 283 effective questionnaires. The result of this analysis is that the higher the fit of personal-organizational values is, the more effective the company is. The system of the different-culture management results in the turbulence in the enterprise effectiveness. In addition, this research consists of the finding that, because the company that takes control of the emerging would send the personnel to supervise the merged company, the systems of management, welfare, and manpower are mainly of the merging company.

¹ Associate Professor, Department of Banking and Finance, Chinese Culture University
* E-mail: csz23@facstaff.pccu.edu.tw

6

Introduction

"Mergers and Acquisitions" is one of the major business strategies to grow the company within a short period of time.

The size of mergers and acquisitions is getting bigger and bigger for the last decade.

There are lots of scholars working on analysis and research on the management issues during mergers and acquisitions. The chosen article is one of the many articles to research in the corporate cultures and the employee value fit into the new organisation value.

The article is to analysis the 'fit' of employee and the company value and the employee 'fit' of the new organization after Merger and Acquisitions. The higher the fit of the new organisation will generate more benefit and profit of the new organisation.

7

Hypothesis

The author pointed out that there is a relationship between person-and-organisation fit of value and performance, and the hypotheses are as follows:

- H1: The influence of person-and-organization fit of value to business performance in the enterprise of mergers and acquisition is positive.
- H1-1: The higher the person-and-organization fit of value is, the higher the revenue growth is.
- H1-2: The higher the person-and-organization fit of value is, the better the capability of benefiting is.
- H1-3: The higher the person-and-organization fit of morale is, the higher the revenue growth is.
- H1-4: The higher the person-and-organization fit of morale is, the better the capability of benefiting is.
- H1-5: The higher the person-and-organization fit of maintaining the accomplishment is, the higher the revenue growth is.
- H1-6: The higher the person-and-organization fit of maintaining the accomplishment is, the better the capability of benefiting is.
- H2-1: The management of different cultures will interfere the person-and-organization fit of maintaining the achievement and the capability of benefiting.
- H2-2: The management of different cultures will interfere the person-and-organization fit of maintaining the achievement and the business performance.

8

Research Framework

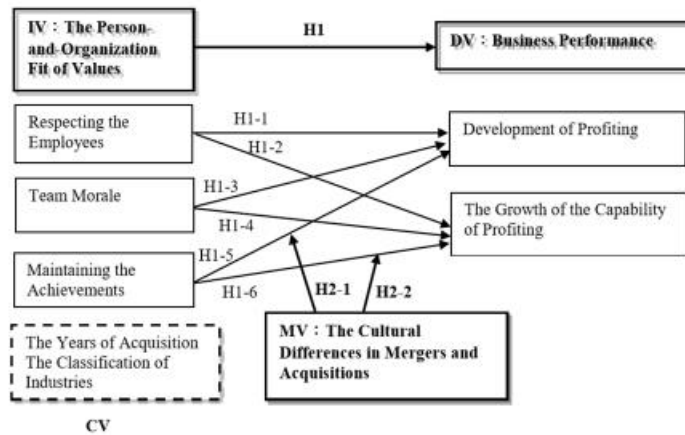


Figure 1. Research Framework

9

Empirical Result

The Hypothesis' empirical results tested in the research show that "the higher the person-and-organization fit of value are, the better the business performance will be". Also, the empirical result suggested that "the management of different cultures has interfering effects on the business performance". Therefore, author concluded the importance of personal and organization fit and corporate culture during the mergers and acquisitions process.

10

Definitions

Keywords : Mergers and acquisitions, Fit, Different cultures management, Business Performance, Personal-organisational values

Definitions :

The author defines "fit" as the alignment between the person and the organisation value. However, the other keywords were NOT defined in the article

Mergers and acquisitions; Corporate Cultures; and Business Performance are key elements on the research paper. The definitions and scope will affect the research results

11

Literature Review

- Number of reference Articles
 - Mergers and Acquisitions, and Corporate Cultures are the major research topic in Management theory.
 - Lots of scholars have done research paper and published the related articles in many academic journal
 - However, only 14 articles were referred in the paper
- Recent Articles
 - The article was published in the Journal of Accounting, Finance & Management Strategy in Jun, 2018
 - All the reference except one article (Bossidy & Burch, 2004) were published before year 2000
 - one of article was published 30 years ago which was used to refer to a statement

12

Research Framework

- The culture differences in M&A ONLY applied to the Maintaining the Achievements (H2-1 and H2-2)
- The culture differences related to the respecting employees and Team Morale were not tested

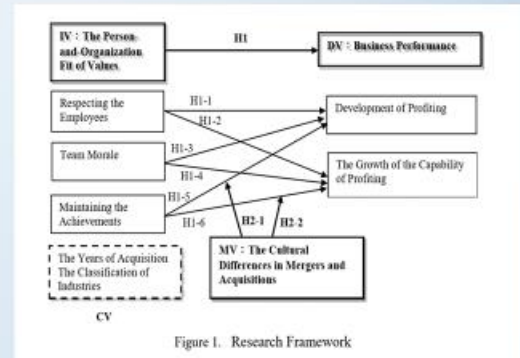


Figure 1. Research Framework

13

Research Sample

- Sampling - The research got a reasonable return of questionnaires with a total of 283 effective responses. The sample size shall be acceptable to do the hypothesis analysis.
- All the corporations being selected were from finance and banking industry, but the article did not mention why only the finance and banking industry were selected, ie the scope was not well defined.
- Selection criteria was not well defined, eg the period of the study

14

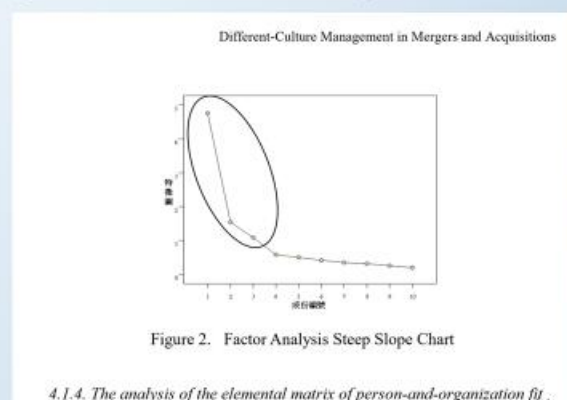
Ethics and Confidentiality

- The phone interviews and questionnaires were sent out to the selected companies
 - Phone interviews on selected interviewee in confirmed enterprises may create a Bias on the research result.
 - Shall use Random sampling
- No ethical and confidentiality enforcement procedures or descriptions were mentioned in the article

15

Figure contents

- Should used English language only in an English article if possible
- The Chinese language in the figure was not necessary for this international English article.



Discussion points

- The research framework and the methodology were complicated
- The basis of hypothesis was not controversial and easy to understand
 - a relationship between person-and-organisation fit of value and performance
- Scope of research was not well defined
- Corporate Culture is proven as one of major success elements in Mergers and Acquisitions in the article

17

Paradigm of Shift on the Chosen Subject

- The chosen article was to analysis on the "Fit" of Personal-Organizational during the Mergers and Acquisitions integrations

Paradigm shift :

- The "Fit" of Leadership and Corporate Cultures in the new merged company will improve the Financial Efficiency in business goal in Mergers and Acquisitions
- To analysis the "Value" of Corporate Culture during the ownership changes

18

II. Literature review on the Research Topic



Corporate Cultures, Leadership and Finance Efficiency in Mergers and Acquisitions – A Literature Review

- Introduction
- Mergers and Acquisitions
- Success and Failure of Mergers and Acquisitions
- Corporate Cultures and Leadership
- Finance Efficiency
- Research Area/Discussion

20

Introductions

The collections of literature review consist of 28 articles from various journals related to the Corporate Culture, Leadership and Finance efficiency in company Mergers and Acquisitions.

Mergers and Acquisitions is one of the major business strategies to grow the company or fast efficiency way to achieve the company goal. Most of the business leader believed that the merges will create the greater value for each company standalone, ie $1 + 1 > 2$.

Keywords : personal organizational value, personal organisation fit, organizational culture, economic value added, human resource accounting, culture, leadership, mergers and acquisitions, change management, integration.

21

Mergers and Acquisitions

- Definitions :
 - Acquisitions occurs when combine two or more difference sizes and qualities of companies where one of the company take control of the other company assets and operations; while Merges refer to two organization combine to one organizations by jointing the assets and operations. (Vazirani, 2012)
 - Integrations is defined as the process to combine the two organization into one organization (Knillans, 2009).

22

Success and Failure of Mergers and Acquisitions

- KPMG report stated that 26% higher than average of the Merges and Acquisitions deals succeed mainly due to the focus on the corporate culture integration (KPMG, 1999)
- Clash culture of the combined entities are the main failure factor (Marks & Mirvis, 2011)
- Corporate Culture and Leadership is the key success factor in Mergers and Acquisitions

23

Corporate Cultures and Leadership

- Corporate cultures consist of human capital, system, process and suppliers and customers
- Leadership is the major factor impacting the success of corporation integration (Gill, 2012)
- Leader and Culture "Fit" is important for successful M&A. (Gill, 2012)

24

Finance Efficiency

- Finance efficiency mainly consists of Return on Investment, Profit margin, Revenue growth, Cash Flow, Cost efficiency
- Financial parameters is one of the key measurement of Merges and Acquisitions' success and failure (Vazirani, 2012).

25

Research Gap

- Leadership and Corporate Cultures form an important part of Corporate Integrations
- There are limited articles and research papers related to the "value" of Corporate Cultures and New Leader in the new Enterprise
- The "Fit" of Leadership and Corporate Cultures in the new merged company will improve the Financial Efficiency in business goal in Mergers and Acquisitions

26

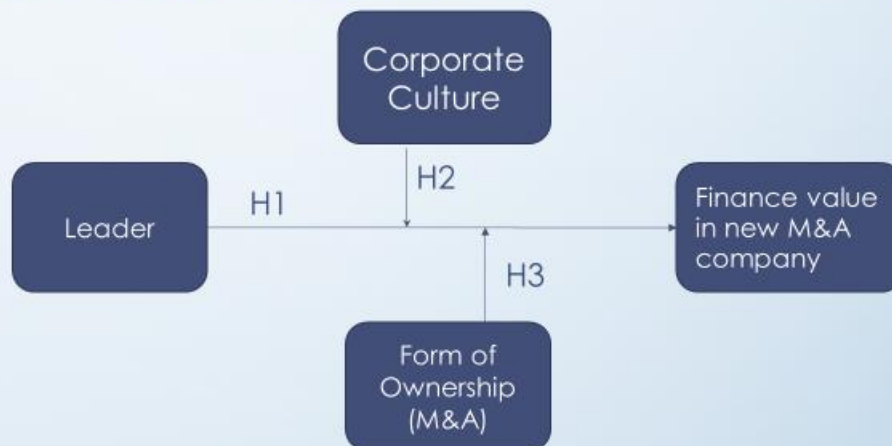
Research Direction

- Business Goals
maximize shareholders value



27

Research Framework



28

Hypothesis

There are relationship between Leader, Corporate Cultures and Finance value in the new enterprise during the Forms of Ownership change as follows:

- H1: The Leader of the new enterprise will interfere the Finance value of the new enterprise
- H2: The management of different cultures will interfere the corporate culture fit of maintaining the achievement and the business performance in the new enterprise
- H3: The Leader and Corporate Cultures are the key success factors during the form of ownership changes in order to achieve the business goal in the new enterprise

29

Concluding Remarks

- Corporate Cultures and Leadership are the main key success factors in Mergers and Acquisitions
- There are research gaps on the Valuations of Corporate Cultures in Mergers and Acquisitions
- Further research opportunities how to value the Corporate Cultures in terms on Finance Efficiency in the Mergers and Acquisitions Proposals and due diligence process for the Leader to make the decisions

30

Thank You



WRITTEN REPORT

LEVEL 7 ASSESSMENT SPECIFICATION

Student name:	Chan, Wai Ming Raymond	Student ID number:	1818885
Programme:	DBA		
Module:	Approaches to Research and Academic Communication		
Module code:	SBPD7001	Contribution to Overall Module Assessment (%):	100%
Lecturer:	Dr M. Cheung	Internal Verifier:	
Assignment Title:	Portfolio	Word count (or equivalent):	7,500 words
Submission deadline:	31 August 2019	Return date of provisional marks & written feedback:	30 September 2019
Submission method:	All written assessments, where practical and possible, must be submitted via Turnitin unless otherwise instructed by the Lecturer. (Please DO NOT put this assessment specification into Turnitin or it will match many similarities with other students' submissions.) Alternative submission method (if applicable): Late submission of the assessment will result in a late penalty mark. Penalties for late submission: Up to <u>one week</u> late, maximum mark of 50%. Over one week late, 0%. Only the Extenuating Circumstances Panel may approve a change to submission dates.		
Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Module Learning Outcomes (from module syllabus)

By the end of this module the student should be able to:

1. Critically reflect on the role of theory, epistemology, ontology and axiology in shaping and interpreting research;
2. Critically discuss approaches to reliability, validity and bias in social research;
3. Examine fully the ethical considerations in social research and develop research designs that meet a high standard of ethical practice; and
4. Critically analyse communications and communicate scholarship effectively.

University of Wales Trinity Saint David

DBA Programme

Module: SBPD 7001

Approaches to Research and Academic Communication

Assignment: Research Portfolio 100% (80%)

Submitted to Dr Millissa Cheung

By student: CHAN, Wai Ming Raymond

Student No. 1818885

Email: rchan.email@gmail.com

Tel: (852) 9489 7560

Hong Kong August 26, 2019

**Corporate Cultures, Leadership and Finance Efficiency
in Mergers and Acquisitions – A Literature Review**

Table of Contents

Abstract

- I. Discussion on a Chosen Article
 - I.1. The Chosen Article
 - I.2. Introduction
 - I.3. Literature review and Definitions
 - I.4. Research Framework
 - I.5. Research Design and Methodology
 - I.5.1. Sampling
 - I.5.2. Ethical and Confidential
 - I.6. Diagram Conventions
 - I.7. Concluding remarks on the Chosen Article
 - I.8. Paradigm shift on the Chosen Article
- II. Literature Review
 - II.1. Introduction
 - II.2. Mergers and Acquisitions
 - II.3. Success and Failure of Mergers and Acquisitions
 - II.4. Corporate Cultures
 - II.5. Leadership
 - II.6. Finance Efficiency
 - II.7. Concluding remarks on the Literature review
- III. Conclusion
 - III.1. Research Gap
 - III.2. Research Direction
 - III.3. Research Framework
 - III.4. Hypothesis
 - III.5. Concluding Remarks

References

Abstract

The collections of literature review consist of 28 articles from various journals and reports to review the Corporate Culture, Leadership and Finance efficiency in company Mergers and Acquisitions.

The research scope on this paper will limit to the Mergers and Acquisitions (M & A) business activities only.

An article “The Different-Culture Management in Mergers and Acquisitions Affecting to the Fit of Personal-Organizational Values and Business Performance. Journal of Accounting, Finance & Management Strategy, 13(1), 27-55.” by Hisiao-Chen Chang (2018) which included in the literature review list has been chosen for detailed discussion on the research philosophy, ethics, reliability and validity.

The research direction and framework have been identified for further studied and the Hypothesis are - H1: The Leader of the new enterprise will interfere the Finance value of the new enterprise; H2: The management of different cultures will interfere the corporate culture fit of maintaining the achievement and the business performance in the new enterprise; and H3: The Leader and Corporate Cultures are the key success factors during the form of ownership changes in order to achieve the business goal in the new enterprise

Keywords : organizational culture, economic value added, human resource accounting, culture, leadership, mergers and acquisitions, change management, integration, personal organization fit and culture mis-fit.

I. Discussion on a chosen article

I.1. The Chosen Article

The article title is “The Different-Culture Management in Mergers and Acquisitions Affecting to the Fit of Personal-Organizational Values and Business Performance. Journal of Accounting, Finance & Management Strategy, 13(1), 27-55.” by Hisiao-Chen Chang (2018)

I.2. Introduction

Mergers and Acquisitions is one of the major business strategies to grow the company within a short period of time. The size of mergers and acquisitions is getting bigger and bigger for the last decade. There are lots of scholars working on analysis and research on the management issues in company mergers and acquisitions. The chosen article is one of the many articles to research in the corporate cultures and the employee value fit to the new organisation value. The article is to analysis the ‘fit’ of employee and the company value and the ‘fit’ of the new organization after Merger and Acquisitions. The higher the fit of the new organisation will generate more benefit and profit to the new organisation. In a typical mergers and acquisitions, the acquiring company will send the manager to supervise the merged company in order to help the employee to fit into the new organisation. The author pointed out that the corporate cultures was the most important factor for the success in the new organisation.

The author defined “fit” as the alignment between the person and the organisation value. The higher the person and organisation fit would in turn develop more benefit and profit to the organisation. Also, the corporate culture will affect the success of personal and organisation fit during company integrations.

Based on the research, the author pointed out that there was a relationship between person and organisation fit of value and performance, and the hypotheses were as follows:

H1: The influence of person-and-organization fit of value to business performance in the enterprise of mergers and acquisition is positive.

H1-1: The higher the person-and-organization fit of value is, the higher the revenue growth is.

H1-2: The higher the person-and-organization fit of value is, the better the capability of benefiting is.

H1-3: The higher the person-and-organization fit of morale is, the higher the revenue growth is.

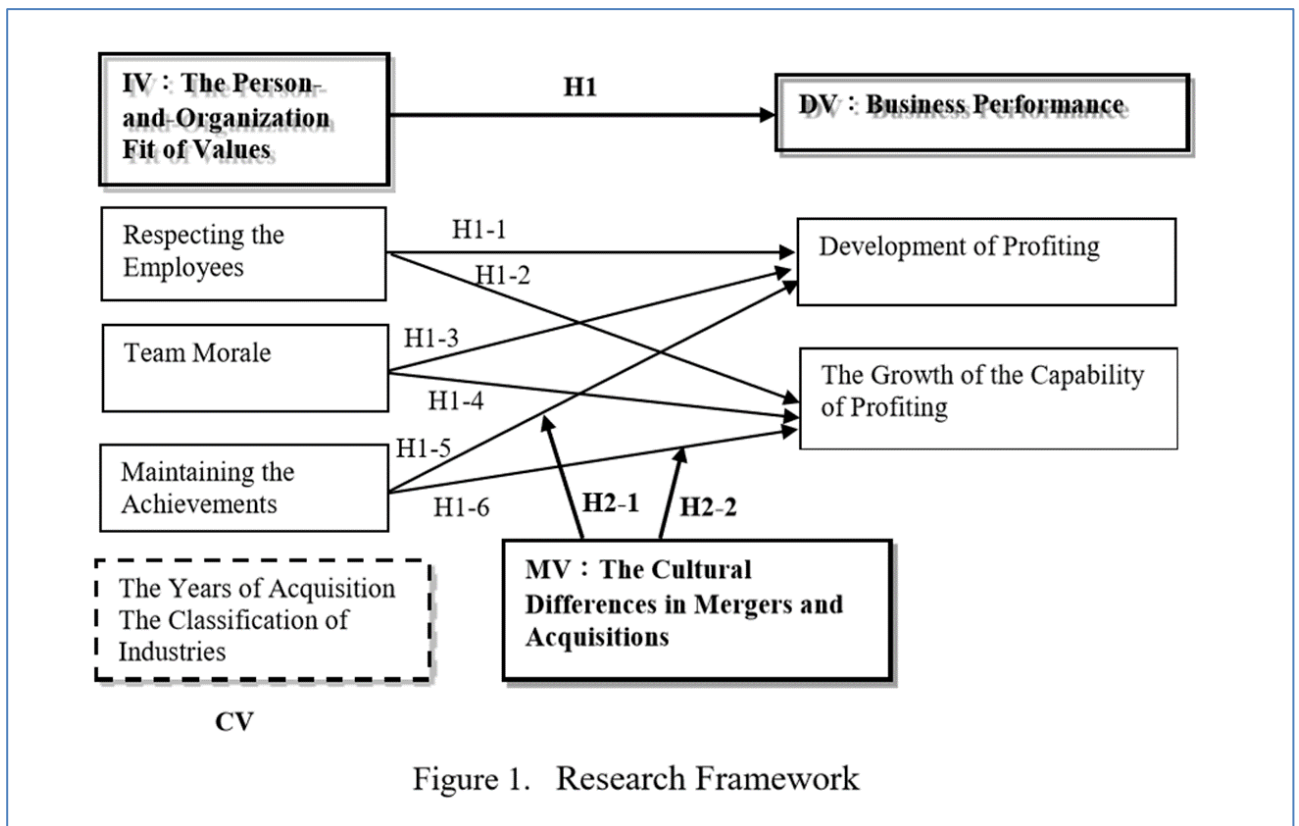
H1-4: The higher the person-and-organization fit of morale is, the better the capability of benefiting is.

H1-5: The higher the person-and-organization fit of maintaining the accomplishment is, the higher the revenue growth is.

H1-6: The higher the person-and-organization fit of maintaining the accomplishment is, the better the capability of benefiting is.

H2-1: The management of different cultures will interfere the person-and-organization fit of maintaining the achievement and the capability of benefiting.

H2-2: The management of different cultures will interfere the person-and-organization fit of maintaining the achievement and the business performance.



The Hypothesis' empirical results tested in the research shown that “the higher the person-and-organization fit of value are, the better the business performance will be”. Also, the empirical result suggested that “the management of different cultures has interfering effects on the business

performance”. Therefore, author concluded that the importance of personal and organization fit and corporate culture during the mergers and acquisitions process.

I.3. Literature review and Definitions

The Keywords for the article were “Mergers and acquisitions, Fit, Different cultures management, Business Performance, Personal-organisational values”. The author had defined “fit” by reviewing few Literatures. However, there were no literature review on how to define “Mergers and Acquisitions”, “Business Performance” and “Cultures”. The definition for these key areas were important for the article.

“Mergers and acquisitions” were an important element in this article, the author should define the merger and acquisitions activities for the research, such as the industry, the region and the scope to be studied. Each industry’s merger and acquisitions have different integration process. The size of the company (e.g. the number of employees); the employees’ group (e.g. factory worker vs the professional firm employees), the industry (e.g. banking industry compare to manufacturing industry). All of these mergers and acquisitions elements will have different integration process and integration time.

Corporate culture is an important element in the study which should be clearly defined. Corporate culture may include the decision making process, company system, suppliers and customers culture. All these will have different aspects to change the research results.

The business performance is also an important element to conclude the research hypothesis. Therefore, Business performance should be clearly defined. Business performance usually refer to - the financial result (such as stock price, profit, revenue growth, return on investment); increased in Market share; increased the business scope and the Total Available Market (TAM); increased the customer satisfactions; enhanced the product development; technology know how etc.

Corporate Cultures and Merger and Acquisitions are important topics in Management. There are thousands of scholars have done research papers and published the articles in many academic journals. However, the author had only referenced to fourteen articles in this research paper. Also, most of the articles referenced in the study were not current. The article was published in the

Journal of Accounting, Finance & Management Strategy in Jun, 2018, but all the reference except one article (Bossidy & Burch, 2004) were published before year 2000, and one of article was published 30 years ago in the reference list.

I.4. Research Framework

The Author only considered culture differences in Mergers and Acquisitions applied to the Maintaining the Achievements which are H2-1 and H2-2. However, the culture differences related to the respecting employees and team morale were not tested. In order to have completed picture for the research result, the following 4 hypothesis shall be added to have a complete picture of the research framework

H2-3: The management of different cultures will interfere the person-and-organization fit of team morale and the capability of benefitting.

H2-4: The management of different cultures will interfere the person-and-organization fit of team morale and the business performance.

H2-5: The management of different cultures will interfere the person-and-organization fit of respecting the employees and the capability of benefitting.

H2-6: The management of different cultures will interfere the person-and-organization fit of respecting the employees and the business performance.

I.5. Research Design and Methodology

I.5.1. Sampling

The research has got a reasonable return of questionnaires with a total of 283 effective responses. The sample size shall be acceptable to do the hypothesis analysis.

The resources of the sample were selected from the statistics of mergers and acquisitions published by the Department of Investment Services of Ministry of Economic Affairs. However, the period and the date of publication were not mentioned. The period of the corporation

integrations might affect the research result as the migrated employees might already left the company or new to the organisation. These factors might affect the research finding.

All the corporations being selected were from finance and banking industry, but the article did not mention why only the finance and banking industry were selected. These questions could be addressed if the definition and the scope of the study is well defined in the article.

The researcher performed phone interview to selected samples from the confirmed enterprises. However, this selection method might create some bias on the research result. In order to avoid bias, random selection method shall be used.

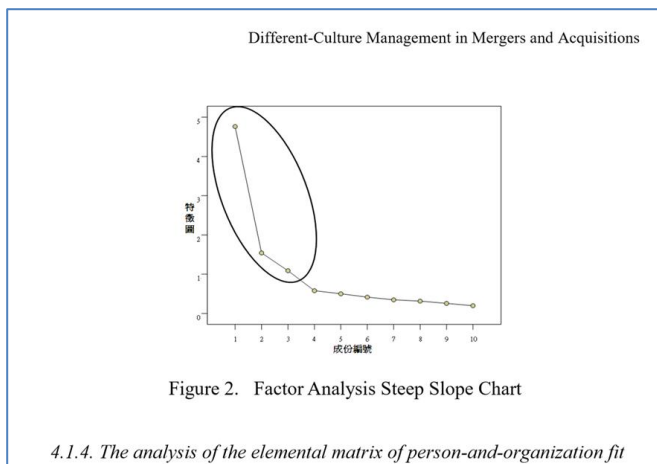
I.5.2. Ethical and Confidential

There are no ethical and confidentiality enforcement procedures or descriptions were mentioned in the article. Cheung (2019) define Research Ethics are “norms or standards of behaviour that guide moral choices about our behaviour and our relationships with others” The goal of the research ethics is to ensure the research activities will not harm anyone or cause problem to the interviewer.

Therefore, the lack of ethical and confidential statement in the articles will put some doubt to the reader on the research activities whether is ethical. Usually, the description of the ethical and confidential matter shall be included in the questionnaires cover letter to the interviewees.

I.6. Diagram Conventions

The content of an English article shall use all English language in the article if possible. The local language shall only be used for specific important terms. However, in the chosen article's Figure 2 - Factor Analysis Steep Slope Chart (extracted in the below), the x and y axis labels were using Chinese Character which were unnecessary. The Chinese labels were not specific important terms which shall be easily translated to English terms.



I.7. Concluding remarks on the Chosen Article

The research framework and methodology used in the article were complicated although the empirical results were satisfied which have achieved to required statistics of proper sampling numbers.

The basis of the Hypothesis was not controversial and easy to understand - “H1: The influence of person-and-organization fit of value to business performance in the enterprise of mergers and acquisition is positive.” The relationship between person and organization fit of value and business performance is logically which will create positive value of the merged company.

The scope of research and some of the important terms were not well defined in the article. The definition of the important terms and clear research scope were important to the reader to understand the research framework and the results.

On conclusion, the article has proved Corporate Culture is one of the major success elements in Merges and Acquisition process.

I.8. Paradigm shift on the Chosen Article

The article was to analysis on the “Fit” of Personal-Organization during the Mergers and Acquisitions integrations process which proved the higher the “Fit” with positive of business performance.

Corporate Culture (which included Employee) and Leadership are important element for the success of enterprises. The article leading to a research gap which could shift the paradigm on the analysis on Leadership and Corporate Culture (instead of Personal-Organization) “Fit” to the business performance; and further shift the business performance to focus on the Finance efficiency for the study. Therefore, there is a relationship between the **“Corporate Cultures, Leadership and Finance Efficiency in Mergers and Acquisitions”**.

II. Literature review

II.1. Introduction

Organisation development theory is one of the most popular topics in the Management theory, and the topics of Organisation development has been studied for more than one 100 years. One of the organisation developments is forms of ownership changes. Forms of ownership changes in Corporations are one of the major business activities. Mergers and Acquisitions is one of the major forms of ownership changes in Corporations. The research scope on this paper will limit to the Mergers and Acquisitions (M & A) business activities only.

Mergers and Acquisitions is one of the major business strategies to grow and expansion of the company or a fast efficiency way to achieve the company goal. Most of the business leaders believed that the merger will create the greater value for each company standalone, i.e. $1 + 1 > 2$.

The Mergers & Acquisitions activities and sizes of deals have increased dramatically across the world in recent years (Shi, Liu, Yang, Yao & Liu, 2017). In 2018, there was another record year for Mergers and Acquisitions in North America and Europe. In Telecom sector, AT&T purchased Warner Media for US\$85 billion per their company press release which was one the biggest M & A deals in 2018. However, not all of the M & A activities can achieve their business and investment plan for the M & A deals. This literature review will include the analysis on success and failure for the M & A activities.

In between 1996 and 1998, KPMG (1999) interviewed over 700 M & A deals and found that only 27 percent of all the deals were successfully to achieve the business result and produce benefit to the company. Even there are high unsuccessful rate in the M & A activities, most companies still use the M & A as the major strategy to grow their business in recent years. The successful rate on the M & A deals, however, were still low in recent years (Bing & Wingrove, 2012). Lots of recent research found that most of the M & A deals were fail to meet the expected business plan. Venema (2015) stated that “A corporation should never buy a business without a clear concept of what it plans to do with target following closing”. Most of the failures in M & A deals were mainly due to poor execution of the integration between the merge companies (Lakshman, 2011). Per the recent research articles, Scholars found out that the people factors are the important

elements to make the success of the M & A integrations (Xing & Liu, 2016). The people factors including the Leaders and employees, which also form part of the Corporate Culture.

This paper will try to define the different important elements in Mergers and Acquisitions. The following literature review section will include the analysis on the success and failure on the M & A activities. Per the analysis, Cultures and Leadership are the key elements for the success on M & A. Further research opportunities areas have identified from the literature review on the relationship between Corporate Cultures, Leader and Finance value during the M & A integration process.

II.2. Mergers and Acquisitions

Mergers and Acquisitions can be defined as - Acquisitions occurs when combine two or more difference sizes and qualities of companies where one of the companies take control of the other company assets and operations; while Merges refer to two organization combine to one organization by jointing the assets and operations. (Vazirani, 2012). Integration is defined as the process to combine the two organization into one organization, specifically, it involves to integrate the people into one corporate culture (Knilians, 2009). In this paper, Integration is referred to the M & A process.

As mentioned before, M & A is one of the most effective ways to grow the business and achieve the company goals in a relatively short period of time (Chang, 2018). There are many reasons for the company to merge or acquire the other company, the common business goal for the M & A activities is to be more efficiency, reduce cost and increase profitability (Duvall-Dickson, 2016). Other M & A goals include access to the new markets; reduce competition by acquiring the competitor; benefit from the acquired company's resources which include natural or human resources (Achim, 2015). If the deals goal is to access to new technology, technical know-how, or proprietary information, the corporate cultures may be ignored by the purchaser (Duvall-Dickson, 2016).

When the M & A deals is completed, the two companies will shift to focus on the M & A integration process. There are three stages in the M & A process which includes – planning, integration and implementation. Before the M & A agreement is completed, the company is in Planning stage. In the planning stage, new organisation structures, the process and procedures,

and the new system design shall be considered. When the agreement is completed and announced, integration stage will start to merge the two companies. Implementation stage is the period following the integration process. In the implementation stage, it always includes resources redundancies, employees' conflicts of interest, power struggles between managers, voluntary and involuntary staff layoff staff. Most of the problems happened in this stage, and the leader and HR involvement are important (Rodriguez-Sanchez, Mora-Valentin & Ortiz-de-Urbina-Criado, 2018). There are also other articles have reinstated the importance of the planning and integration in the following paragraph.

When the M & A agreement is completed, the purchaser shall shift the focus to define the joint strategy of the new company. The new company strategy design shall align with different perspectives from Stakeholders, Customers and Employees (Tepedino & Watkins, 2010). Then, the integration plan shall align with the new company strategy, and most of the M & A integration and implementation plan shall be characteristics as organisational change process (Zaks, 2016).

In summary, the main objective of the M & A is to grow and achieve the business plan in short period of time. It is important to plan the M & A to align with different stakeholders' objectives. The integration and implementation plan will need to execute according to the aligned corporate strategy. The aligned corporate goal shall be used to measure the success or failure of the M & A deal.

II.3 Success and Failure of Mergers and Acquisitions

There are many articles have analysis on the success or failure of Mergers and Acquisitions. This section will have some literature reviews on the subject and couple of case study to analysis on the success and failure of the M & A. The failure of the M & A deal can be defined as - not able to achieve the aligned strategy plan and failure to increase the company value (Bing & Wingrove, 2012). On the other hand, success of the M & A can be defined as the merged company is able to achieve the aligned business plan and increase the company value.

According to Zaks (2016), M & A failure rate was in between 60 to 80 percent which represent a high failure rate in most of the M & A deals. KPMG (1999) report stated that 26% higher than average of the Merges and Acquisitions deals succeed mainly due to the focus on the corporate culture integration. However, there is not much change in the Corporate management to shift the

focus to the corporate cultures. Per recent article from Rodriguez-Sanchez, Mora-Valentin & Ortiz-de-Urbina-Criado (2018), the failure rate still over 50% of the M & A deals that the Corporate could not meet the business goal, and over 80% of the failure case was due to inadequate manage the different stages of the M & A process. Also, in the recent research papers, scholars have proven that culture is still one of the major failures of Corporate M & A.

Knillans (2009) found out that the main reason why many M & A failure was due to lack of strong cultural integration plan. The clash culture of the combined entities is the main failure factor. The cultural differences also related to the IT system integration or the different national culture (Marks & Mirvis, 2011). Most of the failure of the integration of the corporate culture on both entities' employee were conduct insufficient due diligence in the planning stages; not enough data to define the new organization strategy and inadequate communications during integration stages (Bing & Wingrove, 2012).

The case from Gill (2012) on the two similar Japanese companies' merger in the same industry and period had demonstrated the cause of success and failure of the Mergers and Acquisitions which was mainly due to the corporate culture management. The two merged companies referred to DaimlerChrysler-Mitsubishi and Renault-Nissan in the automobile industry. The case of DaimlerChrysler-Mitsubishi merger was failed; while the Renault-Nissan merger was successful (Gill, 2012). Per Gill (2012), the typical culture of Japanese people has a preference to belong to groups and place group interests above their personal interests. Also, the Japanese employee still believed lifelong employment and promotion through seniority. Both leaders of the two merged companies had played an important part of the integration process. In Renault-Nissan, the company hired Shiro Nakamura to lead the merged company. Shiro was Japanese and accepted by Nissan's employees though he worked in other country before. While in DaimlerChrysler-Mitsubishi, the company appointed expatriate German managers for a short term contracts to lead the merged company. The Mitsubishi employee criticized the German managers has no commitment to the company future as they only stayed in Japan for a short term assignment. Both leaders of the merged companies started with cost cutting by closing down the factories, layoff excess employees and cost control with suppliers and materials cost. They eliminated the lifelong employment by cutting down the number of employees over 10% in short period of time. Also, they had promoted selected employees by performance instead of seniority. In summary, both leaders broke the Japanese national cultures in order to keep the company more efficiency, but different outcome on the two merged companies. The Renault-Nissan Leader had involved personally and had long term commitment. They paid attention to different corporate cultures and

built trust to the employee. The reason of the change had communicated to the employee and took accountabilities for the changes. In contrast, the German managers from DaimlerChrysler-Mitsubishi had not able to build the trust from employee and failed to hold accountability from the middle management. Most important, they did not communicate well with the local employee and little follow through on the culture issues. In summary, the leader from Renault-Nissan was better fit and led the changes of corporate culture to the desired company goal, while the DaimlerChrysler-Mitsubishi leader failed to address the corporate cultures and cause the failure of the merger. This article from Gill (2012) stresses the importance of leadership behaviour and corporate culture fit with the merged company.

Other researches from Tepedino & Watkins (2010) and Zaks, O. (2016) also reinstated the importance of Leader and Corporate Culture during the M & A process. Therefore, Corporate Cultures and Leadership are the two main elements to make the M & A success which will achieve the Merges and Acquisitions business goals. In the following section, Corporate Cultures and Leadership will be studied.

II.4 Corporate Cultures

Corporate cultures consist of human capital, system, process and suppliers and customers. Human capital includes employees and the management staff; System refers to the Information system or the computer system; the Process including the decision or approval process and communications process; the culture of the suppliers and customers also form part of the Corporate cultures. Schein (2017) defines “Cultures as what the group has learned in its efforts to survive, grow, deal with its external environment, and organize itself.”

Corporate Cultures exist in every organisation, the strong corporate cultures can increase the competitive advantage and reduce the organisation cost (Gill, 2012). However, most of the leaders in the organisation set their priority on the profitability and often put corporate culture management in lower priority especially in the M & A process (Marks & Mirvis, 2011). Bellows researches have also analysis the important of the culture integration in the M & A process.

There are four competing values for the organisation culture which are Hierarchical culture; Market culture; Clan culture and the Adhocracy culture. The Hierarchical culture refer to the formalized and structured work place, the policy and procedures for the company. The Market

culture refer to the actions with the external parties which included customers and suppliers, that will create the competitive advantage of the company. Clan culture mainly on the employee shared value and goals, the team involvement and the company commitment. Adhocracy cultures are referred to the product development and initiatives that will make the company success (Bing & Wingrove, 2012).

Chang (2018) had pointed out the importance of Fit of Personal-Organisation Values and Business performance for the merged company during the M & A process. As mentioned previously, in the planning stage, both organisation cultures should be considered such as the pros and cons of the two company and learn from each other to define the Strategy of the new merged company. In the planning stages, management should plan for the end state of the desired culture of the merged company so that they can set the expectation of the acquired company's employees. The end state of corporate cultures also based on either of the following five cases – Preservations; Absorption; Reverse Takeover; Best of both company; and Transformation. The cultural end state was a journey more than a destination which based on changing business situations (Marks & Mirvis, 2011).

Bing & Wingrove (2012) found out that most of the company during the due diligence phase had only spent little time on assessing the organisation culture as part of the merger process which was mainly due to the pressure on the decision makers was to make the best possible deal, analyse the potential acquisition, and seek choices that seem to provide synergies. This process was time-consuming and mainly focus on the numbers and systems. On the other hand, Marks & Mirvis (2011) provided an example from GE Capital when the company before moving any M & A deal, the company will start the behavioural and cultural assessment of acquisition company. The due diligence process will include the potential cultural barriers and level of resistance for the integration. All the culture difference is factored in and will be factored in the acquisition decision. Therefore, different companies have different approach to deal with corporate cultures during the due diligence phase.

In the cross nation or region acquisition, the management need to consider of the culture difference in overseas (e.g. Asian cultures against the North America cultures) or other regions (East coast vs West coast people culture in United States). There were subcultures within the organisation such as different group (e.g. factory workers vs office employees), different functions (e.g. Finance vs Engineers functions). During the integration process, the Finance or

Administration functions were always absorbed into the parent company, while the engineering or research and development functions may be given higher autonomy (Marks & Mirvis, 2011).

When the M & A deal is announced to the acquired company, the employee will have different perspective on the future of the company. Some of the employees may think the merger as follows:

- 1) Good to the company and good for individual career prospect;
- 2) Good to the company, but bad for the employee career prospect;
- 3) Bad to the company and bad for the employee career prospect; or
- 4) Bad to the company, but good for the employee career prospect

All the above perspective will be various from individual employee, there may be four groups of employees which form the subculture within the company. The leader involvement in this M & A process to manage these different group of people will become a critical success factors to make the merged company to be successful.

Per Bing & Wingrove (2012), employees created emotional casualties and would have cultural clash when the M & A deals was announced. This would affect the productivity because they did not have the detail information regarding the changes in the company future. The employee will have concerns of their job securities and the future prospect of their job. They might start to search job externally or internally for a more secured position. In worst case, they were less productivity and waiting for laid off by the company. These situations would cause the culture clash of the company.

Therefore, the Human resource shall be carefully plan the employee integration which can be classified in the following steps : 1. To develop the plan for the employee integration; 2. Perform the due diligence review for employees; 3. Find out the difference on the employee benefit; 4. Find out the employee compensation difference; 5. Plan for the integration of the compensation and benefit difference; 6. Determine the leadership position; 7. Plan to eliminate the duplicate functions; 8 communicate the new company strategy; 9. Identify the data transition requirements and 10. Integration plan for the employee retention. (Dotlich, 2017)

There are similar review from Tepedino & Watkins (2010) regarding people management in integration, the new leader should identify the key people and the strong performers in the organisation, evaluate the benefit and the cost for the retention on the key people. The new leader

will be the key element to manage the corporate cultures during the integration process. In the following sections, the literature review on Leadership during M & A process will be analysed.

II.5 Leadership

Leadership style forms part of the corporate cultures. During the M & A process, the integration of the new management team will be challenge and one of the difficult tasks for the company. Most of the time, the merged company will have new leaders or leaders from the existing acquired company in the new management team. The merging company will usually send the experienced manager to manage the merged company so that it will be easier to incorporate the culture into the head office. Per the case of DaimlerChrysler-Mitsubishi and Renault-Nissan merger (Gill, 2012) mentioned in previous section, Leadership was the key for the successful of Renault-Nissan merger and the cause of failure on DaimlerChrysler-Mitsubishi was due to leadership failure on the merged company. In the following paragraph, the recent articles on the leadership during M &A were studied.

The leaders in both the M & A companies would set the end state culture guideline when they plan for the integrations. The senior leaders for both company (e.g. the CEOs) would first to align goals during the initial planning stage, then to align with the employee individual goal to the new company goal. Therefore, the leader and employee would have a common goal and the leader would drive the merged company to the end state's culture goal (Marks & Mirvis, 2011). Xing & Liu (2016) also pointed out that leadership alone was not enough to achieve the end state culture goal, the leader would need to use the human resource management to drive the human resources related program in order to enable and facilitate the culture integration. Therefore, the human resources strategies need to focus on 1) to build employee trust; 2) employees commitment to the new company goals; 3) the attractiveness of the new company culture and 4) to empower the new company leader providing the autonomy power to manage the new organisation (Shi, Liu, Yang, Yao & Liu, 2017).

The implementation time, on average, would take three years for the cultural integration per Bing & Wingrove (2012). During the integration, the leader should first to identify the right employee in the right job position, then develop the employees by providing the opportunities from the new organisation and finally to ensure that the company provide a fair opportunity for every employee in the merged company. Study found out that if providing a high status and providing the

autonomy power for the senior manager, the retention rate to keep the senior manager will be increased in the first year after integration. However, most of the acquiring company will reduce the status and autonomy power after the integration is completed and then the leaving rates for the senior manager will increase in the fourth year (Rodriguez-Sanchez, Mora-Valentin & Ortiz-de-Urbina-Criado, 2018).

Leaders is the most valuable human capital in every company and especially in the acquired company during the M & A process. The acquired company leader understands the company well and trusted by their employee, so their perspective on the organisation will be important and their new role shall be flexible during the integrations (Knillans, 2009).

Leadership transitions will be one of the major activities during integrations. Dotlich (2017) defined Transition as “the way humans move through major shifts- the challenging, messy, unpredictable and non-linear ways in which organizations and people make sense of change”. The company that ignore the leadership transitions during M & A often pay a hefty price.

II.6. Finance Efficiency

Finance efficiency mainly refer to – Return on Investment, Profit margin, Revenue growth, Cash Flow, Cost efficiency. The company valuations on the acquired company usually based on the Physical Assets, Technology and Process, Intellectual Property (IP) and the customers base. The values of the individual employees and the company cultures are usually ignored. Knillans (2009) had provided an example from Avnet, a fortune 500 computer services company, which the company valued the employee had a financial value impact to the M & A deal. The HR head of Avnet agreed that people are the key to success on the financial ledger and form important element for the shareholder to determine if the deal is good or bad.

According to Chang (2018) that the higher the fit of the personal-organisational value which will be more effective to the company. The cooperation between the different team will increase the productivity and in return will have lower costs and less scrap.

The employee performance outcome and financial outcomes have direct relationship to the acquired company value. The performance outcomes include customer complaints, labour turnover, employee low absence, high productivity, conflict, quality and innovation. The financial

outcomes usually referred to profits and return on investment. The company shall provide a road map for the redundant employee to leave the company through a retirement agreements and good compensation to maintain the positive image of the merged company as these will affect the company value (Achim, 2015). Also, the promise of long-term benefits together with the technology motivated ownership decision will increase the company value (Canace & Mann, 2014). Therefore, the Human resources leader involvement in the planning stage to make the human capital decisions will provide an opportunity to impact the financial value of the acquired company (Tepedino & Watkins, 2010).

The investors measure the success or failure of a M & A deal is based on the financial performance and the achievement of the investment business strategic goal. The stock price is also one of the key indicators on the positive or negative on acquisition deal. When the acquisition deal announced, if the stock price increased, then it will imply that the shareholders will have positive outlook of the acquiring company due to merged company will create extra value for the company. On the other hands, if the stock price decreased, then imply that the shareholder will have no expectation for the acquired company to create extra value on the company and expected to deals will not achieved the expected business goal, (Vazirani, 2012).

II.7 Concluding remarks on the Literature review

Corporate Cultures and Leadership plays an important part of Mergers and Acquisitions success. However, a lot of existing literature studied in the Merges and Acquisitions management issues, most companies have neglected the importance of Corporate Cultures and Leadership in the integration process. According to Dotlich (2017), most of the companies had the assumptions that acquisition happen all the time and when it happens – employee will adjust themselves; the company will select the right candidate; senior management had experience to manage the change. However, all these assumptions are proven wrong per Dotlich (2017).

Merges and Acquisitions activities will remain strong in the future due to increase in market competition. Usually, the M & A deals have significant impact on the company stock price in the financial market. Nowadays, some of the M & A deals will become more complex and the risk management is one of essential aspects for the decision maker in the M & A deal. Most of the existing literatures have proved that the failure of the M & A deal are mainly due to Corporate Culture issues. In order to reduce the risk of the failure on the M & A deal, Corporate Culture in

the acquired company will need to be carefully analysis and the Leader shall make the decisions accordingly. Again, Corporate Culture and the Leadership are the most important parts for the merged company in terms of the business sustainability.

III. Conclusion

III.1. Research Gap

Flamholtz (2005) had studied the economic value of human capital with three distinct finance value of human capital which are “the value of individual competencies; the incremental value of synergistic teams of people operating in relatively small groups; and the incremental synergistic value of the human organization as a whole as distinct from the value of the other two components (individuals and teams)”. Based on this research, the Corporate Cultures (human capital of third kind) can be measured which have significant impact on financial performance. Flamholtz (2005) also suggested the key drivers of financial performance which included the ‘corporate culture’ in the formula that impacting the financial performance: “markets -> products -> resources -> operational systems -> management systems -> corporate culture => financial performance”. Although the field of human resources accounting has made more progress in defining and measure the cost and value, there is limited research studies on the Corporate Culture measurement in terms of finance value especially in the Mergers and Acquisitions.

Per the literature review, Leadership and Corporate Cultures form an important part of Corporate Integrations during the Merges and Acquisitions activities. However, there are limited articles and research papers related to the “Value” of Corporate Cultures and New Leaders in the new enterprise. The “Fit” of Leadership and Corporate Cultures in the new merged company will improve the Financial Efficiency of the business goals set by the investment plan.

The research scope will be limited to the Merge and Acquisitions activities only, and will focus on the research gap on the “Value” of Corporate Cultures and New Leader in the new merged company.

III.2. Research Direction



As the research gap has identified, the research direction will focus on the relationship between the Corporate Cultures, Leader and the New merged Company which through M & A process. The relationship between the Leader and Corporate Cultures are important. Leader will lead the company to the desired Corporate Cultures in order to achieve the business goals.

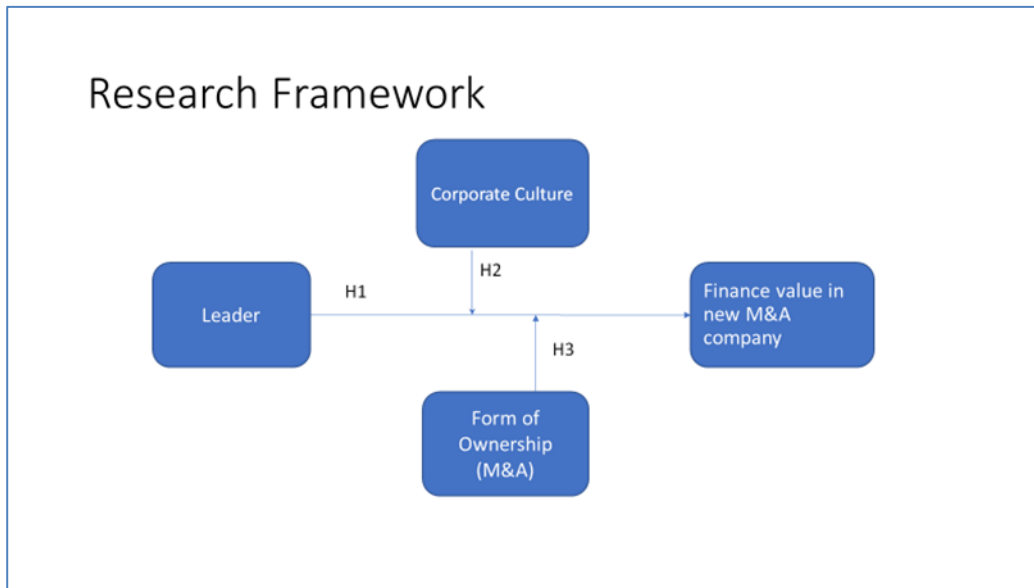
The Leader in the new merged company could be new leaders from the parent company assigned to the new merged company. Also, the new merged company could be continued to be managed by the existing acquired company leaders. Most likely, the senior leadership team in the merged company will be the combination of new leaders and the existing leaders. In either case, the Leadership style will need to adjust accordingly in order to fit into the new merged company.

The business goal of the company could be defined as to maximize the shareholder value which can be translated to Finance value of the company. The intersection/commitment of Leader, Corporate Cultures and the New Company will lead to maximize the shareholder value. Therefore, finance value of the new company will be increased.

III.3. Research Framework

The research is to analyse the relationship between Leader and Finance Value in new company and thus to clarify the interfering effects of the management of the difference of Corporate Culture

due to the form of ownership changes through the Merges and Acquisitions process. Therefore, the reasoning of the research includes a conceptual structure as shown in the following Figure.



III.4. Hypothesis

There is relationship between Leader, Corporate Cultures and Finance value in the new enterprise during the Forms of Ownership change. Therefore, the research hypothesizes as follows:

- H1: The Leader of the new enterprise will interfere the Finance value of the new enterprise
- H2: The management of different cultures will interfere the corporate culture fit of maintaining the achievement and the business performance in the new enterprise
- H3: The Leader and Corporate Cultures are the key success factors during the form of ownership changes in order to achieve the business goal in the new enterprise

III.5. Concluding Remarks

Is Corporate cultures an Assets or Liabilities? What is the New Leader's role and how to lead the new merged company cultures into the desired end state of the integration plan in order to maximize the company value? How do M & A scholars measure Corporate Culture in terms of Finance value during different stage of M & A?

The research framework on the hypothesis set up above with the objective to answer the above questions is challenging. This will be particular useful for the management to value the Corporate

Cultures in terms on Finance efficiency in the Merges and Acquisitions proposals and to make the right acquisitions decisions accordingly.

Based on the literature reviews and findings, we can conclude that further research on this topic is useful and this open the way to a new direction to quantify the Corporate Cultures value in the Mergers and Acquisitions.

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