

APPENDIX GA36d

LEVEL 7 ASSESSMENT SPECIFICATION

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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.		

University of Wales Trinity Saint David

DBA Programme

Module: SBPD 7002

Qualitative Research

Assignment: Evaluation of current research; Research Proposal; Presentation

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PART I (2,500 – 3,000 Words)

Evaluation of current research: “Linking leaders’ identity work and human resource management involvement: the case of sociocultural integration in Chinese mergers and acquisitions” by Yijun Xing and Yipeng Liu

Total word count: 2,634 words

Abstract

An article “Linking leaders' identity work and human resource management involvement: The case of sociocultural integration in Chinese mergers and acquisitions. *International Journal of Human Resource Management*, 27(20), 2550-2577.” by Yijun Xing and Yipeng Liu (2016) which included in the literature review list has been chosen for critical review on qualitative research.

The research philosophy and the conceptual framework being employed in the chosen article have been reviewed. Three Chinese M&A case studies were selected for the research study in the chosen article. The data was collected through 23 in-depth interviews with various senior managers from the both acquirer and target companies. The findings were well supported the conceptual framework.

A critique of the method used in the chosen article has been discussed mainly in the different stage of data collection stages.

The chosen article has led to the further research on the value of the Corporate culture in the M&A activities.

Keywords : Qualitative Research; Chinese M&A; HRM; identify work; leadership; sociocultural integration

I. Discussion on a chosen article

I.1. The Chosen Article

The article title is “Linking leaders' identity work and human resource management involvement: The case of sociocultural integration in Chinese mergers and acquisitions. *International Journal of Human Resource Management*, 27(20), 2550-2577.” by Yijun Xing and Yipeng Liu (2016).

The article was published in the *International Journal of Human Resource Management* in 2016. The Impact Factor for the Journal were 1.28 in 2016 and 1.63 in 2018.

I.2. Introduction

Human resources management, Organisation Development and Leadership are the most important topics in Management theory. In the Organisation Development topic, Mergers and Acquisitions is one of the major business activities dealing with company ownership changes. During last decade, the size of mergers and acquisitions are increased significantly. There are lots of scholars working on analysis and research on these management topics. The chosen article is one of the many articles to research in the Mergers and Acquisition activities in China. The article is to analysis the linking of leaders' identity work and human resource management involvement in the case of sociocultural integration in Chinese mergers and acquisitions.

Since 1980s, there were lots of reforms in Chinese mergers and acquisitions practice, the chosen article is to examines the human resource management involvement and the sociocultural integration in the case of a privately owned enterprises (POEs) acquiring a state owned enterprises (SOEs) in China. The article is using the qualitative data based the three Chinese M&A cases for the research and analysis.

I.3. Literature review and Theoretical background

The Keywords for the article were “Chinese M&A; HRM; identity work; leadership; sociocultural integration”. Xing and Liu (2015) “The Author” did not include the Literature review section in the article, instead a theoretical background section was included. However, some of the keywords such

as leadership were not clearly defined by the author in the theoretical background. Leadership is an important element in this article, the author has emphasized the important leadership transitions during Mergers and Acquisitions activities. Dotlich (2017) defined Leadership 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 theoretical background on the topic has been detailed and described in the article by referencing to different article reviews. The author has described the theoretical background on – Sociocultural integration and HRM practices in M&A; Chinese HRM, firm ownership and M&As; M&As and leaders’ identity work. The author has outlined the history of Chinese M&A activities and Chinese M&A development and policy changes in recent years. Based on the theoretical background, the author has developed a conceptual framework by linking leaders’ identity work, HRM practices and sociocultural integration throughout the M&A practices. This conceptual framework became the guideline for the author to design and implement the research project.

I.4. Research Philosophy being employed

In the article, the research philosophy was not mentioned specifically; instead, the author only included the Research Method. The research philosophy forms part of the important elements in the research paper for the reader to understand the research work.

The article is based on the conceptual framework by linking leaders’ identity work, HRM practices and sociocultural integration in Chinese M&A practices. The nature of the reality for this research framework is considered Relativism. Therefore, the Ontology for the research is Relativism. The Epistemology for the article is Emic as the researcher was collecting data from the insiders from the three case studies. The researcher and research are interactive and subjective. The author adopted the case study approach to perform the Qualitative Research. The Interview method was adopted by the author to collect the data for the research.

I.5. Research Design and Methodology

The research context of the paper was using Three Chinese M&A cases studies where the privately owned enterprises acquired the State-owned enterprises. The three cases M&A were happened during the recently China institutional transformation and regulatory changes from 2000 to 2012.

The qualitative case method was applied to study the sociocultural integration and to obtain a detail understanding of the complex research topic. In addition, the author using the storytelling method and narrative accounts from the interviewees.

1.6. Data Collection methods used

Three M&A cases that Chinese Stated-owned enterprises acquired by Privately owned enterprises were used for the qualitative researches.

For Case A, the company was founded in 1958 and the business includes variety of rebar, round bar, angle, automobile spring, pipe and others. The acquisition time was in 2009, the number of employees was 12000 with 30% market share with 4.5 million pounds annual net profit. In Case B, the company was also founded in 1958 and the business includes Iron and Steel smelting, Steel, cement and others. The acquisition time was in 2007, the number of employees was 5000 with 15% market share with 0.2 million pounds annual net profit. For Case C, the company was founded in 1939 and the business includes Chemicals such as caustic soda, polyvinyl chloride, polyether trichloroethylene, chlorobenzene and other chemical products. The acquisition time was in 2010, the number of employees was 8000 with 35% market share with 0.34 million pounds annual net profit. The number of employees, market share and annual net profit for all the three cases were increased after the M&A in 2013.

The data was collected from the twenty-three in-depth interviews with managers from the 3 cases companies including both acquirer and target company. The 23 interviews consisted 7 interviewees from Case A, 8 interviewees from Case B, and 8 interviewees from Case C. The interviewees ranged from chief executive office to department head including human resource department. The 23 managers were selected from the author's professional and personal networks.

The interviews consist of two parts. The interviewees were asked about the work experience from the beginning of the acquisition to the interview period. The first part interview end when the interviewees had expressed all the opinions. In the second part, the interview was focused on the manager's leadership and various HR activities by reminding the manager of some of the key points that was mentioned in part 1. The data collected from the interviews was triangulating with the public

available data and performing the data analysis. Comparative coding method was used to analysis the interview narrative data.

The Finding from data analysis has summarised by eight identified HRM activities linked with Leaders' identity work during M&A included Due diligence on human resources; Communication with employees to understand target firm's organizational culture; Recognizing the value of employees from target firm; Willingness to deliver target employees' expectation; Maintain state-owned enterprise's family culture; Building corporate culture to promote party committee culture; Training employees to understand target corporate culture; and reshaping state-owned enterprise's corporate image by involving employees. The paper concluded the findings have shown the important of different types of leaders' identify work with the identified eight type of HRM activities during the M&A process.

1.7. A critique of the method used

Data Collection

Case studies method in qualitative research contribute a comprehensive understanding of a specific social phenomenon (Perry, 1998). Therefore, Xing & Liu (2015) have used the three cases study method to study the conceptual framework which identified in the theoretical background. The conceptual framework was the linkage between leaders' identity work and various dimensions of HRM for the sociocultural M&A integrations. The collection method was in line with the Qualitative research philosophy.

There are few comments on the Data collection -

Cases Selection:

The three companies selected for studies only representing the manufacturing industry sector with long established history which were all more than 50 years ago. The article did not mention why only the manufacturing industry were selected. These questions could be addressed if the definition and the scope of the study is well defined in the article. Also, the reason, why only manufacturing industry was selected, was not specified in the research limitation section in the article.

Although the companies have represented different company size in terms of employees various from 5000 to 12000, the companies were all state-owned enterprises acquired by the local China privately owned enterprises. The cultural issue might probably different if the acquisition was from a multinational company. The sociocultural integration information to be collected for research might be much different as the new leaders have a western culture which will significantly impact the leaders' identity work with the local employees. Also, various industry state-owned enterprises will have different HRM process and leadership style, these will also be affecting the research data analysis. As a result, different findings may be identified.

The three cases selected were all successful M&A integration cases. All the three cases had shown the increase in market share; no of employee and significant growth in annual profit Post M&A. The research result and finding might be different or provide more support to the conceptual framework if one of the cases was a failure M&A case. The leaders' identity work and human resource management involvement in the failure case might probably show the opposite direction or similar from the successful M&A cases. The finding and research result might be different. Also, the finding and research result from the data obtained from both success and failure cases could provide more support to the conceptual framework.

The region of the three cases located in China were not mentioned. In China, different region has different culture. Therefore, in order to have more informative data to analysis the sociocultural, the cases selected should be better located in different China region.

In summary, for the cases study research in Mergers and acquisitions activities, such as the industry, success and failure cases, the region and the scope shall 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 provide different research result.

Data Sampling:

The research has included a reasonable number of in-depth interviews with 23 managers from the three M&A cases. The sample size shall be acceptable for the qualitative research in the conceptual framework. The resources of the sample were selected from the both acquirer and target firms who are part of the entire M&A process. The interviewees range from chief executive office to head of

the HR department, but the junior staff or middle manager were not included in the interviews. Different data source from the opinions of different employee level shall provide more meaningful information.

The interviewees were selected through the author's professional and personal networks. This selection method might create some bias on the research data. In order to avoid the data bias, random selection method in the interviewees shall be used.

Interview

The interviewees' name, job position and the comment from the interview were mentioned in the article. However, the consent (either verbal or written) from the interviewee for the data collected from the interview were not mentioned in the article. Usually, the consent from interviewees shall be obtained in the beginning of the interview. Ethical and confidentiality enforcement procedures or descriptions were important in the qualitative research and should be mention in the article. The goal of the research ethics is to ensure the research activities which will not cause problem to anyone especially the interviewer. Therefore, lack of ethical description in the articles will put some doubt to the reader on the data obtained in the research whether is ethical.

The period and the length of the interviews were not provided in the article. The interview period compare with of the period of M&A integration stages was not mentioned. The interview guide or pre-written interview questions description were not included in the article. All these information would provide more understanding of the data to the reader.

Research Scope and limitation

There are some data collection method description were missing in the article as discussed in the previous section. As per previous section, the data collected are only on the manufacturing industry in China. Therefore, the study only representing the manufacturing industry. It will be better to extend the data collection or sampling to the other type of industry in China.

The company selected are limited to Privately owned enterprise acquiring State owned enterprise which cannot representing different types of M&A activities in China. There are lots of other M&A activities in China such as overseas company acquiring SOE; POE acquiring other POE company;

POE acquiring overseas company and etc. Also, the multinational company M&A activities are increasing in China, these will be other important research topics.

The leadership style is one of the important elements in the M&A activities which affecting the integration result. The article only concentrated in the leader identity work without detail analysis in the leadership style.

The scope of research and some of the important terms should be 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.

I.8. Concluding remarks on the Chosen Article

The research framework and methodology used in the article were appropriated. The data collection, data analysis and the finding were provided good support to the conceptual framework from the author.

The basis of the conceptual framework was not controversial and easy to understand with the emphasis on the importance of linking leader and HR in the process of M&A integration. The relationship between leader and corporate culture and business performance are logically will affect the result which will create positive value of the merged company.

On conclusion, the article has proved Leadership, HR involvement are the major success elements for the Sociocultural integration in China as a result to improve the business performance in post M&A.

I.9. Paradigm shift on the Chosen Article

The article was to analysis the impact of the linkage of leaders' identity work and human resource management in the case of Sociocultural integration in Chinese M&A with positive of business performance.

The article has proved the Sociocultural/Corporate Culture and Leadership are the important elements for the success of enterprises integration in China. This leading to a research gap which could shift the paradigm on the analysis on Leadership and Corporate Culture to the change of company value during the M&A activities; and further shift the business value to focus on “**the factors that determine the value of Corporate cultures in Mergers and Acquisitions activities**”. These factors will be discussed in the following Part of this paper (Part II - the research proposal).

PART II (2,500 – 3,000 Words)

Research Proposal: A study on the Factors that determine the Value of Corporate Cultures in Mergers and Acquisitions activities

Total word count: 2,986 words

II.A Abstract

Objective – There are limited research papers and articles related to the Corporate Culture value in the Mergers and Acquisitions activities. The objective of this paper is to analyse the Factors that determine the Corporate Culture value in the Mergers & Acquisitions process.

Research method/approach – This paper is used Qualitative Research approach. Eight in-depth individual interviews with senior executives and a 5-persons focus group were conducted.

Findings – Investment Objective and Culture Fit are the main factors to determine the Corporate culture value in the Mergers & Acquisitions activities.

Keywords: Corporate Culture, Leadership, Mergers and Acquisitions, Change management, integration, Corporate Value

II.B Research questions

Mergers and Acquisitions “M&A” is the most popular and important business strategies to grow and expansion of the market share of the company, and increase the company competitive advantage. Management believes that Mergers and Acquisitions is the fastest and efficient way to achieve the business goal and will increase the company value in the long run.

The Mergers & Acquisitions activities and sizes of deals have increased dramatically in recent years (Shi, Liu, Yang, Yao & Liu, 2017). In 2018, there was another record year in North America and Europe for the Mergers & Acquisitions activities, and one of the biggest Mergers and Acquisitions deal in the year was AT&T purchased Warner Media for US\$85 billion per their company press release. This trend of the activities illustrates the Mergers and Acquisitions activities continues to be the major business strategies to achieve the business goal.

KPMG (1999) interviewed over 700 M & A deals in between 1996 and 1998, the result showed that only 27 percent of the deals were successfully achieved the expected business plan. However, the successful rate was still low in recent years (Bing & Wingrove, 2012). Per the literature review in the following section, Scholars found out that the integration of the Corporate Culture are the most important elements to make the success of the Mergers and Acquisitions integrations. However, there

are limited articles and research papers related to the factors that determine the Corporate Culture value in the Mergers and Acquisitions activities.

The objective of this paper is to analyse the factors that determine the Corporate Culture value in the Mergers & Acquisitions process. There are few sub-questions in order to analysis the factors: -

- What is Corporate Culture?
- Is the Corporate Culture form part of the company total value?
- How the Corporate Culture affect the company value during the Mergers and Acquisitions activities?

II.C Research Philosophy

The study is focus on the analysis of the “Factors” that determine the Corporate culture value in the Mergers & Acquisitions activities. The nature of the reality for the research question is considered relativism and the realities are co-constructed. The relationship between researcher and research are interactive and subjective. The data analysis is based on the inductive strategy which based on the Grounded theory concepts. Therefore, qualitative research method is appropriate for the study because the nature of this research question.

II.D Literature Review

Corporate Cultures

Corporate Cultures exist in every organisation and form part of the company value. Among the organisations, the strong corporate cultures can increase the competitive advantage and reduce the organisation cost (Gill, 2012). Schein (2017) defines “Cultures as what the group has learned in its efforts to survive, grow, deal with its external environment, and organize itself.”

Hierarchical culture; Market culture; Clan culture and the Adhocracy culture are the four competing values for the organization culture. Hierarchical culture is about the organization structure, rules and management control to lead to the business practices and activities. Market culture is about the competitiveness between the organizations, customers and suppliers which will create the competitive advantage of the organization. Clan culture is more on the employee shared esteem and objectives that value consensus and commonality of values and goals. Adhocracy culture emphasize

on the organization's capacity to adjust rapidly to changing conditions that will lead the organization to success (Bing & Wingrove, 2012).

Corporate cultures comprise of internal and external factors of the company. Internal factors include human capital which consist of junior, senior staff and management team; system uses by the company such as Information system and computer system; process such as decision, approval, communications processes. External factors include suppliers and customers of the company.

Mergers and Acquisitions

When two or more different sizes and qualities companies combine together and one of them take control of all the companies' assets and operations is referred to as Acquisitions. When two companies combine to one company by joining the assets and operations together, this is referred to as Mergers. (Vazirani, 2012). The process to combine the two companies into one company is defined as Integration. Integration involves to combine the individuals into one corporate culture (Knilians, 2009). In this paper, Integration is referred to the M&A integration process.

A company that wants to grow its business and achieves its goals within a short period of time, M&A is one of the effective ways to achieve the results. (Chang, 2018). Apart from achieving the business goals within a short period of time, other reasons to go for M&A because the combined organization activities may be more efficiency, cost effective and increase profitability. (Duvall-Dickson, 2016). Other M&A objectives include access to the new market; increase customer base; eliminate or diminish competition by acquiring the competitor; advantages from the acquiring company's resources include human, management, or natural resources (Achim, 2015). In cases where the deals objective is to obtain new technologies, innovation, specialized know-how, or restrictive data, the corporate culture may be overlooked by the purchaser (Duvall-Dickson, 2016).

It is critical to arrange the M&A to align with different stakeholders' objectives. The integration and implementation arrange will ought to execute concurring to the aligned corporate strategy. To measure the success or failure of the M&A deals, the aligned corporate goal will be one of the indicators.

Success and Failure of Mergers and Acquisitions

There are numerous articles have examined on the success or failure of Mergers and Acquisitions. The failure of M&A deal can be characterized as – not able to attain the aligned strategy goal and disappointment to extend the company value (Bing&Wingrove, 2012). On the other hand, success of the M&A can be characterized as the merged company is able to attain the aligned corporate goal and increase the company value.

Concurring to Zaks (2016), M&A failure rate was in between 60 to 80 percent which speak to a high failure rate in most of the M&A deals. KPMG (1999) report expressed that 26 percent higher than normal of the Merges and Acquisitions deals succeed primarily due to the focus on the corporate culture integration. Rodriguez-Sanchez, Mora-Valentin& Ortiz-de-Urbina-Criado (2018), the disappointment rate still over 50% of the M & A deals that the Corporate did not meet the investment objective, and over 80% of the disappointment case was due to inadequate manage the different stages of the M & A process. In the recent trend of research papers, researchers have demonstrated that culture is still one of the major causes of the failures on the integrations.

Knilians (2009) found out that the main reason why numerous M & A disappointment was due to the failure of cultural integration plan. The clash culture of the merged company is the common failure factor. The culture different also related to the IT framework integration or the different of sociocultural of the two entities (Marks & Mirvis, 2011). Most of the failure of the integration of the corporate culture includes insufficient due diligence in the planning stages on corporate culture; insufficient communications and not well-defined new company strategy during the different integration stages (Bing &Wingrove, 2012).

In Conclusion, Corporate culture is the critical success factor for the M & A integration. However, there are very few articles or research paper on the Corporate Culture Value the new integrated company.

II.E Description of context and participants

The data were collected through individual interview and a focus group. In depth interviews with 8 senior executives and a 5-persons focus group discussion were conducted and a step by step qualitative analysis was used. To ensure a wide range of different data for the study, senior executives in different sectors and job function/positions were invited for the interview and the focus group. The background information for the participants are as follows:

	<u>Interview</u>	<u>Focus Group</u>	<u>Total</u>
Job Position			
General Management	3	2	5
Finance Executive	3		3
HR Executive	1	2	3
Technical Executive	1		1
University Lecturer		1	1
	8	5	13
Gender			
Male	7	3	10
Female	1	2	3
Age Group			
<45	1	1	2
45 – 55	3	4	7
>55	4		4
Work Experience			
> 20 years	8	5	13
M&A work exp.			
- Yes	7	4	11
- No	1	1	2
Education			
University or above	8	5	13

II. F Explanation of data collection steps

The data collected in early October, 2019, these data were collected during the initial stage of the study. The data collection method was focussed with 8 individual interviews and 1 focus group discussion. Each individual interview lasted from 30-45 minutes and occurred at locations convenient for the interviewees. A standard set of interview questions was used to collect data. The interview questions (Appendix IIK) asked for interviewees' experiences and reflections in Corporate Cultures and the work experiences on the Mergers and Acquisitions activities. The interview started with the verbal consent from the interviewees regarding the usage of the data collected during the interview. Interview notes were taken during the interviews.

A focus group with 5 senior executives were conducted in mid-October, 2019. The discussion lasted for around 45 minutes and conducted in a venue which were convenient for all the attendees. The focus group discussion was based on the same interview questions for the individual interview. Each focus group member had signed off the consent form regarding the data collection and usage. After the focus group meeting, the tape-recorded focus group discussion was transcribed.

II.G Explanation of data analysis

The data analysis is based on the inductive strategy which based on the Grounded theory concepts. The data collected during interviews and focus group discussion were compared the research proposal objective and search for patterns and similarity that could answered the research questions. The data were classified into the main categories and sub-topics of a main category. Based on the interview data, data was coded and classified into the 2 tables. Table 1 shows the data analysis classification on Corporate culture element and company value. In the table 2, critical success factors based on different investment objective are classified.

Table 1 Corporate culture Element and Company value

Corporate Cultures Elements	Explanation	Company Value	Merged Company value
Human Capital	Employee	Asset	Asset/Liabilities
	Leader	Asset	Asset/Liabilities
Norm	Integrity	Asset	Asset
	innovative	Asset	Asset
	leadership style	Asset	Asset/Liabilities
Business Process	method	Asset	Asset/Liabilities
	decision process	Asset	Asset/Liabilities
	employee Communications	Asset	Asset/Liabilities
Suppliers	way of doing business	Asset	Asset/Liabilities
	relationship	Asset	Asset
Customers	customer relationship	Asset	Asset
	customer experience	Asset	Asset
	way of doing business	Asset	Asset

Table 2 Investment objectives and Critical success factor

Investment objectives	Critical success Factor
New Market	Culture fit
Market Share	Culture fit
Synergy	Culture fit
Reduce competition	Culture fit
New technology	New technology implementation
Technical know how	Technical integration

II.H Preliminary findings

There are two main patterns with the sub-questions which can group and classified in Table 1 and 2. The interviewees' experiences were described in two main patterns. The findings were presented based on interpretation grouped accordingly and as follows:

Corporate culture and Company value

The Corporate culture is an important element in the Company value. In the focus group and individual interview, Corporate culture is:

Corporate culture is common norm, value, method, decision approach, work process etc...

(Focus Group)

Corporate culture consists of leadership style; human capital; customer and suppliers relationship and way of doing business (interview)

Based on the interview data, the definition of Corporate cultures can group into five major elements which are Human Capital; Norm; Business process; Suppliers and Customers. The definition is in line with the literature review in the previous section. Human capital includes Employee and Leader of the company, and the Norm refers to Integrity; innovative and the leadership style.

The total company value, based on the financial management theory, can be defined as the sum of Net Asset (Assets minus Liabilities); Intangible Assets; and the Future growth expectation. The interviewees agreed that the Corporate culture forms part of the company total value as an intangible asset:

Corporate culture definitely forms part of the company value in the form of intangible asset; which may include into the Brand value or reflected in the sales price... (interview)

Corporate culture value will change during the M&A activities, the Corporate culture's major elements may be affected and will become either an Asset or Liabilities:

Corporate culture value is dynamic and value may change from time to time... (focus group)

Human capital and customer relationship are the main factors to affect the Corporate Culture value in the merged corporation... (interview)

Investment objective is the major factor to determine the Corporate Culture value in the new company... (interview)

The finding is summarized in table 1 which shows the relationship of Corporate Cultures and the Company value.

Investment Objective and Critical Success Factor

According to the second part of the research questions regarding the mergers and acquisitions work experiences and about 80% of the interviewees had worked in either the acquirer or target company:

The company that I worked before was acquired by a multinational company with the investment objective on market share in local region, but the investment was considered failure because most of the target company's employee were left the company during M&A process... (interview)

The deal was success when the company revenue was increased and the employees were kept in the new company... (focus group)

Different investment objectives may have different critical success factors, the company that we acquired mainly on the investment of the new technology, so the critical success factor rely on the integration of new technology to the existing company products... (interview)

The main pattern of the data reflects the relationship between the critical success factors and the investment objectives and as summarized in Table 2.

II.I Discussion that emerged from findings

In this study, we conclude that Corporate Culture form part of the Company Value as an intangible asset. However, the value of the Corporate Culture will change or affected during the M&A activities.

The factors that affecting the value of Corporate Culture are mainly the “Investment Objective” and “Culture Fit”. Different investment objectives will affect the Corporate Culture value in the new merged company which will become either an Asset or Liabilities. The study also identifies the importance of how the leaders to manage the employee fit into new company culture during M&A. This Corporate Culture fit can either increase or decrease the company value.

Further research on how to measure or quantify the Corporate Culture value under different M&A investment objective will be benefit the investor on the investment decision and for the leader how to manage the corporate culture value during integration.

II.J Appendix with personal reflections

The research topic on Corporate Culture and M&A are popular topics in Corporate Management. A lot of senior executives have work experience on the M&A activities and deal with Corporate culture. Therefore, data collection is easier and less explanation is required in the research questions, lots of important and key messages can be obtained from the interviewees based on their work experience. My first reflection is that - an interesting and common topic is important for the researcher.

The research is based on the focus group and individual interviews. Time management and pre-meeting preparation work are important. Lots of admin work is required before the interview – such as appointment time; venue and coordination of persons together in the focus group. Bellows are some of key learning during the meetings:

1. Lead questions and follow up questions are important to lead the conversation
2. Length of the meeting – control of the flow and give time to the interviews to think
3. Respect the answer and do not argue with the answer
4. New ideas and second thought of the topics were received during the meeting
5. Follow up questions and clarification after the meeting are important for data analysis

II K Appendix with Interview/Focus Group Questions

Interview/Focus Group Questions:

What is Corporate Culture?

What are the most important elements in Corporate Cultures?

Is Corp culture an asset or liabilities?

Will the Corporate culture increase the company value?

Do we need to value the Corporate culture?

How to quantify the corporate culture?

How the Corporate culture will affect the company value during the M&A process?

What is the difficulty to identify the corporate culture value whether is liabilities or asset during M&A process?

How to maximise the corporate culture value in the Merged new company?

What are the implications of Corporate culture during different stage of M&A process, ie pre-merger; during integration; post integration?

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?

Do you have any practical experience for Company M&A?

If yes, - What is the reason or investment objectives for your last M&A?

Is the M&A success or failure?

How you define the success or failure of the integration?

What is the critical success factor or reason of failure for the integration?

What is the reason or investment objectives for your last M&A?

If no, - What will make you to consider to acquire a company?

What is the critical success factor to acquire a company?

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PART III

Presentation PowerPoint Slides



Research Proposal : a study on the factors that determine the Value of Corporate Cultures in Mergers and Acquisitions activities

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SBPD7002 Qualitative Research

Agenda

- I. Introduction
- II. Research Questions
- III. Research Philosophy
- IV. Literature Review
- V. Context and Participants
- VI. Data Collection Steps
- VII. Data Analysis
- VIII. Preliminary Findings
- IX. Discussion that emerged from findings

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Introduction

- “Mergers and Acquisitions” is the most popular and important business strategies to grow and expands of the market share of the company
- Corporate Culture is a Critical Success Factor for the Mergers and Acquisitions (M&A)
- Limited articles and research papers related to the factors that determine the Corporate Culture value in the Mergers and Acquisitions activities

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Research Questions

The objective of this paper is to analyse the factors that determine the Corporate Culture value in the Mergers & Acquisitions activities.

There are few sub-questions in order to analysis the factors: -

- What is Corporate Culture?
- Is the Corporate Culture form part of the company total value?
- How the Corporate Culture affect the company value during the Mergers and Acquisitions activities?

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Research Philosophy

The study is focus on the analysis of the "Factors" that determine the Corporate culture value in the Mergers & Acquisitions activities.

The nature of the reality for the research question is considered relativism and the realities are co-constructed.

The relationship between researcher and research are interactive and subjective.

Therefore, the nature of this research question determines the appropriate qualitative research method for the study.

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Literature review

- Corporate Culture
 - Schein (2017) defines "Cultures as what the group has learned in its efforts to survive, grow, deal with its external environment, and organize itself."
- Mergers and Acquisitions
 - 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).
- Success and Failure of Mergers and Acquisitions
 - 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.

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Context

- The data were collected through individual interview and a focus group. In depth interviews with 8 senior executives and a 5-persons focus group discussion were conducted and a stepwise qualitative analysis was used.

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Participants

	<u>Interview</u>	<u>Focus Group</u>	<u>Total</u>
Job Position			
General Management	3	2	5
Finance Executive	3		3
HR Executive	1	2	3
Technical Executive	1		1
University Lecturer		1	1
	8	5	13
Gender			
Male	7	3	10
Female	1	2	3
Age Group			
<45	1	1	2
45 – 55	3	4	7
>55	4		4
Work Experience			
> 20 years	8	5	13
M&A work exp.			
- Yes	7	4	11
- No	1	1	2
Education			
University or above	8	5	13

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Interview/Focus Group Questions

- What is Corporate Culture?
- What are the most important elements in Corporate Cultures?
- Is Corp culture an asset or liabilities?
- Will the Corporate culture increase the company value?
- Do we need to value the Corporate culture?
- How to quantify the corporate culture?
- How the Corporate culture will affect the company value during the M&A process?
- What is the difficulty to identify the corporate culture value whether is liabilities or asset during M&A process?
- How to maximise the corporate culture value in the Merged new company?

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Interview/Focus Group Questions

- What are the implications of Corporate culture during different stage of M&A process, ie pre-merger; during integration; post integration?
- What is the Leaders role to integrate the corporate culture into the new merged company during the M&A process?
- 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?
- Do you have any practical experience for Company M&A?
 - If Yes, What was the reason or investment objectives in your last M&A experience?
 - Was the M&A success or failure?
 - How you define the success or failure of the integration?
 - What was the critical success factor or the reason of failure for the integration?
 - If No, What will be the main reason or investment objective for you to consider to acquire a company?

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Data Collection steps - Interview

The data collected in **early October, 2019**, these data were collected during the **initial stage** of the study. The data collection method was focussed with **8 individual interviews**. Each individual interview lasted from **30-45 minutes** and occurred at locations convenient for the interviewees. A **standard set of interview questions** was used to collect data. The interview questions asked for interviewees' experiences and reflections in Corporate Cultures and the work experiences on the Mergers and Acquisitions activities. The interview started with the **verbal consent** from the interviewees regarding the usage of the data collected during the interview. **Interview notes** were taken during the interviews.

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Data Collection steps - Focus Group

A focus group with **5 senior executives** were conducted in mid-October, 2019. The discussion lasted for **around 45 minutes** and conducted in HKMA venue which were convenient for all the attendees. The focus group discussion was based on the same **interview questions** for the individual interview. Each focus group member had **signed off the consent form** regarding the data collection and usage. After the focus group meeting, the **tape-recorded** focus group discussion was transcribed.

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Data Analysis

The data analysis is based on the **inductive strategy** which based on the **Grounded theory** concepts. The data collected during interviews and focus group discussion were compared the research proposal objective and search for **patterns and similarity** that could answered the research questions. The data were classified into the main categories and sub-topics of a main category.

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Corporate Cultures Value

Corporate Cultures Elements	Explanation	Company Value	Merged Company value
Human Capital	Employee	Asset	Asset/Liabilities
	Leader	Asset	Asset/Liabilities
Norm	Integrity	Asset	Asset
	innovative	Asset	Asset
	leadership style	Asset	Asset/Liabilities
Business Process	method	Asset	Asset/Liabilities
	decision process	Asset	Asset/Liabilities
	employee Communications	Asset	Asset/Liabilities
Suppliers	way of doing business	Asset	Asset/Liabilities
	relationship	Asset	Asset
Customers	customer relationship	Asset	Asset
	customer experience	Asset	Asset
	way of doing business	Asset	Asset

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M&A Activities

Investment objectives	Critical success Factor
New Market	Culture fit
Market Share	Culture fit
Synergy	Culture fit
Reduce competition	Culture fit
New technology	New technology implementation
Technical know how	Technical integration

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Preliminary findings

- Company Value :
Net Asset (Assets – Liabilities) + Intangible Assets + future growth expectation
- Corporate Cultures form part of company value as an intangible Assets (100% agreed)
 - Human Capital is an important asset in a company value
- Corporate Cultures are the Critical success factors for the M&A integrations (80% agreed; 20% other factors)
- Corporate Cultures either an Assets or Liabilities in the merged/acquired company (100% agreed)
- Main Factors affecting the Corporate Cultures value in the M&A process
 - Investment Objectives (90% agreed; 10% Not sure)
 - Cultures fit (80% agreed; 20% Not sure)

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Discussion that emerged from findings

- 2 main factors have determined the Corporate Cultures Value in the Mergers and Acquisitions activities
 - Investment Objective
 - Corporate Cultures can either be an Asset or Liabilities depends on the investment Objective
 - Culture Fit (mainly on employee retention)
 - Can increase the Corporate Cultures Value or decrease the Value depends how the leaders manage the 2 Corporate Culture integrations during M&A
- Further research on how to measure or quantify the Corporate Culture value under different M&A investment objectives. A Quantitatively Research Approach ?

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Thank You

