CHAPTER III

METHODOLOGY

Research methodology and design

This research, as mentioned in chapter one, focuses on analyzing and identifying the strategic objectives behind mergers and acquisitions that have occurred in various sectors like Auto, aviation, banking, pharmaceuticals, beverages, wind energy, petroleum, steel, telecommunication, Infrastructure, chemicals, cement, consumer durables and Information technology in India.

The various hypothesis on which these deals were analyzed were the companies which are leaders in a particular industry and use these moves to gain greater market share. The companies which are not market leaders but have excess resources and good vision uses these moves to strengthen/safeguard the resources (financial, human and infrastructure) of the company. The localized firms use these moves to spatially expand their companies and to tap unattended markets. An internationally/spatially differentiated company may use these moves to cater/tap locally concentrated markets. The deal amount transacted are governed by the growth of the particular sector, the success of the mergers and acquisitions depend upon the matching of the visions of the organizations involved in the merging and acquiring activities.

For identifying and analyzing the strategic objectives behind the various merger and acquisition activities, forty five deals of various sectors as mentioned above, which had materialized in the time frame between January 2000 and February 2011, which involved one Indian firm, with a minimum deal amount of seventy five crores were chosen randomly were
considered for analysis. The above sectors mentioned were chosen because as highlighted in chapter one, these were the sectors which had witnessed high growth prospects and major activities for inorganic growth of organizations.

As mentioned above, the data used for analyzing the strategic objectives behind the merger and acquisition activities were gathered from the various statements/releases/press notes/articles issued by the organizations in various media. The secondary data with respect to the details of the various deals, the details of various companies involved in the deals, the pre and the post merger scenario was collected by referring to the various published sources. The various statements like press releases, articles, speeches made by the people of the respective organizations were analyzed for the identification and analysis of the strategic objectives behind these merger and acquisition activities.

These published sources were considered for analysis which consisted of various releases made by the organizations, as it is believed that as these firms are well known in the corporate arena the organizations long term perspectives can be deduced by looking at and analyzing the statements made by the organizations in the public domain, as the vision/objectives discussed in the public domain would really reflect and state the long term perspectives of the organizations. (Srinivasan and Mishra, 2007).

In the first stage, at the outset the deals were placed under the suitable hypothesis, which represents the identified motive behind the merger and acquisition activity, on analyzing the various secondary data consisting of various statements/articles/media releases and in the second stage an effort was made to analyze each deal, case wise, with respect to the various
statements/articles/media to identify the strategic objectives behind the merger and acquisition activities and the vision and mission of the organizations involved and to identify whether the strategic objectives intended were achieved or not and whether these strategic objectives achieved were in line with the vision and mission of the companies involved in the deals. (Srinivasan and Mishra, 2007)

An effort was made to carry out a qualitative type of analysis, known as content analysis, but was unable to arrive at the desired conclusions due to constraint in the procedure. Coming to the introduction of content analysis, it is one of the research tool/technique that is used to identify and analyze the presence of words/phrases in written material or materials. Inferences can be made about the messages contained in the text by quantifying and analyzing the presence, meanings and relationships between and of the words.

The material/content/text that can analyzed and interpreted can be text books, the individual chapters of the various books, essays, interviews/corporate interviews, media headlines like newspaper headlines and magazine headlines, various informative articles in the various media, historical documents, formal speeches, formal and informal conversations, various advertisements advertised in various media releases. On the whole, all types of written and oral communications can be analyzed by the method of content analysis. To content analyze the data, the text or the matter is broken down into logically manageable portions based on various logic like meanings of the words, the phrases in which they are present, the sentences in which they are present or in the context/perception under which the words have been said or quoted. After the words are coded, then any one of the methods of content analysis is used like conceptual analysis or relational analysis. (www.colostate.edu)
Therefore in our research, an effort was made to use the conceptual analysis and relational analysis in identifying and analyzing the strategic reasons/objectives behind various mergers and acquisition activities in various sectors case wise and sector wise considered.

In line with the above mentioned methodology, the next chapter deals with the case wise analysis of the strategic reasons behind each merger activity, deal wise, sector wise in line with the hypothesis made in the first part.