Abstract

The present study Post Mergers and Acquisitions Cultural Integrations- Study of Three Domestic Cases, is based on recent understanding that cultural due diligence is not being given importance in M&A decision and post M&A cultural integration plays a key role in its success or failure.

Mergers and Acquisitions are not new phenomena, United States has history of five periods of high merger activity and that period is called merger waves. First merger wave was witnessed after great depression in 1883, when this wave resulted major mergers in industries like petroleum products, chemicals, transportation equipments, fabricated metal products, machinery, primary metals, food products and bituminous coal.

In India mergers and acquisitions mainly started to evolve after 1991, a year in Indian history (structural change) when the economic policy of India underwent a paradigm shift. The liberalization adopted during that period has been termed as an outcome of Balance of Payment crisis. As the country had no way but to open the market strategically.

The failure rate of mergers and acquisitions is unreasonable, unacceptable and unnecessary. Clearly mergers and acquisitions will be the growth strategies of the choice, as they were in 1990s, which with some notable exceptions flies in the face of the marked lack of success of such deals to date. In a 1995 review of thirty years of activity, Business week came to the conclusion that most of the time the acquirers actually lose money on acquisitions.

Firms culture interact and come in conflict if not fit while integration process. Thus, absence of culture fit creates stumbling block for integration process of firms. Besides the financial motive of merger, there are apparent indications of failure of mergers due to misfit of organizational culture. In view of Fralix and Bolster (1997).
Research Methodology

Qualitative research has been used in this study. Three cases one from Healthcare, one from Print Media and one from Aviation have been selected as a result of convenient sampling. The top level/senior level management have been interviewed purposively and with help of them middle level and junior level executives have also interviewed purposively. Hence sampling in this study is of two kinds one convenient and purposive sampling.

Data collection was done during June 2012 to June 2013. Semi structured Interview has been used for data collection. In addition to that secondary sources like due diligence reports, journals, periodicals, news papers etc have also been accessed to collect data.

Findings

Among the key findings are the cultural difference among companies undergone Mergers and Acquisitions, IT Interventions for cultural change, HR interventions, leadership change. The difference in compensation, people and behaviour were also found among various cases in this study.

Job insecurity and apprehensions were common in all three cases and also there were lay off in two cases. In two cases people working with acquired company were feeling respected getting associated with large group but still there were fears.

Communication has been a key issue and also there were traditional method of appraisal and promotions in two of the acquired company before acquisitions.

Accounting processes were also found different. Apart from that marketing methods were different. Though in one of the cases the difference was allowed and was successful.