DETERMINANTS OF THE EX-POST PERFORMANCE OF MERGERS AND ACQUISITIONS: A CASE STUDY

Prof. Krishna Kumar
Indian Institute of Management, Lucknow (India)

Dr. Manel Peiro
ESADE, Barcelona (Spain)

ABSTRACT

In the changing economic scenario, mergers and acquisitions are likely to emerge as an important strategy In the Indian corporate sector. Understanding the process of merger/acquisition therefore becomes important to ensure success of the strategy. This paper highlights the. managerial tasks involved for achieving higher levels of integration, which help In realising the unique managerial challenges Involved. the sources of these challenges emanating from the context of merger/acquisition. The paper also proposes a model for enhancing the understanding of the determinants of the ex-post performance of acquisitions and mergers.

14.0 DETERMINANTS OF THE EX-POST PERFORMANCE OF MERGERS AND ACQUISITIONS

14.1 Introduction

Mergers and acquisitions has been a topic of immense interest of the practitioner as a strategic vehicles for achieving corporate objectives. In the United States the activity has been showing growing trend with a merger wave in the mid-80's. Even in the year 1989 over 3400 transaction involving over U.S. $ 230 billion were performed (1). Similar merger waves are predicted in the '90s in Europe (2). One hopes similar phenomenon to take place elsewhere as the national economies open up to international competition. It is surprising, however, that while the strategy has been used as a favoured one on the assumption of comparative ease of achieving organisational objectives, in the ultimate analysis it has not been found to have yielded the results expected. For instance in a study of 116 acquisition programmes by Copeland (2) it was observed that as many as 61 % were failure against only 23% successful ones. Studies by Porter (3), Young (4) and Rovenscraft & Scherer (5) also support the similar view. It is -; necessary to know the underlying reasons that determine the performance of this external vehicle for growth, to be able to decide the desirability of the same in a particular case and to assess the organisations ability to pursue the strategy.

14.2 Acquisition and Merger: Ex-ante and Ex-post Performance

In evaluating the performance of an acquisition or merger programmes, the studies (2) have looked at the issue from two different perspectives, ex-ante market reaction to the announcement of the programme (taking into account not only the expected costs and benefits of the deal, but also the market's expectation. that the deal will actually be consumated and the ex-post performance (looking at the success or failure of acquisition and merger programmes after their completion). In this paper we are mainly concerned; about the tasks and processes involved with the ex-post performance of the acquisition and merger programmes, especially the latter.

14.3 Acquisition/Merger Context and Performance

The reasons attributed to the post-acquisition/merger performance have been many and quite diverse ones. Kitching (6) and Hunt (7) found that size mismatch between the acquirer and the acquired (i.e., the sellers size was very less say 2% or below than the acquire's size) may considerably enhance the chances of failure rates. Copeland's study too reinforces the conclusions (2). However, he found that if the target size was too large, (say more than 10% of the acquiring firm), the chances of failure were high. Other contextual factors cited as being responsible for failure of acquisition/merger performance are the number of bidders, failures in proper screening of potential candidates, overestimation of the synergies expected and overbidding (2).

14.4 The Strategic Fit and Ex-post Performance

Besides, the 'strategy factor' has also been reported to be influencing the acquisition and merger performance. Singh and Montgomery (8) observed that the gains to the acquired firms were high if the strategy was related rather than unrelated. These findings are supported by those of Copeland (2). Shelton's findings (9) also support this in that the acquisitions providing access to the related markets create the most value to the shareholders. The findings of the studies of 'strategic fit' and acquisition/ merger performance are, however, not all consistent. Other studies like those of Lubatkin (10) and Chatterjee (11) did not find any clear pattern of superior performance of the related strategies over the unrelated ones. All in all, it appears that although the 'strategy fit' is an important factor for the acquisition/merger performance, in that the related strategies provide greater synergestic potential due to the economies of scale, optimum utilisatin of organisation resources etc., these alone are not good enough to ensure success of .performances (12).

14.5 Organisational Fit and the Acquisition/Merger

Other significant factors that are cited to be determining the ex-post performance are the ones related to what can be called the 'organisational fit' (12). Itis the integration of the acquired and the acquiring firms or the partners in mergers which realises the benefits of synergies available in terms of reduced cost of production, inventory holding, marketing and so on (13). The inability to manage the integration results in the loss of

opportunities for improving the performance by exploitation of the available synergies. Therefore, no clear pattern of performance difference between the related and the unrelated strategies may be expected, as reported in various studies mentioned earlier. The task of integration or achieving the 'organisational fit' encompasses several aspects. Datta [12] in his study found a very high co-relation between the diversity of the management styles and the poor post-acquisition performance. The cultural diversity also increases the challenge of managing integration. Integration of two or more 'thick' cultures [] 4], which often happen in the case of mergers, leads to higher level of resistance than if the acquired company (or a partner in case of mergers) had a 'thin' culture.

14.6 Managerial Tasks Determining the Ex-post Performance

These alone do not seem to be an exhaustive list of the managerial demands of integration. As Datta (12) points out there is a definite need for further studies to identify the other impediments in achieving higher levels of integration, and also to probe into the management of the process of integration, which may give an insight into the managerial tasks to be performed, managerial skills required and the challenges involved for realising better ex-post performance of acquisitions/mergers. Case study method is an extremely useful approach for the twin purpose of exploring the managerial tasks and contextual factors and their inter-relationship on the one hand, and describing the dynamics of integration process on the other. Of course, the findings need to be validated empirically on a larger sample to enhance its generalisability. This paper presents a case study describing merger of four hospitals located at Sabadell, in the state of Catalunya in Spain. The hospitals were not doing well. The combined losses reduced over the years after merger and the hospital was now on the path of playing a significant role. Despite the setting of the case being that of a non-profit oriented organisation, the case study captures several key managerial tasks, the contextual influencers and the heat and dust associated with the process of integration, which on prima-facie basis, look equally relevant for other non-profit oriented as well as the business organisation. The period covered in the case study is about 8 years, (from 1983 to 1991). The paper also integrates the contextual, the strategic and the organisational fit issues to develop a model that gives better insight into the determinants of the ex-post performance and which can be used as a guide by the practising managers for considering the implementation issues in mind while deciding to go for merger/acquisition strategy.

14.7 Parc Tauli Consortium Hospital: The Case Study

The health services in Spain are provided under the National Health Service (NHS), as also by the private practitioners. The NHS as a body of the Government of Spain, draws out the National Health Programme for the year which becomes the basis for allocation of resources by the Government of Spain to various state governments, who shoulder the responsibility of financing and administration of various government hospitals (and the financing of other hospitals covered under the National Health Programme) putting additional funds from the state exchequer as, when and where necessary.The National Health Service provides the health services either by setting up its own hospitals or contracts it out of the other hospitals. The other type of hospitals available are the autonomous hospitals (created by agencies like mutual funds, insurance companies, savings banks etc.) or private ones, some of which run for earning profit, while the others are non-profit oriented ones.

14.7.1 Historical Setting of the Merger

This case study describes the managerial tasks and challenges associated with the process of merger of four hospitals, in the town of Sabadell, about 40 km. away from the city of Barcelona which is the capital of the state of Cataluna in Spain. The four hospitals were merged to form a consortium hospital. Out of the four hospitals that were to merge to form PATCH, two (Clinica Creu and Santa Fe) belonged to Mutua Sabadell (a local Mutual Funds company of Sabadell). Clinica Creu was a 125 bed general hospital (offering general medicine and surgical services). Santa Fe with 220 beds, on the other hand offered specialised services in Orthopaedic, Traumatology, Gynaecology and Obstetric. The third hospital, Mare de Deu de la Salut was a general hospital (like Clinica Creu) of the municipality of Sabadell having a capacity of 120 beds. Besides this hospital the municipality also run the Resid~ncia Albada (an Old Persons Home) having a capacity of 220 persons. The fourth hospital, Clinica Infantil del Nen Jesus had a capacity of 178 beds, and was owned and run by La Caixa d' Estalvis de Sabadell, a large Savings Bank of Sabadell having a number of branches in various cities of the state of Catalunya. This hospital was offering specialised services in paediatrics and was considered to be a good hospital by the local people. In all, thus, there were four hospitals with three different owners, with a professional staff of doctors and paramedical services of about 2000

people. Besides the above, there was also a large hospital building available in close vicinity (later known as Tauli Complex), which was owned by the Autonomous University of Barcelona. The building was constructed by Mutua Sabadell to run a 432 beds hospital, but the company ran into financial problems during the period of construction and could not start the hospital. It finally sold the premises to the Autonomous University, but the university also could not use it and it was lying idle for years. This building also became a pam of merger with-the consent of the university. The first three hospitals were located in close vicinity, almost adjacent to each other and to the Tauli building. The fourth one (Clinica Infantil) was situated about a kilometer away.

14.7.2 Problems Faced by the Hospitals

In the early 80' s most of the hospitals in the state ofCatalunya were running in serious financial difficulties and the hospitals in sabadell were no exception. They were even unable to meet their obligation of contribution to the Social Fund to the national government of Spain, which was considered to be a serious default. They had obsolete equipment for medical checkups, and so was the case with other infrastructure facilities. None of the four hospitals had their own diagnostic labs and therefore, the services were contracted out to a private profit oriented company in the locality, by the hospitals. The NHS did not have any of its own hospitals in the area and therefore, contracted out the services to Mare de Deu La Salut and the other hospitals (i.e., Clinica Creu, Santa Fe, Clinica Infantil). The hospitals were paid on the basis of days a patient stayed in the hospital, although the cost of treatment to the hospital normally reduced as the days passed, on account of the recovery of the patient from the ailment. The doctors though were employed by the hospitals, were also allowed to do private practice which enabled them to provide their patients an easier access to the hospital in the case of need. The hospitals had provisions for several types of accommodations for the patients, varying in tariffs. Thus, the patients could avail different levels of amenities and comfort depending upon their preference for the facility desired. The hospital banked heavily on the budget sanctioned by the National Health Services for their running. Due to general declining economic conditions, the budget by the NHS had not been increased significantly from 1983-1985, despite increase in the number of patients and general inflation. The Mutual Funds Company was finding it difficult to put more money in its hospitals and so was the case with the municipality. Even Clinica Infantil, which had been having a fair weather

earlier, ran into an unexpected storm. La Caixa de Sabadell was funding the hospital from its budget for the Social Fund, which was permitted under the regulations of the Bank of Spain. Almost the entire provisions made for Social Fund under the regulation was used by the la Caixa de Sabadell to fund the hospital. However, an amendment in the rules by the Bank of Spain, putting a ceiling of the fund to be used for such purposes, led to a drastic cut in the hospital budget by the La Caixa de Sabadell. This aggravated the financial problems further, so much so that some of the nursing and the administrative staff mem~rs had to bretrenched. It was almost a paralytical blow (both economic and psychological) to the staff which had all along experienced a highly paternalistic treatment from the earlier owners of the hospital. Low morale, nervousness was looming large in the minds of people in all the hospitals, who were uncertain as to what was in the store for them under the prevailing conditions.

14.7.3 Concern of the Doctors

While the institutions involved in the merger (like Mutual Funds, Municipality etc.) were keen in bringing improvement in the general health standards in the area and looked at the merger as a way to achieve the same (believing that the economic or financial problems could be solved by the hospitals themselves in due course) the general impression prevailing around (as brought out in a survey conducted in the area) was that the merger is aimed to tide over the financial crisis pervading the functioning of the hospitals. The doctors in the city too were not happy with the status of health care and services available in the area. Indeed long before the merger moves (in early seventies itself) they had been meeting, discussing the issue informally. Many of them knew each other, some having studied together in the same institutions in Barcelona, having served there in the same place, before they shifted to Sabadell (albeit at different points of time). In any case Sabadell is not a big town where the identity of individual may get lost. The informal gatherings gradually led to formation of a professional forum, a kind of Association of Doctors, having both the medical and the para-medical (such as chemists, bio-chemists etc.) professional staff as members. The association also had been trying to draw attention of the institutions which owned and ran the hospitals, to have collaborative efforts, raising the issue with the municipality and even to the government whenever they had an opportunity to do so. There was also a feeling of professional ignomynity in the absence of a visible large professional body with whom they could associate to make themselves academically and professionally visible and

get greater professional recognition. They felt the formation of a hospital where they could pool together their respective expertise would draw laurels and provide an opportunity and organisation that could enable their professional excellence to come to fore. Formation of such a hospital where they could work together did not increase the chances of enhancing their income (as such public hospitals generally did not allow unrestricted private practice), although some sceptics did feel that octors, who. were demonstrating active interest in the formation of a consortium hospitals were more keen i~ enhancing their income by increasing their hold over better facilities that may be available out of creation of the consortium hospital. Although the,doctors association displayed active interest in formation of the consortium hospital and felt it was panacea for all the miseries, they were hardly aware what all was involved in the merger and little did they realise the pains, turmoil, and sustained hard work associated with implementation of a merger programme.

14.7.4 Architects of the Merger

Long before the final merger a governing body comprising the representatives of the owners of the hospital, the municipality of Sabadell and the health department of the state government was formed. The Governing Board of PATCH faced several challenges as soon as it was constituted, including the basic issue of formation of the consortium, the task of appointing a management team for governing the merger. The institutions and the organisations differed in their views on how to move further on the formation of the consortium. The process of various elections (especially the appointment of the management team) had become a particularly sensitive issue. The new management team was appointed in October 1985, but it could really shape finally only towards the end of March 1986. A giant step of merger of the kind as above is not easy to even initiate. While there were several persons and factors responsible for the move to merger action, two persons were cited as the architect of the merger and formation of PATCH. One of them was the Mayor of the communist party which dominated municipality of Sabadell, a man of "incredible'energy", who was determined to improve the state of health care and services in Sabadell, and believed that it was possible to do so. He initiated consultations and dialogue with various local hospitals, both the private and the public, to find ways and means of improving the health services, The second person was an erstwhile Director of Planification of the state of Catalunya (who subsequently also became Minister of Health in the State, sometime before the merger took place), who

had carried out an in-depth study of the infrastructure of the health services in the state (in 1983) and had observed that there was lesser concentration of the resources to make any impact. A man of charm who could create conductive climate for the dialogues that underwent during the merger process. Besides formation of the governing council, while preparing for the creation of the consortium hospital, several working groups comprising peoples drawn from the four hospital (from different disciplines and categories of professional) and the state health department were formed. These teams visualised blueprint for action and estimated the necessary investment to be made, over the years, to start the Tauli Complex. They developed a detailed plan for the entire scope of activities of the Consortium, programme of the consolidation of the nursing equipment, and chalked out a plan for shifting to the Tauli Complex (i.e., the main building belonging earlier to the Autonomous University of Barcelona). One important thing at this point of time was the willingness of the governing council to create a climate of confidence among different organisations and the institutions involved. This was done in a way that no body had any doubts about the opportunities arising out of the organisation that was more effective in the quality of the ursing and other significant health services rendered. The progressive achievement of various objectives set out earlier and a balanced budget year after year, permitted to dissipate any doubts that could arise. The role played by the Autonomous University of Sabadell was also perceived to be significant by many of those involved in the formation of PATCH. The gesture of surrendering a mighty building of theirs and active interest in the formation of PATCH was perceived to be very conducive to the process of formation of Consortium and in ironing out differences during the discussion when the negotiation process of the merger was under way, pleading to agree in the spirit of achieving a common goal.

14.7.5 The Agreement

As per the agreement proposed La Caixa de Sabadell, the Mutua Sabadell and the municipality of Sabadell were to pass on their hospitals to the proposed Consortium.- The government of Catalunya was to form a new institution to be run with the assets of the hospitals being merged. The government was agreeable to do so. However, it was not willing to accept the responsibility of accumulated debts arising out of the hospitals' inability to meet the obligation to Social Fund, as it could not write it off as liability which was outside the ambit of jurisdiction of the state government (Social Fund were the obligation towards the national government of Spain). The

institutions who owned the hospitals were reluctant to this arrangement of the Consortium only taking over the assets and not the liabilities. While the Mutual Funds company and the municipality of Sabadell were perceived to be the willing partner for the endeavour, la Caixa (owning Clinica Infantil) did not look so inclined, as they perceived themselves to be exclusive. and capable of taking care of the hospital on their own. But at last they also joined, not willing to go alone. Finally all agreed to the arrangement on the condition that the ownership rights to the land and building would not go to the Consortium. The Consortium thus, could not sell any of the property, pending the final settlement of the debt issue. However, it could use the properties with or without alteration, modification and partial or total renovation. The old building of Santa Fe, which was not considered to be worthy for running a hospital, was allowed to be used by the University of Barcelona which needed some premises to start a school, pending construction of its own building. The issue of debt towards the accumulated Social Fund was decided to be referred to the national government for a favourable decision. Although all the issues were not completely settled, the agreement was hailed as a big achievement, as no such understanding had been reached anywhere else, though there were several similar cases that had potential to form such a consortium, even in the state of Catalunya. On the 31 st of December 1986, PATCH was formally constituted by signing of the agreement. A new governing council which had the representatives of the various institutions (albeit with changed composition) was formed, a body which reflected their idea of consortium like a "common patrimony" (in the sense that PATCH belonged to all the people). By a general agreement they nominated a person to be the president of the management committee, who was respected by all for his political acumen, liberal ideas and had the spirit of Catalan, having been a part of several bodies in Sabadell, such as the president of la Caixa d' Estalvjs de Sabadell, one of the patrons of the Hospital and Residencia de beneficiaries and of the Mutua Sabadellenca.

14.7.6 Towards the Promised Land

The new management team had to tackle immediately the organisation of the consortium hospital, merge the different units to form a single organisation. In order to do the job, different aspects of merger had to be kept in view, such as the situational context and the jurisdiction of various hospitals, the indebtedness of the consortium, the condition of the building and installations, the equipments and their transferability, the organisation structure, the personnel issues (such as the terms of appointments, level of

salaries, structure of work units, working hours, etc.), receipt and payment policies, the treasury condition, the quality of service, the resource availability for providing the services as per the expected demand and so on. The management team had to develop a plan for the hospital, organisation chart, rationalisation of the personnel olicies, job-description and prepare projected results and balance sheet for the future of the consortium. From the beginning, the General Manager and his team followed a style of management which was marked by openness in the communication and participation which eventually became a part of the culture of the organisation. The year 1987, the first year in the life of the Consortium Hospital was an eventful and tough year. The transformation involved significant changes in all aspects of working. The one of great significance, which changed the course of history and the policies of the consortium immediately, was the change in the Norms of Admission. The norms of Admission fixed on the premise of equity in access and attention to all the patients, and the new rules forbade any preferential treatment based upon the charges made, fees etc. The new Norms of Admission, of course, did not please everyone and some doctors decided to quit the organisation. The majority of them, however, expected significant improvements in the labour situation by creation of the consortium, as also the better career and professional development prospects in the future. Right from the beginning, the management of the consortium had been trying to have a single workers' representative for negotiation/ discussions with the management of the Consortium, but actually four independent unions, one in each of the hospitals that were partners of merger, were functioning till almost the end of February 1989, when the single union for the entire Consortium was constituted. The continuance of these unions for different organisations was seen as imperative. In the opinion of the workers of PATCH it was desirable to continue with independent labour unions for each of the organisations, at the time when the industrial relations situation was really bad, marked with the feelings of insecurity and also with what a one person described as "being ignored". Besides these labour issues, the individual hospitals faced the problems of lack of proper facilities while having to confront complex pathological demands. The doctors and the patients alike complained for long about the poor availability of nursing staff in the hospital. The situation was critical but no solution in sight to provide adequate technical, para-medical, staff support. Long before the end of 1986, while preparing for the formation of the consortium, several working groups comprising peoples drawn from different centres, disciplines and categories of professional were formed. These teams visualised blueprint for action and estimated the

investment necessary to be made, over the years, to start the Tauli Complex. They developed a detailed plan for the entire scope of activities of the Consortium, programme of the consolidation of the nursing equipment, and chalked out a plan for shifting to the Tauli Complex. It was an extremely ticklish and sensitive task. Several significant organisational issues concerning the day-to-day working, had to be tied-up. Most important among them being establishment of cordial relationship between the persons working in different hospitals. The first meeting was held in an atmosphere charged with great rivalry and strong disagreements between the doctors and the nurses. Despite their having agreed for establishing cordial relationships, in reality and atmosphere widespread mutual suspicion and distrust prevailed. One wondered as to how long this condition will persist in various hospitals. Even the people who were (in working groups) trying to bring about the integration of various hospitals started wondering whether or not their approaches were right for the creation of the Consortium, doubts lurking in their mind about the very viability of the project. Although the Consortium was created legally, for most people the things remained same, working in the same position as they were working in their company earlier. The integration of the work groups began a feeling of hope in long term, with the perception of future, accompanied with the fact that it worked to realise the announcements made in the beginning, and the declaration of the management led to an atmosphere of euphoria that reached a climax which finally, in October 1987. achieved the transfer of de La Creu and La Salut for opening of the Tauli Complex. The opening of the Tauli Complex made may people stay back to work at the Consortium for, as one said "the course of things had changed". For those who were involved in the planning for the transfer and who participated in effecting the physical shifting, the opening of the Tauli Complex as an indelible record. This was however, not the view of all the persons. For them the situation had not changed materially, even the working hours and the salaries had not been rationalised. The physical change of place of work and of colleagues, on account of shifting to the Tauli complex only had taken place. The change of the conditions in other aspects of Consortium involved change in total system. The price to be paid for change in the first year was traumatic. The change in working hours had affected over 1000 persons and change in places of work for many others. For some people this was a period of apathy and numbness, which until the end of 1989 had not mellowed down. To a large extent the main reason for this was related to the issue of salary, but perhaps another reason was that the changes and developments in the organisation structure brought about by introduction of new persons, particularly new persons joining the

supervisory staff. Earlier on people working in small hospitals knew each other and had closeness that was reduced now and there was no force binding them together as in the past, due to different entities which were merged to form the Consortium. There was perceptible diminution in cordial relationship which later made creation of the organisational hierarchies difficult, resulting in delays in the decision making and impeding the process of problem solving. The year 1987 ended with two major events, the opening of Emergency Service ward and shifting to Tauli Complex. Still a climate of euphoria was prevailing. The shifting to new (Tau Ii) complex was a process that was symbolic in nature and people had gradually started identifying with the Consortium and the changed situation. During most of the time there was total support and people now were waiting for a new hospital that was different which brought improvement. Majority of the people gradually became accustomed to the work amicably on a reduced area, in an atmosphere that was marked with brotherhood. There was a general feeling that the things had changed for the better, at least theoretically. They moved to the new complex with the hope that they will now grow professionally. There will be reduction in constraints they faced earlier and needs of technical equipments etc. These heightened expectations and after sometime people started demanding more than what the organisation was able to give. A fraction of the staff was elated, but there was a growing feeling that "we ourselves are building such high demands that will make it impossible to achieve the "Promise-land Hospital". Although shaping the future of the Consortium brought many issues like the constitution of a new institution, handling enormous bitterness and so on, but there was nothing as difficult and circumstances involving as high sentiments as what was termed as "crossing the desert".

14.7.7 The Crossing of Desert

The formation of the Consortium and the occupation of the new complex did not signify any drastic improvement as much as the dust it created or one might tend to believe. A major part of the problem which affected the old hospitals life were present at the Consortium too, and their reluctance to accept new things. The functioning from the TauliComplex, the new work rhythm, posed new hurdles in the smooth operations. The euphoria had not yet died down and little later this changed into a kind of "contraction of muscles" The creation of Consortium led to the merger of the work-groups, then the physical things and subsequently the fusion of different cultures, which had developed uniquely in different hospitals that had been merged.

That meant the establishment of a new organisation culture {through involvement of even those people who were not interested at the time of formation of the Consortium), developing unified policies, systems of work procedures etc., which reduced diversity among the hospitals and, at the same time took into account the unique situation in which each of the hospital was placed. The factor that resisted the change most was that the people remained tied to their old ways of work. The circumstances that marked pleasure in the old hospitals had disappeared. Moreover the hospital having become big, had lost the familiar relationships, it was now impossible to know personally everybody with whom one worked, and in certain services people had to work with those who were till recently their rivals and competitors. Apparently the uneasiness associated with the setting of new norms for conduct and behaviour was ingrained in the microstructure. To some persons this setting of new norms was an open contempt for the agreements that each hospital had with their earlier managements and this feeling perhaps also enhanced the restlessness. This was despite the fact that the earlier owners had shown tremendous foresight and extended full cooperation in accepting a change from privately run, free enterprise form to a new institute where everything was almost totally regulated. On the other hand expectations continued to soar higher, especially among the professional staff where there was much higher illusion and expectation from the new institution. Some people had started questioning the merger itself. The Consortium had acquired an identity, but to a great extent it was relevant only to the faculty body (doctors) which had hoped for extra-ordinary possibilities of providing high quality medical services in small centres. The building of hopes and expectations became a drag as a sand bag with a hole, with lot of work done by the Consortium still unable to meet them. This feeling of frustration ran large with no end in sight. The contract of the management had no binding on various entities (previous hospitals) to accept everything. Therefore, some people started behaving in such an uncontrolled and irresponsible manner that it damaged the relationship and cordiality among the colleagues and finally the connection with the very operations and the management. The model of management accepted at the time of merger, that was marked with participation and openness in the system of working apparently became counter productive causing more difficulty and complexities later in effecting the changes. The operations grew in size and so did the management function in the new organisation, besides the task of integration of the merged hospitals. The major challenge came in the form of managing the human resources. It was now necessary to develop a coherent set of

objecti ves commensurate with the resources available and that the responsibilities of the final result in the nursing and other services be clearly fixed. There was visible opposition to this from certain quarters and in some other cases it affected the changes in the persons in the services. This new role of a responsibility centre manager was not understood completely by the entire faculty group. In certain cases there was even a frontal opposition to the changes. Some medical chiefs were removed. They were doctors with prestige and recognition, but were maladjusted to the new roles. Doctors who had grown professionally in other institutions were contracted for the development of the services, but some of them too did not fit properly. It was a shock for the whole Consortium, a lot of people not understanding the changes, the new experiences. Probably for the faculty the shock was the greatest who felt that they were displaced because they did not agree with the management on various issues. The management perhaps was.not interested in their opinion and also that the approach of management was now perceived as dictatorial, culminating into a real crisis.

14.7.8 The Crisis

The agreement and consent for merger a'ld unification were highly circumstantial. The measure of the things, the general feeling that actually prevailed was that of "one can't wait". The new procedures and new methods had no semblance of the past what people were familiar with, accustomed to or had even imagined. Some viewed it as a total scrapping of the ways of the past. The people felt that the new structure of responsibility and control had brought lot of objectivity, but still there was a very high order of perceived . subjectivity. To some people it seemed that the management and the medical director steadily adopted an attitude of coercion, avoiding dialogue and imposing dictates. Some others were of the view that the management of the hospital did not entertain any excuses on performance. The feeling of people were that very heavy demands were being made on them, and doctors in particular felt that they were being pressed too hard for the objectives set for nursing. This breakdown of mental tuning for proper communication manifested in the form of a crisis when the medical director announced that the hospital proposes to enforce a policy for ensuring quality of medical care and constituted a Technical Commission for developing the same, including, inter-alia, a group of faculty members. The faculty did not feel like involving others (who were not doctors) in the process of development and implementation of the policy. However, the medical doctor went ahead with it. A feeling of being "avoided" from the decision making process grew

among the doctors, leading to a showdown when the temporary contract of a faculty was not renewed which created a general feeling of insecurity. The crisis will go down in the history of the Consortium as an important turning point. The APF leading the faculty group demanded the dismissal of the medical director and simultaneously paralysed the working of the Technical Commission through the resignation of the faculty members. The cause of the crisis was attributed to, by some as the disappearance of the participation in the management process and lack of information which allowed generation of a feeling in the masses that they were deliberately being kept in the dark. The management's view was that the people were hardly contributing to problem solving and were using this only as a guise for creating the crisis. Notwithstanding anything the promise was not met. The governing council stood firmly on the decision of the management committee. The ending of the crisis signified the consolidation of the institution and the hospital which could not be undone now. There were different reasons attached by different people for thf! crisis. The medical professionals were of the view that the faculty looked at the Technical Commission as a supervisory and control tool over their working which they did not like. The additional prevailing view was tha1 this was manipulated by the dismissed faculty who had accused the medical director. Some people felt that crisis might not have taken place but for a group that had turned against the management and used this opportunity to demand the dismissal of the medical director. No one who was interviewed during a survey carried out later on the experiences of the formation of Consortium Hospital, however, belittled the importance of the Consortium itself, because for once it had established an institution that was strong. Most of the faculty accepted and understood the decision of termination of the temporary contract of the doctors but disapproved the way in which it was done. The changes in the terms of contract and the attitude towards their association. They considered that the strategy of change introduction against faculty opinion was destined to be alailure, particularly at a time when the intention was the democratisation of the hospital. The crisis impressed upon the need of the governing council pronouncing some agreements regarding the basic premises of functioning. In particular the need for clarifying the circumstances for non renewal of contract of appointment, preparing a manual outlining. the main terms of service and developing a policy of Quality of Medical Care to be enforced by the medical director. The APF agreed on behalf of the faculty. To a large extent the crisis signified and established the authority of the governing council as the supreme body of the institute, as a person said "the hospital really had a governing council now".

It also established clearly the manner in which the institute was to be run in future. A new management ideology was announced by the governing council which was very emphatic, clear, and categorical. It was given wide publicity to reach every member of the hospital and client system. The following were the main thrust points: * the Consortium is a non-profit making, public service institution, * patients are the key players (under no circumstances may the interests of the organisation or the professionals be detrimental to the patients), * optimum quality of care is to be the individual and collective aim of all the professional in the institution. * care is to be based on inter-disciplinary work. The consultative mode of the resolution of the crisis carried out in a conducive climate, brought out the difficulties the staff and doctors were facing in the transformation process. They expressed that the directors were introducing the changes at too fast a pace, which they were finding difficult to cope with, especially because often they did neither know the reason for it nor the mechanism to cope with it. The crisis also impressed upon the management the need for being more participative. The management then switched over to a visibly democratic style of functioning. Symbolic of it was the fact that the Technical Commission, the Faculty Group and the Commission for Medical Care now had elected ,representatives instead of nominated ones. The management of the hospital also realised the importance and need of being "more transparent" in functioning and initiated conscious efforts to improve upon the communication with people which later became an aspect of serious concern for them. "We realise how difficult it is" said a director. "In the past we thought we are communicating everything, but now we realise that we were at the most only informing" he carried on. "We are taking as much care as possible now. To aid the process a monthly bulletin was introduced. But over a period of time we noticed it was still not effective, as many people did not seem to even read them. We realised that it looked like a management organ. People did not follow. To improve upon, the staff was encouraged to bring out the bulletin themselves, writing all that they felt was required and would be of use and interest to the staff, with management keeping them regularly informed about the developments and proposed changes in policies, procedures, new projects etc. It looks this arrangement would turnout to be better as more people, from doctor to kitchen staff, appear to be reading the bulletin with interest now." The new management style was also made an integral part of the new ideology of the management that was later brought out as a policy document duly approved by the governing council and widely circulated. It emphasised:

14.7.9 The Reorganisation

Once the crisis was resolved, the introduction of changes became more easy and fast paced. The new management ideology was reflected in a new organisation structure of PATCH that was formally introduced in October 1991. The new organisation structure highlighted the patient care as the "hub of functioning of the hospital, with all other services visibly impressed of their role as support to it.
The new Executive Committee comprised:

* Director General*
* Director, Patient Area
* Director, Economics & Technical Area
* Director, Labour Relations
* Manager

Two other management committees were also created with the following composition:
(a) Committee for Patient Care:

* Director, Patient Care
* Director, Medical Services
* Director, Nursing Services
* Director, Prog. Health
* Director, Admissions
* Director, Client Attention
* Director, Social Health Services:-

(b) Economics and Technical Management Committee

* Director, Economics & Technical
* Director, Administration
* Director, Security and Maintenance
* Director, Hotel Services
* Head, Management Control
* Subdirector, Compt. Finances
* Subdirector, Personnel Administration
* Subdirector, Information
* Head, Client Attention Services

14.7.10 Introduction of Planning for the Future

In the year 1989 the management of PATCH started thinking of intro9ucing formal planning system. Towards this a Director (Planning) was appointed to develop a plan for the detailed analysis of various medical services to enable shaping the strategies for each one of them and the futur~ of the organisation as a whole. A time bound programme was drawn for the purpose following a planning model. The analysis carried out was observed to be very valuable for designing/modifying the action strategies, The analysis ndertaken for the planning purpose also lead to improved clarity of vision, The realisation gradually dawned that it was not the treatment of a particular disease that needed to be attended, but the total patient care, the milieu in which the patient finds himself, The technical aspect were only as important (not meaning less) as the social and psychological dimensions of the patient care. The focus of organisation thus shifted from the disease to the patient which finally found description in the new ideology of the hospital.

14.7.11 Looking Back

By 1991, the Consortium had stabilised, the operations steadied and the storm settled down. The facilities were restructured to a large extent and the management was looking for further consolidation of the operations and shaping the organisation as per the new ideology announced formally. "We can now look forward to brighter days ahead" said a doctor, "as we are more clear today of what we are doing, where we are heading. This clarity is very valuable "It was a hard process with high personnel and human costs" was another opinion. "A meaningful number of people left or had to leave the institution at different stages of integration process, including a large number, fourteen to be precise, of medical chiefs, as they could not reorient themselves to the changed demands, particularly to the concept of a public service hospitnl, They could not change their past practices and behaviour and could not respond adequately to the demands of bringing improvements in their area of operations. Many staff members who were involved in the implementation process had to spend long hours, overstretching themselves at high personal costs. At times we wonder whether this much human cost is imperative in any merger process", The verstretching involved in the process of integration was reflected in modest confession made by the Director (Technical) who was also Staff Support to the Director General and was

closely involved throughout the integration process both as a member of working group and as member of the management team after the formation of the Consortium Hospital. "We don't get breathing time to sit back and consolidate. The pace of work and change has yet not slowed down despite over five years having passed since the Consortium was formed" she said. "Today we are a little better placed", she continued, "but still a lot more is to be done. It is one damn project after another. The la Salut building, which is quite old, has to be erased and a new building is to be onstructed, as the old building is almost becoming unfit for operations now. The maintenance people get six to seven complaints daily from failure of power to failure of water supply. The building, besides accommodating over 150 beds also accommodates many offices. The new building, apart from accommodating all this, will also have at least a major part, if not total, of the Nen Jesus operations (paediatrics) shifted here (which were almost two kilometers from the main complex). The problem we are struggling with is how to effect the decision, what do we do with the existing occupants, in the intervening period". Her words only .described the pace of hectic activities which were quite visible to any stranger visiting PATCH, with construction work going on almost in all the directions as if a turn key project was nearing completion. Summing up the experiences of the five years period a doctor said: "We have undergone almost a metamorphosis. There were four small hospitals, some specialised and some general ones, run more like private clinics. With the formation of the Consortium, overnight we became a big, public hospital. The doctors ran supreme in the earlier set up, each feeling like a king in his own empire. The consortium brought with it a new structure which limited the almost absolute freedom enjoyed by them thus far. The crisis of 1989 also had a strong under-current of the professional's reluctance to accept a perceived supervisory level. The change in the norms of admission was as much a shock to some clients as to some doctors. The new philosophy for the functioning of the hospital was far too radical for few of them to adapt. In a way the crisis can be said to be the real turning point for the hospital. It settled the issue of basic philosophy for management of the hospital once and for all. The legitimacy of the governing council as the supreme management body was clearly established which was necessary for the functioning of any organisation. Once these issues were settled, the ground was ready for some fruitful plans to be implemented for the future of the Consorti". "All this was worthwhile" was yet another view expressed. "The sacrifices made by so many people are fetching fruits in terms of the role this hospital is playing in catering to the health care services in Sabadell. It has assumed recognition as a great

hospital. For instance, the hospital has been selected as referral hospital for Barcelona Olympic. It has made good technical and scientific progress and improvement in the formation of professional staff and has now been recognised as a medical college hospital by the University of Barcelona" "To a large extent all this can be attributed to the choice of good people for important positions by the governing council of the Consortium'. one staff member said, "who faced the realities firmly and with a sense of dedication. Indeed the sincerity of purpose and to people has been a significant factor, in my view", he carried on, "There were occasions for softer options, but they were not acceptable to them at the cost of organisation. The staff appreciates today the transparent management here, which is generally not seen at other hospitals around" The truth in the statement could be easily sensed by a person visiting the hospital. Surprised at the whistling going around during his first visit to the Consortium Hospital, the researcher could not contain Determinants of the Ex-post Performance himself and asked "Why this whistling" asked a surprised case writer to her. She smiled "the staff is protesting for the revision of the salary structure to have parity with the staff of the NHS run hospitals that were somewhat better. You might know that though we are a referral hospital for the NHS, we are ourselves not a NHS hospital. The NHS hospitals are under the control of the national government, while we are a public hospital paid by the NHS, but with private management. The decision is not in our hand. The agitatioQ has almost paralysed over fifty hospitals in the state. We are lucky. The staff has decided to have protest but not let the services be crip pled, as they believe. the patients are not responsible for it. They protest during recess and after the tea break is over. They will be back to usual duties". Sure it happened. "The will power to innovate and improve and the feeling of our own hospital can be felt by everyone", was yet another view. "Indeed it has been one of the reasons of the problems of change that we face continuously. But, the participation of all in the process reduces the difficulties today. For instance, in the development the Directi¥e Plan introduced formally in 1991-92, over 2000 people at various levels participated in the discussion at different stages. It becomes easy to understand and prepare ourselves for change". "Looking at the future we find today we have two options open to us" said the Director General, "one to be a local hospital and have stability, and the second to be a vangqard hospital, becoming a model for other hospitals in Spain, understanding the persons with respect and humanity. Becoming kind of statesman hospital. The two involve enormous soul searching before a finaL decision is taken", he concluded.

14.8 Managing Integration on Acquisition/Merger: The Managerial Tasks

From the foregoing description of the integration process to form Pack Tauli Consortium Hospital, it would be realised that there are several managerial tasks to be performed, most of them involving hypersensitive issues. The success of post-merger performance appears to depend on how well these tasks have been performed by the management. From the description it would appear that the significant among them are the ones discussed below.

14.8.1 *Completing the Legal Formalities*

Although it may look simple and quite a technical one in nature, it requires very meticulous working for two reasons. Firstly it requires reassignment of assets and liabilities and secondly it involves definition of rights and obligations of merger partners. Any confusion may lead to severe problems of logistics and managerial nature at the later stages of implementation of the merger modus operandi and also in the operations of the integrated entity.

14.8.2 Selection of Top Management Team

One of the first stumbling block that is faced in effecting integration on merger is the formation of the top management team. The success in carrying out various tasks to be performed (discussed later in the paper) to exploit the synergies of merger depends, to a large extent, on the coherence of the top management team, enabling it to work in unison to move fast. The coherence implies, besides the dynamic stability of power structure akin to the solar system, the common understanding of the mission of the organisation and the key shared values about the mode of running the organisation.

14.8.3 Rationalisation of Designs/Production Technologies and Facilities

Firms illming at exploiting synergies of the merging firms more often that not have similar businesses or belong to the same industry, overlapping produt design/production technologies or other infrastructure.The rationalisation of these poses problem of five different kinds: for staff

rendered surplus by virtue of merging of infrastructure facilities (ii) it requires relearning other company's business/technologies (iii) it requires displacement of facilities/skilled people (iv) it requires shattering small kingdoms of executives, controlling specific infrastructure or resources. (v) it requires assessing the true production capacities and useful life of available facilities and infrastructure

14.8.4 Rationalisation of Personnel Policies and Compensation System

This is perhaps the toughest job of the integration process as it: (i) involves every individual, directly, (ii) demands are often made for longitudual parity of one's compensation package vis-a-vis those of earstwhile rivals, (iii) often it requires attending to the issues of intra organisation parity also that get raised along with the demands for inter organisation parity.

14.8.5 Rationalisation of Work-norms, Working Hours, Formalisation of Systems and Procedure of Workflows etc.

These issues pose a severe resistance to change as they affect a large number of persons, cutting across levels and get manifested in the form of active resistance, open protest mode than passive mode of resistance (influencing the decision making process closed doors). Change in the work norm affects the organisation culture as the basic premises of working are threatened, which hurt people often at the core and therefore need more time to adjust, Working hours changes are somewhat less difficult, requiring only technical adjustment which can be easily overcome using the facilitative strategies. Change in the system and procedure may involve:

(i) changed level of formalisation,
(ii) changed mix of man-machine combination,
(iii) changes in group working,
(iv) redundancy and hence displacement of people.

Each of the above requires different kind of coping strategy.

14.8.6 Reallocation of Executive Responsibilities

This is especially difficult as often there are several erstwhile key executives (in their own right) to occupy on now only limited positions. .How to fix

relative hierarchy among. other equals? This especially so for specialists who can not be reoriented to different areas of responsibility and opportunity.

14.8.7 Containing the Storm

The integration process creates a storm, with a pinquant situation prevailing marked with euphoria, hope apprehension, excitement, disillusionment all at the same time. The major challenge to management lies! in keeping the people excited for future while containing their expectation from rising so high that the organisation may find it difficult to meet.

14.8.8 Managing Crisis

The integration is often seem to involve, perhaps inevitably a precipitative crisis that ends the doubts about line of authority. It signifies a change of order, establishes the supremacy of management team and emphatically settles the new premises of working. The sooner this happens, the faster the organisation moves to the clear path of growth.

14.8.9 Managing Labour Unions

Managing labour unions by itself is a big task as mergers often lead to a situation where rivals compete for leadership of an increased base of membership. If the labour unions of the merging entities belonged to the party having similar ideology and culture, there may be somewhat lesser problems. But, if they belonged to different parties, having intense rivalry and happened to have equal strength, it may pose a difficult challenge to the management team in effecting changes that are imperative when integration is being effected.

14.8.10 Managing Corporate Communication

Managing appropriate communication is a major challenge in the fluid situation of effecting integration, which involves transition. While open communication is a desirable thing, it is utmost necessary to release only the appropriate information at every stage for the purpose of maintaining clarity. Pre-mature release of any policy an information may create apprehensions and unnecessary resistance to change even when it was avoidable. At the same time people must get adequate information to avoid grapewines doing

the job. It must be realised that organisational communication is not broadcasting, a one way communication.

14.8.11 Developing a Corporate Ideology

One task which assumes immense significance due to its great potential for bringing calm and order during the integration phase that is full of heat, dust and thunder, is the development of a corporate ideology. It is not easy to establish, if it is not well thoughtout in advance, but the need for the same is unquestioned due to its capacity to enhance the effectiveness of communication, the mode of future behaviour, reduce personal anxieties and generate enthusiasm and excitement to make people join hands to move ahead fast to achieve the objectives of merger. This also provides necessary confidence and clarity to the top management to enter various negotiations unwavered.

14.9 The Contextual Influencers on Integration

It wold be realised from the case study described that the success of the managerial task involved in integration depends a lot on the supremacy and strength of the top policy making and executive body of the post-merger organisation. It requires cohesion and common understanding of the members in the top management team. It is not possible to achieve it unless the relative power structure of the merger partners is stable and clear. The relative power structure seems to get determined by the capacity of the partners to contribute to the post-merger perf"ormance and degree of one's stakes involved. The higher the capacity to contribute and the lower the stakes involved, the higher the power a merger partner wields in the top team. It thus explains the findings of Copeland [2] about the impact of size on the ex-post performance. Of course, all must qualify the minimum criteria of interest il} merger (i.e, some minimum stakes). It would be realised that the difficulty in achieving cohesion increases with number of partners involved, which is often the case in mergers. It thus looks that the context of integration is set in terms of number of merger partners, their stakes involved and potential of contribution they can make. The other important factor which forms the context of post merger performance is the potential of synergies available among the (merger) partner firms. It would easily be realised that the creation of potential alone is not enough for improved performance if it is not properly exploited.

14.10 A Model for Ex-post Performance of Mergers and Acquisitions

The context and the managerial tasks can now be linked in the form of a model for ex-post performance of acquisitions and mergers as shown in Fig. I. While the context of acquisitions and mergers sets the potential for performance it is the managerial skills to carry out the tasks of integration which enables the conversion of this potential into improved actual performance. In terms of the energy conversion process, if the context of merger creates potential energy, it is the machine of managerial function that converts this potential energy into kinetic energy to deliver work. The model provides the missing link in explaining the post- acquisition/merger performance. It is not the preparation of an array of potential candidates for acquisition or merger, nor even the rigour of their evaluation or the final selection of merger/acquisition partners. These steps only go upto strategy formulation part of strategic management. They create only the potential for performance. The task of implementation that depends upon the managerial abilities, tells the other half the story of an ex-post performance. The model endorses the viewpoint of Datta [12] that the evaluation of the task of implementation should form as much integral part of evaluation of merger partner as the financial analysis of valuation.

14.11 Discussion

The pioneering studies on evaluation of post acquisition or merger performance had been primarily confined to evaluating the overall appropriateness of the acquisition and merger as a vehicle for achieving the organisational objectives. The strategy of using external vehicle has tempted the managers on account of apparent ease of using it. The higher failure rates, as brought in the studies, lead to investigations into the reasons for the failures, especially because there were instances of superior performances also even in the long term, (i.e., ex-post performance). The initial focus then shifted to probing the contextual and strategy factors. The intriguing patterns observed then pushed the analysis to shift on to the organisational fit for the ex-post performance. This case study brings about the equality of importance of both and highlights the importance of the linkages between the contextual, the strategy and the organisationa factors in explaining the ex-post performance, in that the acquisition or merger strategy is not to be understood in terms of 2 plus 2 equal to 5 (synergy concept), but it is as

much a question of A * B (i.e., strategy and organisational fit) may be zero also if either A or B was zero. It thus impresses upon the need to have a holistic view and considers integration as an integral part of the evaluation of acquisition and merger decision and in the process of final selection of potential candidates. The model proposed here describes the tasks to be performed to secure higher levels of integration and make one realise it easily that the task to be performed in the integration process can makeup for the deficiency or mar the advantages arising Qut of the sound strategic decision or the advantages of the context of acquisition/merger. The model is presented in generalised form which is as much relevant in explaining the ex-post performance of acquisitions as the roulti-partner mergers as it displays the entire chain of contextual, strategy and implementation issues which facilitates better understanding of what a particular acquisition or merger proposal might involve. and also in assessing the adequacy of the managerial skills and expertise available to cope with the task of effecting the acquisition or merger programme. The model as it is, does not establish significance of various relationships, nor can it claim to exhaustiveness of the tasks involved in the integration process. Nonetheless it seems to capture significant tasks and relationships to serve as a useful guide to the practising managers in pursuing the acquisition and merger strategy with necessary enthusiasm and care. The case study presented here has

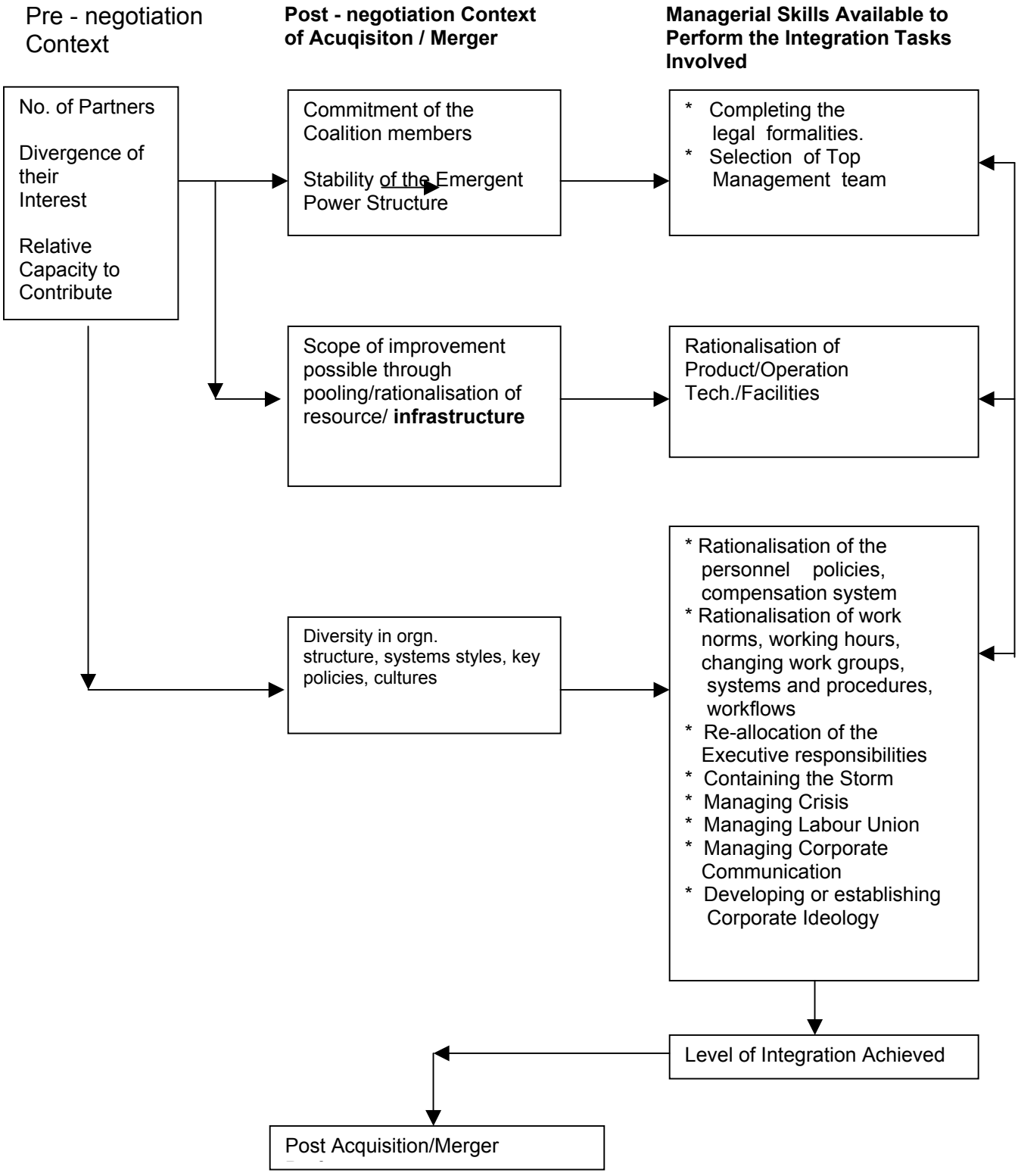

Fig. I. Model of Ex-post Performance of Mergers and Acquisitions

gone a step beyond the findings of previous studies (12) in identifying the specific tasks to be performed to improve the ex-post performance of acquisitions and mergers.

There are powerful models such as Mckinsey's 7S model (15), Glueck's Strategic Management model (16) to highlight the need for considering the implementation issues while taking the strategic decisions. However they are far too general to serve as a quick checklist for the practising managers on the one hand, and inadequate to differentiate and contrast the issues of implentation in internal expansion .from those of integration following merger and acquisitions. There is a need to highlight the latter as the implementation issues and the managerial challenges associated with mergers and acquisition are quite different. A successful manager following internal expansion strategy may find himself at sea when faced with the challenge of integration following merger or acquisition strategy.

14.12 Issues for Future Research

The research study discussed here has identified several critical tasks involved in effecting integration on acquisitions and mergers. These are to be tested on sample to confirm their validity and exhaustiveness. It may also be useful to identify which combination under the different situations may become more important. Future research may likewise also confirm the validity of the pre and post merger/acquisition contextual factors that determine the task and challenges of mtegration. Future researches may also test general validity of the model on larger sample size. The relationship indicated in the model being tentative, more elaborate proposition can now be formulated and tested for enhancing the understanding of ex-post performance of acquisition and mergers.

14.13 Conclusions

The performance of acquisitions and mergers can be evaluated in ex-ante and ex-post terms. A high immediate (i.e., ex-ante) performance in terms of the price earning ratio etc. may be short lived. The long term, sustained (i.e.,

ex-post) performance depends on several factors, from pre-acquisition/merger negotiation, the price paid, the complementarity of the strategic fit and the effectiveness of the integration achieved. This paper highlights the managerial tasks involved for achieving higher levels of integration, which help in realising the unique managerial challenges involved, the sources of these challenges emanating from the context of merger/acquisition. The paper also proposes a model for enhancing the understanding of the determinants of the ex-post performance of acquisitions and mergers.

14.14 References

I. Mergers and Acquisition: Trends and findings., 21(2),1987,

2. Copeland.Tom,Kotler,Tim & Murrin, Jack.: Valuation, Measuring and l vlanaging the value ofcmnpanies.New York, Wiley, 1990.

3. Porter, M.E.: "From competitive advantage to competitive stra,egy", Harvard Business Review, 65(3),1987.

4. Young, J.B.: "A conclusive investigation into causation elements of failure in acquisition and merger" in S.J. Lee & R.D. Colman (eds.): Handbook of Merger, Acquisitions and Buyouts. Englewood Cliffes, New Jersey, Prentice Hall, 1981.

5. Rovenscraft, D.S. and Scherer, F.M,: "Profitability of Mergers", International Journal of Industrial Organi.\'arions, 17, 19R7.

6. Kitching, J,: "Why do mergers miscarry", Harvard Bu.\"ines,,' Review Nov.-Dec. 1968.

7. Hunt, J. W.: "Changing pattern of acquisition behaviour in takeovers and the consequences for the acquisition process", Strategic Management Journal, II, 1990.

8. Singh, H. and Montgomery, C.: "Corporate acquisition strategies and the economic performance", Strategic ManagementJournal,8,1987.

9. Shelton. L.M.: "Strategic Business fit and corporate strategy", Strategic Management Journal, 9(2) 1988.

10. Lubatkin, M.: "Merger strategies and stakeholders value", Strategic Management Journal, 8(1) 1987.

11. Chattrejee, S.: "Type of synergy and economic value: impact of acquisition on merging and rival firms",Strategic Management Journal, 7, 1986. .

12. Datta, Deepak K.: "Organisation fit and acquisition performance: effects of post- acquisition Integration', Strategic Management Journal, 12. 1991.

13. Rappaport, M.E.: "Strategic analysis to more profitable acquisitions", Harvard Business Review, 57, 1979.
14. Buono, Anthony F. and Bowditch, James L.: The human side of mergers and acquisitions: Managing collisions between people, cultures and organisations, San Francisco, Josey Bass, 1989.
15. Waterman, Robert, R. et. al.: "Structure is not strategy", Business Horizon, June 1980.
16. Glueck F. and Jauch, L.R.: Busine.\".\" Policy and Startegic Management. New York, Mcgraw Hill, 1.984.