A STUDY OF IMPACT OF MERGERS AND ACQUISITIONS ON SELECTED SECTORS IN INDIA

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ABSTRACT: The present research is done to understand the impact of mergers and acquisitions (M&A) on corporate sector in India. There are three research objectives first trends of M&A in India second to examine the financial performance of selected companies after M&A and third to study the impact of companies after M&A on Indian corporate sector .The study has covered mostly all recent mergers and acquisition from 2005 to 2007. The financial performances of the following selected Banking, Aviation, Steel, Software, Pharmaceutical, FMCG, Petroleum, Electronics, and Telecom and Energy sectors and concerned companies have been taken to study the impact. The different financial ratios like Liquidity, profitability and solvency ratios have been taken for the analysis. The analysis is conducted with the help of Chi-square and T-test. It was concluded that mergers and acquisitions do not through profits immediately; a company has to face liquidity problems for a period of few years. But these mergers and acquisitions surely gives a good return in long period.

Keywords: Mergers, Acquisitions, Demerger and Consolidation

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Introduction

Mergers and Acquisition have become very popular throughout the world in the recent times. This has become popular due to globalization, liberalization, technological developments and intensely competitive business environment. Mergers and acquisition are a big part of corporate finance world. This process is extensively used for restructuring the business organization. In India, the concept of mergers and acquisition was initiated by the government bodies. The Indian economic reform since 1991

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has opened up a whole lot of challenges both in the domestic and international spheres. The increased competition in the global market has prompted the Indian companies to go for mergers and acquisitions as an important strategic choice. The trends of mergers and acquisitions in India have changed over the years. The immediate effects of the mergers and acquisitions have also been diverse across the various sectors of the Indian economy. Among the different Indian sectors that have resorted to mergers and acquisitions in recent times, telecom, finance, FMCG, construction materials, automobile industry and steel industry are worth mentioning. With the increasing number of Indian companies opting for merger and acquisition, India is now one of the leading nations in the world in terms of mergers and acquisition.

The merger and acquisition business deals in India amounted to $40 billion during the initial 2 months in the year 2007. The total estimated value of merger and acquisitions in India for 2007 was greater than $100 billion. It is twice the amount of merger and acquisition in 2006.

Till recent past, the incidence of Indian entrepreneurs acquiring foreign enterprises was not so common. The situation has undergone a sea change in the last couple of years. Acquisition of foreign companies by the Indian businesses has been the latest trend in the Indian corporate sector.

There are different factors that played their parts in facilitating the mergers and acquisitions in India. Favorable government policies, buoyancy in economy, additional liquidity in the corporate sector, and dynamic attitudes of the Indian entrepreneurs are the key factors behind the changing trends of mergers and acquisitions in India. The India IT and ITES sectors have already proved their potential in the global market. The other Indian sectors are also following the same trend. The increased participation of the Indian companies in the global corporate sector has further facilitated the merger and acquisition activities in India.

Recently the Indian companies have undertaken some important acquisitions. Some of those are as follows; Hindalco acquired Canada based Novelis. The deal involved transaction of $5,982million. Tata steel acquired Corus Group plc. The acquisition deal amounted to $12,000million. Dr. Reddy’s labs acquired Betapharm through a deal worth of $597 million. Ranbaxy labs acquired Terapia SA. The deal amounted to $324 million. Suzlon energy acquired Hansen Group through a deal of $565 million. The acquisition of Daewoo electronics Corp. by Videocon involved transaction of $729 million.

Need of the study

In today's globalised world, each and every industry is looking for maximum profit and market share. But it has become difficult due to tough competition to survive in a competitive world. The concept of survival started with the concept of production. During the period of World War I & II in which there was shortage of goods and services then the concept of product came into existence which means the good quality of product rather than maximum quantity of product. Presently all factors of production are mobile due to globalised competitive scenario. So if a company wants to survive they need to minimize the cost to maximize the market share. Presently not a single company can have this competitive advantage in terms of cost and market share. It's a time of consolidation where companies join hand together to enjoy the benefits of each other. Recently there were many consolidations in terms of M&As in different industries like steel, aviation, software etc. Here in the study the researcher has taken ten industries representing different sectors.

Objectives of the Study

The present study is an attempt to check the performance of merger and acquisition deals in India with the following objectives:-

- To study the recent trends in Merger and Acquisition in India.
- To examine the financial performance of selected companies after M&A.
- To study the impact of companies after M&A on Indian corporate sector.

Research methodology

Hypothesis of the study

H0 - There is no impact of mergers and acquisitions on the financial performance of the selected ten companies.

H1- There is impact of mergers and acquisitions on the financial performance of selected ten companies.

H0 - There is no impact of mergers and acquisitions on corporate sector after M&A in terms of financial performance.

H2 - There is impact of mergers and acquisitions on corporate sector after M&A in terms of financial performance.

Research Design

Research design is the plan, structure and strategy of investigation. Its purpose is to obtain answers to the questions proposed to be studied under research. This study, being exploratory in nature, will have detailed study of selected Indian companies. To make the study more meaningful and concrete, the researcher has selected the following sample size:

Sample size

- Banking- state bank of India and state bank of Saurastra.(2007-08)
- Aviation- Jet airways and Air Sahara (2007-08)
- Steel- Tata steel and Corus steel ltd.(2006-07)
- Software- Tata consultancy ltd. and TKS –Teknosoft (2006-07)
- Pharmaceutical- Dr.Reddy's Laboratories Limited and Betapharm (2005-06)
- FMCG- Marico ltd. and Nihar ltd. (2006-07)
- Petroleum- HPCL ltd.and Kenya Petroleum Refinery ltd.(2006-07)
- Electronics- Videocon industries ltd. and Thomson SA. (2006-07)
- Telecom- Idea cellular ltd. and its seven subsidiaries.(2006-07)
- Energy- Suzlon Energy and Hanson group.(2006-07)

The research design used in the present study involves the following steps: In order to get a complete understanding of the merger and acquisitions, the review of present literature was essential. Therefore, the first step of the research involves the collection of available articles, papers and books that directly or indirectly focused on the theme. Accordingly a literature scanning exercise was undertaken. Efforts were made to prepare a list of relevant material and procure them so that conceptual clarity could be achieved. Journals dating since the 1990s, the time when the liberalization process in India began, were scanned.

Scope of future research

1. Study can be done where mergers and demergers have taken place simultaneously in a company.
2. Study can be done using more samples and also from different years.
3. Study can be done on price fluctuation and various decisions taken by the company on demerger.
4. Study can be done taking into consideration the total share capital of the companies i.e. demerged and resulting companies.
5. Further study can be conducted by taking large number of samples within particular industries.

6. There is possibility to conduct research by taking into consideration the other variables from cash flow and funds flow statement.
7. The Study can be conducted by taking the trends of before and after five years or more of the merger and acquisition separately.
8. There can be a possibility to study the impact of mergers and acquisitions on employees, shareholders and society in general.
9. Further research can be conducted by taking industries from goods and services sector separately.

Literature review

The first section in literature review focuses on the researches which further elaborate the new treatment for M & A. As the new standards have many proponents, the Second section explored on the effects and comments on the new treatment.

'When Cultures Collide: The Challenge of Global Integration' by C.D.Shelton (2003) highlights that the efficiencies of scale that are supposed to result from company mergers often fail to materialize, and that the cultural, political, psychological and geographical hurdles of cross cultural integration are enormous.

'New Energy Law to influence Mergers' by Robert Robinson and Branko Terzic mentions about Public Utility Holding Company Act (PUHCA) which serves as a substantial barrier to entry for foreign companies as well as U.S. firms outside the sector that sought to acquire ownership in regulated utilities. Study reveals one of the most important aspects of the Energy Policy Act of 2005 (EPA). PUHCA repeal allows broader ownership interests across more diverse markets and segments.

'The Biggest Risk of All' by Thomas Kell and Max Landsberg (2004) provides a concise commentary on recent successful mergers from which lessons in leadership can be understood.

'Cross- Border Alliances: Advice from the Executive Suite' by Jagersma (2005) is a paper that sheds useful light on the nature of international alliances and the factors that contribute to their success or failure.

'Challenges and Opportunities in Mergers and Acquisitions: Three International Case Studies- Deutsche Bank-Bankers Trust; British Petroleum- Amoco: Ford-Volvo' by Alzira Salama (2002) examined integration strategies in international acquisitions. An Underlying assumption was that success is only possible when potential benefits are realized through an effective post-merger integration and acculturation process.

The studies demonstrate that the impact of cultural differences in international M&A can be minimized when the buying firm takes the time to create a positive atmosphere for capability transfer before initiating any actual consolidation of human and physical assets.

‘Leading in Limbo Land: Role of a Leader during Merger and Acquisition Transition’by Liz Thach and Mark Nyman (2001). According to leadership expert Ronald Heifitz “Mergers and Acquisitions often present harsh realities that lead to emotions of denial, betrayal, disengagement and anger. Research indicates that dealing with a merger requires more social adjustment then many major life events.”

As economies are becoming more and more integrated due to the forces of globalization, there is and increasing realization that these ways of competition offer limited profitability for firms. As a result, M&As have become increasingly popular as companies look for higher returns and dominant market position in the global market. M&As provide a means to acquire expertise, technology, products complement ongoing internal product development, reduce exposure to risk and achieve economies of scope and scale. However, it is well documented in finance and management literature that a high number of M&As fail to create value.

‘Do Mergers and Acquisitions create Shareholders Wealth in the Pharmaceutical Industry?’ by Mahmud Hassan, Dilip K. Patro, Howard Tuckman, Xiaoli Wang (2004).

One of the findings of the paper is for selective measures of accounting and operating performance, which suggest that the desired effects of M&A (i.e. greater profitability and improved efficiency) are more likely to be achieved through acquisitions than through mergers.

‘Managing HRM Risk in a Merger’ by Jane Bryson (2002).This article has shown that in the relentless rise of M&As the academic and practitioner literature has largely ignored the role of unions and the impact of employment relations policy contexts in managing the HRM risks associated with mergers . The case also helps to demonstrate that at a strategic level consideration of the compatibility of the employment relations policy approaches of merging organizations is important. Effectively managing HRM risk in a merger starts long before the merger.

Considerably more empirical investigations have dealt with M&A in the related banking industry. Most of these studies focus almost exclusively on the stock market. Only roughly a quarter of the event studies of the last 20 years conclude with a fully positive assessment of banking M&As. The studies observe significant value creation for the shareholders of the target banks and no significant value destruction for the share holders of the bidding banks. These researches and papers helps in analyzing, interpreting and concluding the impacts of mergers and acquisitions on corporate sector.

Limitations of the study

M & A activity taking place in India is not limited to corporate mergers alone as there are number of other activities like takeover, spin offs, management buyouts, demerger etc. Infect internationally the term M & A is now used to cover all transactions relating to sale and purchase of subsidiaries, divisions, brands, assets and entire company hence, research in all these associated areas is a lengthy process.

There are various aspects involved in m & a activity apart from a sound financial performance evaluation like, return to shareholders, human resource management of companies, impact on employees etc. But all the aspects taken together will never allow us to reach at any conclusion. so study assesses success or failure of mergers and acquisitions in financial terms ,other aspects are ignored.

Time period considered for the study can be considered one of the limitations of the study. Success of m& a can actually be analyzed in longer run or longer time period say ten to twelve years. For this we shall have to wait for such a longer period to get the relevant data which is not possible and it can only be possible if we study m &a taken place far back .but M & A in world have taken place only in the recent past few years. It’s not a guarantee that successful m & a will continue to release synergies throughout the lifetime of a company, due to certain reasons m & a may prove bad for a company, then in that case our conclusions will be of no use.

Size of the samples considered can also be considered as one the limitations of the study. Examining few companies which have undergone m&a on the basis of those few industries will prove half of the research, that is inferences drawn out may not prove worthy for other sector firms.

This study did not consider the impact of change in the business scenario of the companies before and after the demerger which may affect its share prices

It was very difficult to abstract the data. To explore data regarding deal values, before and after merger and acquisitions is too difficult, also several companies apart from major m & a keep on going for smaller M & As, which becomes hurdle in making calculations.

Several other factors could not be taken into account like time to time changes in companies due to factors like demerger, more than one merger and acquisitions in the same year and continuous small mergers and acquisitions year after year. As considering these factors may not allow us to reach at any conclusion.

Analysis of all mergers in the sample

Current ratio analysis

There is no relationship between current ratios of before and after merger of corporate.

There is relationship between current ratios of before and after merger of corporate.

Table no. 1 Current ratio analysis Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.667(b)	1	.197		
Continuity Correction(a)	.417	1	.519		
Likelihood Ratio	1.726	1	.189		
Fisher's Exact Test				.524	.262
Linear-by-Linear Association	1.500	1	.221		
N of Valid Cases	10				

a) Computed only for a 2x2 table

b) 4 cells (100.0%) have expected count less than 5. The minimum expected count is 2.00.

Result: - It is clear from the Person Chi – square test value .197 significant level which is more than 0.05. Hence the null hypothesis is not rejected. So there is no relationship between current ratios of before and after merger of the corporate.

Quick ratio Analysis of Corporate

There is no relationship between quick ratio of before and after merger of corporate.

There is relationship between quick ratio of before and after merger of corporate.

Table no. 2 Quick ratio analysis Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.079(b)	1	.778		
Continuity Correction(a)	.000	1	1.000		
Likelihood Ratio	.080	1	.777		
Fisher's Exact Test				1.000	.667
Linear-by-Linear Association	.071	1	.789		
N of Valid Cases	10				

a) Computed only for a 2x2 table

b) 4 cells (100.0%) have expected count less than 5. The minimum expected count is 1.20.

Result: - From table no. 22 of quick ratio analysis of corporate, the Pearson Chi-square value is .778 which is more than the significant value 0.05. so the null hypothesis that there is no relationship between quick ratios of before and after merger of corporate is not rejected. So there is no relationship between quick ratios of before and after merger of corporate.

Operating margin analysis

There is no relationship between operating margin ratio of before and after merger of corporate.

There is relationship between operating margin ratio of before and after merger of corporate.

Table no. 3 Operating margin analysis Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.000(b)	1	1.000		
Continuity Correction(a)	.000	1	1.000		
Likelihood Ratio	.000	1	1.000		
Fisher's Exact Test				1.000	.778
Linear-by-Linear Association	.000	1	1.000		
N of Valid Cases	10				

a) Computed only for a 2x2 table

b) 4 cells (100.0%) have expected count less than 5. The minimum expected count is 1.00.

Result: - As per the table no. 23 of operating margin analysis of corporate, the Pearson Chi square value is 1.000 which is more than the significant value 0.05. So the null hypothesis is not rejected. Hence there is no relationship between operating margin of before and after of merger of corporate.

Net profit margin analysis

There is no relation of net profit margin ratio of before and after merger of selected companies.

There is no relationship of net profit margin ratio of before and after merger of selected companies.

Table no. 4 Net profit margin analysis Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.111(b)	1	.292		
Continuity Correction(a)	.000	1	1.000		
Likelihood Ratio	1.498	1	.221		
Fisher's Exact Test				1.000	.500
Linear-by-Linear Association	1.000	1	.317		
N of Valid Cases	10				

a) Computed only for a 2x2 table

b) 4 cells (100.0%) have expected count less than 5. The minimum expected count is .50.

Result: - The Pearson chi-square value of net profit margin is .292 which is more than the significant value of .05. So the null hypothesis that there is no relationship between net profit margin of before and after merger is not rejected. Hence as per the research analysis there is relationship between the net profits margin of before and after merger of corporate.

Return on long term funds analysis

There is no relationship between return on long tern funds of before and after of merger of selected companies.

There is relationship between the return on long term funds before and after of merger of selected companies.

Table no. 5 Return on long term fund Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.625(b)	1	.429		
Continuity Correction(a)	.017	1	.895		
Likelihood Ratio	.644	1	.422		
Fisher's Exact Test				.571	.452
Linear-by-Linear Association	.563	1	.453		
N of Valid Cases	10				

a) Computed only for a 2x2 table

b) 4 cells (100.0%) have expected count less than 5. The minimum expected count is 1.60.

Result: - The return on long term fund analysis is statistically not significant at .429. So the null hypothesis that there is no relationship between the long term fund of before and after merger is not rejected. Hence, there is no relationship between return on long term fund of before and after merger of corporate.

Return on net worth analysis

There is no relationship between return on net worth of before and after merger of selected companies.

There is relationship between return on net worth of before and after merger of selected companies.

Table no. 6 Return on net worth Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.476(b)	1	.490		
Continuity Correction(a)	.000	1	1.000		
Likelihood Ratio	.760	1	.383		
Fisher's Exact Test				1.000	.700
Linear-by-Linear Association	.429	1	.513		
N of Valid Cases	10				

a) Computed only for a 2x2 table

b) 3 cells (75.0%) have expected count less than 5. The minimum expected count is .30.

Result: - The significant value .490 of Pearson chi square of return on net worth clearly support that there is no relationship between return on net worth of before and after merger of corporate.

Earnings per share

There is no relationship between earning per share of before and after merger of selected companies.

There is relationship between earning per share of before and after merger of selected companies.

Table no. 7 Earning per share Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.625(b)	1	.429		
Continuity Correction(a)	.017	1	.895		
Likelihood Ratio	.644	1	.422		
Fisher's Exact Test				.571	.452
Linear-by-Linear Association	.563	1	.453		
N of Valid Cases	10				

a) Computed only for a 2x2 table

b) 4 cells (100.0%) have expected count less than 5. The minimum expected count is 1.60.

Result: - The Pearson chi-square value .429 is statistically not significant. So the null hypothesis that there is no relationship between earning per share before and after of merger of corporate is not rejected. Hence there is no relationship between earning per share before and after merger of corporate.

Debt- equity ratio analysis

There is no relationship between Debt –equity ratio of before and after merger of corporate.

There is relationship between Debt-equity ratio of before and after merger of selected corporate.

Table no. 8 Debt equity ratio Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.444(b)	1	.035		
Continuity Correction(a)	2.101	1	.147		
Likelihood Ratio	5.822	1	.016		
p				.076	.071
Linear-by-Linear Association	4.000	1	.046		
N of Valid Cases	10				

a) Computed only for a 2x2 table

b) 4 cells (100.0%) have expected count less than 5. The minimum expected count is 1.60.

Result: - The debt equity ratio analysis, Pearson chi-square test value is .035 which is statistically significant. So here the null hypothesis that there is no relationship between debt-equity ratio before and after merger of corporate is rejected. Hence there is positive relationship between debt – equity ratio of before and after merger of corporate.

Findings

On the basis of Tends analysis

The analysis of State Bank of India shows positive trends before the merger except in net profit margin and return on net worth ratio but after merger it shows a negative trend in most of the ratios except current ratios and quick ratios of the Bank which represent a negative proposition after the merger of SBI ad State bank of Saurastra.

The Tata Steel analysis shows a negative trend before merger and after merger in most of the ratio which represent a negative connotation of Tata steel merger with Corus.

Merico Industries Ltd. shows a positive trend in most of the cases before merger but after merger it shows a mix response. So the merger of Merico industries with Nihar represents a positive trend in liquidity ratio and negative trend in overall profitability and solvency ratio.

The HDPL shows a negative trend in profitability ratios and overall profitability ratio before the merger. After merger it shows a positive trend in liquidity ratio and negative trend in overall profitability ratio.

The Videocon trend analysis represent a negative trend in liquidity ratio and negative trend in profitability ratio, overall profitability ratio and solvency ratio. So its show a negative trend after merging with Thomson SA limited.

The TCS analysis shows a minor positivity in liquidity ratio and profitability ratio and shows no change in solvency ratio. So overall it shows negative trend after acquiring Teknosoft ltd.

The liquidity, overall profitability and solvency ratio of Suzlon shows a negative trend before the merger. After merger also it is showing a negative trend except solvency ratio. So in all it represent a negative trend of Suzlon after merging with Hanson ltd.

The trend analysis of Idea cellular ltd. represents a negative connotation of liquidity ratio and increasing trend in profitability, overall profitability and solvency ratio. The Idea cellular after merging its seven subsidiaries a positive trend in liquidity ratio and negative trend in all other ratios.

The trend analysis of Jet Airways represents a negative trend in terms of liquidity ratio, profitability ratio and overall profitability ratio before the merger. After merger Liquidity ratio and solvency ratio shows a negative trend but overall profitability shows a positive trends.

The trend analysis of Dr. Reddy's Lab shows a negative trend in liquidity ratio and overall profitability ratio before the merger. After merger also it is showing a negative trend in all the selected ratios.

On the Basis of financial performance of selected Individual companies:

The ratio analysis of state bank of India shows that there is no impact of merger on the financial performance ratio except return on net worth so in case of banking, there is no change in the performance after the merger.

The Tata steel ratio represents that there is no impact of merger and acquisitions on the financial performance of the company after having merger with the Corus.

The financial performance of Marico ltd. is having no impact of M&A as per the ratio analysis of the company.

The financial ratio analysis of HPCL reveals that there is no impact of M&A on the financial performance of the company except the solvency ratio.

The financial ratio analysis of the Videocon represent that there is no significant impact of M&A on the financial performance of the company.

The ratio analysis of TCS reveals that there is no impact of M&A on the financial performance of TCS except the solvency and operating margin ratio.

The financial analysis of Suzlon reveals that M&A of the company is not going to give any impact on the financial performance of the company except earnings per share and return on long term funds.

The Idea cellular ltd. ratio analysis represent that the company is having no impact of M&A.

The financial analysis of Jet airways reveals that the M&A has not marked any impact on the performance of the company.

Financial analysis of Dr. Reddy’s Laboratories reveals that M&A has not marked any impact on the performance of the company.

Findings on the basis of selected combined ratios of corporate (selected ten companies)

1. The current ratio analysis of the corporate reveals that there is no association between the current ratio before and after M&A.

2. The quick ratio of the corporate represent that there is no association between the quick ratio before and after the M&A.

3. The operating margin analysis shows that there is no relationship between the operating ratio before and after M&A.

4. Net profit margin analysis of the corporate shows that there is no association between the net profit margin ratio before and after merger.

5. Return on long term funds represent that there is no relationship between return on long term funds between before and after M&A.

6. Return on net worth ratio analysis reveals that there is no association between the return on net worth ratio before and after the M&A.

7. Earnings per share ratio analysis reveals that there is no association between the earnings per share before and after M&A.

8. Debt-equity ratio analysis represents that there is a positive relationship between the debt-equity ratio before and after M&A, which also represent that debt equity ratio has marked a positive impact on the financial performance of the Corporate.

Conclusion

This study proves that Merger and Acquisition have failed to contribute positively in the performance of the company, especially for the sample under consideration. In fact, these results are not surprising. They are in line with what is being expected on the basis of literature survey. There are numerous motives that motivate a company to enter in to merger activities. Some times these motives are qualitative and cannot be interpreted in to quantitative figures. Again, a merger may be effective or successful to deliver the immediate objective but may be failed to deliver all the theoretically defined benefits. So, it will be wrong to assume, on the basis of this study, that overall mergers do not contribute any thing to the companies and it is a unless exercise.

It is generally accepted that, through M&A companies manage to better utilize their total human and operational resources, aiming at maintaining and, most of all, expanding their market share, efficiently promoting new product, achieving better customer service, improving their staff operations and achieving capital reforming and raising. However, all these positive consequences are not just the result of obtaining an ideal company size; they are mostly the outcome of insightful companies' management teams that can define and achieve appropriate goals, while avoiding all wrong and inappropriate choices made by the others. Integrating merging firms is a process fraught with difficulty. It may well be the most important cause for failure among cross-border mergers. The need for integration has become more intense as mergers have increasingly moved away from unrelated conglomerate mergers to related and horizontal ones. And of course, cross-border acquisitions are more complex than purely domestic ones given differences of national culture between firms.

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