M&As AND PERFORMANCE:

A MULTI-METHOD STUDY ON DYNAMICS OF SUCCESS IN POST INTEGRATION STAGE

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Thesis Abstract

Refik Cem Taluğ, "M&As and Performance:

A Multi-Method Study on Dynamics of Success in Post Integration Stage"

The aim of this dissertation is to examine the dynamics of post-M&A performance in several cases selected within the Turkish business environment and it endeavors to determine whether M&A performance can be explained by a model developed from the literature. An e-survey to middle and upper level managers, as well as in-depth interviews were conducted to accomplish the research on three M&A deals with at least one side being a multinational company. Among the unique characteristics of this study are the integrative, holistic approach for understanding the post-M&A process by incorporating multiple methods of investigation such as survey and case study methodologies. Moreover the study incorporates different literature perspectives to get a better understanding of the post-M&A integration and to determine the precursors that lead to the perceived success of the partnership.

The significance of this study is rooted in the fact that this research was conducted to integrate and extend the existing body of knowledge regarding the precursors of post-M&A success from the perspective of integrating the people and the tasks of the joining firms. The research findings demonstrate a harmony between the qualitative and quantitative analysis, which contribute to the potential awareness on accurately assessing, understanding, and utilizing post-M&A dynamics for both researchers and practitioners.

Tez Özeti

Refik Cem Taluğ, “Birleşme, Devralmalar ve Performans:

Entegrasyon Sonrası Dönemi Başarı Dinamikleri Üzerine Çok-Yöntemli Bir Çalışma”

Bu tezin amacı Türk iş çevresinden seçilmiş çeşitli vakaların birleşme-devralma sonrası performans dinamiklerinin incelenmesi ve literatüre dayanılarak geliştirilmiş bir modelle birleşme-devralma performansının açıklanıp açıklanamayacağının belirlenmesidir. En az bir tarafı uluslararası şirket olan üç birleşme-devralma anlaşmasının incelendiği araştırmada, orta ve üst düzey yöneticilere internet üzerinden anketler uygulanmış ve detaylı mülakatlar yapılmıştır. Bu çalışmanın belirleyici özelliklerinden biri bütünleyici ve tamamlayıcı bir yaklaşım sayesinde birleşme-devralma sonrası sürecin anket ve vaka analizi metodolojileri gibi çok yöntemli bir şekilde incelenmesidir. Öte yandan bu çalışma birleşme-devralma sonrası entegrasyon sürecinin daha iyi anlaşılması ve ortaklığın öngörülen başarılarının belirlenmesi için farklı literatür perspektiflerini birleştirmektedir.

Bu çalışmanın önemi, birleşme-devralma sonrası başarı etkenlerine ait mevcut bilgi yapısını, bu süreçten geçen şirketlerin insan ve iş entegrasyonu perspektifi açısından incelemesi ve genişletmesinden kaynaklanmaktadır. Araştırma sonuçları kantitatif ve kalitatif analizler arasında harmoniye işaret etmekte ve bu da araştırmacıların ve uygulayıcıların birleşme-devralma sonrası dinamiklerini doğru olarak anlamalarına, değerlendirmelerine ve yararlanmalarına katkıda bulunmaktadır.

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CHAPTER 1: INTRODUCTION

Executives who are challenged with uncertain environments often think about strategic partnerships to control costs, supplies, competitors or customers. A specific form of these strategic partnerships that is the focus of this study is mergers and acquisitions (i.e. M&A); a legal process where one company combines with or purchases another to become an entity that shares resources, technologies and profits. In other words, M&A are key driving mechanisms through which organizations attempt to sustain business growth and to increase their competitive advantage (Pablo, 1994). Some distinct advantages to mergers or acquisitions are the immediate access to the resources of both companies and a reduction in competition. But there are also some offsetting disadvantages such as the of typically costly and risky implementation, a potential decline in productivity, and a lack of focus on the organization's primary businesses (Nahavandi & Malekzadeh, 1988). Trying to integrate two distinct and different cultures is difficult and may not result in the desired outcome for the newly formed organization. Even though predicted synergies point to handsome profits down the road, most acquisitions and mergers don't live up to expectations.

However, history has shown that despite the frequency and number of organizations willing to take the risk, most M&As fall short of expectations (Hopkins, 1991; Lubatkin, 1983). DiGeorgio, reporting on a study done by LaJoux, cited failure rates of 40 to 80% (DiGeorgio, 2002). Similarly, Porter (1987) asserts that companies divest many more acquisitions than they keep. Nevertheless, despite the propensity of

M&A to ‘fail’, businesses continue to use this mechanism as a vehicle to implement their growth and diversification strategies.

After suffering from one of the most severe economic crisis in its history in 2001, M&A has gained a momentum among Turkish business as an important alternative of growth. This trend is well documented within the mergers and acquisitions reports published by Ernst and Young – a well respected resource of the M&A deals within the Turkish market - as illustrated in the Table 1 below. Actually the record value of $30.4 billion worth of M&A transaction in the year 2005, surpassed the sum of the total value of M&A deals accomplished in Turkey before 2005 (Ernst & Young, 2006). Although this value was a result of the keen interest shown by foreign investors on the profitable Turkish market since the economical crisis, domestic investors have increased their share in the total M&A deal volume from 9% in 2006 to 34 % in 2007 (Ernst & Young, 2008). Going one step further, in line with the current trends in the world, Turkish companies have increased their M&A activities around the world through examples such as; Hurriyet’s acquisition of 67.3% of the shares of TME, Eczacıbaşı’s acquisition of 51% of Villeroy&Boch’s floor tile division and Ülker’s acquisition of Godiva in 2007 (Ernst & Young, 2008).

Table 1: Annual M&A Deals (Turkey; 2002-2007)

Year	Total Value, $ million
2002	614
2003	1,394
2004	2,536
2005	30,400
2006	18,300
2007	25,500

(Source: Ernst & Young, 2004; 2005; 2006; 2007; 2008)

An important category within the literature on M&A is concerned with the post integration process. This strand of thinking is built upon the assumption that 'all value creation takes place after the acquisition' (Haspeslagh & Jemison, 1991). The primary determinants identified by this body of research all concern the 'fit' between the partnership and their interaction that leads to value creation.

The purpose of this study is to examine the dynamics of post-M&A performance in several cases selected within the Turkish business environment and it endeavors to determine whether M&A performance can be explained by a model developed from the literature. An e-survey to middle and upper level managers, as well as in-depth interviews are conducted to accomplish the research on three M&A deals with at least one side being a multinational company. By incorporating multiple methods of investigation such as survey and case study methodologies, this study aims to get a better understanding of the dynamics post-M&A integration and to determine the precursors leading to perceived success of the partnership.

Chapter two represents the literature review on the differing streams of research on M&A, facilitating a holistic view of the determinants of post-M&A

success. Chapter three is a comprehensive discussion on the research methodology applied in this research, which begins by developing a theoretical model of post-M&A success based on the literature review. With the help of this developed model the following research questions guided the research;

- What are the factors that determine M&A success?
- What are the relationships between acculturation process, employee attitudes, organizational fit, strategic fit, relative size and M&A success?
- How well did the joining firms perform in terms of forming a joint company culture?
- What were the employee reactions to the M&A process, and how did the executives in charge of the integration handle them?
- How were the operations and processes of the two organizations brought together into a new structure?
- How well did the overall strategies of the companies match?
- Did the differences in the size of the two organizations moderate the relationship between the integration process and the success of the M&A?
- To what extent, and in what ways, do integrating people and integrating tasks drive the overall M&A outcome and which one is more important in achieving success?

Chapter three concludes by revealing the methodology selection and plan, selection of the research sites, survey design, case study design, and a chronological illustration of the basic events related to the methodology. Chapter four puts forward the findings of the study. After representing the case study reports, it concludes by representing the survey findings and drawing cross-case conclusions. Finally, chapter five summarizes the cases studied, their findings, contributions and implications of this research for both theory and practice, as well as the study's limitations and areas for future developments of the research model.

The significance of this study is rooted in the fact that this research was conducted to integrate and extend the existing body of knowledge regarding the precursors of post-M&A success from the perspective of integrating the people and the tasks of the joining firms. A better understanding of these dynamics underlying integration processes may lead to more informed decision making, and facilitate integration planning and implementation process improvements. In other words, this dissertation identifies the most important actions and determinants that joining firms have to consider in order to ensure the success of their companies in the long run.

CHAPTER 2: LITERATURE REVIEW

Academicians from several different disciplines have investigated mergers and acquisitions (M&As). Within these disciplines, four schools of thought govern the literature of interest (Jemison, et. al. 1986; Birkinshaw, et. al. 2000). They are summarized in the Table 2 below;

Table 2: The Main Streams Of Research On M&A

Discipline	Objective Function	Underlying Theories	Central Proposition
Economists and Finance Scholars	Wealth Creation for Shareholders and for Economy as a Whole	Market For Corporate Control; Free Cash Flow; Agency Theory; Efficient Market Hypothesis (Jensen, 1987)	M&A increase the efficiency of the market for corporate control, resulting in net wealth creation for shareholders
Strategic Management Scholars	Performance of Acquiring/Acquired Firms	Industrial Organization Economics (Lubatkin, 1983)	Synergies (as a result of economies of scale, scope, market power etc.) will have a positive impact on acquirer performance
		Resource Based View of The Firm (Barney, 1988)	Only unique synergies or unexpected synergies will have a positive impact on acquirer performance
Organizational Behavior Scholars	Impact of M&A on Individuals and Organizational Culture	Acculturation Theory (Nahavandi & Malekzadeh, 1988)	The compatibilities between the cultures of the two merged organizations will facilitate effective integration
		Social Identity Theory (Tajfel & Turner, 1986)	M&A creates a threat to the organization's identity and thus the employees' social identification with their organizations, leading to employee reactions
Process Perspective Scholars	Creation of Value after M&A	Behavioral Theory of The Firm (Cyert & March, 1963; Jemison & Sitkin, 1986)	The managerial actions guiding the integration process, determines the extent to which the potential benefits of the M&A are realized

Economists and finance scholars (Mahajan et al., 1994) state that M&A can add value to a company and maximize its market share and profitability, through size (economies of scale and scope) and market control (higher market share, lower dependency). Their research hypotheses are mostly tested using accounting based and stock market based measures, focusing on the impact of wealth creation at a societal level. Literature on this discipline consistently assert that real positive gains go to the shareholders of the acquired, rather than that of the acquiring firm.

Strategic management school studies issues of wealth creation in M&A at the level of individual company. The theoretical underpinnings of this school are based on the 'industrial organization economics'. The literature from the field of industrial organizations (IO) provides a theoretical basis for explaining the performance differences among various merger types. Fundamental to this understanding is the concept of synergy. Related to strategic fit, synergy occurs when two operating units can be run more efficiently (i.e., with lower costs) and/or more effectively (i.e., with a more appropriate allocation of scarce resources, given environmental constraints) together than apart. Research in the economics of industrial organization views market power and/or efficiency gains through scale economies as a major motive realized through related M&A (Lynk, 1995; Dranove and Shanley, 1995). A more recent view on M&A performance by strategic management scholars – based on resource based view (RBV) of the firm - state that the expected synergistic gains would be reflected on the acquisition price except when they are unanticipated or unique to the acquired-acquirer pair (Barney, 1988).

Behavioral scientists mainly deal with the 'human side of M&A' at two levels of analysis: organizational and individual. At the organizational level, they investigate corporate culture, focusing on topics such as similarities/differences in culture and offer prescriptive advice on how to merge different cultures (Frankema, 2001; Chatterjee et. al., 1992). These scholars have adopted the anthropological term 'acculturation' to form their theories on the changes in behavior caused by M&As (Nahavandi & Malekzadeh, 1988). Another group of behavioral academicians studied M&As mostly at the individual level, in the light of the 'social identity theory'. This theory states that the individual might feel threatened by M&A, as it will affect its prior group membership by changing the acquired firm through the process of integration (Elsass and Veiga, 1994; Haunschild et al., 1994). This perception of danger to the current identities may reflect itself in differing forms of employee reactions, such as resistance to change, lowered job satisfaction, and organizational commitment.

A final stream of research on M&A is based on the process perspective. A process perspective in M&A research would consider 'how aspects of the acquisition decision making and integration processes can affect the final outcome' (Jemison & Sitkin, 1986). In other words the 'process perspective' studies the creation of value by task integration after the merger and proposes that the actions of management, combined with the process of integration, determine the extent to which benefits of M&A may be realized. Strategic and organizational fit is argued, to offer the potential for synergies, but their achievement depends entirely on the ability of management to manage the post-acquisition integration process in an effective manner (Hunt, 1990; Jemison & Sitkin, 1986).

In an in-depth study of three acquisitions made by Swedish multinational companies, researchers Julian Birkinshaw, of the London Business School, Henrik Bresman, of the Massachusetts Institute of Technology, and Lars Hakanson, of the University of Linz, examined the challenges of post-acquisition integration (2000).

The researchers were able to trace the actions taken to integrate both organizations over time, and their findings provide interesting insights into how these three companies handled the integration process. To get a broader understanding of the post M&A integration process they decided to look at the post integration stage in terms of the organizational behavior and process perspectives. For them these two schools differed significantly in terms of their objective function. Creating a new organization with a strong, unified culture and having the employees from both sides with a shared identity is the objective function of the organizational behavior school, according to Birkinshaw et. al. (2000). They refer to this process as the 'human integration'. Accordingly, the process perspective views value creation as the objective of the acquisition, and they refer to this as the 'task integration'. Previous research had suggested that post-acquisition integration success is highly dependent on the actions taken by managers to integrate the actual work of the two companies (task integration) and the extent to which managers pay attention to the human side of the process (human integration). If organizations emphasize either the task or the human aspects of integration, but do not give adequate attention to both, negative results may occur. An overemphasis on the task side of the integration is likely to lead to dissatisfied employees and a lack of a common identity. On the other hand, too much emphasis on the human side of the integration is likely to diminish the level of operational synergies achieved. Thus, Birkinshaw and his colleagues were particularly interested in the dual processes of task integration and human integration in the acquisitions they studied.

Their research offers several key insights into how a company can achieve successful post-acquisition integration. First, patience is needed in achieving an integration of the work and task relationships between two companies. Integration takes time, and pushing it too quickly can result in frustration or failure. Second, it may be better to begin integration slowly, by helping both groups to function more effectively and adjust to the new situation, than to aggressively pursue integration activities. Later, when individual organizations are operating at acceptable levels, attempts to integrate across the organizations are more likely to be successful. Third, start early to develop the human side of the integration, since it is a difficult process and may take a long time. With time, the foundation built by better human integration is likely to lead to positive outcomes, such as greater trust and mutual respect. Eventually, shared values and an integrated culture should facilitate more effective integration of task activities.

This research by Birkinshaw and his colleagues tells managers to pay attention to the people issues first and deal with the work-related integration activities later, at least in R&D activities (i.e. the focus of their study). Unfortunately, managers often tend to push task integration activities immediately after an acquisition, in order to quickly achieve the goals of creating value for the firm, while the people issues get less attention. This study suggests that managers may want to do the reverse.

The two guru researchers of the process perspective are Philippe C. Haspeslagh from INSEAD, France and David B. Jemison from The University of Texas at Austin. According to them all value creation begins when the M&A agreement is signed, and takes place after the M&A; hence the critical importance of the quality of the post-merger integration process (Haspeslagh & Jemison, 1987; 1991). So rest of this literature review is based on understanding the important components of post-integration stage of M&As. Parallel with Birkinshaw et. al.'s (2000) work, we will look more deeply into 'human integration' and 'task integration' issues, covering literature from the organization behavior and the process perspectives, respectively. Strategic management literature will also help us to understand the motives behind M&As and the concept of synergy creation, which is an important notion on evaluating the success of M&A value creation.

Acculturation Theory Perspective And Organizational Culture

Culture is a multifaceted word, which has been highly criticized since it can be defined in many different ways (Sliburyte, 2005). 164 different definitions of culture were found by H. Deresky (1997), and M. Neal (1998) mentions four different definitions of culture. Some of these include; 'The customs, beliefs, art and all the other products of human thought made by a particular group of people at a particular time' (Eneroth & Larsson, 1996); "It is the way we do things around here" (Deal and Kennedy, 1982); "The collective programming of the mind which distinguishes the members of one human group or category of people from another" (Hofstede, 1997).

Although the word 'culture' is used both for organizations and nations, they have to be seperated as they are of different nature (Sliburyte, 2005). In order to measure the values of one culture relative to other cultures G. H. Hofstede (1997) found four dimensions of 'National Culture', namely individualism/collectivism, power distance, masculinity/femininity, and uncertainty avoidance. 'Organizational Culture', on the other hand, is defined as those values, beliefs, and knowledge acquired through social interaction which serve to define and predict acceptable organizational behavior. In other words, organizational culture is "the beliefs and assumptions shared by members of an organization, which can distinguish one organization from another" (Nahavandi & Malekzadeh, 1988; Yen & Liao, 2003). These shared values are expressed by, and manifested in, organizational phenomena such as myths, legends, and specialized language. Organizational culture is an important influence on an individual's commitment, satisfaction, productivity and longevity within a group or organization, because individuals tend to select groups that they perceive as having values similar to their own while trying to avoid dissimilar others (Larsson & Lubatkin, 2001).

It is important to note, however, that organizations are made up of numerous groups of individuals, each with its own unique cultural identity. In other words, it would be a mistake to suggest that organizations have a single culture; instead, organizational culture may be better defined as a network of integrated subcultures. It is a multidimensional, multilevel concept. Although a firm may have a dominant culture, many subcultures may coexist and interact. Understanding the culture of any company involves identifying and deciphering the various subcultures and gaining insight into how they interplay to influence organizational behavior and decision-making (Elsass & Veiga, 1994, Nahavandi & Malekzadeh, 1988).

Organizational culture gains more importance in mergers M&A's as the beliefs, assumptions and values of two previously independent work forces form a jointly determined culture. Not surprisingly, this period represents a major post-acquisition challenge to acquiring firms. Often referred to as 'cultural clash,' resistance in this period may result in lower commitment and cooperation among acquired employees (Buono et al., 1985), greater turnover among acquired managers (Hambrick & Cannella, 1993; Lubatkin et al., 1999), a decline in shareholder value at the buying firm (Chatterjee et al., 1992) and a deterioration in operating performance at the acquired firm (Very et al., 1997; Weber, 1996).

Theories from anthropology and cross-cultural psychology are adapted to explain the processes of cultural adaptation in M&A's. The anthropologic term 'acculturation' is usually used to describe the cultural changes resulting from the interaction of one organizational culture with another, or "the ways in which two groups adapt to each other and resolve emergent conflict". Though the concept of acculturation was developed to explain events involving societal groups, it can be applied to industrial and social organizations as well, because the two share many defining characteristics. Both industrial and social organizations exist and adapt within a specified environment and have well-defined boundaries that encompass a number of individuals who interact and are interdependent to varying degrees (Sales & Mirvis, 1984). However, there are differences between anthropological acculturation and organizational acculturation (Nahavandi & Malekzadeh, 1988). In particular, organization members, unlike individuals experiencing social acculturation, have the option of not acculturating, or of withdrawing from the contact altogether. In short, they may choose to leave the organization if acculturation proves to be too stressful or distasteful.

Behavioral scientists adopting a cultural standpoint have focused on the complex cultural integration processes that follow acquisitions. Most of these studies have drawn attention to the cultural differences in the organizations involved as major causes of organizational problems (Nahavandi & Malekzadeh, 1988; Sales and Mirvis, 1984). Researchers have found it particularly interesting to adopt this perspective when studying cross-border acquisitions (Calori et al., 1994; Very et al., 1997; Weber et al., 1996). Some have even made use of the measure of cultural differences as an explanation for post-acquisition financial performance, the argument being that greater cultural differences create more problems and, eventually, lower profits and weaker market performance (Chatterjee et al., 1992; Datta, 1991). The contrary argument that cultural differences can also be a source of value has, however, also received some attention in recent studies (Krishnan et al., 1997; Morosini et al., 1998).

According to Nahavandi and Malekzadeh (1988), Acculturation is; “changes induced in (two cultural) systems as a result of the diffusion of cultural elements in both directions”. They further identify four modes through which acculturation takes place;

1. Integration: Exists when the acquired company retains many of its beliefs and assumptions, but its employees are willing to move into the acquiring firm’s structure.
2. Assimilation: Is a unilateral process by which one group willingly adopts the identity and culture of the other. The pressures for organizational integration overcomes the group needs for cultural differentiation. So the cultural differences between the groups are minimized, and the acquired group is assimilated into the larger organization.
3. Separation: It occurs when firms retain their separate identities. Under those conditions, the forces of organizational integration would be weak, and each group would operate independently.
4. Deculturation: Is a technical term for cultural failure, where all cultural sense is eventually lost through the impact of a merger or acquisition. Here the members of the acquired firm have no desire to maintain a separate identity and the acquiring firm has no need to impose its culture on them. Members of the acquired firm no longer maintain their original cultural identity, but do not replace it with a new identity. Individuals are not influenced by either culture.

		How much do members of the acquired firm value preservation of their own culture?	
		Very Much	Not at all
Perception of the attractiveness of the acquirer	Very attractive	Integration	Assimilation
	Not at all attractive	Seperation	Deculturation

Figure 1: Acquired Firm's Mode Of Acculturation (Nahavandi et al., 1988)

These four modes address the different ways through which the culture, organizational practices, and systems of two companies can be combined. The degree to which the members of the acquired organization want to preserve their own culture, and the degree to which they are willing to adopt the acquirer's culture will determine the mode of acculturation (Nahavandi & Malekzadeh, 1988; see Figure 1).

In a study of success and failure of joint ventures (Eisele, 1996) three general factors that influence success of acculturation were found, which can also be applied to M&As:

1. Cultural fit; Can be in, for instance, preferences for style of management, degrees and ways of planning, formalization, reward and sanction modes, time perspective and orientation to growth. The higher the cultural fit between two firms, the smoother the process of acculturation will be.
2. Cultural potential; The term points to cultural traits that guide the way in which relations with other organizations and cultures are generally handled. It is related to how a company values multiculturalism.

3. Competent Managers (Leadership); that can guide the process in the right direction will add substantively to the success of an acculturation. Even if the cultural potential is high, the profit expected from synergy substantial, and the cultural fit sufficient to expect success, positive outcomes are not guaranteed. Each combination of firms is unique; each process will make its own demands on the quality of the managers in charge.

Cultural Fit

In mergers and acquisitions the need for cultural adaptation (i.e., acculturation) is complicated by the need to integrate different cultures into a new configuration that sustains the newly formed structure in a productive way. The acculturation process is directly related with the perceptions of the employees of the acquired firm on the differences in the cultures of the two firms. Dissimilar cultures can produce feelings of ‘hostility’ and significant ‘discomfort’ which can lower the commitment and cooperation on the part of the acquired employees (Weber, 1996; Buono et al., 1985; Sales and Mirvis, 1984). Therefore the cultural fit is a potential factor in M&As failures. In other words, differences in organizational cultures, may have an important impact on the financial success of a related merger, and therefore on the value of the acquiring firm's common equity. A common definition of cultural fit is; “the degree to which employee’s perceive their culture to be compatible with that of the buying firm” (Buono and Bowditch, 1989; Chatterjee, et al. 1992; Sales and Mirvis, 1984; Davis, 1968).

Cultural fit is commonly used in the literature, but has been 'ill-defined' as Cartwright and Cooper (1993) suggests. Weber et. al. (1996) has characterized the concept to be utilized differently in terms of national and corporate culture. For them, in international M&As, national culture differentials better predict stress, negative attitudes towards the merger, than corporate culture differentials. They therefore use the variable 'cultural fit' derived from Hofstede's (1980) four cultural dimensions – which are power distance, uncertainly avoidance, individuality, and masculinity/femininity – to measure cultural fit between merging companies. Power distance refers to the nature of the distribution of power within the organizational system. Uncertainty avoidance is the country's level of intolerance for uncertainty or ambiguity. Individualism is a measure of how an individual perceives his or her relationship with the rest of the people in the environment. And, femininity refers to the primary goals and objectives that societies have for their progress.

When looking in terms of corporate culture, studies provide support to the argument that 'organizational differences', particularly differences in organizational culture and management styles, have a significant negative impact on acquisition performance. Sales and Mirvis (1984) document in detail the administrative conflicts following an acquisition when involved firms differed strongly in their cultures. Similarly, Buono et al. (1985) observe that significant differences in corporate cultures often resulted in feelings of discomfort and hostility in the post-acquisition assimilation phase. They argue that organizational members are so strongly embedded in their own culture that the process of integrating two organizations with different cultures can pose serious problems - that resultant cultural 'collision' can disrupt the entire workings of the newly formed firm (Buono and Bowditch 1989). Finally, Chatterjee et al.'s (1992) findings indicate that cultural differences between acquiring and acquired firms are negatively associated with shareholder wealth creation in acquiring firms.

Another important point about culture fit is that, many research done on the subject looks for similarities between the cultures, but cultural fit is more of compatibility. To look at the compatibility of corporate cultures, Cartwright and Cooper (1993) use the four broad culture types they identify, (1) Power, (2) Role, (3) Task/Achievement, (4) Person/Support. These culture types are identified along a continuum in terms of degree of worker autonomy and employee participation. The 'power' cultures are the most centralized cultures, where the employee does what he/she is told. In 'role' culture, the employee acts within the parameters of his/her job description. 'Task/achievement' cultures leave more autonomy for the employee, where he/she acts in the way he/she considers suitable for the task. Finally, in the 'person/support' culture, there is emphasis on egalitarianism, and the employee does his/her own thing. Based on these four culture types, Cartwright and Cooper (1993) theorize that a 'power' culture dominated acquirer is only compatible with another 'power' culture, a 'task' culture dominated acquirer is compatible with 'power', 'role', 'task' cultures, where as, 'person/support' dominated cultures are not compatible with other cultures.

Another important term in literature related to cultural fit is 'culture clash' (Chatterjee, et al., 1992; Nahavandi and Malekzadeh, 1988). It is the outcome of having no cultural fit between the merging companies. Culture clash have been associated with lower commitment and cooperation of the acquired employees (Sales and Mirvis, 1984), increased turnover among acquired executives (Hambrick and Cannella, 1993), and lower financial success (Chatterjee et al., 1992; Datta, 1991). Culture clash in M&As is particularly crucial for the top management level whose motivation and commitment have a major influence on the motivation of the other employees. Top management culture clash in M&As are characterized by (1) stress, distrust, and annoyance on the part of the acquired team in working with the acquiring team, (2) negative attitudes on the part of the acquired team toward the acquiring organization, and (3) negative attitudes toward cooperating with the top management team. The stress and negative attitudes reduce the commitment of the acquired top managers to successful integration of the merging companies and their cooperation with the acquiring firm's top executives (Sales and Mirvis, 1984; Weber and Schweiger, 1992).

Cultural Potential

'Cultural potential' is an expression that is used within the 'acculturation' literature to explain how dissimilar or incompatible cultures succeed in acculturation. Cultural potential is also referred to as 'adaptive ability' (Weber et. al. 1996) and 'cultural tolerance' (Chatterjee et. al. 1992). It basically has to do with how a company values multiculturalism (Frankema, 2001). For example, Johnson, Cullen and Sakano (1991) investigated the extent to which 'cultural similarity' between international joint venture partners affected perceptions regarding performance, satisfaction, and conflict. Their findings, based on foreign-Japanese ventures, indicated that local culture 'deviation' from Japanese culture had no effect on the Japanese partner's perceptions of success. The authors speculated "the Japanese are possibly more adroit at cultural adaptation in business than their venture partners".

The finding concerning tolerance of multiculturalism suggests that an overemphasis on controlling newly acquired firms by imposing goals and decisions on them may be dysfunctional. Similarly, Nahavandi and Malekzadeh (1988) emphasize that when the acquiring firm values cultural diversity and is willing to tolerate and encourage it cultural differences will be more easily handled. On the other hand, when an acquirer does not tolerate an acquired firm's culture, the potential for conflict between the two top management teams will rise. Put another way, the more the buyer tolerates multiculturalism, the less likely it is for the acquirer to expect the acquired firm to conform to its own goals, strategies, and administrative practices.

Frankema (2001) relates cultural potential to 'trust'. He identifies several trust building elements such as – co-operation through sharing/exchange, shared norms, regular dialogue, shared goals, monitoring the behavior of the parties, and handling deviance – that will increase cultural potential, and therefore will lead a to better management of the cultural integration. Similarly, Eisele (1996) distinguishes four cultural traits that further cultural potential;

1. Innovative potential, that is openness to new values and ideas;
2. Trust potential, a general tendency to trust others;
3. Mutual dependence potential, a tendency to think in terms of two parties needing each other to arrive at common goals;
4. Integrative potential, a tendency to invest in psychical kinship, in sorting out differences, in understanding their meaning, and a preference for coordination of behavior based on shared norms and values.

Leadership And Management Style

Leadership qualities and types of leadership have been heavily studied in the literature (Bass and Avolio, 1994; House, 1996; Conger & Kanungo, 1998). Theories of transformational leadership and organizational change emphasize that change is accomplished through the leader's implementation of a unique vision of the organization through powerful persuasive personal characteristics and actions designed to change internal organizational cultural forms and substance (Bass and Avolio, 1994; Hatch, 1993). In other words, transformational leadership is the key to describing how organizational cultures are created and maintained. Kouzes and Posner (1995) define leadership as; when facing significant change, 'it is the art of mobilizing others to want to struggle for shared aspirations'. Leaders therefore must be skilled in change management processes if they are to act successfully as agents of change and motivate others to follow (Van Knippenberg & Hogg, 2003).

Fishman and Kavanaugh (1989) put forward that the culture of an organization and how people respond to change and innovation is shaped substantially by the behaviors of the leader. More broadly, organizational leaders are a key source of influence on organizational culture (Schein, 1992). Accordingly, when a culture becomes dysfunctional as a result of change, it is the leader who must act to assist the group to unlearn some of its cultural assumptions and to learn alternative assumptions. Jung (2001) also views managers as playing key roles in developing, transforming and institutionalizing organizational culture. By influencing the nature of the work environment and organizational culture, leaders can affect organizational members' attitude to work related change and motivation (Amabile, 1998).

According to Frankema (2001) competent and motivated managers can add substantially to the acculturation process. For effective change to occur, and particularly in cultural change, there is no substitute for the active engagement of the CEO and executive team. Top leaders must assume the role of chief architect of the change process. Similarly, Weber and his colleagues (Weber, 1996; Weber & Schweiger, 1992) examined top management teams within merging organizations and looked at the interrelationships between cultural differences, levels of integration and coordination, inter-group tension, employee attitude, commitment and cooperation. This research indicates that, when cultural differences between the top management teams as perceived by the non-dominant partner exist, greater human resource problems will be experienced by the acquiring organization. In addition, Datta (1991) found that differences in management styles between merging firms were negatively related to post-merger performance. Likewise, Covin et. al. (1997) have investigated the relationship between leadership style and post-merger satisfaction, and have concluded that the leadership style does impact merger satisfaction and also found that the leadership style interventions may be needed even long after the integration takes place.

In summary, leadership is essentially a process of social influence in which individuals want to feel included, supported and reinforced, especially during change. Relations between individuals and their leader will affect perceived leader effectiveness.

Social Identity Theory Perspective And Employee Attitudes

Although employee reactions related to M&As are investigated under many aspects and in numerous disciplines, 'organizational identification' dominates the literature. Organizational identification can be described as 'the perception of oneness with or belongingness to an organization, where the individual defines him or herself in terms of the organization(s) in which he or she is a member' (Mael and Ashforth, 1992). Organizational members (or employees) will identify more strongly with an organization when they experience similarities between the organizational identity and their own personal identity and when they feel acknowledged as a valued member. Organizational identification has been associated with favorable outcomes: it has been argued that the more an individual identifies with an organization, the more likely he or she is to take the organization's perspective and act in the organization's best interest (Mael & Ashforth, 1992). This linkage is strengthened by research linking identification with, among other things; higher work motivation, performance, organizational citizenship behavior and lower attrition (Haslam et. al., 2000; Van Dick, 2004). Since people's work and occupational status often play a prominent part of their lives, it is plausible to assume that the company, the department, and even the daily workgroup are important objects for employees to be identified with (Ashforth & Mael, 1989; Kreiner & Ashforth, 2004).

Organizational identification is rooted in 'social identity theory' (Tajfel and Turner, 1986), which starts from the presumption that (social) group membership is important in the creation and enhancement of the self-concept of people. In other words, the social groups we belong to form a significant part of our self-concept.

Tajfel (1978) originally defined social identity as "that part of an individual's self-concept which derives from his knowledge of his membership of a social group (or groups) together with the value and emotional significance attached to that membership". Because of the embedding of group membership in the individual's self-concept, an individual will, to a greater or lesser extent, think, act and have feelings consistent with the group's values and relative social standing. Thus, to the highly identified individual, violating the group's norms is like breaking a rule set by him or herself and, in the same way, the group's success is experienced as his or her own achievement. So, if another group is in conflict with our own group, it is more likely that our group membership becomes important in guiding our behavior.

Social identity theory has been used to analyze resistance to mergers and acquisitions (Elsass and Veiga, 1994; Haunschild et al., 1994). Theoretically, it can be expected that M&A should alter an employee's identification because a merger essentially changes or dissolves the boundaries of two distinct organizations within the newly created merger entity. Thus, M&A creates a threat to the organization's identity and thus the employees' social identification with their organizations. M&A may also be perceived as a danger to the stability and continuation of employees' current identities, through 'infusion' of new identities (Cartwright and Cooper, 1993). People may thus resist merger processes, especially when these imply a serious threat to existing group values, structures or other manifestations of intra-group culture. This in turn has negative consequences for employees' collective identity and self-esteem. In other words, employees may lose their psychological commitment to, or identification with an organization.

Research has indicated, however, that the assumption about a negative relationship between pre-merger and post-merger identification may not be as clear-cut as it seems. Van Dick, Wagner and Lemmer (2004) found a positive relationship between pre-merger and post-merger identification in their study on organizational mergers. In their findings the employees were able to transfer parts of their old identity into the new organization. An explanation to these findings would be through Haunschild and his colleagues (1994); "people try to join or remain members of the best possible groups". If the new group is considered superior, then employees are likely to join the new and abandon the old. But if the new group is considered inferior or undesirable the process is likely to fail as group members strive to protect their identity and the attached self-esteem.

As employees face difficulties with being identified with the newly formed entity, they are likely to exhibit differing attitudes related with the merger. In the literature, some of the most commonly identified indicators of employee attitudes include; 'employee resistance', 'job satisfaction', 'organizational commitment', and 'voluntary/involuntary turnover'.

Employee Resistance

Efforts to examine and analyze corporate mergers and acquisitions can be categorized into three broad disciplines: financial, strategic, and behavior related (Larsson et al., 1999). The financial perspective, developed primarily by financial theorists and economists, examines quantifiable economic issues. The strategic perspective focuses more on firm-specific issues such as performance and planning. The third perspective, focusing on the behavioral issues of M&A, suggests that negative consequences for acquired employees originate from a reduced fit with the new organization.

Larsson and Finklestein (1999) developed and tested an empirical model designed to integrate the three perspectives described above into a broad process-oriented model. Indeed, this model does an outstanding job of representing and empirically examining all three perspectives simultaneously. A number of important merger-related behavioral issues were consolidated into the single empirical variable 'employee resistance'. Their definition of employee resistance was; "the individual and collective opposition of employees to the combination and subsequent integration of the joining firms, such as vocal opposition (voice), symbolic opposition (anti-acquirer posters), absenteeism, passivity, and sabotage".

There are numerous studies in the M&A literature on individual (Marks & Mirvis, 1985; Marks & Mirvis, 1986) and collective (Buono et al., 1985; Nahavandi & Malekzadeh, 1988) employee reactions. These studies generally shows that acquired company employees react unfavorably to M&As, a result often used to explain why many M&As are not successful (Hambrick & Cannella, 1993; Gutknecht & Keys, 1993). These negative reactions confirm the organizational identification issues that we have mentioned above. Employee resistance usually arises from the lower levels of the organizations, over time, as interactions between the acquirer and the acquired firms increase through the implementation of common systems and practices. It tends to begin during the mid-phases of the post-acquisition process and reduces over time as employees either leave or accept that they cannot do much to stop the post-acquisition restructuring (Quah, 2005).

Job Satisfaction

Job satisfaction is a major social psychological variable that is often used to measure employees' orientation towards the organization. It is defined as the degree to which employees have a positive affective orientation towards employment by the organization (Locke, 1976). It is the "fulfillment of the requirements of an individual by the work environment" (Lofquist & Dawis, 1969). In other words, job satisfaction is "the feelings a worker has about his job" (Smith et al., 1969).

Job satisfaction is a major indicator of employee attitudes, and its distinctive characteristics have been supported in the literature (Brooke et al., 1988; Mathieu and Farr, 1991). Yen & Liao (2003) used job satisfaction to measure employees' working attitudes to empirically examine the acculturation of a business merger in Taiwan. For the job satisfaction is how the employees express their degrees of preferences and satisfaction on their job, position, promotional opportunity, and organization's climate. Kessler et al. (1999) in their study on employee response to outsourcing (which is another type of organizational change, and its effects on employee attitudes can be expected to be similar to that of M&A), measured changes in employee attitudes of commitment, perceived organizational support and job satisfaction and proposed that these attitudes would be affected by employee views on a range of human resource (HR) practices and expectations about their new employer. Their findings indicated that those employees, who have high levels of job satisfaction, would be resistant to the changes caused by outsourcing, and this resistance will lead to decreased levels of job satisfaction and commitment, and increased intention to quit. Finally in their heuristic model explaining outcomes following an organizational merger, Van Dick and his colleagues (2006), measured post-merger identification through four variables; job satisfaction, organizational citizenship behavior, turnover intentions, well-being.

Voluntary/Involuntary Turnover

Price (1977) defines turnover as the degree of individual movement across the membership boundary of an organization. The individuals involved are employees, and the movement can be either into (accessions) or out of (separations) the organization. Most research on turnover examines separations. In the literature voluntary and involuntary turnover are commonly distinguished. Involuntary turnover is movement not initiated by the individual; examples are dismissals, layoffs, and deaths (Price, 1977). Those employees who resign (turnover initiated by an individual and not offered packages) are classified as voluntary turnover (Price, 1977). This classification is supported by Campion's (1991) empirical work. Examining turnover data of former employees, and supervisors, as well as the organization's personnel files, Campion concluded that turnover due to reduction in force be "viewed as involuntary". 'Layoffs' and 'dismissals' are commonly used as synonyms of involuntary turnover. However, layoffs should not be equated with dismissals, as the former is driven by the economic necessity to cut costs and improve efficiency, while the latter is linked with the poor job performance of employees.

Voluntary and involuntary turnover is regularly used within the literature to measure employee related constructs. Sheridan (1992), for example, examined turnover rates of 904 college graduates hired in six public accounting firms over a six-year period and found strong correlation between organizational culture and turnover rates. Kay and Shelton (2000) refer to the retention of key talent as a necessity for merger success. Iverson and Pullman (2000) investigated the turnover (voluntary and involuntary) determinants, in a hospital undergoing workforce reduction after a merger, and discovered that younger white collar workers (the key talent), who could find new jobs easier, were inclined to leave the company voluntarily, whereas the older blue collar workers were likely to be laid-off. Similarly, Bastien (1987) in his work of exploration of common patterns of behavior and communication in M&A, suggest that low employee turnover is generally desirable in acquisitions.

Organizational Commitment

Commitment is basically the loyalty to a social unit. The social unit may be an organization, the subsystem of an organization, or an occupation (Porter, et. al. 1974). O'Reilly and Caldwell (1981) distinguishes two types of commitment; 'attitudinal' and 'behavioral'. Attitudinal commitment refers to the most widely accepted and used definition of organizational commitment by Porter and his colleagues (1974). Porter et. al. (1974) defines organizational commitment as the strength of an individual's identification with and involvement in a particular organization. This type of organizational commitment is characterized by three factors: a strong belief in and an acceptance of the organization's goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization. On the other hand, behavioral commitment is the intent to behave in some way, such as continuing to be an employee of an organization. The main driving force of the notion of commitment is that it can influence individual actions independently of other factors. Indeed, as a stabilizing psychological configuration giving direction to behavior, commitment can ‘lead to persistence in a course of action even in the face of conflicting motives or attitudes’ and may even ‘lead individuals to behave in ways that, from the perspective of neutral observers, might seem contrary to their own self-interest’ (Meyer & Herscovitch, 2001).

An important aspect of organizational commitment and loyalty is the concept of the ‘psychological contract’. Rousseau (1996) has defined the psychological contract as the mutual and reciprocal obligation believed to exist between oneself and one’s organization. When companies make significant changes in employee job duties and responsibilities, the psychological contract must be radically changed through a process of transformation. In the event of an M&A, the original organization ceases to exist and the psychological contract is broken (Cartwright & Cooper, 1993). Relationships once governed by the contract may become unclear and ambiguous. The general result can be a waning of organizational commitment and loyalty along with feelings of betrayal. In order to rebuild loyalty, commitment, and trust, the acquiring organization must negotiate a new contract through a transformation process like the one mentioned above (Rousseau, 1996).

Organizational commitment is another commonly used distinctive construct that is used to measure employee attitudes within organizational literature. For example, in a longitudinal study made by Jetten, O’Brien and Trindall (2002), evidence was found that high initial organizational identification had a positive effect on long-term organizational commitment. On the other hand, it is important to note that theoretically, the constructs of identification and commitment are not necessarily the same (but they do overlap, and can predict one another): identification reflects the extent to which the organization membership is incorporated in the self-concept, whereas commitment focuses on the attitudes that employees hold towards their organization by considering costs and benefits (Van Dick et al., 2006). Nevertheless, the organizational commitment is an important tool to measure employee attitudes, especially in times of organizational change, which can be induced by an M&A.

Process Perspective And Organizational Fit

Although some earlier researchers have pointed to the significance of the post M&A agreement stage (Kitching, 1967), discussion concerning organizational change processes following M&A did not really start before the middle of the 1980s. David B. Jemison and Sim B. Sitkin introduced the process perspective in 1986. They felt that the existing literature on M&A research till then was concerned only on questions such as which acquisition choices are likely to lead to success (Kusewitt, 1985; Fowler & Schmidt, 1989) or what types of mergers and acquisitions (related or unrelated) lead to better results in terms of synergy or financial performance (Lubatkin, 1983, 1987; Chatterjee, 1986; Porter, 1987). They called this single basic model the ‘choice perspective’, and believed that it was an incomplete view of the M&A processes and outcomes. ‘Strategic fit’ is defined as the degree to which the target firm augments or complements the parent’s strategy and thus makes identifiable contributions to the financial and non-financial goals of the parent. In contrast to strategic fit, ‘organizational fit’ is described as the match between administrative practices, cultural practices, and personnel characteristics of the target and parent firms and may directly affect how the firms can be integrated with respect to day-to-day operations once an acquisition has been made (Jemison & Sitkin, 1986). Traditionally, the choice perspective has generally focused on the role of 'strategic fit' and synergistic benefits as determinants of acquisition performance. On the other hand, issues of 'organizational fit' have received considerably less attention - the existing choice perspective literature is limited, fragmented and anecdotal (Buono and Bowditch, 1989; Davis, 1968; Sales and Mirvis, 1984).

Based on the limitations of the existing literature at the time, Jemison and Sitkin suggested the process perspective, which supplements the choice perspective, recognizing that the acquisition process itself is a potentially important determinant of M&A activities and outcomes (Jemison & Sitkin, 1986). For them it is what happens after an M&A that is relevant to an understanding of the organizational consequences. Strategic fit refers to the anticipated benefits of M&A to the strategy of the acquirer based on the congruence or complementarities of the assets and operations of the merging firms. The kind and number of organizational adjustments required for integration however are affected by organizational fit. The process perspective sees strategic fit as a necessary (but not sufficient) condition for acquisition success and organizational fit as an important enhancement. Thus, one cannot only focus on the strategic fit of an acquisition without understanding that the processes of negotiating the acquisition and integrating the target into the parent firm that may be fundamentals of success. In the following part of this literature review we will look more deeply into the issues of organizational fit and strategic fit.

To make a simple distinction between the organizational fit and strategic fit, we can say that the organizational fit is about the compatibility of the two merging corporations whereas strategic fit is about the resource similarities and complementarities that the two organizations possess. Organizational fit, which influences the ease with which two organizations can be integrated after an acquisition, can be evaluated along a number of dimensions. However within the literature, the issues of 'operating autonomy', 'organizational communication', 'the extent of integration' and 'integration mechanisms used' have gained more interest.

The Level Of Operating Autonomy

Autonomy is defined as the degree to which an organization has power with respect to its environment (Price, 1997). The term 'autonomy' in organizational research is commonly used synonymously with 'work autonomy', which refers to jobs rather than to organizations. However, when we are talking about autonomy in terms of M&A we usually imply the 'operating autonomy' of the acquired firm. This construct is defined as the degree to which the strategy, systems, and procedures associated with the management of the acquired firms are removed from their discretion (Hambrick & Cannella; 1993). To get a better grip of operating autonomy of the acquired firm, we have to first look at the concept of 'knowledge transfer'.

The significance of knowledge transfer as the essential resource from the strategic viewpoint is widely recognized. Various authors (Bresman et al., 1999; Gupta and Roos, 2001) have shown that M&As are a way of complementing and renewing the knowledge base of the firm. M&A have a unique capability for contributing to the renewal of the firm through the transfer of knowledge, as they may increase the learning speed, making acquisitions preferred to internal development (Karim and Mitchell, 2000); and as they offer the chance of attaining benefits from combining and transferring capabilities and knowledge in a way that is not attainable through strategic alliances (Haspeslagh and Jemison, 1991).

Knowledge can be organized on a scale that goes from 'tacit knowledge' to 'articulable knowledge'. Reed and DeFillippi (1990) define tacitness as 'the implicit and non-codifiable accumulation of skills that results from learning by doing'. Tacit knowledge cannot be easily shared and communicated in written or symbolic form, and is deeply fixed in action and in an individual's participation within a specific context (Nonaka, 1994). On the other hand, articulable knowledge is that which can be encoded, explained and easily communicated.

The transfer of capabilities and knowledge will not take place if the integration of the firms is low or they remain separate. However, a high level of integration may oppose the existing resources and routines (Haspeslagh and Jemison, 1991) and increase the tendency for acquired personnel and knowledge loss. In order to avoid these organizational problems, the acquiring firm may allow a high level of autonomy to the acquired firm. In spite of the benefits of allowing autonomy for preserving tacit knowledge of the acquired firm, it stands as an obstacle to the transfer. If both organizations are managed totally autonomously and independently, there is a risk of blocking transfer and learning, as accessing the knowledge possessed by the acquired firm will not be easy. Garvin (1993) warns that 'boundaries inhibit the flow of information; they keep individuals and groups isolated and reinforce preconceptions', obstructing learning.

Puranam and Srikanth (2007) also investigate the level of integration among merging firms to be a matter of choice on how much autonomy versus coordination is needed. Accordingly, when the objective is mainly to leverage the existing knowledge of the acquired firm by transferring it to the acquirer firm, than the need for coordination dominates the need for autonomy. However, when keeping the acquired firm capable of producing ongoing innovation is the primary goal, then the need to preserve autonomy dominates the need for coordination between acquirer and acquired firm. They represent this model in the below Figure 2 proposing that the integration decision has to be made within two zones they define as; the ‘zone of effective knowledge leverage’ and the ‘zone of capability leverage’, based on the decision of coordination versus autonomy. In the zone of effective knowledge leverage, the emphasis is over coordination, whereas in the zone of effective capability leverage, autonomy is emphasized.

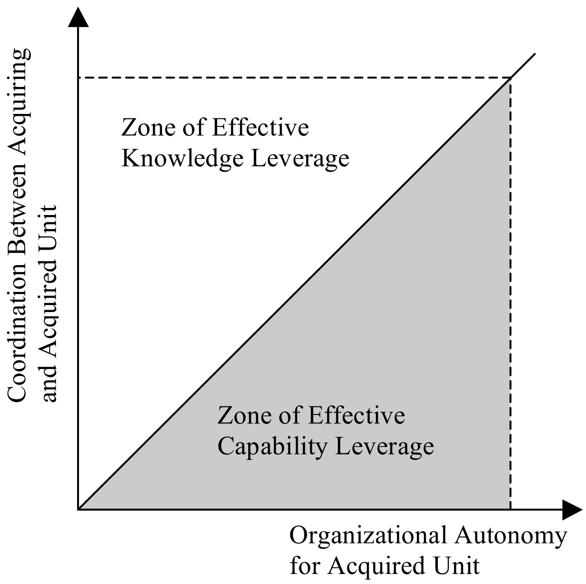


Figure 2: Organizational Antecedents Of Capability And Knowledge Leverage (Puranam & Srikanth, 2007)

The choice of more or less autonomy must be based to the nature of the knowledge to be transferred. The more tacit the knowledge of the acquired firm, the more it may be necessary to maintain the autonomy of the acquired firm, at least to begin with, as a means of preserving the knowledge (Haspeslagh and Jemison, 1991). On the other hand, when the most valuable knowledge of the acquired firm is articulated, codified and has been accumulated in explicit forms (manuals, formal operating procedures, blueprints, product specifications, patents), it is less vulnerable to problems related to the implantation, and the need for organizational autonomy is therefore reduced.

Post-Merger Organizational Communication

The degree to which information is transmitted among the members of an organization is the definition of communication (Price, 1997). The results of the study carried out by Bresman et. al. (1999) on a sample of forty-two international acquisitions, undertaken by Swedish multinationals whose principal motive was to access the R&D knowledge of the acquired unit, showed that intensive communication, visits and meetings were significant predictors of the transfer of technological know-how (implying tacit knowledge), but were not so when knowledge consisted of patents which was relatively articulated. This is because it is necessary to encourage interaction among the personnel of both firms, especially when the acquired knowledge is tacit and exists in individuals, routines and the culture of the organization. The transfer of this type of knowledge requires ‘day-to-day contact with skilled personnel in order to watch and practice competence-building steps’ (Lei et al., 1997).

The literature on knowledge transfer indicates that the main means of transferring tacit knowledge is communication with the individuals who form part of the social system in which the knowledge is located (Nonaka, 1994), such as; through personal interaction. In other words, as tacit knowledge transfer requires the contribution of many individuals, its success depends on the ease of communication between the individuals. The transfer of articulated knowledge, on the other hand, does not necessarily require personal contact among the employees of the two firms, and it is sufficient to communicate by, for example, computer conversations, exchange of technical manuals or other kinds of written medium (Teece, 1998).

The Extent Of Integration

Following an acquisition, some degree of inter-organizational integration is necessary, but the issue of what extent of integration managers choose and implement in the combined organization is critical to acquisition outcomes because under- or over-integration can result in a failure to create value, or even, result in value destruction. The realization of potential synergies cannot be achieved given an insufficient level of integration, but excessive reconfiguration can make the development of conditions leading to a successful union very complex, as occurs when high-performing staff depart in the context of an unfavorable post-acquisition atmosphere, leaving the combined organization short of the aimed resources and expertise (Cannella & Hambrick, 1993; Walsh & Ellwood, 1991).

Subsequent work has attempted to understand post-acquisition integration by focusing on the decision of the level of integration. For example, Pablo (1994) examined the antecedents of the decision about the extent of integration, whereas Datta (1991) attempted to test the performance implications of the level of integration and found some support for a positive influence on performance. All these authors define the construct ‘extent of integration’, drawing on Thompson’s (1967) pioneering work, as the extent to which the functions of the acquired unit are linked to, aligned with, or centralized in, the equivalent functions of the acquiring organization. Similarly, the extent of integration can be defined as the degree of post-acquisition change in an organization’s operational and administrative configuration. Clearly, the overall extent of integration that emerges after an M&A depends on the acquisition’s type and on characteristics of the two companies’ operations.

Integration Mechanisms Used

In the literature several integrating mechanisms - such as ‘international staff meetings’, ‘joint R&D meetings’, ‘cultural awareness seminars’, ‘mixed project teams’, ‘personnel rotation’, and ‘joint personnel training programs’ - have been identified to have potentially valuable effects on post-M&A integration (Birkinshaw et. al., 2000). These integrative mechanisms used by managers to integrate merged corporation have also been the subject of ‘administrative heritage’ in the literature. The term refers to the unique perceptions of the administrative approach on managing the corporation. In other words, administrative heritage is the beliefs that legitimize certain ways of organizing and controlling, that become that part of a firm's dominant logic over time, as the members of a firm develop a set of shared beliefs as to "how things ought to be done" (Lubatkin et. al., 1998). During stable times, it is argued that members of an organizational might not be fully aware of these heritages, as the administrative practices that characterize that heritages become a matter of routine. But, in times of transition, such as the post-acquisition integration, such practices will become more evident, as the members of the firm will be confronted with new ways of doing things. Additionally, it is suggested in the literature (Shrivastava, 1986) that size and form of the merging firms may also be a determinant of the integrating mechanisms needed to facilitate adjustment.

Strategic Management Perspective And The Motives Behind M&A

The success of M&As does not only depend on the integration process itself, but also on the reasons why the decision to integrate was made. Firms' motives for initiating in M&As can be explained by two main classes of theories; (1) value creating theories and (2) managerial theories (Seth 1990). The first class focuses on how firms can enhance their performance or value through acquisitions, whereas the second investigates how managers can increase their own utility through acquisitions. The managerial theories on M&A are investigated thoroughly in the literature under different disciplines such as corporate governance, but as it is not relevant to this study, it will not be covered here. However, value-creating theories are relevant, and can be divided in two distinct subclasses: (1) 'market power view' and (2) 'efficiency- and effectiveness- driven views'.

The market power view is rooted in industrial organization (IO) economics and emphasizes market power as a primary incentive underlying acquisition. Although there are different schools of thought within IO economics (e.g. Kathleen Conner (1991) identifies five schools of thought within IO economics, namely; neoclassical theory's perfect competition model, Bain/Mason type IO, Schumpeterian response, Chicago response, and, Transaction cost theory), the 'Bain/Mason type IO' is the most commonly used IO school of thought in M&A literature (Porter, 1981). This type of IO paradigm developed by Edward Mason, Joe Bain and their followers was that a firm's performance in the market place depended critically on the characteristics of the industry environment in which it competed. This was expressed in the trilogy shown in the below figure.

Industry Structure → Conduct (Strategy) → Performance

Figure 3: The Traditional Bain/Mason Industrial Organization Paradigm.

As a result, IO paradigm suggests that business performance is dependent on the fit between environment and conduct (strategy) (Porter, 1981). We would therefore expect to see superior performance in those businesses that have effectively matched integration strategy with the structural drivers in the industry. Research in IO economics views market power and/or efficiency gains through scale economies as major motives for mergers.

In contrast, the efficiency- and effectiveness- driven perspectives argue that firms often use acquisitions to reconfigure the acquiring or target businesses as part of the process of broader strategic change (Bowman & Singh, 1993; Seth, 1990). This perspective is consistent the ‘resource-based view’ (RBV) of the firm, which consists of obtaining more of the firm’s existing valuable resources (related supplementary), and resources that combine effectively with the firm’s existing resources (related complementary). These resource acquisition strategies are aimed at improving a firm’s ability to enter and/or dominate attractive product markets. RBV of the firm argues that acquisitions provide a means for businesses to exchange firm-specific resources that otherwise are not easily redeployed (Hennart & Park, 1993; Mitchell, 1994; Wernerfelt, 1984). Such resource immobility occurs when resources are not easily transferable on the open market because of high transactions costs.

The IO economics paradigm argues that industry structure influences strategy, which in turn affects performance. In contrast, RBV theory suggests that competitive advantage originates at the firm (rather than industry) level, particularly in the resources and capabilities of the firm (Barney 1991). This view of the firm is based on an assumption that resources are both mixed across firms and imperfectly mobile. Resource heterogeneity and resource immobility result in unique, firm-specific resource characteristics. These resources can combine to create a sustained competitive advantage for the firm in the marketplace leading to superior performance. At the same time, however, resource immobility implies that firms’ resources are not easily exchanged on the market. Thus, these resources are only potentially tradable through the market for business units or corporate control, i.e. M&A become primary mechanisms for acquiring unique resources (Wernerfelt, 1984). However, the value of these unique resources is likely to be reflected in the acquisition price (Barney, 1988).

The literature from the IO economics and RBV provides a theoretical basis for explaining the performance differences among M&As. The concept of ‘synergy’ underlies this perspective. As a result of strategic fit, synergy occurs when two merging firms can be run more efficiently (such as with lower costs) and more effectively (such as with a more appropriate allocation of scarce resources) together than their own. Lubatkin (1983) defines three types of synergies; ‘technical economies’ (i.e., scale economies, where with the same amounts of inputs, or factors of production, produce a higher quantity of outputs, as a result of modification of physical process inside the firm); ‘pecuniary economies’ (i.e., ability to dictate prices by exerting market power achieved primarily through increased size); and ‘diversification economies’ (i.e., by improving a firm’s performance relative to its risk attributes or by lowering its risk attributes relative to its performance). The difference between IO economics and RBV in terms of synergy creation in M&A is that the former views that any kind of synergy will have a positive impact on the M&A performance, whereas RBV assert that as the synergistic benefits of the M&A will be reflected on the price, only unique or unexpected synergies will improve M&A performance.

Strategic Fit And Relatedness

Most empirical research on the question of whether M&As create value for the shareholders of the acquiring firm identified ‘strategic fit’ as the principal main effect variable (Chatterjee et. al., 1992). The strategic fit literature has been concerned with the link between performances and the strategic attributes of the combining firms, emphasizing on how much the target company’s business should be related to that of the acquirer. Accordingly, the better the strategic fit between the acquiring and acquired firm - that is, the more the respective environments of the two firms have unifying features - the greater should be the performance gain to the acquired firm. Essentially, the early works on M&A success focused mainly on strategic fit, neglecting organizational fit. Their findings, however, have not always been consistent with expectations (Datta, 1991). These considerable differences in the findings provide strong support to Jemison and Sitkin's (1986) argument that strategic fit, while important, is not a sufficient condition for enhanced acquisition performance. On theoretical grounds, however, the idea that a strategic fit of companies, in terms of a relatedness of the product and markets in which companies are operating, remains appealing. Obviously, related M&As are expected to profit from economies of scale and scope that should generate more synergetic benefits than in the case of unrelated M&As.

Scholars have commonly used the Federal Trade Commission (FTC) typology of M&As developed in the 1970s - namely horizontal, vertical, product extension, market extension and unrelated (also called conglomerate) M&As - to study the M&A process (Buono and Bowditch, 1989). Horizontal M&As involves companies that are closely related as to the products or services they produce, i.e. when both companies operate in the same market or product. Vertical M&As involve companies that had a potential or existing buyer-seller relationship prior to the M&A. Conglomerate or unrelated M&As involve essentially companies that are unrelated in terms of the products & markets in which they are operating and of which the M&As are part of a widely diversifying strategy.

Another way of categorizing M&A strategic fit could be through the 'related-complementary' and 'related-supplementary' concepts by Salter and Weinhold (1979) (referred from; Shelton, 1998). Vertical integration is defined as a purely related-complementary fit, and horizontal integration is defined as a purely related-supplementary fit. A related-complementary M&A is expected to give the acquirer firm the ability to add new products and assets as resources, whereas a related-supplementary M&A could provide the acquirer access to new customers and markets. The model is represented in the Figure 4 below. These categories can provide a crude, though readily available, indicator of the amount of strategic fit to be achieved in a merger.

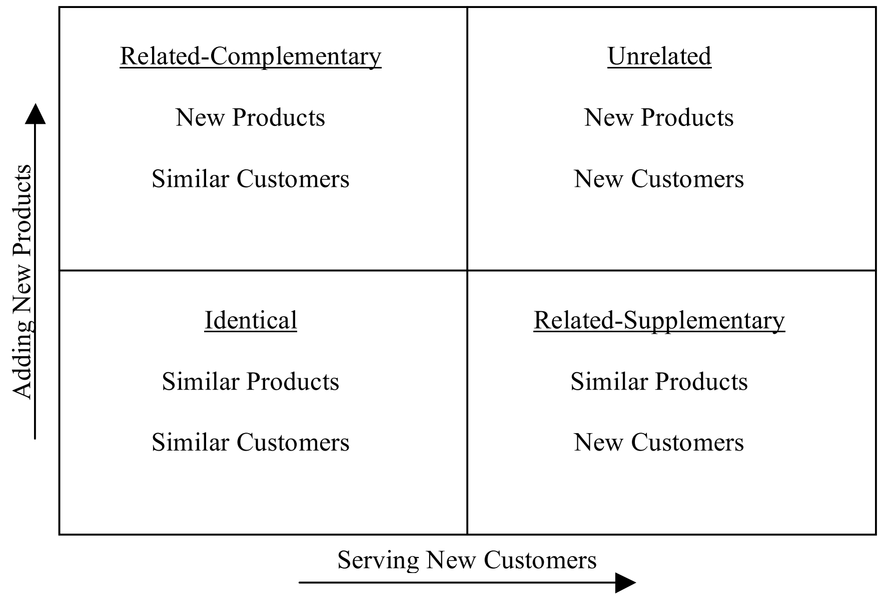


Figure 4: Categorization Of Strategic Fit Between Acquiring And Target Firms (Shelton, 1998)

When we look at the role of relatedness (where relatedness is defined in terms of resource or product-market similarity), we observe that it is one of the most widely researched issues regarding acquisition success (Seth, 1990). Numerous studies suggest that M&A of related firms are, on average, more successful than that of unrelated firms (Maquieira, et. al. 1998; Pennings, et. al. 1994). Business relatedness is said to enable the acquiring firm's managers to effectively employ their 'dominant logic,' or common conceptualization of the success requirements in an acquired business (Prahalad & Bettis, 1986). Industry familiarity can eliminate or significantly reduce the need for acquiring firm managers to learn the business of the acquired firm, and facilitate learning from the M&A process. In other words, managers are better positioned to utilize opportunities within the industry where they develop their expertise (Pennings et al., 1994). In the context of M&A that require considerable managerial involvement, familiarity with the acquired firm's market is often key to the successful post-acquisition integration of the acquired business (Roberts and Berry, 1985). Moreover, related acquisitions can enable the acquiring firm's pre-existing resources to be effectively leveraged in new businesses where those resources are more likely to be valued and relevant.

Relative Size

The last but not the least, important factor we identified in the literature review on M&A is the 'relative size'. It has been identified to be an significant issue that affects the integration process, as well as the acquisition performance (Fowler & Schmidt, 1989; Gulati, 1995; Capron, et. al. 1998; Larsson & Finkelstein, 1999). These researches speculate that; both excessively small and excessively large relative sizes of acquired to acquirer are associated with poorer performance. For example, if the acquired firm is relatively small compared to the acquirer, actions to restructure the acquired firm may simply be unnecessary or limited in terms of value creation. Seth (1990) argues that similar relative size of acquirers and targets favors the development of operational synergies. In the case of high relative size (i.e., when the acquired is almost as big as the acquirer), there is a greater increase in scale than in the case of low relative size. Therefore, there is a greater potential for cost savings, and synergy through technical economies through integration in this case. With respect to market-related performance, post-merger integration of a bigger company is likely to involve more people, and its results will not be as clear from the beginning compared with the situation in which a relatively small firm has been acquired. In these conditions, internal conflicts, inter-organizational competition, holding back of information, and so forth, are likely consequences and will absorb managerial energy that is needed to serve customers. Therefore, an increase in the integration amount will produce greater damage to market-related performance (i.e., pecuniary economies) when the relative size of the acquired firm is high. As a summary, M&A involving large targets are more likely to generate operational synergies than those involving smaller ones (Seth, 1990), but may also create greater integration difficulties.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter provides a comprehensive discussion on the research methodology applied in this research. It covers in detail the theory development and research questions, methodology selection, methodology plan, selection of the research sites, survey design, case study design, and a chronological illustration of the basic events related to the methodology.

Theory Development And Research Questions

After a thorough review of the literature, the basic theoretical framework was inspired from the work of Julian Birkinshaw (2000) and his colleagues on value creation in post-acquisition integration process. They had proposed and tested two distinct processes of post-M&A integration; 'human integration' and 'task integration'. Human integration was derived from the organizational behavior perspectives, concerned with generating satisfaction, shared identity among employees from both companies. Task integration on the other hand originated from process research stream, measured in terms of transfer of capabilities and resource sharing between the two firms (Birkinshaw et al., 2000). However, the model they defined was too broad, and their dimensions of task and human integration captured only a specific part of the post-integration process. So, this study was conducted with the aim of extending Birkinshaw et al.'s model by going one step ahead and defining sub-dimensions for the task and human integration and operationalizing them with constructs derived from the literature review (see Figure 5).

In the proposed study, human integration was divided into two sub-dimensions based on the unit of analysis. When looking at human integration at group level, we see ‘acculturation’ as the first dimension in the developed model. It is the process of creating commonly accepted ways of doing business with people from different organizations with their unique cultures. Actually, human integration in the original work of Birkinshaw and his colleagues consisted only of this dimension, which they had borrowed from the founders of acculturation theory; Berry (1984), Nahavandi & Malekzadeh (1988). But acculturation alone was not enough to comprehend the individual reactions to the M&A, so with the help of literature review, ‘employee attitudes’ dimension was described as the second dimension of human integration explaining effects of the M&A at the individual level. Employee attitudes is based on the ‘social identity theory’ (Taifel & Turne, 1986), and depicts that group membership is important in guiding an individuals behavior, and M&A can be regarded as a threat to that group membership. Researchers postulate that individuals belonging to a company are likely to discriminate against their M&A partner. But, a reverse relationship is also possible by a desire for a positive distinct social identity and in-group favouritism associated with it, that may encourage cultural differentiation in M&A (Elsass & Veiga, 1994).

In the original work, task integration was derived from the process perspective whose central proposition is; “The managerial actions guiding the integration process, determines the extent to which the potential benefits of the M&A are realized” (Birkinshaw et al., 2000). In other words, the process perspective is based on the ‘behavioral theory of the firm’ (Cyert and March, 1963; Jemison and Sitkin, 1986), which views the ‘process of integration’ as the ultimate value creation mechanism for an M&A. In the proposed study we identified this mechanism as how well the two organizations match each other, and it was called ‘organizational fit’ in this study. However organizational fit alone, as depicted from literature review, was not sufficient enough to explain task integration alone and we labeled it as a sub-dimension. The other sub-dimension of task integration identified in the literature was ‘strategic fit’ which is based on the work done by the ‘strategic management scholars’. This perspective illustrated the importance of capturing synergies between the two companies, mostly through aligned strategies, in order to get a positive impact on M&A performance.

In the initial theory development, relative size was also considered to be an important dimension that is related with the M&A integration outcome. However, based on the literature review, relative size does not have a direct effect on post-M&A integration, so it was included as a moderating variable to the proposed model. Based on these dimension the preliminary defined model is presented in Figure 5.

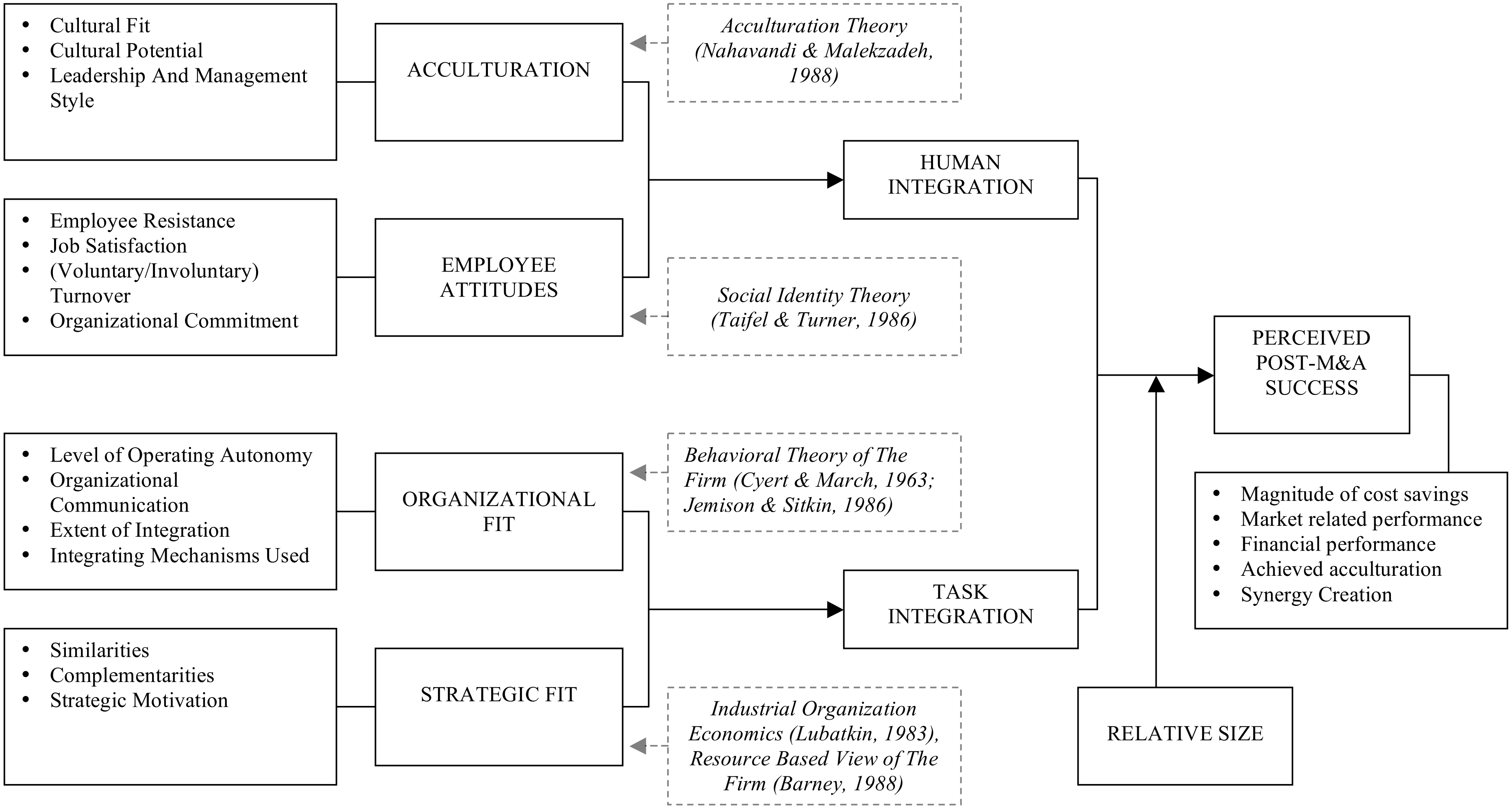


Figure 5: A Conceptual Model of Post-M&A Success

To evaluate acculturation, three constructs were taken from prior studies identified in the literature review. These are, ‘cultural fit’, ‘cultural potential’ and ‘leadership and management style’. Cultural fit is basically the compatibility, rather than similarity of the cultures of the joining firms. The cultural fit in the conceptual model is measured by the degree to which employee’s perceive their culture to be compatible with that of the joining firm (Buono and Bowditch, 1989; Chatterjee, et al. 1992; Sales and Mirvis, 1984; Davis, 1968). Cultural potential on the other hand is a ill-defined term in the literature, which can also be acknowledged with the terms ‘adaptive ability’ (Weber et al., 1996) and ‘cultural tolerance’ (Chatterjee et al., 1992). It is essentially how well a company’s culture adapts to another culture irrespective of its kind. Eisele’s (1996) cultural traits of cultural potential are used for measurement in this study. Leadership and management style similarity was the final construct to measure acculturation. According to the literature, leadership quality and cultural differences in the management styles are related to the human resource problems experienced by the integrating organizations. In other words, relations between the individuals and the leaders in charge will affect the level of acculturation.

Employee attitudes were studied with four constructs; ‘employee resistance’, ‘job satisfaction’, ‘turnover’, and ‘organizational commitment’. Employee resistance is defined as; the individual and collective opposition of employees to the combination and subsequent integration of the joining firms (Larsson & Finklestein, 1999); and its measurement was done by investigating vocal and symbolic oppositions to the M&A. To determine employees’ orientation towards their organization, job satisfaction was used. It is the degree to which employees have a positive affective orientation towards employment towards the organization (Locke, 1976). Turnover was separated into voluntary and involuntary turnover, as it was found commonly in the literature to understand individual reactions to M&A. Organizational commitment is related to the concept of ‘psychological contract’, which is defined as the mutual and reciprocal obligation believed to exist between oneself and one’s organization (Rousseau, 1996). Accordingly, as a result of M&A this contract can be broken, which can result in lowered organizational commitment and loyalty. As a result, organizational commitment is a commonly used construct within the organizational literature to measure employee attitudes, and was included in the conceptual model.

‘Level of Operating Autonomy’, ‘Organizational Communication’, ‘Extent of Integration’, and ‘Integrating Mechanisms Used’ were the constructs used to evaluate the organizational fit. Operating autonomy is the degree to which the strategy, systems, and procedures associated with the management of the acquired firms are removed from their discretion (Hambrick & Cannella; 1993). It is commonly employed by researchers such as Puranam and Srikanth (2007) to investigate the level of integration among merging firms. Organizational communication between the joined firms after the M&A agreement is another indicator of organizational fit that was used in the conceptual model. The decision of the extent of integration was used in the literature to indicate the level of organizational fit, measured by the degree to which the functions of the acquired unit are linked to, aligned with, or centralized in, the equivalent functions of the acquiring organization (Thompson, 1967). In their original study, Birkinshaw et al. (2000) had made use of the integrating mechanisms used as a construct to measure task integration (and organizational fit), which was included similarly to the proposed conceptual model, as a final construct to measure organizational fit.

Strategic fit of organizations going through the M&A process was investigated by 'similarities', 'complementarities', and the 'strategic motivation' constructs in the proposed model. Similarities and complementarities are the two common relatedness constructs found in the literature to measure how well the two firms fit strategically (Shelton, 1998). However, to get a better insight to the dimension of strategic fit, the 'strategic motivation' of executives for the M&A was included as a construct.

Measuring the success of M&A was a common problem mentioned in the literature. This was due to the fact that the process of integration takes a very long time and organizations continue existing during this interaction, making it very hard to isolate the effects of M&A from its environment. In this study, perceptions of employee's were used to study the success, as they were in the best position to compare the performance of the organization related to the M&A. The constructs used to define success – 'magnitude of cost savings', 'market related performance', 'financial performance', 'achieved acculturation', 'synergy creation' – were adopted from the literature (Homburg & Bucerius, 2005; Larsson & Finkelstein, 1999; Larsson & Lubatkin, 2001).

Following the literature review and conceptual model development the following research questions were identified:

1. What are the factors that determine M&A success?
2. What are the relationships between acculturation process, employee attitudes, organizational fit, strategic fit, relative size and M&A success?
3. How well did the joining firms perform in terms of forming a joint company culture?
4. What were the employee reactions to the M&A process, and how did the executives in charge of the integration handle them?

5. How were the operations and processes of the two organizations brought together into a new structure?
6. How well did the overall strategies of the companies match?
7. Did the differences in the size of the two organizations moderate the relationship between the integration process and the success of the M&A?
8. To what extent, and in what ways, do integrating people and integrating tasks drive the overall M&A outcome and which one is more important in achieving success?

Research Methodology Selection

Taking into consideration the theoretical framework and research questions, a multi-method research methodology was chosen for a number of reasons. Given the exploratory nature of the research questions in the study and the lack of commonly accepted and tested measures for the majority of the constructs, a qualitative component seemed necessary. Qualitative methods have been argued to be particularly useful when the research question concerns processes rather than outcomes, focusing on how something comes to happen rather than questions of ‘how many’ or ‘how much’ (Silverman, 2005). According to Murphy et al. (1998), qualitative research’s capacity for providing valid process data, and complementing reliable outcome data from quantitative studies is seen as one of the major contributions that it can make. Thus, to reveal the nature and dynamics of post M&A integration, qualitative methodology seemed to be essential.

Besides providing insights into the phenomenon of M&A, qualitative research is characterized by a number of broad features relevant to the current study. One of the primary advantages of qualitative research is that it gives the researcher the opportunity to get close to the individuals in the study, in order to gain a more in-depth understanding of their perspectives and meanings that inform their behaviors (Murphy et al., 1998). This advantage appears to be especially critical for understanding the human related constructs including the 'acculturation', and 'employee attitudes' from people's perspectives. Given that the survey respondents might interpret these terms in many different ways, a stand-alone survey methodology seemed insufficient. Another reason for including a qualitative part to the research was due to the fragile character of M&A integration, which tends to be a lengthy experience of successes and failures that companies are not willing share especially with a remote approach such as a survey methodology. A qualitative methodological component was therefore incorporated to avoid the tendencies mentioned above.

In addition, another major strength of qualitative research relevant to the current study is its focus on context and holism. Rather than isolating and manipulating variables outside of their natural contexts, qualitative research methodology allowed the researcher to examine the means in which M&A decision and integration took place within two organizations. In other words, while many quantitative studies seek to isolate causal relationships from the context in which they occur, qualitative studies permit the study to extend its scope to examine complex relationships within their natural environments, which is appropriate when context is theorized to significantly affect these relationships.

Although historically qualitative research in academic research have been a less traditional form of inquiry than the quantitative methodologies such as surveys and experiments, qualitative methods such as case study methodology are increasingly gaining respect for their important contributions to the field of organizational behavior (Eisenhardt, 1989; Gioia & Thomas, 1996). In some cases, qualitative research may be a more efficient and/or more effective way to answer a given research question. This may be particularly true in the development of new theory or in the exploratory stages of a project, to clarify or help set research questions, to aid conceptualization and hypothesis generation for later research, to interpret, qualify, or illuminate the findings of quantitative research, or to test hypotheses, particularly when they involve processes and/or contextual influences (Murphy et al., 1998).

Yin defines case study in the following way;

> Case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context especially when the boundaries between phenomenon and context are not clearly evident. The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as a result benefits from the prior development of theoretical propositions to guide data collection and analysis. (Yin, 2003; p.14)

By definition, a case study inquiry relies on multiple sources of evidence, benefits from the prior development of theoretical propositions to guide the study, and necessitates data that converges in a triangulating fashion. In addition, case study research quality can be judged in a similar fashion to other research designs, including construct validity, internal validity, external validity, and reliability (see Table 3 below).

Table 3: Case Study Tactics For Four Design Tests

Tests	Case Study Tactic	Phase of research in which tactic occurs
Construct Validity	• Use multiple sources of evidence	Data collection
	• Establish chain of evidence	Data collection
	• Have key informants review draft case study report	Composition
Internal Validity	• Do pattern-matching	Data analysis
	• Do explanation-building	Data analysis
	• Address rival explanations	Data analysis
	• Use logic models	Data analysis
External Validity	• Use theory in single-case studies	Research design
	• Use replication logic in multiple-case studies	Research design
Reliability	• Use case study protocol	Data collection
	• Develop case study database	Data collection

(Source: Yin, 2003; p.34)

There are four basic types of case study design based on the number (single versus multiple) of units of analysis and the number (single versus multiple) of cases (see Figure 6). The corresponding type of case study adapted in this research is 'Type 4' and it will be explained later in the text.

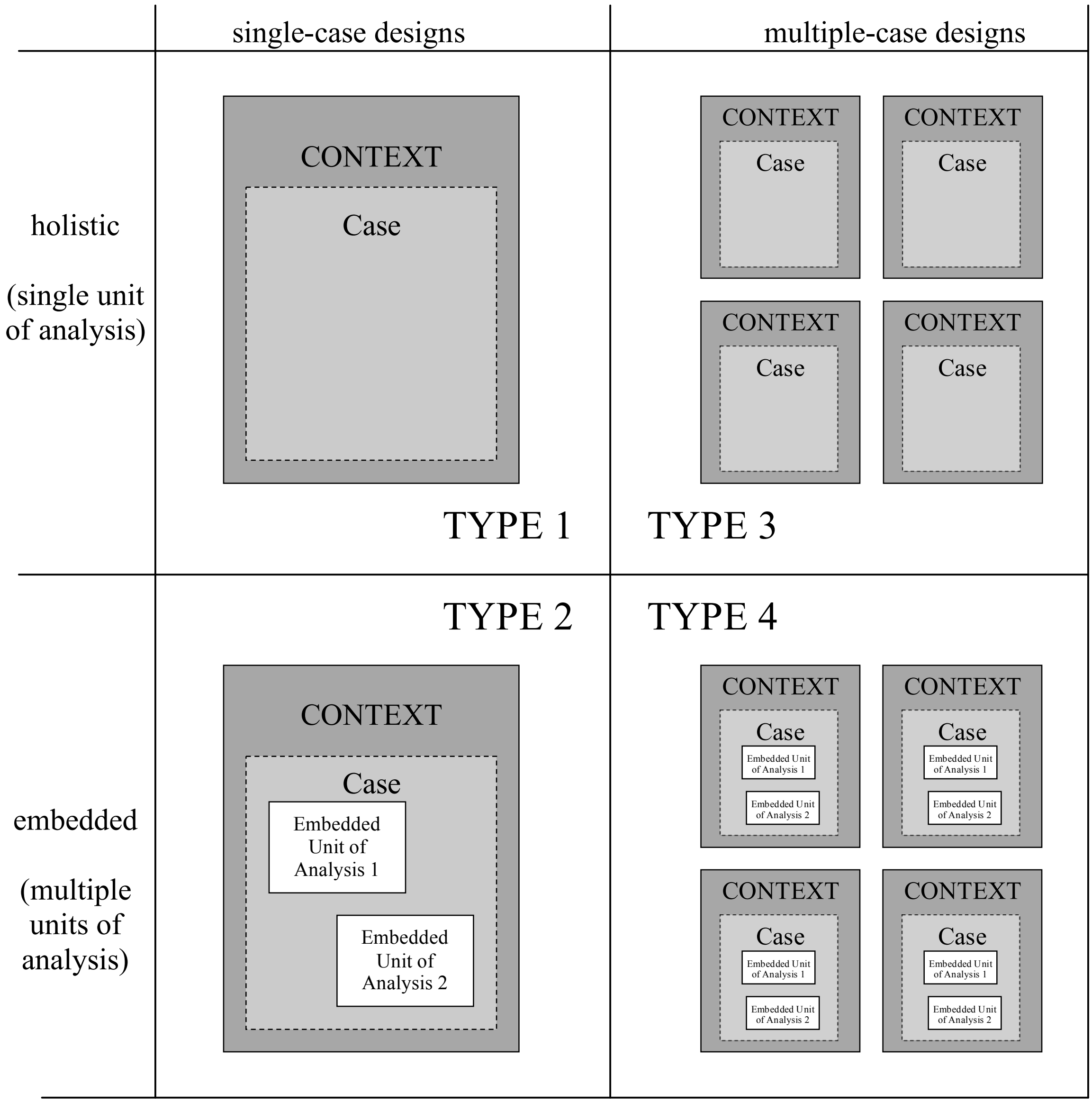


Figure 6: Basic Types Of Designs For Case Studies (Yin, 2003; p.40)

In his book; 'Case Study Research, Design and Methods' Yin (2003, p.50) has an illustration showing a proposed case study research methodology for multiple-case design (Figure 7). Accordingly, the process starts with the development of a rich framework that results in theory development followed by case selection and the definition of specific measures. Then each individual case is treated as a 'whole' study and individual case reports are written accordingly. Each report should specify how and why a particular proposition has occurred or not. After redesigning the case if an important discover occurs during feedback (shown by the dashed lines) the next step is the analysis and conclusion through drawing cross-case comparisons, modifying theory if necessary, and developing policy implications if possible.

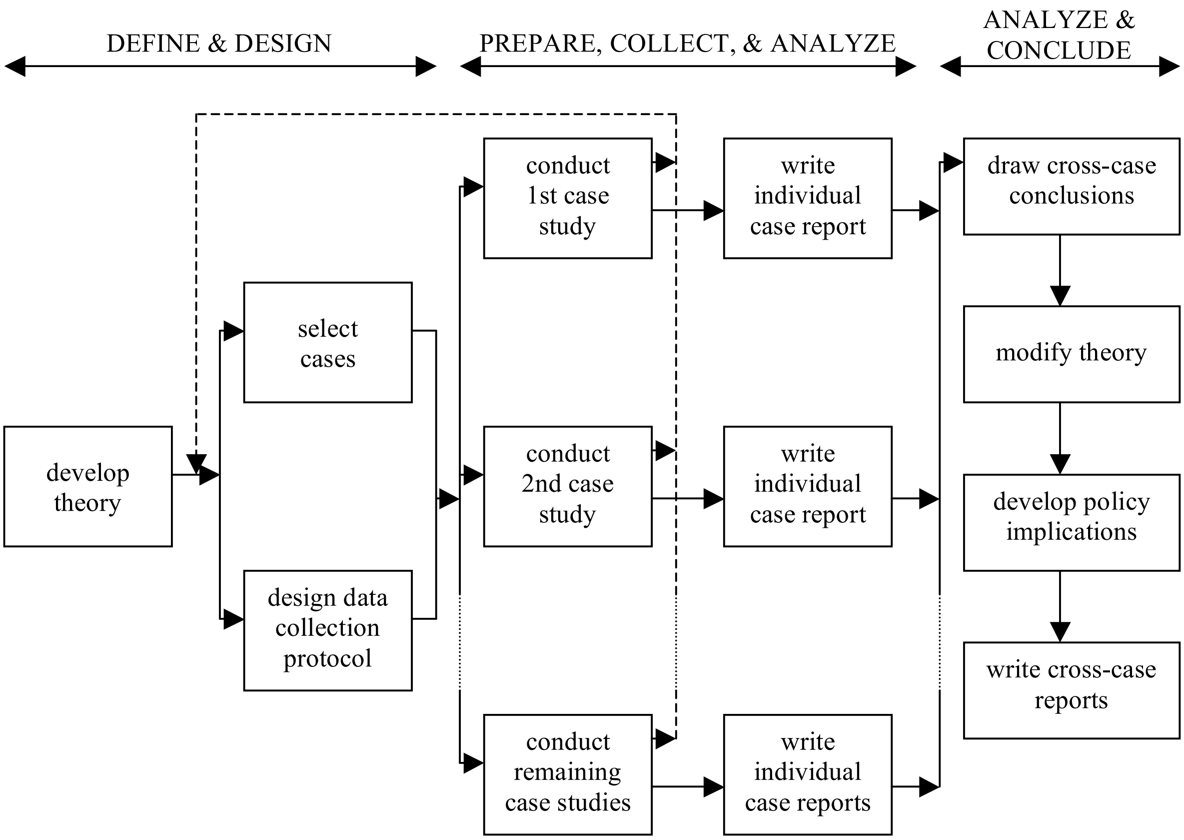


Figure 7: Case Study Method proposed by Yin (2003; p.50)

Although there is an ongoing debate between quantitative versus qualitative research methodologies, the proposed study makes use of the advantages of both. Rather than arguing for the incompatibility or superiority of one methodological approach over another, the proposed study employed a variety of research methods appropriate to the stage of research and primary research question under consideration. According to Murphy et al. (1998; p.6), It is more profitable to recognize the complementarity's of quantitative and qualitative methods, acknowledging the particular strengths of the latter in terms of their capacity for studying socially meaningful behavior, holistically, in context and with due attention to the dynamic, procedural nature of social events and interactions.

Research Methodology Plan

The research methodology of this study is based on the case study method proposed by Yin (2003). However, its structure was modified to incorporate the quantitative part of the study (see Figure 8). Based on this plan the study started with building a rich theoretical framework through a detailed review of the literature.

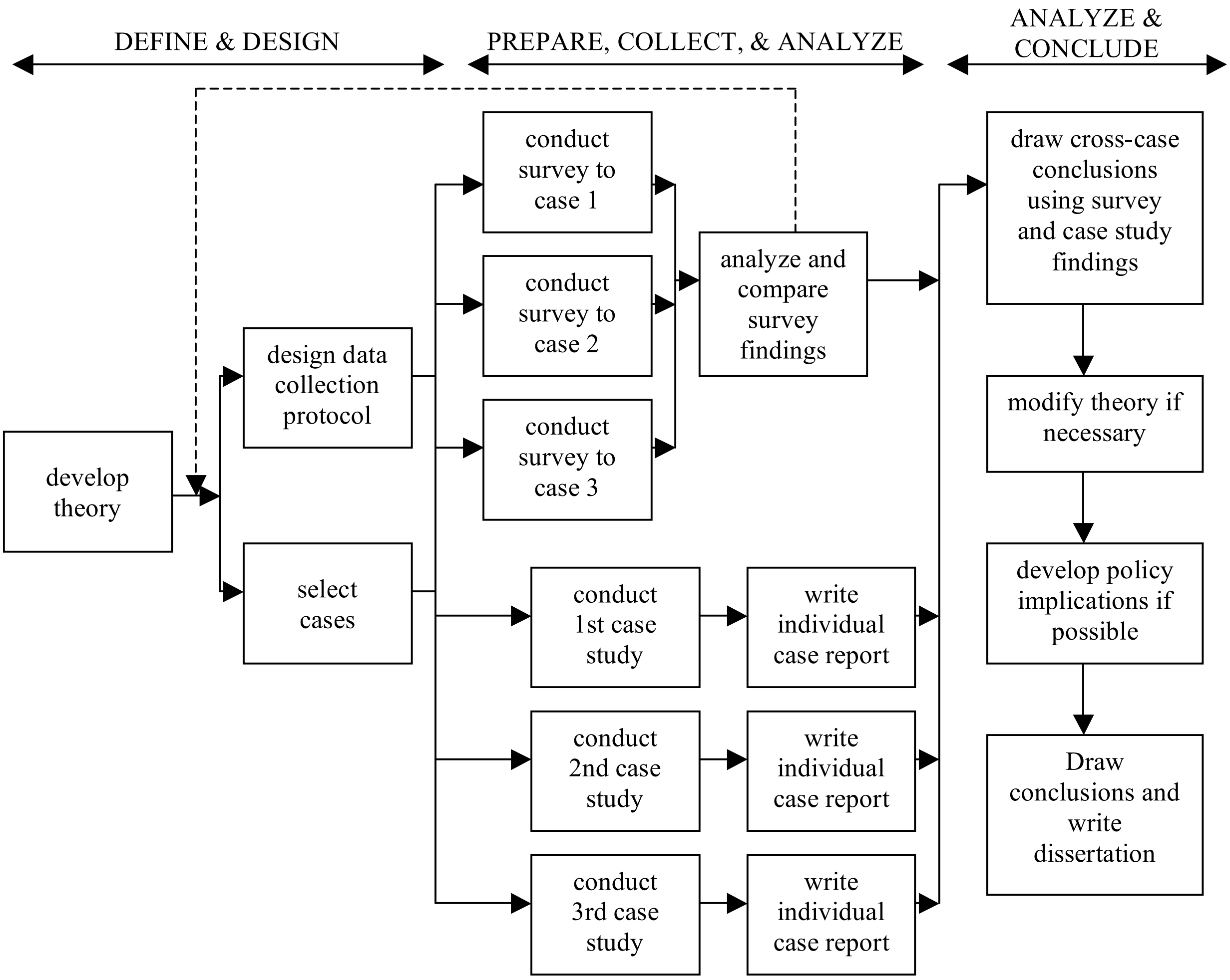


Figure 8: Research Methodology Plan of the Proposed Study (modified from Yin, 2003)

Selection Of Cases

Three criteria were essential in choosing a research site for this dissertation. They were;

1. The organization had to have undergone a merger;
2. At least one year had to pass since the M&A agreement so that the organization could have had integration experience on merging the cultures, systems, and processes of the new system;
3. At least one side of the integrating companies had to be a multinational company. This criterion was chosen to ensure that the integration process was a major one and their well-organized structures would hopefully lead to easier access for data collection.

A cover letter explaining the study was prepared in English and Turkish (see Appendix A.1. & Appendix A.2.), and sent to all the companies identified that met the given criteria. An e-survey (internet survey) consisting of fifty-six questions were applied to the middle and upper level managers of the companies that agreed to cooperate. Middle and upper level managers were chosen as respondents as they are the ones that best represent the values, beliefs of any organization that is composed of many subcultures. Another reason for this choice was that, these were most likely involved more in the M&A decision and integration than the others. As a result fifty-seven e-surveys were collected from respondents of seven companies that have undergone an M&A process. However, after reviewing these seven companies in terms of the likelihood of getting into an extensive study, three of them were chosen to conduct the case study. The number of cases were limited to three as we employed 'replication', not 'sampling' logic. Based on this phenomenon, the purpose of the research is to develop the theory, not to test it, so theoretical (not random or stratified) sampling was appropriate, and the number of cases was not relevant. The three companies were chosen because they were unusually revelatory, extreme exemplars, or opportunities for unusual research access (Yin, 2003). These were; 'Shell-Turcas' from energy sector, 'HP-Compaq' from information technologies sector, and 'Cadbury-Kent' from the confectionary sector.

Survey Design

E-survey was chosen as a quantitative research tool for a couple of reasons (www.b2binternational.com, 2008);

- Reduced costs (no face-to-face interviewers, no telephone charges, no paper, no printing, no postage and no data entry),
- No interviewer bias,
- Increased accuracy (no transcription errors),
- Reduced time (survey responses arrive as soon as they are completed).
- Increased flexibility (e-surveys enhance design flexibility by permitting questionnaire changes if needed)

In the beginning of the e-survey, respondents were asked to choose between English and Turkish versions of the survey; followed by a introductory page giving basic information about the research; three pages of questionnaire items; and a closing page confirming that the survey ended and the answers were transmitted to the database. The e-survey was made accessible trough a customized link for each respondent, so that respondents answers could be monitored, and any multiple or missing responses from a single respondent could be taken care of. The e-survey can be accessed from the link below, and the written form of the questionnaire can be found at Appendix B.1. (English version) and Appendix B.2. (Turkish version).

http://www.isletme.boun.edu.tr/anket/index.php?id=62925 (accessible by May, 2008)

The first page of the e-survey questionnaire (question 1-25) was composed of twenty-five, likert-type agreement scale (six points) questions, and similarly the second page (question 26-37) was made up of twelve, six-point interval scale questions. The final questionnaire page (question 38-56) comprised of a mixture of nominal, ordinal, interval, and ratio scale questions. The numbers of the questions measuring the identified constructs of the conceptual model, and their respective references can be seen in the Table 4 below.

Table 4: Designated Questions Of The Conceptual Model And Their References

CONSTRUCT	QUESTION #	REFERENCES
Cultural Fit	'36' [a, b, c, d, e, f]	Frankema, 2001
Cultural Potential	'37' [a ,b ,c , d]	Frankema, 2001
Leadership And Management Style	'21'	Liao, 2004; Birkinshaw et al., 2000
	'35' [a, b, c ,d ,e]	Datta, 1991
Employee Resistance	'1', '2'	Larsson & Finkelstein, 1999
Job Satisfaction	'4'	Price, 1997
Voluntary/Involuntary Turnover	'3'	Larsson & Finkelstein, 1999
	'42', '43', '44'	Birkinshaw et al., 2000
Organizational Commitment	'5', '6', '7', '8'	Price, 1997
Level of Operating Autonomy	'11'	Birkinshaw et al., 2000
	'12'	Larsson & Lubatkin, 2001
Organizational Communication	'9', '10'	Birkinshaw et al., 2000
Extent of Integration	'26', '27'	Larsson & Finkelstein, 1999
	'28' [a, b, c, d, e, f, g, h, i, j]	Datta, 1991; Homburg & Bucerius, 2005
Integrating Mechanisms Used	'41' [a, b, c, d, e, f]	Birkinshaw et al., 2000
Similarities	'13', '14', '15', '16'	Homburg & Bucerius, 2005
	'18', '19'	Larsson & Finkelstein, 1999
Complementarities	'17', '20'	Larsson & Finkelstein, 1999
Strategic Motivation	'22' [a, b, c, d, e, f, g]	Mukherjee et al., 2004; Souder & Chakrabarti, 1984
	'23', '24', '25'	Zhang, 1998; Fernandez & Baixauli, 2003
Relative Size	'48'	Larsson & Finkelstein, 1999; Homburg & Bucerius, 2005
Magnitude of cost savings	'29' [a, b, c, d, e, f, g]	Homburg & Bucerius, 2005
Market related performance	'30', '31'	Homburg & Bucerius, 2005
Financial performance	'32' [a, b, c, d, e]	Homburg & Bucerius, 2005
Achieved acculturation	'34'	Larsson & Lubatkin, 2001
Synergy Creation	'33' [a, b, c, d]	Homburg & Bucerius, 2005

Case Study Design

The qualitative part of the research is a multiple-case study involving three multinational firms. Multiple-cases enable a replication logic in which cases are treated as a series of experiments, each serving to confirm or disconfirm assumptions drawn from the others and their results are typically more compelling and better grounded than those of single-case studies, making multiple-case designs to be considered more robust (Eisenhardt, 1989). The research also uses more than one unit of analysis (i.e., embedded design). The 'individual' is the unit of analysis in terms of employee attitudes, where as it is the 'company' in terms of the remaining dimensions (i.e. acculturation; organizational fit; strategic fit; relative size; perceived post M&A success), leading to 'Type 4 case' identified by Yin (2003) (see Figure 6). Although an embedded design is complex, it allows generation of richer, more reliable models (Yin, 2003).

Eisenhardt (1989) asserts that the combination of qualitative and quantitative date can be highly synergistic. Accordingly, quantitative evidence can help the researcher stay in track rather than being carried away by vivid, but false impressions and it can strengthen findings when it corroborates those findings from qualitative evidence. For that reason the survey findings were used with two motives in our study; in the analyzing stage for cross-case pattern search, and in the design stage to help case selection and data collection protocol through initial feedback from the companies examined (represented with the dotted line in the Figure 8).

The main data collection method selected for the qualitative part of the study was semi-structured interviews. Taken into consideration the time and resource limitations, it was decided to interview two respondents from each company. Given the large number employees in the organizations studied, identifying the right candidate that would allow the researcher to get an deeper understanding of the broader organizational context that the decision for M&A was made and applied was a major challenge. So in the data collection protocol it was decided for the first respondent to be a senior executive (either the CEO or one of the Board Members) in order to retrieve extensive information about the rationale of the M&A decision. To confirm the senior executives inferences, and to get information from lower levels of organization where the actual integration takes place, the second respondent was planned to be a middle-level manager. As an exception for the Cadbury-Kent case, which involved a family owned business, a third respondent – a member of the 'Tahincioğlu Family' – was interviewed. To get more accurate data, confidentiality was granted, and the identity of these respondents are not revealed in this study. The respondents are therefore referred to as 'senior executive', 'middle-level manager', and 'family member' throughout the study.

Interviews utilized a semi-structured methodology designed to focus the interviewee's attention on issues of the study. This approach to interviewing – as opposed to a more formal, standardized style – allowed flexibility for the researcher to identify new ideas or areas of research that may not have been anticipated at the outset of the research. This was particularly important given that primary purpose of this research was to assess the validity of proposed theoretical framework, which necessitated careful consideration to clarify respondent's meanings rather than imposing that of the researchers. The interviews began with background information, followed by asking the informant to relate an open-ended chronological history of the company with respect to the M&A. The interview questions were derived directly from the proposed research questions, and each interview took between sixty minutes to two-and-a-half hours. A digital voice recorder was used to document the interviews and the recordings were later transcribed. The transcriptions of the seven interviews totaled 345 double-spaced pages. Follow-up questions via phone or e-mail were performed when clarification was required.

After conducting the seven interviews planned in the data collection protocol, a common candidate for a deeper understanding of the context of M&A was realized. This was the 'Turkish Competition Authority' ('Rekabet Kurumu') since the Turkish competition law (The act on the protection of competition; Act no, 4054, published in Official Gazette, 13/12/1994) dictated;

> The purpose of this Act is to prevent agreements, decisions and practices preventing, distorting or restricting competition in markets for goods and services, and the abuse of dominance by the undertakings dominant in the market, and to ensure the protection of competition by performing the necessary regulations and supervisions to this end. Agreements, decisions and practices which prevent, distort or restrict competition between any undertakings operating in or affecting markets for goods and services within the boundaries of the Republic of Turkey, and the abuse of dominance by the undertakings dominant in the market, and any kind of legal transactions and behavior having the nature of mergers and acquisitions which shall decrease competition to a significant extent, and transactions related to the measures, establishments, regulations and supervisions aimed at the protection of competition fall under this Act.

Based on this act, all three companies investigated in this study were subject to the inspection of the Turkish Competition Authority (TCA). To enrich the data collection by obtaining the official statements of the M&A processes, the TCA was contacted and their executives welcomed our academic research. Meetings were conducted in Ankara, with the three reporters who prepared the commentary for the TCA's decision on the M&A of the three firms. Besides providing a deeper understanding to the processes investigated, these meetings represented a huge improvement in terms of the cross case analysis, as the reports of investigation of the TCA were structured and well suited for comparison purposes.

In addition to the meetings, ‘observation’ was employed as the interviews were conducted in the firms, giving the researcher the opportunity to examine the organization in place. Organizational charts, annual reports, and other type of archival data were collected on site as well as through Internet search. In the Cadbury-Kent case, a separate meeting with its public relations office; ‘IDEA Halkla İlişkiler’ (www.idea-pr.com) was conducted; facilitating the investigator on rich archival data such as newspaper clippings, and public announcements of the company.

A chorological illustration of the research history can be seen in the Figure 9 below.

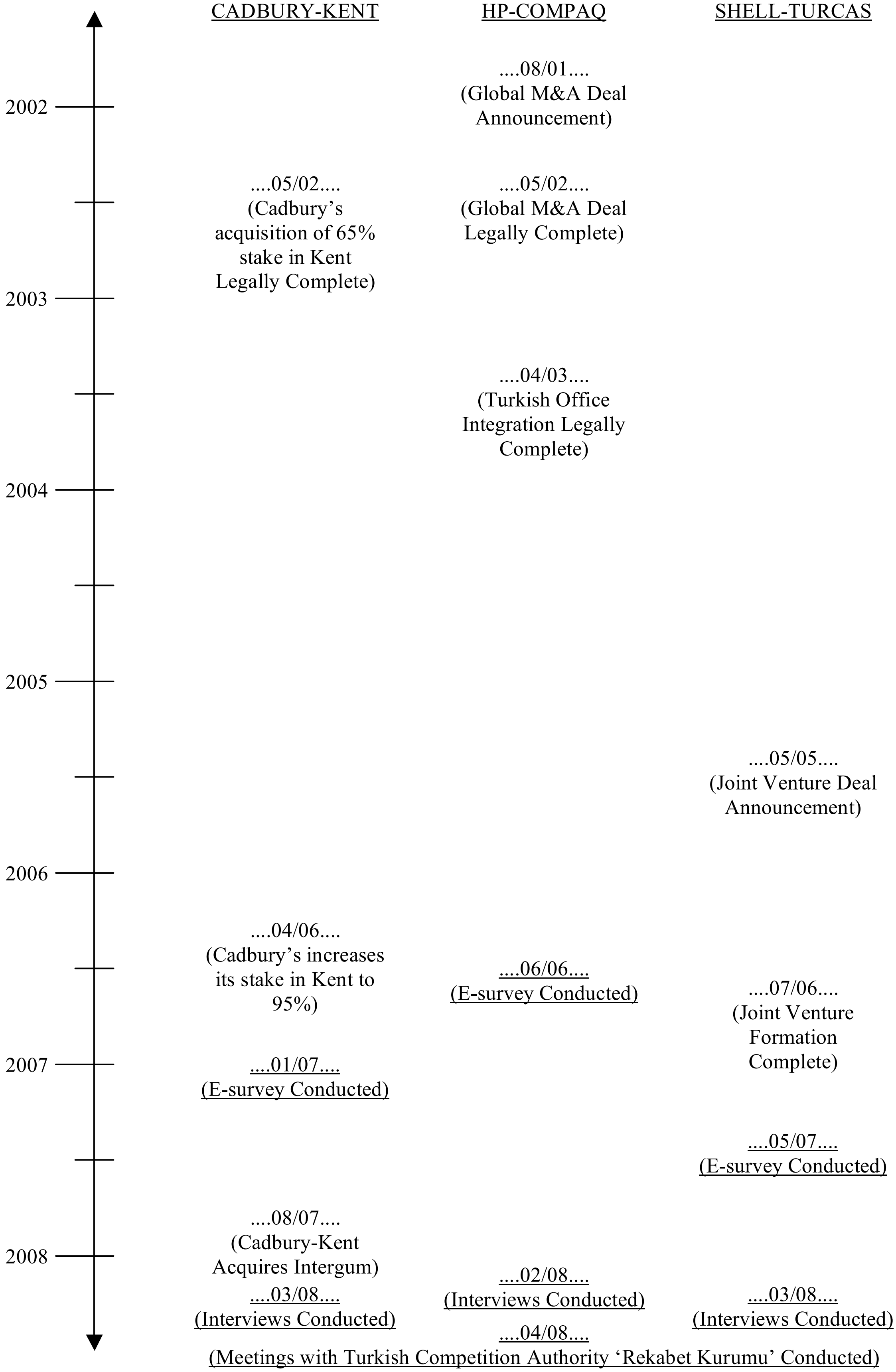


Figure 9: Chronological History Of M&As Studied And Stages Of The Research.

CHAPTER 4: FINDINGS OF THE STUDY

The purpose of this study is to get a better understanding of the dynamics of post-M&A integration. This process was carried out under the roadmap (Figure 8) presented in the previous chapter. After the e-survey was conducted the results from the companies were used as a feedback to aid case selection and data collection. After the determination of the three cases of M&A, interviews were conducted with senior and middle level managers of the selected firms. To deepen the data collection another set of meetings were carried out with the respective researchers of the Turkish Competition Authority that investigated the M&A process of the chosen organizations. These interviews were recorded, transcribed and with the addition of other sources of evidence such as archival records, news articles, annual reports, field observation etc. the data was triangulated into case reports as planned. However, as assurances were made to the interviewees that their identities would be concealed, they were referred to as ‘senior executive’ or ‘middle level manager’ of the firms. For the Cadbury-Kent case the family member interviewed is referred to as ‘Tahincioğlu family member’.

This chapter presents the findings of the study. After representing the case study reports mentioned above, it concludes by representing the survey findings and drawing cross-case conclusions by comparing them with the case study implications.

Hewlett-Packard-Compaq Merger Case Report

A merger as big and daring as Hewlett-Packard's $19 billion acquisition of Compaq Computer in 2002 had never taken place before in the information technology (IT) industry (Burgelman & Meza, 2004). The idea of the merger was developed when Carly Fiorina, president and CEO of Hewlett-Packard (HP), attending an industry seminar in late 2000, was approached by Michael Capellas, CEO of Compaq, to discuss the possibility of merging the two companies.

The merger between HP and Compaq was complicated. Historically, mergers within the IT industry had proven difficult, and both HP and Compaq had less than perfect track records with their prior acquisitions. The proposed deal brought together two companies that had often battled one another fiercely in the personal computer (PC) and technology services businesses and that had very different cultures. While HP prided itself on its analytical and participative management style, Compaq was noted for being entrepreneurial and aggressive.

Despite the complexities, the board of directors of HP decided the deal made sense, and negotiations with Compaq began. Fiorina led these negotiations, and the board never met to discuss the issue without her present. The merger of HP and Compaq was publicly announced in early September 2001.

Background On HP

HP was founded in 1939 by two Stanford University classmates, Bill Hewlett and David Packard in a garage in Palo Alto, California. The company's first product was an audio oscillator – an electronic test instrument used by sound engineers. One of HP's first customers was Walt Disney Studios, which purchased eight oscillators to develop and test an innovative sound system for the movie Fantasia. The revenue for their first year was $5369, which later turned out to be one of the most successful companies of the century. Their growth can be seen from the table below

Table 5: HP Growth Over The Years

Years	Revenue ($)	Employees
1939	5,369	2
1949	2,200,000	166
1959	48,000,000	2,378
1969	326,000,000	15,840
1979	2,400,000,000	52,030
1989	11,900,000,000	95,000
1999	42,000,000,000	84,400
2000	48,000,000,000	85,500

(Compiled from; www.hp.com)

Throughout its history, HP was renowned for its unique management style. In 1957, HP went public and issued shares. At the same year, in the company's first off-site meeting of senior managers, the company defined its goals and values. The objectives covered seven points: profit, customers, field of interest, growth, our people, management and citizenship. These management philosophies, radically different from the top-down management style of many companies – which included a down-to-earth management style and genuine concern for employees – served as the backbone of HP's culture, which came to be known as the 'HP Way.'

Table 6: HP's Corporate Objectives: The 'HP Way' (Packard, 1996)

Profit:	To recognize that profit is the best single measure of our contribution to society and the ultimate source of our corporate strength. We should attempt to achieve the maximum possible profit consistent with our other objectives.
Customers:	To strive for continual improvement in the quality, usefulness, and value of the products and services we offer our customers.
Fields of Interest:	To concentrate our efforts, continually seeking new opportunities for growth but limiting our involvement to fields in which we have capability and can make a contribution.
Growth:	To emphasize growth as a measure of strength and a requirement for survival.
Our People:	To provide employment opportunities for HP people that include the opportunity to share in the company's success, which they help make possible. To provide for them job security based on performance, and to provide the opportunity for personal satisfaction that comes from a sense of accomplishment in their work.
Organization:	To maintain an organizational environment that fosters individual motivation, initiative and creativity, and a wide latitude of freedom in working toward established objectives and goals.
Citizenship:	To meet the obligations of good citizenship by making contributions to the community and to the institutions in our society which generate the environment in which we operate.

The founders led the company till 1978, when John A. Young, a veteran HP engineer was named CEO. In 1992, he was succeeded by Lewis Platt, another HP veteran engineer who was promoted within the company. Platt retired in 1999, giving way to Carly Fiorina from Lucent technologies to be the next CEO of HP.

At 45 years of age, Carleton S. (Carly) Fiorina was the first outsider to take control of HP. She served as the CEO from 1999 to 2005, and chairman of the board from 2000 to 2005. Prior to joining HP, Fiorina spent nearly 20 years at AT&T and Lucent Technologies, where she held a number of senior leadership positions and directed Lucent's initial public offering and subsequent spin-off from AT&T. During her five-and-half years as president and CEO, she took dramatic steps to reinvent HP, which included a 2002 deal to acquire Compaq. While the merger went smoothly, it caused the largest proxy fight in the corporate history, and it did not solve many of HP's strategic challenges. Fiorina stepped down in February 2005, and was succeeded by Mark Hurd in March 2005.

By the late 1990s, revenue growth had slowed and the company faced pressure to increase profitability. HP was up against stiff competition from Dell, Compaq, Sun, and IBM, and had been slow to develop an Internet strategy. As a star saleswoman at Lucent, Fiorina was brought in to find new sources of revenue growth and renew the company.

Upon taking charge, Fiorina quickly made a number of changes. She reorganized the company's 83 business units into 17 units under 4 divisions. She merged the company's multiple product logos and brand names, and designed an ad campaign around 'reinventing' HP. She also began an effort to change the company's culture by creating 'The Rules of the Garage,' a more concise and updated version of the 'HP Way' that sought to revive the company's legacy and tap back into its spirit of innovation, teamwork, and trust. She added 360-degree feedback to the company's performance review process and tied compensation to customer approval ratings and employee surveys. Fiorina also led the company's first major round of layoffs, eliminating 6,000 positions during 2001.

Fiorina's critics argued that her actions were a threat to HP's culture. Nonetheless, many HP employees were comfortable with Fiorina's leadership. Along with these changes, HP posted four quarters of improving top-line performance in 2000 and achieved 15% revenue growth. With revenues of $48.8 billion, HP was the second biggest company in the IT sector, behind IBM ($88.3 billion), and ahead of Compaq ($42.4 billion). While meeting its revenue growth target, HP missed its earnings target, delivering just 6% growth in net earnings. Consequently, HP's share price declined 31% for the year (Hout & Ho, 2006).

In 2001, HP was faced with the dramatic slowdown in business and consumer spending that marked the 2001 U.S. recession. While the company assured Wall Street that it would make its first quarter expectations, results were 25% below the Wall Street's numbers. The shortfall of earnings caused a 14% decline in HP's stock price and shed doubt over Fiorina's credibility. Fiorina responded with a improved effort to improve HP's cost structure. She asked 80,000 HP employees to take a pay cut and laid off remaining 8,000 workers (Palepu & Barnett, 2004).

Despite management's efforts, HP's 2001 net earnings declined to 89% with an 8% decline in revenue. Revenue from the Printing and Computer divisions declined due to both a decrease in sales unit volume and pervasive price competition. As a result, earnings from HP's Printing and Services divisions helped offset the Computer division's $450 million loss. In May 2001, Fiorina hired McKinsey & Company to shape up HP's strategic direction in an increasingly competitive market.

The consultants reviewed a variety of options for HP. Based on the consultants' recommendations, Fiorina approached Michael Capellas, Compaq's chairman and CEO, about a licensing deal.

Background On Compaq

Three former Texas Instruments executives who wanted to create a portable personal computer that would be compatible with IBM software started Compaq in Houston, Texas in 1982. Within two years it had reached over $100 million in sales. Throughout the decade, Compaq experienced an exceptional growth. In 1986, the firm was the youngest company ever to be named to the Fortune 500 and by the mid-1990s was the largest competitor in the PC industry.

In 1991, Eckhard Pfeiffer replaced founder Rod Canion as president and CEO. Pfeiffer's vision was for Compaq to become one of the world's largest computer companies by 2003. The last half of the 1990s, however, saw a rapid decline at Compaq. The company was particularly hard hit by the emergence of Dell with its lower cost structure based on Internet sales. With its low-cost, efficiency strategy, Dell drove down PC prices, which resulted in reduced operating margins throughout the industry.

Due to the pressure by Dell and faced with a saturated market for personal computers, Pfeiffer decided to diversify and began shifting the company's focus toward high-performance products and enterprise solutions. Compaq acquired Tandem in 1997, primarily as an entry into the high-end systems market. Tandem's mainframe computers were commonly used in large corporations and admired for their reliability.

In 1998, Compaq acquired the struggling Digital Equipment Corporation in what at the time was the largest acquisition ever in the IT industry ($9.6 billion). The acquisition brought to Compaq one of the largest customer service organizations in IT (with approximately 23,000 service professionals). Compaq believed that the deal would better enable it to compete with IBM. Unfortunately, Compaq was unable to successfully integrate the cultures and the product lines and it continued to lose ground to its industry rivals. Compaq's high volume, mass-market PC focus and its cultural emphasis on speed and agility clashed with the structure and culture of both Tandem and Digital. Tandem was significantly smaller with a higher-end, vertically oriented, enterprise marketing approach. Digital, on the other hand, had a much broader product range and although heavy on engineering talent, was weak on marketing. Employees from both Tandem and Digital felt that a much younger and aggressive competitor had absorbed them.

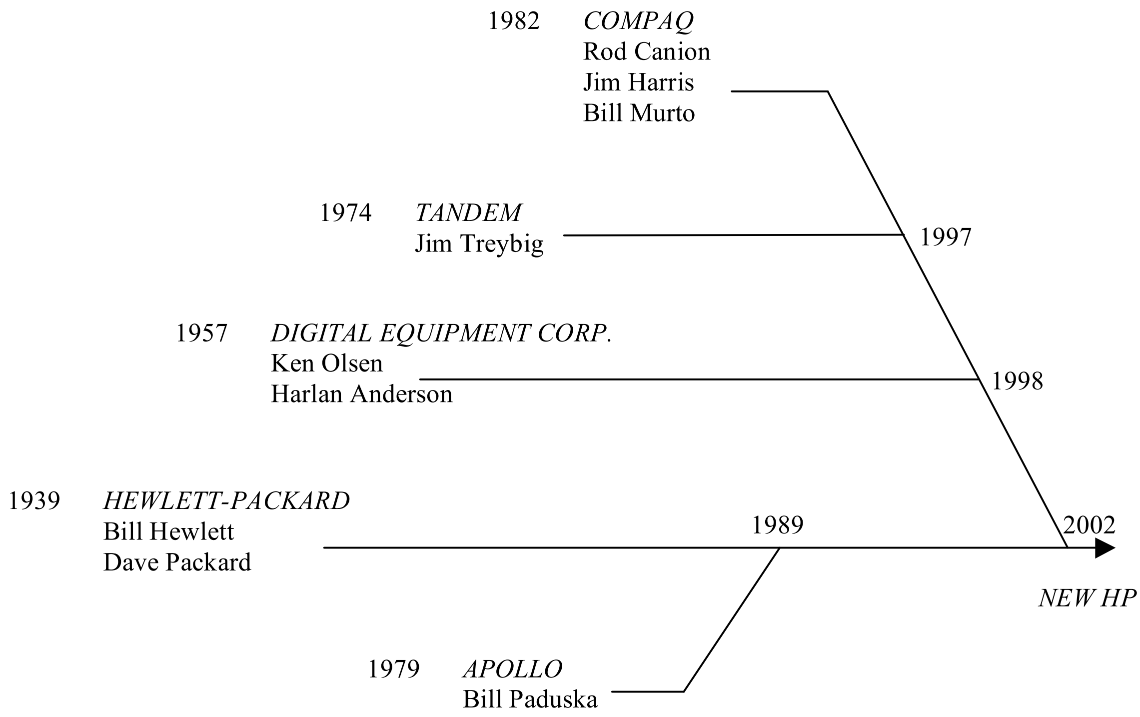


Figure 10: The New HP Roots (Aydın, 2004)

In 1999, the board asked Pfeiffer to step down and promoted Michael Capellas, who had joined Compaq in 1998 as its chief information officer, to president and CEO. Capellas quickly sought to re-energize the company and increase profits. He replaced the executive team, reorganized the work force - mixing Tandem, Digital, and Compaq employees - and worked to develop a new distribution plan and improve employee morale. However, competition in the computer industry remained intense and growth opportunities were limited. When Fiorina approached Capellas about a licensing deal, he suggested a broader relationship between HP and Compaq.

The Merger

Before the merger, IBM dominated full-service computing; Dell was best known for its low-cost, direct-to-customer PC strategy; and a number of smaller players were in the market. The merger between HP and Compaq was expected to strengthen the combined company's market share in business PCs, printing, and Internet devices. By combining server and storage lines, the new HP would gain the range of products and technologies necessary to compete against both infrastructure suppliers (like IBM and Sun) and leaders in servers and storage (like Dell and EMC). A consolidated company would also be better positioned to negotiate terms with suppliers and partners, like Microsoft. And, the transaction was expected to result in \$2.5 billion of cost savings, largely through the elimination of 15,000 positions from the combined workforces. The table below lists the financial situation of the two companies in 2001, and the proposed savings (Barklin, 2002).

Table 7: Financial Position and Expected Savings, 2001 (Barklin, 2002)

HP Business Divisions, Fiscal Year 2001			
		Net Revenue ($ million)	EBIT ($ million)
	Imaging and Printing	19,447	1,987
	Computing	17,771	(450)
	Services	7,559	342
	Other	1,010	(321)
	Total	45,827	1,558

Compaq Business Divisions, Fiscal Year 2001			
		Net Revenue ($ million)	EBIT ($ million)
	PC's	15,193	(587)
	Enterprise Systems	10,699	163
	Services	7,789	1.062
	Other	(127)	1
	Total	33,554	639

Expected Cost Savings		
	Administrative and IT Costs	$ 625 million
	Cost of Goods Sold	$ 600 million
	Sales Management	$ 475 million
	R&D	$ 425 million
	Indirect Purchasing	$ 250 million
	Marketing	$ 125 million
	Total	$ 2,500 million

On September 3, 2001 the boards of HP and Compaq gathered separately to consider the terms of a proposed merger agreement that had been negotiated by their respective management teams. Backed by the strategic analyses of McKinsey and Accenture, advisors from Goldman and Salomon presented their financial analyses, each concluding that the exchange ratio provided for in the merger agreement, - that HP would acquire all of the outstanding stock of Compaq in exchange for 0.6325 shares of HP common stock for each outstanding share of Compaq stock - was, at the time of the meeting, fair to HP and Compaq shareholders. Based in part on this finding, both boards voted unanimously to approve the merger agreement and resolved to recommend that their shareholders vote for the merger. Indeed, the merger decision relied on majority shareholder approval on the part of both companies. That night, the boards executed the merger agreement and issued a joint press release announcing their decision (Palepu & Barnett, 2004).

When the HP-Compaq deal was first announced, HP’s stock dropped 18% and Compaq’s 10%. Industry observers noted the failure of past technology mergers, as well as the apparent absence of a compelling economic rationale (e.g., acquisition of complementary businesses or new technologies).

The Proxy Fight

Winning shareholder approval for the merger proved to be a tough fight for Fiorina and her senior executive team. Compaq’s shareholders were willing enough to swap their stock for HP shares, but HP’s shareholders proved harder to convince. Within the HP family, opposition to the deal was fierce. Walter Hewlett, son of HP’s co-founder, soon heard concerns about the deal from friends, employees, and colleagues as well as his childhood friend, David Woodley Packard, son of the other co-founder. The more Hewlett considered it, the less he liked the acquisition. Many Wall Street analysts also had come out against the deal. With the board insisting on proceeding despite the hesitations of outsiders, Hewlett publicly announced that he and other Hewlett interests who owned 5.2% of HP’s stock would vote against the merger. After the board refused to call off the merger, Hewlett filed a proxy challenge to the deal with the Securities and Exchange Commission (SEC). The proxy questioned the company's financial projections and spelled out Hewlett's belief that the acquisition would endanger HP.

Fiorina led HP in the proxy fight against Hewlett. She and her team portrayed Hewlett as out of touch with the economic and competitive realities faced by the firm and identified the potential benefits from a Merger with Compaq in a proxy statement provided to shareholders in 2001 (Palepu & Barnett, 2004). These benefits were;

- The merger could help to achieve economies of scale and generate cost savings. A consolidated company would be better positioned to negotiate terms with suppliers. HP could also leverage Compaq's progress in developing direct sales capabilities to compete effectively with Dell.
- By combining Compaq's competencies in industry standard servers with HP's Linux and Unix offerings, the consolidated company could have an industry-leading product line in servers. In addition, Compaq dominated the overall storage market. Adding HP's capabilities in high-end storage, the consolidated company could become the market leader in both the enterprise storage segment and the storage area network segment.
- The combined company could have a stronger services business. It would have 65,000 IT staff operating in 160 countries. The merger also proposed a extensive customer base. The combined support business could produce a stable stream of cash flow.
- The merger was expected to generate cost synergies of about \$2.0 billion in 2003, the first full year of operations. Fully realized annual cost savings were projected to reach \$ 2.5 billion by mid-2004.

On the Hewlett's side, they were against the merger for the following reasons (Palepu & Barnett, 2004).

- *Resulting business portfolio is worse than existing HP portfolio:* Although the merger could increase HP's market share to about 70% in the low-end PC business, neither HP nor Compaq had a strong PC business model. Furthermore, neither company had successfully developed capabilities in direct distribution to match Dell. Also, the PC market was expected to grow at less than half the rate of the imaging and printing market in the next several years. This meant that the merger could dilute HP's shareholders interest in the profitable imaging and printing business and increase their exposure to an unprofitable PC business.
- *Acquisition will not solve HP's strategic problems:* The market position remains weak in key attractive sub-segments as high-end servers, and high-end services. Combined entity remains 'stuck in the middle' in servers – behind Dell in the low end, and Sun and IBM in the high end. Services will remain heavily weighted to lower margin support, not outsourcing and consulting.
- *Integration risk is substantial:* No significant IT merger involving a computer company had ever met expectations. Therefore the integration risk of the merger could be substantial, especially when done in such difficult economy. Moreover, even if the proposed $2.5 billion cost synergies were achieved, it was likely that merger-related revenue losses would offset or exceed them. Analysts estimated revenue losses could be as high as 15% in 2002, and 17% in 2003. These estimates were

significantly greater than HP's forecast of 5%. Also, the market reaction to the merger announcement made it clear that the shareholders were dissatisfied with the merger proposal. The HP stock price declined after the proposed merger was announced, and increased when the Hewlett and Packard families made their opposition known.

- *Financial impact on HP stockholders is unattractive:* On the announced terms of the merger, HP's shareholders would own 64.4% of the combined company and HP would contribute 66.5% of the combined company's net income in 2002. But based on estimates of the market, HP was expected to contribute 87.1% and 76.7% of the combined earnings in calendar years 2002, and 2003 respectively. William Hewlett was concerned that HP's owners were getting too little of the combined company relative to HP's contribution to the earnings

Despite the opposition from Walter Hewlett and other senior management, HP's owners narrowly approved the merger in March 2002. The official votes showed that Fiorina's team victory was by less than 3%. In the same month US Federal Trade Commission cleared the proposed HP-Compaq Merger. Commission of the European Communities had already approved the merger in late January 2002.

The merger legally closed on May 3, 2002, and three days later HP and Compaq officially launched as one company. After this bruising proxy battle Fiorina not only faced the challenge of combining two technology giants, but also the challenge of rebuilding a battered organization. She had made lots of rivals in the company, and pleasing results were required fast. Fiorina became the companies chairman and CEO, while Capellas became the new HP's president and chief operating officer.

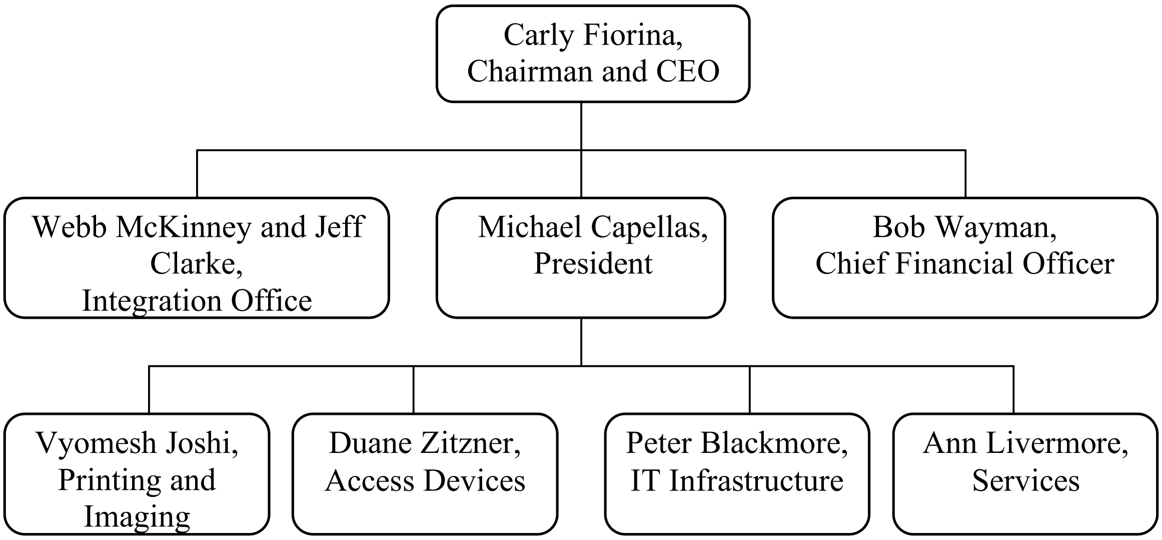


Figure 11: Leadership of the Combined Company (as of May, 2002) (Hoopes, 2004)

The Integration Planning And Implementation

In August of 2001 Fiorina and Capellas had appointed Webb McKinney of HP and Jeff Clarke of Compaq to run the merger integration team, one month before the merger between HP and Compaq was first announced. McKinney was a 33-year veteran of HP, in charge worldwide sales and marketing and Clarke was Compaq's chief financial officer at the time. Together, McKinney and Clarke had created a small integration office known as the 'clean room' (also referred to as 'program management office' (PMO)) where they could begin planning the details of the merger without violating antitrust laws. Pairs of individuals from pre-merger Compaq and pre-merger HP representing each function and business unit were assigned to the clean room. Most employees in the clean room had been relieved of their former operating responsibilities and were fully dedicated to the integration work. They were promised job security but were not assured of returning to their previous positions upon completion of the integration work (Burgelman & Meza, 2004).

The 'clean room' operated behind locked doors and reported only to a 'steering committee' comprised of senior executives (half from the old HP and half from Compaq): Fiorina, Capellas, McKinney, Clarke, Susan Bowick (HR), Bob Wayman (CFO), and Bob Napier (CIO). The 'steering committee' met for three to four hours a week to discuss the status of the integration planning.

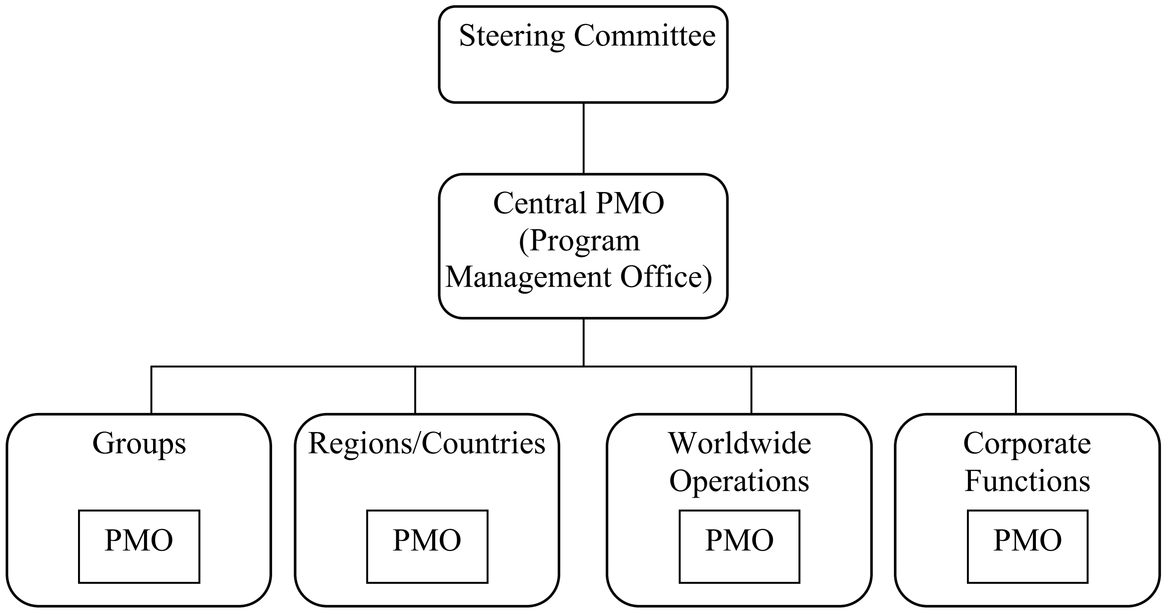


Figure 12: Merger Integration Team Structure (Aydın, 2004)

The central PMO was responsible for developing a master plan to be implemented upon the merger's closure. To manage the decision making processes the member's of the PMO used 'adapt and go' strategy. They would review the sub-systems of the two companies for each category and chose the best method rather than designing a hybrid perfect system. Speed was the main motive behind the integration process. In such a big integration process, spending time on debating on how to move forward was not possible. Also the bruising proxy fight had put pressure on management to get results fast. So the integration planning and implementation was very much top down. Also to ensure that the PMO decisions were implemented, senior managers made it clear that they were irreversible.

Procurement was handled in a similar way. Starting from the top, each level of management would put together their own team, and the lower levels would form their teams afterwards, like a pyramid structure. During that time all 155,000 people in the organization was required to re-write their personal profiles. The central PMO issued a timeline on the exact dates when each level workforce would be assigned. Managers were asked to form evenly balanced teams to realize the synergies of a mixed workforce. The unbalanced divisions of the newly formed HP workforce were referred to as ‘hot spots’ as they turned out to be most prone to having trouble with the integration process. In these groups where majority of staff were from one of the pre-merger firms, old ways of working tended to persist, even when those ways were incompatible with the goals and strategies of the newly combined company.

The Turkish Experience

HP managed its operations in Turkey through ‘Hewlett-Packard Bilgisayar ve Ölçüm Sistemleri A.Ş.’ (HP Turkey), which was founded in 1989 with 100% American capital, and its revenues were 92 trillion TL (146 million USD) in the year

2000. ‘HP Turkey’s CEO was a MIT graduate, IT Guru, Şahin Tulga. Tulga had served as the CEO in both ‘Digital Equipment Turkey A.Ş.’ and ‘Lucent Technologies Turkey Ltd.’, and was appointed as the managing director of HP Turkey in 2001. ‘Compaq Turkey’ had a similar structure; it established ‘Compaq Computer Ticaret A.Ş.’ (Compaq Turkey) in 1996. Compaq however managed its operations in Turkey through two channels; both through Compaq Turkey, and its European division ‘Compaq Computer BDG GmbH’. Compaq was a very successful brand in Turkey, it had increased its revenues from 8 million USD, to 133 million USD (84 trillion TL in year 2000) within three years, under management of its successful CEO, Mehmet Nalbantoğlu.

Turkey’s IT sector had grown substantially over the years. But because of the crisis it faced in the year 2001, the sectors income shrunk 35% from 3,3 billion USD in 2000, to 2,2 billion USD in 2001. Although globally HP was a bigger company than Compaq in terms of both revenues and number of employees, their Turkish divisions were of similar size and revenues. IT market in Turkey consisted of many big and small, local and global players. According to the IDC EMEA market research report published in February 2002, the Turkish market shares of these companies can be seen in Table 37 in the Appendix C. Accordingly, the merger promised improvements in terms of the market share in all the five IT sectors listed.

Both company employees were attending the biggest Turkish annual trade show for information and telecommunications technology; CeBIT Bilişim Eurasia. No one in the Turkish branch of both companies knew about the merger as the negotiations were made under great secrecy to prevent insider trading. Nalbantoğlu, and Tulga called their employees and made them aware of the situation. This caused the staff of both companies to shift their focus from work to the merger. They were concerned about their future in their organizations.

To overcome these concerns, the top management of both companies started making regular meetings within and with the regional directors to discuss the future of the Turkish HP and Compaq branches. They started to become familiar with their future colleagues. To gain speed in the merger, HP had applied for the regulatory authorities approval before the shareholder's consent. 'European Commission' approved the merger in January 31st, 2002. Approval from the 'Turkish Competition Authority' was given in March 19th, 2002. As 'US Federal Trade Commission' and the shareholders cleared the proposed HP-Compaq merger in March 2002, it was time to start the integration process.

The first action taken was to hold a gathering with the 400 staff of the combined companies. The meeting was done in a ballroom Swissotel, Istanbul, in May 2002. A middle level manager described the situation as follows:

> The both groups came together. It was strange; there were two CEO's. First our CEO (Mr. Nalbantoğlu) spoke, than the HP's CEO (Mr. Tulga) followed. People were looking attentively, feeling strange, questioning each other, and trying to understand whether there was someone doing the same job. We were asking each other about business, there was doubt, and insecurity.

Soon after the meeting, Nalbantoğlu decided not to take part in the new HP and left the company. In his farewell message to Compaq employees he wrote (www.unok.com, 2008);

> Compaq Turkey employees are starting to be recruited under the New HP formation, and will continue their careers in this organization. I personally, have decided to set sail to new horizons in my professional career…

One month later in June 2002, the New HP Turkish board of directors (referred to as 'country management team'), senior managers, and the organization chart were complete and announced to the employees. The country management team (i.e. CMT henceforth) consisted of the CEO, Finance Manager, HR Manager, Operation Manager, and three Business Group Managers (Personal Systems Group (PSG), Imaging and Printing Group (IPG), Technology Solutions Group (TSG)). As expected, Tulga was appointed as the CEO of the new HP. The CMT formed the 'clean room' for Turkey. This team would attend global meetings, and get informed from the central PMO. Although management was unified, there was still two of everything; separate balance sheets, separate customers, separate receipt, separate imports, separate business cards. A senior manager commented on the time as; "We were officially two companies, with one team". Seven of the eight members of the CMT split into two groups on paper, four of them formed the Compaq's, and the remaining three formed the HP's board of directors. Officially, only Tulga was seen on both boards.

In July 2002, employees of Compaq and HP started working in the same building. Even though the higher levels of management were assigned, there were still two set of personnel in charge of the same position in middle and lower levels. These employees were asked to write down their personal profiles, and were considered for the unassigned positions. Each level of managers was responsible for the recruitment of one level below. They were left autonomous for their decisions, but were expected to form a balanced team to prevent 'hot spots' and create synergy. They were required to write a report justifying their choice.

Until the reorganization of each operating unit was accomplished, the corresponding groups made weekly meetings, and put in practice the joint decisions. To reduce speculations, feelings of insecurity, and shift the focus to work, the senior management employed the '3A principles': 'Anında' (instant), 'Açık' (clear), 'Adil' (fair). These principles meant sharing any information available on the integration instantly, making sure that it was clearly understood, and fairly executed. This communication was accomplished via emails on the spot, and weekly ‘integration update meetings’. To further lessen stress in the work force reduction process, people that were let go were given ‘out-placement support’ and ‘special seniority premium’. This premium was not only granted to employees that were laid off, but also to unsatisfied employees who wanted to resign (within three months of integration).

However, voluntary turnover was limited with 2 – 3 employees. Also lot of the members of staff was promoted to European divisions, so the work force reduction that took place was only 10% according to the senior management. By, October 2002 most of the work force reduction and reorganization was finalized. HP Turkey turned out to be one of the quickest divisions to merge. This was mainly for the following reasons;

- As both HP and Compaq Turkey were founded with 100% American capital, they were not listed in the Turkish Stock Market, so no time was spend on getting approval from the Turkish stock exchange commission (SPK).
- The Turkish New HP was a mid-sized subsidiary with around 400 employees. Also both Compaq and HP divisions were of similar size. So work force reorganization did not take so much time.
- Other European divisions spent lots of time negotiating with the ‘work councils’, which consisted of working employees based on European Union work regulations, to make certain that the employees were treated fairly. Such a ‘work council’ formation was not employed in Turkey.

In April 2003, Compaq and HP Turkey’s merger was legally complete; HP Turkey was registered as a single company operating in Turkey. After the registration,

HP Turkey become the biggest IT company in Turkey, also in 2003 it was number one in the corporate tax listings among IT vendors and was awarded with a gratitude certificate from Istanbul Revenue Office.
(source; http://welcome.hp.com/country/tr/tr/companyinfo/aboutus.html, accessed May 2008)

The New Hp And Beyond

The bruising proxy battle faced by the HP had lowered the trust in HP's management. Although the process of formulating the integration logic and performance goals was generally well carried out, Wall Street investors were still dissatisfied with the results. Consequently, nearly three years after the merger closed, its architect, HP's high-profile chairman and CEO, Carly Fiorina, was fired in February 2005. After a search for a new leader, the 48-year-old CEO of NCR, Mark V. Hurd, a twenty-five year veteran of that company, was hired as CEO of HP in March 2005.

It is, however, interesting to note that Hurd did not change the strategic logic that drove the Compaq acquisition. Instead, he announced and implemented plans to cut expenses back to competitive levels. Hurd said there were two issues he wanted to control immediately: spending and growth. Spending he addressed with a massive layoff of around 15,000 employees, about 10 percent of its workforce, in a restructuring announced in July 2005, only four months upon his arrival. He also reorganized HP back to a much more decentralized model, which is more consistent with HP’s original culture. He refocused HP on its strengths as a technology and product company, with services in more of a supporting role, which is also more consistent with original HP before the merger.

Since Hurd’s arrival, HP’s PC and Enterprise hardware profit performance have continued to improve, and company beat earnings and profitability estimates for several consecutive quarters; and its Fiscal Year 2007 annual revenue of $104.3 billion meant HP had even exceeded IT technology leader IBM as the world’s biggest technology company (by revenue) (See Table 38 & Table 39 in Appendix C).

Cadbury-Kent Merger Case Report

After his nomination as the chairman and CEO of Cadbury Schweppes in 1993, Sir John Sunderland, had made several acquisitions to improve its portfolio of beverages (soft drinks) and confectionary (chocolate, candy, and gum). Still, he was considered about the future of his global company. By 2001-2002, in terms of beverages, Cadbury-Schweppes was best known for its mixers, such as tonic water, and the firm was a distant number three competitor (9.5% of total volume in U.S.) in the beverage business, after Coca-Cola (27.1% of total volume in U.S.) and PepsiCo (26.4% of total volume in U.S.). During the same period, worldwide confectionery sales were $102 billion, which was 52% chocolate, 12% gum, 4% mints, 3% drops, and 28% other. Mars was the global chocolate market leader with a 15.9% share, followed by Nestlé (14.3%), Hershey (8.9%), Cadbury Schweppes (7.7%), and Kraft (7.3%). In the global gum market Wrigley (30.6%) was the leader, followed by Adams (18.2%), Cadbury Schweppes (7.7%), and Lotte (7.3%). Global chewing gum market was the confectionary sector's new 'favorite' as, from 1998 to 2001, while chocolate and sugar confectionery were growing at 1.6% and 2.5% respectively, gum was growing at 2.7%. The growth in gum was split between sugared gum at 0.5% and sugar-free gum at 7.0% (Collis et. al., 2008).

During one of his speeches, Sunderland had commented,

> Beverages is a concentrated business where we will always be number three, but confectionery is fragmented so we have the opportunity to be the main player. We had already diversified from chocolate into sugar confectionery and we saw chewing gum as a very attractive category to be the third arm of our confectionery strategy. (Collis et al., 2008)

His Chief Strategy Officer, Todd Stitzer, was thinking in a similar way;

> We had a long-term dream of being number one in confectionery. Historically we tried to get there by buying another chocolate company but that proved to be unattainable. But confectionery is greater than just chocolate, and gum's growth and margins made it look attractive, so we embarked on a series of acquisitions to exploit this… (Collis et al., 2008)

Stitzer was referring to the gum acquisitions made in Argentina and Egypt, followed by the success of the 1999 purchase of Hollywood in France (beating Wrigley in the bid). Their strategy to become number one in the gum business was carried on by gum acquisitions in Turkey (Kent, 2002, 2006; Intergum, 2007), Scandinavia (Dandy, 2002), and the number two player in the worldwide gum business; Adams (2003).

Background On Cadbury Schweppes

The history of Cadbury dates back to 1824, when John Cadbury opened his grocery business in Birmingham. From the start, drinking-cocoa and chocolate were his most popular products, and in 1831 he moved to larger quarters and began manufacturing his own cocoa products. In 1847 he took on his brother Benjamin as a partner. In 1853 Cadbury Brothers received a royal warrant as manufacturers to Queen Victoria; the company still holds the distinction of being confectioner to the Crown. Shortly thereafter, however, business began to decline. The two Cadbury brothers dissolved their partnership in 1860 when Benjamin left the company, and John also retired the very next year. He left the business to his sons Richard and George. In 1868, Cadbury Brothers began marketing its own lines of chocolate candy, reviving its fortunes and breaking the monopoly that French confectioners had on the British market.

Renewed success brought renewed expansion. In 1879 Cadbury Brothers began constructing a new factory outside Birmingham. In 1899 it incorporated as Cadbury Brothers Limited, with George Cadbury as chairman. After World War I, innovations in industrial technology made the manufacture of chocolate cheap enough to price chocolate candy for a wider market, and the company accordingly retooled its factory for mass production in the late 1920s. Cadbury Brothers opened its first overseas plant in Australia in 1922, and more foreign production ventures followed from its 1919 acquisition of J.S. Fry & Sons. Cadbury Brothers also began to manufacture in South Africa in 1939 and India in 1947. In 1964 Cadbury entered the sugar-candy business when it acquired confectioner Pascall Murray. Till then, the company remained as a family business. At the time of the merger with Schweppes, its chairman had always been a direct heir of John Cadbury and the vast majority of its stock belonged to family members or trusts.

The same cannot be said, however, for Schweppes Limited, which has not felt the guiding hand of a Schweppe for almost 200 years. The company bears the name of Jacob Schweppe, a German-born jeweler and amateur chemist who entered into a joint venture in 1790 with pharmacist Henry Gosse, engineer Jacques Paul, and his son Nicholas. Together, they formed Schweppe, Paul & Gosse, which devoted itself to producing artificial mineral water in Geneva, Switzerland. Schweppe moved to London in 1792 to establish the company's English operations, and when the partnership dissolved the next year he retained the business for himself. In 1799 Schweppe sold a 75 percent interest in his business to three men from the island of Jersey and retired. The company, however, continued to use the Schweppe name.

In 1834, Schweppes - as it was now named - was bought by William Evill and John Kemp-Welch. The company went public in 1897. In 1960's Schweppes was forced to diversify as the demand for soft drinks and mixers decreased. It acquired three makers of jams and jellies: Hartley's, Moorhouse, and Chivers. These acquisitions required substantial reorganization, and did not work out very well; by 1964 only Hartley's was turning a profit for its parent company.

In 1968 Schweppes acquired Typhoo Tea to further diversify its product line and strengthen its ties to grocery retailers. But with no growth in its domestic markets, Schweppes Chairman, Lord Watkinson realized that overseas expansion was the key to Schweppes's future. Unfortunately, its capital base was tiny compared with that of the American conglomerates with which it would have to compete. That fall, Watkinson met with Cadbury Chairman Adrian Cadbury at a trade show and found that Cadbury had similar concerns about his own company. Schweppes and Cadbury began merger talks soon thereafter and reached an agreement in January 1969, to form Cadbury Schweppes PLC.

Cadbury Schweppes' changed its strategic decision in the mid 1980's to concentrate on its core international brands of beverages and confectionery and exit the general foods and hygiene sector with the sale of non-core brands such as Typhoo Tea, Kenco Coffee and Jeyes. Since then, the company has strengthened its portfolio of key brands through the purchase of Mott's (1982), Canada Dry (1986), Trebor (1989), Bassett (1989), Dr Pepper and 7 UP (1995) and Hawaiian Punch (1999) (compiled from www.cadbury.com and www.wikipedia.org, 2008).

In the new millennium Cadbury Schweppes continued to make acquisitions concentrating its interests in North America, Europe and the Asian Pacific regions.

Snapple and Hollywood were acquired in 2000, followed by the acquisition of Danish chewing gum company Dandy for $307 million, in early 2002.

In 2002, Cadbury Schweppes had ninety-eight manufacturing and bottling plants located in the U.K. (11), the Americas (19), Europe (33), Australia and the Pacific Rim (20), and other countries (15). Sixty-two of these plants made confectionery, while the remainder manufactured and bottled beverages (Collis et. al., 2008).

Background On Kent

Kent confectionary's roots goes back to 1922 when Abdullahat Tahincioğlu entered the food sector, in Mardin, Turkey. With his horse-driven mill, he was producing 'tahin' by crushing roasted sesame seeds, to look after his seven sons, and two daughters. In 1946, he moved the family and his business from Mardin to Diyarbakır. After finishing his high school in Diyarbakir, Abdullahat's fifth oldest son Yakup Tahincioğlu, moved to İstanbul in 1952 to continue his higher education in medical faculty. But after arriving in Istanbul, Yakup changed his mind and applied to the 'Sultanahmet Academy of Economic and Commercial Sciences'. While studying management in the academy, Yakup Tahincioğlu established Kent Confectionary, in 1956, by the money sent from his brothers. Kent's first brand was Önder Biscuits produced with a workforce of eleven people, in a small workshop in Kasımpaşa, Istanbul (www.aksiyon.com.tr; 2008).

Between 1958 and 1960, with the growth of the business in İstanbul, and the persuasions of Yakup, Tahincioğlu family moved to Istanbul to strengthen Kent. In 1960 to produce chewing gum besides sugar candy, Tahincioğlu family used its expertise and wealth gained in Mardin and Diyarbakır to establish the most advanced factory of the time in Şişli. Another factory was built in Kartal, Istanbul (1982) with the desire of the family to enter the chocolate business. In 1983, Kent Gıda established a partner company, Birlik Gıda A.Ş., to act as the marketing and distributing agent of the Company's products domestically and internationally. After the election of Turgut Özal in 1983, Turkey quickly opened to the global market, and it became much easier for Kent confectionary to export its products. Increased sales resulted in an increased growth and Tahincioğlu family opened a third factory in 1986, in Çayırova, Turkey. In 1990, Tahincioğlu family opened 15% of its shares to public.

Export opportunities for Kent increased even more when Gorbachev accepted his resignation as the president, and Soviet Union was formally dissolved, in December 1991. A family member commented on the time as; "People would come from former soviet countries and would load the trunks of their cars with as much as chewing gum and candy as they could fit in. Even a pair of nylon socks was a luxury for them; there was a great demand on our products. So we decided to make huge investments on Çayırova". Based on this demand, Tahincioğlu family developed their factory in Çayırova to a modern facility with 75,000 meter-square closed space, and moved the Kartal and Şişli factories to Çayırova plant in 1999.

By the year 2000, Kent was a confectionary leader in Turkey, which manufactured and marketed its products under 36 different brand names, including Bonibon, Olips, Jelibon, Tofita, Topitop, Missbon and Nazar. Kent had estimated sales of $ 110 million and estimated volume of 27,100 tones (90,000 tones capacity) in 2001. At the same year it was the market leader in sugar confectionery (66%), third in chewing gum (13%), fourth in chocolate (2%), sixth in chocolate covered products (1.6%).

However after a crisis in Turkey, in February 2001, Kent was pushed into the red. Due to a sharp increase in the cost of servicing foreign currency debts, and a fall in domestic sales following devaluation, Kent declared a net loss of $14 million, despite sales of $110 million last year and underlying earnings of $25 million. This, and Turkey's 10 per cent contraction in gross national product, made the company more aware of its longer-term limitations, forcing the company to search for a strategic investor (source: Rekabet Kurulu Kararı '02-24/242-97').

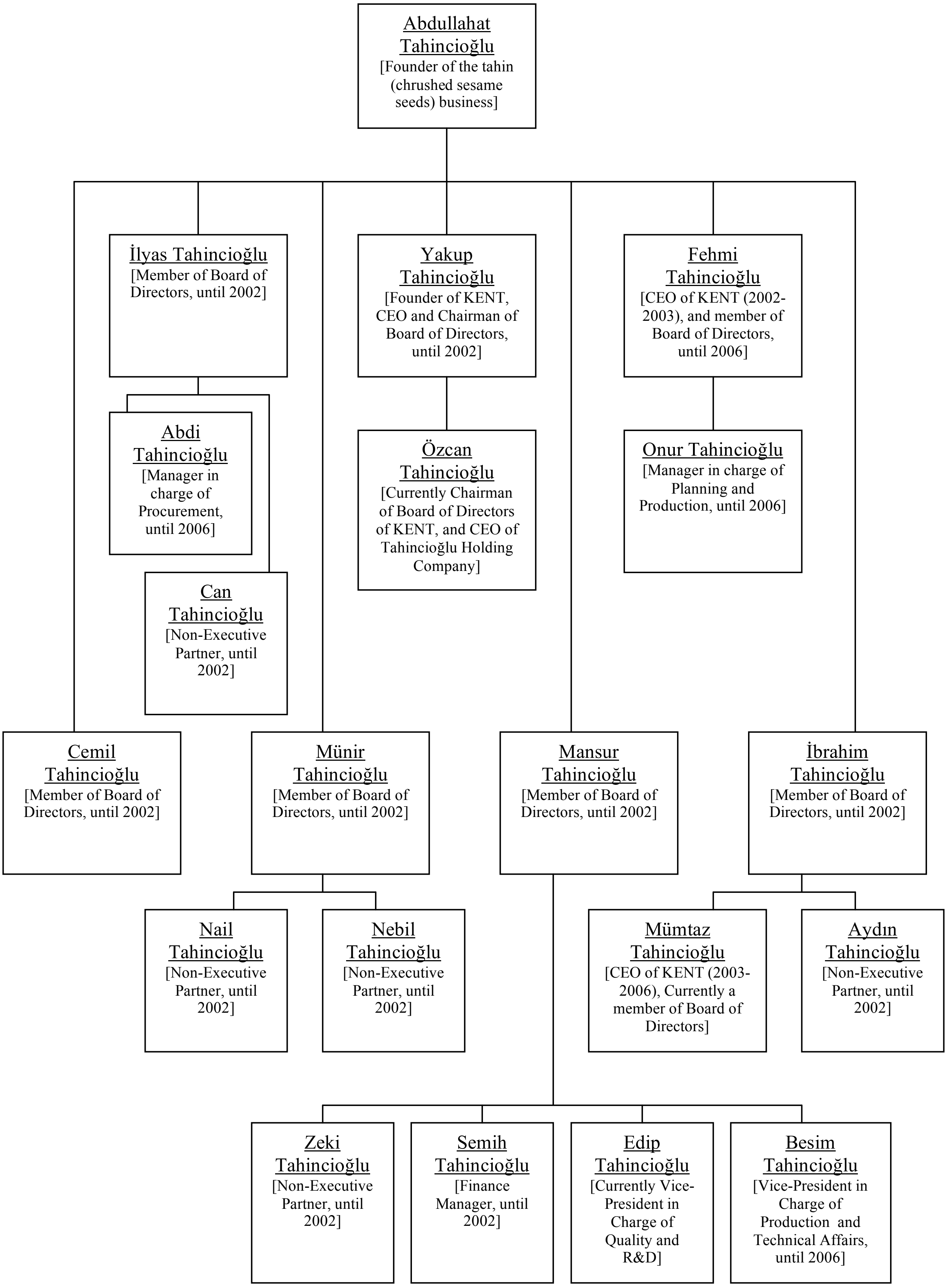
The Turkish Phase One; Joint Venture Between Cadbury And Kent

Cadbury had a stake in Kent before; it and some other global confectionary manufacturers had contacted Kent in the beginnings of 1990's, but Tahincioğlu family was reluctant as they were making investments and did not want to give their 'bride' too early. But time had changed; with Kent in hard financial times, and Cadbury with the target of becoming number one global chewing gum producer, they restarted the negotiation process. Another reason for Kent to get in relations with Cadbury was that, although it was a successful exporter to the Eastern Bloc Countries, they had to merge with a global brand to enter the profitable European market. As for

Cadbury, Kent represented an opportunity to be a low-cost supplier especially for the European market, with a modern facility and unused capacity.

Despite the opportunities, Cadbury knew that a partnership with Kent brought lots of difficulties as well. The main complexity was due to the nature of Kent being a family business, with unique ways of doing business. Institutionalization problems had peaked within Kent in 1999, when the three factories in Kartal, Şişli and Çayırova were merged. In that year, Yakup Tahincioğlu hired Ömer Taşçı, a veteran manager, to institutionalize Kent to a more professional structure. Kent at the time was a firm with more than 1,000 employees, managed only by 15 family members, with no clear work definitions, reward and compensation systems, and vision. Taşçı started by forming the human relations department. Although he had done lots of work until 2002, Kent was still nowhere near a structure that Cadbury could utilize easily.

Figure 13: Kent Confectionary's Tahincioğlu Family Members



So at the end of the negotiations, in March 2002, Cadbury agreed to acquire a 51% controlling stake of Kent, from the Tahincioğlu family. The acquisition agreement comprised of the following items;

- Cadbury would acquire 51% of Kent (85% owned by Tahincioğlu family, 15% open to public), and 60% of Birlik Gıda (100% owned by Tahincioğlu family) from Tahincioğlu family for $95 million;
- In correspondence with the Turkish Securities Exchange Commissions (SPK) notification, and after the approval of the Turkish Competition Authority (Rekabet Kurulu) Cadbury would call back the 15% public shares;
- Both parties would have 'put option's and 'call option's meaning;
    - Tahincioğlu would have a put (selling) option for the shares of Kent and Birlik Gıda, down to a level leaving them 14% of the total shares. However this option is valid between: January 1^{st}, 2006 to December 31^{st}, 2007.
    - If the item above were exercised, Tahincioğlu would have the put option for all the remaining shares until December 31^{st}, 2013.
    - Cadbury would have a call (buying) option for the shares of Kent and Birlik Gıda, down to a remaining level of 14% of the total shares. This option is valid between: January 1^{st}, 2006 to December 31^{st}, 2007.
    - Cadbury would have the put option for all the remaining shares between: January 1^{st}, 2012 to December 31^{st}, 2013.

Based on this agreement Cadbury would run Kent with Tahincioğlu family till at least 2006. By this way Cadbury had the chance to learn the Turkish market, and restructure Kent into a professional organization, with minimum resistance from the employees who were loyal to Tahincioğlu family. Although media considered this as an acquisition, legal authorities considered it as a joint venture due to the fact that control of Kent was split between Cadbury and Tahincioğlu Holding Company.

The deal was concluded in May, 2002, and the share call back resulted in the retrieval of 14.36% of public shares from the total of 15%, increasing Cadbury's shares of Kent to 65.36%. Cadbury started restructuring by placing four Cadbury executives to Kent's board of seven people. Yakup Tahincioğlu retired from Kent as the CEO and chairman of the board of directors with his brothers of the second generation Tahincioğlu, except Fehmi Tahincioğlu after the deals close. Fehmi was appointed as the new CEO of Kent, and a senior Cadbury manager; Rajiv Wahi was appointed as the new chairman. At that time Wahi was the Managing Director of the IMEA (India, Middle East, Africa) Region. He got appointed to his current role of President, Asia Pacific Region, in early 2003. Fehmi, Mümtaz and Özcan Tahincioğlu represented the Tahincioğlu family in the new board. The only executive appointed by Cadbury in 2002, was Ahjaz Khan as the Vice President in charge of 'finance and strategy', while the rest of the executive positions were still left to third generation Tahincioğlu members. Ahjaz Khan with his Pakistan origins had been a part of the Cadbury Corporation since 1994. He started with Cadbury in the Karachi Office as a Confectionery Finance Director. In 1999, Khan moved to Global Head Quarters in London taking up the positions of Worldwide Value Based Manager and Implementation Manager. In 2000, Kahn moved to Cairo to become the Confectionery Finance and IT Director of Cadbury Egypt.

Table 8: Shareholding Structure of Kent and Birlik Gıda (May 2002).

Shareholder	Kent's Shares (%)	Birlik Gıda's Shares (%)
Cadbury	65,36	60,00
Tahincioğlu	34,00	40,00
Public	0,64	0
Total	100	100

Restructuring of Kent started mildly after 2002. Khan reorganized the finance department and reporting procedures. Taşçı started working with HAY GROUP consulting firm, to construct the lacking compensation system and the weak job definitions. The low level of English literate employees was another difficulty to be dealt with. English courses partly compensated by Kent were opened for all employees. Lay-offs were kept at a minimal level especially as the Tahincioğlu executives were protecting the devoted employees of Kent. Although Taşçı's compensation system was established soon after working with HAY GROUP, it couldn't be put into practice as long as the family business continued and the control was split between Cadbury and Tahincioğlu.

A Huge Step; Acquisition Of Adams

Adams was started in 1876 by Thomas Adams in New Jersey, USA. In 1962, pharmaceutical company 'Warner-Lambert', acquired Adams and set direction for Adams to develop R&D capabilities for innovative products with functional health benefits, such as fresh breath or improved dental hygiene. 'Trident White' (a teeth whitening product) and 'Recaldent' (which re-mineralized teeth) were some of its well-known products. In 1971, Warner- Lambert had merged its ‘Halls’ candy brand into Adams, improving the functional health benefits of the company. In 2000, pharmaceutical giant Pfizer acquired Warner-Lambert to gain control of its best-seller cholesterol drug, ‘Lipitor’. Pfizer had no interest in confectionery and decided to sell Adams by June, 2002.

In 2002, Adams had 22 production facilities in 18 countries and 12,900 employees across 40 countries, and its main products included three gum brands, Trident (22% of sales), Dentyne (11%), and the Bubbas bubblegum range (11%), along with the Halls functional candy brand (27%). It was ranked number two behind Wrigley’s worldwide and in the U.S. (Collis et. al., 2008). Adams was the key acquisition that Cadbury had to achieve in order to become the worldwide leader in the chewing gum business. But it came with a price, representing the company’s biggest acquisition to date; Cadbury bought Pfizer’s Adams division, for $4.2 billion in March 2003 (see table below). In May 2003, the long-time CEO of Cadbury, Sir John Sunderland moved to the role of the executive chairman of Cadbury, and the chief strategy officer Todd Stitzer took his place as the new CEO.

Table 9: Cadbury's Main Confectionery Acquisitions And Disposals (1999-2007)

Date	Company	Country	Acquired/Disposed Percent holding	Amount Paid	Description/Comments
Feb-99	Wedel	Poland	Acquired 100%	£49 million	The number one chocolate brand in Poland at the time of acquisition
Aug-00	Hollywood	France	Acquired 100%	Not disclosed	The number one gum business in France
Feb-02	Cadbury India	India	Share increased from 49% to 94%	£111 million	Buy-out of the minority shares. By the end of 2006, shareholding had reached 97.4%
May-02	Kent	Turkey	Acquired 65%	US$95 Million	Turkey's leading candy company
Sept-02	Dandy	Denmark	Acquired 100%	£222 million	Fourth largest gum company world-wide at the time of acquisition with key markets in Scandinavia, Switzerland and Russia
Mar-03	Adams	U.S.	Acquired 100%	US$4.2 Billion	Second largest gum business worldwide
Sept-04	Moirs	South Africa	Disposed 100%	ZAR152 Million	South African foods division
May-05	Green & Black's	UK	Share increased from 5% to 100%	Not disclosed	Leading UK producer of luxury organic chocolate
Apr-06	Kent	Turkey	Share increased from 65% to 95%	£54 million	Turkey's leading candy company
Jun-06	Dan Products	Botswana	Acquired 100%	£33 million	South Africa's leading gum business
Aug-07	Intergum	Turkey	Acquired 100%	$450 million	Turkey's leading gum business

(Source: Cadbury 2006 & 2007 Annual Reports)

Catching the synergies from Adams was given as much priority as acquiring it. Many saw geographic and product range complementarity as the source of synergy of the merger; Adams was strong in the U.S. and the developing world where

Cadbury was weak and had little or no presence in much of the rest of the world where Cadbury was strong. Cadbury executives also believed that there would be a strong cultural fit between the two companies as Adams was a confectionary company absorbed within the pharmaceutical giant Pfizer. As a result, building on its comprehensive acquisition case, which included 70 synergies and $3,640 million in value, Cadbury Schweppes developed a detailed plan of action for the Adams integration, including the following (Collis et. al., 2008);

- Within 30 days of the closure of the deal, most project teams would be launched.
- Within 60 days, the synergies would be prioritized and a master plan would be created as well as detailed work plans for top priority synergies.
- Within 90 days, all validation and planning of the synergies would be complete and new synergy projects needed would be identified and mapped out. Also monthly status reports on the merger integration and applicable synergies would begin for each division of the company. A steering committee would be set up with integration management teams, regional value-capture teams, functional value capture teams, and enabler teams to achieve the full potential of the merger.

Cadbury hired an outsider, Matt Shattock, to head Americas Confectionery, the biggest segment of the Adams acquisition, hence the integration. Although he had experience integrating the Best Foods acquisition into Unilever, Shattock was new to Cadbury and, had never worked in confectionery before. Having read a lot about the first 100 days as a leader, Shattock decided to begin his task as assembling a team to lead the organization. While senior positions had already been filled, on agreement with Stitzer, Shattock re-evaluated the executives and filled the management ranks based on the dictate of 'best person, right job'. At the end of his evaluation, fully 85% of executives had new or different roles. With his new executive team, Shattock employed the integration plan, adjusting and improving it where felt necessary.

As a result, the acquisition was a great success; outcomes surpassed expectations by a year when the return on capital invested in the deal passed the cost of capital (7.25%) in 2005. By February of that year, Adams contributed over 2.0 pence to Group EPS, group confectionery growth was almost 6% (versus 3% in 2003), and Cadbury Schweppes had gained share in five of the seven markets where Wrigley was the main competitor (Collis et. al., 2008).

The Turkish Phase Two; Acquiring Kent

With the acquisition of Dandy and Adams, Cadbury was on its track to become the number one in the worldwide gum business. Kent growth after Cadbury was promising; its revenues had increased from 227 million YTL in 2003, to 354 million YTL in 2006 (Source: Kent Annual Report 2006). The partnerships exports had increased substantially over the years: 2002 ($ 27,527,000); 2003 ($40,407,000); 2004 ($ 45,769,000); 2005 ($ 67,131,000); 2006 ($ 104,761,543) (Source: Kent 2006 Annual Report). Kent proved to be right choice to be the chewing gum production base for Europe. For that reason, Cadbury accelerated its plans to acquire full control of Kent. In December 2005, Tahincioğlu and Cadbury modified the acquisition agreement signed in 2002, enabling Cadbury to acquire 30% of the remaining 34%

Tahincioğlu's shares (leaving them 4% rather than the 14% minimum specified in the original agreement).

Table 10: Selected Financial Data for Kent

	For the fiscal years ended December 31				
	2007	2006	2005	2004	2003
	In thousands YTL, except per share amounts				
OPERATIONAL INCOME					
Total net revenue	***408,586***	***353,634***	***268,630***	***236,799***	***226,890***
Costs of goods sold	(266,735)	(232,545)	(176,465)	(161,492)	(157,314)
Earnings from operations	505	509	853	488	-
GROSS OPERATIONAL INCOME	142,356	121,598	93,018	75,795	69.576
Total operating expenses:	(116,976)	(100,829)	(83,751)	(65,316)	(63,178)
NET OPERATIONAL INCOME	25,380	20,768	9,267	10,479	6,398
Earnings from other activities	20,865	17,894	18,824	12,214	4,762
Costs of other activities	(16,263)	(19,876)	(7,643)	(2,272)	-
Financing interest	(8,652)	(5,440)	(2,040)	(4,909)	-
INCOME BEFORE TAX	21,330	13,346	18,407	15,513	11,170
Taxes	(5,412)	(3,563)	(5,587)	(8,789)	11,875
NET EARNINGS	15,918	9,783	12,820	5,695	28,840
EARNINGS PER SHARE	0,649	0,399	0,523	0,232	1,177

(Source: Kent Annual Reports 2004, 2005, 2006, and 2007)

Cadbury took control of Kent, by buying 30% more shares from the Tahincioğlu family for £54 million, in April 2006 (See Table 11 below). Restructuring could now be carried out full speed. In 2003, Fehmi Tahincioğlu had retired from his position as CEO of Kent, leaving his place to Mümtaz Tahincioğlu. Mümtaz and the rest of the Tahincioğlu family members left their executive positions soon after leaving control to Cadbury. Mümtaz and Özcan Tahincioğlu remained in the board as non-executive members. The strategy and finance vice president from Cadbury; Ahjaz Kahn was appointed as the CEO of Kent.

Table 11: Shareholding Structure of Kent (April 2006).

Shareholder	Kent's Shares (%)
Cadbury	95,36
Tahincioğlu	4,00
Public	0,64
Total	100

Khan started his work by forming an integration team of 40 managers, which set forth with restructuring the workforce. The During Tahincioğlu's control, the few family members on the top made decisions in Kent, with very little amount of research and reporting done to justify the decisions. But for a global company it was vital to justify operations, and establish a sound reporting system. This meant recruiting a management team that had more experience with multinational companies. During 2006, the number of executives was largely increased with employees among which had experience with multinational companies such as Unilever, PG, Danone. A large number of former employees who had no experience outside Kent, and that were not English literate enough were laid off, but overall the number of employees increased from around 1,400 people at 2002, to 1,873 people by December 2006 (Source: Kent annual report 2006). The compensation system and work definitions prepared in the 2002-2006 period by Hay Group Consulting and Kent's senior manager, Ömer Taşçı, were used on the new workforce. Reporting and justification of operations was amplified; executives were required to make 12 budget forecasts a year, four of them being official forecasts. Cross–reporting was put into practice where middle level managers had to report not only to their executives in Turkey, but also to another corresponding executive abroad. Kent's local operations were left autonomous as long as it did not interfere with the regions plans, but its global production was controlled by the Cadbury headquarters in England and France.

Although Ahjaz Khan gave importance to the integration plan by employing systems such as the first 100 days plan and forming an integration team similar to that employed in the Adams acquisition, the integration progress and plans were not communicated well to the employees. This especially led to discomfort within the former personnel of Kent. They were worried about their future, and whether they could continue with Kent, in particular to the fact that Tahincioğlu family was no longer in charge. This uneasiness continued for almost a year, until workforce restructuring and employee circulation calmed down by the beginning of 2007. But this stillness did not last long, and Cadbury announced its acquisition of the Turkish chewing gum market leader; Intergum, in June 2007.

The Turkish Phase In Progress; Intergum Acquisition

Jak Amram founded intergum by means of a joint venture with the Danish confectionary Dandy, to produce chewing gum in 1972. In 1989, Jak's sons Leon and Filip Amram joined their father's business, and the joint venture with Dandy was ended. Intergum grew over the years, opening offices in Russia (1994), and U.S. (1996). By 2007 they were the market leader in the chewing gum sector by 46%, with their main products 'Falım' in sugarless gum (corresponding to 27,6% of the whole Turkish chewing gum market) and 'First' in sugar-free gum. Intergum exported to the Middle East, the Balkans, and Russia and the CIS under the chewing gum brands 'O2', 'Love is' and 'Taxi', and with centre-filled bubble-gum under the 'Freshbol' brand. Intergum had one manufacturing plant in Istanbul with approximately 1,200 employees. Turkish gum market had a value at retail in 2006 of $232 million, and grew by 17%. The market has grown at 17% between 2003 and 2006. Sugar-free gum grew at 33% over the same period, and had a 47% share of the total gum market in 2006. Sugarless gum has a 30% share of the market, and grew by 6% per annum from 2003 to 2006, and bubble gum a 21% share, with 9% per annum growth between 2003 and 2006. Perfetti had the second place in the chewing Turkish gum market (around 25% share), followed by Kent with a 14% share (www.cadbury.com, 2008).

Kent with Intergum projected to be a clear leader with 60% (46% Intergum, 14% Kent) of the market share. Although the sugarless gum category was leaving its place to sugar-free gum, it accounted for 30% share of the Turkish gum market and the only major two brands of this group were from Kent (Nazar) and Intergum (Falım). This came to the attention of the Turkish Competition Authority (Rekabet Kurulu), and it approved the acquisition only under a commitment mechanism that dictated Kent to sellout its Nazar brand, however the timetable on this process was not revealed to public.

As a result, with the approval from the authorities, Cadbury acquired 100% of Intergum in September 2007, for $450 million. The amount paid was a surprise for the Tahincioglu family since Kent was about twice the size of the Intergum, capable of producing chocolate and candy besides gum, but Cadbury acquired it for less than half the amount paid for Intergum.

By the end of 2007, another period of integration had started. This time Ahjaz Khan had both strengths and weakness at integrating Intergum compared to Kent. In terms of weaknesses; Avram family had left Intergum, and Khan did not have the founding family supporting the transition as they had for Kent. However, Intergum was seen as a firm with more professional structure especially due to the fact that it was run by only three family members (compared to 15 that Kent had in 2002). As for the strengths; it had a team set at Kent that was experienced with such an integration, knowing the Turkish market. Oya Yavuz was appointed in 2005 as the vice president in charge of HR in Kent, and now she was the key player in the Intergum integration. She was a part of the integration team that Khan had formed in 2006. But the circumstances were different than 2006 where there was a lack of executives due to he family domination of the executive positions. This time with Intergum, the problem was of two people doing the same job. Yavuz started her job by arranging a huge convention to gather the employees of both sides, followed by departmental meetings. Executive offices were moved to the same building, and Kent executives started spending at least two days a week in the Intergum facilities. All this effort was done with the notion of getting into close relations with the Intergum staff through better communication. After all, while acquiring Adams Cadbury's boss Stitzer had noted;

> The single biggest challenge is winning the hearts and minds of the people you're coming together with. (Collis et. al., 2008).

Shell-Turcas Joint Venture Case Report

After four years of search for a partner that would enable Shell Turkey the desired growth in the Turkish Energy Market, its CEO Canan Edipoğlu had finally come across the long awaited deal; a corporate marriage with Turcas Petroleum Company. Although Turkey was among the priority markets where Royal Dutch Shell seeked growth, its twenty-first century global policies dictated that the majority of the investment had to made on R&D, taking a proposed organic growth of Shell Turkey with another company through acquisition out of the question. The talks with Turcas started in the beginning of 2002, but the partnership of Turcas with ConocoPhilips Petroleum Company was an important obstacle slowing the dialogue. This obstacle was overcome with the announcement on May, 2005 that Turcas' Chairman Erdal Aksoy was in talks with ConocoPhilips to acquire the U.S. oil giant's 28.5 percent stake in the firm. In a second statement, Turcas said it was discussing the possibility of a joint venture (JV) with Shell Turkey, which would materialize if ConocoPhillips sold its stake in the firm (www.turkishdailynews.com.tr, 2008).

Edipoğlu and Aksoy officially started the due-diligence period in May 2005. Captivatingly, the long meetings till the official intent was announced, had put forward a type of corporate marriage that the Turkish market was unfamiliar with. Accordingly, Shell Turkey and Turcas were to establish a JV company as a result of a spin-off of their downstream petroleum businesses into a new organization, expected to result in a deal with a market value of $ 2.5 billion. However, the inexperienced deal brought lot of pressure to the two CEOs, as massive amount of work had to be done to settle the deal within six months, till the declaration of the upcoming financial statements.

Background On Shell

Royal Dutch Shell plc, commonly known simply as Shell, is a multinational oil company of British and Dutch origins. The British founder; Marcus Samuel inherited a stake in his father's trading company in 1870. The company had been successful importing seashells from Asia, aimed to capitalize on a fashion for using them in interior design. Samuel, foreseeing opportunities in the supply of energy, expanded the business, and eventually began buying Russian oil and selling kerosene in Asia. In 1897, Marcus Samuel officially created the 'Shell' Transport and Trading Company (the quotation marks were part of the legal name) with his brother Samuel Samuel. The company was engaged in the trading of opium and other commodities with oriental countries. Meanwhile, the Dutch progenitor of the energy giant made its way in Southeast Asia.

Royal Dutch Petroleum Company was a Dutch company founded in 1890 by J.B. August Kessler, along with Henri Deterding and Hugo Loudon, when Dutch king Willem III granted a Royal charter to a small oil exploration company known as 'Royal Dutch Company for the Exploration of Petroleum Wells in the Dutch Indies' (now known as Indonesia). Faced with the competition from the Samuels' low bulk transport costs, Royal Dutch began the construction of tankers and bulk storage installations and set up its own sales organization.

The discovery of oil in Texas offset a series of troubles that had affected both companies. So in 1903, the two companies joined forces to protect themselves against the competition of the then monopolistic American oil company ‘Standard Oil’, forming a marketing alliance in 1903 called the Asiatic Petroleum Company. The alliance was expanded in 1907, when a merger created the Royal Dutch-Shell group of companies; Royal Dutch’s share of the group was 60%, and Shell’s was 40%. By the beginning of the twenty-first century Royal Dutch-Shell group of companies had enjoyed a century of extraordinary financial success and employed more than 110,000 people in 145 countries of the world. On October 28, 2004, the Shell Transport Board and the Royal Dutch Boards announced that they had unanimously agreed, in principle, to propose to shareholders the integration of Shell Transport and Royal Dutch under a single new company. The unification of Royal Dutch and Shell Transport to one parent company, Royal Dutch Shell plc, was completed on July 20, 2005. Royal Dutch Shell plc consists of the business shown in Figure 14.

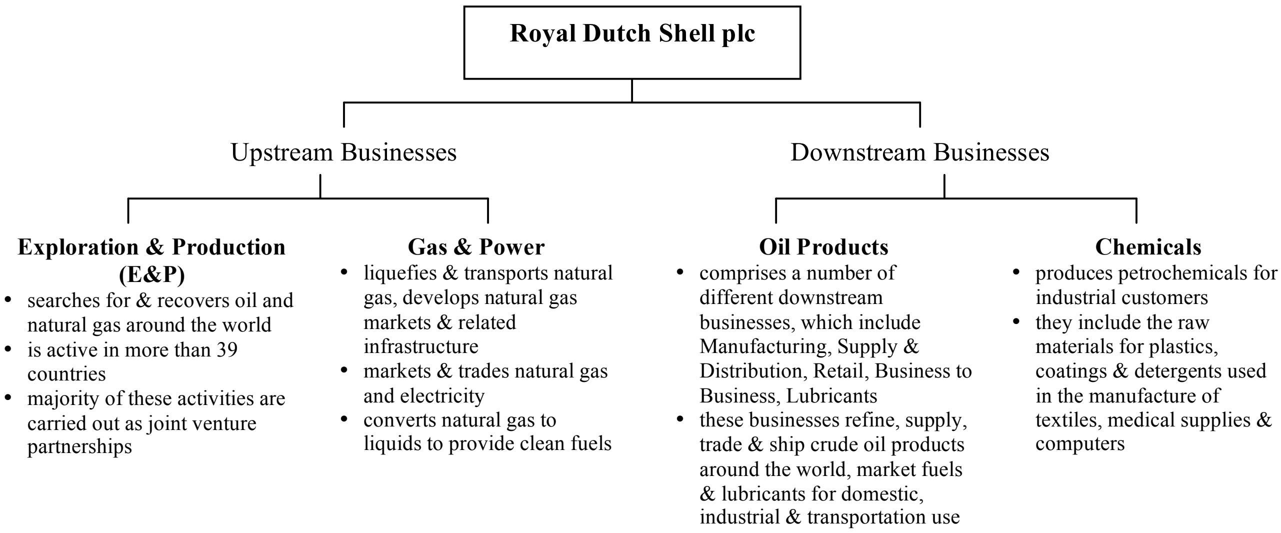


Figure 14: Royal Dutch Shell plc Businesses (compiled from www.shell.com, retreived May, 2008).

Royal Dutch Shell plc's Turkish branch (i.e. Shell Turkey henceforth) started its operations in the year 1923, when the Turkish Republic was formed. Since that time, it made reputation among the Turkish energy market with its high quality products and superior services. In December 2002, Shell Turkey announced that long-time CEO, Melih Türker, would be transitioning to the role of General Manager in charge of the European Commercial Oil Products, and that the Chief Finance Officer, Canan Edipoğlu would be promoted as the new CEO. With the new structuring, Shell Turkey became the first company in the Turkish Energy Sector with a female CEO. Edipoğlu had started her professional life as a research assistant at the Southampton University in England. She returned back to Turkey in 1980, and started working in Shell Turkey in the same year. By the year 2005, she was in charge of a pioneer company in the Turkish energy sector with 615 gas stations, creating revenues of 3.9 billion YTL (in the fiscal year 2004). Shell Turkey had ownership in a group of seven companies, as listed in the Figure 15 below;

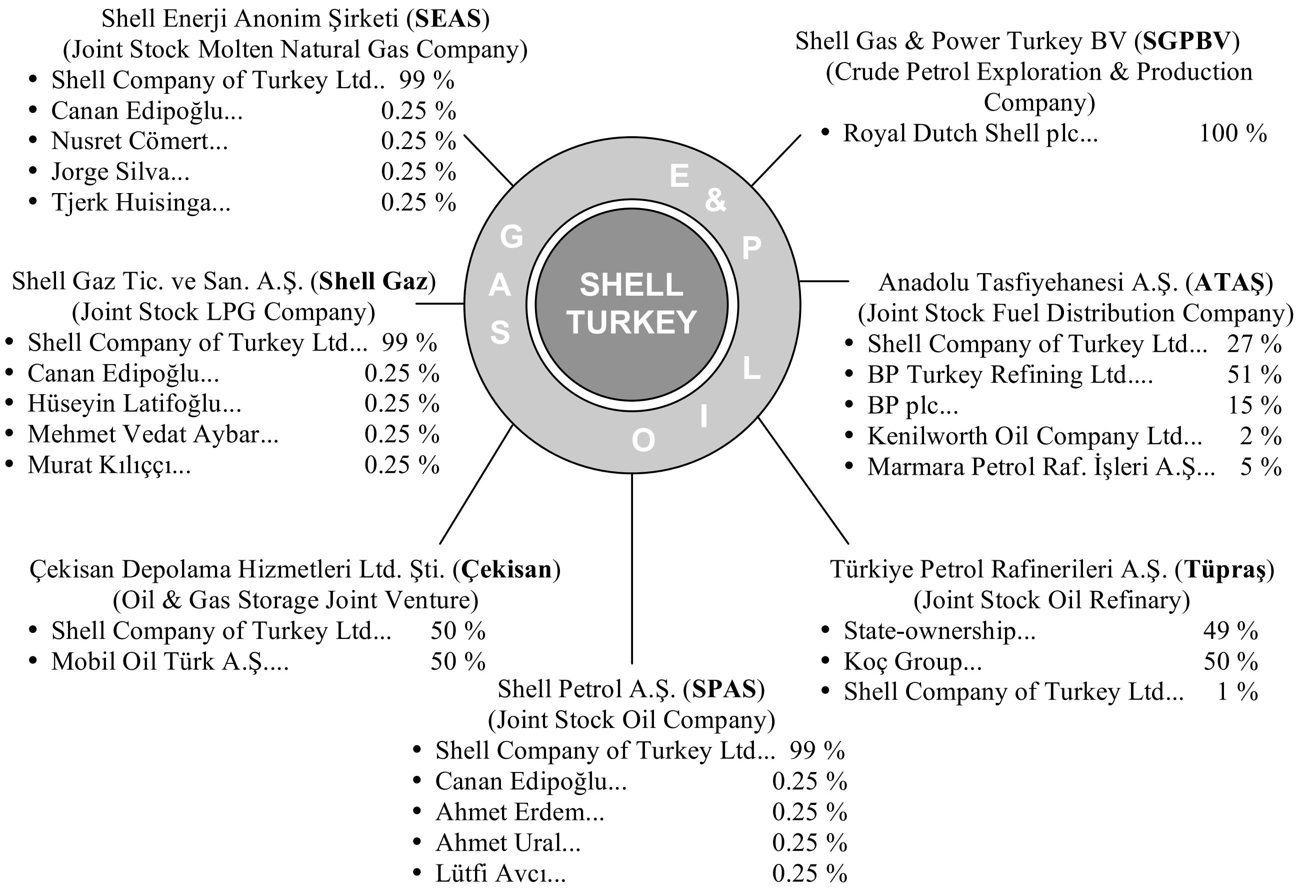


Figure 15: Shell Turkey Structure & Ownership in other Companies (in mid-2005)
(Source: Rekabet Kurulu Kararı, '06-08/103-29')

Background On Turcas

Türk Petrol was established as the first private petroleum distribution company of Turkey in 1931 by, Firuzan Ali Arsan, Mehmet Ali Kunt, Mithat Recai Öğdevin and Muhiddin Arif Mardin with only 200,000 TL capital. The Company commenced its activities by importing oil products from Romania and distributing them all over Turkey since there was no production in the country at that time. The company became a joint stock company under the name of Türkpetrol ve Madeni Yağlar Türk A.Ş. (i.e. Türk Petrol henceforth) on January 3, 1936. In the mid 1940s, Türk Petrol signed a partnership agreement with British Castrol, which was one of the most technologically advanced energy companies in the world at the time.

Turcas Petrolcülük A.Ş. was founded in 1988 as a joint stock company between the British Burmah Castrol and Türk Petrol. In 1992, %15 of Turcas Petrolcülük A.Ş. shares was offered to public. Another national oil products distribution company Tabaş Petrolcülük A.Ş., of which ConocoPhilips Petroleum Inc. of USA was a major shareholder, acquired %82 of the shares of Turcas from Türk Petrol and Burmah Castrol in 1996. The company title Tabaş was changed to Turcas Petrol A.Ş. (i.e. Turcas henceforth) in 1999, following the merger of Tabaş Petrolcülük A.Ş. and Turcas Petrolcülük A.Ş. under the assets and liabilities of Tabaş. Erdal Aksoy was the entrepreneur behind Tabaş Petrolcülük A.Ş., and had served as the chairman of the boards of Turcas and its wholly-owned subsidiaries since 1996. He was also the founder and Chairman of Aksoy Holdings, Aksoy Petrol, Enak Construction and Conrad Istanbul Hotel. To facilitate the proposed JV with Shell Turkey, Aksoy acquiried ConocoPhilips' 28.5 % shares in Turcas through Aksoy Petrol Dağıtım Yatırımları A.Ş. in May 2005, resulting in the following share and organization structure.

Table 12: Turcas' Shareholders as of mid-2005.

Shareholder	Percentage
Aksoy Petrol Dağıtım Yatırımları A.Ş.	28.52
Erdal Aksoy	19.86
Yılmaz Tecmen	5.04
Open to Public	30.79
Other Shareholders	15.79

(Source: Rekabet Kurulu Karari '2006-1-2', & Raymond James Report, Turcas; Energy all in one, February 2008)

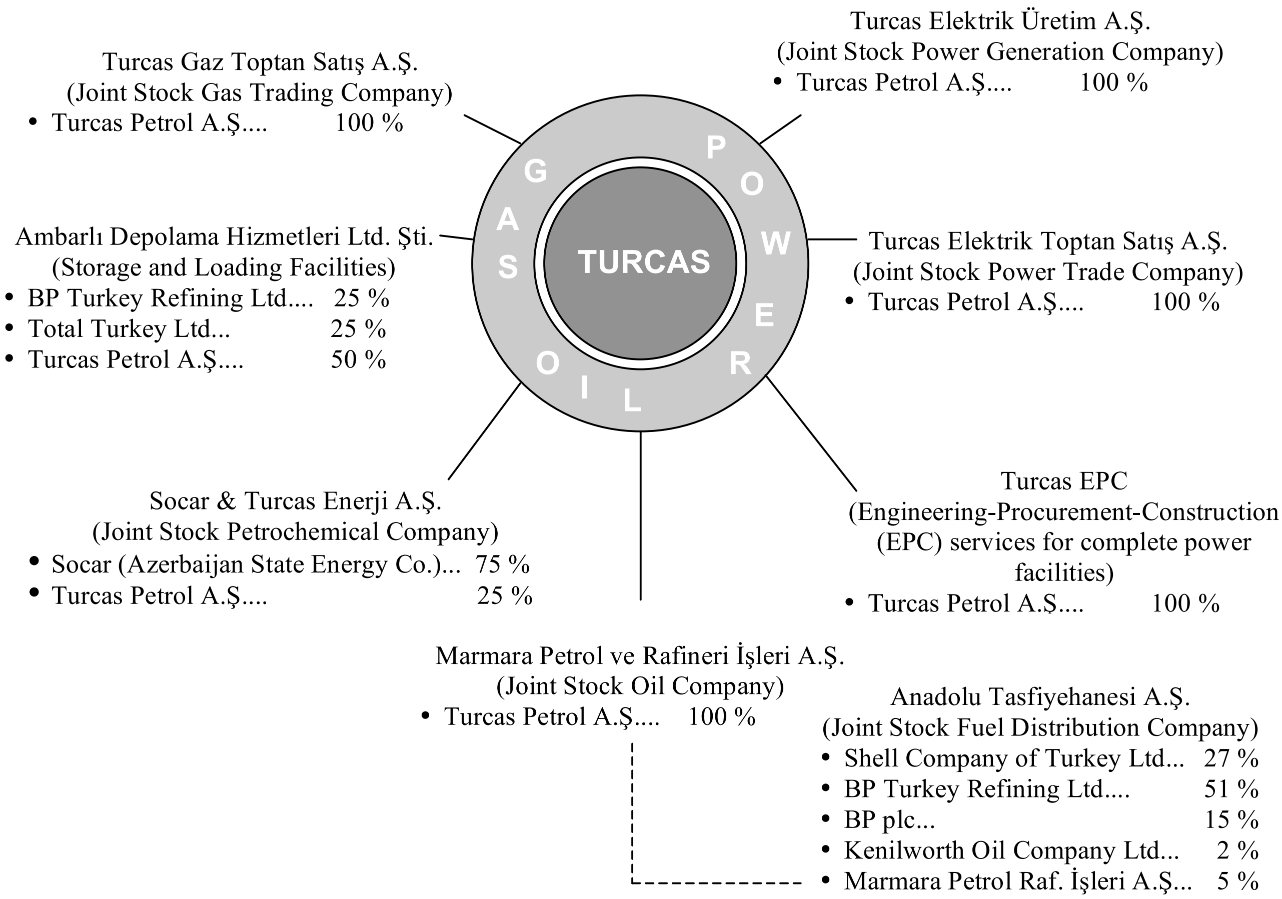


Figure 16: Turcas Turkey Structure & Ownership in other Companies (in mid-2005)
(Source: Rekabet Kurulu Kararı, '06-08/103-29')

A New Kind Of Deal

As can be seen from the ownership structures above, the energy industry was accustomed to business partnerships, and Shell was no exception. Royal Dutch Shell plc had put the practice in-house by forming an ‘acquisition and divestments department’ in the Netherlands headquarters to consult its business in M&A transactions and document their best practices for ‘copying-and-pasting’ them in future transactions. Based on the captainship of the ‘acquisition and divestments department’, and the best practices of then recent German Shell-DEA (an M&A transaction where initially Shell and the German oil company DEA merged, and later Shell acquired 100 % shares of DEA) deal, Shell Turkey and Turcas decided to continue the progress of partnership by forming two teams; namely the ‘transaction team’ and the ‘transition team’. Transaction team was formed in the beginning of the negotiation processes in year 2002. It consisted of mainly senior managers from Shell Turkey and Turcas, and their objective was to construct and complete the deal, as well as to establish the JV. They worked under great confidentiality until the deal was announced to the public to eliminate any speculations that might lead to insider trading etc. Transaction team was to be responsible of the JV until the new company declared its first quarterly results (three months after day one). Transition team was formed six months before the joint venture agreement (JVA) to prepare the organizational processes and systems for the partnership. After the JVA was signed the transition team was to be the management team in charge of the integration. In correspondence with Royal Dutch Shell plc’s strategies, the plan proceeded with the transfer of the transition team to the JV Company as the executive team (with minor changes) in charge of daily operations, after day one (the day when the JV company officially started its operations) (see Figure 17 below).

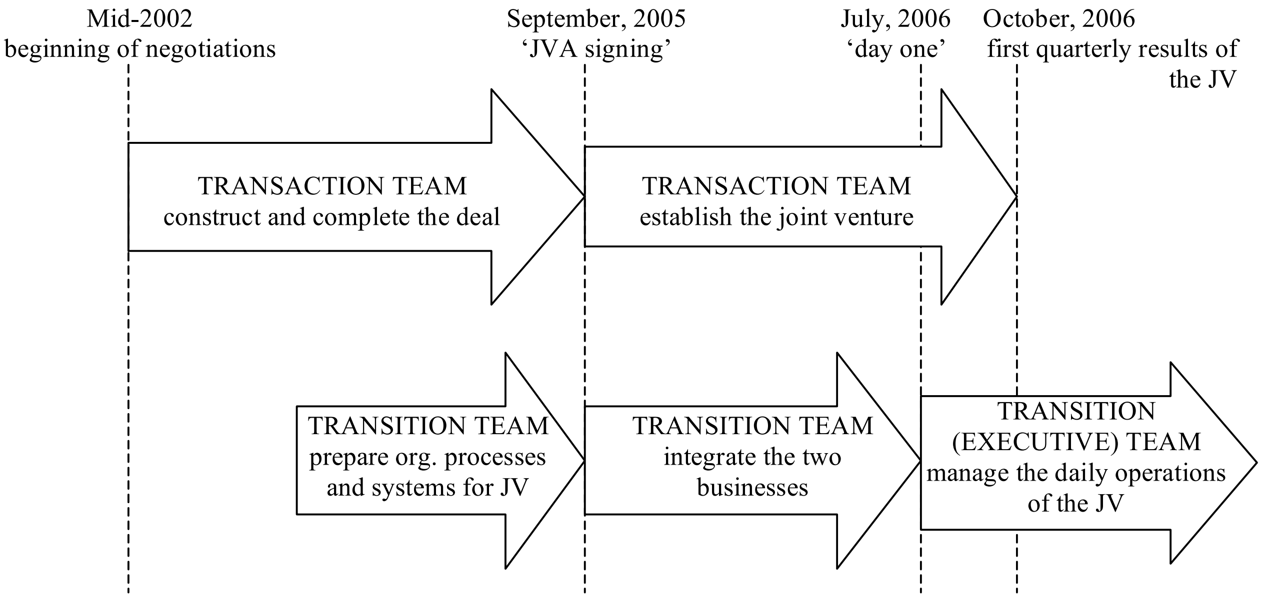


Figure 17: Responsibilities Of The 'Transaction' and The 'Transition' Teams

Turcas and Shell Turkey were aware that the majority of the synergy of the combined entity would result from the retail and storage of the petroleum businesses, however both companies had extensive ownership in upstream businesses such as electricity, power, gas, and E&P (see Figure 15 & Figure 16 above). After considering many alternatives on how to construct the partnership, the transition team decided on a spin-off mechanism to collect the downstream petroleum businesses of the two firms. The spin-off mechanism was a popular method in divestitures or going public, but it was not such a common practice employed in JVs. Based on this method, the two companies would separate a part of their businesses, and integrate these separated parts into a JV company, whose shares would be distributed between the two firms.

The proposed spin-off mechanism is illustrated in the figure below. (A detailed list of the terms of the spin-off can be found in the Table 40 in Appendix C)

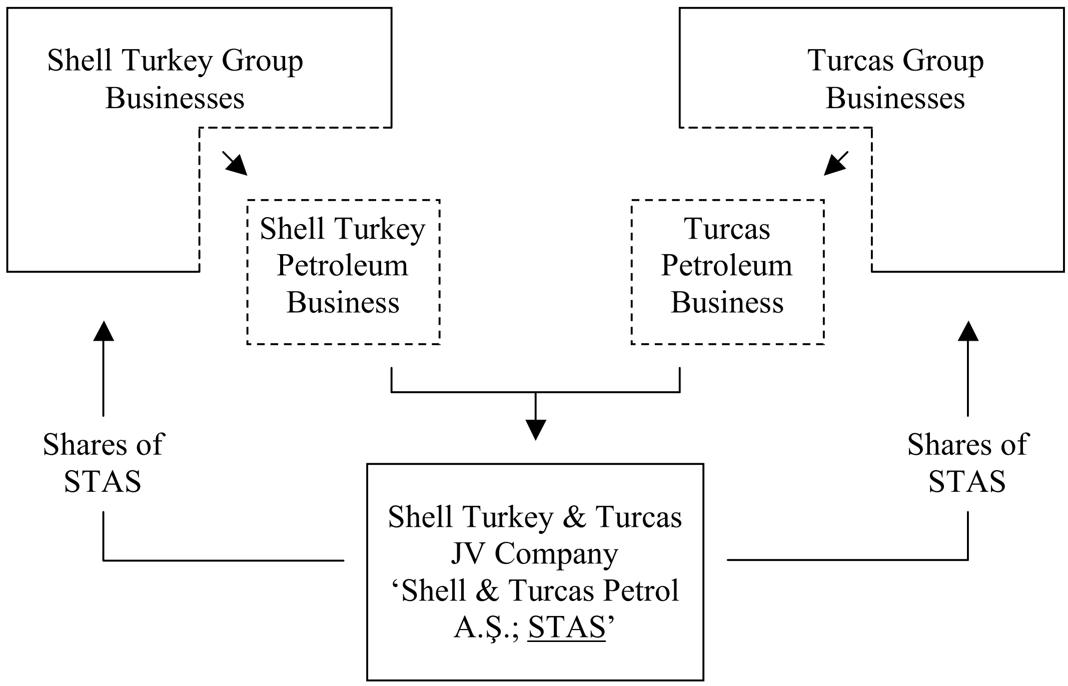


Figure 18: Spin-off Mechanism of the JV

With the clarification of the terms of the spin-off, as well as the financing, working capital, and brand issues, a joint venture agreement (JVA) was signed between Shell Turkey and Turcas in September 27, 2005. But this was just the beginning of hard work for the transaction team. The ownership structure of the JV company; Shell & Turcas Petrol A.Ş. (i.e. STAS henceforth) could only be negotiated after a detailed due diligence stage. In other words, the value of the downstream petroleum businesses that Shell Turkey and Turcas put in the portfolio had to be audited by independent parties before the distribution of the shares of STAS was resolved. PricewaterhouseCoopers (PWC) and Ernst & Young (E&Y) were hired to do the auditing for the due-diligence process.

In 2005, Shell Turkey was the second biggest fuel-oil company in the market (16% share) behind Petrol Ofisi A.Ş. (POAS) (34% share). Turcas was ranked sixth with 7% share behind BP (15% share), Opet (12% share), and Total (8% share). Although Turcas had a few more gas stations than Shell Turkey, because of its lower brand reputation Turcas' revenues ($ 1.4 billion) was one third of that of Shell Turkey ($ 4 billion) (see Table 13 below).

Table 13: Basic Petroleum Business Figures of Turcas and Shell Turkey, 2005

SHELL TURKEY			TURCAS	
Fuel Oil Market Share	% 16		% 7	Fuel Oil Market Share
Mineral Oil Market Share	% 21		% 1	Mineral Oil Market Share
Unleaded Gasoline Market Share	% 24		% 9.8	Unleaded Gasoline Market Share
Diesel Fuel Market Share	% 14		% 6.5	Diesel Fuel Market Share
Number Of Gas Stations	617		622	Number Of Gas Stations
Vehicles Equipped With 'Taşıt Tanıma Sistemi (TTS)'	110,000		19,000	Vehicles Equipped With 'Akaryakıt Yönetim Sistemi (AYS)'
'Taşıt Tanıma Sistemi (TTS)' Market Share	% 45		% 9	'Akaryakıt Yönetim Sistemi (AYS)' Market Share
Number Of Employees	381		181	Number Of Employees
Mobile Quality Labs	11		5	Mobile Quality Labs
Average Customer Visits (per day)	250,000		100,000	Average Customer Visits (per day)
2005 Revenues	$ 4 billion		$ 1.4 billion	2005 Revenues
Total Worth of Assets to be Transferred to STAS	463.2 million YTL		64.8 million YTL	Total Worth of Assets to be Transferred to STAS

(Source; www.shell.com, 2008a)

As a result of the due diligence stage the ownership and operational structure of the JV company was arranged under a 'business contribution agreement' (i.e. BCA henceforth). The key items of the BCA were as follows (www.shell.com, 2008b);

- The shareholding structure of STAS would be 70 % Shell Turkey, and 30% Turcas;
- STAS would have a board of directors of seven executives, where five would represent Shell Turkey, and two would be from Turcas;
- The daily operations of STAS would be performed under Shell principles, but its obligations to comply with centralized supervision of Royal Dutch Shell plc would be isolated for a period of two years under a 'ring-fence' mechanism;
- STAS would only sell the Shell brand, and Turcas' brand 'Türk Petrol' would be terminated.

Looking at the total worth of assets that Shell transferred to STAS (about seven times that of Turcas), one could have expected a much more dominant ownership of Shell Turkey in the BCA, but in reality STAS meant huge opportunities for Shell Turkey. First of all, although that the deal was officially constructed as a JV, it was basically an acquisition, as STAS would be a petroleum company selling the Shell brand, with Shell principles, under the operational control of Shell Turkey. Moreover, this control premium of Shell Turkey was made sweeter with the 'ring-fence' concept, isolating the administrative decisions of STAS from the centralized command of Royal Dutch Shell plc for a period of two years. Accordingly, STAS would be free to execute its daily operations up to a pre-determined quota, and the decisions above this quota would be under the ultimate control of its executive board of seven directors. This enabled Shell Turkey to advance faster with the strategy of making STAS the leader in the Turkish petroleum business. Secondly, as Shell was the most preferred brand in the Turkish market, it was obvious that the 622 stations of Turcas would be run more efficiently under Shell Turkey command. Finally, Turcas had agreed to terminate its 'Türk Petrol' brand, allowing STAS to promote only the 'Shell' brand. As a result Shell Turkey and Turcas agreed on the 70 – 30 % split of STAS shares respectively.

Although that the BCA agreement was settled very rapidly, the regulations in the energy sector, the large number of vendors from both sides, and the fact that Turcas was a quoted company meant that lots of effort had be spent to restructure the company into a operational form. Additionally, all of this had to be done as quickly as possible (six months according to the original plan, but later was extended to nine months) as the net worth of the two companies businesses estimated by the due diligence were changing as time passed by. This implied a possibility of a need to renegotiate the terms of the BCA, and start all over if integration was not complete on time/. Accordingly, the main steps to be taken and the major parties involved for STAS to start its operations were;

- Court Valuation; Since Turcas was quoted in the 'Istanbul Stock Exchange' (İMKB), Turkish laws requires the terms of the BCA to be valuated in a commercial court to make certain that the agreement was fair, and the minority shareholders rights are protected.
- Competition Board (Rekabet Kurumu, 'RK') Approval; 'Petroleum market law' in Turkey dictates that no company can have more that 40% of the share of the market. STAS was necessitated to go under the inspection of

the RK to make certain that it would not result as a monopoly in the market,

- CMB (Capital Market Board) Approval; CMB (Sermaye Piyasasi Kurumu; 'SPK') is the official organization that is entitled to allow any shareholding restructuring for the quoted companies. Based on the court valuation, SPK allowed Turcas to proceed with the proposed BCA.
- EPDK (Energy Market Regulatory Authority) Approval; EPDK (Enerji Piyasasi Denetleme Kurumu) was founded in 2001, to inspect the energy market in Turkey. All of the licenses and assets related to the marketing of petroleum products were subject to the approval of EPDK, including their transfer to STAS.
- Restructuring of Vendor Contracts; Turkish market is characterized to be a dealer-owned-dealer-operated market. Of the 1,200 combined vendors of the two firms, only a few were owned by Shell Turkey or Turcas. So all of these vendor contracts had to be finalized before STAS started officially.

After few months of long working hours, transaction team completed all of these steps, and STAS started its day one operations in July 1, 2006 (see Figure 19 below).

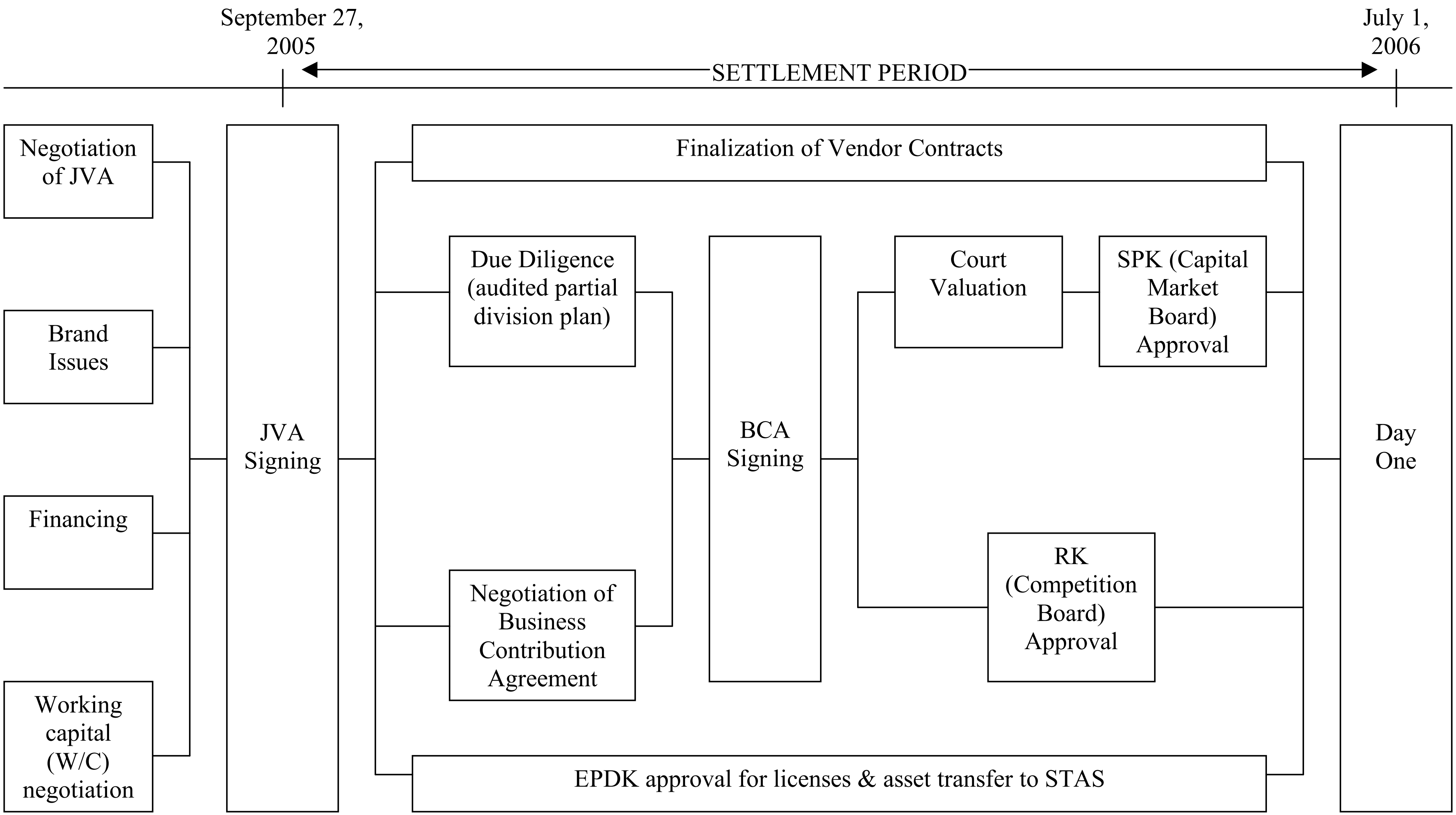


Figure 19: The Main Steps Taken and The Major Parties Involved in the STAS Formation

The recruitment for the transition team was done in the beginning of 2005. An expert executive from the 'European acquisition and divestments department' who had done the Shell Hellas (Greece) – Texaco merger; George Spanoudis, was put in charge of the transition team. In accordance with global Shell policies, which dictated that the people who make the integration would command the new formation, Spanoudis was appointed as the CEO of STAS. Based on their responsibilities, the transition team was divided into subgroups such as; negotiation team (with the vendors); integration planning team; project planning team; restructuring team; communication team; HR team, etc. The partnership was promised synergy through the combination of Shell's global expertise with the local know-how of Turcas. But as Shell Turkey was a part of a global organization represented in 140 countries worldwide, the integration of the operations of the two companies had to be done under Shell practices and policies. This was accomplished successfully within the 'settlement period' (see Figure 19) by the assigned subgroups of the transition team, and STAS officially started its operations in July 1, 2006.

The same hurried agenda was applied in order to integrate the 180 employees of Turcas with 380 employees from Shell Turkey (see Table 13). However this process proved to be harder than planned. The HR and communication transition teams put in extended efforts in this period. All of the job descriptions for STAS were written in the beginning of the transition phase, and 'open employment' was put into practice that permitted current employees to apply for up to three openings each. During the selection process it was realized that a majority Shell Turkey employees with the ambition for a better career, had applied for jobs that they were not qualified well enough. On the other hand, Turcas' employees applied for lesser demanding jobs with the fear of joining a system that they were unfamiliar with. Some managers criticized the situation and recommended a similar system to the ring-fence mechanism that would protect the current employees until the operational structure of STAS were complete. Despite these recommendations workforce reorganization was completed within the settlement period, with only about 20-25 people leaving the organization out of 662.

Shell was a very bureaucratic organization worldwide, which practiced compliance to a well specified ‘manual of authorities’ through a ‘control framework’. Their staffs were given large amount of empowerment but had to systematically report and justify their decisions with an English-dominated corporate terminology. The e-mail traffic was extraordinary for people that had came from the locally experienced Turcas; they were required to communicate through e-mail with their colleagues even from the neighbor-working desk. To increase the effectiveness of integration of the former employees of Turcas, a ‘mentoring mechanism’ was employed and each new recruit was assigned to an experienced employee to aid him or her through the Shell way of doing business.

The Expected Success

STAS started operations with approximately 1,250 gas stations as of July 1, 2006 after obtaining the required licenses from the EPDK. Rebranding of Türk Petrol with Shell was complete within six months following day one. The expected outcomes were evident even in the first annual results; Turcas petroleum business was performing much better under Shell command. Reviewing the financial results in

2006 in comparison with 2005 year-end figures, Turcas'; total assets increased from 286 million YTL to 446 million YTL, shareholders equity increased from 219 million YTL to 437 million YTL, and Net Profit has increased from 47 million YTL to 258 million YTL. These corresponded to an increase of 56 %, 99 %, and 459 % respectively in one-year period (source; Turcas 2006 annual Report).

By 2008, STAS became one of the leading distributors in the sector and enjoyed the leading position in gasoline sales with its 30.4% market share for January-December 2007 period and ranked second after Petrol Ofisi in the overall diesel segment with its 20.2% share. After two years of integration Shell Turkey managed to increase the throughput of Turcas' gas stations by 40%, but due to combination it ranked second behind BP in the Turkish market. However, the gap has been closing and Shell hopes to re-gain the leading position it had before the JV, in terms of efficiency per station (See Table 14 below). The company currently has 1,214 Shell-branded stations all across the nation, which are mainly located in the metropolitan cities and industrialized regions of Turkey.

Table 14: Average Throughput of Top Five Distributors

Average Throughput per station (monthly)	2006 (After the JV of STAS)	2007	Change
STAS	265	280	5 %
Opet	170	177	4 %
BP	375	379	1 %
Petrol Ofisi	134	135	1 %
Total	198	193	-2 %
Average	229	233	2 %

(Source: Raymond James)

Cross-Case Comparisons Using Quantitative And Qualitative Results

In this section the survey findings are represented and by comparing them with the case study implications, cross-case conclusions are presented. However, it is important to note that, as the numbers of respondents from the e-survey were limited to less than ten people for each case [HP-Compaq (5); Cadbury-Kent (7); Shell-Turcas (5)], only descriptive statistics could be utilized in the quantitative results. But although the numbers of respondents were limited, the cross-case findings indicated a general correspondence between qualitative and quantitative results that are discussed in the following text.

Acculturation; Cultural Fit

Based on the survey results, the employees from HP-Compaq and Cadbury-Kent were mostly neutral about the cultural fit construct. However a little variation was present within HP-Compaq, in that employees had a general agreement on the cultural compatibility in terms of ‘orientation to growth’, and cultural incompatibility of ‘reward and sanction modes’ and ‘management style’. Shell-Turcas was found to have the least cultural fit; the respondents positioned the two firms to be incompatible in terms of all dimensions.

Table 15: Cultural Fit Survey Findings

Cultural Fit	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q36a ‘Ways of planning’	3.40	2.86	2.40
Q36b ‘Formalization’	3.20	3.14	2.60
Q36c ‘reward and sanction modes’	2.60	3.29	2.80
Q36d ‘Time perspective’	3.00	3.29	1.80
Q36e ‘Orientation to growth’	4.80	3.43	2.00
Q36f ‘Management style’	2.60	3.00	1.80
AVERAGE	3.27	3.17	2.23

* Covers questions ‘36a’ to ‘37’

The findings of the survey when compared with the qualitative study made sense for HP-Compaq and Shell-Turcas. As HP and Compaq were two global competitors of the information technology (IT) sector, their cultures were expected to be the most compatible of the three. This was supported in the interviews conducted, with very little differences in terms of HP before the merger being a more ‘bureaucratic’ and larger organization, where as Compaq being smaller and more ‘flexible’ one as can be seen from the quote of the senior executive, and the middle-level manager of HP below;

> The cultures were very close, and the way of doing things were similar too. Compaq side gave a little more initiative to locality, whereas HP was more global; a company with global centralized conduct. (See Appendix D.1.)

> Generally they were compatible. HP and Compaq have open office cultures. This means that people can express their individual point of views, can get into a discussion very easily with their managers, and consult them for ideas. That kind of easiness and affinity culture was present in both firms. That’s why we didn’t witness many problems or differences. But for example,

> Compaq did not have a well-developed performance assessment system, but since everything was more settled in HP, that kind of performance assessment and rewarding mechanisms were better in HP. Compaq was more reliable on people. (See Appendix D.2.)

Quantitative results of Shell-Turcas' lack of cultural fit were also supported in the qualitative part. The middle-level manager interviewee of Shell-Turcas mentioned the cultural dissimilarity between the two firms. According to its senior executive, Shell had a very structured and centralized global culture in which it required compliance to a 'manual of authorities' through a 'control framework' (see the quote below). Turcas on the other hand was more of a local company that had relatively more flexible structure.

> People were getting confused in things like, for example 'why does this colleague sitting on the next bench is communicating with me through e-mail', but he was writing because he is complied to record the conversation. This is because we require compliance around here. We have 'manual of authorities', a 'control framework', etc. that people had hard time adapting. (See Appendix D.3.)

An interesting result when comparing the qualitative findings with the quantitative ones was that although survey findings implied an average cultural fit between Cadbury and Kent, the qualitative part implied that cultural fit was out of the question because the two companies did not have the chance to interact in terms of culture as it was chosen to create a new global culture for Kent, with the Cadbury way of doing things rather than Tahincioğlu's family firm culture. This can be clearly seen from the dialogue below;

> INTERVIEWER: ...It was chosen to form a new culture. Since it was not possible for Cadbury to staff Kent with their employees abroad, a new group of people with experience in multinational companies was formed, and Cadbury tried to inject its culture to this group in the first four years. By this way it kind of formed a Cadbury culture in Kent and since then companies bought through M&A in Turkey are being absorbed by Kent, as the culture is present. In other words they are being integrated here, such as Intergum.

> SENIOR EXECUTIVE CADBURY-KENT: Yes, that is a very true comment. That's why in 2007 when Cadbury bought Intergum, it gave its management to Kent… (See Appendix D.4.)

In the interview, the senior executive of Kent also added that only four people came from Cadbury abroad to work full time at Kent. This neutral result of the survey therefore, was probably due to the fact that the respondents could not find a choice that answered the question and they chose to stay in the middle.

Acculturation; Cultural Potential

The survey findings were in correspondence with the expectations from the qualitative study. HP-Compaq scored highest in all dimensions of the cultural potential construct, as it was a global company operating in 170 countries in six continents with 172,000 employees. (www.hp.com, 2008) With the addition of the turbulent nature of the IT business, it is obvious that having a organizational culture that can cope with any other culture, irrespective of its kind, is vital for HP's survival. Actually in the interview the middle level manager stated that HP had more cultural tolerance than Compaq;

> There was especially leniency, and unambiguity on the HP side. Maybe because of our jealousy, as they had bought us, we were hard people to get on with; we were acting snappishly. Actually snappishly is the wrong word, we didn't do anything in the individual level, but in terms of business we always questioned it, and acted as a know-it-all. We did this through making comments such as; this is the right way, that's not going to work, we know it best, just to prevent HP from imposing on us, and to show them our personalities. But HP listened to us, and tried to interpret us. They changed some things, and couldn't change others. But we never felt stepped upon. Actually we felt freer to interpret, comment, oppose, question… That was the mode we were in, and they replied with sympathy. (See Appendix D.5.)

Shell-Turcas was the second runner of the survey findings, with employees finding the traits of cultural potential widespread within their company. This again was as expected due to the nature of both Shell and Turcas being a group of companies composed of many different partnerships within companies of the energy sector (see Figure 15 and Figure 16). In the interview the senior manager of Shell-Turcas confirmed that although the cultural fit between Shell and Turcas was low there was high cultural potential within their companies.

Although Cadbury-Kent scored the lowest in the survey findings among the three, it still had average cultural tolerance. Again the neutral attitude found in this part of the quantitative study can be related to the fact the acculturation did not take place within Cadbury and Kent.

Table 16: Cultural Potential Survey Findings

Cultural Potential	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q37a ‘Openness to new values and ideas’	5.00	3.00	4.40
Q37b ‘General tendency to trust others’	5.60	3.86	4.60
Q37c ‘Tendency to think in terms the two parties to arrive at common goals’	5.00	2.71	4.40
Q37d ‘Tendency to coordinate behaviors based on shared norms and values’	5.20	3.14	4.60
AVERAGE	5.20	3.18	4.50

* Covers questions ‘37a’ to ‘38’

However an important fact must be addressed before continuing with the findings (see Fig. 3.6.). The prepared survey was administered to the managers of Cadbury-Kent in January 2007, where as the qualitative study was conducted a year later, in March 2008. During the period in between Cadbury-Kent acquired the Turkish chewing gum leader, Intergum. In the interview with the senior executive of Kent, it was stated that acculturation took place in the Intergum acquisition. But in the first two phases of integration, as the family culture of Kent before Cadbury was not compatible with the global way of doing business, they chose to form a new global company culture with experts having experience in multinational companies. Furthermore the workforce restructuring within the white-collar managers of Kent in 2006 was very high according to the senior executive of Kent, who gave an example on the subject as quoted below;

> …Let me put it this way. We have an executive team of ten people, which consists of the general manager and those who report to the general manager. Only two people from this team are old, one is from the Tahincioğlu family and the other one is I, the remaining eight people are new. So if we are talking about the senior executive team after Cadbury partnership, the level is 80%. When we go below this level, you will see similar patterns until you go really down, where this percentage might decrease a little. But when I enter the elevator I see lot of people I don't know. I ask them which department they are from and when they joined us. I personally am having hard time recognizing people. (See Appendix D.6.)

In short, the survey results reflect the two phases of integration that Kent and Cadbury went through, whereas the qualitative study incorporates these two phases plus the Intergum acquisition to get a better picture of the intentions behind Cadbury-Kent partnership.

Acculturation; Leadership

The survey findings of the leadership and management style construct were similar to that of cultural potential. Again HP-Compaq scored the highest; probably due to the fact that both sides were competing against each other worldwide in a market where flexibility is paramount. In the interview the senior manager from HP-Compaq stated that the leaders of the integration was the ‘country management team’ (as explained in the HP-Compaq case report), and this was confirmed by middle level manager, as can be seen from the quote below;

> In the beginning of the integration phase their effectiveness was of course big, they led us, but in the later stages of culture formation, closeness etc., these were all done with personal effort. But our managers created the environment for this to happen. The executive team made meetings among themselves for integration and acculturation. After the merger they met to discuss peoples problems and other subjects. HP and Compaq executives put on the agenda subjects such as how to integrate and how to do it, and later applied these to their teams. We cannot say that they didn’t do anything, they were effective, very effective… (See Appendix D.7.)

Shell-Turcas findings also indicated high a successful integration management team with highly similar management style. Although Turcas was a local company, it had done many partnerships with multinational companies (such as Conoco-Phillips) in the past. So their management style was expected to have a global vision rather than a local one that a family firm such as Kent would probably have. The leadership and the management of the joint venture company was left to the transition team (which took the role of the executive team as explained in the Shell-Turcas case report), and in the interviews the importance of this team on the acculturation, was confirmed by the senior executive of Shell-Turcas as can be seen in the dialogue below;

> INTERVIEWER: Did the acculturation result due to the success of the integration (transition) team? Or else…
>
> SENIOR EXECUTIVE SHELL-TURCAS: Of course. Transition team was very important, because they drew the outline of the integration as the leaders, communicated it, determined the deficiencies, such as the gaps in each subject, and tried to solve them. (See Appendix D.8.)

Not surprisingly, Cadbury-Kent continued to score neutral possibly due to the lack of acculturation mentioned above. But in the qualitative research it was indicated that Kent employees were very happy with the leadership and management of Tahincioğlu family, and great amount of affliction was caused by their absence after Cadbury took control, especially by the former employees.

> SENIOR EXECUTIVE CADBURY-KENT: ...When you look at the Tahincioğlu family, it is a family very much liked by its employees. The importance they give to human beings, their respect to people in any level of the organization, being able to eat with the lowest level workers, helping them if they needed it… so they had perfect personalities, and when this corporate partnership took place, a major part of the workforce became sorrow.
>
> INTERVIEWER: Because that the Tahincioğlu family was leaving?
>
> SENIOR EXECUTIVE CADBURY-KENT: Their absence caused a major sorrow among the employees. Of course we tried to familiarize them with Cadbury, trying to comfort them by explaining the advantages of working in a multinational company... (See Appendix D.9.)

Table 17: Leadership and Management Style Survey Findings

Leadership and Management Style	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q21 ‘Success of integration management team’	5.00	3.00	4.40
Q35a ‘Approach to management problems’	5.60	3.86	4.60
Q35b ‘Emphasis on R&D and innovation’	5.00	2.71	4.40
Q35c ‘Importance given to long-term planning’	5.20	3.14	4.60
Q35d ‘Orientation in decision making’	5.60	3.86	4.60
Q35e ‘Creating and applying formal procedures’	5.00	2.71	4.40
Q35f ‘Group vs Individual decision making’	5.20	3.14	4.60
AVERAGE	5.23	3.20	4.51

* Covers questions ‘21’, and ‘35a’ to ‘36’

<u>Employee Attitudes; Employee Resistance</u>

Based on the survey findings, the employees from all three firms showed minimum symbolic resistance. This fact was supported in all the interviews made in the qualitative study that there was almost no symbolic resistance but maybe some vocal resistance, as can be seen from the quotes and dialogues below;

> MIDDLE LEVEL MANAGER HP-COMPAQ: There was nothing visual. No resistance was shown, but lot of people questioned their positions. Nobody commented on the merger, everybody went in the search of what they could get after the merger. Some people got it, some didn't. Those who didn't of course questioned more. (See Appendix D.10.)
>
> INTERVIEWER: Was there any reactions among the workers? Did they show any reaction to this being English literate thing, or the separation of the Tahincioğlu family, in written, vocal or any other way?
>
> SENIOR EXECUTIVE CADBURY-KENT: In general of course there was an emotional approach. People who especially loved the family, who had close relations with them, felt uncomfortable with the company being sold to a foreign firm.
>
> INTERVIEWER: What was the biggest problem you faced, did they come and give you any letters of complaints…
>
> SENIOR EXECUTIVE CADBURY-KENT: No, no…
>
> INTERVIEWER: Nothing written?
>
> SENIOR EXECUTIVE CADBURY-KENT: No, nothing written.
>
> INTERVIEWER: Only spoken complaints?
>
> SENIOR EXECUTIVE CADBURY-KENT: Verbally they expressed that the family period was good, what will happen next, foreigners have bought the company, what will happen to the workers, what will happen to the company, will it be good, will it be bad? Will we see this current affection from Cadbury; will they treat us like the family did? And such concerns were heard and spoken. But in return we tried to explain the employees the benefits of working with a multinational company, its advantages and good parts. (See Appendix D.11.)
>
> MIDDLE LEVEL MANAGER SHELL-TURCAS: We had discomfort as well. It might not be felt at the CEO level. But by discomfort I am referring to the prolonged time it took for the unification. Naturally Shell side looked at the merger as, why did these people come here? (See Appendix D.12.)

The results from the survey and interviews contrasted for the vocal resistance. The most uncomfortable transition in terms of employees was mentioned in the Cadbury-Kent case, where the most resistance from the employees was expected. This was due to the fact that experts with experience in multinational companies replaced the locally oriented employees that Tahincioğlu family employed in Kent before

2002. In addition, the progress and intention behind the integration were not revealed to the employees well enough, as can be seen from the quotes of the middle level manager of Cadbury-Kent;

> …That was one of the main reasons why the former employees felt discomfort. Because people only knew something was decided upon only after it was put into practice, which put them in a state of ambiguity. What will happen? What will change? What will be my position?… (See Appendix D.13.)

However the quantitative study implied that HP-Compaq had experienced extremely high vocal resistance, where as Cadbury-Kent scored average, and Shell-Turcas had minimum.

An explanation for this contrasting result can be the nature of the term vocal resistance. It was witnessed during the interviews that some viewed vocal resistance mildly as in negative conversations made about the partnership, where as others viewed it radically as in anti-M&A meetings. Although that this term was employed in the study to measure the employee reactions to the M&A it had a misleading potential. The proxy fight between Carly Fiorina and Walter Hewlett mentioned in the HP-Compaq case report could have been interpreted as a vocal resistance, although it did not imply any resistance from the employees.

Table 18: Employee Resistance Survey Findings

Employee Resistance	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q1 ‘Vocal resistance’	5.20	3.86	2.00
Q2 ‘Symbolic (Posters etc.) Resistance’	2.00	2.00	1.20
AVERAGE	3.60	2.93	1.60

* Covers questions ‘1’ and ‘2’

Employee Attitudes; Job Satisfaction

In terms of job satisfaction, survey results indicated high levels of satisfaction in Cadbury-Kent and Shell-Turcas, whereas HP-Compaq scored average. In the qualitative study there were no implications of any job dissatisfaction, except the lay-offs of the former employees of Kent. But still Kent scored quite high in terms of satisfaction. In the interviews, when we asked the middle level manager of Cadbury-Kent about the job satisfaction change compared before and after the M&A, the difference was explained as quoted below;

> I don't think that the newcomers would have been happy if they worked under the Tahincioğlu command. Because the new comers came from institutional cultures, all of them are from multinationals. But I also see that the former employees are not happy with this new culture. They enjoyed more the older sincerity of the family culture. (See Appendix D.14.)

So, a good explanation to the favorable employee attitudes of Kent toward the M&A can be that the survey was conducted to middle and higher-level managers in accordance with its design. These executives were thought to be the best representatives of their organizations as a whole. But under Tahincioğlu's command, Kent's higher-level management was dominated with Tahincioğlu family members, and there were few middle-level managers to support them. As written in the case report, when Cadbury took control of Kent in April, 2006 (nine months before the survey was conducted) it restructured these executive levels within six months, with the expert executives mentioned before. So, probably the respondents of the survey were these newly hired managers. This contrasted with the original intent to employ the survey on a group that represented the company as a whole, and that's why the survey findings were not in line with the qualitative expectations.

Table 19: Job Satisfaction Survey Findings

Job Satisfaction	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q4 'Job satisfaction'	3.80	4.57	5.00

* Covers question '4'

Employee Attitudes; Turnover

The survey findings indicated the level of voluntary exits to be a little above average. In the interviews conducted the executives from HP-Compaq and Shell-Turcas gave similar answers such as; 'there was turnover, but at very low levels', as can be observed from the quotes below;

> We didn't feel it so much in Turkey. It was around 10%, a minimal level in Turkey. This was due to two reasons; first of all HP and Compaq were very 'lean and mean' organizations in Turkey. Secondly, we gave the region lots of people, lots of people were selected to the regional management, transferred there, therefore we had it in a minimal level. (Quote from HP-Compaq Senior Executive, see Appendix D.15.)

> … No, turnover was very little. After the integration some people left the organization, but when we look at it numerically its very very low. Believe me that no more than 20 – 25 people left the company at the integration. (Quote from Shell-Turcas Senior Executive, see Appendix D.16.)

As expected, in the interviews conducted with Cadbury-Kent executives, although not voluntary, high levels of lay-off's especially of former employees of Kent was clearly stated as can be seen from the quote and dialogue below;

> … Yes. Plus workers above a predetermined age were let go. People who had been working for years were let go. I believe this caused discomfort among employees causing them to think whether they were next. (Quote from Tahincioğlu Family Member, see Appendix D.17.)

> MIDDLE LEVEL MANAGER CADBURY-KENT: … Not much staff is left from Kent times. It is mostly a newly formed staff. A more dynamic staff.
>
> INTERVIEWER: What was the percentage of turnover?
>
> MIDDLE LEVEL MANAGER CADBURY-KENT: I don't know the percent, but we felt it as it was at a high level. (See Appendix D.18.)

It is very hard to make inferences from the qualitative findings on turnover because it tends to be a sensitive issue that executives do not like commenting on. That's why in the survey; ratio scale questions were employed besides the interval scale ones. The percentage turnover findings from the survey indicated the following;

- The percentage of the personnel retained was the highest in Shell-Turcas, followed by Cadbury-Kent. These findings were in line with the qualitative study as high turnover in Cadbury-Kent was indicated in the interviews. An important point here is that turnover is also related with time, and as time passes the turnover in the company increases with the recruitment of new people, and deployment of older employees. Shell-Turcas and Cadbury-Kent surveys were conducted about ten months after the corresponding M&A deals were complete (see Figure 9). But when looking at HP-Compaq there was a three-year gap between the survey application and M&A closing. That's why personnel retention rate was found to be much lower for HP-Compaq.
- When comparing the number of employees leaving from the two sides (with Q43 & Q44), the survey results indicate that layoffs were done in a more equitable fashion in Shell-Turcas and HP-Compaq (not more than twice for one party than the other). Although that the Cadbury-Kent findings indicate a five times more turnover on one side than the other, we

know through the qualitative findings that Cadbury transferred only a few people from its facilities abroad and none of them were laid off, so these questions are irrelevant for the Cadbury-Kent case.

Table 20: Turnover Survey Findings

Turnover	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q3 'Voluntary exits'	4.40	3.71	4.00
Q42 '% Personnel retention rate'	22.75	67.50	83.00
Q43 '% Old company voluntary turnover'	3.25	5.17	10.44
Q44 '% Other company voluntary turnover'	1.75	1.00	17.06

* Covers questions '3', '42', '43' and '44'

Employee Attitudes; Organizational Commitment

When looking at the organizational commitment results, the survey indicated that all three companies scored similarly by having above average commitment towards their organizations. The qualitative research did not uncover any fact against these findings. However in the interview with the Tahincioğlu family member on Cadbury-Kent, it was stated that the former employees were much more committed to the Kent before the M&A, than the new employees of the current company, as seen in the quote below;

As I have told before, the company used to be a firm that the family made the decisions, where workers felt themselves more belonging, but now it is a more professional, more merciless world. You can see managers stepping over each other to get a better position, I mean it is a completely different firm, that's what I think… (See Appendix D.19.)

Table 21: Organizational Commitment Survey Findings

Organizational Commitment	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q5 'Willing to work harder for success'	5.40	4.29	5.20
Q6 'Loyalty'	4.00	4.29	5.40
Q7 'Turn down another job'	4.40	3.57	2.20
Q8 'Similar values'	4.40	4.57	4.60
AVERAGE	4.55	4.18	4.35

* Covers questions '5', '6', '7' and '8'

Organizational Fit; Operating Autonomy

The survey findings indicate that Shell-Turcas scored the highest autonomy, followed by Cadbury-Kent. HP-Compaq attained the lowest autonomy of the three. These results conflicted with the qualitative implications. Firstly, in Shell-Turcas the process was practically an acquisition of the control of Turcas by Shell Turkey. In the JV company Shell principles were applied strictly, so in terms of Turcas there was no autonomy practiced. But as indicated in the case study report Royal Dutch Shell plc is a very centralized organization that requires all of its global branches to strictly follow the policies set at the headquarters. To facilitate a faster growth in the Turkish market, the executives of Shell-Turcas adopted a 'ring-fence' concept in which the joint venture company was allowed to be isolated from this centralized system for a period of two years, which may have been the reason why the survey respondents indicated Shell-Turcas to have high level of operating autonomy. This centralized structure and the usage of the ring-fence mechanism was mentioned in the interview with the middle-level manager of Shell-Turcas;

> …A concept called 'ring fence' was adopted. That helped us a lot. Normally any procedure that Shell establishes is required for all the Shells around the world to be put in practice according to a plan. Whatever it may be. This can be even in a simple promotion, or working with a single bank worldwide etc. But it is required to follow a strict schedule. Secondly there is 'manual of authorities'. Normally Shell has a very matrix structure. All of our executives were abroad before the merger… (See Appendix D.20.)

Secondly, in the interview with the senior executive of Cadbury-Kent, it was stated that Kent was left autonomous with its local operations, where as it had to comply with Cadbury command for its global operations. This can be seen from the quotation below;

> Direct permission from abroad is not required for local new product development. It is being worked with the marketing department over here. The head of the marketing department is a person appointed by Cadbury, and he now got promoted to the group and is now leaving, but Turkey will be connected to him. Marketing department of course continuously conducts market research, does some evaluations, and later determines the requirements of the brands. Especially in terms of the company and its growth strategies, they determine our goals. These goals are being determined with the marketing department; such as, we need these new products for the chewing gum segment. Of course these determined goals are in line with those of the headquarters. (See Appendix D.21.)

Lastly, for HP-Compaq, the two firms were integrated 100% within each other based on their strengths in differing operational categories in the IT sector. For example, HP was dominant in the printing and imaging sector, where as Compaq was better in PCs. So as the two organizations were melted into a single organization, all of the managerial discretion was redistributed among the company indicating a low level of operating autonomy of the businesses compared to that before the M&A.

Table 22: Operating Autonomy Survey Findings

Operating Autonomy	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q 11 'Operating autonomy'	2.20	2.87	4.20
Q 12 'Removal of managerial discretion'	4.60	3.71	3.80

* Covers questions '11' and '12'

<u>Organizational Fit; Organizational Communication</u>

In terms of organizational communication the survey findings were in accordance with the qualitative inferences. All three partnerships accomplished to form effective communication structures within their organizations. But this was easiest for HP-Compaq, being two similarly operating companies in the IT sector. As seen in the dialogue below, HP-Compaq managers already had compatible systems, so they only had to connect the two systems;

> SENIOR EXECUTIVE HP-COMPAQ: ...we used electronic massages, formed and used our intranet etc., I mean we used different communication vehicles; we used all of them.
>
> INTERVIEWER: Then there were no communication problems between the HP and Compaq employees, in the newly formed company?

> SENIOR EXECUTIVE HP-COMPAQ: No there wasn't. Until the legal integration was complete, we transferred the information on the intranets of both sides. When one announcement was made it was going to both HP and Compaq mail addresses, therefore being put in the intranets… (See Appendix D.22.)

With its well-structured workflow systems, Shell Turkey only had to integrate Turcas to itself. Shell-Turkey also formed a communication transition group to speed up this process;

> SENIOR EXECUTIVE SHELL-TURCAS: ...The communication went so well with the Transition Team that when we started out operations in July 1st, we faced no difficulties.
>
> INTERVIEWER: I understand that people from Turcas were so enthusiastic about learning?
>
> SENIOR EXECUTIVE SHELL-TURCAS: Of course. Plus it is a multinational company, everything is very systematic. (See Appendix D.23.)

The most work had to be done by Cadbury-Kent, as forming a communication network within a former family-firm. However, the interviews with the executives revealed that this process was accomplished successfully with the global experience of Cadbury. Actually the operational restructuring done for the integration was on the reporting system, to increase the organizational communication, as quoted from the senior executive of Cadbury-Kent below;

> If you ask what has been accomplished during this time; organizational changes were done to bring Cadbury to this point. First step was to adapt Cadbury systems to Kent. We started from the finance department. The current CEO Ahjaz Khan was the finance manager then, and he organized these financial systems to Cadbury. All the budget planning, monthly reports, and the financial reports were adopted to Cadbury. The first structural change was on this point… (See Appendix D.24.)

Table 23: Organizational Communication Survey Findings

Organizational Communication	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q9 'Communication effectiveness'	5.20	4.00	4.80
Q10 'Communications impact on performance'	5.80	4.43	5.20
AVERAGE	5.50	4.22	5.00

* Covers questions '9' and '10'

Organizational Fit; Extent Of Integration

Likewise to the organizational communication, the extent of integration survey results were linked to the qualitative results; all three partnerships were highly integrated, but Shell-Turcas scored extremely high, followed by HP-Compaq and Cadbury-Kent. Shell Turkey, with its claim that it would run the Turcas business better with its brand and operating principles, integrated Turcas completely within. Re-branding is a strong indicator of the extent of the integration, and Turcas' Türk Petrol brand was terminated and it essentially became a part of Shell Turkey. The survey average score of 5.58 out of 6.00 certainly supports this proposition. The complete re-branding of Türk Petrol to Shell is expressed in the dialogue below;

> INTERVIEWER: Have you ever thought of using the Türk Petrol brand?
>
> SENIOR EXECUTIVE SHELL-TURCAS: No we didn't. Because Shell does not practice such usage… actually sometimes using two brands have advantages, if your stations do overlap you can use two brands. Also there are

> lots of nationalist people for example. Plus Türk Petrol was a very good brand but we didn't use it… (See Appendix D.25.)

HP-Compaq was also re-branded under the HP brand, but Compaq brand continued to exist as a sub-category brand. Also in branches that Compaq was stronger, its expertise was used to shape the corresponding business. The quote below from the interview of the middle level manager of HP-Compaq illustrates the extent of integration between the two companies;

> After the merger HP's PC and notebook died, all of these were transferred to Compaq's factories under the Compaq appearance. Each product category was shifted to the better performing side. The brand changed, for some time we used HP-Compaq as the brand, but later turned to HP only. It was decided to continue with the HP brand in the beginning anyway. Compaq was used as a sub-brand for some time. There are still Compaq branded notebooks for example. They are still being produced as a sub-brand for example; such as, HP-Pavilion, HP-Compaq brands. But in time all of them took the Compaq appearance, but HP logo was printed on them. (See Appendix D.26.)

In Cadbury-Kent, very little re-branding among limited number of products was exercised, and Kent continued its candy business under its own brand, so it was expected to have a lesser level of integration than the other two. This can be seen from the quote below of the senior executive of Cadbury-Kent;

> We have only two products in Turkey that we sell under the Cadbury brand. The rest of the products are all Kent's previous introductions to the market, and they continue to be sold under this umrella. (See Appendix D.27.)

Table 24: Extent of Integration Survey Findings

Extent of Integration	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q26 'Operational interaction'	4.50	3.71	3.80
Q27 'Coordinative effort	4.50	4.14	5.40
Q28a 'Product/service'	4.60	4.29	5.80
Q28b 'Price'	4.80	4.57	5.80
Q28c 'Advertising'	4.80	4.00	5.80
Q28d 'Distribution channels'	4.80	4.14	5.80
Q28e 'Customer service'	3.80	4.14	5.80
Q28f 'Manufacturing process'	5.20	4.57	5.80
Q28g 'Procurement'	4.40	4.14	5.80
Q28h 'After sales service'	3.80	4.00	5.80
Q28i 'R&D'	4.60	4.29	5.75
Q28j 'Human resources'	5.20	4.86	5.60
AVERAGE	4.58	4.24	5.58

* Covers questions '26', '27', and '28a' to '29'

Organizational Fit; Integrating Mechanisms Used

The survey results indicated that HP-Compaq choice of integrating mechanisms was towards international staff meetings and cultural awareness seminars. In the interviews the mixed project teams were also stressed. In the interviews the middle level manager of HP-Compaq indicated the below quoted integrating mechanisms;

> First there was a gathering in a hotel. Then we did what we call HP ‘kick-off’; that is an activity outside the city that is done by gathering the whole team annually or semi-annually. This way, employees get to know each other better in an informal environment. We did that activity. Human resources department did some kind of a cover speech at that period, commenting in the potential subjects to be questioned, we had a semi-annual meeting with the human resources department. We conducted lots of group meetings. Every week certainly, we were making in-group meetings and to get to know each other outside the group there was a dinner, something, an activity was done every three months. (See Appendix D.28.)

According to the survey, Cadbury-Kent’s favorite choice was joint international staff meetings, mixed project teams and joint personnel training programs. Qualitative research did not come up a supporting implication. In the qualitative study the senior executive of Cadbury-Kent stated that for the integration mostly training programs were conducted to elucidate the Cadbury systems and procedures;

> After 2006, especially of course towards work, a period of extensive training programs that would teach the Cadbury systems started. Our employees regularly attended these trainings and meetings. (See Appendix D.29.)

Finally, Shell-Turcas’ choices of integration mechanisms were; joint personnel training programs, international staff meetings and cultural awareness seminars. In the interview, the senior executive of Shell-Turcas mentioned on the use of mentoring system to ease the integration;

> …at the time of the integration everybody had a mentor since Shell principles were going to be adopted. For example you have been transferred from Turcas to the joint venture company; you would have an appointed big brother; a big sister that would be your mentor. (See Appendix D.30.)

Another way of looking at the integrating mechanisms used are through the number of integrating mechanisms utilized. Based on this phenomena, we looked at the number of integrating mechanisms that was commonly accepted to be utilized within the organization (i. e. % Yes bigger than 50), and the results were; HP-Compaq had utilized two out of six; Cadbury-Kent had utilized three out of six; and Shell-Turcas had utilized three out of six. Again, no specific inference to this finding could be made from the interviews.

Table 25: Integrating Mechanisms Used Survey Findings

Integrating Mechanisms Used	% Yes, n=5 **HP-COMPAQ**	% Yes, n=7 **CADBURRY-KENT**	% Yes, n=5 **SHELL-TURCAS**
Q41 'International staff meetings'	100	86	60
Q41b 'Joint R&D meetings'	50	14	0
Q41c 'Cultural awareness seminars'	75	29	60
Q41d 'Mixed project teams'	25	71	40
Q41e 'Personnel rotation'	0	14	20
Q41f 'Joint personnel training programs'	50	57	100

* Covers questions '41' to '42'

Strategic Fit; Similarities

The similarities construct of the three companies was almost identical overall (on the high similarity side) based on the survey results. But when looking at the items within the similarities construct, survey respondents had indicated a high level of similarity in the market-product related items (Q13, Q14, Q15, Q16), where as operations such as marketing and production were found to be neutrally similar (while Cadbury-Kent was on the lower side and Shell-Turcas on the higher side). A parallel deduction could be made from the qualitative research that; although the markets served, and the products offered were similar, there were differences in terms of the similarities of operations.

The similarities and complementarities of the Cadbury and Kent can be seen from the dialogue with the Tahincioğlu family member below;

> TAHİNCİOĞLU FAMILY MEMBER: ... Both were experts in their fields. One was expert in chocolate, the other one expert and market leader in candy…
>
> INTERVIEWER: They were complementing each other?
>
> TAHİNCİOĞLU FAMILY MEMBER: Complementing, yes. There were similarities but as Cadbury was open to public, and more professionally directed it was of course different than Kent. We were also open to public but… (See Appendix D.31.)

In the interviews conducted the middle level manager from Shell-Turcas commented on the differences between the two companies operations, and how it represented an advantage for success, as seen in the quote below;

> I think they were not similar in terms of similarities. Actually their non-similarity is the good thing here. If I had merged with a company as strong as I am (I mean in terms of operational excellence), the jump I could have gained would be only 10%. But we looked and said 'Turcas is a good target, we can do 35%' and we met that promise, we have accomplished 35% now. For that

reason they were not similar at all in terms of operational excellence. They were not similar at all in terms of company culture as well. (See Appendix D.32.)

Table 26: Similarities Survey Findings

Similarities	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q13 'Market'	5.00	5.43	5.80
Q14 'Product/service'	5.20	5.00	4.40
Q15 'Technology'	4.60	4.86	5.00
Q16 'Distribution channel'	5.60	4.86	4.00
Q18 'Marketing'	3.20	2.71	4.00
Q19 'Production'	3.80	3.57	3.60
AVERAGE	4.57	4.41	4.47

* Covers questions '13', '14', '15', '16', '18' and '19'

<u>Strategic Fit; Complementarities</u>

Survey results of the complementarities of the operations were found to be moderately high in Shell-Turcas, whereas HP-Compaq and Cadbury-Kent had neutral complementarities in terms of operations. Although the differences between the three companies were small based on the survey findings, it was expected by the qualitative research that Cadbury-Kent score the highest complementarity. During the interviews it was implied that Cadbury’s worldwide marketing potential would aid Kent in entering the European market, and Kent’s expertise in the candy business, and its unused capacity in its modern facilities would complement Cadbury in meeting its production needs for Europe.

Also when looking at HP-Compaq a complementarity was implied through Compaq being and expert on the PC and servers market, and HP on the printing and software market. This can be seen from the quote of the middle level manager of HP-Compaq below;

> As Compaq was number one in terms of personal products, HP bought it to include those products to its portfolio. By buying those products, HP aimed to strengthen the product categories where it used to be weak. (See Appendix D.33.)

In terms of Shell-Turcas, a marketing complementarity would be under the Shell brand, but production complementarity was irrelevant, as both companies did not produce their products. The interview with the middle level manager from Shell-Turcas, a lower level of complementarity among the two firms was indicated, despite the high survey findings, however since their strategic motivation was similar a high degree of strategic fit was accomplished among the two companies, as seen from the quote below;

> Actually when I first saw the deal I found it very meaningless. There were no complementarities. Because both our weak point were storage facilities. It is still our weak point. What’s important in petrol business? If you are going to import it, you have to store it and distribute it. Both our storage capacity is weak. But if we had tried to merge with a company that had strong storage capacity, and was operated well it wouldn’t have worked out. That’s why there is no complementarity at all. It would have been nice if it were present. If we had found a weak firm with high storage capacity it would have been much better. But we didn’t. Strategic motivation, that’s the main point. Strategically we are 100% compatible. Because both firms were wanted to grow in the sector, and both wanted to grow without selling. Not to sell, profit, and leave the sector. Let me create such a synergy that would make the business more profitable. Therefore there is complete fit. This is where the strategic motivation is. (See Appendix D.34.)

Table 27: Complementarities Survey Findings

Complementarities	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q17 'Marketing'	4.20	3.71	4.20
Q20 'Production'	3.40	3.57	4.40
AVERAGE	3.80	3.64	4.30

* Covers questions '17' and '20'

<u>Strategic Fit; Strategic Motivation</u>

Synergy was clearly the main strategic motivation behind all three companies based on the survey results. This was well supporter in the interviews conducted as can be seen from the quotes below;

> SENIOR EXECUTIVE HP-COMPAQ: This merger was made to create synergy, that is the reason behind it… to become a single source for the customers... (See Appendix D.35.)
>
> INTERVIEWER: Did it succeed in terms of creating synergy?...
>
> TAHİNCİOĞLU FAMILY MEMBER: That's true, exports increased enormously. (See Appendix D.36.)

Although HP-Compaq and Cadbury-Kent was neutral in terms of the remaining dimensions of strategic motivation construct, Shell-Turcas had scored significantly lower. Based on the qualitative interviews the basic strategy behind Shell-Turcas was stated to be growth only, and as Turcas' efficiency was low, Shell Turkey saw great potential in Turcas for growth as it was shown in the quote of the complementarity findings. But contrasting with the quantitative results, Shell-Turcas executives clearly stated in the interviews that they gained a tax advantage of around $150 million by choosing spin-off as a mechanism to merge the two companies.

HP-Compaq's secondary strategic motivation of restructuring and diversification is in parallel to some extent with the qualitative research implications. Although that the two companies were producing the same category products (except Compaq was not in the printing business) the combination would strengthen the weaker categories of the portfolio rather than creating a monopoly in just one category. So in that sense HP and Compaq strengthened the businesses that they were weak in.

Cadbury-Kent's survey finding of their secondary strategic motivation was well supported in the qualitative findings that with the Cadbury partnership Kent diversified into the chewing gum business (besides its well established candy business) as well as the European market.

Table 28: Strategic Motivation Survey Findings

Strategic Motivation	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q22a ‘Price’	2.80	3.00	2.00
Q22b ‘Tax’	2.40	2.71	2.25
Q22c ‘Cash’	2.60	3.33	1.00
Q22d ‘Diversification’	4.80	4.14	1.25
Q22e ‘Take advantage of synergy’	5.40	4.71	5.80
Q22f ‘Breakup value’	3.60	1.86	1.00
Q22g ‘Restructuring’	4.20	3.14	2.75
Q23 ‘Synergy related M&A’	4.60	4.57	5.80
Q24 ‘Stewardship’	2.60	3.29	1.80
Q25 ‘Hubris’	3.40	3.00	2.20
AVERAGE	3.64	3.38	2.59

* Covers questions ‘22a’ to ‘26’

Relative Size

The survey findings on relative size supported the qualitative findings that Shell-Turcas and HP-Compaq were partnerships of two comparable sized companies, whereas Cadbury was a much bigger company than Kent. Although Kent was very small compared to the Cadbury’s total portfolio, their senior executive stated that

Kent was among one of the biggest companies within Cadbury, as seen from the quote below;

> It (Kent) is the third, in terms of production capacity. But when our new investments become operational, we will probably compete for the first place… (See Appendix D.37.)

Table 29: Relative Size Survey Findings

Relative Size	Mean, n=5 **HP-COMPAQ**	Mean, n=7 **CADBURRY-KENT**	Mean, n=5 **SHELL-TURCAS**
Q48 ‘Annual sales ratio’	3.25	1.00	2.80
Scale:	(‘1’< 25%) (‘2’=25-49%) (‘3’=50-74%) (‘4’=74-100%) (‘5’> 100%)		

* Covers question ‘48’

<u>Perceived M&A Success; Magnitude Of Cost Savings</u>

On average, the magnitude of cost savings was moderately high for all three companies based on the survey findings. However, there was quite a bit variation within Shell-Turcas’ dimensions of magnitude of cost saving. Survey respondents from Shell-Turcas had indicated that almost no cost savings were accomplished in terms of the number of people employed. In the interview with the senior executive of Shell, when the weakest point of the M&A was asked, the reply was the costs, so here there is a match between the qualitative and quantitative results in terms of employee costs. This is shown in the quote below;

> The only thing we couldn’t do was to look at the costs, if I have to confess. We couldn’t create a cost synergy. We didn’t do anything consciously to decrease costs. But anyway this wasn’t in our original assumptions. Our

> priority is product lift, acquire the market, and we have a very aggressive vision as you know. To become the undisputed leader in the market. (See Appendix D.38.)

The qualitative research had identified Cadbury-Kent to be the one that went through a major workforce restructuring. Shell-Turcas and HP-Compaq on the other hand had minimal turnover indicating lower cost savings based on the number of employees. But there was an exception for HP-Compaq based on the qualitative research. Senior executive of HP stated in the interview that, although there was minimal turnover associated with the M&A, an extensive workforce restructuring took place and a large number of employees were appointed in positions outside Turkey, as shown by his quote in the turnover findings. For this reason it is safe to conclude that the survey findings are in correspondence with the qualitative ones.

Table 30: Magnitude of Cost Savings Survey Findings

Magnitude of Cost Savings	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q29a ‘Products/services’	4.80	3.86	5.00
Q29b ‘Brands’	4.60	3.67	5.20
Q29c ‘SBU’	4.20	3.83	5.20
Q29d ‘Sales channels’	4.40	3.33	5.40
Q29e ‘Production locations’	4.60	4.00	3.40
Q29f ‘Total employees in marketing and sales’	4.20	3.67	2.80
Q29g ‘Total employees in production’	4.00	3.67	1.75
AVERAGE	4.40	3.72	4.11

* Covers questions ‘29a’ to ‘30’

<u>Perceived M&A Success; Market Related Performance</u>

Based on the survey findings HP-Compaq and Shell-Turcas scored extremely high, where as Cadbury-Kent scored moderately high in terms of market related performance. In the qualitative interviews all the executives did find their partnership successful in the market; Shell-Turcas and HP-Compaq had closed the gap between and had almost outperformed their main competitors (Petrol Ofisi, and IBM respectively), however Kent was already the leader in its market and the M&A process just helped it to strengthen its leadership. This success for HP-Compaq and Shell-Turcas can be observed from the quotes below;

> MIDDLE LEVEL MANAGER HP-COMPAQ: As the most successful products in terms of production were chosen and produced, when the process settled, it naturally swept out, eliminated the competition. (See Appendix D.39.)

> MIDDLE LEVEL MANAGER SHELL-TURCAS: This is a true success. As a matter of fact a movie on this success is being made at the moment. I participated in it, everybody did. It is about what happened in the transition and transaction teams. Everybody comments on the reasons behind its success… (See Appendix D.40.)

So the survey results were confirmed in the qualitative study.

Table 31: Market Related Performance Survey Findings

Market Related Performance	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q30 'Market share'	5.40	4.00	5.00
Q31 'Customer retention'	4.80	4.14	5.20
AVERAGE	5.10	4.07	5.10

* Covers questions '30' and '31'

Perceived M&A Success; Financial Performance

Again all of the companies were found to be successful financially in terms of the M&A, based on the survey findings. However, Shell-Turcas was indicated to be much more successful than the rest. In the qualitative research, Shell's senior executive did mention the financial success of the partnership in that Turcas' market capitalization had increased tenfold from $ 88 million to $ 800 million due to the M&A. This fundamental success implied in the qualitative research was reflected in the survey findings, and can be seen from the quote below;

> …when we started these negotiations Turcas had a market value of $ 88 million (market capital), today Turcas is valued at $ 800 million… (See Appendix D.41.)

Table 32: Financial Performance Survey Findings

Financial Performance	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q32a 'ROI'	4.00	4.17	5.20
Q32b 'EPS'	4.60	4.17	5.25
Q32c 'Stock price'	3.80	4.17	5.25
Q32d 'Cash flow'	3.80	4.00	5.00
Q32e 'Sales growth'	5.00	3.67	5.40
AVERAGE	4.24	4.04	5.22

* Covers questions '32a' to '33'

Perceived M&A Success; Achieved Acculturation

Survey findings indicated that the achieved acculturation was neutral for HP-Compaq and Cadbury-Kent, and it was moderately high for Shell-Turcas. Based on the interviews done with the executives of the three firms higher results were expected as all of them indicated that the acculturation process (forming a new culture from experts, in terms of Cadbury-Kent) was well accomplished within their organization and the partnership was being handled as a team. The quote from the senior executive of Shell-Turcas below demonstrates the importance given to acculturation within the new company;

> We accomplished one team one culture, uplifting, and rebranding. The most important thing for us is the customer satisfaction; we spend most of our time in the field not in the company. Especially our salesmen are always in the field. For us team success is more important than individual success. Nobody puts themselves in front, we value team work. (See Appendix D.42.)

Table 33: Achieved Acculturation Survey Findings

Achieved Acculturation	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q34 'Achieved acculturation'	3.60	3.57	4.25

* Covers question '34'

<u>Perceived M&A Success; Synergy Creation</u>

Finally, for the synergy creation construct, HP-Compaq and Cadbury-Kent scored high and Shell-Turcas scored extremely high based on survey findings. The quote below from the senior executive of Shell-Turcas supports the survey findings of high levels of success in terms of synergy creation.

> Of course our most successful accomplishment was the use of synergies such as; for example we used the synergy in commercial sales in the fuel-oil sales; how to make mineral oil customer a fuel-oil customer etc. We were very successful in that synergy; what we call cross business synergy. (See Appendix D.43.)

The know-how transfer and access to new geographic markets dimension results of the synergy creation construct was supported by the qualitative research for Shell-Turcas, as operations were joined under Shell principles and command, and number of gas stations doubled for both sides enabling wider geographical coverage.

The high synergy creation results of the other two companies were also implied in the qualitative research. HP and Compaq had strengthened their businesses in the categories they were weak at through know-how transfer. In the interview, the senior executive of HP-Compaq replied as follows when asked on how successful he found the company in terms of the M&A;

> I find it very successful, I mean globally as well as in Turkey. Because look, during 2000 – 2003 period we faced not only the integration aches, but also the crisis in Turkey. In other words while people were dealing with one crisis we were dealing with two: a major change plus an economical crisis. So what happened then; while the IT sector shrunk 60 % during those crisis years, we shrunk 40 %. And in the years after the crisis while IT sector grew 15 – 20 % annually; we grew 30 % annually. We are currently the market leader; we have been the market leader since 2002. I am talking about the total, but we are also the leader in individual product groups. In the service income we are number two. This holds true globally as well. (See Appendix D.44.)

The picture was no different for Cadbury-Kent; they aimed at combining their know-how, and becoming the number one in the confectionary business. European access for Kent, and a high quality-low cost production base in Europe for Cadbury, was aimed through the partnership. The quote from the senior executive of Cadbury-Kent supports these findings;

> …our sector is a very fast growing sector, it grows above the Turkish average. We continue to get our share from that growth. There is also lots of competition in the sector but with the help of Cadbury we have made investments that facilitated our growth. Our work on new product development is continuing, we haven’t lost speed in those terms. That’s why our lead in domestic sales, our leadership positions continues. Our products are still being enjoyed but I think the biggest contribution was in exports. Especially the increase of the exports to $ 140 million and Turkey becoming an important procurement base for Cadbury, I believe, was the most important outcome for Kent, for Kent’s employees, and Turkey. That is the most important outcome… (See Appendix D.45.)

Table 34: Synergy Creation Survey Findings

Synergy Creation	Mean, n=5 **HP-COMPAQ** (1min, 6max)	Mean, n=7 **CADBURRY-KENT** (1min, 6max)	Mean, n=5 **SHELL-TURCAS** (1min, 6max)
Q33a ‘Know-how creation’	4.00	4.43	5.25
Q33b ‘Know-how transfer’	4.20	4.43	5.50
Q33c ‘Complementary products to joint customers’	4.40	4.33	5.60
Q33d ‘New geographic markets’	4.40	4.57	5.00
AVERAGE	4.25	4.44	5.34

* Covers questions ‘33a’ to ‘34’

CHAPTER 5: SUMMARY, CONCLUSION, AND IMPLICATIONS

This chapter covers summaries of the cases studied, findings, theoretical and practical implications, as well as the conclusions and the significance of this study. Further, limitations of this study are discussed and the contribution of the study is presented.

An Overview Of The Cases Under Investigation

Although the companies that were investigated in this study were chosen on predetermined criteria discussed in the selection of cases section, our in-depth analysis revealed some discrepancies among the cases studied which is believed to enhance our findings. In other words, the variances in our embedded multiple-case study enabled ‘theoretical replication’; through which contrasting results were explained by predictable reasons put forward by our theory (Yin, 2003). These differing findings occur in terms of; ‘type of M&A’, ‘scope’, ‘main strategy behind the M&A decision’, ‘resulting share distribution’, ‘relative sizes’, ‘dominant side in terms of systems, procedures, and decision-making’, ‘rebranding’, ‘duration of the integration process’, ‘workforce restructuring’, and ‘major reactions to the M&A’, that are summarized in Table 35 and discussed in the following paragraphs.

When looking at the companies studied in this research we can immediately see a difference in the types of the M&A agreement. HP had acquired Compaq in May, 2002; Cadbury had formed an joint venture with Kent in May, 2002, that later turned into an acquisition of Kent by Cadbury in April, 2006; and Shell and Turcas had formed a joint venture in July, 2006. Although these were the official descriptions of the partnerships between these firms [which was adopted from the Turkish Competition Board descriptions of the M&As (i.e. Rekabet Kurumu; ‘RK’ henceforth)] practically their corporate marriages were of different kinds. When we asked in the interview the senior manager of HP on what type of deal had been accomplished, it was stated that the HP-Compaq marriage was a ‘merger through acquisition’ due to the fact that, although Compaq was dissolved into HP, the management of the new company was equally split between the two firms. Official records from the RK defined the partnership between Cadbury and Kent in 2002 as a joint venture, but actually Cadbury had acquired 65% controlling stake at Kent. However Cadbury decided to control Kent together with Tahincioğlu family for a period of four years so that it could better understand the Turkish market, which implied a merger in practical terms. But in 2006 with the acquisition of 30% more shares of Kent, Cadbury acquired full control, both officially and practically. As for the Shell-Turcas case, due to the global investment policies of Royal Dutch Shell plc, Shell Turkey did not have an option of organic growth through acquisition and had to merge with another company if it were to accomplish its desire to become the number one fuel retailer in the Turkish market. The deal they chose was a joint venture with Turcas through a spin-off of their downstream petroleum businesses into a new organization. During the interviews conducted the executives commented that this type of deal brought around $150 million tax benefit compared to an alternative partnership through acquisition. However, Shell Turkey had pre-requisite of taking the operational control of the new company, and they were willing to pay a 'control premium' for that reason. As a result, although Turcas contributed only 12% (64.8 million YTL) of the 528 million YTL total worth of the assets spin-off to the new firm, they received 30% of the total shares (of course control premium was only one of the dimensions, besides others such as Turcas was undervalued in the market due top its efficiency etc., that determined this share division). So, in practical terms the official joint venture of Shell-Turcas was an acquisition.

These differences in the types of partnerships demonstrates that categorizing the type of corporate marriages is harder than it seems as it is an complex process that involves many perspectives. In other words the official categorization of an M&A process can differ in practical terms, and this difference is envisioned by the executives based on differing strategies such as tax benefit, market affiliation etc. In our study we choose to use the practical implications to understand the dynamics of M&A integration.

The scope of the deal also differed among M&A deals investigated. HP-Compaq marriage was the biggest global deal in the IT industry's history worth $19 billion. The main strategy behind the deal was to become a single source of products and service provider, covering all the needs of IT customers. The Cadbury-Kent partnership was a local chain of Cadbury's global strategy to become the number one chewing gum confectionary in the world. Cadbury acquired Kent through a joint venture followed by an acquisition, in which it paid $95 million and £54 million respectively. Shell-Turcas on the other hand was a local marriage, worth 528 million YTL, accomplished with the strategy to become the leader of the Turkish fuel retail market.

The relative size of HP was little bigger overall than Compaq globally, but their Turkish branches where we focused our attention in this study was similar in size. The global marriage resulted in HP shareholders getting 65% of the combination, whereas remaining 35% of the shares were left to Compaq's shareholders. Cadbury was much more bigger than Kent, however Kent was one of the bigger companies in Cadbury's portfolio. As of April, 2006 when the acquisition of Kent by Cadbury was complete, Cadbury had 95% shareholding in Kent, and Tahincioğlu had 4% and the remaining 1% was publicly traded. In the interview the executives from Shell-Turcas stated that the most important assets of a fuel retailer is the number of gas stations, so in that sense the relative size of Shell and Turcas was almost identical. The deal resulted in Shell getting 70% of the total shares of the joint venture company, and Turcas received 30%.

However, the shareholding structure did not determine who was in charge of the combined company. For example, in the first phase of Cadbury-Kent acquisition when Cadbury had acquired 65% controlling shares of Kent the operational control was still left with Tahincioğlu family until Cadbury gained experience in the Turkish market, and its operational procedures and systems were applied to Kent. For the HP-Compaq case; although that the controlling stake was in HP shareholders, the executives interviewed asserted that the control of the new company was determined based on expertise which resulted in shared control between HP and Compaq executives. Finally for the Shell-Turcas marriage, the operations, systems and policies of the partnership were totally adopted from Shell Turkey, and only two board members out of seven represented Turcas.

Rebranding was an important indicator of the extent of integration resulting from the corporate marriages studied. In Shell-Turcas, Turcas' Türk Petrol brand was totally rebranded to Shell brand within six months of joint operations, and was no longer used, implying a very high degree of integration of Turcas into Shell Turkey. Compaq brand was also rebranded into HP brand, but the combined company continued to use it as a sub-brand especially for the personal computer segment, where Compaq had a good reputation. The lowest extent of integration among the three marriages were probably in the Cadbury-Kent case where rebranding did not take place, and Kent continued to produce its own products, with its own brands, under Cadbury's command.

The time spend in integration also differed among the selected cases. HP-Compaq and Shell-Turcas had chosen to finish the integration as quickly as possible, in which they accomplished in eleven and nine months respectively. However for Cadbury-Kent it took four-and-a-half years in two phases, until Kent was totally integrated into Cadbury. The senior executive of Cadbury stated that such a long integration period was necessary for two basic reasons and this was done totally intentionally. First of all, the family firm structure of Kent before the merger was not compatible with that of Cadbury, so a major workflow and workforce restructuring was necessary that took a long time. Secondly, Cadbury was unfamiliar with the Turkish market and gave great importance to the experience of Tahincioğlu family in this respect, and they chose to work together meaning a slower transformation.

This workforce restructuring had created a high-level discomfort among former employees of Kent, especially as the process took so long, and during this time people were worried about their future. Actually this discomfort was seen in all three cases, which became an important determinant for Shell-Turcas and HP-Compaq to choose the speed of integration to be as quickly as possible. Shell-Turcas did not get any negative reactions for its partnership, and the same hold true for HP-Compaq in terms of its employees. However, the proxy fight mentioned before in the case reports could be considered as a major reaction for the HP-Compaq marriage in terms the shareholders.

Table 35: An Overview of The M&A Processes Investigated

	HP-Compaq	**Cadbury-Kent Phase 1**	**Cadbury-Kent Phase 2**	**Shell-Turcas**
Type of M&A (officially/practically)	acquisition/ merger	joint venture/ merger	acquisition/ acquistion	joint venture/ acquisition
M&A Announcement Date	September, 2001	February, 2002	December, 2005	May, 2005
'Day One' of the Combined Company	May, 2002	May, 2002	April, 2006	July, 2006
Total Worth of the Deal	$ 19 billion	$ 95 million	£ 54 million	528 million YTL
Sector	Information Technologies	Confectionary		Energy
Scope	Global	A Local Chain of a Global Strategy		Local
Main Strategy Behind the Partnership	To become a single source (vendor) covering all the needs of IT customers through a wide umbrella of service and products	To become the number global gum confectionary business worldwide		To become the leader fuel retailer in the Turkish market
Share Distribution of the Joint Company	65% HP, 35% Compaq	%65 Cadbury, %34 Tahincioglu, %1 Public	%95 Cadbury, %4 Tahincioglu, %1 Public	%70 Shell, %30 Turcas
Relative Size	HP slightly bigger overall	Cadbury is enormous compared to Kent, however Kent is one of the bigger factories in Cadbury's portfolio		Similar size in terms of gas stations
Dominant Side in terms of Systems, Procedures and Decision-making	Mostly HP, although some traits from Compaq are adopted	Joint decision making making under Cadbury's systems and procedures	Cadbury	Shell
Rebranding	Compaq become a sub-brand inside the HP brand	None		Türk Petrol brand was rebranded to Shell brand
Duration of the Integration	Nine months for U.S., eleven months for Turkish Branch	Four years till phase two	Six months	Nine months
Workforce Restructuring Due to M&A	Little	Little	Major (former employees of Kent were mostly replaced with more skilled experts)	Little
Major Reactions to the M&A	Proxy challenge by some HP shareholders	Discomfort among older employees due to insufficient briefing of the progress and expectations of the M&A process		Minor

An Overview Of The Cross-Case Analysis Findings

As it can be seen from the Table 36 below, there is harmony between the findings from the quantitative and qualitative analysis. The extent, scope and implications of this harmony are discussed throughout this chapter.

Table 36: Cross-Case Findings

	HP-Compaq (quantitative/qualitative)	**Cadbury-Kent (quantitative/qualitative)**	**Shell-Turcas (quantitative/qualitative)**
Cultural Fit	neutral/high	neutral/inapplicable	low/low
Cultural Potential	extremely high/high	neutral/inapplicable	high/high
Leadership and Management Style	extremely high/high	neutral/inapplicable	high/high
Employee Resistance	neutral/low	neutral/neutral	low/low
Job Satisfaction	neutral/high	high/(low for former employees)	high/high
Turnover	neutral/neutral	neutral/high	neutral/neutral
Organizational Commitment	high/high	high/(low for former employees)	high/high
Operating Autonomy	low/low	neutral/high	neutral/low
Organizational Communication	extremely high/high	high/high	extremely high/high
Extent of Integration	high/high	high/high	extremely high/high
Integrating Mechanisms Used	2 of 6/inapplicable	3 of 6/inapplicable	3 of 6/inapplicable
Similarities	high/high	high/neutral	high/neutral
Complementarities	neutral/high	neutral/high	high/high
Strategic Motivation	neutral/high	neutral/high	neutral/high
Cost Savings	high/high	neutral/neutral	neutral/low
Market Performance	high/high	neutral/high	high/high
Financial Performance	neutral/neutral	neutral/high	extremely high/high
Achieved Acculturation	neutral/high	neutral/inapplicable	high/high
Synergy Creation	high/high	high/high	extremely high/high

Before discussing the findings of the study it is important to note that a variety of case study tactics (as shown in Table 3) were employed to increase the research quality. First of all, during the data collection phase a case study protocol was developed that included the procedures and general rules to be followed as well as the instruments to be used during this phase, which increased the overall reliability of our study. To increase the construct validity a number of case study procedures were also utilized. Hence, multiple sources of evidence were used, which included the documentation (such as annual reports, newspaper clippings, Turkish Competition Board reports etc.), interviews (with seven executives from three firms), direct observation (during site visits to conduct the interviews) and e-surveys. Also, construct validity was further strengthened by establishing a chain of evidence through citing specific documents and interviews wherever necessary in the findings.

In the data analysis phase to increase the internal validity pattern matching between the three cases under study and explanation building for these cases were employed. Especially for the constructs where the qualitative results and quantitative results conflicted rival explanations were also used to explain the probable causes of these differences. Furthermore, the choice of using multiple-case study in the research design allowed the use of replication logic in which the cases were treated as a series of experiments, each serving to confirm or disconfirm assumptions drawn from the others making the external validity of the study more robust.

Accordingly, acculturation was high for HP-Compaq, as the cultural fit dimension was high, and the cultural potential and leadership was found to be extremely high. Shell-Turcas yielded the same pattern in terms of acculturation as in HP-Compaq, but at a lower level especially due to their cultures having a low fit between. For Cadbury-Kent the quantitative results contrasted with the qualitative results; survey findings were neutral for all the dimensions of acculturation, but in the case study these dimensions were vague as the two sides had not interacted enough, and the former family culture of Kent was chosen to be replaced with a culture formed by employees that had experience in multinational companies. With the definition of acculturation as 'the process of assimilating new ideas into an existing cognitive structure all the knowledge and values shared by a society', it could only be projected as low. So we can conclude the following for acculturation based on qualitative and quantitative findings;

- The process of acculturation was highest for HP-Compaq marriage with the similar cultures between the two companies. Shell-Turcas scored above average acculturation due to high level of cultural tolerance despite its low cultural fit. Acculturation process in Cadbury-Kent was very low due to the fact that Cadbury decided to abolish the former culture and form a new culture.

In terms of employee attitudes Shell-Turcas witnessed the most positive reactions with low employee resistance, and high job satisfaction and commitment. HP-Compaq also had favorable attitudes towards their partnership, but survey responses conflicted in terms very high vocal resistance, which was not supported in the qualitative study (except the proxy fight mentioned in case report). Cadbury-Kent again showed diverging results within qualitative and quantitative results. Based on the interviews negative employee attitudes against the marriage were expected but the survey responses displayed positive findings. Based on these facts the employee attitudes were found to be;

- Employee attitudes were most favorable against Shell-Turcas followed by HP-Compaq marriage. Although qualitative and quantitative results conflicted, we can assume that employee attitudes against Cadbury-Kent were towards negative.

The organizational fit between the companies studied showed harmony between quantitative and qualitative results, through which high levels of fit were implied. HP-Compaq and Shell-Turcas revealed very high levels of organizational fit whereas Cadbury-Kent scored little above average fit based on the quantitative results. But when we include branding issues, duration of integration and dominance in terms of systems, procedures and decision-making discussed in the previous chapter, we can conclude the following in terms of organizational fit;

- Shell-Turcas had the highest level of organizational fit, which enabled absolute rebranding, and complete utilization of Shell principles throughout the joint venture company, through which integration was accomplished the fastest. Although HP-Compaq was head-to-tail with Shell-Turcas in terms of organizational fit, it took the second place due to its mild rebranding, and shared dominance in operational principles. Cadbury-Kent was a distant third with its lack of rebranding, and the longest duration of integration process, but managed to stay in the average fit side due to the dominance of Cadbury's principles in the decision-making backed up by the survey results. Accordingly, the classification of the M&As in terms of organizational fit in respective order is as follows: Shell-Turcas, HP-Compaq, Cadbury-Kent.

The strategic fit between the three marriages was all found to be high in all related dimensions in both the quantitative and qualitative results. The findings are very clear here that we don't have to elaborate it any further, therefore;

- All of the cases studied showed high levels of strategic fit.

Relative size is a construct that does not necessarily need to be tested by the quantitative research, as the best way to determinate is through documentation collected in the qualitative research. Not surprisingly, qualitative and quantitative research was in harmony, and depicted the following in terms of relative size;

- The M&A process with the most similar sized firm was identified as Shell-Turcas when compared in terms of their most imperative assets; the number of gas stations. HP-Compaq scored the second regarding relative size. HP was slightly bigger than Compaq overall (but their Turkish branches were of similar size). Cadbury was enormous compared Kent in size, so the Cadbury-Kent was the most different marriage in terms of their relative size.

It's worth noting here that all three acquisitions can be judged in as successes based on the qualitative and quantitative findings, however the question here is, how successful were they compared with each other. Based on the survey results Shell-Turcas was clearly the most successfully perceived post-M&A partnership among others studied. It scored high in all the dimensions identified for success, except cost savings (which was also identified as the least successful outcome of the M&A by their senior executive in the interviews conducted). HP-Compaq was perceived as the second most successful marriage in the quantitative study scoring high in all dimensions except financial performance, and achieved acculturation. Qualitative research had indicated a similar result regarding financial performance of HP-Compaq, with the criticism from Wall Street investors mentioned in the case report. Finally, survey respondents perceived Cadbury-Kent as the least successful case among others, but it still managed to score above average as all the dimensions of perceived success were attained at neutral level, except synergy creation, which was found to be high. When combining the qualitative findings with the quantitative ones, the results do not change and we can assert the following on post-M&A successes of the corporate marriages studied;

- The most successfully perceived marriage among the three is Shell-Turcas, followed closely by HP-Compaq. Although Cadbury-Kent partnership was considered to be successful after the M&A, its results were not as lucrative as the other two.

Modification Of The Theory Based On The Findings

When looking at the findings the clearest pattern that is observed is the connection between 'acculturation', 'employee attitudes', and 'organizational fit'. Based on the inferences of our findings high levels acculturation was accomplished in HP-Compaq and Shell-Turcas marriages, which were also associated with positive employee attitudes towards the M&A of the two companies. On the other hand, Cadbury-Kent findings indicate a very low level of acculturation accompanied by negative employee attitudes against the partnership (mostly through former employees). These results implicate a high level of human integration between HP-Compaq and Shell-Turcas, and low level of human integration for Cadbury-Kent. When looked at the organizational fit for these three cases, a similar pattern can be observed. As stated in the previous chapter HP-Compaq and Shell-Turcas had high levels organizational fit compared to Cadbury-Kent of which the findings indicated a neutral organizational fit. Such a linkage between organizational fit and strategic fit does not hold true, as strategic fit was found to be high in all three M&A deals. So based on this pattern we can propose a linkage between human integration and organizational fit.

This proposition was totally backed up by the interviews with the executives of Cadbury-Kent. As mentioned before, they stated that the family firm culture of Kent before the M&A was totally incompatible with a global company such as Cadbury. So a strategic decision was made in the early negotiation phase of creating a new company culture that would address the needs of Cadbury. They chose deliberately to integrate slowly, as this new culture formation would surely take time.

So we can conclude here that although the strategies of two firms were aligned, an incompatible corporate culture slowed down the task integration by affecting its organizational fit. Another supporting view to the proposed linkage between human integration and organizational fit comes from one of the main articles utilized in this research. Birkinshaw and his colleagues (2000) had found strong evidence that; “the shift towards greater task integration is facilitated in part by the extent to which the human integration process has been completed” (p. 412). In line with the stated findings above, we propose the following major modification to the developed theory;

- Human integration moderates the relationship between organizational fit and task integration.

Another modification proposal for the developed theory emerged from the family firm structure in one of the M&A deals investigated. The case study findings indicated that the amount of institutionalization was a clear predictor of organizational fit. Institutionalization is defined as ‘‘the emergence of orderly, stable, socially integrating patterns out of unstable, loosely organized, or narrowly technical activities’’ (Broom & Selznick, 1955, p. 238). It is indicated of having crucial importance for integrating with the global economies, and positive relationships have been found between institutionalization and performance of family-owned businesses (Alpay, et al. 2008). Institutionalization tends to be low for family-owned and local firms, whereas high amounts of institutionalization were present in all the multinational companies that we conducted our research in. Actually, based on the interviews, the first action that these multinational organizations employed in the integration phase was to increase institutionalization through advanced reporting systems, well-defined work definitions, punishment and rewarding systems etc. So our concluding revision to the developed theory is;

- The level of institutionalization is an important dimension for predicting the organizational fit among a partnership through M&A.

Based on these suggestions, the modified theory of post-M&A success can be seen in the Figure 20 on the following page.

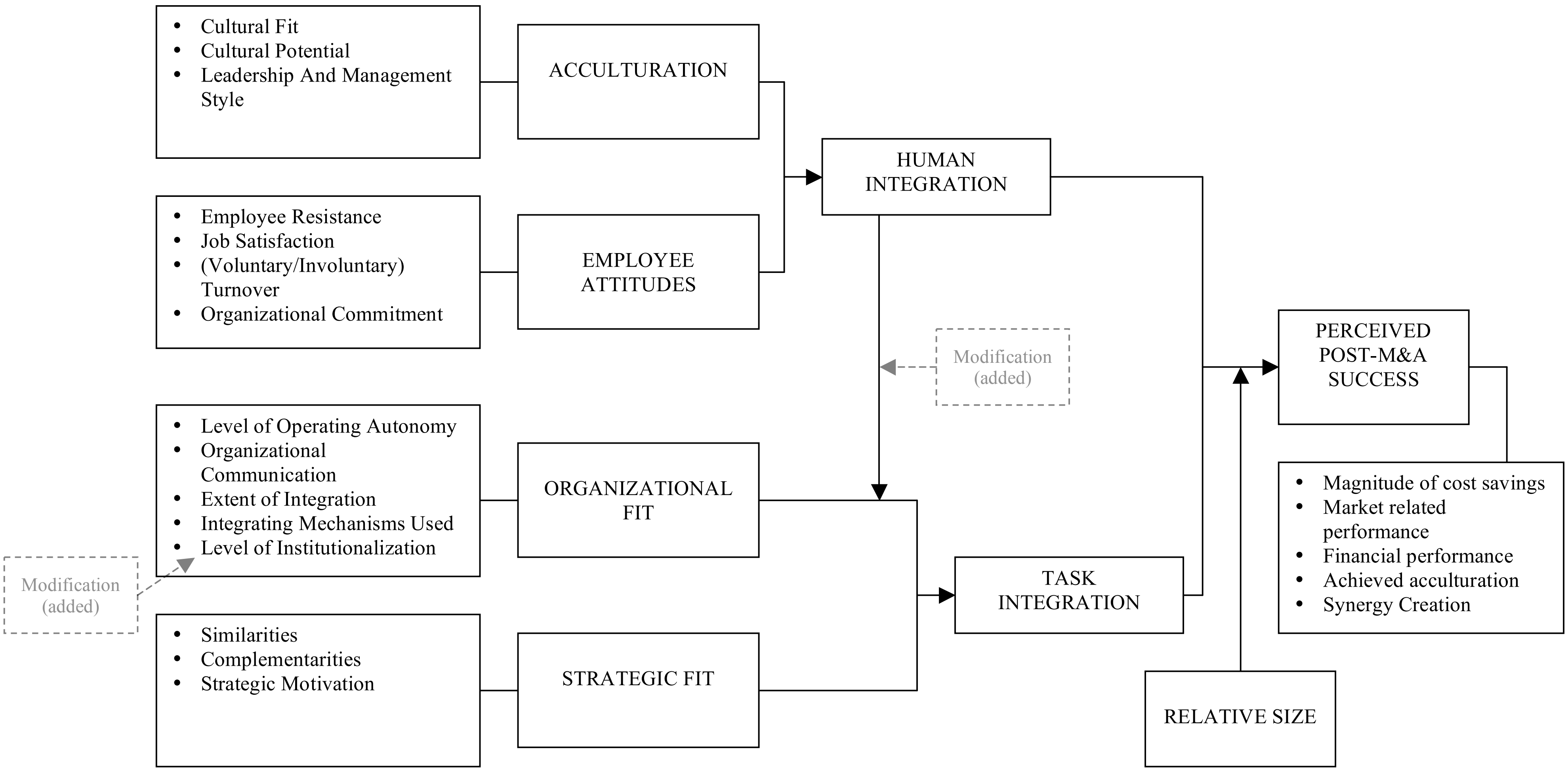


Figure 20: Modified Model of Post-M&A Success

Finally, the following theoretical propositions were derived from the modified model of post M&A success;

- The extent of shared beliefs, values, assumptions and common ways of doing business achieved through the diffusion of cultural elements (i.e. acculturation) of firms in M&A, has a direct effect on how well the people in the organization integrate with each other (i.e. human integration),
- Feelings and reactions of the individuals within the firm (i.e. employee attitudes) towards the M&A, will directly effect how well the people in the organization integrate with each other (i.e. human integration).
- The extent of the integration of the workforce (i.e. human integration) after an M&A, will moderate the effect of organizational fit on task integration,
- The degree of the match between the characteristics of two organizations (i.e. organizational fit) after an M&A, has a direct effect on how well these organizations integrate their operations and processes (i.e. task integration),
- The degree of the match between the organizations long-term plans on achieving their business objectives (i.e. strategic fit) through an M&A, has a direct effect on how well these organizations integrate their operations and processes (i.e. task integration),
- The level of integration of the operations and process of the two firms (i.e. task integration) after an M&A, has a direct effect on how well the

performance of the combined organization is identified (i.e. perceived post-M&A success),

- The level of integration of the workforce of the two firms (i.e. human integration) after an M&A, has a direct effect on how well the performance of the combined organization is identified (i.e. perceived post-M&A success),
- The difference between the sizes of the two firms (i.e. relative size) in an M&A, will moderate the effect of human integration and task integration on the perceived post-M&A success.

Implications Of The Study

The findings of this study contribute to the potential awareness on the dynamics of integrating employees and the operations of the two sides, on the perceived success of corporate marriages. However, this process often tends to be much more complex than it seems from the outside as it involves a huge amount of investment and efforts that will result in an outcome that is usually vital for the future of the company. At this point the investigator has to be very careful in getting an in-depth understanding on how the partnership has been formed. In all the three cases we studied in this research, the type of the M&A differed in official and practical terms (see Table 35), mainly due to strategic and tax reasons. This converging behavior is based on the ‘resource based view of the firm’ (Barney, 1988) that we have mentioned in the literature review chapter. This theory asserts that; only unique synergies or unexpected synergies will have a positive impact on the M&A performance. Accordingly, executives in charge of the M&A processes will always be on the lookout for unique combinations with the anticipation of reaching better outcomes.

This means that understanding the strategy behind the M&A is imperative for a researcher to understand the dynamics of its success, and qualitative methods such as in-depth interviews are much more suited to examine the strategy behind these unique combinations, than quantitative methods that often try to generalize the population. However, quantitative methods do have advantage over qualitative ones when investigating employee attitudes against the M&A decision. As corporate marriages often embody a large group of employees, time and resource requirements of qualitative methods make it undoable. In short, the implications from this study for researchers is that to investigate thoroughly the dynamics of M&A success, it is best to employ both quantitative and qualitative methods in which they concentrate on employee attitudes against, and strategy behind the M&A, respectively.

Judging the dynamics of post-M&A success in terms of the theory we developed, our findings did match what our theory suggested. To elaborate our model further we can say that task integration is more strongly linked to perceived success than human integration based on the study findings. Especially when considering the Cadbury-Kent case, in which although that the human integration was not handled as well as the other cases studied, the partnership was found to very successful both by perceptions and documentation. This is mostly due to the fact that human integration is harder to document and judge than task integration. So although everybody is aware of the importance of human integration, people tend to judge the success of an M&A mostly through how well the company manages its transfer of capabilities and combines its operations; that is how successful the task integration is accomplished. But we have also revealed in our research the linkage between human and task integration, as discussed in the previous section. Human integration has a moderating effect on the relationship between organizational fit and task integration as well as a direct connection with perceived success. In practical terms this means that transferring the capabilities and integrating the operations of two firms will be very costly if the people that will utilize these tasks are not well integrated. In other words, it is more risky to start task integration without human integration. So this implies that managers usually have choose between starting the human integration first and than integrating the tasks (as in Cadbury-Kent, which usually takes substantially more time), or carry out task and human integration simultaneously (as in HP-Compaq and

Shell-Turcas) to get a successful result out of M&A processes. Starting task integration without human integration is a no-win process.

Relative size is another important variable that we have observed to have moderating relationship on perceived M&A success. Again referring to the Cadbury-Kent marriage, as referred in the case report we can see that Cadbury efforts on integrating Adams were much sooner planned and better coordinated than those of integrating Kent. In accordance with the Adams integration plan, major part of the partnership was operational within ninety days under the direct supervision of Cadbury's CEO Todd Stitzer. Comparatively, Kent received much less established integration effort, mostly due to the fact that it was a much smaller deal (about $200 million total) compared to Adams ($4.2 billion). This is a clear implication that partnerships among similarly sized companies would result in better-coordinated efforts that would ultimately strengthen the perceived success of the M&A process.

The findings have also implied that future research is needed to clarify the relationship between some of our constructs and their dimensions. The first one is that the integrating mechanisms used dimension of organizational fit identified through literature review did not produce any comprehensive results both in the qualitative and quantitative part of our study. Accordingly, integrating mechanisms used in this research was inefficient for predicting the organizational fit; so further research is needed to understand this relationship. Another dimension that proved to be inefficient was the employee resistance. As mentioned before in the findings chapter, the term employee resistance was interpreted differently among the interviewees, as it implied much broader perceptions than its respective construct that it tries to predict; employee attitudes. In other words, due to the fact that the term employee resistance comprises a broader meaning than it originally intents, it was inefficient for predicting employee attitudes in our study. Therefore further research is also needed to clarify the connection between employee resistance and organizational fit.

A final implication of this study is on the effects of acquiring a family firm. We came across an important question during our research on M&A success; "What are the key differences between typical M&As and those involving a family firm, and what are the key success factors for the post-acquisition integration process for such corporate marriages?" Our findings indicated that family firms tend to incorporate differing operational structures even among themselves, but common leadership patterns towards the founders the businesses. For example, in the interviews conducted Cadbury-Kent executives stated that 'First' (owned by Avram Family) was a much more professionally structured family owned business than 'Kent' (owned by Tahincioğlu family) due to the fact that First was controlled by only three family members (the father Jak Avram and his two sons) compared to fifteen family members that dominated the executive level of Kent before the Cadbury acquisition. Although the level institutionalization between these two companies differed, these companies progressed successfully under the leadership of these family executives. This implies that, when a family firm is acquired, the founder/family member CEO and key management are often required to stay on in a leadership and management level, as they are the ones who can best help the acquirer realize the acquisition value. This is exactly what happened in the Cadbury-Kent case that in the first four years of integration, Kent was jointly managed by Tahincioğlu family and Cadbury. The support of Tahincioğlu family still continues at a non-executive board of directors' level even two years after Cadbury acquired full control of Kent.

Limitations Of The Study

As in all research designs, this study suffers from a number of limitations in methodology and approach. The results of this study will need to be replicated in a variety of M&A settings in order to establish the limits and boundary conditions of the proposed theoretical approach. Although the results generalize to a number of theoretical conclusions, further research in different industries and encompassing different types of mergers is necessary to establish the robustness of these findings in a variety of settings.

An apparent limitation of this study was on the limited number and the potential mismatch of the survey respondent to represent the employees' view of the organization as discussed in the findings section. As organizations are made up of many subgroups, the original intent of the study was finding a group of respondents that will represent the organization as a whole. Middle and upper level management was chosen in this respect, but in some cases (as in Cadbury-Kent where many levels were highly restructured by newly hired executives) this selection didn't perform well. With the addition of low level of response to the conducted e-survey, this turned out to be an important limitation to the study. Although the survey findings were in line with the qualitative results, this limitation has to be overcome in future research to get more robust support to the developed theory.

Another limitation of this study, and of qualitative research in general, is the potential for biased view of the cases studied (Yin, 2003). Although this limitation was mitigated somewhat by incorporating wide variety of data collection approaches such as annual reports, public announcements, newspaper articles as well as observations and interviews, it is possible that the theory developed in the beginning of the research had some impact on the information collected, and this fact should be given attention during the interpretation of the data. A good method to eliminate this potential bias could have been through the use of multiple judges to go over the case study database, reading the interview transcripts, checking the documentation etc, and later checking the inter-judge reliability.

However, in order to overcome these limitations, every effort was made to crosscheck stories and accounts of organizational events, and incorporate data from meetings third parties such as Turkish Competition Board (Rekabet Kurumu). In addition, throughout the data analysis and collection process great attention was given on considering alternative plausible explanations for the data, and attempts were made to search for and acknowledge data that was inconsistent with the conclusions of this study.

A third limitation of the current study is its heavy reliance on interview data. As discussed above, this method of data collection entails a number of assumptions that must be kept at the forefront of data analysis and conclusion drawing. Interview data are a reflection of respondents' perspectives, rather than completely objective accounts of reality. Although this methodology was appropriate to the primary interest in this study of understanding the dynamics of post-M&A integration, it is important to keep this distinction in mind and not view the study's results as completely accurate reflections of objective truth. Further research will be necessary in order to objectively assess whether the constructs defined in the developed theory differs in practice from how executives perceive and discuss it, and whether or not these constructs do indeed facilitate measurable M&A integration.

Another important limitation of this study was due to the fact the survey and the interviews couldn't be conducted after a well-predetermined integration period for each individual deal. Although our research design required the selected companies to have undergone at least one year of integration, the unconstrained upper limit resulted in HP-Compaq being investigated four years after the deal closed, whereas Cadbury-Kent and Shell-Turcas was investigated one year after the completion of their deals. However, this type of limitation is very hard to overcome as M&As are continuous growth strategies for many firms, such as Cadbury had acquired Intergum after Kent, and at the time of the writing of this dissertation HP made another major M&A activity and acquired another IT market leader; EDS in May 2006.

Although these are all valid limitations of the current study, the multi-method nature of our research design goes a long way toward overcoming their severity. The majority of research studies today incorporate solely qualitative or solely quantitative measures. Depending on the research question, a study that utilizes only one method may be appropriate. However, for the increasingly complex organizational world researchers face, multi-method approaches are becoming an increasingly desirable, if not necessary, component of organizational research. While it is not always easy to flawlessly conduct, interpret, and integrate multi-method research, we hope that one of the contributions of this dissertation will be to encourage future post-merger studies to incorporate a wider variety of research methodologies in order to increase the understanding of this complex and dynamic environment.

As a conclusion, implementing the post-M&A integration process successfully in today's organizations can be a very complicated and painful process, and sometimes it may even seem like an unattainable goal. A great deal of additional research is needed on how to accurately assess, understand, and utilize post-M&A dynamics for both researchers and practitioners to be able to improve the integration experiences for the parties involved. If this process can someday be mastered, or even effectively managed, the potential payoffs will be well worth the effort. As M&A activity continues to represent an irresistible way to cut costs and realize synergistic profit gains, this study represents a step toward understanding how to accomplish these strategies.

APPENDICES

A. Cover Letters

A.1. Cover Letter Explaining The Study In English

July 16, 2007

To whom it may concern,

Re: Academic Survey on Mergers and Acquisitions in Turkey

We are conducting a research project on mergers and acquisitions within the Department of Management under the leadership of Professor Güven Alpay, former Dean of the Faculty of Economics and Administrative Sciences at Boğaziçi University.

Over the past few years, Turkey has witnessed a level of activity in mergers and acquisitions of an unparalleled scale. In fact, 2005 has been a record-breaking year with a total volume of 31 billion USD in transactions, which is even higher than that of the total amount in mergers or acquisitions hitherto concluded in Turkey[1].

In an area that is of such vital significance both with respect to foreign investors who are looking to invest in Turkey as well as the implications on the Turkish economy in general, very limited research appears to have been undertaken. The present research, which was initiated with a view to examining the inherent characteristics and dynamics of mergers and acquisitions in Turkey, focuses primarily on the integration stage, ensuing the merger or acquisition. The research treats the subject under two main headings, that of 'human integration' and 'task integration'[2].

Preferably the views and opinions of at least 30 middle and senior managers in your organization are sought through their responses to a survey over the Internet. As a result of this study, we hope to identify the similarities and divergences in the 'post-merger and acquisition' stage of integration in Turkey.

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[1] *Birleşme ve Satın Alma İşlemleri 2005*, (2006). Ernst & Young Publications, January.

[2] Birkinshaw, J., Bresman, H., Hakanson, L. (2000). Managing The Post-Acquisition Integration Process: How The Human Integration and Task Integration Processes Interact To Foster Value Creation. *Journal of Management Studies*. 37:3 p395-425.

The information gathered from the answers to the survey shall remain strictly confidential and will not be disclosed to third parties. The findings of the project shall subsequently be submitted to your company.

In order that our research may proceed in accordance with the prescribed timetable, we should be most grateful if you would kindly provide us with the email addresses of the respondents in your firm – which for the purposes of the research project are required to be of middle and senior management level – by August 6, 2007 at the latest.

The survey shall be made accessible on a personal hyperlink until August 31, 2007 for each respective respondent (of the aforementioned seniority and professional standing) whose e-mail address has been supplied.

We should like to express our gratitude and heartfelt thanks for your interest and cooperation in taking part in this research without which the project would not be possible.

Kind regards,

Cem TALUĞ
Project Supervisor
Boğaziçi University
Faculty of Economics and Administrative Sciences
Department of Management
0 532 3776141
0 212 3596503
talug@boun.edu.tr

A.2. Cover Letter Explaining The Study In Turkish

16 Temmuz 2007

İlgili Makama,

Boğaziçi Üniversitesi'nde, Prof. Dr. Güven ALPAY koordinatörlüğünde yürüttüğümüz araştırma projesi şirket birleşme ve devralmalarını incelemektedir. Anglo-Amerikan kültüründe çok yaygın olan şirket evlilikleri, son yıllarda Türkiye'de de revaçtadır. Özellikle 2005 yılı bu konudaki faaliyetler açısından rekor seviyede işlem hacminin gerçekleştiği bir yıl olmuştur. Toplamı 31 milyar ABD dolarını bulan 2005 yılı birleşme devralma işlem hacmi, Türkiye'de bugüne kadar gerçekleşen tüm işlemlerin toplamından daha yüksek bir işlem hacmi ifade etmektedir[3].

Hem Türk ekonomisi, hem de yabancı yatırımcılar için bu kadar önem arzeden bir konunun Türkiye dinamiklerini inceleyen alternatifleri yeteri kadar incelenmemiştir. Bu eksikliği göz önüne alarak, başlatılan araştırmamız, özellikle şirket birleşme veya devralmalarından sonraki, entegrasyon dönemini kapsamaktadır. Çalışmamız bu aşamayı 'insan entegrasyonu' ve 'görev entegrasyonu' olarak iki ana başlık altında incelemektedir[4]. Bu araştırma için şirketinizdeki, orta ve üst düzey yöneticilere (tercihen en az otuz kişi) internet üzerinden anket uygulanması öngörülmüştür. Bu anketin amacı Türkiye'de gerçekleşen birleşme veya devralmalar sonrası entegrasyon dönemi hakkındaki benzerlik ve farklılıkların incelenmesidir. Bu çalışmada toplanan bilgiler kesinlikle gizli tutulup, araştırmanın sonuçları tarafınıza bildirilecektir.

Projemizin aksamadan yürütülebilmesi ve anketlerin zamaninda gönderilebilmesi için, şirketinizdeki üst ve orta düzey yöneticilerin e-mail adreslerinin, 6 Agustos 2007 tarihine kadar tarafımıza ulaştırılmasını rica ederiz. Bu e-mail adreslerine yollanacak linklerden ulaşılabilecek anketler, 31 Agustos 2007 tarihine kadar cevaplanmaya açık bırakılacaktır.

Projemize gösterdiğiniz ilgi ve katkılarınızdan dolayı şimdiden teşekkür ederiz.

Saygılarımla,

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Proje Sorumlusu
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[3] *Birleşme ve Satın Alma İşlemleri 2005*, (2006). Ernst & Young Yayınları, Ocak.

[4] Birkinshaw, J., Bresman, H., Hakanson, L. (2000). Managing The Post-Acquisition Integration Process: How The Human Integration and Task Integration Processes Interact To Foster Value Creation. *Journal of Management Studies*. 37:3 p395-425.

B. Written Form Of The E-Survey

B.1. Written Form Of The E-Survey Conducted In English

To whom it may concern,

This survey is a part of a research on mergers and acquisitions made by Bogazici University Management Department, coordinated by Prof. Dr. Guven ALPAY. The information collected through this research will only be used for academic purposes, and will be kept confidential.

Throughout the survey:

- The "Old Company" refers to the partner firm that you worked for, before the merger or acquisition,
- The "Other Company" refers to the partner firm that your "Old Company" acquired, or merged with,
- The "Current Company" refers to the firm that you are currently employed, after the merger or acquisition.

The survey consists of 3 (three) pages and 56 (fifty-six) questions. After answering questions on each page please press the next button at the end of the page.

We would like to thank you in advance for your contributions in this research.

For your questions please contact Cem Talug at;
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0 212 3596812

	Strongly AGREE (1)					Strongly DISAGREE (6)
1. Employees showed a vocal (voice) opposition to the integration process of the two firms	1	2	3	4	5	6
2. Employees showed a symbolic (anti-acquirer posters, etc.) opposition to the integration process of the two firms	1	2	3	4	5	6
3. There was voluntary exits due to the merger or acquisition	1	2	3	4	5	6
4. All in all, after the merger or acquisition I am satisfied with my job	1	2	3	4	5	6
5. I am willing to work harder than I have to in order to help my 'current company' succeed	1	2	3	4	5	6
6. I feel very little loyalty to this organization	1	2	3	4	5	6
7. I would turn down another job for more pay in order to stay with this organization	1	2	3	4	5	6
8. I find that my values and my 'current company's values are very similar	1	2	3	4	5	6
9. The information communicated within my current department is effective	1	2	3	4	5	6
10. The information communicated within the company has direct impact on the company's performance	1	2	3	4	5	6
11. The level of operating autonomy of our unit is high	1	2	3	4	5	6
12. The strategy, systems and procedures associated with the management of my unit/company was removed from our discretion after the merger or acquisition	1	2	3	4	5	6
13. The markets served by the two companies before the merger or acquisition were basically the same	1	2	3	4	5	6
14. The products/services of both companies before the merger or acquisition were mainly identical in quality	1	2	3	4	5	6
15. The products/services of both companies before the merger or acquisition were mainly based on the same technology	1	2	3	4	5	6
16. The products/services of both companies before the merger or acquisition were mainly through the same distribution channels	1	2	3	4	5	6
17. The different marketing capabilities of the joined firms fit each other so well that these capabilities were easily transferred between different markets and products of the two firms	1	2	3	4	5	6
18. The marketing operations of the joined firms before the merger or acquisition were so similar that the marketing strategy was not changed	1	2	3	4	5	6
19. The production operations of the two joining firms before the merger or acquisition were basically the same	1	2	3	4	5	6
20. The different production capabilities of the joined firms fit each other so well that these capabilities were easily transferred between them	1	2	3	4	5	6
21. The management team in charge of the integration of the two firms were successful	1	2	3	4	5	6
22. In making the merger or acquisition decision, our company's primary motive(s) was (were) to;						
a. Acquire a company below its replacement costs	1	2	3	4	5	6
b. Reduce tax of the combined company due to the tax losses of the acquired company	1	2	3	4	5	6
c. Use excess free cash	1	2	3	4	5	6
d. Diversify	1	2	3	4	5	6
e. Take advantage of synergy	1	2	3	4	5	6
f. Realize gains from breakup value of the 'other company'	1	2	3	4	5	6
g. Achieve a specific organizational form as part of an ongoing restructuring program	1	2	3	4	5	6
h. Diger (Lutfen belirtiniz)						

	Strongly AGREE (1)					Strongly DISAGREE (6)
23. My company was directly or indirectly involved in synergy-related merger or acquisition	1	2	3	4	5	6
24. The interests of the management (and the employees) in this merger or acquisition were more important than the interests of the shareholders	1	2	3	4	5	6
25. The benefits of this merger or acquisition was overvalued before the merger or acquisition	1	2	3	4	5	6

26. Please indicate the degree of operational interaction between the joining firms (during the first year of integration) with regard to the total amount of activity in your company (1=No interaction at all, 6=Most of the time spend on interaction)	1	2	3	4	5	6
27. Estimate the degree of coordinative effort expended (during the first year of integration) to enhance synergy realization by adjusting the operational interaction between the joining firms (1= No coordinative effort at all, 6= Coordinative effort as much as possible)	1	2	3	4	5	6
28. To what extent the following aspects were HARMONIZED between the two companies after the merger or acquisition (1=No integration, 6=Complete integration)						
a. Products/Services offered	1	2	3	4	5	6
b. Prices	1	2	3	4	5	6
c. Promotion/Advertisement	1	2	3	4	5	6
d. Distribution Channels	1	2	3	4	5	6
e. Customer Service	1	2	3	4	5	6
f. Manufacturing process	1	2	3	4	5	6
g. Procurement	1	2	3	4	5	6
h. After Sales Services	1	2	3	4	5	6
i. Research and Development	1	2	3	4	5	6
j. Human Resources Management	1	2	3	4	5	6
29. To what extent do you believe improvements (in terms of personnel, infrastructure, quality and so on leading to COST SAVINGS, etc.), have been reached as an outcome of the merger or acquisition in terms of the following items (1=No improvements, 6=Significant improvements)						
a. Products/Services offered	1	2	3	4	5	6
b. Brands	1	2	3	4	5	6
c. Strategic Business Units	1	2	3	4	5	6
d. Sales channels	1	2	3	4	5	6
e. Production locations	1	2	3	4	5	6
f. Total employees in marketing and sales	1	2	3	4	5	6
g. Total employees in production	1	2	3	4	5	6
30. Compared to the situation before the merger or acquisition, please indicate how have the merging companies together performed in terms of market share (please consider the sum of both companies) (1=Significant decline, 6=Significant increase)	1	2	3	4	5	6
31. Compared to your competitors how have the joined companies together performed in terms of retaining customers after one full year of integration (1=Significant decline, 6=Significant increase)	1	2	3	4	5	6

32. How would you evaluate the performance of the merger or acquisition in terms of meeting the prior expectations on the following items after one full year of integration (1= Hardly meets the expectations, 6= Overwhelm the expectations)						
a. Return On Investment (ROI)	1	2	3	4	5	6
b. Earnings Per Share (EPS)	1	2	3	4	5	6
c. Stock Price	1	2	3	4	5	6
d. Cash Flow	1	2	3	4	5	6
e. Sales Growth	1	2	3	4	5	6
33. Please assess the synergy created through merger or acquisition in terms of meeting the prior expectations on the following items after one full year of integration (1= Hardly meets the expectations, 6= Overwhelm the expectations)						
a. Creation of new know-how	1	2	3	4	5	6
b. Transfer of current know-how from one company to another	1	2	3	4	5	6
c. Cross selling of complementary products to joined customers	1	2	3	4	5	6
d. Access to new geographic markets	1	2	3	4	5	6
34. Please assess how well the two companies have created a joint company culture after one year of merger or acquisition (1= Hardly meets the expectations, 6= Overwhelm the expectations)	1	2	3	4	5	6
35. Please estimate the level of similarity of the management styles of the 'old company' and the 'other company' in terms of the following items (1=Not similar at all, 6=Very similar)						
a. Approach to management problemsv	1	2	3	4	5	6
b. Degree of emphasis on R&D and innovation	1	2	3	4	5	6
c. Importance given to long-term planning of investments and their financing	1	2	3	4	5	6
d. Orientation in decision-making	1	2	3	4	5	6
e. Getting personnel to follow formally established procedures	1	2	3	4	5	6
f. Group vs. Individual decision making	1	2	3	4	5	6
36. Please indicate the degree of cultural fit between the 'old' and 'other company' in terms of the following items (1=Not similar at all, 6=Very similar)						
a. Ways of Planning	1	2	3	4	5	6
b. Formalization	1	2	3	4	5	6
c. Reward and Sanction modes	1	2	3	4	5	6
d. Time Perspective	1	2	3	4	5	6
e. Orientation to growth	1	2	3	4	5	6
f. Management style	1	2	3	4	5	6

37. How do you rate your company before the merger or acquisition in terms of the following cultural traits (1=Not at all common, 6=Very common)						
a. Openness to new values and ideas	1	2	3	4	5	6
b. General tendency to trust others	1	2	3	4	5	6
c. Tendency to think in terms of two parties needing each other to arrive at common goals	1	2	3	4	5	6
d. Tendency to coordinate behaviors based on shared norms and values	1	2	3	4	5	6

	DAILY (1)					NEVER (6)
38. How frequently do you have face-to-face contact with your colleagues;						
a. From the 'other company'?	1	2	3	4	5	6
b. From your 'old company'?	1	2	3	4	5	6
39. How frequently do you have non face-to-face contact (such as phone/email) with your colleagues;						
a. From the 'other company'?	1	2	3	4	5	6
b. From your 'old company'?	1	2	3	4	5	6
40. How frequently do you have visits and meetings within departments in the whole organization?	1	2	3	4	5	6

41. Please mark (indicate), if any, of the following integrating mechanisms are used in your company (you can choose more than one answer)	○ International staff meetings
	○ Joint R&D meetings
	○ Cultural awareness seminars
	○ Mixed project teams
	○ Personnel rotation
	○ Joint personnel training programs
	Other (please specify)

42. Please indicate the percentage of personnel from your 'old company' retained after the merger or acquisition	% .....
43. Please indicate the percentage of personnel from your 'old company' that left voluntarily after the merger or acquisition	% .....
44. Please indicate the percentage of personnel from the 'other company' that left voluntarily after the merger or acquisition	% .....

45. What is the most common means of communication within your current company? (Please fill in the parenthesis; 1=Most Common, 5=Least Common)	(...) Face to Face
	(...) Telephone
	(...) E-Mail
	(...) Instant Messaging (MSN Messenger etc.)
	(...) Other (please specify);

46. Please indicate the number of people employed in your 'old company' in the year before the merger or acquisition	.....

47. The merger or acquisition that my company went through was;	○ A merger of equals
	○ A merger of non-equals
	○ An acquisition of my ‘old company’ by the ‘other company’
	○ An acquisition of the ‘other company’ by my ‘old company’
48. Please indicate the approximate ratio of the ‘other company’s annual sales to your ‘old company’s sales in the year before the merger or acquisition (Please specify only one of the choice aside)	○ < 25 %
	○ 25 – 49 %
	○ 50 – 74 %
	○ 74 – 100 %
	○ > 100 %

49. What is the basic field of operation of your current company?	
50. For which side (company) were you working before the merger or acquisition?	
51. Is your current company open to public and at what percent?	○ Open to public (% ....)
	○ Not open to public
52. How many people are employed in your ‘current company’?	
53. Please indicate your position in your ‘current company’	
54. How many years have you worked for your ‘old company’?	
55. How many years have you been working for your ‘current company’?	

56. Please indicate the following;	
a. Your age	
b. Your gender	○ Male
	○ Female
c. Your yearly income	○ < 40,000 YTL
	○ 40,000 – 75,000 YTL
	○ 75,000 – 150,000 YTL
	○ 150,000 – 250,000 YTL
	○ > 250,000 YTL

B.2. Written Form Of The E-Survey Conducted In Turkish

İlgili makama,

Bu çalışma Boğaziçi Üniversitesi İşletme Bölümü tarafından yürütülen 'Şirket Birleşme ve Devralmaları' konulu bir araştırmanın parçasıdır. Prof. Dr. Güven ALPAY tarafından koordine edilen bu araştırmada toplanan veriler yanlızca akademik amaçlı olup gizli tutulacaktır.

Anket boyunca:

- "Eski Şirket" birleşme ve devralma öncesi çalıştığınız tarafı (şirketi) kastetmektedir,
- "Diğer Şirket" birleşme ve devralma öncesi karşı tarafı (şirketi) kastetmektedir,
- "Şu Anki Şirket" birleşme ve devralma sonrası oluşan, şu anda çalışmakta olduğunuz yeni şirketi kastetmektedir.

Anket 5 (beş) sayfa ve 56 (ellialtı) sorudan oluşmaktadır.

Çalışmaya gösterdiğiniz ilgi ve katkılarınızdan dolayı şimdiden teşekkür ederiz.

Sorularınızı Cem Taluğ'a yöneltebilirsiniz;
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	Kesinlikle KATILIYORUM (1)					Kesinlikle KATILMIYORUM (6)
1. İki şirketin birleşmesine sesli tepkiler olmuştur	1	2	3	4	5	6
2. İki şirketin birleşmesine yazılı (pankart, el ilanı vs.) tepkiler olmuştur	1	2	3	4	5	6
3. Birleşme veya devralma sonucunda gönüllü işten ayrılmalar olmuştur	1	2	3	4	5	6
4. Herşeyi göz önünde bulundurunca, birleşme ve devralmadan sonra işimden memnunum	1	2	3	4	5	6
5. 'Şu anki şirket'imin başarısı için daha fazla çalışmaya hazırım	1	2	3	4	5	6
6. 'Şu anki şirket'ime karşı kendimi çok az sadık hissediyorum	1	2	3	4	5	6
7. Şu anki işim için, daha fazla maaş veren başka bir şirketi reddederim	1	2	3	4	5	6
8. Benim değerlerim ve 'şu anki şirket'imin değerleri birbirine çok benzemektedir	1	2	3	4	5	6
9. Şu anki departmanım içindeki iletişim, hedeflenen ve arzulanan sonuçlara ulaşmamızı sağlar	1	2	3	4	5	6
10. 'Şu anki şirket' içi iletişim, şirketin performansını doğrudan etkiler	1	2	3	4	5	6
11. Departmanımızın operasyonel bağımsızlığı yüksektir	1	2	3	4	5	6
12. Birleşme devralmadan sonra departman/şirketimin yonetimiyle ilgili strateji, sistem ve prosedurler takdirimizden alınmıştır	1	2	3	4	5	6
13. Birleşme veya devralmadan önce, her iki şirketin de hizmet verdiği pazarlar temelde aynıydı	1	2	3	4	5	6
14. Birleşme veya devralmadan önce, her iki şirketin de sundugu ürünler/hizmetler kalite açısından genelde aynıydı	1	2	3	4	5	6
15. Birleşme veya devralmadan önce, her iki şirketin de sundugu ürünler/hizmetler benzer teknolojilerle üretilmekteydi	1	2	3	4	5	6
16. Birleşme veya devralmadan önce, her iki şirketin de sundugu ürünler/hizmetler aynı dagıtım kanalları tarafından satılmaktaydı	1	2	3	4	5	6
17. Birleşen şirketlerin pazarlama yetenekleri tamamlayıcı olduğundan, bu yetenekler her iki şirketin degişik pazar ve ürünlerine rahatça uygulanabildi	1	2	3	4	5	6
18. Birleşme veya devralmadan önce, iki şirketin de pazarlama operasyonları benzer olduğundan, pazarlama stratejilerini degiştirmeye gerek kalmadı	1	2	3	4	5	6
19. Birleşme veya devralma öncesi her iki şirketin üretim operasyonları temelde aynıydı	1	2	3	4	5	6
20. Birleşme veya devralma öncesi her iki şirketin üretim olanakları tamamlayıcı olduğundan, birleşme devralma sonrası bu olanaklar aralarında kolayca paylaşıldı	1	2	3	4	5	6
21. Şirketlerin entegrasyondan sorumlu olan yönetim takımı başarılı olmuştur	1	2	3	4	5	6
22. Birleşme veya devralma kararını verirken şirketiminizin beklentileri şunlardı;						
a. 'Diger şirketi' değerinden ucuza almak	1	2	3	4	5	6
b. Vergi avantajlarından yararlanmak	1	2	3	4	5	6
c. Serbest nakit paranın değerlendirilmesi	1	2	3	4	5	6
d. Ürün veya pazar çeşitlendirmesi	1	2	3	4	5	6
e. Sinerjiden yararlanmak	1	2	3	4	5	6
f. Diğer şirketin parçalanmasından elde edilecek değer	1	2	3	4	5	6
g. Yeniden yapılandırılma programı çerçevesinde şirkete belli bir örgütsel form kazandırılması	1	2	3	4	5	6
h. Diger (Lutfen belirtiniz)						

	Kesinlikle KATILIYORUM (1)					Kesinlikle KATILMIYORUM (6)
23. Şirketim sinerji hedeflenen bir birleşme veya devralmadan geçmiştir	1	2	3	4	5	6
24. Gerçeklesen birleşme veya devralmada, yönetim ve çalışanların çıkarları, hisse sahiplerinin çıkarlarından daha önemlidir	1	2	3	4	5	6
25. Birleşme veya devralma öncesi beklentiler gerçek üstüydü	1	2	3	4	5	6

26. Lütfen, (entegrasyonun ilk senesi sürecinde) 'diğer şirket'le operasyonel etkileşimi, şirketinizdeki toplam aktiviteyle kıyaslayınız (1=Hiç etkileşim olmamaktadır , 6=Zamanın çoğu etkileşimle geçmektedir)	1	2	3	4	5	6
27. Lütfen, (entegrasyonun ilk senesi sürecinde) sinerjiyi arttıracak operasyonel etkileşim için harcanan koordinasyon miktarını belirtiniz (1= Hiç koordineli haraket edilmedi, 6= Olabildiğince koordineli haraket edildi)	1	2	3	4	5	6
28. Aşağıda belirtilen faaliyetlerin birleşme veya devralmadan sonra ne derece harmoni içinde yürütüldügünü belirtiniz (1=Hiç entegre edilmemiştir, 6=Tam entegrasyon sağlanmıştır)						
a. Ürünler/Servisler	1	2	3	4	5	6
b. Fiyatlar	1	2	3	4	5	6
c. Tanıtım/Reklamlar	1	2	3	4	5	6
d. Dağıtım Kanalları	1	2	3	4	5	6
e. Müşteri Hizmetleri	1	2	3	4	5	6
f. Üretim Süreci	1	2	3	4	5	6
g. Satın Alma	1	2	3	4	5	6
h. Satış Sonrası Hizmetler	1	2	3	4	5	6
i. Araştırma ve Geliştirme	1	2	3	4	5	6
j. İnsan Kaynakları Yönetimi	1	2	3	4	5	6
29. Sizce birleşme veya devralma sonucunda, aşagıda belirtilenler açısından ne miktarda maliyet düşürücü gelişme (personel, yapı, kalite vs.) kaydedilmiştir (1=Gelişme kaydedilmemiştir, 6=Gelişmeler açıkça gözükmektedir)						
a. Ürünler/Servisler	1	2	3	4	5	6
b. Markalar	1	2	3	4	5	6
c. Stratejik İş Birimleri	1	2	3	4	5	6
d. Satış Kanalları	1	2	3	4	5	6
e. Üretim Yerleri	1	2	3	4	5	6
f. Satış ve Pazarlamadaki Toplam Eleman Sayısı	1	2	3	4	5	6
g. Üretimdeki Toplam Eleman Sayısı	1	2	3	4	5	6
30. Birleşme veya devralma öncesi durumla karşılastırınca, pazar payı açısından her iki şirketin toplu performansını değerlendiriniz (1=Belirgin azalma vardır, 6=Belirgin yükselme vardır)	1	2	3	4	5	6
31. Bir yıllık entegrasyon sonucunda, rakiplerinize göre birleşen şirketlerin, eski müşterilerini korumalarındaki performanslarını değerlendiriniz (1=Belirgin azalma vardır, 6=Belirgin yükseliş vardır)	1	2	3	4	5	6

32. Bir yıllık entegrasyon sonucunda, birleşme veya devralma öncesi beklentilerin karşılanması açısından aşağıdakileri nasil değerlendirirsiniz (1= Beklentiler hiç gerçeklesmemistir, 6= Beklentilerden fazlası gerçekleşmiştir)						
a. Yatırım getirisi (ROI)	1	2	3	4	5	6
b. Hisse Başına Kazanç (EPS)	1	2	3	4	5	6
c. Hisse Fiyatı	1	2	3	4	5	6
d. Nakit Akışı	1	2	3	4	5	6
e. Satış Artışı	1	2	3	4	5	6
33. Bir yıllık entegrasyon sonucunda, aşağıda belirtilenler açısından beklenen sinerjiler ne derece gerçekleşmiştir (1= Beklentiler hiç gerçekleşmemiştir, 6= Beklentiler fazlasıyla gerçekleşmiştir)						
a. Yeni bilgi (know-how) oluşturulması	1	2	3	4	5	6
b. Mevcut bilginin şirketler arası transferi	1	2	3	4	5	6
c. Ortak müşterilere tamamlayıcı ürün satışı	1	2	3	4	5	6
d. Yeni pazarlara giriş	1	2	3	4	5	6
34. Bir yıllık entegrasyon sonucunda ne derecede başarılı bir ortak şirket kültürü yaratıldığını değerlendiriniz (1= Beklentiler hiç gerçekleşmemiştir, 6= Beklentiler fazlası ile gerçekleşmiştir)	1	2	3	4	5	6
35. Aşağıdaki ifadeler açısından, 'eski' ve 'diğer' şirketin yönetim stillerindeki benzerlikleri belirtiniz (1=Çok farklıdır, 6=Çok benzerdir)						
a. Yönetimde yaşanan problemlere yaklaşım	1	2	3	4	5	6
b. Araştırma, geliştirme ve yeniliklere gösterilen hassasiyet	1	2	3	4	5	6
c. Uzun vadeli yatırım planları ve bunların finanse edilmesine verilen önem	1	2	3	4	5	6
d. Karar vermedeki bakış açısı	1	2	3	4	5	6
e. Calısanların yazılı kurallara uymalarının saglanması	1	2	3	4	5	6
f. Grup olarak veya kişisel karar verme	1	2	3	4	5	6
36. Lütfen aşagıdaki ifadeler açısından 'eski' ve 'diğer' şirketin kültürel uyumlarını değerlendiriniz (1=Çok farklıdır, 6=Çok benzerdir)						
a. Planlama Şekilleri	1	2	3	4	5	6
b. Formalizasyon	1	2	3	4	5	6
c. Ödül ve Cezalandırılma Şekilleri	1	2	3	4	5	6
d. Zaman Kavramı	1	2	3	4	5	6
e. Büyümeye olan bakış açısı	1	2	3	4	5	6
f. Yönetim şekli	1	2	3	4	5	6

37. Aşağıdaki kültürel özelliklere göre ‘eski şirket’inizi nasil degerlendirirsiniz; (1=Nadiren vardır, 6=Çok yaygındır)						
a. Yeni değer ve fikirlere açıklık	1	2	3	4	5	6
b. Başkalarına güvenme	1	2	3	4	5	6
c. Ortak hedeflere ulaşabilmek için her iki taraf açısından düşünebilmek	1	2	3	4	5	6
d. Ortak şirket değer ve normlarına göre davranışların koordine edilmesi	1	2	3	4	5	6

38. Aşağıdaki gruplardaki insanlarla ne sıklıkta yüzyüze görüşmektesiniz;	HERGÜN (1)					HİÇBİR ZAMAN (6)
a. ‘Diğer Şirket’teki meslektaşlarınızla	1	2	3	4	5	6
b. ‘Eski Şirket’teki meslektaşlarınızla	1	2	3	4	5	6
39. Aşağıdaki gruplardaki insanlarla ne sıklıkta yüzyüze olmayan yöntemlerle (telefon, email gibi) görüşmektesiniz;						
a. ‘Diğer Şirket’teki meslektaşlarınızla	1	2	3	4	5	6
b. ‘Eski Şirket’teki meslektaşlarınızla	1	2	3	4	5	6
40. Şirketinizde ne sıklıkta departmanlar arası ziyaret ve toplantı yapılmaktadır?	1	2	3	4	5	6

41. Lütfen şirketinizde yandaki entegrasyon yöntemlerinden hangilerinin kullanıldıgını belirtiniz; (Birden fazla şıkkı işaretleyebilirsiniz)	
	o Genel personel toplantıları
	o Ortak araştırma geliştirme toplantıları
	o Kültürel etkinlikler seminerleri
	o Karışık proje takımları
	o Personel rotasyonu
	o Ortak personel egitim programları
	Diğer (lütfen belirtiniz);

42. Birleşme veya devralma’dan sonra ‘Eski Şirket’inizde çalışan personelin yüzde kaçı halen şirketinizde çalışmaya devam etmektedir?	% .....
43. Birleşme veya devralma’dan sonra ‘Eski Şirket’inizde çalışan personelin yüzde kaçı kendi isteği ile işten ayrılmıştır?	% .....
44. Birleşme veya devralma’dan sonra ‘Diğer Şirket’te çalışan personelin yüzde kaçı kendi isteği ile işten ayrılmıştır?	% .....

45. Şirketinizdeki iletişim türlerini kullanım sırasına göre diziniz. (Parantez içlerini numaralandırınız; 1=En Sık, 5=En Seyrek)	
	(...) Yüzyüze Görüşme
	(...) Telefon
	(...) E-Posta
	(...) Anında İletişim (MSN Messenger v.b.)
	(...) Diğer (lütfen belirtiniz);

46. Lütfen birleşme veya devralmadan bir önceki yıl, ‘Eski Şirket’inizin eleman sayısını belirtiniz;	.....

47. Şirketimde gerçeklesen birleşme veya devralma; (Lütfen yandaki şıklardan sadece birini işaretleyiniz)	O Aynı güçte iki şirketin birleşmesidir
	O Farklı güçte iki şirketin birleşmesidir
	O 'Eski Şirketi'min 'Diğer Şirket' tarafından devralınmasıdır
	O 'Eski Şirketi'min 'Diğer Şirket'i devralmasıdır
48. Lütfen birleşme veya devralmadan bir önceki yıl, 'Eski Şirket'inizin yıllık satışlarının 'Diğer Şirket'in yıllık satışlarına oranını belirtiniz; (Lütfen yandaki şıklardan sadece birini işaretleyiniz)	O < 25 %
	O 25 – 49 %
	O 50 – 74 %
	O 74 – 100 %
	O > 100 %

49. 'Şu Anki Şirket'inizin temel faaliyet sahası nedir?	
50. Birleşme veya devralmadan önce hangi tarafta (şirkette) çalışmaktaydınız?	
51. 'Şu Anki Şirket'iniz halka açık mıdır ve eğer açıksa yüzdesini belirtiniz;	O Halka Açıktır (% ....)
	O Halka Açık Degildir
52. 'Şu Anki Şirket'inizde kaç kişi çalışmaktadır?	
53. Lütfen 'Şu Anki Şirket'inizdeki pozisyonunuzu belirtiniz;	
54. 'Eski Şirket'inizde kaç yıl calıştınız?	
55. 'Şu Anki Şirket'inizde kaç yıldır calışmaktasınız?	

56. Lütfen aşağıdakileri belirtiniz;	
a. Yaşınız	
b. Cinsiyetiniz	O Bay
	O Bayan
c. Yıllık geliriniz	O < 40,000 YTL
	O 40,000 – 75,000 YTL
	O 75,000 – 150,000 YTL
	O 150,000 – 250,000 YTL
	O > 250,000 YTL

Table 37: Turkish IT Sector Market Shares (in 2001, in terms of number of units sold)

Company	Personal Computer (PC) %-Rank	Handheld Information Device (HID) %-Rank	Servers %-Rank	Storage Solutions %-Rank	IT Services %-Rank
HP	8,2 – 5th	7 – 5th	15 – 3rd	8,6 – 3rd	3 – 9th
COMPAQ	11,1 – 1st	14 – 3rd	20,5 – 2nd	15,8 – 2nd	3,3 – 8th
IBM	10,2 – 2nd	-	24,9 – 1st	8,3 – 4th	14 – 1st
Dell	8,4 – 4th	-	7,3 – 6th	-	
Vestel	8,9 – 3rd	-	-	-	
Casper	6,9 – 6th	-	-	-	
Escort	5,3 – 7th	-	-	-	
Exper	5,3 – 8th	-	-	-	
Koç	5,1 – 9th	-	-	-	
Fujitsu-Siemens	4,0 – 10th	-	9,6 – 5th	-	
Palm	-	46 – 1st	-	-	
Handspring	-	17 – 2nd	-	-	
Psion	-	10 – 4th	-	-	
Casio	-	6 – 6th	-	-	
Sun	-	-	11,1 – 4th	7,5 – 5th	
Group Bull	-	-	1,3 – 7th	-	
Cisco	-	-	0,2 – 8th	-	
EMC	-	-	-	26,1 – 1st	
Hitachi-HDS	-	-	-	6.8 – 6th	
Fujitsu	-	-	-	3,0 – 7th	
Siemens Business System	-	-	-	-	9 – 2nd
Koç Sistem	-	-	-	-	8 – 3rd
NCR	-	-	-	-	6 - 4th
Meteksan	-	-	-	-	6 – 5th
Yapı Kredi Teknoloji	-	-	-	-	5 – 6th
Probil	-	-	-	-	3,4 – 7th
I-BİMSA	-	-	-	-	2 – 10th
Other	24,1 %	-	10,1 %	23.9 %	37,9 %
HP-COMPAQ Combined	*19,3 % 1st*	*21 % 2nd*	*35,5 % 1st*	*24,4 % 2nd*	*6,3 % 4th*

(Source: IDC EMEA Market Research Report, 2001)

Table 38: Selected Financial Data for HP

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
Consolidated Statements of Earnings

	For the fiscal years ended October 31		
	2007	***2006***	***2005***
	In millions, except per share amounts		
Net revenue:			
Products	$84,229	$73,557	$68,945
Services	19,699	17,773	17,380
Financing income	358	328	371
Total net revenue	***104,286***	***91,658***	***86,696***
Costs and expenses:			
Cost of products	63,435	55,248	52,550
Cost of services	15,163	13,930	13,674
Financing interest	289	249	216
Research and development	3,611	3,591	3,490
Selling, general and administrative	12,226	11,266	11,184
Amortization of purchased intangible assets	783	604	622
In-process research and development charges	190	52	2
Restructuring charges	387	158	1,684
Pension curtailments and pension settlements	(517)	—	(199)
Total operating expenses	95,567	85,098	83,223
Earnings from operations	8,719	6,560	3,473
Interest and other, net	444	606	83
Gains (losses) on investments	14	25	(13)
Earnings before taxes	9,177	7,191	3,543
Provision for taxes	1,913	993	1,145
Net earnings	$7,264	$6,198	$2,398
Net earnings per share:			
Basic	$2.76	$2.23	$0.83
Diluted	$2.68	$2.18	$0.82
Weighted-average shares used to compute net earnings per share:			
Basic	2,630	2,782	2,879
Diluted	2,716	2,852	2,909

(Source: Hewlett-Packard 2007 Annual Report)

Table 39: Selected Financial Data for IBM

IBM COMPANY AND SUBSIDIARIES
Consolidated Statements of Earnings

	For the fiscal years ended December 31		
	2007	2006	2005
	In millions, except per share amounts		
Revenue:			
Services	$54,057	$48,328	$47,509
Sales	42,202	40,716	41,218
Financing	2,526	2,379	2,407
Total Revenue	***98,786***	***91,424***	***91,134***
			Costs:
Services	39,160	35,065	35,151
Sales	16,552	16,882	18,360
Financing	1,345	1,182	1,091
Total Cost	57,057	53,129	54,602
Gross Profit	41,729	38,295	36,532
Expense and Other Income:			
Selling, general and administrative	22,060	20,259	21,314
Research, development and engineering	6,153	6,107	5,842
Intellectual property and custom development income	(958)	(900)	(948)
Other (income) and expense	(626)	(766)	(2,122)
Interest expense	611	278	220
Total Expense and Other Income	27,240	24,978	24,306
Income from Continuing Operations Before Income Taxes	14,489	13,317	12,226
Provision for income taxes	4,071	3,901	4,232
Income from Continuing Operations	10,418	9,416	7,994
Discontinued Operations:			
(Loss)/earnings from discontinued operations, net of tax	(00)	76	(24)
Income before cumulative effect of change in accounting principle	10,418	9,492	7,970
Cumulative effect of change in accounting principle, net of tax	-	-	(36)
Net Income	$10,418	$9,492	$7,934

(Source: IBM 2007 Annual Report)

Table 40: The Terms of The Spin-off Agreement Between Shell Turkey & Turcas

Shell Turkey	Turcas
Retail outlets containing the items below; • Ownership Rights – Service stations owned by Shell and its vendors; • Service contracts of the stations mentioned above; • Other Contracts (such as, credit contracts, customer contracts, and financing contracts); • Equipment of the stations mentioned above; • Equipments and contracts related to vehicle identification systems (TTS).	Retail outlets containing the items below; • Ownership Rights – Service stations owned by Turcas and its vendors; • Service contracts of the stations mentioned above; • Other Contracts (such as, credit contracts, customer contracts, and financing contracts); • Equipment of the stations mentioned above; • Equipments and contracts related to vehicle identification systems (AYS).
Commercial customer contracts regarding the provision of petroleum products.	Commercial customer contracts regarding the provision of petroleum products.
Shell Turkey's contract with Shell Gaz, and their contracts between autonomous vendors regarding the provision of Shell Brand LPG.	The İpragaz contract that enabled LPG provision to Turcas vendors.
Derince oil plant, territory and logistics	
Distribution and provision businesses containing the items below; • İskenderun Terminal territory and facilities from Çekisan partnership; • 50 % share in Antalya Terminal territory; • Shares and rights in Çekisan; • Distribution and provision contracts with Total (Aliağa and Samsun Terminal) and Petrol Ofisi (Trabzon Terminal); • Aliağa pipeline contract; • 100 % share of SPAS (with its territory and ownership in Ambarlı Terminal); • Hopa Tank Storage contract; • Land distribution and charter; • Transfer offices, and the facilities Batman, Kırıkkale, Mersin and Çınarlı Terminals.	Distribution and provision businesses containing the items below; • Körfez I Terminal; • Distribution and provision contracts in Körfez I and Aliağa Terminals; • Protocol with İzaydaş for discarding the industrial waste in the Aliağa and Körfez Terminals; • Accommodation contracts with Total and BP/Mobil; • Transfer offices, and the facilities in Batman, Mersin and Kırıkkale Terminals; • Kırıkkale Terminal territory; • Turcas' total shares, contracts, and facilities in the Ambarlı Terminal and Ambarlı Limited.

(Source: Rekabet Kurulu Kararı; '06-08/103-29')

D. Original Dialogue Of Interviews Given In Text

D.1. Original Dialogue From Senior Executive HP-Compaq

Kültürleri çok yakındı birbirine, işleyiş tarzları da çok benzerdi, Compaq tarafı lokale biraz daha inisiyatif veren tarzı vardı, HP daha globalci bir şirket, global merkezi yönetimci bir şirket.

D.2. Original Dialogue From Middle Level Manager HP-Compaq

Genel olarak uyumluydu. HP ve Compaq'ın kültüründe açık ofis kültürü vardır. Yani kişilerin bireysel olarak fikirlerini söyleyebilme, müdürleriyle çok rahat görüşebilme, fikirsel olarak bir şeyler ona danışabilme. O rahatlık ve yakınlık kültürü her iki firmada da vardı. O yüzden çok fazla problem veya farklılık gözlemlenmedi. Ama mesela, Compaq'da çok fazla oturmuş bir performans değerlendirme sistemi yoktu, ama HP'de her şey daha oturmuş olduğu için, o tarz değerlendirme ve ödüllendirme sistematikleri daha oturmuş durumdaydı. Compaq'da daha fazla kişiye bağlıydı.

D.3. Original Dialogue From Senior Executive Shell-Turcas

Mesela şaşırıyorlardı, 'şu masada oturan arkadaş bana niye e-mail ile yazıyor', ama yazıyordu çünkü onu record etmesi; kaydetmesi gerekiyor. Çünkü bizim compliance dediğimiz, yani uyman gerekiyor belli şeylere. Bizim manual of authorities'miz var, control framework'ümüz var, vs. Onlarda biraz zorlandılar.

D.4. Original Dialogue From Senior Executive Cadbury-Kent

INTERVIEWER: ...Yeni bir kültür oluşturulması yoluna gidildi. Cadbury'de çalışanları buraya getiremeyeceği için uluslararası firmalarda deneyimi olan bir grubu oluşturdu ve 4 sene boyunca yurtdışından Cadbury kültürünü aşılamaya çalıştı. Böylece burada bir nevi Cadbury'nün kültürünü oluşturdu 4 sene sonunda ama bundan sonra gerçekleşen birleşme devralmalarda burada da insanlar olduğu için buraya ABSORB ediliyor. Yani buraya dâhil ediliyor artık, Intergum gibi.

SENIOR EXECUTIVE CADBURY-KENT: Evet çok doğru güzel yorumladınız. O nedenle 2007 yılında Intergum'ı satın alınca Cadbury onun yönetimini Kent yönetimine verdi...

D.5. Original Dialogue From Middle Level Manager HP-Compaq

Özellikle HP tarafında, hoşgörü, açıklık mı deriz artık, vardı. Belki kompleksimizden mi bilmiyorum ama sonuçta onlar bizi aldı ya, bizler zor insanlardık sonuçta, gıcıklık yapardık. Gıcıklık demeyeyim, kişisel manada değil ama bir iş konusunda mutlaka bir sorgulama, ukalalık vs yapardık. Bu böyle olmaz, doğrusu budur şeklinde, HP bize impose etmesin, en iyisini biz biliyoruz diye, bizde kendi kişiliğimizi varlığımızı burada gösterelim diye ukalalık yaptık. HP bizi dinledi ve yorumlamaya çalıştı. Bazı şeyleri değiştirdi, bazı şeyleri değiştiremedi. Ama biz ezilmiş mode'da hiç bir zaman olmadık. Daha fazla bilakis yorumlama, fikir üretme, karşı çıkma, sorgulama... O mode'daydik, ama onlarda bunu hoşgörüyle karşıladılar.

D.6. Original Dialogue From Senior Executive Cadbury-Kent

... mesela söyle söyleyeyim ben size. Genel müdür ve genel müdüre bağlı raporlayan toplam on kişilik bir yönetim ekibi var. Bu yönetim ekibinin iki tanesi eski, biri Tahincioğulları'ndan biri ben, onun dışında 8 kişi yeni. Cadbury ortaklığından sonra yani üst yönetimden bahsedersek %80. Oradan aşağıda geldiğimiz zaman buna benzer tablolar görürsünüz ama daha aşağılara indikçe bu oran biraz daha düşebilir. Ama asansöre bindiğim zaman çoğu zaman tanımadığım bir yığın insanla karşı karşıya kalıyorum. Soruyorum hangi bölümde ne zaman geldiniz aramıza diye. Ben bile tanımakta zorluk çekiyorum.

D.7. Original Dialogue From Middle Level Manager HP-Compaq

Birleşmenin başında etkileri büyüktü tabii, onlar yönlendirdi, ama ondan sonra bir kültür oluşması yakınlık vs., bunlar kişisel çabayla gelişen şeyler. Ama yöneticilerimiz bize bir ortam sağladı. Entegre etmek, kültürel şey yapmak için yönetim ekibi kendi aralarında toplandılar. Birleşmeden sonra yönetim ekibi arkadaşların problemleri ve çeşitli konular hakkında toplandılar. HP'ciler Compaq'cılar, nasıl yapalım, nasıl entegre edelim şeklinde gündeme getirip konuşup kendi ekiplerinde uyguladılar. Onlar hiç bir şey yapmadı diyemeyiz, etkiliydiler, çok etkiliydiler.

D.8. Original Dialogue From Senior Executive Shell-Turcas

INTERVIEWER: Peki, bu kültürlerin birleşmesinde entegrasyon (transition) ekibinin büyük bir başarısı var mıydı? Yoksa…

SENIOR EXECUTIVE SHELL-TURCAS: Tabi tabi. Transition ekibi çok önemli, çünkü neticede lider olarak onlar bir şeyi çiziyor; bunu yapmanız gerekir diye, komünikasyonu yapıyor, eksiklikleri belirlemesi gerekiyor; hani hangi konuda bir gap var, o konuların üzerine gitmesi gerekiyor.

D.9. Original Dialogue From Senior Executive Cadbury-Kent

SENIOR EXECUTIVE CADBURY-KENT: ...Tahincioğlu ailesine baktığınız zaman da, Tahincioğlu ailesi çalışanlar tarafından çok sevilen bir aile. İnsana verdikleri değer, saygı hangi kademede olursa olsun en aşağıdaki işçi kademesindeki kişiyle daha oturup beraber yemek yiyebilen onun hatırını soran, onun bir sorunu olduğu zaman ona yardımcı olan bir anlayışa sahip bir aile çok mükemmel insanlar dolayısıyla böyle bir şirket ortaklığı gerçekleşince çalışanların önemli bir bölümünde bir üzüntü oluştu.

INTERVIEWER: Tahincioğlu ailesinin gidiyor olmasından kaynaklanan?

SENIOR EXECUTIVE CADBURY-KENT: Gidiyor olmasından dolayı çok büyük üzüntü oluştu. Tabi ki biz arkadaşlarımıza Cadbury'i tanıtmaya, uluslararası bir şirkette çalışmanın avantajlarının çok daha farklı olacağını da anlatarak onları bir şekilde teselli etmeye diyelim çalıştık...

D.10. Original Dialogue From Middle Level Manager HP-Compaq

Görsel bir şey olmadı. Resistance göstermediler, ama kendi pozisyonlarını sorgulayan çok oldu. Kimse birleşmeye karşı yorum yapmadı, herkes birleşme sonrası ne alırım peşine düştü. Alanlar oldu alamayanlar oldu, alamayanlar özellikle bunun sorgulamasına haliyle daha fazla girdi.

D.11. Original Dialogue From Senior Executive Cadbury-Kent

INTERVIEWER: Çalışanların arasında herhangi bir tepki oldu mu? Herhangi bir reaksiyon gösterdiler mi bu İngilizce konuşma işine veya Tahincioğlu'nun ayrılmasına, yani yazılı sözlü herhangi bir şeyde yoksa?

SENIOR EXECUTIVE CADBURY-KENT: Genel olarak tabi duygusal bir yaklaşım oldu. Özellikle aileyi çok seven, aile ile yakın olan çalışanlar yabancı bir firmaya satılmasından dolayı bir rahatsızlık hissettiler.

INTERVIEWER: Karşılaştığınız en büyük problemlerle, şeyler, nelerdir gelip size şikayet dilekçesinde…

SENIOR EXECUTIVE CADBURY-KENT: Yok, yok…

INTERVIEWER: Yazılı bir şey olmadı?

SENIOR EXECUTIVE CADBURY-KENT: Yok yazılı bir şey yok.

INTERVIEWER: Sadece sözlü olarak rahatsızlıklar?

SENIOR EXECUTIVE CADBURY-KENT: Sözlü olarak işte aile dönemi iyiydi, bundan sonra ne olacak, yabancılar geldi firmayı satın aldı, burayı satın aldı, buradaki çalışanların akıbeti ne olacak, firmanın akıbeti ne olacak, acaba iyi mi olur, kötü mü olur. Bu gördüğümüz anlayışı Cadbury'den görebilir miyiz, ailenin verdiği biz değeri onlar bize verir mi? Gibi, üç aşağı beş yukarı bunları ifade eden endişeler duyuldu, söylendi. Ama onun karşılığında da biz uluslararası bir firmanın çalışanlara ne gibi yararlar sağlayacağını, onun avantajlarını iyi taraflarını anlatmaya çalıştık.

D.12. Original Dialogue From Middle Level Manager Shell-Turcas

Bizde de çıktı huzursuzluklar. CEO level'ında hissedilmemiş olabilir. Ama ciddi dediğim, kaynaşması uzun sürdü. Çünkü doğal olarak Shell tarafı buraya, bir dakika bunlar niye geldi diye bakıyor.

D.13. Original Dialogue From Middle Level Manager Cadbury-Kent

... Zaten eski çalışanların rahatsızlık duymasının en önemli sebeplerinden biri de bence oydu. Çünkü bir şeye karar verildikten ve uygulamaya geçildikten sonra herkesin haberi oldu ve herkes inanılmaz bir belirsizlik içerisinde geçirdi o süreyi. Hani acaba ne olacak? Ne değişecek? Benim konumum ne olacak?

D.14. Original Dialogue From Middle Level Manager Cadbury-Kent

Yeni gelenlerin Tahincioğlu zamanında çalışsalar pek mutlu olacaklarını sanmıyorum. Çünkü yeni gelenler hep kurumsal kültürlerden, hep multinational'lardan geldiler. Ama hani benim gördüğüm eskilerde bu kültürden pek fazla haz etmiyor. Onlarda Tahincioğlu'nun o aile şirketi havasındaki samimiyetten daha mutluydular.

D.15. Original Dialogue From Senior Executive HP-Compaq

Şimdi biz bunu Türkiye de çok yaşamadık. Türkiye de 10% düzeyinde, minimal düzeyde gerçekleşti. İki nedenle; birincisi, zaten Türkiye de hem HP hem Compaq çok 'lean and mean' organizasyonlardı. İkincisi biz bu süreçte bölgeye de bir sürü insan verdik, bölge yönetimlerine de bir sürü insan seçildi, transfer edildi, dolayısıyla bizde minimal düzeyde oldu.

D.16. Original Dialogue From Senior Executive Shell-Turcas

...Yok işten ayrılma çok az oldu. Fakat birleştikten sonra bazı arkadaşlarımız işten ayrıldı ama sayısal olarak baktığımızda çok çok az. İnanın 20 – 25 kişiden fazla ayrılan olmadı o birleşme esnasında.

D.17. Original Dialogue From Tahincioğlu Family Member

…Evet. Birde belli bir yaş üzeri işçiler çıkmaya başladı. Eskiden yıllardır çalışan kişiler çıkmaya başladı. Bu çalışanlar nezdinde, acaba sıra bende mi gibi bir huzursuzluk yarattı diye düşünüyorum.

D.18. Original Dialogue From Middle Level Manager Cadbury-Kent

MIDDLE LEVEL MANAGER CADBURY-KENT: … Kent zamanından da çok bir kadro kalmadı zaten. Ağırlıklı yeni bir kadro. Daha dinamik bir kadro.

INTERVIEWER: Yüzde kaç işten ayrılma oldu?

MIDDLE LEVEL MANAGER CADBURY-KENT: Yüzdesini bilmiyorum, ama hissettiğimiz yüksek miktarlarda olduğu idi.

D.19. Original Dialogue From Tahincioğlu Family Member

Dediğim gibi ailenin karar aldığı bir firma iken, çalışanların kendini daha ait hissettiği bir firma iken şu an tamamen profesyonelleşmiş olan, daha acımasız bir hatta dünya diyebilirim. Yöneticilerin de birbirini ezerek üste çıkmasından tutun, yani tamamen farklı bir firma bence...

D.20. Original Dialogue From Middle Level Manager Shell-Turcas

...Ring fence denilen bir concept geldi. Onun bize çok faydası oldu. Şimdi normalde Shell'in yaptığı herhangi bir uygulamayı dünyadaki bütün Shell'lerin belli bir planla hayata geçirmesi gerekir. Ne olursa olsun. En basit olarak yeni bir promosyonda olsa, tek bankayla çalışacaksın da olsa vs. Ama belli bir schedule'da hayata geçirir. İkincisi 'manual of authoritie's. Normalde Shell çok matrix yapısında bir şirkettir. Hepimizin müdürü birleşmeden önce yurt dışındaydı...

D.21. Original Dialogue From Senior Executive Cadbury-Kent

Yurt içi yeni ürün geliştirmede yurt dışının direk olarak bir onayına ihtiyaç duyulmuyor. Pazarlama bölümünde birlikte çalışılıyor burada. Pazarlama bölümünün başında Cadbury'nin atadığı bir pazarlama direktörü var, o da şimdi terfi etti gruba gidiyor, ama Türkiye de ona bağımlı olmaya devam edecek. Pazarlama bölümü, tabi, devamlı süratle pazar araştırmaları yapıyor, çeşitli değerlendirmeler yapıyor markalarla ile ilgili olarak ve ihtiyaçları da belirliyor. Özellikle şirketin ve büyüme stratejileri doğrultusunda, bizim şu tür şekerlemede büyüme hedeflerimiz var. Bu hedefler pazarlama bölümü ile birlikte belirleniyor. Sakızın şu türlerinde yeni ürün çeşitlerine ihtiyacımız var, gibi. Şimdi bu hedefler belirlendikten sonra, tabi bunlar yine merkezin hedeflerine uyumlu.

D.22. Original Dialogue From Senior Executive HP-Compaq

SENIOR EXECUTIVE HP-COMPAQ: ...elektronik mesajları da kullandık, intranetimizi oluşturduk, kullandık, farklı communication vehicle'lari kullandık yani; tüm iletişim araçlarını kullandık.

INTERVIEWER: O zaman yani HP ve Compaq çalışanlarının, yeni oluşumda bir iletişim problemi olmadı değil mi?

SENIOR EXECUTIVE HP-COMPAQ: Yok hayır. Legal açıdan birleşene kadar, her iki taraftaki intranetteki bilgileri birbirine taşıdık, öyle söyleyeyim. Bir duyuru yapıldığında da hem HP içinde hem de Compaq içindeki mail adreslerine gidiyordu, intranetlere de konmuş oluyordu…

D.23. Original Dialogue From Senior Executive Shell-Turcas

SENIOR EXECUTIVE SHELL-TURCAS: ...Transition Team'deki komünikasyon o kadar iyi gitti ki, yani faaliyete başladığımızda, 1 Temmuz'da, inanın sıkıntı yaşamadık.

INTERVIEWER: Turcas'dan gelenler son derece hevesliydi öğrenme konusunda, anladığım kadarıyla?

SENIOR EXECUTIVE SHELL-TURCAS: Tabi. Bir de uluslararası bir şirket, her şey çok sistematik.

D.24. Original Dialogue From Senior Executive Cadbury-Kent

...Bu süre içerisinde neler yapıldı derseniz Cadbury'nin bugünlere gelmesi için organizasyonel değişiklikler yapıldı. Evvela tabi Cadbury sistemlerinin Kent'e uyarlanması için birtakım çalışmalar yapıldı. Önce finans bölümünden işe başlandı. Finans bölümünde tabi göreve başlayan, şu anda genel müdürlük yapan Ahjaz Khan bey finans sistemlerini organize etti ve bunu Cadbury'e uyarladı. Hem bütçe çalışmaları hem aylık rapor çalışmaları, finansal raporlar Cadbury'e uyarlandı. İlk önemli yapısal değişiklik bu konuda oldu...

D.25. Original Dialogue From Senior Executive Shell-Turcas

INTERVIEWER: Türk Petrol markasını hiç kullanmayı düşündünüz mü?

SENIOR EXECUTIVE SHELL-TURCAS: Hayır, düşünmedik. Çünkü Shell in öyle iki brand kullanma… aslında bazen iki brand kullanmanın avantajları da var, eğer istasyonların overlap ediyorsa iki brand'i tutabilirsin. Ne biliyim çok milliyetçi insanlar var mesela. Birde Türk Petrol'ün brand'i çok iyi bir brand'di ama biz kullanmadık.

D.26. Original Dialogue From Middle-Level Manager HP-Compaq

...Merger'dan sonra HP'nin PC'si, notebook'u öldü, bunların hepsi Compaq görünümüne ve Compaq'ın fabrikalarına geçti, o tarafı tamamen öldürdüler. Hangi ürün grubunda ağırlık varsa, onun fabrikasına, onun üretim modeline ağırlık verildi. İsim değişti, ürünlerde bir süre HP-Compaq kullandık; geçiş döneminde. Daha sonra HP'ye dönüldü. Karar HP ana markasıyla devam edilmek üzere alınmıştı zaten. Compaq alt brand olarak bir süre kullanıldı. Halen Compaq marka notebooklar vardır mesela. Bunlar hala üretiliyor alt marka olarak mesela. Hala HP-Pavilion, HP-Compaq brand'i gibi. Ama bütün görünüş zamanla Compaq görüntüsünü aldı, ama bunlara HP logosu basıldı.

D.27. Original Dialogue From Senior Executive Cadbury-Kent

Bizim Türkiye içerisinde Cadbury markasını sattığımız bir iki ürünümüz vardır. Onun dışındaki ürünlerin tamamı Kent'in daha önce pazara sunduğu markalardır ve bunlar devam ediyor ve yeni ürünlerimiz de bu markalar bunların şemsiyesi altında çıkıyor.

D.28. Original Dialogue From Senior Executive Cadbury-Kent

İlk otelde bire bir toplantı gibi bir şey oldu. Daha sonra, biz buna HP 'kick-off' deriz, altı ayda bir, her senede bir, bütün HP ekibi olarak, tüm firmayı bir araya getirerek şehir dışında bir aktiviteye gidildi. Bu şekilde, daha informal bir ortamda kişiler birbirini daha iyi tanır. Bu şekilde bir aktivite yapıldı. İnsan kaynakları o dönemlerde, cover speech tarzında şeyler yaptı, bütün soru işareti olabilecek konularda, ayda bir toplantı oluyordu insan kaynakları ile birlikte. Grupsal toplantılar çok fazla yapıyorduk. Haftada bir mutlaka, grup içerisinde toplantılar ve grup dışında da birbirini tanımaya yönelik, üç ayda bir mutlaka yemekti, bir şeydi, bir aktiviteydi, yapılıyordu.

D.29. Original Dialogue From Senior Executive Cadbury-Kent

2006'dan sonra da, özellikle tabi işe yönelik, daha çok Cadbury sistemlerinin öğrenilmesine yönelik eğitim çalışmaları toplantılar ağırlıklı olmak üzere bir dönem başladı. Çalışanlarımız sık sık bu tür eğitimler ve toplantılara katıldı.

D.30. Original Dialogue From Senior Executive Shell-Turcas

... birleşme olduğu an her bir kişinin bir mentor'ü vardı, çünkü Shell prensipleri uygulanacağı için. Mesela siz Turcas'tan ortak girişim şirketine geçtiniz; bir tane bir abla, bir ağabey gibi sizi mentor eden birisi vardır.

D.31. Original Dialogue From Tahincioğlu Family Member

TAHİNCİOĞLU FAMILY MEMBER: ... İkisi de alanlarında uzmandı. Çikolatada diğeri uzman, biri de şekerlemede uzman ve pazar lideri…

INTERVIEWER: Tamamlıyordu birbirlerini?

TAHİNCİOĞLU FAMILY MEMBER: Tamamlıyor. O anlamda benzerlikler var ama daha sonra Cadbury'nin halka açık bir firma olmasından, daha profesyonel yönetilmesinden karşılaştırdığımız zaman Kent'ten farklıydı tabi. Biz de halka açıktık ama…

D.32. Original Dialogue From Middle Level Manager Shell-Turcas

Bence similarities açısından similar değil. Similar olmaması zaten buradaki güzel şey. Eğer ki ben kendim kadar kuvvetli (kuvvetli derken operational excellence anlamında) orayı iyi işleten birisiyle birleşseydim, yapacağım jump %10 olacaktı. Ama biz baktık ve dedik ki 'Turcas iyi bir target, %35 yaparız' dedik ve meet ettik, şu anda %35 jump yaptık. Bu nedenle operational excellance açısından hiç similar değil. Şirket kültürü açısından da hiç similar değil.

D.33. Original Dialogue From Middle Level Manager HP-Compaq

Compaq kişisel ürünlerde bir numara olduğundan, HP o ürünleri portföyüne katmak için aldı. HP o ürünleri alarak pazarda, eskiden alt seviyede olduğu ürün gamları güçlendirmek için satın aldı.

D.34. Original Dialogue From Middle Level Manager Shell-Turcas

Ben aslında ilk deal'e girdiğimde çok anlamsız bulmuştum. Hiç complementary değil. Çünkü ikimizin de bu weak point'i storage facilities. Hala bu weak point. Petrol için ne önemlidir? Import edeceksen, store edeceksin ve dağıtacaksın. İkimizin de storage kapasitesi zayıf. Ama storage kapasitesi yüksek fakat iyi operate eden bir firmayla birleşsen o zaman yapamazsın. O yüzden complementary kesinlikle değil. Ama olsa güzel olurdu. Hem weak hem de güzel storage kapasitesi olan bir şirket olsaydı çok daha iyi olurdu. Ama değil. Strategic motivation, esas olay bu. Stratejik olarak kesinlikle %100 uyumluyuz. Çünkü iki şirkette bu sektörde büyümek istiyordu ve ikisi de satmadan büyümek istiyordu. Satayım, kar edeyim, çıkayım değil. Öyle bir sinerji elde edeyim ki ben bu işi daha karlı hala getireyim. Dolayısıyla tamamen uyuyor. Tamamen strategic motivation zaten burada.

D.35. Original Dialogue From Senior Executive HP-Compaq

Bu birleşme sinerji doğurmak üzere yapıldı, gerisinde yatan sebep... müşterilere karşı tek bir single source olabilmek...

D.36. Original Dialogue From Tahincioğlu Family Member

INTERVIEWER: Sinerji yaratılması açısından başarılı oldu mu?...

TAHİNCİOĞLU FAMILY MEMBER: Doğrudur, ihracat acayip arttı.

D.37. Original Dialogue From Senior Executive Cadbury-Kent

(Kent) Üçüncü sırada yer alıyor, üretim kapasitesi açısından. Ama yeni yatırımlar hayata geçtikten sonra birincilikte herhalde yarışacağız...

D.38. Original Dialogue From Senior Executive Shell-Turcas

Tek yapamadığımız cost'lara çok bakamadık, doğrusunu söyleyeyim. Bir cost synergy yaratamadık. Bilinçli bir şekilde maliyetleri şu kadar düşürelim diye; bir… Zaten ama assumption'larımızda da bu yoktu. Bizim önceliğimiz product lift, pazarı kapmak ve bizim çok biraz aggressive bir vizyonumuz var bildiğiniz gibi. Undisputed leader in the market.

D.39. Original Dialogue From Middle Level Manager HP-Compaq

Üretim açısından en başarılı ürünler seçildiği ve üretildiği için, bu oturduktan sonra haliyle kirdi geçti, ezip geçti rakipleri.

D.40. Original Dialogue From Middle Level Manager Shell-Turcas

Bu gerçek bir başarı. Hatta bu başarının filmi çekiliyor şu anda. Ben de konuştum, herkes konuştu. Bu transition ve transaction team'de olanlar. Başarılı olmasının sebebi nedir gibi konularda herkes bir şeyler anlatıyor...

D.41. Original Dialogue From Senior Executive Shell-Turcas

... biz bu görüşmeye başladığımızda Turcas'ın piyasa değeri 88 milyon dolardı (market capital'ı), bugün Turcas'ın değeri 800 milyon dolar'larda...

D.42. Original Dialogue From Senior Executive Shell-Turcas

One team one culture, uplifting, rebranding'i yaptık. Bir de bizim için en önemli şey müşteri memnuniyeti, zamanın çoğunu sahada harcarız şirkette değil. Bilhassa satış elemanlarımız devamlı sahadadır. Bir de bizde bireysel başarı değil takım başarısı çok önemlidir. Kimse kendini ön plana çıkarmaz, ekip çalışmasına çok önem veririz.

D.43. Original Dialogue From Senior Executive Shell-Turcas

Bir de tabi en başarılı yaptığımız şey sinerjileri kullandık nasıl; mesela ticari satıştaki sinerjiyi akaryakıt satışında kullandık; madeni yağ müşterisini nasıl akaryakıt müşterisi yapabiliriz yani başka ne işleri var. Bütün o sinerjiyi; cross business synergy dediğimiz işi çok iyi yaptık.

D.44. Original Dialogue From Senior Executive HP-Compaq

Çok başarılı buluyorum ben, yani HP global bazda da soyluyorum bunu; Türkiye bazında da söylüyorum. Çünkü bakın, 2000 ile 2003 arası sadece birleşme sancısı değil onun üzerine bir de Türkiye de kriz dönemini koyun. Yani millet bir krizle uğraşırken biz iki kriz yönettik, çok büyük bir değişim ve artı ekonomik kriz. Ne oldu peki; o kriz yıllarında IT sektörü %60 küçüldü, biz %40 küçüldük. Krizden çıkılan yıllarda her sene yüzde 15–20 büyüdü IT sektörü Türkiye de, biz % 30 büyüdük her sene. Şu anda market lideriyiz; 2002'den bu yana market lideriyiz. Yani bahsettiğim toplamdaydı, ama ayrıca ürün gruplarının da hepsinde lideriz. Servis gelirlerinde ikinci sıradayız. Dünyada da bu böyle.

D.45. Original Dialogue From Senior Executive Cadbury-Kent

…bizim sektörümüz çok hızlı büyüyen bir sektör, Türkiye ortalamalarının üzerinde büyüyor. O büyümeden bize de pay almaya devam ediyoruz. Rekabet çok var sektörde ama bizimde Cadbury sayesinde yaptığımız bazı tabi yeni yatırımlar da oldu büyüme anlamında. Yeni ürün geliştirme çalışmalarımız devam ediyor, bu anlamda hızımızda bir azalma yok. O bakımda yurtiçi satışlarında bizim liderliğimiz, liderlik konumumuz devam ediyor. Ürünlerimiz hala beğeniliyor ama bence en büyük katkı ihracatta oldu diye düşünüyorum. Özellikle ihracatın 140 milyon dolara çıkması ve Türkiye'nin Cadbury için önemli bir tedarik merkezi konumuna gelmesi bence hem Kent için, hem de Kent çalışanları ve Türkiye için çok önemli bir sonuç; en önemli sonuç o…

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