CHALLENGES OF CROSS BORDER MERGERS AND ACQUISITION: A CASE STUDY OF TIGER BRANDS LIMITED (HACO INDUSTRIES LIMITED)

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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This research project has been submitted for examination with my approval as the candidate's University Supervisor.

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DEDICATION

This study is dedicated to my loving family, for their support, encouragement and patience during the entire period of my study and continued prayers towards successful completion of this course.

May God bless you all.

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I wish to express my sincere appreciation to my family for their understanding and support during the project.

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ABSTRACT

Cross border mergers and acquisitions are becoming a strategy of choice for organizations attempting to maintain a competitive advantage. Goals for this increasingly popular strategy converge around themes including growth, diversification, and achieving economies of scale. Obtaining a global presence is also acknowledged as a motive for cross border mergers or acquisitions. The prime reason for cross border mergers and acquisitions are to maintain or increase the market share and to increase shareholder value by cutting costs and initiating new, expanded and improved services. Corporations spend billions of dollars annually in pursuit of this strategy; the success rate, however, is less than commendable.

The purpose of this study was to determine the challenges of cross border mergers and acquisition at Tiger Brands Limited (HACO Industries Limited) and to establish strategies adopted to help cope with challenges of cross border mergers and acquisitions. This is a case study since the unit of analysis is one organisation. The researcher personally distributed the interview guides among sampled employees currently employed in Tiger Brands Limited; the researcher aimed to collect information across all levels of employees i.e. top management, middle level management and subordinates. A qualitative analysis was employed.

The study concludes that reasons for the acquisition of HACO Industries by Tiger Brands SA included perceived synergies, wider product scope and Tiger Brand was looking for a new market for its products. Following the acquisition, staff morale was low and uncertainty regarding job security was rife. One of the challenges experienced in bedding down the new structure was redundancies, which was addressed by offering retirement packages and for those who did not take up retirement packages, excess capacity was re-deployed. The study further concludes that that corporate culture plays a key role in the acquisition process in that it dictated the ease with which the two companies interact.

The study recommends that the government should increase incentives to foreign companies seeking to enter the market by introducing tax holidays. The researcher also recommends that small companies should adopt mergers and acquisitions to enter new geographical areas and to diversify their business growth.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Today's increasing globalization and competition force firms to identify new and creative ways to perpetuate their businesses and possibly make a profit. Mergers and acquisitions are one of those ways. Mergers and acquisitions are among the most important phenomena of modern economies (Kwoka, 2002).

Acquisitions completed in 2007 alone were valued at more than USD 1.6 trillion (UNCTAD 2008). Furthermore, the total value of deals completed between 2000 and 2007 was nearly US$8 trillion, which is more than the total value of all deals completed during the preceding 20 years (UNCTAD, 2008). While the overall merger and acquisition market follows a cyclical nature and has cooled since the heydays of 2007, the total number of worldwide merger and acquisitions has been increasing at a rapid rate. This can be attributed to the dynamic nature of international trade. The consolidation of industries and regions has also contributed to the overall number and value of mergers and acquisitions worldwide.

The prospect of increasing profitability and market share by acquisitions continues to exercise a more seductive and immediate appeal to business leaders than a reliance on growth alone (Sudarsanam, 1995; Wullaerts, 2002). There has always been a substratum of mergers, acquisitions and, indeed, divestments in all developed economies. However, the extent of this depends on the buoyancy of the economy. The periodic rise and fall of such activity has heightened debate among managers, academics, politicians, and regulators about acquisition activity and their benefits, as well as ethical considerations (Vinten, 1992).

1.1.1 Mergers and Acquisitions

Mergers and acquisitions have unique potential to transform firms, and to contribute to corporate renewal (Angwin, 2001). They can help a firm renew its market position at a speed not achievable through internal development (Haspeslagh and Jemison, 1991; Harrison, 2002). There are various reasons why firms venture into mergers and acquisitions. The main corporate objectives are to gain greater market power, gain access to innovative capabilities, thus reducing

the risks associated with the development of a new product or service, maximise efficiency through economies of scale and scope and finally in some cases, reshape a firm's competitive scope (Hitt et al., 2007). Other reasons include a short-term solution to financial problems that companies face due to information asymmetries (Fluck and Lynch, 1999), revitalise the company by bringing in new knowledge to foster long-term survival (Vermeulen and Bakerma, 2001) and to achieve synergy effects (Lubatkin, 1987; Birkinshaw et al., 2000; Vaara, 2002).

Over the past two decades mergers have become a global phenomenon and a popular strategic choice for companies' growth and expansion (Seth et al., 2000; Buckley and Ghauri, 2002; Shimizu et al., 2004). The Economist (1999) reported that companies are joining together as never before. A number of scholars argue that mergers and acquisitions of companies are a common and important response to globalisation and the changing market environment (Ashkenas et al., 1998; Boateng and Bjørtuft, 2003).

While the majority of merger and acquisitions involve two firms within the same country, over 40% of the merger and acquisitions that were completed between 2000 and 2007 involved firms headquartered in two different countries (UNCTAD 2008). Increasing globalization of business has heightened the opportunities and pressures to engage in cross-border merger and acquisitions (Hitt, 2000; Hitt et al., 1998). Cross-border merger and acquisitions pose tremendous challenges, in particular, at the post acquisition stage (Child et al., 2001). Recent evidence suggests that they are not highly successful. For instance, a study by KPMG found approximately that only 17% of cross border acquisitions created shareholder value, while 53% destroyed it (Economist, 1999).

Given the increasing number of cross-border merger and acquisitions and their growing importance in the global market, a better understanding of the opportunities and challenges for firms following this strategy is required. This study provides a review of the existing literature, with an explanation of the theoretical base used. We examine cross border merger and acquisitions as a mode of entry, as a dynamic learning process, and as a value-creating (or destroying) strategy. We shall also examine the challenges of cross border merger and acquisition

particularly in the post acquisition stage and evaluate measures that can be taken to minimize the challenges in cross border merger and acquisition.

1.1.2 Cross Boarders Mergers and Acquisitions

Cross-border mergers and acquisitions have long been an important strategy to expand abroad. Due to technological developments and globalization, merger and acquisitions activity have sharply increased over the last two decades. They skyrocketed in the 1990s reaching a pick in 2000 supported by the booming stock markets and increased financial liberalization worldwide. In 2001 and 2002 merger and acquisition activities declined sharply but rebounded again with new developments in the world economy after 2003 (World Bank, 1999b).

According to Osland and Taylor (2001), despite the current tightening of credit and general economic uncertainty, one area of business activity has remained surprisingly robust: mergers and acquisitions. Although many players sat on the sidelines for the first half of 2008, global volume deals during the previous two years surpassed the record-breaking levels set in 2000. Moreover, the need for corporate growth and the availability of financing from new sources are likely to reignite the merger market boom and keep it going for the foreseeable future.

Whether cross-border merger and acquisitions bring benefits to host countries has not yet been well clarified empirically. Consolidation and rationalization of resources as a result of Mergers and Acquisitions domestic or cross-border can resolve over-capacity and improve efficiency. Nevertheless immediate impacts of merger and acquisition activity may be negative as consolidation and rationalization could result in reduced employment as well as competition. In the long-term, however, not only can merger and acquisitions induce sequential and associated investment, domestic or foreign, by the acquirers and their suppliers, but they can also introduce new managerial, production and marketing resources to target firms, thereby improving efficiency and productivity, as indicated in UNCTAD (2000).

1.1.3 Tiger Brands Limited (South Africa)

Tiger Brands Limited is the largest integrated food and healthcare company in South Africa and has been in existence for almost 100 years. The company has been listed on the Johannesburg

Stock Exchange for 60 years and has a market capitalisation 354.1billion Rand (Kes 3,541 billion). Tiger Brands employs 13 000 staff and has eight subsidiary companies. Its principal activities are carried out through its Domestic Food, Fishing, Consumer Healthcare and Exports divisions. The Domestic Food segment manufactures, distributes and markets food brands. The Exports and International business operates food and personal care businesses in Chile, Zimbabwe, Kenya and Cameroon.

Over the years, Tiger Brands has established its self, as the undisputed leader in branded consumer goods in Southern Africa in terms turnover and profitability. Owing to the phenomenal growth the company has achieved over the last 10 years, there is little room left for the company to expand in its domestic market of South Africa. As a result, they have sought to expand in Africa and other emerging markets. In this vein in 2008, Tiger Brands acquired a 74.4% stake in Cameroon's chocolate manufacturer Chococam and a 51% stake in Haco Industries, Kenya.

Haco Industries grew from humble beginnings since inception in 1974 as a single product manufacturer to a diversified and dynamic regional player in the consumer goods market. As a private and locally owned enterprise, the company has over the years established world renowned brands ranging from writing instruments, personal care, and homecare brands. Their stable of leading brands in East Africa and COMESA include BIC, TCB, Motions, Jeyes and Palmers.

Some of the company's key success factors have been a clear focus on the stated business objectives, delivering the highest quality products to consumers while upholding corporate values and good governance. The company strives to maintain world-class standards and apply best-practices in their production processes, work place safety, product quality and efficiency as set by the principal partners - Société Bic France, Pro-line International Inc. USA, Alberto Culver Inc. USA, E.T. Browne Drug Company Inc. USA, Jeyes PLC UK and internationally.

In 2008, HACO Industries sold a controlling stake to a South African consumer goods giant, Tiger Brands Limited, in a move that set the stage for a bruising battle for control of the personal and household care market. Through the deal, the local firm hopes to get access to Tiger Brands'

wide product portfolio and boost its capacity to produce its own products as a strategy to grow its market share and hit back at competition.

Tigers Brands manufactures pharmaceutical, hospital, food, personal and home care products and offers Haco an opportunity to venture into new business segments as well as strengthen its personal and household product lines. Haco would be keen to get a foothold in the pharmaceutical, hospital and food products market as part of its diversification strategy. This deal comes as the influx of home and personal care products from low cost producers from India and China are eating into the market share of established players such as Haco and Reckitt Benckiser.

Tiger Brands is hitting back and betting on the acquisition to meet its strategic target of doubling its revenues every three years. Besides accessing Tiger Brands flagship brands, the expertise from the firm would help Haco produce its own brands. For Haco Industries, this marks a strategic shift for a firm that has relied on contract manufacturing to grow its market share. The firm is now keen to grow its own branded products line in a move aimed at edging out global home and personal care manufacturers such as Reckitt Benckiser from the local market.

Since the acquisition took place in early 2008, Tiger Brands has encountered a number of challenges arising from the "marriage". Some of these challenges include cultural differences, a skeptical market, political and demographic challenges, in addition to delayed strategic actions owing to layers added to the decision-making process.

1.2 Statement of the Problem

Cross border mergers and acquisitions are becoming a strategy of choice for organizations attempting to maintain a competitive advantage (McEntire and Bentley, 1996). Goals for this increasingly popular strategy converge around themes including growth, diversification, and achieving economies of scale (Cartwright and Cooper, 1993). Obtaining a global presence is also acknowledged as a motive for cross border mergers or acquisitions (Marks and Mirvis, 1992). According to Daniel and Metcalf (2001), the prime reason for cross border mergers and acquisitions is to maintain or increase the market share and to increase shareholder value by

cutting costs and initiating new, expanded and improved services. Corporations spend billions of dollars annually in pursuit of this strategy; the success rate, however, is less than commendable (Krishnan et al, 2004). Research offers a number of potential determinants for this success rate. Researchers such as Fralicx and Bolster (1997), Cartwright and Cooper (1993), and Evans and Mendenhall (2004) suggest that incompatible cultures are the main causes of Cross Border merger and acquisitions failure.

Tiger Brands (Haco) is currently faced with challenges of cultural fit; management is leaning to contend with delayed strategic actions owing to layered decision-making processes since the company was acquired by Tiger Brands. In addition, organizational members often experience difficulties trying to adjust to new procedures and performance standards and the South African firm must contend with local rules and regulations.

Locally, various researchers have researched on the field of mergers and acquisitions. E.g. Kiplagat (2006) researched on the effects of mergers on financial performance of companies listed at the NSE, Mukele (2006) conducted a survey of the factors that determine the choice of mergers & acquisition partners in Kenya, Nyagah (2007) studied doctor's perception of mergers & acquisitions in the pharmaceutical industry in Kenya, Njoroge (2007) did a survey of mergers & acquisitions experiences by commercial banks in Kenya while Muthiani (2008) researched on cross cultural perspective of mergers and acquisitions: the case of Glaxosmithkline Kenya PLC. None of these local and international studies focused on the challenges of cross border mergers and acquisition. This study therefore seeks to fill the research gap by determining the challenges of cross border mergers and acquisition at Tiger Brands Limited (HACO). The study will help Tiger Brands in overcoming the challenges as it will propose some of the strategies that can be adopted to cope with the challenges.

1.3 Objectives of the Study

The study was guided by the following objectives:

i.   To determine the challenges of cross border mergers and acquisition at Tiger Brands Limited.

ii.   To establish strategies adopted to help cope with challenges of cross border mergers and acquisitions.

1.4 Importance of the study

The study is invaluable and of benefit to the following:

Companies exploring possibilities of cross border mergers or acquisitions; it will in particular be important to Managers of various organizations engaging in joint operations as it will highlight challenges that are characteristic of such operations.

South African companies looking to enter the Kenyan Market will also benefit greatly; mainly because South African companies have struggled to establish a foothold in the Kenyan market. This study will demonstrate some key success factors that can be undertaken to achieve success in the Kenyan market.

Academics will benefit by way of serving as a basis of further studies in the area of cross border mergers and acquisitions.

Cross border mergers and acquisitions are a major vehicle for foreign direct Investment especially for FDI flows to developed countries and the trend is also catching on in developing

countries. In this regard, the study will also be useful to the Government in policymaking in respect to taxation and other regulatory requirements that can improve foreign direct investment through cross border mergers and acquisitions and therefore spur economic growth.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out research in the same study of cross border mergers and acquisition. The specific areas covered here are concept of cross border mergers and acquisitions, reasons for cross border merger and acquisition activity, the importance of communication during merger and acquisition, role of culture in the merger and acquisition process, the driving forces behind cross-border mergers and acquisitions and challenges of cross border mergers and acquisitions.

2.2 Concept of Cross Border Mergers and Acquisitions

We define cross-border merger and acquisitions as merger and acquisitions involving an acquirer firm and a target firm whose headquarters are located in different home countries. However, it is important to note that ''merger and acquisitions of companies with their headquarters in the same country, although normally classified as domestic, often have cross-border issues of concern when they integrate operations located in different countries'' (Child et al., 2001). Cross-border merger and acquisitions are an implementation instrument for the firm's international diversification strategy. Cross-border merger and acquisitions have been motivated by the necessary search for new opportunities across different geographic locations and markets in a turbulent and continuously changing environment.

Acquisitions represent a growth and internationalization mode, which enables companies to obtain valuable resources, such as market access, more quickly than through internal capital expenditure or alliances, while providing greater control than licensing or alliances. On the other hand, acquisitions entail high resource commitments and, thus also, related risks (Osland et al., 2001).

Most researchers agree that acquisitions are complex phenomena shaped by various patterns of underlying motives, which no single theory can comprehensively cover. In addition to temporal macro-level fluctuation in cross border merger and acquisition activity, individual deals occur for a variety of reasons, where, for example, industry trends may hold significant weight. Common motives behind horizontal cross-border merger and acquisition include improving internal

efficiency, company expansion and development, and improving the firm's position in its competitive environment (Brouthers et al., 1998). The study agrees with the one by Nyagah (2007) who studied doctor's perception of mergers & acquisitions in the pharmaceutical industry in Kenya and found that doctor's unanimously agreed that mergers & acquisitions in the pharmaceutical industry improve internal efficiency, enhance company expansion and development, and increase firm competitiveness.

According to LexisNexis (2009) Africa still trails other developing regions in attracting FDI. Excluding South Africa, the continent's share in FDI flows to developing countries was just 3 per cent. However, investment in Africa has stabilized at a significantly higher level than at the beginning of the 1990s: an average of $5.2 billion during 1994-1996, compared to an average of $3.2 billion at the beginning of the decade. In 1997, inflows were $4.7 billion, almost unchanged from the previous year. Africa remains a highly profitable investment location as companies receive rates of return on their investments that by far exceed those in other developing regions. A group of seven countries - Botswana, Equatorial Guinea, Ghana, Mozambique, Namibia, Tunisia and Uganda stand out in terms of relative FDI inflows and their growth during 1992-1996, not only in comparison to other African countries, but also to developing countries as a whole. Continent wide cross-border mergers and acquisitions mostly in banking, insurance, chemicals, pharmaceuticals and telecommunications accelerated inflows to developing countries. Aimed at the global strategic positioning of firms in key industries, merger and acquisitions reveal the prevailing strategies of divesting non-core activities and strengthening competitive advantages through acquisitions in core activities.

Gaining size has been one of the most prevalent motives for conducting cross border merger and acquisition in the retail sector. For one, the rapid rise of Wal-Mart has driven its competitors to consolidate in order to be able to compete on a similar scale (e.g. the Carrefour and Promodès merger). Furthermore, greater buying power is undoubtedly one of the most tangible benefits of cross border merger and acquisition in the retailing (Dragun and Howard, 2003).

However, the positive impact of increased size on operating efficiency is more debatable. While size is considered an important factor in the retail industry in terms of administering purchasing more effectively, the potential for rapid profit improvements in other areas is more limited. For

example, in terms of labor costs, the retail sector differs largely from manufacturing industries. Retailing is a relatively decentralized business, requiring multiple sites thus dispersing the workforce. Taking into account other cross border merger and acquisition motives, the mass disposal of acquired store assets is unlikely (Burt and Limmack, 2003;Dragun and Howard, 2003). Nevertheless, depending on the overlaps between acquirer and target firms the rationalization of head office functions, management infrastructure and distribution facilities may also hold cost saving potential but less so in the context of pure market entry acquisitions.

The recent popularity of merger and acquisition has dramatically increased retail concentration in the US and the largest national markets in Europe and has given impetus for more established players to expand abroad (Dragun and Howard, 2003). An important benefit of international expansion via cross border merger and acquisition, especially in developed economies, relates to the fact that the opening of the new retail space is tightly regulated, for example, in several European markets. Therefore, deals are commonly driven by the desire to acquire certain established sites, real estate and floor-space (Burt and Limmack, 2003). A common example of market entry via acquisition is Wal-Mart's expansion into the mature markets of Germany and the UK (Arnold, 1999).

Muthiani (2008) researched on cross cultural perspective of mergers and acquisitions: the case of Glaxosmithkline Kenya PLC. He found that the merger and acquisition reveals important aspects of culture differences that promote measurement and operationalization during the integration process. Further, several researchers have suggested that in most cases cross border merger and acquisitions fail to meet initial financial expectations (i.e. Very and Schweiger, 2001; Zollo, 2003). Back in the 1980s, Lubatkin insisted that although cross border merger and acquisitions had been a very important and popular means for executing organizational strategies, less than 20 percent actually achieved its expected financial or strategic objectives. Almost a decade later, Cartwright and Cooper (1992) quoted nearly 40 per cent failure rates for change efforts and a few years later, 1996, nearly 50 percent of cross border merger and acquisitions failure rate to achieve initial objectives. Along the same lines, Weber (1996) found that 35 per cent of those cross border merger and acquisitions that fail in their first three years of life are a result of poor employee relations. Over the years, several researchers have raised that per cent again,

advocating that more than two-thirds of cross border merger and acquisitions fail to create meaningful shareholder value (Ashkenas et al., 1998; Carr et al., 2004; Marks and Mirvis, 1998).

As for the main reasons for such failure rates, there is a dispute among researchers. Existing literature has identified among the main reasons for not fulfilling initial goals both hard and soft factors. Specifically, there are researchers suggesting that paying the wrong price, buying for the wrong reason, selecting the wrong partner, and buying at the wrong time are some of the most prominent ones (i.e. Armenakis, 1999). However, others insist that underestimation of the pervasiveness and depth of the problems related to the human factor during a cross border merger and acquisition condemns the project's success, and thus, more attention has to be given on employees' needs (i.e. Bijlsma-Frankema, 2001; Stahl et al., 2003).

According to Marks and Mirvis (1985), during cross border merger and acquisitions employees experience the "merger syndrome", which is accompanied by increased self-interest, as employees become preoccupied with what the integration actually means for themselves, their incomes, and their careers. Employees seem to go through the merger, or acquisition as a loss of a loved one, often treated as a personal crisis, which may manifest itself as listlessness, apathy, a preoccupation with the past, lack of commitment to the new culture, fear, and/or active resistance to the new system (Marks and Mirvis, 1992). As a result, several negative attitudes and behaviours are realized, including decreased job satisfaction, organizational commitment, loyalty and productivity and increased defective products, mistakes and withdrawal behaviors (Latack, 1986).

There are, of course, occasions in which the integration process or even the cross border merger and acquisition itself creates undesirable conditions for employees. Such examples include the limited or superficial communication related to the necessity and importance of the cross border MorA (Lesowitz and Knauff, 2003), the lack of justice and trustworthiness on behalf of organizational agents (Stahl et al., 2003) and the cultural shock following the incompatibility between the two organizations.

For those giving emphasis on the soft factors of the cross border MorA, organization's ability to understand and control employee attitude and behavior is critical if serious problems in strategy implementation and success are to be avoided. Psychological contract developed between

individuals and their organization can be helpful towards this direction, as it is a means for enhancing conception of employee relationships and effective management of employees (Conway and Briner, 2002).

2.3 Reasons for Cross Border Merger And Acquisition Activity

In a constantly changing competitive environment, which results from increasing depth of integration and globalization of financial markets, financial institutions turn more and more to mergers and acquisitions to ensure the survival and/or growth of their businesses. The decision to consolidate should, in principle, be motivated by the desire to increase shareholder value, however, agency conflicts between shareholders and managers can give rise to opposing motives for cross border merger and acquisitions (Berger et al., 1999). As suggested by Brouthers et al. (1998), the reasons for consolidation can be underpinned by economic, strategic and personal motives.

The desire to improve the financial performance of an institution is central to the economic argument for cross border mergers and acquisitions. Specifically, this can be translated into measures taken which aim at reducing costs, through rationalisation and taking advantage of economies of scale, or increasing revenues and profitability, through economies of scope or the transfer of particular value creating capabilities (Walter and Barney, 1990).

The second purpose for the cross border mergers and acquisition decision is undoubtedly related to the particular strategic vision of the individual players involved. Hence, a firm may undertake an acquisition in order to enter a new geographical market, or to diversity away from its core business by entering a new product sector, or to increase its penetration of an existing market or product sector (Berger et al., 1999). In the latter case, acquisition of an existing competitor may serve to increase the firm's overall market power, as well as to create entry barriers (Ingham et al., 1992). Companies may also be strategically motivated to undertake an acquisition because they wish to strengthen their existing resource base in a specific area, or because they lack a particular competence that would be needed to develop their strategy by internal means.

Finally, personal motives may also be one of the driving forces for the unification of some banks. Mergers have often been associated with the possibility that managers may disregard, to a certain

extent, the interests of stakeholders, as suggested by Lev (1983). According to Roll (1986), managers perceive mergers as an opportunity for their salaries to increase as a result of the potential increase in sales. Moreover, the fact that managers will then need to oversee the operations of a larger company can also represent a new challenge for them, with the opportunity to boost their personal career and status (Berkovitch and Narayanan, 1993).

2.4 The driving Forces behind Cross Border Mergers and Acquisitions

The driving forces underlying the trend of cross border merger and acquisitions are complex and vary by sector. Technological change facilitates international expansion of firms. Firms are also seeking to capture new market opportunities in fast-changing technologies and to pool research and development (R&D) costs. Moreover, government policies related to investment liberalisation, privatisation and regulatory reform are increasing the number of, and access to, industrial targets for cross border merger and acquisitions. Prolonged economic growth in countries such as the UK and the USA also increases the capital available for industrial purchases abroad. Other forces are market drivers, industry-level drivers and firm-level drivers. These driving forces are briefly discussed below.

2.4.1 Technology Drivers

One of the most significant driving forces behind the acceleration of Cross border mergers and acquisitions is technological change. In an environment characterized by rapid technological change and increasing expenditures for risky R&D projects, many companies feel compelled to enter into Cross border mergers and acquisitions as a means of sharing the costs of innovation and accessing new technological assets to augment their innovatory capabilities (UNCTAD, 2000).

Reduced communication and transportation costs have favoured cross-border expansion of companies seeking to exploit competitive advantages. In particular, recent developments in information technology tend to expand the range and span of corporate control, making the optimum size of firms larger than was previously possible. Companies can expand their size and achieve more dominant market positions through acquisitions beyond national borders, while maintaining efficiency and flexibility in their management through new information and

communications technologies (Kang and Johansson, 2000). In addition, the soaring cost of R&D has forced companies to cooperate with others in global markets in order to finance research expenditures for new products. For instance, the large R&D costs required to develop new generations of drugs is considered the major driving force of cross border mergers and acquisitions in the pharmaceuticals sector.

Technological change can also alter the competitive business environment. Changes of this type tend to shorten product life cycles and promote new entrants with innovative technology, which alters competitive conditions and market structure. This is evident in the case of the telecommunications and steel industries. Moreover, technological change creates new businesses and markets, such as in telecommunications and information-related industries. Cross border mergers and acquisitions can be a quick and relatively straightforward approach to respond to the activities of competitors and acquire entry into new sectors and markets. The recent surge of acquisitions of this type in the telecommunications, media and information industries reflects the efforts of firms to capture the new markets created by new technologies, particularly the growth of the internet, and to offer more integrated global services (Kang and Johansson, 2000).

2.4.2 Government Drivers

The worldwide movement by governments to reduce trade barriers is probably the most significant overall driving force behind the acceleration of cross border mergers and acquisitions (Child et al., 2001). Liberalisation of international capital movements and investments along with new investment incentives has promoted the acceleration of cross border mergers and acquisitions. For instance, Korea did not experience foreign purchases of majority interests in its local firms until 1998, but, in the face of the Asian financial crisis, opened most of its industries to mergers and acquisitions. Thailand is another country, which, in response to the financial crisis, liberalised its regulatory environment for cross border mergers and acquisitions and even promoted them. The ASEAN Investment Area, also in response to the financial crisis, extended in December 1998 and for a specified period of time, various incentives for cross border mergers and acquisitions (Association of South-East Asian Nations Secretariat (ASEAN), 1998). While on the other hand restrictions on the repatriation of earnings can constrain cross border activity.

Regulatory reform and deregulation of industries such as telecommunications (the WTO agreement on basic telecommunications services came into effect in 1998), electricity and finance also play a significant role in the remarkable increases in mergers and acquisitions in both industrialized and newly industrialized countries. These industries are beginning to open up to foreign investors in many countries and full or majority ownership by foreigners is gradually being approved. Privatisation is also contributing to cross border mergers and acquisitions activity by increasing merger and acquisition targets and opening up economies to increased competition (UNCTAD, 2000). Significant increases in inward mergers and acquisitions in Latin America as well as Central and Eastern Europe are linked to privatisation of state enterprises in telecommunications, energy and other sectors (Kang and Johansson, 2000).   In Kenya, liberalization of Telkom Kenya saw France Telecom acquire a 51% stake in the former parastatal. France Telecom, is one of the world's leading telecommunications operator, with 131.8 million customers, the Orange brand covers internet, television and mobile services in 38 countries where the Group operates.

Surveys evidence suggests that institutional barriers, particularly in public procurement, have been a significant barrier to investment in Europe by UK companies (Millington and Bayliss, 1991). The promotion of regional integration, as seen in Europe and North America, provided opportunities for expansion through cross border mergers and acquisitions. In particular, the introduction of the euro accelerated the current wave of mergers and acquisitions. This new common currency reduced exchange rate risk and transaction costs across the EU, which supported trade and business expansion. On the other hand, the Euro increased transparency of prices across the European Union (EU), which added to competition and price discipline and promoted industrial restructuring, including the cross border mergers and acquisitions of firms. However, fundamental location decisions for such mergers and acquisitions in Europe will likely remain dependent on factors linked to economic geography, including the relative cost of factors of production and the proximity to core markets (Miyake and Thomsen, 1999).

2.4.3 Macro-level Drivers

The economic growth of the host and home country also influences cross border mergers and acquisitions (Kang and Johansson, 2000). Economic expansion in home countries increases

earnings and equity prices and hence, the pool of capital available for investment overseas. Correspondingly, an economic boom in a host county enhances the short-term profitability of potential target firms for an acquisition. The prolonged economic expansion in major countries such as the UK and the USA has played a vital role in the continued and rapid increase of both inward and outward cross border mergers and acquisitions in the 1990s and early 2000s. In contrast, slower economic growth tends to work against the trend. As the Japanese economy continued to experience recession, cross border mergers and acquisitions rapidly slowed in the 1990s. In addition, outward acquisitions by Asian countries also sharply decreased in 1998. Recently, inward merger and acquisitions are increasing in Japan and many Asian countries, particularly Korea, due to falling asset prices as well as changes in business practices and an environment that is more favorable to cross border mergers and acquisitions (Kang and Johansson, 2000).

The long-term, broad-based economic growth in Africa has led to increase incomes and helped the continent reach its potential to become a significant trade and investment partner in the world economy. Although Africa has historically had the slowest growth of any region, its performance is improving substantially, lending hope for the future. African economies have continued to sustain the growth momentum of the 1990s, recording an overall real GDP growth rate of 5.8 percent in 2008 (USAID, 2009). Due to this economic stability, Africa is a possible destination for cross border merger and acquisition as a source for new markets since most people have purchasing power. Appropriate trade policies present in the continent offer opportunities for other countries to invest in the free markets and increase foreign investments that promote economic growth. In addition, better performance in agriculture and other resources and the improved political situation in many countries can also attract investors in the region (USAID, 2009).

2.4.4 Market Drivers

Market drivers include the growth of common customer needs, the emergence of worldwide customers, the development of international channels of distribution and of marketing approaches that are transferable across cultural and geographical boundaries (Child et al., 2001). Levitt (1983) anticipated the convergence of markets because of the development of economic and socio-cultural interdependencies across countries. He argued that the new communication

technologies are the key to the growing homogenization of markets, reducing social, economic and cultural differences. This process has forced companies to respond to growing similarities between consumer preferences. He also argued that a company can make a cheaper better product; cultural barriers will not prevent it from becoming acceptable worldwide. The international success of the Japanese consumer electronics industry appears to support this claim.

Cross border mergers and acquisitions provide many prospects for achieving economies of scope from global marketing strategies (Child et al., 2001). Branding provides a useful illustration of this potential. An increasing number of Multinational Enterprises are standardizing their brands in order to send a consistent worldwide message and take greater advantage of media opportunities by promoting one brand, one packaging and one uniform positioning across the market. Rather than a patchwork quilt of local brands in local markets, the owners of international brands increasingly favour simplified international brand portfolios.

2.4.5 Industry-level Drivers

Although cross border mergers and acquisitions are occurring in almost all industries, recent large-scale merger and acquisitions have tended to be concentrated in a few major sectors including petroleum, automobiles, finance and telecommunications (Kang and Johansson, 2000). These are the sectors which are experiencing intensified global competition and market pressures from falling commodity prices (petroleum), excess capacity in key markets (automobiles), deregulation and rapid technological change (banks and telecommunications).

Unlike the merger and acquisition deals of the 1980s, which were often about capturing new markets or supposedly undervalued and unrelated businesses, many of the cross border mega-mergers of the 1990s and 2000s have taken place within the same industry for the purpose of restructuring. This kind of union typically involves consolidation and scrapping of capacities on a global scale to improve international efficiency and competitiveness. Intensified global competition and market pressures are forcing firms to concentrate on their core business activities. The trend towards cross border mergers and acquisitions partly results from growing sales of non-core operations or affiliates and the acquisition of similar operations (divisions, affiliates or firms that have similar businesses) beyond national borders (UNCTAD, 1998).

2.4.6 Firm-level Drivers

According to Dunning (1977), a firm needs to have a firm-specific competitive advantage (ownership advantage) in foreign markets in order to undertake FDI successfully. This competitive advantage generally arises from the existence of firm-specific intangible assets such as production knowledge and skills, marketing capabilities and brand names or superior management capabilities. The more a firm accumulates intangible assets, the stronger the incentive a firm has to exploit them through geographical diversification or other modes of internalisation (Morck and Yeung, 1999).

Empirical research identifies several firm-level factors that influence the choice of entry modes in making foreign direct investment (FDI). First, it has been observed that merger and acquisitions are more advantageous the greater the organisational and managerial skills of a firm, while greenfield operations are more preferable the greater the technological skills of the firm (Andersson and Svensson, 1994). Since the international experience of a firm is generally related to organisational and managerial skills, firms with more international experience tend to favour acquisitions. A firm's previous presence in a host country also increases the attractiveness of acquisitions.

Firm strategies vis-à-vis competitors may further affect the modes of market entry. If a firm does not hold sufficient intangible assets to be competitive, it may seek them in the asset bundle of an existing local firm through acquisition. On the other hand, if a firm has technological and competitive advantages that it wishes to retain control over, it may prefer greenfield investments to mergers and acquisitions (Andersson, 1993; Yamawaki, 1994). For instance, it has been observed that Japanese multinationals when entering Europe have continued to rely on greenfield investments in industries where they have superior competitiveness, whereas their reliance on mergers and acquisitions in an industry tends to be stronger the higher the relative competitiveness of the European industry. Furthermore, the former investments have tended to be undertaken in European countries with relatively low competitiveness in these sectors, whereas the latter have been undertaken in the countries that are more competitive, for example, greenfield investment in semiconductors and transport, targeting particularly the UK, compared

to merger and acquisitions in chemicals focusing on Germany and the Netherlands (Kang and Johansson, 2000).

A study in the late 1990s concentrating on cross border mergers and acquisitions between the USA and four European countries (Vasconcellos and Kish, 1998) outlines the factors, which might motivate the process at the level of the firm. One impetus is risk spreading: in order to reduce risk, firms acquire companies in other economies on the basis that the covariance of industry returns across economies is likely to be smaller than within one economy. In reality, differences in cyclical conditions at a specific point in time can also favour acquisitions. For example, a relatively strong stock market increases the means available to companies for purchases and renders foreign targets cheaper. However, this may only be true when the economies in question are not highly integrated. Companies that are unable to develop technology in-house due to time or resource constraints can choose merger and acquisitions as a means for acquiring technological and human resources.

2.5 Challenges of Cross Border Mergers and Acquisitions

2.5.1 Integration Challenges

It has been estimated that one in every four American workers has been affected by mergers and acquisitions (Cartwright and Cooper, 1993). The impact that mergers or acquisitions have on organizational members is conspicuous. In interviews with over 100 employees in a merging company, Sinetar (1981) confirmed that workers exhibit strong negative reactions upon the announcement of a merger. These reactions ranged from grief and shock, to extreme cases where individuals spoke about the merger in terms synonymous with the death of a family member or loved one. Further, Marks and Mirvis (1992) discovered that employees involved in a merger between two computer companies feared layoffs, loss of control, possible relocation, losing their identity or work reputation, unknowns associated with their new responsibility and the loss of peers. Conversely, they discovered that these employees hoped for improved processes, new goals, integration of different functions and learning new skills. Based on these findings, it should not be surprising that mergers and acquisitions have been labeled as trigger events necessitating new thoughts and behaviors by organizational leaders and members (Isabella, 1992).

It is important to note that the context and type of merger or acquisition plays a major role in influencing employee receptivity and reaction to the proposed union. In particular, it should be noted that there are a myriad approaches to mergers or acquisitions. The approach chosen will have a major impact on employee perceptions about the proposed union. Hostile takeovers, for example, pose a major threat to an organization's integrity and identity (Schneider and Dunbar, 1992).

In related research, Chatterje et al. (1992) suggest that integration in acquisitions involving conglomerate corporations will likely be limited to the planning and financial systems. They also posit that the other departments or divisions will remain independent and, therefore, will likely remain unaffected by the other organization's culture. Chatterje et al. contrast this to related mergers or acquisitions that are likely to experience a higher degree of cultural integration as a result of the firms' desires to create synergies between the two companies.

The following example provides perceptible themes associated with mergers or acquisitions. Through studying the merger of two travel agencies, McEntire and Bentley (1996) identified six themes associated with integrating the organizations' cultures. These included the identity theme characterized by questions and concerns about who the organization is. This theme not only embodies literal references to the ultimate name of the merged entities, but also refers to the vision associated with the name. The theme of reputation embodies elements such as professionalism and customer service attitudes. The other four themes incorporated other comprehensive aspects of the organizations' cultures. Building on these themes, it is important to more closely examine common challenges associated with mergers or acquisitions. Pablo (1994) outlined the importance of task characteristics, cultural characteristics, political characteristics, and demographic characteristics in the integration dynamic.

2.5.2 Task Challenges

An important factor creating challenges in integrating the operations of two separate firms is the compatibility of the respective business systems (Mirvis, 1985). Further, organizational members often experience difficulties trying to adjust to new procedures and performance standards

(Marks and Mirvis, 1992). Differences in managerial styles and accounting practices can also contribute to tension in the integration process (Cartwright and Cooper, 1993).

These difficulties have a real and measurable impact on organizational performance. Weber (1996) suggests that the anticipated benefits or gains associated with a merger or acquisition are often unrealized because of productivity losses and the traumatic effect of mergers and acquisitions on a firm's human resources. Problems such as poor utilization of technology, weak human resource systems (e.g. appraisal systems) and low employee morale are often intensified as a result of mergers (Walker, 1998).

2.5.3 Demographic Challenges

The pursuit of cross border mergers and acquisitions is not without challenges. Firms engaging in cross border mergers and acquisitions are faced with unique risks such as ''liability of foreignness'' Zaheer, (1995) and ''double-layered acculturation'' Barkema et al., (1996). Differences in national culture, customer preferences, business practices, and institutional forces, such as government regulations, can hinder firms from fully realizing their strategic objectives. Uncertainty and information asymmetry in foreign markets make it difficult for firms to adjust and learn from both the local market and target firm Kogut and Singh, (1988); Zaheer, (1995). Thus, liability of foreignness and double-layered acculturation serve as barriers to learning new knowledge and capabilities in a cross border merger and acquisition.

Organization size would also play a role in influencing the cultural challenges associated with the integration process. Barker and Duhaime (1997) reinforce this contention by highlighting research suggesting that larger organizations typically exhibit more complex internal systems. As a result, it can be argued that power structures and organizational procedures are more difficult to change.

2.5.4 Political Challenges

The way power is exercised during the integration of merged or acquired firms can play an important role in shaping the perceptions of organizational members and can also influence the ultimate success of the integration effort. Power exercised to the extent that new rules, procedures or expectations are forced onto the staff members will likely be met with resentment and

resistance from these members, resulting in a loss of potential synergies (Marks and Mirvis, 1992). Carleton (1997) reinforces this possibility through a discussion of a 1992 study by Coopers and Lybrand of 100 failed mergers or acquisitions indicating that over 80 per cent of the executives acknowledged that different management practices and styles were a primary contributor to integration difficulties.

Consistent with the theme of power, new coworkers, new bosses, and new power bases are cited by Marks and Mirvis (1992) as important factors impacting on the integration process. The impact of these new power bases in mergers and acquisitions is particularly salient at the executive management level. In a study of 430 executives, Hambrick and Cannella (1993) indicate that executives who are not granted post merger status are more likely to leave as a result of inferiority feelings than executives who maintain some semblance of status, thus retaining some sense of superiority. Hambrick and Cannella (1993) concur that power is, indeed, an integral element of status.

2.5.5 Cultural Challenges

Hofstede (1991) define culture as the set of shared attitudes, values, goals, and practices that characterizes an institution, organization or group. One of the most pertinent definitions of organizational culture is that of Schein (1989), who defines culture as "the deeper level of basic assumptions and beliefs that are shared by members of the organization, that operate unconsciously, and that define in a ′taken for granted′ fashion and organization′s view of itself and its environment". It is regarded as the unseen and unobservable force that is always behind the tangible activities of an organization which can be observed and measured. It is commonly perceived as a social energy that communicates with people, and motivates them to act (Park, Kilmann, Saxton and Serpa, 1995). "Culture is to the organization what personality is to the individual – a hidden yet unifying theme that provides meaning, direction, and mobilisation" (Gundykunst and Ting-Toomey, 1998). Culture fit is one of the organization attributes that is often used to measure individual congruence to the words and behaviors of every employee in the organization.

Cartwright and Cooper (1993) argue that successful pre-merger performance supported by a strong organizational culture does not guarantee that the culture can easily be transferred to

another organization. They reinforce this by suggesting that cultures are not meant to change, especially if they are strong cultures. Other researchers agree about the difficulty associated with changing core attributes of strong cultures. However, cultures can change and evolve. But those bedrock tenets that form the foundation of an organization are much tougher to budge. If merging organizations have similar core values, they may, with effort, be blended. But no amount of wheeling and dealing can bring them together if they are too far apart (Fralicx and Bolster, 1997).

Schein (1985b) further suggests that a merger or acquisition reveals important aspects of culture differences that promote measurement and operationalization during the integration process. In fact, unrealized productivity expectations are often precipitated by the fact that some mergers bring out the worst in the respective organizations' cultures, making it difficult to marshal their strengths in an effectual manner (Walker, 1998).

Weber (1996) reinforces this by suggesting that the magnitude of cultural differences can effectively impede a successful integration during mergers and acquisitions, resulting in poor financial performance. The strength of a particular culture is also an important consideration (Jackson et al., 1994). Strength is a significant factor because it embodies the degree to which particular values are shared between members of an organization.

Gilmore et al. (1997) examined organizations undergoing cultural transformations. This examination, culminating in six years of observation in a wide array of organizations, identified four major side effects: behavioral inversion; disappointment and blame; polarized images; and ambivalent authority.

Behavioral inversion was characterized by a resurgence of hierarchy presented under the guise of an empowerment slogan. Disappointment and blame was often evident by individuals who sought to blame someone for the challenges or pitfalls associated with the requisite changes. Polarized images were evident in tendencies to downplay the value of old practices in negative evaluative terms while characterizing proposed practices in positive evaluative terms. The final side effect, ambivalent authority, was characterized by conflicting demands such as directing employees to be empowered. Gilmore et al. (1997) insisted that side effects are always present in culture change.

As cited earlier, Burton and Tanouye (1998) provide some examples of cultural system resistance associated with two strong cultures in their discussion about the failed merger between Monsanto and American Home Products. These authors suggest that the CEOs of the respective companies fervently disagreed on specific protocol for laying off employees and assigning employees to the corporate headquarters. Also reinforced in their work is the difficulty associated with co-chairing a merged organization. While this is a valiant organizational ideal, operational challenges associated with differences between the individuals render this option impotent. In this case, one CEO is characterized as being attentive to minute details about organization expenses while the other is characterized as frequently committing billions of dollars to a multitude of different ventures. An in-depth cultural analysis is not required to ascertain that this proposed merger would be filled with monumental integration challenges.

Traditionally, exploiting economies of scope and scale or taking advantage of market imperfections has been a dominant way of gaining competitive advantage by firms (Hansen and Nohria, 2004). But as economies are becoming more and more integrated due to the forces of globalisation, there is an increasing realisation that these ways of competition offer limited profitability for firms. As a result, mergers and acquisitions have become increasingly popular as companies look for higher returns and dominant market position in the global market. Cross border mergers and acquisitions provide a means to acquire expertise, technology, products, complement ongoing internal product development, reduce exposure to risk and achieve economies of scope and scale. However, it is well documented in finance and management literature that a high number of merger and acquisitions fail to create value.

Systematic research evidence indicates that the greatest danger comes after two companies tie the knot and attempt to integrate operations. Scholars suggest incompatible culture as one of the main reasons for cross border merger and acquisition failure. Fralicx and Bolster (1997, p. 50) pointed out that "culture can be a make or break factor in the merger equation". Supporting this line of thinking, Cartwright and Cooper (1993) suggested that financial benefits anticipated from mergers and acquisitions are often unrealised because of incompatible cultures. Weber (1996) reinforced this by suggesting that the magnitude of cultural differences can effectively impede a successful integration during mergers and acquisitions, resulting in poor overall performance. Although, it is widely acknowledged that cultural compatibility or fit alone is no guarantee to

merger and acquisitions' success, but it is also true to say that cultural heterogeneity creates tensions and affects financial and managerial performance (Kanter and Corn, 1994; Jamison and Sitkin, 1986; Brock et al., 2000). Moreover, managers prefer cultural homogeneity to heterogeneity, because shared experience and culture form a basis of trust.

According to Cartwright and Cooper (1993) culture is an integral part of an organisation and that "culture is to an organisation what personality is to an individual." Cultural similarity therefore serves as a force that brings members of the merging organisations together creating a sense of cohesion and consequently achieving synergy. Therefore, culture barriers and/or incompatibilities can pose major obstacles to the anticipated gains from cross border merger and acquisition (Nahavandi and Malekzadeh, 1988; Very and Schweiger, 2001). For example, Buckley and Casson (1996), and Parkhe (1991) suggest that cultural differences can impair information flow, obstruct knowledge transfer and negatively influence firms' survival.

Culture refers to a shared and deeply held set of values and norms. Culture has a historical basis and through a process of socialisation, members within an organisation learn how to act accordingly (Schweber and LeVine, 1984; Schein, 1985; Erez-Rein et al., 2004). The definition proffered by Hofstede (1991) sees culture "as the collective programming of the mind which distinguishes the members of one group of people from another".

Culture represents an important element of mergers and acquisition process and its full strength is seen during an acquisition when two divergent cultures are forced to become one. Combining different types of cultures, as mostly happens in merger and acquisitions, is likely to have important consequences for organizational outcomes. It is therefore not surprising that a number of studies such as Bijlsma-Frankema (2001), Faulker et al. (2002), and Krishnan et al. (2004) suggest, that cross border mergers and acquisitions fail primarily because managers tend to underestimate the people factor and cultural fit. The integration of two organisations cultures represents a major post-acquisition challenge to acquiring firms. This challenge has been discussed in terms of such theories as person organization fit (O'Reilly et al., 1991), social-anthropology (Nahavandi and Malekzadeh, 1988; Cartwright and Cooper, 1992, 1993a, b), relational demography (Jackson et al., 1991), the attraction-selection-attrition paradigm (Schneider, 1987), social movements (David, 1977), and relative standing (Hambrick and

Cannella, 1993). These theories present somewhat similar explanations as to why people at the acquired firm often face considerable pressure to conform to the values and management practices of the acquirer, why these pressures to conform tend to be resisted, and what consequences result from that resistance (Schweiger and Weber, 1989; Haspeslagh and Jamison, 1991).

Human resources tend to react negatively to being acquired. However, the strength duration and dysfunctional effects of such reaction vary between different cross border mergers and acquisitions (Larsson et al., 2002). This negative employee reaction in merger and acquisitions is often referred to as a "cultural clash" (Buono and Bowditch, 1989; Chatterjee et al., 1992; Nahavandi and Malekzadeh, 1993; Cartwright and Cooper, 1995; Brock et al., 2000). For example, cultural clash has been shown to have dysfunctional consequences such as lower commitment and cooperation among the acquired employees (Sales and Mirvis, 1984; Buono et al., 1985), greater turnover among the acquired managers (Hambrick and Cannella, 1993; Lubatkin et al., 1999), a decline in shareholder value of the buying firm (Chatterjee et al., 1992), and a deterioration of operating performance of the acquired firm. Weber (1996) and Very et al. (1997) identified the process of "socio-cultural integration" as a key factor in the poor performance of cross border merger and acquisitions. Notably, it has been estimated that about a quarter to half of cross border mergers and acquisition failures are caused by problems of integrating the different cultures and workforces of merging firms (Davy et al., 1988; Walter, 1985).

Similar conclusions were drawn by Cartwright and Cooper (1992) and Carey (2000) who argued that mergers between certain culture types can be disastrous in that they lead to cultural ambiguity, confusion and hopelessness. Therefore, the management of "the human factor" in mergers and acquisitions has been recognised as an important source of success by a number of scholars such as Kimberly and Quinn (1984), Buono and Bowditch (1989), Cartwright and Cooper (1992), and Lubatkin and Lane (1996). Bijlsma-Frankema (1997) argues that culture plays a major part in the way employees react to the new structure of their work environment, ranging from quick adaptation and commitment to the new expectations, to resistance, withdrawal and other forms of unproductive behaviour. A number of researchers suggest that merging companies should seek for fit, especially cultural fit, in order to avoid conflicts. For

instance, Nahavandi and Malekzadeh (1988) and Chatterjee et al. (1992) emphasise cultural fit as an important factor in creating shareholder value in mergers.

2.5.6 Delays resulting from legal and regulatory clearance

Often in cross border acquisitions, the acquirer must obtain regulatory approvals in their home country as well as in the target company's home country. Due to foreign currency exchange controls, this process tends to be drawn out for South African companies seeking to make investment outside South Africa as they are required to obtain Reserve Bank approval. "Successful deal-makers recognize that the cost of their investment in pre-deal planning is minimal compared with the potential impact of failing to generate the desired level of return from the transaction. For various reasons, purchasers frequently face delays in the transaction timetable while they await regulatory clearance (KPMG 2003). A key challenge is to use that time to best effect. Indeed, how well organizations manage this critical period can be a key determinant of deal success or failure.

Often, external partied rush to court seeking redress prior to conclusion of a merger or acquisition as they fear that once an organization undergoes a transformation they may lose the opportunity. When Stanbic announced intentions to merge with CfC Bank, 15 former staff filed a suit demanding Kenya Shillings 1.1 billion in pension compensation. Hearing of the case delayed the merger causing increased anxiety to all stakeholders involved as a temporary halt of the merger was put in force until the case was resolved. Coupled with the requirement for double regulatory approvals, the merger of CfC Bank took over a year to conclude.

2.6 Solution to the Challenges

"When the news about a cross border merger and acquisition appears, emotions range from fear and confusion to acceptance and excitement" (Messmer, 2006). Research indicates that the importance of communication throughout the merger and acquisition process is crucial.

Employees tend to resist change and do not deal with stress in the same way. Effective and timely communication practices can help management dealing with these variables during a cross border merger and acquisition process.

Messmer (2006) identifies two different strategies management should use to deal with the anxiety that a merger and acquisition process is likely to create among employees: early communication and staff involvement. Early communication includes timely, honest and direct information, together with a realistic assessment of future opportunities and obstacles, such as careers diversification and downsizing plans. This type of communication early in the cross border merger and acquisition process will reduce the risk of rumors, misunderstandings or wrong expectations among groups and individuals. This is a critical action and skill for the manager to execute.

Staff involvement serves as a guarantee of cooperation and support for the immediate post-merger phase. Staff involvement includes exchanging ideas, concerns, proposals and feedbacks. Research suggests that participation in the decision-making process will improve employees' resistance to change and will better prepare them to a possible variation in the corporate culture and acceptance of those changes.

The fact that communication is one of the most important components of the way cross border mergers and acquisitions are executed can be explained by the relationship to poor outcomes. Communication is indeed the number one reason for cross border merger and acquisition's failures according to Kennedy's Global PMI Survey (Bert et al., 2003) findings presented below.

Communication influences the employees' ability to adopt a new culture, sustain the change process and deal with stress (Appelbaum et al., 2000a). Failure to timely deal with cross border merger and acquisition situations and maintain high levels of employees' motivation could lead to decreased loyalty, resentment and ultimately turnover (Messmer, 2006). "Maintaining the wellspring of future company growth depends on attracting and retaining capable people (Bert et al., 2003). For every acquisition, there are hundreds or thousands of employees who will be concerned about the number of jobs being cut, which facilities might be closed, and wonder how – or if – they will fit in the organization. For most managers and companies, the biggest barrier to merger integration is failure to achieve employee commitment" (Bert et al., 2003).

Feldman and Murata (1991) insist on the importance of good communication and management strategies and practices during merger and acquisition processes. One of the reason why positive outcomes are not achieved in the expected timeframe is because of the executives' failure of recognizing that acquiring another firm "involves more than simply taking control of assets, and more than consolidating space, capital and equipment" (Feldman and Murata, 1991). Acquiring another firm involves corporate structure, management styles, employees' expectations and human resources policies and practices (Appelbaum et al., 2000).

Lazaridis (2003) empirical study on the overall perception by employees of the cross border merger and acquisition process from a communication stand-point is important with particular reference to timely and adequate information. Lazaridis' results (2003) indicated that sometimes management forgets to keep employees informed about negotiations and changes that could affect their jobs. True communication is difficult to achieve, since the communication process faces numerous potential obstacles (Appelbaum et al., 2000). The difficult task to overcome these obstacles is assigned to organizations' leaders.

The business leadership of the acquiring company should communicate a clear direction for the company to all staff at the outset. A short term implementation plan for the first 3 - 4 months after deal closure dubbed 100 day plan must be detailed, aggressive in its targets and should cover all functional areas of the short term integration phase (Davies Robin, 2003). He observes that "the 100 day timetable quickly instills a sense of urgency, challenge and excitement into the new organization. Furthermore, it forces the management team into action and helps to overcome paralysis, uncertainty and politics. The more employees who are involved in the process, the more the new company will be able to leverage the knowledge, ideas, motivation and energy of its workforce to drive the integration forward. This involvement also serves to reduce the inevitable uncertainty and anxiety resultant in a merger situation. By the end of the 100 days, every employee should be clear about their future role and responsibility in the business".

The challenges of cross border mergers and acquisitions can also be overcome by establishing strong human resource systems. Good human resource management in the organisation post merger have a real and measurable impact on organizational performance. Weber (1996) suggests

that the anticipated benefits or gains associated with a merger or acquisition are often realized for the reason that of productivity gains and the effect of mergers and acquisitions human resource. This mainly happen as a result of intensified effort to boost employee morale by the management and the supervisors (Feldman and Murata, 1991).

Good exercise of power during the integration of merged firms can play an important role in overcoming the mergers challenge by shaping the perceptions of organizational members and ultimately influencing the ultimate success of the integration effort. However, the context and type of merger or acquisition plays a major role in influencing employee receptivity and reaction to the proposed union. The approach of merging chosen will have a major impact on employee perceptions about the proposed union. A smooth takeover is a key strategy in elimination of major threats to an organization's integrity and identity (Schneider and Dunbar, 1992).

The most effective means of initiating cultural integration between the acquirer and acquired is actually to engage in joint project action. Working together to achieve meaningful results on business issues will quickly help to bridge the gap between corporate cultures and will precipitate integration. In doing so, employees can see immediately the benefits of the acquisition and that they can now achieve more working together than was possible in the status quo ante (Davis Robin 2002).

Cultural integration is not always necessary; the rationale for cultural integration and the complexity of the challenge will be specific to each deal (Davis Robin 2002). In an acquisition aimed at total absorption, it is more important to achieve a successful new single culture and one that is dominated by that of the acquiring company. In situations where the acquired business will continue to operate independently, it is unwise to enter into the challenge of full cultural integration. As long as the underlying value drivers for the deal are still the priority, business synergies are achieved, parent company standards and the basic non-negotiables are met - the remaining aspects of cultural integration can be addressed only as necessary. This is particularly relevant in cross border deals where the cross cultural challenges of integration can drain value from the merger. Ashkenas, R.N., DeMonaco, L.J., Francis, S.C. (1998).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. This section is an overall scheme, plan or structure conceived to aid the researcher in answering the research question. We review how research was executed and how respondents were approached, as well as when, where and how the research was completed. Therefore in this section the research identifies the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections were included; research design, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

This was a case study since the unit of analysis is one organisation. The case study aimed at getting detailed information regarding the challenges of cross border mergers and acquisitions at Tiger Brands Limited (HACO Industries Limited). According to Yin (1989) a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Kohati 2004 noted that a case study involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primarily data collected from such a study is more reliable and up to date.

3.3 Data Collection Methods

In order to establish the challenges of cross border mergers and acquisitions at Tiger Brands Limited, the researcher personally distributed interview guides among sampled employees currently employed in Tiger Brands Limited; the researcher aimed to collect information across all levels of employees i.e top management, middle level management and subordinates. In order to collect primary data, the interview guide was designed to establish the challenges of cross border mergers and acquisitions at Tiger Brands Limited.

Secondary data sources were also employed through the use of previous documents or materials to supplement the primary data received from interviews.

3.4 Data Analysis

Before processing the responses received from the interview guides, the completed interview guides were edited for completeness and consistency. A qualitative analysis was employed. The qualitative analysis was used to analyze the respondents' views about the challenges of cross border mergers and acquisitions. Qualitative data analysis makes general statements on how categories or themes of data are related (Mugenda and Mugenda, 2003). The qualitative analysis was done using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 2003). It involves observation and detailed description of objects, items or things that comprise the object of study.

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents data findings of the study and the analysis thereof. The data was gathered through interview guides and analyzed using content analysis. According to the data found, all the respondents projected in the previous chapter to be interviewed including top management, middle level management and subordinates, were interviewed which makes a response rate of 100%. The commendable response rate was achieved at after the researcher made frantic effort at booking appointments with the respondents despite their tight schedules and making phone calls to remind them of the interview.

4.2 General Information

The study, in an effort to establish the interviewees' competence and conversance with matters regarding Tiger Brands (HACO Industries Limited) asked questions on the current position held in the organization. According to the responses given, the interviewees held positions such as Accountants, Marketing Officer, and the Managing Director. On the number of years that the interviewees had worked in the current positions, all of them had worked for the organisation for at least four years as most promotions are internal, within the organization. All the interviewees indicated that they were working for HACO Industries Limited prior to the acquisition by Tiger Brands. The interviewees' responses hence had the advantage of good command and responsibility being in such managerial positions and experience and aptitude owing to their years of experience in the organisation.

4.3 Challenges and Coping Strategies

To the question on what was the main reasons for the acquisition of HACO Industries Limited by Tiger Brands of South Africa, the interviewees said that the reasons included perceived synergies, wider product scope, Tiger Brand was looking for a new market for its products and in particular the East African market and so they wanted to use the Kenyan market as a platform for the region and to gain scale. This collaborates with Berger et al., (1999) earlier findings that a firm may undertake an acquisition in order to enter a new geographical market, or to diversity away from

its core business by entering a new product sector, or to increase its penetration of an existing market or product sector. The interviewees indicated that the implications of the acquisition were that HACO had to renegotiate terms with existing business partners i.e Société Bic France, Pro-line International Inc. USA, Alberto Culver Inc. USA, E.T. Browne Drug Company Inc. USA, Jeyes PLC UK), new products were introduced, there was increased market share, improved profitability and staff were able to pick up new skills.

The interviewees were further required to describe their experience during the transition. According to the interviewees, upon the announcement of the impending acquisition, anxiety spread throughout the organization as staff were concerned about job losses, process changes, discontinuation of products, operating systems, reporting structures. These findings are similar to the findings by (Davies Robin, 2003) on the expected result of mergers and acquisition. Others indicated that there were negotiation meeting for two years to allow Tiger Brand recognize the strength of the management team and their understanding of the local market.

The interviewees further were in accord that the changes brought about by the acquisition have impacted positively on the stability of HACO Industries in that the company is more robust, HACO Industries now has access to product lines they did not have before e.g. pharmaceutical and food products, as a result HACO is a stronger brand in the market and that the company's profile with its partners has improved because they are now views more than just distributers or license manufacturers. The findings are similar to those by Berger et al., (1999) who established that one of the drivers of merger activity is to diversity away from its core business by entering a new product sector.

To the question on whether there was a preparation process for the impeding acquisition, the interviewees were requested to cite the key aspects/challenges. The interviewees said that there was the challenge of change management processes and due diligence process where both parties were involved in assessing the sustainability of the other as a business partner, diverse organizational cultures and resistance to change.

To the question on whether there was resistance to the acquisition and how it was handled; the interviewees indicated that initially, there was resistance to change in way they were done from

existing business partners who had to be contacted and contracts renegotiated. These findings collated with those by Marks and Mirvis, (1992) who found that stakeholders seem to go through the merger, or acquisition as a loss of a loved one, often treated as a personal crisis, which may manifest itself as listlessness, apathy, a preoccupation with the past, lack of commitment to the new culture, fear, and/or active resistance to the new system. The resistance was handled by pre-acquisition formal and formal meetings between the legacy company, the change management teams and segments together with communication from management helped in solving it. This is also consistent with findings by Feldman and Murata (1991) who insist on the importance of good communication and management strategies and practices during merger and acquisition processes. Communication influences the employees' ability to adopt a new culture, sustain the change process and deal with stress (Appelbaum et al., 2000a).

From a shareholders perspective resistance was addressed by ensuring that the name of the company would not change, that the chairman would remain the face of the organization for life, intern management committed to achieve set targets in terms of sales and profitability as set by accompanying company.

To the question on how the acquisition affected staff morale/enthusiasm, the interviewees indicated that initially staff are less motivated with loss of incentives and there was uncertainty regarding their job security. This confirms what Latack, (1986) established that as a result, several negative attitudes and behaviours are realized, including decreased job satisfaction, organizational commitment, loyalty and productivity and increased defective products, mistakes and withdrawal behaviors.

On what tools the management employed to ensure satisfactory level of staff morale was maintained during and after the acquisition, the interviewees indicated that they used regular downward communication on each process of the accusation, staff involvement salaries were reviewed in line with group policy which served to boost morale and productivity. These findings are similar to what Messmer, (2006) found that effective and timely communication practices can help management dealing with these variables during a cross border merger and acquisition process.

The interviewees, on whether the decision making process changed since the acquisition indicated that the process was slower due to layered decision makers, corporate structures have changed some roles and some roles were merged, higher hierarchies, consultation have to be done at all group levels and more explanation to new teams.

According to some interviewees, the leadership structure/corporate governance structure has experienced changes since the acquisition in that some roles were merged. The challenges experienced in bedding down the new structure were such as redundancy. These challenges were addressed by offering retirement package and excess capacity was deployed. The interviewees indicated that there were internal and international conflicts during the process which were addressed through change management agent teams, communication. This correlates with Berger et al., 1999) findings that agency conflicts between shareholders and managers can give rise to opposing motives for cross border merger and acquisitions.

The interviewees, on how the acquisition process performed in terms of standardization of procedures, the interviewees indicated that all procedures have been standardized to international best practices, HACO had to adapt to Tigers Brands reporting policies and the reports are prepared and presented to the board quarterly. The respondents further indicated that there were challenges caused by differences in the managerial style between HACO and Tiger Brand such as Tiger Brand was very informal in the management style while HACO was very formal and the differences were addressed through constant training.

Evans and Mendenhall (2004) suggest that incompatible cultures are the main causes of cross border mergers and acquisition failure. The interviewees indicated that the role that corporate culture plays in the acquisition process was that it dictated the ease with which the two companies interacted and HACO had to change its values to align them with Tiger Brand. The tools that the management employ to drive cultural cohesion during and after the acquisition were such as constant training, strategy meetings, building and establishing confidence with the Tiger Brands in South Africa and establishing a review approach to performance.

Burton and Tanouye (1998) provide some examples of cultural system resistance associated with two strong cultures in their discussion about the failed merger between Monsanto and American

Home Products. On other challenges of cross border mergers and acquisitions, the interviewees indicated that HACO Industries (Tiger Brands) face challenges such as delays resulting from legal and regulatory issues which may result to loss of business and focus by staff and different regulatory policies per respective countries.

According to Daniel and Metcalf (2001), the prime reason for cross border mergers and acquisitions are to maintain or increase the market share and to increase shareholder value by cutting costs and initiating new, expanded and improved services. Similarly, the interviewees indicated that the benefits realized from the acquisition were such as improved systems and processes, reduced production costs, growth in market share, growth in profitability, growth in product portfolio and improved company profile as HACO is now regarded as senior player in FMCG and a subsidiary to a multinational.

The interviewees further said that the key learning points that they would recommend to South Africa companies looking to merge or acquire a local company in Kenya based on the acquisition of HACO by Tiger Brand were that they should exercise patience as the process may take longer than anticipated, there should be constant and regular communication on the expectations, embracing diversity and individuals from the legacy organisations would most likely share valid views, they should carry out market research on effect of new products they have rolled out, they should train the employees on the new ways of doing things. The key to success is adoption of procedures and products that are already in the local country and it is not necessary to change everything especially aspects of the business that are successful, they should always offer value to customers who are the ones who decide what is to be successful and will only spend their money on something that is value adding.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presented the summary of key data findings, conclusion drawn from the findings highlighted and recommendations. The conclusions and recommendations seek to address the research question and achieve the research objective.

5.2 Summary of Findings

On the main reason for the acquisition of HACO by Tiger Brands SA, the study established that the reasons included perceived synergies, wider product scope, Tiger Brand was looking for a new market for its products and in particular the East African market and so they wanted to use the Kenyan market as a platform for the region and to gain scale. The study also found that the implication of the acquisition were that HACO had to renegotiate contracts and licenses with existing business partners, new products were introduced, market share increased, profitability improved and staff were empowered by way of new skills.

On experience during the transition, the study found that upon the announcement of the impending acquisition, anxiety spread as staff were concerned of job losses, process changes, discontinuation of products, operating systems, reporting structures and that there were negotiation meeting for two years to allow Tiger Brand recognize the strength of the management and their understanding of the local market. The study further established that the changes brought about by the acquisition have impacted positively on the stability of HACO industries in that the company is more robust, HACO now has access to product lines they did not have before e.g. pharmaceutical and food products, they have made HACO a stronger brand in the market and that HACO profile with its partners has improved because they are now views more than just distributers license manufacturers.

The study also found that the key aspects/challenges in the preparation process for the impeding acquisition were those of change management processes and due diligence process where both parties were involved in assessing the sustainability of the other as a business partner, diverse organizational cultures and resistance to change. The study established that initially, there was resistance to change particularly from existing business partners who had to be contacted and

contracts renegotiated. The resistance was handled by pre-acquisition formal and formal meetings between the legacy company, the change management teams and segments together with communication from management helped in solving it. From a shareholders perspective resistance was addressed by ensuring that the name of the company would not change, that the chairman would remain the face of the organization for life, inturn management committed to achieve set targets in terms of sales and profitability as set by accompanying company.

On how the acquisition affected staff morale/enthusiasm, the study established that the staff morale dipped following uncertainty regarding their job security. The tools management employed to ensure the level of staff morale was maintained during and after the acquisition included, regular downward communication on each process of the accusation, salaries were renewed in line with group policy which served to boost motivation and productivity. On whether the decision making process changed since the acquisition, the study established that the process was slower due to layered decision makers, corporate structures have changed some roles and some roles were merged, higher hierarchies, consultation have to be done at all group levels and more explanation to new teams.

It was clear from the study that the leadership structure/corporate governance structure has experienced changes since the acquisition in that some roles were merged. The challenges experienced in bedding down the new structure were such as redundancy. These challenges were addressed by offering retirement package and excess capacity was deployed. It was also established that there were internal and international conflicts during the process which were addressed through change management agent teams, communication.

On how the acquisition process performed in terms of standardization of procedures, it was clear that all procedures have been standardized to international best practices, HACO had to adapt to Tigers reporting policies and the reports are prepared and presented to the board quarterly. There are challenges caused by differences in the managerial style between HACO and Tiger Brand such as Tiger Brand was very informal in the management style while HACO was very formal and the differences were addressed through constant training.

The study further established the role that corporate culture plays in the acquisition process was that it dictated the ease with which the two companies interacted and HACO had to change its values to align them with Tiger Brand. The tools that the management employ to drive cultural cohesion during and after the acquisition were such as constant training, strategy meeting, building and establishing confidence with the South African operations and establishing a review approach to performance. Other challenges of cross border mergers and acquisitions that HACO Industries (Tiger Brands) face are such as delays resulting from legal and regulatory issues which may result to loss of business and focus on staff, and different regulatory policies per respective countries.

The study also established that the benefits realized from the acquisition were such as improved systems and processes, reduced production costs, growth in market share, growth in profitability, growth in product portfolio and improved company profile as HACO is now regarded as senior player in the fast moving consumer goods and a subsidiary of a multinational. The study also found that the key learning points that they would recommend to South Africa companies looking to merge or acquire a local company in Kenya based on the acquisition of HACO by Tiger Brand were that they should exercise patience as the process may take longer than anticipated, there should be constant and regular communication on the expectations, embracing diversity and individuals from the legacy organisations would most likely share valid views, they should carry out market research on effect of new products they have rolled out, they should train the employees on the new ways of doing things. The key to success is adoption of procedures and products that are already in the local country and it is not necessary to change everything especially aspects of the business that are successful, they should always offer value to customers who are the ones who decide what is to be successful and will only spend their money on value adding items.

5.3 Conclusions

The study concludes that reason for the acquisition of HACO by Tiger Brands SA included perceived synergies, wider product scope and Tiger Brand was looking for a new market for its products. Upon the announcement of the impending acquisition, stakeholders were concerned about job losses, process changes, discontinuation of products, operating systems, reporting

structures. The changes brought about by the acquisition have impacted positively on the company HACO is a stronger player in the market, their profile with other trade partners has improved and they have access to product lines they did not have before e.g. pharmaceutical and food products.

The study further concludes that the key aspects/challenges in the preparation process for an impeding acquisition are those of change management processes and due diligence process where both parties were involved in assessing the sustainability of the other as a business partner, diverse organizational cultures and resistance to change. Initially, there was resistance to change in way they were done from existing partners who had to be contacted and contracts renegotiated. This was handled by pre-acquisition formal and formal meetings between the legacy company, the change management teams and segments together with communication from management helped in solving it.

The study concludes that following acquisition the decision making process also became slower due to layered decision makers. The tools the management team employ to ensure satisfaction were such as ensuring level of staff morale was maintained during and after the acquisition, regular downward communication on each process of the accusation, salaries were reviewed in line with group policy which served to boost morale and productivity.

The study also concludes that the challenges experienced in bedding down the new structure were such as redundancy which was were addressed by offering retirement package and excess capacity was deployed. There were internal and international conflicts during the process which were addressed through change management agent teams, communication.

The study further concludes that that corporate culture plays in the acquisition process in that it dictated the ease with which the two companies interacted. The tools employed by management to drive cultural cohesion during and after the acquisition were such as constant training and holding strategy meetings. Other challenges of cross border mergers and acquisitions that HACO Industries (Tiger Brands) face are such as delays resulting from legal and regulatory issues which may result to loss of business and different regulatory policies per respective countries.

5.4 Limitations of the Study

A limitation for the purpose of this research was regarded as a factor that was present and contributed to the researcher getting either inadequate information or responses or if otherwise the response given would have been totally different from what the researcher expected.

The main limitations of this study were:

The small size of the sample could have limited confidence in the results and this might limit generalizations to other situations.

Most of the respondents were busy throughout and had to continuously be reminded and even persuaded to provide the required information. Time due to official duties time was a major concern.

5.5 Area for Further Research

The study recommends an in-depth study to investigate the challenges affecting merger and acquisition of companies in the country. The researcher also recommends that a study should be done on the benefits accrued from the cross border mergers and acquisition between HACO and Tiger Brand SA.

5.6 Recommendation for Policy and Practice

From the discussions and conclusions in this chapter, the study recommends that the government should increase incentives to foreign companies seeking to enter the market by introducing tax holidays. The current governments need to have a clear advertisement plan for the country where they target potential investors and sell the country as a destination for foreign investment.

The researcher recommends that small companies should adopt cross border mergers and acquisitions as this will help them in entering into new geographical areas, diversify their business growth, acquire states of art and technology, acquire brand loyalty, overcome entry barriers, increase their profitability and return on investment.

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APPENDICES

Appendix I: Interview Guide

This Interview guide seeks to collect information on Challenges of Cross Border Mergers and

Acquisitions at HACO Industries now trading as Tiger Brands Limited. Completion is voluntary

and all responses will be treated with utmost confidence and used for academic purposes only.

Please provide the information frankly and honestly.

SECTION A- PROFILE

1. Current position held…………………………………………………………………

2. Number of years in current position ………………………………………………

3. If you joined the company before the acquisition of Haco Industries by Tiger Brands,

    which company did you work for? …………………………………………………………

SECTION B: - CHALLENGES AND COPING STRATEGIES

4. What were the main reasons for the acquisition of HACO by Tiger Brands SA? ………

    ………………………………………………………………………………………………
    ………………………………………………………………………………………………

5. What has been the implication of the acquisition?…………………….………………......

    ………………………………………………………………………………………………

6. What   was   your   experience   during   the   transition?
    ……………………………………………………………………………...……………
    ………………………………………………………………………………………………

7. How have the changes brought about by the acquisition affect the stability of Haco

    Industries?…………………………………………………………………………………...

    ....

8. Was there a preparation process for the impending acquisition? What were the key

    aspects/challenges

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9. Was there any resistance to the acquisition and how was it handled? ………………………………………………………………………………………….. ………………………………………………………………………………………………

10. How has the acquisition affected Staff morale/enthusiasm? What tools did management employ to ensure satisfactory level of staff morale was maintained during and after the acquisition?..

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11. Has the decision making process changed since the acquisition? ....

12. How has the leadership structure/corporate governance structure changed since the acquisition? Were there challenges experienced in bedding down the new structure? How were these addressed? ……………………………………………………………………………

13. Were there Internal & Interpersonal conflicts during the process and how were the same handled……………………………………………………………………………………… ………………………………………………………………..…………………………………

14. How has the acquisition process performed in terms of Standardization of procedures?..

15. Were there challenges caused by differences in managerial styles between Haco and Tiger brands. If so how were the challenges addressed?...

16. What role did corporate culture play in the acquisition process? What tools did management employ to drive cultural cohesion during and after the acquisition? …………………………………………………………………………………………

17. What other challenges of cross border mergers and acquisitions are faced by Haco Industries (Tiger Brands)?

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18. Have   any   benefits   been   realized   from   the   Acquisition?

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19. In your opinion what key learning points would you recommend to a South African company looking to merger or acquire a local company in Kenya based on your experience of the acquisition of Haco by Tiger Brands? ……………………

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20. How can Government create an enabling environment to spur foreign direct investment in the form of cross border merger and acquisition based on your experience with Tiger Brands?

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20. How can Government create an enabling environment to spur foreign direct investment in the form of cross border merger and acquisition based on your experience with Tiger Brands?

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THANK YOU