

Management Motives for Companies

Mergers and Acquisitions

A research proposal to be presented at accounting tutorial
Turku School of Economics
5.-6.6.2007

Riikka Saari
University of Lapland
Faculty of Business and Tourism
Riikka.Saari@ulapland.fi
www.ulapland.fi

Abstract

Mergers and acquisitions seem to be a never ending story, the competition is already very hard and the markets are global. Many researcher have so far investigated that more than half of M&As are not economically effective; why are mergers and acquisitions still done? The risk with unsuccessful M&As is getting bigger because merging companies are originally large and complex, so after a merger, if the performance is not good, the losses may be catastrophic. This aggressive situation needs new research while prerequisite of success are getting fewer for companies. The research that is needed should be more detailed and have a deeper understanding of the company level. The main object of this research is to find out motives behind M&A. Do they change during the M&A –process? Have they changed during last decennium? To answer these questions I use partly quantitative financial analysis and partly qualitative management interviews. The data will be gathered from different publicly listed, related, industrial companies. A control group with no M&As will be used for comparisons. My contribution is to value mixed motives and use behavioural theories to evaluate the rationalism behind decisions. Theoretically this dissertation gives a better understanding of the merger motives specially from the owner-manager's viewpoint.

Keywords: merger, acquisition, motive, financial performance, globalisation, behavioural economics

Motive = that which induces a person to act in a certain way (the Oxford paperback dictionary 1988 Compiled by Hawkins, Joyce M.). Unspecific, not a decisive factor like determinant.

1. Background of my research

The history of mergers and acquisitions (M&A) is amazingly young in Finland. It is nearly incomprehensible that it is only as an old phenomena as my economic life i.e. less than twenty years. While studying in Uppsala University I do remember when the economical liberation started. Studying abroad introduced me some old regulations, one of those was carrying Finnish currency out of the country. For a student this was no problem because the limit you could take money out from Finland was high enough. Regulation gave a powerful and visible position for the Bank of Finland. But regulation was not the only hinder for M&As, also other interest groups took change to show their opinion: not all owners were then as eager for M&As than they are today. Also the target company's personnel became heard e.g. a Swedish-Finnish co-operation did not become true because the Finns were too proud to sell themselves. But step by step the ambience changed and liberation crept up in economy and finally the floating of mark started in 1992. The joining in the EU opened a new era in foreign actions of companies and monetary policy changed into every day business.

Mergers and acquisitions have become even more popular in the beginning of the new millennium. The competition is very hard and the markets are global. This aggressive situation needs new research while prerequisite of success are getting fewer for companies. Some researchers think that M&As are a phenomena that is getting closer to its end but my predict is vice versa. M&As will generalize to smaller companies that so far have been on the acquired side. But there is a problem with M&As as they always won't end up very successfully. Many researchers have so far investigated that more than half of M&A's are not economically effective: King, Dalton, Daily, and Covin (2004, 192) tested that anticipated acquisition synergies are not realized by acquiring firm. Black, Carnes and Jandik (2001, 20) found that for both three and five year period the mean and median abnormal returns were negative for U.S. foreign acquirers between 1985 and 1995. Already at 1970 Thomas Hogarty concluded that mergers are a zero-sum, risky game – an attractive form of investment for those firms whose managers are risk takers (Montgomery and Wilson, 1986, 91). But why are mergers and acquisitions still done? Jay B. Barney says that if cost of merger strategy's implementation is greater than returns obtained from the effort to buy a company then above normal economic performance cannot be expected. Assumption for his theory is that there is a market for buying and selling companies which is proven to work competitive i.e. nobody gets any abnormal returns. But firms create imperfectly competitive markets in order to obtain

greater than normal economic performance. (Barney 1986, 1231). Shortly said money is the one and only driving force behind merger. But it is not that simple even though managers try to act rationally, there will be other factors affecting their decisions. Even if we straighten our hypothesis and focus only on the money it is not said that the price for the merger is less than achieved stakeholder value after acquisition? JC Linder did an experiment for a Hungarian company that had outsourced its back office on integration. The management was satisfied with results and defined that no growth could have been achieved without outsourcing (Linder 2005). This was one way to improve the financial performance after integration, by cost saving.

Behavioural corporate finance can provide insight into questions concerning decision-making and analyse situations when irrational actions lead to e.g. overvaluation of firms by investor mistakes. Managers will exploit these situations and vice versa when firms overinvest and managers do systematic errors then it is markets' turn to try and correct the situation. For a manager it is also characteristic to expect that his behaviour produces success but when the outcome is less successful, then it is bad luck that imposed the failure (Miller and Ross, 1975; Feather and Simon, 1971 via Malmendier and Tate, 2005, 650). Managers are also well optimistic about outcomes which they believe are under their control (Langer, 1975 via Malmendier and Tate, 2005, 651) and to which they are highly committed (Weinstein, 1980 via Malmendier and Tate, 2005, 651).¹ Both these qualities should match company management and that is why the question about corporate governance is important and should step in to look after that no unwanted harm will be done. The failure does not only damage the company but also the manager will lose his reputation.

2. Research Problem and its relevance

M&As have been studied a lot and various findings have been achieved. There seems to be no simple answer for the profitability of the M&A nor for the motives behind a M&A. There is a lot of information but how can these pieces be put together so that it also helps the companies who are giving us researches an interesting experiment field.

¹ More research about personal reasons and M&A decisions have been studied by Lausberg and Stahl, 2006; Hubbard and Palia, 1995; Bliss and Rosen, 2001; Amihud and Lev, 1981; Morck, Shleifer and Vishny, 1990; Jensen and Murphy, 1990 and Roll, 1986.

The main object of this research is to find out by deep, qualitative interviews why M&As are done, what are the motives of manager-owners leading their companies? Do they change during the M&A –process? Have they changed during last decennium? As it has been proven to be true that money alone can't explain decisions for M&As it is not logical that financial reasoning still is more important than operational synergy benefits (Kitching 1967 in Trautwein 1990, 285). Alan Lewis and Craig Mackenzie came to a conclusion that people are prepared to put their money where their morals are although there is no straightforward trade-off between principles and money (2000, 180). Economic costs of underperformance do not on their own determine investment decision (Lewis and Mackenzie 2000, 186). In other words people are not rational and they can be satisfied with the result even if it is unprofitable. Can this be adapted as one of the reasons why mergers do not show profit? Owners and leadership have other objects than economic profit that can be measured directly. Other objects are more complex to determine whether they did succeed or not. So the method to solve the success of a merger should be based on mixed motive model. After financial analyses of the target companies and interviews with owner-managers this research will answer to following hypotheses:

- H₁ Can even an unprofitable merger be a solution to stay alive in a global competition?
- H₂ Do management and stockholders get what they want, do motives vary?

If even owners can't give clear and simple reasons for M&As then we should be very worried. The public has taken negative viewpoint against M&As because it often means reduction of personnel. The median number of employees declines in each of the post-merger years and wages per employee for the merged firms also decline relative to the industry (Healy, Palepu and Rubak 1990, 15). Are these motives in line with the values and ethics that companies announce so confidently? An important question is what kind of impact the merger or acquisition has on the companies' image? Whose view should be tried to infect and why do they so often keep quite about their motives? If the managers' moral is too far away from the stockholders' and customers', it remains to see how long the situation stays bearable. Black, Carnes and Jandik (2001, 21) ask why managers of U.S. bidders undertake acquisitions of foreign targets even though such mergers typically are value-destroying events? Trautwein (1990, 293) and King et al. (2004, 198) summarise in their articles that a lot remains unexplained that impacts the financial performance of firms engaging in M&A. This

phenomenon in focus is still very up to date even though it has been studied for fifty years already. This research tries to contribute better understanding of global mergers and acquisitions, why they are an important way to develop company structure although it is not profitable and how it could be prearranged and implemented better to make them less expensive.

3. Earlier research

Common interest of the research field seems to be of the same kind through out decenniums. Penrose, Lewellen and Kitching analyzed the phenomena of M&As during 1960's with the concentration on the value of the combined enterprises. Dewing and Livermore had worked with the same issue already at 1921 respectively 1935.

The research is mainly American with the object data in listed companies. The focus of these American articles is mainly based on stockholder values, how the company performs in New York Stock Exchange. Many experiments have used hundreds of companies as data material and heavy statistical analyses have been driven. What is missing is more detailed and deeper understanding of attained results and more closer research at the company level. This issue will remain active so long that M&As will start showing better performance or the phenomenon will structure some other way.

3.1 Merger motives

Motives behind manager's decisions are in many experiments given as self evident. To list some motives found earlier are e.g.:

- 1) to create a number of new business opportunities (Healy et al. 1990, 23) and entry new markets (Black, Carnes and Jandik 2001,5); institutional owners support specially this managerial goal of growth (Bethel and Liebeskind 1993, 29); Acquirers of healthy companies hold to growth motives more often than those who acquired unhealthy companies (Kitching 1973 via Hunt 1990)
- 2) to reduce earnings volatility (Healy et al. 1990, 23; Black, Carnes and Jandik 2001,5)
- 3) technical Efficiency (Chaaban, Réquillart and Trévisiol 2005) and economies of scale
- 4) parallel i.e. contagious M&As (Öberg and Holtsröm 2006), there is a kind of economical "force major" to stay competitive for customers while they are merging.

In the '60s and early '70s there was a surge of the conglomerate (Kitching 1973 via Hunt 1990) but during '80s there was a shift away from conglomerate diversification (Hunt 1990); Divestment is an option which management is likely to hold in reserve (Montgomery and Thomas 1988, 95)

- 5) decreased undiversifiable "employment risk" i.e., risk of losing job, professional reputation, etc. Managers' personal wealth is linked more to firm size and risk of bankruptcy than to firm performance (Amihud and Lev 1981). The merger offers an opportunity to improve one's social identity as well (Terry, Callan and Sartori 1996)
- 6) value maximization (Halpern 1983, 314) is specially a shareholder's goal (Bethel and Liebeskind 1993, 29)
- 7) use of control position (Halpern 1983, 314)
- 8) synergy (Halpern 1983, 314; Chatterjee 1992)
- 9) monopoly (Halpern 1983, 314)
- 10) corporate restructuring is needed industry wide (Hatfield, Porter Liebeskind, Opler 1996; Markides 2006; Chatterjee 1992)
- 11) cost reduction (Dranove and Shanley 1994)
- 12) managerial vs. shareholder interests (Taffler, Holl 2006; Holl and Kyriazis 1997; Mahoney and Mahoney 1991; Mahoney and Mahoney 2006; Firth 1991). Motives for takeovers tend to reflect managerial rather than shareholder interests in abandoned mergers (Taffler and Holl 1991). Amit, Livnat and Zarowin (1989) have investigated owner-manager conflict of interest.
- 13) reputation enhancement (Dranove and Shanley 1994): local systems do not appear to have lower cost but do appear to enjoy reputation benefits
- 14) innovation performance (Ahuja and Katila 2001)
- 15) resource redeployment (Capron, Dussauge and Mitchell 1998)
- 16) power, achievement, sensation seeking and prestige (Lausberg and Stahl 2006)
- 17) horizontal, vertical, product extension, market extension, unrelated Acquisition classes by U.S. Federal Trade Commission (Montgomery and Wilson 1986)

Paul Healy, Krishna Palepu and Richard Rubak give legislation for my research. They suggest that a more promising approach would be to examine a smaller number of mergers in greater detail to find new insights into the structural factors that influence the outcomes of mergers (Healy et al. 1990, 24); motives themselves have rarely been explored but the focus stream seems to be widening into interdisciplinary approaches as well. In their working paper they

find out that if there are economic gains from a takeover, it is most likely that this happens when target firm is large (Healy et al. 1990, 3). Their statement is quite opposite to Lubatkin, though Lubatkin himself has got similar results than Healy as well: the large size of the companies makes the merger very complex, the process is hard to prearrange and implement when companies already act on multiproduct, -market and -technology areas. Large companies also incur greater administrative and human capital costs (Lubatkin, Srinivasan, Merchant 1997, 78). As Chatterjee (1992) puts it: takeover bids should be accepted because unsuccessful targets tend to lose market value, but they also should be rejected because the combined firms often perform poorly. My contribution is to value motives from the behavioural side and evaluate the rationalism behind those decisions. There has to be unfound trout somewhere because even bad luck has been used as an explanation for an unsuccessful M&A.

4. Research method and theoretical framework of the research

Behavioural economics is used to find out how those in power actually make decisions and how they in doing so affect the creation of economical phenomenon. This theory is used in my dissertation to understand M&As. This research is partly qualitative and partly quantitative. Interviews and the data of post-acquisition performance are gathered from four different related industrial companies that have taken cross-border buyouts during the last ten years. Interviews will also be targeted to companies that have not done any M&A, a control group will be formed of these.

Motives for takeovers tend to reflect managerial rather than shareholder interests (Taffler, Holl 2006). I'm going to focus more on the managerial interest on M&As than shareholder interest, more specifically my interest group is owner-managers. There is no researched evidence that market for corporate control exercises discipline in M&As but I will make conclusions of how corporate governance works in conglomerates concerning M&As.

All the acquiring companies are of Finnish origin. Some may argue that because of this narrow perspective the research cannot be generalised. This is true but on the other side it keeps the companies more comparable. As a legal viewpoint it is well disputed that different types of M&As, buyouts and takeovers do differ from each others and there are specified reasoning why certain organisational merger type has been chosen. This also affects the

motives for M&As but my basis is not to draw a line on the legal form, the interest is in the phenomena itself.

To sum up above arguments this research uses action based analyze with hermeneutic and interpretive approach. It uses the explanatory power of behavioural features and theories both tries to find out people's action, its motives, decisions and objects. Theoretically this dissertation gives a better understanding of the merger motives. Post-acquisition performance is compared between companies and relatedness with motives is assessed. These results will be compared with the control group.

5. Tentative table of contents

ABSTRACT

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

1 INTRODUCTION

1.1 BACKGROUND

1.2 RESEARCH PROBLEM

1.3 RESEARCH METHOD

1.4 SCOPE OF THE DISSERTATION

1.5 CORE CONCEPTS

1.6 OUTLINE OF THE DISSERTATION

2 A REVIEW OF EXISTING RESEARCH ON M&As

2.1 OVERVIEW OF RESEARCH ON MERGERS AND ACQUISITIONS

2.2 RESEARCH ON POST-ACQUISITION PERFORMANCE

2.3 RESEARCH ON MERGER MOTIVES

3 METHOD AND RESEARCH SETTING

3.1 WHAT IS THEORY?

3.2 THE RESEARCH PROCESS BEHIND THIS DISSERTATION

3.2.1 Interviews

4 POST-ACQUISITION PERFORMANCE

4.1 PROFITABILITY

5 MANAGEMENT MOTIVES FOR M&As

5.1 CHANGING MOTIVES OVER TIME

5.2 PRE-DEAL LEVELS OF MOTIVATION

5.2.1 Acquirer's objects

5.2.2 Acquired's objects

5.3 CHANGING MOTIVES DURING THE M&A-PROCESS

6 EXPLAINING THE MANAGEMENT ACTIONS IN RELATION TO CROSS-BORDER ACQUISITION PERFORMANCE

7 CONCLUSIONS AND DISCUSSION

7.1 THE SCIENTIFIC CONTRIBUTION

7.2 MANAGERIAL IMPLICATIONS

7.3 LIMITATIONS TO THE RESEARCH AND DIRECTIONS FOR FUTURE RESEARCH

REFERENCES

APPENDIX

References

Amihud, Y., Lev, B., 1981. "Risk Reduction as a Managerial Motive for Conglomerate Mergers". *The Bell Journal of Economics* Vol. 12, No. 2, 605–617.

Amit, R., Livnat, J., Zarowin, P., 1989. "The mode of corporation diversification: Internal ventures versus acquisitions". *Managerial and Decision Economics* Vol. 10, Issue 2, 89–100.

Barney, J.B., 1986. "Strategic factor markets: expectations, luck, and business strategy". *Management science* Vol. 32, No. 10, 1231–1241.

Bethel, J.E., Liebeskind, J.P., 1993. "The effects of ownership structure on corporate restructuring". *Strategic Management Journal* Vol. 14, Issue S1, 15–31.

- Black, E.L., Carnes, T.A., Jandik, T., 2001. "The long-term success of cross-boarder mergers and acquisitions". Social Science Research Network Electronic Paper Collection.
- Chatterjee, S., 1991. "Gains in vertical acquisitions and market power: theory and evidence". *Academy of Management Journal* Vol. 34, No. 2, 436–448.
- Chatterjee, S., 1992. "Sources of value in takeovers: Synergy or restructuring implications for target and bidder firms". *Strategic Management Journal* Vol. 13, Issue 4, 267–286.
- Dranove, D., Shanley, M., 1994. "Cost reductions or reputation enhancement as motives for mergers: The logic of multihospital systems". *Strategic Management Journal* Vol. 16, Issue 1, 55–74.
- Firth, M., 1991. "Corporate takeovers, stockholder returns and executive rewards". *Managerial and Decision Economics* Vol. 12, Issue 6, 421–428.
- Halpern, P., 1983. "Mergers and acquisitions". *The journal of finance* Vol. XXXVIII, No. 2, 297–316.
- Healy, P.M., Palepu, K.C., Rubak, R.S., 1990. "Does corporate performance improve after mergers"? National Bureau of economic research, Working Paper series; NBER research program in Financial Markets and monetary economics and taxation. Working Paper No. 3348.
- Hunt, J.W., 1990. "Changing pattern of acquisition behaviour in takeovers and the consequences for acquisition process". *Strategic Management Journal* Vol. 11, 69–77.
- King, D.R., Dalton, D.R., Daily, C.M. and Covin, J.G., 2004. "Meta-Analyses of Post-Acquisition Performance: Indications of Unidentified Moderators". *Strategic Management Journal*, Vol. 25, 187–200.
- Lausberg, C., Stahl, T., 2007. "Motives and non-economic reasons for bank M&As". 7th Maryland Finance Symposium on Behavioral Finance, March 29–31, 2007, 1–22.
- Malmendier, U., Tate, G., 2005. "Does overconfidence affect corporate investment? CEO overconfidence measures revisited". *European Financial Management* Vol. 11, No. 5, 649–659.
- Montgomery, C.A., Thomas, A.R., 1987. "Divestment: Motives and gains". *Strategic Management Journal* Vol. 9, Issue 1, 93–97.
- Montgomery, C.A., Wilson, V.A., 1986. "Mergers that last: A predictable pattern"? *Strategic Management Journal* Vol. 7, 91–96.
- Rossi, S., Volpin, P., 2003. "Cross-Country determinants of M&As". ECGI Working Paper Series in Finance No 25.

Singer, M.I., Yankey, J.A., 1991. "Organizational metamorphosis: A study of eighteen nonprofit mergers, acquisitions and consolidations". *Nonprofit Management and Leadership* Vol. 1, Issue 4, 357–369.

Taffler, R.J., Holl, P., 1991. "Abandoned mergers and the market for corporate control". *Managerial and Decision Economics* Vol. 12, Issue 4, 271–280.

Terry, D.J., Callan, V.J., Sartori, G., 1996. "Employee adjustment to an organizational merger: stress, coping and intergroup differences". *Stress Medicine* Vol. 12, Issue 2, 105–122.

Trautwein, F., 1990. "Merger motives and merger prescriptions". *Strategic Management Journal* Vol. 11, 283–295.

Öberg, C., Holtström, J., 2006. "Are mergers and acquisitions contagious?" *Journal of business research* Vol. 59, Issue 12, 1267–1275.

Hawkins, J.M., 1988. *The Oxford paperback dictionary*. 3rd ed., Oxford University press, Oxford.

Others

Ali-Yrkkö, J., 2004. Suomen asema globaalissa kilpailussa yritysten sijaintipäätöksiin vaikuttavat tekijät. Helsinki; Elinkeinoelämän tutkimuslaitos.

Ali-Yrkkö, J., 2002. Mergers and acquisitions - reasons and results. Helsinki: Etlä.

Ali-Yrkkö, J., 2001. Nokia's network: gaining competitiveness from co-operation. Helsinki: Taloustieto.

Ali-Yrkkö, J., 1999. The long march to Asia: investing in Asia after the crisis. Helsinki: Research Institute of the Finnish Economy; Taloustieto.

Ali-Yrkkö, J., 1997. Yritykset kansainvälistyvät – katoavatko työpaikat? Helsinki: Taloustieto.

Ali-Yrkkö, J., 1996. Teknologiaintensiivisten yritysten kansainvälistyminen – vaikutuksia Suomen talouteen. Helsinki: Elinkeinoelämän tutkimuslaitos.

Ali-Yrkkö, J., Hernesniemi, H., Mäkinen, M., Pajarinen, M. and Elinkeinoelämän Tutkimuslaitos, 1998. Suomen ja Ruotsin talouselämän integroituminen. Helsinki: Elinkeinoelämän tutkimuslaitos.

Ali-Yrkkö, J., Sirvio, S. and Ylä-Anttila, P., 1997. Ulkomaalaiset yritykset Suomessa - onnistuneita yritysostoja vai tehokkaampaa toimintaa? Helsinki: Elinkeinoelämän tutkimuslaitos.

Ali-Yrkkö, J. and Ylä-Anttila, P., 2002. Pääkonttorien sijainti, kansainvälistyminen ja verotus. Helsinki: Etna.

Ali-Yrkkö, J. and Ylä-Anttila, P., 2001. Globalisation of business in a small country - does ownership matter? Helsinki: Etna.

Ali-Yrkkö, J. and Ylä-Anttila, P., 1999. Omistus kansainvälistyy - johtamis- ja valvontajärjestelmät muuttuvat. Helsinki: Elinkeinoelämän tutkimuslaitos.

Bengtsson, A.M., 1992. Managing mergers and acquisitions: a European perspective. Aldershot: Gower, cop.

Böckerman, P. and Lehto, E., 2003. Does geography play a role in takeovers? theory and Finnish microlevel evidence. Helsinki: Labour Institute for Economic Research.

Eriksson, K., 1996. Så reagerar personalen vid företagsköp. *Affärer & forskning: tidskrift från Svenska handelshögskolan*, (3), 8–9.

Fishbein, M., 1975. Belief, attitude, intention and behavior: an introduction of theory and research. Reading, Mass: Addison-Wesley, cop.

Hansén, S., 2000. Consequences of mergers and acquisitions. Turku: Turun kauppakorkeakoulu.

Immonen, R., 2003. Yritysmuodot ja liiketoiminta: päivitys 2003. Helsinki: Talentum; Lakimiesliiton kustannus.

Lehto, E., 2006. Yrityskaupat Suomessa 1989-2003 yrityskauppojen vaikutukset henkilöstön ja toimipaikkojen määrään sekä tuottavuuteen. Helsinki: Palkansaajien tutkimuslaitos.

Lehto, E., 2004. Motives to restructure industries: Finnish evidence of cross-border and domestic mergers and acquisitions. Helsinki: Labour Institute for Economic Research.

Lehto, E., 2004. On the motives and geographical structure of Finnish mergers and acquisitions. Helsinki: Labour Institute for Economic Research.

Lehto, E. and Böckerman, P., 2004. Yrityskaupat Suomessa onko maantieteellä väliä? Helsinki: Palkansaajien tutkimuslaitos.

Lehto, E. and Lehtoranta, O., 2002. Becoming an acquirer and becoming acquired. Helsinki: Labour Institute for Economic Research.

Lehto, E. and Lehtoranta, O., 2002. Mergers and acquisitions as means to transfer technology. Helsinki: Labour Institute for Economic Research.

Macintosh, N.B., 1994. Management accounting and control systems: an organizational and behavioral approach. Chichester: Wiley.

Morosini, P., 2000. Fuusioitumisen jälkeiset haasteet. *Yritystalous*, (2), 23-28.

Morse, G., 1979. Company finance, takeovers and mergers. London: Sweet & Maxwell.

Mäkinen, N., 2005. Absorptio, suojele ja symbioosi – taloudellinen ohjaus yhdistymisprosessityypeissä. Turku.

Ooghe, H., Van Laere, E. and De Langhe, T., 2006. Are Acquisitions Worthwhile? An Empirical Study of the Post-Acquisition Performance of Privately Held Belgian Companies. *Small Business Economics*, 27(2), 223–243.

Piispa, A. and Sohlberg, K.O., 1989. 1992 näkyjä Euroopasta: "Yrityksistä maksetaan ylihintaa". *Suomen kuvalehti*, (34), 7.

Ryan, B., 2002. Research method and methodology in finance and accounting. 2nd edn. London: Thomson, cop.

Shefrin, H., 2007. Behavioral Corporate Finance. Decisions that create value. New York: McGraw-Hill/Irwin.

Stenberg, E., 1996. A resource based view on the growth of companies through acquisitions. Turku: Turku School of Economics and Business Administration.

Tolonen, Y., 2001. International mergers and industrial policy. Joensuu: University of Joensuu, Economics.

Vaara, E., 1995. *Making of success and failure in mergers and acquisitions: a study of managerial actors in two cases*, Helsinki School of Economics and Business Administration.

Vaara, E., 1992. Mergers and acquisitions between Finland and Sweden: an analysis of success in four cases. Helsinki: Helsingin kauppakorkeakoulu.

Vihanto, M., 1994. Discovering a good society through evolution and design: studies in Austrian economics. Turku: Turun kauppakorkeakoulu.

Yin, R.K., 1989. Case study research: design and methods. Rev. 4 pr edn. Newbury Park (CA): SAGE.