

# **THE DETERMINANTS OF MERGERS AND ACQUISITIONS EFFECTIVENESS**

THE SUMMARY OF THE PHD DISSERTATION

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This dissertation is focused on the efficiency of listed companies consolidation in the automotive manufacturing sector. The requirements of OEMs create a situation in which mergers and acquisitions become a common strategy for this industry, making the sector an example of increasing consolidation activity and a decreasing number of active players in the market.

The main objective of the dissertation is the identification of those factors that determine the success or failure of the integration. An important part of the dissertation is a comparative analysis taking into account the division of consolidation transactions into entities from the developed and emerging countries.

The paper analyzes financial ratios in terms of their impact on the effectiveness of consolidation processes. The applied logistic regression model showed that the success of the acquisition is positively correlated by the low level of the quick ratio, which means that indebted companies have a better consolidation effect. The study shows that low financial resources and less access to cash result in higher effectiveness of acquisitions.

The results obtained in the study showed that the higher enterprises value on the stock market, the lower the chances of successful mergers and acquisitions, which suggests that companies managed according to typical rules based on increasing shareholder value perform worse than companies valued lower.

The philosophy of not conducting own research in the field of R&D in order to the reverse transfer of knowledge and the acquisition of technologically advanced units has been confirmed by the results of this research, according to which, greater activity in R&D leads to the failure of mergers and acquisitions.

Every company, regardless of its size and activity, is not only a technical and economic system, but also a social one. Difficulties in implementing new approaches and new development strategies are related to the already established corporate culture. The obtained results of the quantitative research and the analysis of the presented case studies lead to the conclusion that the differences in the culture of companies making the cross-border transactions determine their profitability.

The results of the research on the effectiveness of mergers and acquisitions, developed by the econometric models, allow for a positive verification of the main hypothesis, assuming the independence of the determinants of success from the place and category of the transaction.



The research confirmed the assumption about the existence of factors determining the success of mergers and acquisitions, which have a comprehensive and practical application. The results of the quantitative survey indicate the financial circumstances of the success of a merger and acquisition, dependent on liquidity, liability rotation and R&D costs. A qualitative case study research confirms the key impact of cultural differences, the importance of aligning consolidated organizations, and the impact of transnational transactions on future integration efficiency.

The dissertation consists of an introduction, four chapters and a summary with conclusions. The first chapter describes the company's development strategies and defines the meaning of mergers, acquisitions and strategic alliances. This chapter discusses the motives and aims of the acquisition as well as the process of their implementation. The second chapter introduces the concept of efficiency and characterizes its measurement. Further, the theoretical literature is reviewed, presenting the factors responsible for the effectiveness of mergers and acquisitions. The literature review covers the issue of the effectiveness of consolidations made in developed and emerging countries.

The third chapter is empirical. In the main part of this chapter, we find an analysis of 764 mergers and acquisitions made by companies in the automotive sector in the years 2000-2018. Financial ratios were analyzed statistically and compared between enterprises from developed and raising countries. The study presents 5 logistic regression models and 3 linear regression models indicating the factors determining the success of consolidation.

Chapter four describes five case studies of real consolidation events in the automotive sector. The case of Volvo and Geely shows a new trend in the expansion of companies from emerging countries into the developed markets. The Daimler-Chrysler merger makes it possible to understand the circumstances of the agreements concluded among global automotive giants. The acquisition with Apollo Tires Limited shows how important a role of due diligence, social and political conditions in the success of the transaction is. The Ssangyong Motor model is an example of an acquisition aimed at the reverse transfer of knowledge. The latest case study of Barcelona Brand Auto, demonstrates the diversity of suppliers acting in the industry, but also their diversity in terms of scale.