Investigation into the impact of Merger and Acquisition Activities on the Shareholders wealth of bidding and acquired companies in the Irish Service Industry.

by

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ABSTRACT

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Past researchers have found that the outcome of growth strategy through mergers and acquisition in terms of driving true shareholder wealth are mixed, for both parties (the bidder and the target). The objective of this dissertation was to test the impact of M&A's on shareholder wealth using an event study methodology. Specifically, this study analyzed the underlying reasons that pushed two case study firms to adopt M&A's as growth strategy and to see if they've achieved successful returns for their shareholders through this type of strategy. The primary data was done through four in-depth interviews with top tier management that have had various implications with both M&A's case study. This data was combined with the secondary data presented on the subject in order to assess the hypothesis that M&A's are profitable situations and lead to an increase in shareholder value. This data was evaluated in combination with other three hypothesis, the wealth creation for both the bidder and the acquirer, the size hypothesis and the relatedness hypothesis. The question that was

considered best suited for this study was whether or not true that M&A's improve shareholder wealth in short and long term.

Combining the findings from both the primary and secondary data, researcher concluded that mergers and acquisition can improve shareholder wealth, especially when the acquirer and the target firms are in the same line of business. Although, firms that use acquisitions purely for to diversify, mainly into unrelated businesses are those that are unlikely to create values.

A final insight from this research study is that M&A's can create shareholder value for both parties if a defined implementation strategy and a strong integration plan are put in place.

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CANDIDATE DECLARATION

Candidate Name: Alina-Maria Pascu

I certify that the dissertation entitled:

Investigation into the impact of Merger and Acquisition Activities on the Shareholders wealth of bidding and acquired companies in the Irish Service Industry

Submitted for the degree of: MBA in International Business Management is the result of my own work and that where reference is made to the work of others, due acknowledgment is given.

Candidate Signature: Alina Pascu

Date: 27th August 2020

Supervisor Signature:

Date: 28th August 2020

DEDICATION

Dedicated to my mother Viorica Pasaila who died during my MBA course, also to my two little girls, my dad and my husband who supported me throughout this course.

“ In every endeavour, people make the difference, and just one person has the power to make a profound difference in the lives of so many people”
Lowell Milken

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There were numerous time when I wondered would I complete this course and I couldn't have done it without belief in myself and the help and support from all these people. I am looking forward to the future with my MBA qualification and the benefits it will bring to my life and career.

Alina-Maria Pascu
Swords, Dublin City, August 2020

Chapter 1

INTRODUCTION

1.1 Overview

A merger is popularly understood to be a fusion of two companies (Sen, 1969). Merger is often known as amalgamation, especially when a new entity is created by merging two business entities.(Mehta and Sunil, 1997).

New challenges are distinguished for companies, they have to increase their abilities to compete in a global market, expand and generate incomes. Companies are struggling to expand their business and one of the way to merge and acquisition of another company. (Pachulia, 2018).

Mergers and acquisitions have become one of the most well-known business strategies in the global economy. Increasing market share, gaining core capabilities, and accessing more capital at lower cost are results from a successful and effective merger and acquisition. However, emphasizing business strategies and financial issues is not enough. Organizations also need to focus on their human resources in mergers and acquisitions. Knowledge and knowledge management as a soft side of mergers and acquisitions play a vital role. Having a better understanding of the relationship between knowledge management and mergers and acquisitions will help the combined organization succeed in mergers and acquisitions and sustain competitive advantage. (Kongpichayanond, 2009).

1.1.1 Mergers and Acquisitions

Mergers and acquisitions are an important strategic option for organizations to remain competitive in the global market. For example, in 2015, more than 10,000 M&A's involved U.S. organizations, and their value surpassed $2 trillion (Sinclair 2015). Ironically, 70%-90% of M&A's fail to create value for the acquirer. (Christensen et al. 2011). Prior research has attributed M&A successes and failures to either strategic fit between the merging firms (the strategic management perspective) or sociocultural issues during integration (the organizational behavior and social psychology perspective). (Bommaraju and Ahearne, 2018).

Managers sell M&A's to owners or shareholders and institutional investors with such claims as economies of scale and synergy, resulting in a reduction of expenses and a lower cost of capital (Fee and Thomas, 2004). In theory, this is true, but in reality, there are frictions and implementation problems such as clashes of corporate cultures and leadership problems. As a result, the financial reality may be quite different from the theoretical expectations. Even though managers claim that the value of the firm will increase, historically for the overall market, the financial reality has been somewhat disappointing. Mergers and acquisitions are stressed when a deal is announced, research studies on M&A's have reported relatively high rates of failure.(Cornell Hospitality Quarterly, 2009). Typical findings from these early studies suggested that acquisitions did not enhance acquiring firm value, as measured by either short-term or long-term performance measures. More specifically, acquisitions were often found to erode acquiring firm value and produce highly volatile market returns.(Haleblian, 2009). Although much of the early empirical attention centered on the performance of bidding firms, some finance researchers also assessed the returns accrued by target firms. Perhaps not surprising, given that acquirers generally pay premiums to acquire targets, results showed that target shareholders generally fared well, often experiencing significant positive returns.(Haleblian, Devers, McNamara, Carpenter, Davison, 2009).

1.1.2 Effect of Mergers and Acquisitions on Shareholder's Value

Mergers and acquisitions are very complex organizational events with a large number of the factors that can lead to either their success or failure. One of the reasons why an M&A fails lies in the negligence of the human-resources-related-issues. (Savovic, 2017). Despite all the research about M&A's, unanswered questions remain regarding how to reap all the potential benefits of the transactions identified by managers. According to a recent study (Carr et al. 2004), more than two-thirds of M&A deals fail to create shareholder value. In particular, many studies show that the greatest danger comes when the two companies attempt to combine operations. Through interviews with acquirers, the Carr group concluded that the following factors are important for adding value: identify where to prioritize integration, quickly integrate the financial opportunities that inspired the deal, put cultural integration high on the agenda, and keep most of the employee's efforts on the base business (Carr et al. 2004). Integration is difficult, but if it is executed thoughtfully, it can magnify a deal's chance of success. If handled poorly, failure to integrate is a major cause of failure.(Cornell Hospitality Quarterly, 2009).

A number of studies suggest that the value of the acquiring firms may increase or decrease after an M&A (Andrade et al., 2001). Several studies have documented positive returns (Bietel, Schiereck & Wahrenburg, 2004). Findings of these studies report significant positive AR's for acquirer firms (up to 7% for different event windows around the announcement. On the other hand many studies report significant negative returns in the range of 1-5 percent for varying firms (Beitel et al., 2004), opine that the shareholders of the acquiring firms gain efficiency enhancing mergers. Moeller, Schlingemann, and Stultz (2004) report that small acquirers experience significantly higher CAR's around M&A announcements than do large acquirers. (Rani, Yadav, Jain, 2015).

Recent years have witnessed a rapid growth in mergers and acquisitions between companies based in different countries. For employees and their representatives three distinct effects of this international merger activity can be identified: first, a general "acquisition" effect which is common to all mergers, not just those that are cross-border in nature; second, a "multinational" effect in which mergers increase the extent to which the acquired operations are subject to international competition; and, third, a "nationality" effect which arises from differences by country in the way that firms are governed and financed. (Eduards, 1999).

1.2 Research purpose

The purpose of this research study was to analyze the impact of Mergers and Acquisitions on shareholders wealth, particularly focusing on Irish Service Industry Market. Data were obtained through four in depth interviews at time and locations convenient to the participants.

The researcher was the Sales Operation Manager of Shred-it Ireland since April 2014 till May 2016 she took part at the integration process of these two acquisitions and her mission was to train, inspire and communicate the benefits of future union. She has seen the work that was done in the USA and Canada by the leadership team in the first acquisition which was a great success, and not as good as the first one the 2nd acquisition. Two separate experiences, where in the last one there wasn't enough transparency and communication transferred across which lead to uncertainty and insecurity among shareholder-employees. She has completed a Bachelors Degree in Business Economics and working as an Economist in Tourism in the first 5 years she realized the importance of shareholder-employee wealth. Shareholder-employees are very important piece of any organization, but due to the increasing number of mergers they are to a great extend affected and some of them get caught up in a merger or acquisition unexpectedly. Many of them after working few good years for the company are losing their jobs and facing major reductions in position and responsibility and why not being even confronted with major questions about their future careers.

Along with the need for further research about shareholders wealth in Ireland and with researcher's keen interest in the ethos of shareholder-employees wealth make a great purpose for this dissertation.

1.3 Rationale for the research

The rationale for my research is that this topic has already been researched from the impact of cross-border M&As on shareholders wealth perspective and I think that is justification to do it on Shareholder-employee experience basis to be able to obtain the real life individual experiences and measure the result.

The method of data collection that I think would best illustrate real life experiences of Shareholder-employee are Interviews and case studies.

Interviews: one-to-one question-and-answer sessions where the researcher can use a variety of techniques.(www.sagepub.com). Interviews average 30-45 minutes per person.

1.4 Research objective

The objective of this dissertation is to investigate the impact of Mergers & Acquisition on shareholder wealth in the Irish Service Industry. The focus is:

1. To determine if there is a positive or negative equivalence in shareholder wealth when an M&A's happens.
2. To assess the hypothesis that M&A's are profitable situations and lead to an increase in shareholder value.

This was done on a study of individual experience of Shareholder-employee.

The first objective of the dissertation was accomplished through an in depth detail and review of the literature on mergers and acquisition, i.e. journals, library, internet, case studies. Mergers & Acquisition has been a very popular topic in the international service industry with a broad literature that exists. My review examined articles from a large range of disciplines so as to bring together the live knowledge in a systematic framework, to allow the identification of research gaps and also to help formulate a set of hypotheses on shareholder value creation.

The second objective of the dissertation was to assess the hypothesis that M&A's profitable situation and that can lead to an increase in shareholder value. This objective was primarily exploratory, and was accomplished through a case study investigation. Lars, Bengtsson and Larsson (2012), suggest to use case study method as it is a powerful, yet much underutilized method in M&A research because M&A are unique and complex events that highlight both value-creating and value-destroying organizational processes. So, in the end we will show case of mergers and acquisitions on the example of the company. (Pachulia, 2018).

The case study helped to develop a rich understanding of mergers and acquisition impact on shareholder-employee wealth, the advantages and disadvantages of cross-border acquisition, an understanding post-merger firm performance and how this performance has impacted shareholders values.

The author has taken into consideration two international M&A' with presence in Ireland as case studies for this dissertation. First one is of Shred-it International acquires Iron Mountain's International Secure Shredding Business in the UK, Ireland and Australia.

On December 02 2014, Shred-it officially announced that it had entered into a definitive agreement to acquire Iron Mountain. A deal that has enhanced the position of Shred-it International as the leading confidential information destruction services provider. The transaction was valued at approximately $350 million and had been unanimously approved by the boards of directors of both companies.

With this deal, Shred-it now operates in more than 170 markets throughout 18 countries, employing 5,200 dedicated Partners, and serving 300,000+ clients.(www.businesswire.com/news/home/2014).

The second M&A is of Stericycle International acquisition of Shred-it International.

On July 15, 2015 Stericycle Inc. announced that it has entered into a definitive agreement to acquire privately-held Shred-it International, the global secure information destruction provider, for $2.3 billion in cash. The acquisition will strengthen Stericycle's growth opportunities by providing an additional business-to-business compliance solution, leveraging Stericycle's existing core capabilities, and expanding the company's global reach. (www.globenewswire.com/2015).

Mergers and acquisitions are very complex organizational events with a large number of the factors that can lead to either their success or failure. One of the reasons why an M&A fails lies in the negligence of the human-resources-related-issues. (Savovic, 2017).

Merger and acquisition deals play a big part in the corporate financing world. Ideally, M&A processes result in creating a company that is both larger and more efficient than the two that have been operating on the market previously.

Merger and acquisition activity on the European market decreased in terms of both volume and value in 2019. The value of mergers and acquisitions deals on the European market reached over 880 billion euros in 2019, signifying a two year drop from 2017. Cross-border activity is very important for European M&A, with some countries attributing approximatively 90 percent of M&A deals to come through cross-border acquisitions by 2021. (Cherowbrier*, 2020*).

1.5 Research Questions and Hypotheses

This research sought to answer the following research questions:

Do Mergers and Acquisitions lead to improved shareholders wealth in short and long run?

Or more notably,

Do Mergers and Acquisitions lead to improved combined firms performance leading to improved overall shareholder value?

These research questions has helped the author to determine if Mergers and Acquisitions can improve or destroy shareholder wealth of the combined firms.

Although there are many successful M&A deals, many of them fail to deliver the expected financial gains. Therefore, there is much controversy surrounding the question of post-M&A corporate performance. The studies which focus on the impact of M&A's on the target companies after takeover have produces mixed results. On average, they found that the target firm shareholders experience significant positive returns from M&A's. Therefore, the shareholders in an acquired firm benefit from an M&A. For example, in Thailand local companies (especially in the public sector) restructured through cross-border M&A's after the financial crisis, have shown stronger growth in share prices and better prospects.(Yu Hua An, 2009).

A review study undertaken by Jensen and Ruback (1983) in the US indicates that the corporate takeovers generate positive gains, that target firm shareholders benefit, and that bidding firm shareholders do not lose. (Mallikarjunappa and Nayak, 2013).

In order for the researcher to determine whether international acquisitions undertaken by Irish firms increase shareholder's wealth, three arguments were brought together into 3 hypotheses which are set out below, that were tested in this study.

Hypothesis
H1 The first hypothesis is the **wealth creation hypothesis**: Mergers and acquisitions will have a positive impact on value creation for the shareholders of the both firms (bidding and acquired).
H2 The second hypothesis is the **size hypothesis**: Cross-border acquisitions will create more value when the size of the target firm is smaller than of the acquiring firm.
.
H3 The third hypothesis is the **relatedness hypothesis**: Cross-border acquisitions create more value when the acquiring and the target firms are in the same line of business.

1.6 Value of the study

Mergers and acquisitions in the Irish service sector are on the jump in terms of both value and volume of transactions. Accordingly to Irish Times the value of Irish Mergers and acquisitions rose 370 per cent compared with 2017, with a record 163 transactions taking place worth a combined €76 billion. This marks the highest number of deals recorded in over five years and compares with 151 transactions with a value of €16.2 billion in 2017.

The researcher plans to provide insight into the impact of M&A's on shareholder's wealth based on the case studies findings. This findings are expected to be helpful to those involved in an acquisition i.e. managers, shareholder's, board of directors in knowing exactly which areas of the mergers and acquisitions activity to focus on in order to make a successful deal. The study is also intended for business consultants that help companies with formulation of policies of mergers and acquisitions, formulations that will focus on the interest of shareholders benefits. The study will focus also on encouraging further research into this area of cross-border M&A's in Ireland and the effect it has on shareholders since available literature show unclear results about such impact thereby raising the need for further research in this particular area.

1.7 Potential outcome of the research

The researcher has the necessary experience to go in depth with this topic as it was very much affected by an unsuccessful takeover and she thinks that the potential outcomes of her study can benefit the analyzed M&A's shareholders and to demonstrate how the relationship between both firms can improve long-term performance. The study also aims to determine key challenges and opportunities that arise from takeovers, such as growth, market power, stability.

The researcher has high expectations to deliver strong valid outcomes that will contribute to firms and practitioners, and findings in this study will allow insight from multiple perspectives, which could be relevant to their strategy implementation process. In fact, the study topic has a mixture of explicit theories, with a mixed findings on success or failure, the researcher aims to contribute as much possible to the existing perception of the matter. Also, this research will present a massive opportunity for the researcher to enhance her knowledge and test out her research skills in this very sensitive interested topic.

1.8 Structure of the study

The dissertation is organized as follows:

It starts by introducing the literature on mergers and acquisitions and the impact of those on shareholders wealth in chapter two. The literature outline the various aspects of the motives for mergers and acquisitions and the advantages and disadvantages for shareholders of combined firms.

Chapter three gives details of the methodology used an explanation of the methods used in this research study. The preferred method is interviews which is believed to be most effective for qualitative research. They will help the researcher to explain, to better understand and explore the topic, share opinions, experiences, behavior. The interview questions are open-ended type so that in-depth information could be collected.

Chapter four is a presentation and discussion of the findings of the research.

Last chapter encapsulates the conclusions of the research study and gives recommendations for further research, contributions and limitations of the study.

C h a p t e r 2

LITERATURE REVIEW

2.1 Introduction

The following chapter introduces various literature regarding what causes companies to enter into an M&A's and what impact has on shareholder wealth.

This chapter discusses the theoretical review, motives for mergers and acquisitions, determinants for shareholder's wealth, empirical review and summary of the literature review.

2.2 Theoretical Review and Motives for Mergers and Acquisitions

Mergers and Acquisitions are very common in the International Business environment. Every company desire profitable growth of the business, through M&A's firms can enhance their competitive advantage and growth rate.

Merger and Acquisition have become the most common mode of corporate restructuring in the current era of globalization and privatization. M&A are now the most preferred route of growth for organizations as they offer access to already established markets, customers, technology and brands, and helps in risk reduction and diversification.

Motives for M&A's have been long debated in academia. Different studies have found opposing outcomes. There are statements on theories in which some are proposed to increase shareholder's value, others have a decreasing effect and others have a neutral effect.

Specifically, we want to analyze three major motives for takeovers. These three major motives for takeovers have been advanced in the literature: the synergy motive, the agency motive, and hubris (Berkovitch, et al 1993).

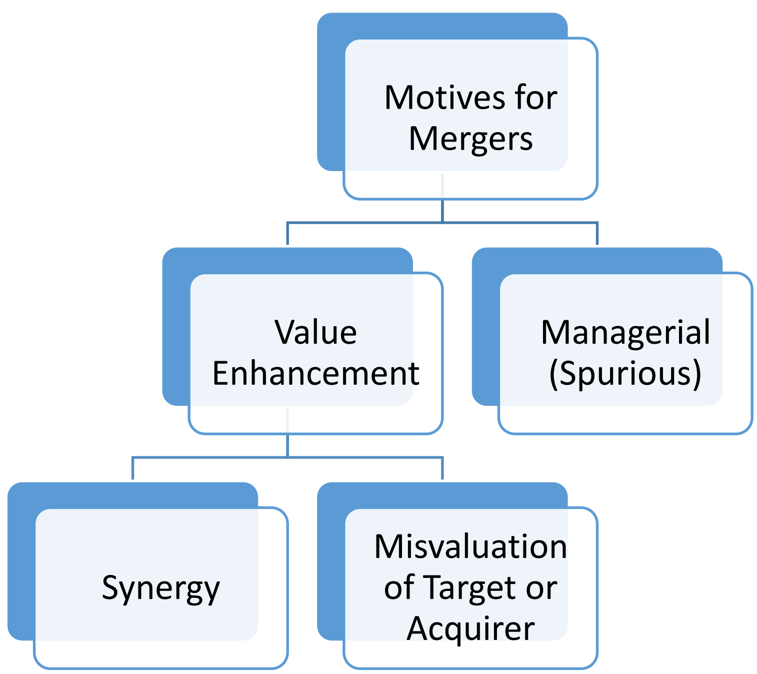

Figure 1 Motives for Mergers by CPA Ireland

Prior studies on the choice of M&A's emphasize motives for both related and unrelated M&A's, trying to identify conditions under which a related M&A is more likely to occur rather than an unrelated one or vice versa. Bergh (1997), for example, identified four strategic motives for the acquisitions of unrelated businesses. First, the financial synergy view argues that unrelated M&A's are used to lower the acquirer's cost of capital (Chatterjee, 1986), to increase operational efficiency, or to create other financial gains (Singh & Montgomery 1987; Seth, 1990). Second, the governance efficiency view suggest that unrelated M&A's occur because the acquired business can be managed more efficiently in the parent's governance system than through external methods (Williamson, 1975). A third perspective, the managerial incentive perspective, argues that unrelated M&A's are used to build market power and increase firm size (Amihud & Lev, 1981) or they are out of hubris. Finally, the coinsurance explanation suggest that unrelated M&A's are used to balance revenue cyclicalities and reduce diversification risks (Yang and Hyland, 2006).

Above four interpretations to predict when an unrelated M&A is more likely to occur are inclusive but not quite complete. They fail to consider factors such as environment and social influences from other companies as motive for unrelated merger and acquisition.

Two strands of theory have evolved to explain why takeovers occur, each with different implications for the bidder shareholder wealth effects. Under the Neoclassical Welfare Theory, takeovers are welfare-maximizing activities undertaken by managers whose interests are aligned with those of shareholders. The Agency Theory (Jensen 1986, 1988) and the Hubris Hypothesis (Roll 1986), on the other hand, stray from the premise that manager-specific objectives or managers hubris drive takeover decisions. While the Neoclassical Welfare Theory predicts positive gains to bidder shareholders, the latter suggests that takeovers result in bidder shareholder's value loss. (Lee and Schultz, 2007).

2.2.1 The Synergy Motive

The main factors of mergers and acquisitions found by Berger, Demsetz & Strahan (1999) are an increase of globalization, changes in customer demand, financial deregulation, integration of financial markets, new technologies. According to this motives to merge, it can be anticipated that the execution of a merger/takeover is a wise decision, with benefits to both companies involved.

Thus, a merger is justified only if it is expected to make the merged firm's profits greater than the sum of the original firm's profits, a result which is commonly termed "synergy". There should then be an increase in shareholder wealth, thus providing a strong incentive for shareholders to seek such mergers. (Michel and Shaked, 1985).

Value-increasing M&As are primarily undertaken to benefit from the synergy in combining the physical operation of the two merging firms (Bradley et al., 1988). Various considerations drive synergetic acquisitions, including increased market power, response to industry shocks, economies of scale, financial synergy, taxes, and exploitation of the asymmetric between the acquiring and the target firms. Berkovitch and Narayanan's (1993) study reports that synergy is the primary motive in takeovers with positive total gains and agency is the primary motive in takeovers with negative total gains.(Kumar & Rajib, 2007).

The synergy motives assumes that managers of target and acquiring firms maximize shareholder wealth and would engage in takeover activity only if it results in gains to both sets of shareholders (Berkovitch, et al 1993). With this being said mergers and acquisitions make economic sence for both parties.

Accordingly to Shukla and Gekara a merger improves the competitive position of the merged firm as it can command increased market share. It also offers a special advantage because it enables the merged firm to leap several stages in the process of expansion. In a saturated market, simultaneous expansion and replacement through mergers/takeover is more desirable than creating additional capacities and acquisitions.

As we can see from above mixed reviews we can say that if acquisitions are driven by the synergy motive then such acquisitions should be wealth creating. Looking at the overall return to acquirer and target combined, Bradley, Desai and Kim's (1988) results are typical; they find that the combined return is positive. This wealth is consistent with a synergistic motive for takeover bids on average. (Hodgkinson and Partington, 2008). In conclusion the synergy motive suggests that

M&A's occur because of economic gains that come from merging the resources of the two firms.

2.2.2 The Agency Motive

Value-decreasing motives for M&A's consist of three major types: agency, hubris and market timing. Agency problems arise when managers consume perquisites at the expense of shareholders. Other forms of agency problems arise when managers pursue excessive growth to promote personal interests (Morck et al, 1990), or diversity to reduce risk to managerial human capital (Amihud and Lev, 1981), or avoid ample evidence of agency problems related to M&As. Malatesta (1983) finds that mergers that are probably motivated by agency problems typically are value-decreasing transactions for the acquiring firm. Morck et al. (1990) report that many acquirers are more interested in maximizing firm size than firm value, and that many M&A's are driven by managerial objectives. (Nguyen, Yung and Sun, 2013).

Malatesta (1983) also finds that mergers are value-increasing transactions for target firms but value-decreasing transactions for acquiring firms, and concludes that takeovers are motivated by agency. Walking and Long (1984) find that the existence or absence of managerial resistance to a takeover bid is directly related to the personal wealth changes of the target firm's managers. All these results suggest that in many cases managerial objectives drive acquisitions that reduce bidding firm's value.

2.2.3 The Hubris Motive

Hubris is the second type of value-decreasing motive behind M&As. According to Roll (1986), many corporate managers are infected by hubris and overpay for targets. Managers affected by hubris engage in acquisitions when there is no synergy.

An alternative view is that mergers help firms to increase their market power (Scherer, 1988), as managers are motivated in extracting rents (Marris, 1964) or suffer from hubris (Roll, 1986). Given such motives, to build empires, managers can engage in expense-padding and augment the assets of the firm. Such additional resources are unnecessary. Thus, after mergers, employee numbers may increase as managers add personnel. In addition, managerial pay can rise with firm size thus providing a potentially strong incentive to managers to pursue growth through acquisitions.

Past literature has indicated that acquisition returns would be negative if the acquisition is motivated by hubris (Roll 1986; Walter 1984), which potentially illustrates a failure in the monitoring system of the board. If managers systematically over-value the target, they will end up paying too much for a successful acquisition. As the investment proposal will have been ratified by the board of directors of the bidder, the fact that the bid goes ahead will reflect a failure by the board to control for this bias. Although we are unable to observe the projects that were turned down by the board, it is safe to assume that boards are able to see through some of the proposals as reflecting hubris, and reject them. The other side of the hubris is the systematic undervaluation of some potential targets, and hence bids that should occur may not be undertaken. It is almost impossible for directors to deal with this problem, if the director's role is one of ratification of proposals rather than the initiation of proposals. (Chan and Emanuel 2011).

In support of hubris hypotheses, Roll (1986) develops his hypotheses to explain why managers might pay a premium for a firm that the market has already correctly valued. Managers, he claims, have superimposed their own valuation over that of an objectively determined market valuation. Roll (1986) states that if hubris hypotheses explains takeovers, the stock price of the acquiring firm should increase with the bid for control. (Shih and Hsu, 2009). In case of pure hubris, where there is no synergy, the gains to the target shareholders would simply represent wealth transfers from acquirer to target. (Hodgkinson and Partington, 2008). As we could observe from above studies the acquiring firm's announcement of the takeover results in significant negative returns.

In conclusion, these three motives discussed above lead to different assumptions about the abnormal returns to shareholders of target firms and acquirers. Under the synergy theory, abnormal returns are expected to be positive to shareholders of combined firms. Under agency and hubris theory, shareholders of acquirers are expected to experience negative abnormal returns, while shareholders of target firms are expected to experience positive abnormal returns. Hence, shareholders wealth of target companies seem to be more beneficial than shareholders of acquirers in companies decide to engage in M&A's.

2.3 Factors Influencing Shareholder's Wealth

There are several factors that influence the shareholder's wealth. Among them are mergers and acquisitions, size of the company, method of financing, acquirer past experience.

2.3.1 How do firms learn how to make acquisitions?

Why do firms want to make acquisitions?

First, firms seek complementary resources to compensate for their own resources deficiencies, and M&A's represent a way that firms can achieve this goal. Second, complementarities can increase firm efficiency (Walker and Ruekert, 1987). For example, Teece (1986) argues that firms in high-growth industries seek partners with complementary capabilities to facilitate the timely introduction of new products. Furthermore, prior research in an intra-organizational context suggests that the linking of marketing and R&D resources can positively affect firm performance (Song et al.2005). Third, the contribution of complementary resources can reduce organizational friction during the integration phase of merger implementation, minimizing the need to eliminate redundant resources and layoffs. Thus, employee resistance to a merger involving complementary firms may be lower, often translating into better performance. (Swaminathan, Murshed, and Hulland , 2008).

Mergers and Acquisition literature suggests that M&A activity is pursued to increase the wealth of shareholders of bidder firms through expected synergetic gains. It is expected that the total value of a firm after the merger will be greater than the sum of values of each firm before the merger, which implies that both bidder and target firm shareholders should benefit from the exercise, except that the distribution of the benefits might favor the target firm shareholders if they have a better clout to negotiate such benefits from the bidder firm. (Aik, Hassan and Mohamad, 2015). On the contrary, recent evidence from Faulkner, Teerikangas, and Joseph suggests that acquiring firms create little or no value. Reasons for these outcomes include an inability to create synergy, paying too high a premium, selecting inappropriate targets, and ineffective integration processes, among others. However, careful selection of targets and effectively implemented acquisitions can achieve synergy and create value. For example, targets selected that have capabilities complementary to those held by the acquiring firm provide the greatest opportunity for synergy creation.

A review of Past Research and Agenda for the Future research done by Barkema and Schijven, 2008 suggests that most acquisitions fail.

Many researchers have, therefore, explored determinants of acquisition performance and have found that the success of acquisitions hinges on synergy realization, which in turn depends on prudent target selection and, in particular, on effective post-acquisition integration.

According to Mark Sirower of the New York University, all effective acquisitions begin with a strategic vision. He argues that management's vision of an acquisition should be clear to the firm's many constituent groups and adaptable to many potentially unknown circumstances. Further, he suggests that a strategic vision is one of the cornerstones of a firm's ability to achieve synergy from an acquisition. For an acquisition to be successful, the management team of the acquiring firm should be well prepared to offer positive outcomes. There are many reasons for acquisition failure, but mainly why acquisitions fail is due to the lack of appropriate due diligence.

Proposed mergers bring together two companies with complementary strengths, such as the marketing strength of one and the technical and cost management of another. Both firms might have staff in all areas. The combination of the two firms enhances the development of new services for customers, permitting growth. By merging existing assets, the merges entity can offer a combination of services far quicker than either firm on its own. The additional services generate substantial volume efficiencies while staff duplication is reduced. A key post-merger activity is resource re-combination and re-deployment. Mergers allow firms to reconfigure business activities. Reconfiguration economies include disposal of unnecessary assets and capabilities recombination. (Majumdar, Moussawi and Yaylacicegi 2010.)

Every company should aim at maximization of shareholders wealth for both bidding and target firms. On Michael's Firth research, 10000 increased shareholder wealth is likely to result if the acquiring firm's profitability increases following the takeover. Profitability can increase through the creation of monopoly power, through synergy, or through injecting superior management into the acquired firm.

David J.Flanagan, 1996 in his research paper supports the hypothesis that purely related acquirers benefit more than purely unrelated acquirers. Companies that have related business can easily take advantage of M&A's benefits, making them more competitive, possibly a market leader. However, the literature remains divided on the wealth effects of bidders/acquirers and researchers have tried to identify variables that lead to negative or positive impact on shareholders wealth of acquirers.

The literature on acquirer's performance after acquisition is extensive, with evidence showing that, with some exceptions (Lubatkin, 1987), acquisitions tend to destroy value for acquiring firm's shareholders. In an exhaustive study on the topic, Agrawal, Jaffe, and Mandelkar (1992) found that shareholders of acquiring firms suffer a 10-percent loss over a five-year post-merger period, a result robust across various specifications of acquirer (Hayward and Hambrick, 1997).

Empirical evidences found in this literature review indicate no clear consensus on whether M&A increase or decrease shareholders wealth. Since the impact of M&A on shareholder wealth is a very important consideration for whether the decision makers should undertake or not such deals, hence the theories on the impact of M&A on the shareholders wealth can broadly be divided into two categories:

1) Those M&A that increase shareholders wealth.
2) Those M&A that affect shareholders wealth.

In the scenery of the effect of Mergers and Acquisitions on shareholders wealth, various studies have measured the impact of M&A on the wealth of shareholders and have also tried to establish reasons behind it. The literature predominantly show that the shareholders of target firm encounter wealth gain under most circumstances; type of acquisition, the size of the deal, method of financing. Although, the literature is divided on the wealth result of bidders/acquirers and researchers have tried to identify reasons that lead to positive or negative impact on both shareholders wealth. Below section, present some of these studies showing wealth gains and respectively wealth loses.

Here we have a list of research papers that relates wealth gains for acquiring firms. Clark and Elgers (1980) studied the effect of US based mergers announcements segregating them based on their type. They found that overall, there were moderate gains to buyers as against substantial gains to the target/seller firms. They also found that in conglomerate mergers, both bidding and target firms gained more as compared to non-conglomerate mergers. (Kashiramka & Rao, 2014).

Contrary to above studies, some researchers have found wealth loses for acquiring firms. Moeller et al (2004) studied 12,023 acquisitions in US and tried to link up the relation between firm size and abnormal returns. They found that small acquirers received better returns than larger ones. They also found that since larger firms paid huge premiums than small acquirers, their synergy gains were negative as against small acquirers. (Kashiramka &Rao, 2014).

Fatemi and Furtado (1998) looked at a sample of 117 U.S. bidding firms for the period from 1974 to 1979. They found negligible abnormal returns. Conn and Connell (1990) examined a sample of international mergers involving U.S and U.K firms from 1971 to 1980 and reported abnormal returns of about 2% for the bidding firms. They found positive abnormal returns of acquired companies in the U.K. to be half that of their U.S. counterparts.

In other related studies, Bradley, Kim and Desai (1988) find that competition among bidding firms (i.e., multiple bid tend offers) increases the returns to targets and decreases the returns to acquirers, and the total synergistic gains are larger in multiple-bidder acquisitions. Huang and Walkling (1987) find that target abnormal returns average nearly 22 percent for friendly mergers and nearly 28 percent for hostile ones or ones with management resistance.(Cakici, Hessel and Tandon, 1996).

Berkovitch and Narayanan (1993*)* claim a cumulative abnormal returns for the combined firms of 27.6% while other authors assert rather more moderate cumulative abnormal returns around 3%. This difference between them is that Berkovitch and Narayanan (1993) have measured the total gain as the sum of both firms "target and acquirer" while other authors measure based on the total gains as the weighted average on basis of the relative share capital.

As per Sanjukta, Devendra and Howard evidence on long run, most merger performance 3 to 5 years after M&A suggests that the shareholders in the combined firm earn mostly negative returns.

This review demonstrates that there are no clear empirical results confirming the wealth creation for the shareholders of bidding firms due to international takeovers.

2.3.2 Method of Financing

Mergers and acquisitions may be paid in several ways either through equity, cash or a combination of both.

The choice of the payment method, that is, cash, stock, or a combination of both, has been consistently found related to how the stock market reacts to the deal (King et al., 2004; Travlos, 1987). A payment by the acquiring firm's stock conveys the signal that the acquirer believes its stock to be overvalued, which tends to cause a negative stock market reaction to the choice of stock as the method of payment. However, the decision regarding the proportion of stock and cash to use as payment has also been argued to be related to the general attractiveness of the prospective target (Malmendier, Opp, & Saidi, 2016), tax considerations, distribution of power among acquirer shareholders and the sensitivity of the bidder and target to market-related risk.(Welch, Pavicevich, Keil, and Laamanen, 2020).

Regardless of the motivations behind financing choice, several studies have shown that cash-financed deals are more beneficial, or at least less detrimental, to bidding firm shareholders (e.g., Carow et al., 2004). However, this evidence is not as straightforward as some might suggest. For example, although Healy et al. 1992 reported no effect of payment method on bidder accounting performance, other studies found mixed results. Specifically, Heron and Lie (2002) found no material differences in operating performance between cash and stock deals, yet they reported lower announcement and post-acquisition market returns for stock acquisitions than for cash acquisitions.(Haleblian, 2009).

2.3.3 Size

The results of studies that focus on the impact of company's size on M&A success diverge. Some authors assume that the success of a merger or acquisition is higher if the target and acquiring company are similar in size (Ahuja, Katila, 2001). In a situation where the acquirer

and target company are similar in size or even the same size, it is easier for the acquirer to recognize the value of knowledge and skills obtained by taking over target company and it is easier to assimilate these same skills and apply them within its business systems (Choen, Levinthal, 1990). Moreover, it is easier to identify potential redundancies when both companies are of similar size (Krishanan, et al., 2007).
Other authors believe that the difference in the size is one of the main reasons for the realization of synergies and successful company performance following merger or acquisition. In the situation when the acquirer is smaller than the target company, by purchasing a target company acquirer increases its market power and the ability to exploit economies of scale and scope (Seth,1990). Bruton et al. in their research note that there is a higher probability of a successful takeover if the target company is smaller than the acquirer (Bruton et al., 1994). Homberg et al. in the recent study came to the conclusion that it is necessary for the realization of planned synergies, from merger and acquisitions, that the acquirer is bigger than the target company. (Filipovic, 2015). B Rajesh Kumar (2007) states that large firms have more resources in terms of financial strength and competencies. Hence, they can facilitate value-creating mechanism more effectively in the context of the general rubric of corporate synergy through a combination of businesses.

In theory, it's anticipated that mergers and acquisition lead to the creation of shareholder's wealth. However, some argue that mergers and acquisition lead to the creation of shareholder's wealth if the target firm size is smaller than of the acquirer, while some argue that mergers and acquisitions add more value if both firms are of similar size. It is therefore difficult to conclude whether firm size actually result in the creation of shareholder wealth or not. Even though majority of the studies are inclined to concluding that mergers and acquisition between firms of similar size add value to shareholder wealth creation.

2.3.4 Acquirer experience

Acquisition researchers have examined the role of acquirers experience on merger and acquisition performance. Although it seems intuitive that acquisition experience should positively affect the performance of subsequent acquisitions, the results of these studies are mixed, suggesting moderating influences.

Haleblian and Finkelstein (1999) found that the relationship between acquisition experience and acquisition performance was Unshaped, not positively linear. The authors concluded that these results are owed to the notion that inexperienced acquirers inappropriately applied experience garnered from first acquisition to following dissimilar acquisitions, whereas highly experienced acquirers were able to avoid these missteps.

Zollo and Singh (2004) found that prior acquisition experience alone did not positively influence acquisition performance, whereas knowledge codification of experience did. More recently, in a study of the most active U.S. acquirers in the 1990's, Laamanen and Keil (2008) found that although both high rate of acquisitions and high variability of the rate were negatively related to performance, the relationship was weakened through the moderating effects of an acquirer's size, the scope of its acquisition program, and acquisition experience.(Haleblian et. al 2009).

On the other hand the rapid growth in the number of mergers worldwide has increasingly led shareholders to hold managers accountable for merger success. Vanitha Swaminathan (2008) findings suggest that the premerger due diligence process followed by managers of acquiring firms should include an assessment of the degree of strategic emphasis alignment between their own firms and potential targets. Managers who attempt to consolidate their position through merger have long valued similarity in values and cultures. For example, as A.G. Lafley, chairman and chief executive officer of Procter & Gamble, recently highlighted, a contributing factor to the potential success of the Procter & Gamble-Gillette merger was that both companies had similar values. They suggest that this valuable when firms want to diversify but counterproductive when consolidation is the primary aim.

Mergers and Acquisitions past experience can lead to abilities to make effective M&A's if the acquiring firm's manager's master from their acquisitions. However, care must be taken because they can allocate the positive and negative results from prior M&A's to the wrong factors, in that way increasing the likelihood of value annihilation instead of value creation.

2.4 Empirical Review

Majority of past studies highlight that companies either enhance their performance or make poor performance post-acquisition. Anyhow, the question still remains unexplored especially in Irish Business Industry context about the value creation effect of M&A on the firms. The present research study attempts to find out the shareholder's value return from M&A in the case of wealth creation from sample case studies in Ireland. From diverse studies highlighted in this research paper we notice the evidence of merger gains, but the results of these studies must be further investigated.

2.4.1. International Evidence

The empirical evidence in the form of event studies unequivocally points out that the target firm's valuations increase substantially in takeovers. Some of the early event studies by Mandelker (1974), Ellert (1976), and Langetieg (1978) on takeovers used the effective date of approval as the event date. The first study on takeovers recognizing the announcement date as event date is believed to be by Dodd and Ruback (1977) who find excess return of approximately 20.5 per cent and 19 per cent for successful and unsuccessful tender offers respectively, hi the announcement month. Their sample consisted of offers between 1958-1978 period.

Similar event studies by Kummer and Hoffmeister (1978), Bradley (1980), Jarrell and Bradley (1980), and Bradley, Desai and Kim (1982) document 16-34 per cent excess returns around announcements date or month using different sample periods. Jensen and Ruback (1983), while reviewing these studies, conclude that shareholder returns for targets in both successful and unsuccessful takeover bids are significant and the estimates could be downward biased in some studies as half of the price adjustments takes place prior to public announcement (Keown and Pinkerton, 1981). Later, Jarrell, Brickley and Nelter (1988) analyzing 663 successful tender offers between 1962 and December 1985 report average excess returns of 19 per cent during 60's , 35 per cent in 70's, arid 30 percent between 1980-85. They point out that these returns understate total gains to target firms shareholders as the stock prices go up for these companies much prior to announcement of tender offers.(Ajay Pandey, et al 2001).

Kumar and Rajib (2007) estimated the impact on the shareholder value after the merger has been completed using accounting measure. Using book value of asset and sales model, it was found that corporate performance improves after merger. Kukalis (2007) found that the acquirer company's pre-merger performance partially outperformed the post-merger performance of the merged company. The results of a study by Vanitha and Selvam (2007) also pointed that financial performance of merged companies improves.

2.4.2. Local Evidence

The Irish M&A market has had a consistent growth rate over the last few years, with M&A activity and transaction numbers growing year on year. According to Irish Times M&A involving Irish firms were worth €76 billion in 2017.

Mergers and acquisition activity was mostly driven by inbound deals, with over 60% of deals being conducted by foreign acquirers (the US being the most active), domestic activity also grew with a number of large Irish corporates announcing acquisitions abroad. For example, in 2016 the most active sectors included real estate, technology and pharmaceuticals. A total number of 133 deals, with an aggregate value of €30.9 billion, were announced in 2016.

A few significant acquisitions were: the acquisition of Tyco International by Johnsons Controls for nearly 15.6 billion; the acquisition of Fleetmatics Group by Verizon Communications for 2.4 billion; the acquisition of Fyffes by Sumitomo Corporation for €751 million.(www.iflr.com) .

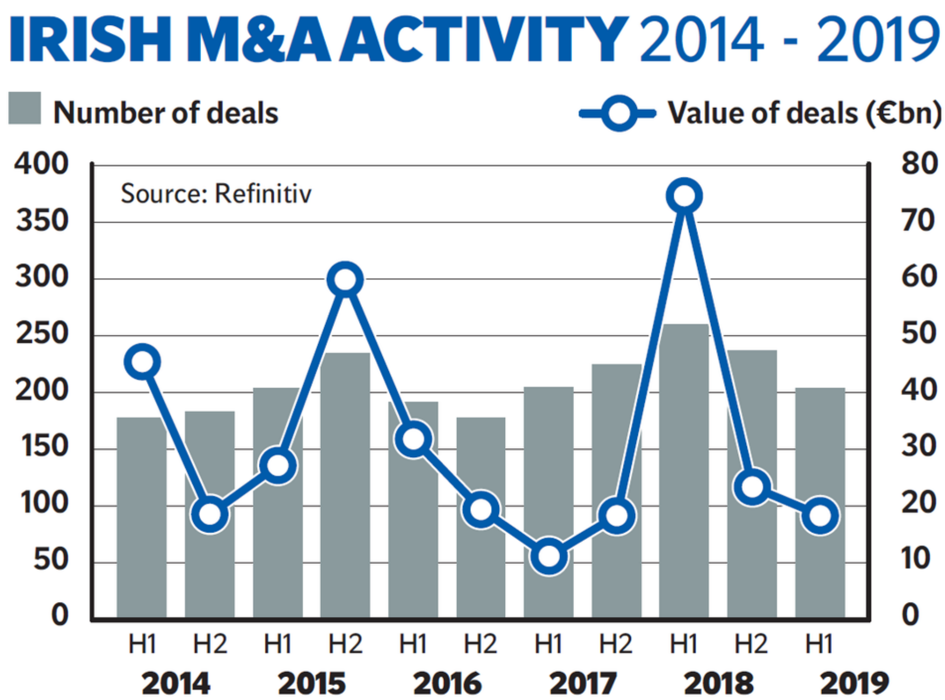

Figure 2 Irish M&A Activity 2014-2019, Source Independent.ie

Shane O'Donnell noted that The Irish economy is one of the fastest growing in Europe – the ease of transacting and its low corporate tax rate make the country an attractive option for overseas buyers and private equity firms, who have been the main drivers of deal flow over the last six months. Opportunities in the fast-growing but robust sectors of technology, financial services and life sciences, meanwhile, will also continue to draw local and international interests as corporates continue to deploy capital in these "hot" industries. The easing of trade tensions and Brexit reaching a stable outcome could bring significant improvements. Further, Ireland's solid fundamentals suggest that it will continue to deliver plenty of M&A opportunities for buyers who want to invest in.

2.5 Summary of Literature Review

From the literature and empirical evidence the results indicate that mergers and acquisitions have become a strategy used by many firms across the globe, and as we could see many of them can be successful, while other create little or no value. Previous research give the impression that firms that use acquisitions purely for to diversify, mainly into unrelated businesses are those that are unlikely to create wealth. However, the mixed results of research may also show that the relationship is more complex. Research also indicates that the difference in size between the acquiring and target firms influences value creation for both shareholders. When the target firm is smaller than the acquiring firm, it is unforeseen to affect value creation. Although, as the difference decrease, the potential influence on value creation grows, even tough when the two firms are of similar size, integration often is a problem that could lead to value loss rather than value creation.

The local evidence clearly shows that most studies concentrated on the effect of Merger and Acquisition on the local economy without considering the post-merger performance and shareholder values.

Theoretically speaking, it's anticipated that mergers and acquisition lead to the creation of shareholder's wealth. However, some argue that mergers and acquisition lead to the creation of shareholder's wealth while some argue that mergers destroy shareholder wealth. The results are contradictory and it is therefore difficult to conclude whether mergers and acquisition actually result in the creation of shareholder wealth or not. This might be probable due to researchers applying different approaches when investigating M&A shareholder wealth. There are a huge number of variables in literature that can influence the success of an M&A deal throughout the different stages of the M&A. The problem afterwards results that it is hard to pin down the exact reason of M&A failure due there being no one reason of failure. There is discrepancy and a lack of definitive results regarding M&A as successful shareholders wealth growth strategy that surely leaves room for further research. Even though there appears to be a high level of non-success, a lot of those figures are connected with the failure to reach specific goals and not the total failure of the deal. Even taking into consideration this high failure rate, board of directors still accept M&A as a growth strategy since literature has shown that given the right reasons for M&A's, they can generate synergies, a strong corporate culture and it can create value for all shareholders involved.

Chapter 3

METHODOLOGY AND RESEARCH DESIGN

3.1 Overview

Chapter two introduced literature on mergers and acquisitions and their effect on shareholders wealth, specifically examining important factors such as motives for mergers, determinants of shareholders value, firm past experience and advantages and disadvantages of takeovers.

The following chapter describes the research methodology of this dissertation. The research paradigm, research strategy, data collection, access and research ethics issues, analysis techniques, potential outcome of the research.

3.2 Research Paradigm

A paradigm accordingly to Ritzer 1975, is a fundamental image of the subject matter within a science. It serves to define what to define, what should be studied, what questions should be asked, how they should be asked, and what rules should be followed in interpreting the answer obtained. According to Ritzer definition, a paradigm specifies not only what it is studied, but also how it should be studied. A paradigm thus claims legitimacy for its substance and method. (Morris Rosenberg)

	Research Paradigm			
Fundamental Believes	Positivism (Naïve Realism)	Postpositivism (Critical Realism)	Interpretivism (Constructivism)	Pragmatism
Ontology: the position on the nature of reality	External, objective and independent of social factors	Objective. Exist independ ently of human thoughts and beliefs or knowledge	Socially constructed, Subjective, may change, multiple	External, multiple, view chosen to best achieve an answer to the research question
Epistemology: the view on what constitutes acceptable knowledge	Only observable phenomena can provide credible data, facts. Focus on casuality and law-like generalisation, reducing phenomena to simplest elements	Only observable phenomena can provide credible data, facts. Focus on explaining within a context or context.	Subjective, meanings and social phenomena. Focus upon the details of situation, the reality behind these details, subjective meanings and motivating actions	Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question. Focus on practical applied research, integrating different perspectives to help interpret the data
Axiology: the role of values in research and the researcher's stance	Value-free and etic Research is undertaken in a value-free way, the researcher is independent of the data and maintains an objective stance	Value-laden and etic Research is value laden; the researcher is biased by world views, cultural experiences and upbringing	Value-bond and emic Research is value bond, the researche is part of what is being researched, cannot be separate and so will be subjective.	Value-bond and etic-emic. Values play a large role in interpreting the results, the researcher adopting both objective and subjective points of view
Research Methodology: the model behind the research process	Quantitative	Quantitative or qualitativ	Qualitative	Quantitative and Qualitative (mixed or multi-method design)
Based on Saunders et al. (2009, p.119), Guba and Lincoln (2005), and Hallebone and Priest (2009)				

Table 1: The Research Design Maze: Understanding Paradigms, Cases, Methods and Methodologies by Wahyuni 2012

In order for the researcher to investigate the impact of M&A strategies on improving shareholders wealth, interpretivism (constructivism) philosophy is adopted in this research. Researcher believe that use of constructivism philosophy is crucial for this research as it favours working with the qualitative data which will enable to better understand M&A's reality. Also our current research circumscribe mixed methods which prefers the usage of constructivism philosophy making it a logical option. Additionally, constructivist philosophy allows access to certain uncovered facts therefore providing an actual view of the context which enabled to undertake a comprehensive study into the impacts of M&A's on shareholders wealth in short and long run.

Methodology:

- ✓ Interpretive approaches rely heavily on naturalistic methods (interviewing and observation and analysis of existing texts);
- ✓ These methods ensure an adequate dialog between the researchers and those with whom they interact in order to collaboratively construct a meanful reality.
- ✓ Typically, qualitative methods are used.

Angen (2001) offers some criteria for evaluating research from interpretivism perspective:

- Careful consideration and articulation of the research question.
- Carrying out inquiry in a respectful manner.
- Awareness and articulation of the choices and interpretations the researcher makes during the inquiry process and evidence of taking responsibility for those choices.
- A written account that develops persuasive arguments.

- Evaluation of how widely results are disseminated
- Validity becomes a moral question for Angen and must be located in the "discourse of the research community".(www.qualres.org).

3.3 Research Strategy

Research design deals with a logical problem and not a logistical problem (Yin,1989:29). Before a builder or architect can develop a work plan or order materials they must first establish the type of building required, its uses and the needs of the occupants. The work plan owns from this. Similarly, in social research the issues of sampling, methods of data collection (e.g. questionnaire, observation, document analysis), design of questions are all subsidiary to the matter of "What evidence do I need to collect? Too often research design questionnaires or begin interviewing far too early before thinking through what information they require to answer their research questions. Without attending to these research design matters at the beginning, the conclusions drawn will normally be weak and unconvincing and fail to answer the research question. Research purpose and research questions are the suggested starting points to develop a research design because they provide important clues about the substance that a researcher is aiming to asses. (Wahyuni, 2012).

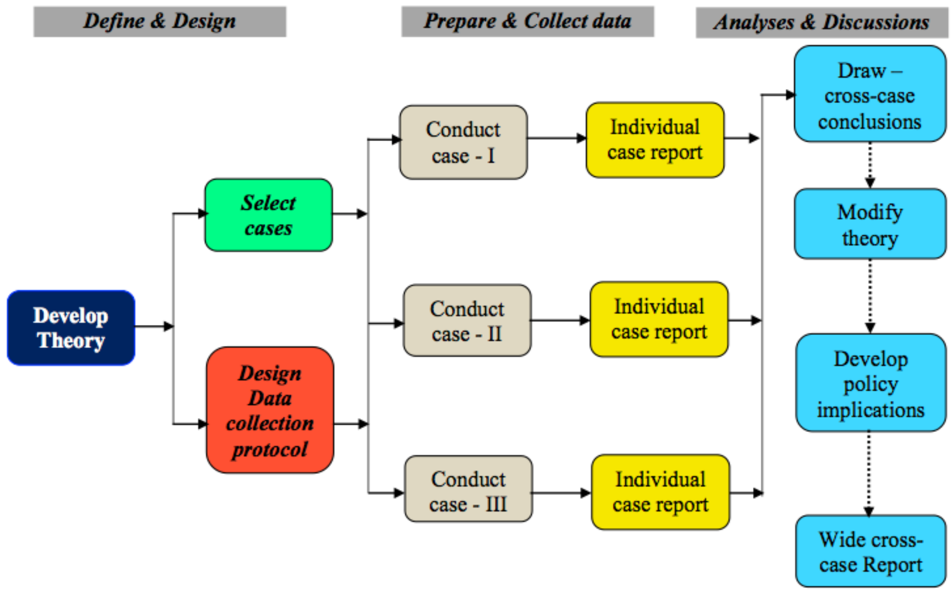

Fig. 1. Case study research: design and procedure (*Source*: Yin (2003)).

For this research to reach the level of accuracy it needs, a mix of exploratory and case study is considered the most suitable approach. Main reason for choosing this kind of approach is because the case-study method encompasses both qualitative and quantitative methods. In his definitive work on the case-study research method, Yin (1984) defines a case study as "an empirical inquiry that: (1) investigates a contemporary phenomenon within its real-life context, especially when (2) the boundaries between the phenomenon and context are not clearly evident." (Taylor, Dossick and Garvin, 2011).

The current research work aims to investigate the major impacts of M&A's on the shareholders wealth and on the business performance. For this purpose a variety of methods will be employed in our case-study research to both collect and then analyze complex data, all this are allowed by the exploratory and case-study design that we are embracing. A mix combination of these methods can help to generate rich data sets and robust analysis. By choosing a couple of case studies to compare wealth gains and losses for shareholders, comparing successful mergers with less successful ones. This comparison will allow us to see different motives and strategies adopted by corporations and possibly draw a good conclusion for our research.

3.4 Data Collection

As with any research paper data collection is incredible important. However, data collection for this research is done in form of primary and secondary data. Most likely is that all primary data will be collected through a personal in-depth interviews with the experts from the case study organizations. The participants, who are the practitioners in their field, will pass on their knowledge to the researcher through the conversations held during the interview process. (Boeije ,2010).

The secondary data will then be collected from internal publications such as Financial Reports and all publicly available data which are very relevant for this topic. Where restrictions interfere with our research, such as availability, time and possibly geographical distance, Skype interviews and email questionnaires will be considered for data collection. This method of collecting data from multiple sources, termed data triangulation (Patton 2002), assists the researcher not only to collect more comprehensive relevant information but also to cross-check their consisices bytency in order to enhance the robustness of findings. (Wahyuni 2012).

3.5 Advantages and Disadvantages of using face-to-face interviews

Interviews are widely used as a data collection method in the social sciences, where the purpose is to reveal other people's views, descriptions and perspectives on the themes that are addressed. Thagaard (2013) writes that the interview provides a particularly sound basis for gaining insight into people's experiences, thoughts and feelings, while Kyale (2001) emphasizes that personal interviews provide a unique access to the world of the informants as well as providing un understanding of how they perceive the world as the basis for their actions.(Jentoft & Olsen, 2017).

They are a fast and efficient tool of gathering the information we need. The large number of shareholders being interviewed allows us gathering a great deal of information. It is a great thing to hear what our participants have to say about their experiences, getting feedback about their satisfaction or non-satisfaction and to listen to their concerns and ideas for change will be so important for our research paper.

There are few disadvantages, of course that needs highlighted. They include: Costs could be a major disadvantage for face-to-face interviews. The quality of data is another one "the quality of data we receive will often depends on the ability of the researcher/interviewer".

3.6 Research Questions

It is fundamental to all research to formulate carefully grounded research questions. As many scholars have pointed out it is particularly important to produce innovative questions which "will open up new research problems, might resolve long-lasting controversies, could provide an integration of different approaches and might even turn conventional Organization. In other words, if we do not pose innovative research questions, it is less likely that our research efforts will generate interesting and significant theories.(Sandberg & Alvesson, 2011). The premise of this research study will be based on the question: Do Mergers and Acquisitions lead to improved combined firms performance leading to improved overall shareholder value? The aim of this research is to evaluate the relationship between M&A reasons and synergies that either steer to returns for shareholders or cause value losses for shareholders. Below are the three hypothesis that were used for the research findings:

H1) Wealth Creation Hypothesis

There is no doubt that in order for an M&A firm to be successful it must create value for her shareholders. There were a set of questions used for to find out if shareholder wealth was created for both parties. Firstly, we had to see:

A) What were the key reasons for these firms to engage into an M&A in the first place?

This question was asked to check out what determined these firms to adopt this type of strategy. What were the reasons for adopting this strategy?

B) Secondly, we had to check if shareholder value was created for both parties?

This question was used to check which factors were considered key for creating shareholder value in the short and long-term.

H2) Size Hypothesis

Did the size of target firm matter?

What was the combined weighted return for the target and the buyer?

This question evaluates the wealth effect when firm sizes are different, more precisely when the size of the target is smaller than of the buyer.

H3) Relatedness Hypothesis

Cross-border acquisitions create more value when the acquirer and the target firms are in the same line of business. Do you agree?

This question simply researches to see if relatedness between the acquirer and the target leads to improved combined firms performance leading to improved overall shareholder value.

A list of all the questions used is included in Appendix A.

3.7 Sources of Data

In order for us to examine the impact of mergers and acquisitions strategies we will be using all of the above data collection tools. In this regard, under primary methods interviews as qualitative method for which a total of 15 questions will be developed. The semi-structured interviews will be conducted with 4 top-level management key shareholders and 1 mid-level key shareholder from two mentioned companies. Interview option will allow us to for gathering ample information about implications of M&A on all shareholders wealth and merged firm's financial performance.

As part of the secondary sources of data collection, the researcher will make use of library tools i.e. accessing the books, journal articles, industry facts, access to most credible websites. Also, very important is the case study method which will allow us to gain a deeper insight of Mergers and Acquisitions on shareholders wealth in short and long term.

3.8 Access and research ethics issues

The general principles that guide ethical practice include respect for autonomy, justice, and beneficence (Kitchin, 2007). Autonomy refers to the notion that each individual has the right to privacy and dignity that should be protected at all times (Flicker, Haans & Skinner, 2004). In other words, every participant should be able to make their own decisions to participate in research and the person who are unable to make these decisions should be protected (Gupta, 2017).

Good ethical conduct implies adherence to ethical standards. In undertaking research, certain ethical principles are used as a framework to guide the researcher through the research process and its subsequent use. These principles help to ensure the highest possible standards in every aspect of research and must be adhered to by researcher. (www.nmbi.ie).

To all our participants it would be told in advance exactly how the data they provide will be used. Also, a run through the questionnaire will be provided, so that everyone is aware of what we are researching and the type of questions we have. As per above, our research study will compile with all the necessary norms and ethical principles and ensuring that high-quality results are produced. Eynon et al. argued that through it is the prime responsibility of the researcher to ensure anonymity and confidentiality of the data which is collected and stored, "the extent to which a researcher should be concerned about confidentiality depends on the nature of the data being collected" (Eynon, Fry, & Schroeder,2011). They suggest that if the data are not contentious, or if privacy can be ensured, then this is less of a concern compared to controversial research topics or research where it is necessary to obtain personal information. (Gupta, 2017). In conclusion the researcher needs to stay genuine to the research, ensuring accuracy and that the results reflect the understandings and experiences from observed participants, rather than own preferences.

3.8 Analysis Techniques

Data analysis is an important part of the research project as it involves the drawing of inferences from raw data. The choice of data analysis techniques varies and can involve multi-methods that are applied sequentially. Patton 2002 called multi-method application as methodological triangulation. This particular research paper uses a mixture of qualitative methods whereby interview has been organized with the 4 Senior Managers of two firms and quantitative methods that are collected from journals, annual financial reports. The researcher has used thematic analysis method as the basis framework. Braun and Clarke (2006) provide a six-phase which the researcher founded very useful framework for conducting this kind of analysis.

• Step 1 : Become familiar with the data	• Step 4: Review themes
• Step 2: Generate initial codes	• Step 5: Define themes
• Step 3: Search for themes	• Step 6: Write-up

Table 2: Braun & Clarke's six-phase framework for doing a thematic analyzis.

Braun & Clarke (2006) suggest that it is the first qualitative method that should be learned as "it provides core skills that will be useful for conducting many other kinds of analysis. A further advantage, particularly from the perspective of learning and teaching, is that it is a method rather than a methodology (Braun & Clarke 2006; Clarke & Braun, 2013). This means that, unlike many qualitative methodologies, it is not tied to a particular epistemological or theoretical perspective. This makes it a very flexible method, a considerable advantage given the diversity of work in learning and teaching. (Maguire and Delahunt, 2017).

The questions applied in the interviews were more open-ended at first, followed by a few semi-structured questions keeping the key point appropriate to the research questions prepared to participant's posts and positions. The main codes and themes were identified from the data. Then through thematic data analysis with realism and interpretivism phylosophy conclusions on each interview were drawn up. This data was then mixed with the secondary data illustrating their individual cases for final conclusions.

Chapter 4

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter will discuss the findings from the primary research found in the four semi-structured interviews. As highlighted in the introduction chapter, the second stage of this dissertation "the qualitative study" investigated the impact of mergers and acquisitions on shareholders wealth through the following three hypotheses.

Hypothesis
H1 The first hypothesis is the **wealth creation hypothesis**: Mergers and acquisitions will have a positive impact on value creation for the shareholders of the both firms (bidding and acquired).
H2 The second hypothesis is the **size hypothesis**: Cross-border acquisitions will create more value when the size of the target firm is smaller than of the acquiring firm.
H3 The third hypothesis is the **relatedness hypothesis**: Cross-border acquisitions create more value when the acquiring and the target firms are in the same line of business.

The participants “interviewee” ranged from senior level management involved in M&A to the vice-president level. The interview process was done through a core set of questions addressed to each interviewee. The set of questions were set-up to relate to above three hypothesis, which would lead to the main objectives for this research paper. A degree of flexibility was allowed in all interviews, as on certain questions additional information was essential. The objective of these interviews were to help the researcher to seek answers to underlying facets and drivers for entering into the M&A that impacts shareholder wealth and to also learn about the interviewees experiences of success and failure M&A can bring. This particular part of the dissertation will record the findings from each interview and at the end we will compare each M&A transaction to see which one was more of value creation.

4.2 Organizations Profile

Iron Mountain

Iron Mountain is a leading provider of storage and information management services. Founded in 1951, Iron Mountain stores and protects billions of information assets, including business documents, backup tapes, electronic files and medical data.

Iron Mountain's international shredding operations include eight shredding plants and approximately 90 mobile shredding units across the UK, Ireland and Australia.(www.eleconomista.en).

Shred-it

Since its inception in 1988, Shred-it emerged as one of the leading paper shredding companies in the world, offering service to over 400,000 customers in 15 different countries. The company specializes in tailored document and media destruction services that allow businesses to comply with legislation, while ensuring that confidential business information is kept secure at all times. For the 12 month period ending March 2015, Shred-it generated pro forma revenues of $726 million.(www.eleconomista.en).

Stericycle

Incorporated in 1989 and headquartered in Lake Forest, IL, Stericycle is a leading provider of medical waste management and product recall and return services in the U.S. It operates a national medical waste management network that caters to medical schools, hospitals and other healthcare providers.

Medical waste includes single-use disposables like needles, syringes, gloves, and other supplies that have in contact with blood or other body fluids, blood products and other items that can spread infection. The company operates in U.S., Argentina, Canada, Mexico, Chile, the

United Kingdom, Ireland and Romania, with a spread-out network of processing or combined processing and collection sites. (www.nasdak.com).

4.3 Participants resume

Participant 1: Jason Walsh & Shred-it

Participant number one is employed by Shred-it as General Manager of Shred-it ROI &NI since Oct 2013. Jason is an inspirational and experienced general manager who has a long track record of success in M&A. Jason has significant commercial acumen and possesses the team leadership skills needed to improve inefficiencies and get results. Jason and his team got Ireland branch in top 4 out of 36 Shred-it branches. He enjoys having the freedom to take charge of all aspects of an operation and is a standard driven leader who can hit the ground running. Jason has been involved in 5 acquisitions throughout his career and his experience has helped the researcher to answer some of the key questions for this dissertation.

Participant 2: James Callahan & Iron Mountain

Participant no 2 was employed by Iron Mountain as Logistics Manager and from August 2014 is the Logistics/Operations Manager of Shred-it Ireland. James is a commercial minded individual with extensive experience and a successful record in logistic transport operations management. James was also one of Iron's Mountain employee-shareholder that joined Shred-it after M&A. His experience and thoughts about this deal are of great help.

Participant 3: Linda O'Hara & Shred-it

Participant no 3 is employed by Shred-it Ireland as Accountant since August 2013. Linda is CPA Certified Accountant, with over 15 years of experience of providing comprehensive high quality commercial finance and accounting support services. Linda has gone through 3 acquisitions as shareholder-employee, first one is when she joined Shred-it after acquisition of Kefron Filestores Ireland, second is of Shred-it M&A of Iron Mountain and third one Stericycle's M&A of Shred-it. Her experience is valuable to this research paper, because she's one of shareholder-employee that transferred across after each merger.

Participant 4: Michael Dunne – Shred-it & Stericycle

Participant number 3 was the EMEA Vice-president of Shred-it and of Stericycle from 2016-2017. Michael's experience is vast and extensive in Corporate Strategy, Development and Implementation. He was the president of multiple firms across Canada and UK-Europe and he played a major role in Shred-it acquisition of Iron Mountain and also in selling Shred-it business to Stericycle. His experience and feedback about these mergers and acquisitions are of immense value to this dissertation.

4.4 Objective 1 : To determine if there is a positive or negative equivalence in shareholder wealth when an M&A happens.

To explore what were the key reasons behind of these two M&A's, each interviewee indicated that increasing market share and growth were major motives along with creating of synergies. In both cases it is assumed that an increase in market share can benefit the organizations to decrease costs and increase profits.

Now, taking each case in particular, Shred-it acquisition of Iron Mountain provided Shred-it opportunities to reduce costs and enhance differentiation through exploiting economies of scale and scope in tangible areas such as administration "know-how", distribution and brand extension. According to the GM of Shred-it Ireland, increased market power was a necessary synergy for Shred-it. The idea was that we will have greater share of the market. Certain market power can help with pricing, it can help with brand perception in the market place. Not to forget that Shred-it was new to the Irish market and this merger was a good necessary to happen, also it doesn't make a lot of sense as individual companies to fight each other to bring our service to rural areas, because is not enough business for both of us and neither will back off, or doesn't make sense for one going in there and hoping the other doesn't come in, that kind of thing, but together there is enough business for a unified company to serve those markets. So increased market power was really an effort to have less competition, to be able to define stronger margins, to have better pricing, and overall increased shareholder value.

In the case of second M&A's, things are a little bit different in a way that Stericycle wanted to expand its business globally and the addition of Shred-it International was seen as a great opportunity for doing that. So, what Stericycle did was to buy into an existing market, rather than building organically. According to the VP, Stericycle saw some strategic and financial benefits from merging with Shred-it International, which include the enhanced Stericycle's core of compliance solutions that provides excellent opportunities for continued growth; substantial expansion of operational infrastructure. Some of the financial benefits that were saw was cost-cutting synergies where combined company were expected to generate in excess of $1 billion EBITA in 2016, an overall improved EBITDA and EPS growth through a combination of margin expansion and debt repayment. As lay out by the Vice President, Stericycle was a proven integrator having successfully completed over 400 acquisitions since 1993. So, cost cutting synergies and growing the business were one of the two main motivators of the company.

4.4.1 H1

The first hypothesis is the **wealth creation hypothesis**: Mergers and acquisitions will have a positive impact on value creation for the shareholders of the both firms (bidding and acquired).

Was shareholder value obtained for both groups?

When I asked the GM and former Ops. Manager of Iron Mountain about how the companies were doing financially in the market pre-acquisition, both responded by saying that pre-acquisition" I know ~Shred-it despite being new on the Irish market was doing well in Ireland. For Iron Mountain side I don't know much about the exact share price but Iron Mountain Ireland has done very well and grown organically and established a solid market share. Around the time of the acquisition announcement both interviewee were unsure about a spike in market share but they did state that, "I know that Iron Mountain share price has been increasing over the last number of months. General Manager stated that "Internationally Shred-it share price went up after M&A with Cintas, document shredding business in North America, a merger that was very much new as well.

On the other case of the Stericycle merger with Shred-it, the Vice President responded " Shred-it was doing great in terms of revenue and share price pre-acquisition(Annual Revenue of $726 million and share price between $1.15-$1.20). The intention was to grow shareholder value to its maximum for a glorious exit. Post-acquisition, things took at little bit longer than expected "integration aspect" with a couple major changes in the leadership team, that lead to some operational and financial loses." Stericycle prior to this M&A was doing well too, I can say that share prices went slightly up after the announcement, but it kind of dropped shortly due to the premium price paid.

4.4.2 H2

The second hypothesis is the **size hypothesis**: Cross-border acquisitions will create more value when the size of the target firm is smaller than of the acquiring firm.

In both cases the target firm was smaller than of the acquiring firm. All interviewee have said that the size of target firm did matter to a certain extent. For Shred-it, Iron Mountain was smaller in size than Shred-it for Stericycle. It was easier for Shred-it to add value given the positive synergies, relatedness and complementary resources. Stericycle was dealing with a much larger merger and a bigger geographical area. From Stericycle's perspective size of the target firm was seen as a new market opportunity. The Vice President said that Shred-it would've increased Stericycle's total addressable market by nearly 70%.

4.4.3 H3

The third hypothesis is the **relatedness hypothesis**: Cross-border acquisitions create more value when the acquiring and the target firms are in the same line of business

Indeed related mergers offer firms several options to make their business strategies more competitive.

In the context of Shred-it, the merger with Iron Mountain provided the potential for power gain, by becoming larger. As cited by the interviewee Shred-it could influence the price of its output and the cost of its input much easily. These power gains can't be underrated. Another thing that was beneficial for Shred-it, accordingly to the Operations Manager was the "human factor". Shred-it didn't had to deal with cultural clashes or managerial clashes and there were no apparent issues with integration either. This merger was perceived as a real gain for both parties by coming in and making a prompt contribution to the acquired companies. General Manager mentioned that Shred-it was short on experienced staff, reason for only a couple of jobs were lost and in fact staff felt more secure in the knowledge the company had. As a result we can assert that this type of takeover would more likely lead to the long-term value for both sets of shareholders.

With regard to Stericycle and Shred-it, while they have similar business models, they serve different market, different customers.

	Stericycle	**Shred-it**
Compliance Driven	✓	✓
Recurring Revenue	✓	✓
Multi-Year Contracts	✓	✓
SQ Focus	✓	✓
Route-Based Business	✓	✓
Low-Capital Requirement	✓	✓

Table no 3 Company's Similar Business Models, by Investors Stericycle.com

When the interviewee were asked about what they think about business relatedness between the two companies the answer was not so much related as we thought initially. Indeed we have similar business models, but Shred-it deals with very sensitive data, main customers being financial institutions, while Stericycle is a medical waste disposal company. True, both firms are compliance driven with a huge experience dealing with waste management, but when we compare the services we strait away see the combination of noncompeting services that utilize different products and technologies.

4.5 Objective 2: To assess the hypothesis that M&A's are profitable situations and lead to an increase in shareholder value.

A good measure to see if firms are focused on shareholder value is to look at what they're doing every day. Is what they're doing every day (staff & customers) in which case it's customer value, or is it Joint Ventures, Mergers and Acquisitions, and exits, and that's the rub, that's the transition into creating shareholder value. It's about thinking about your business from a shareholder perspective. The argument that VP used was don't go buy shares in $, you just want your reports on time, and value of your shares to increase, so it's really about focusing on delivering shareholder value in your own business. Both acquirers are shareholder value driven organizations, both have a good portfolio of mergers and acquisitions successfully completed.

In Shred-it case it is fair to make the assessment (based on the findings from the interview) that both Iron Mountain and Cintas were two profitable mergers and acquisitions where shareholder wealth was realized.

For Stericycle due to the size and value of the acquisition, also the cultural aspects and post-acquisition integration processes affected the whole “profitable equation” for short-term. The shareholder value wasn’t delivered strait away as initially thought.

Chapter 5

CONCLUSIONS, LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

This chapter will integrate diverse aspects of this research by making deductions on the key findings of the research conducted in deliberation of the supporting empirical literature. As previously mentioned the main objective of this study was to research the question: Do Mergers and Acquisition lead to improved shareholder wealth in short and long run? This question is applicable based on the inconsistencies found in literature and practice relating to varied results of M&A's and the congruities of M&A successes and failures. To investigate this hypothesis the research focused on two research objectives, mostly focusing on whether or not true shareholder value was realized throughout this process for target, acquirer or both parties. Portrayal on the primary data gathered from the case studies and combine this with the secondary data presented on the topic, the researcher will execute an analysis that will allow logical conclusions and presumptions about the research objectives be made.

5.1 Objective 1: To determine if there is a positive or negative equivalence in shareholder wealth when an M&A happens.

In order for the researcher to determine if there was a positive or negative equivalence in shareholder wealth when an M&A happens, a set of questions were asked.

Through the question surrounding the reasons of a company's decision to enter into an M&A, the researcher aimed to examine what were the key motivators for companies and board of directors/ management to pursue M&A as an revamping strategy and this research is more or less likely to lead to longer shareholder value for the companies involved.

In the both cases investigated in detail throughout this study, the primary motivations driving their decision to enter into an M&A was to grow at a quicker rate, to increase market share, to achieve synergistic benefits and in the end to increase shareholder value. All these reason were mentioned during each interview.

If we take a closer look at increased market share and growth as first motivators, both companies were lacking a significant market presence in the area they were acquiring and moving into. On Shred-it case, Australia was a new region that they were entering, Ireland as well, they entered the Irish market only a year before the merger announcement and in the UK case they wanted to strengthen their market share. For

Stericycle on the other hand they wanted to grow their market and offer a more diversified set of services.

In both cases, by embracing M&A to increase market share it has allowed their particular company achieve quicker market entry securing access to an already established clientele base. This was surely an important element for each acquiring company. Shred-it went from 27% to 59% of market share in Ireland, Stericycle purchase over a growing data protection firm with potential for expansion extending their footprint in the waste management industry. John Haleblian et. Al. 2009 stated that while firms may prefer to grow organically through an increase in demand for their existing products and services, if organic growth is not forthcoming, firms often turn to other growth strategies like acquisitions, as they search for alternative means for achieving the level of growth that their shareholders demand. For both companies in this study the best solution for them was to buy the market share by acquiring companies that suited their M&A strategies.

The inherent of positive synergies was another reason that was highlighted as key driver over both cases across the M&A process. Financial and operational synergies were the two most important ones. For each case study presented, a meticulous examination process took place to reveal either these synergies would be available post acquisition. Effective synergistic benefits are not as straightforwardly measurable or evaluated as other factors, i.e the market share. There may be impressions of synergies but due to faulty information details and facts this may lead to over anticipated synergistic benefits offering the company a market price that would not mirror its true value. As the market rectifies post acquisition the anticipated profit allocated to the synergistic benefits that weren't obtained disappear leaving the firm with a short-term increase in shareholder wealth that is not feasible. Displaying true synergies pre acquisition was the foreground of each firm timetable as a solution. Susan Cartwright et.al 2005 said that as culture is as fundamental to an organization as personality is to the individual. The degree of culture fit that exists between the combining organizations is likely to be directly correlated to the success of the combination.

For Shred-it entry into this M&A gave them instant access to talent expertise of the Iron Mountain workforce and allowed them to enact immediate operational and cost synergies by creating one central office for Ireland, one financial and customer base, one sorting facility and two bailing plants (one for ROI and one for NI), plus a new fleet of 8 on-site shredding trucks. It is admissible to say even though they were one and a half year old that they may have already achieved certain positive synergistic effects.

For Stericycle the synergistic benefits of acquiring Shred-it were somewhat inaccurate as according to the former Vice President it took Stericycle about 20 months to grip the concepts of the data protection operations. Stericycle misconception that their experience in logistics and waste management would lead to synergies with Shred-it was not rapidly realized. However over time as the process advanced they managed to merge their cultures and operations to create positive synergies. As cited by the GM of Shred-it, a truck that shreds on site and has equipment worth half a million it's not the same as a truck that transports medical waste.

5.1.1 Wealth Creation Hypothesis

With regard to Shred-it merger to Iron Mountain it's fair to say that shareholder value was created for both parties, due to business relatedness. The interviewee cited that Shred-it past experience Merger and Acquisition with Cintas, document shredding business in North America has helped a lot with the pre-acquisition and post-acquisition processes, mainly because they had similar business operations, the only difference between Cintas and Iron Mountain were geographical locations. So, we can conclude that acquirer past experiences helped with value creation for both parties and had a positive impact on shareholder wealth.

In the case of the Stericycle merger with Shred-it it is difficult to say whether or not shareholder value has been obtained for both parties due to each company being operating into different sectors and post-integration process took a bit longer than expected. From a Shred-it perspective value realized has been in the $ 2.3 billion fee for the company, which was split between all shareholders. The interviewee did mention that Shred-it were doing very well at the time of the acquisition and that the share price was around $1.10-$1.20 pre-acquisition. Considering that and looking at Shred-it share price which has increased to $2.15 as of the 15th of January 2016 (precisely after acquisition), this would show that this was a message that was firmly received by NASDAK analysts and the market value being paid back to shareholders. Therefore, the deduction of a positive return to shareholders can be assumed for Shred-it, at least for short term. As per Vice President quote " for Stericycle short-term shareholder value has certainly being realized but not as high as it was for Shred-it, mainly due to the premium price paid".

5.1.2 Size hypothesis.

The role of the size hypothesis was to assess the hypothesis that cross-border acquisitions will create more value when the size of the target firm is smaller than of the acquiring firm. For both M&A's case study the target firm was smaller than of the acquiring firm.

As stated by all interviewee target firm size did matter, but only to a certain extend. Taking Shred-it case, this type of M&A was more in their comfort zone, they had experience with. As cited by the General Manager, they completed a very similar type of acquisition "size wise" in North America with Cintas less than year before the announcement.

On the other hand for Stericycle the target firm size was much larger and therefore more difficult to handle. True, the size of target did matter a lot for Stericycle's growth strategy, but also it was harder for them to evaluate all the challenges that this could bring. This merger would've increased Stericycle's addressable market by 70% accordingly to the VP and we can say that's true by comparing both firms global presence "Shred-it 17 countries, Stericycle 13 countries".

Cross-border mergers and acquisitions present significant opportunities for firms wishing to diversify their activities geographically, learn new knowledge, and gain access to valuable resources, overcome market entry barriers, reduce competition, increase efficiency. Cross-border mergers and acquisitions present multiple challenges as well. These include the difficulty of evaluating target firms, cultural and institutional differences, and the liabilities of foreignness among others.

Researchers have always argued that firm size affects the decision and performance of acquisitions. In the survey on the sample of 12,023 M&A's in the period from 1980 to 2001 Moeller et al. concluded that the size of acquirers and financial returns in the process of mergers and acquisitions are inversely related. Relatively smaller acquirers often generate higher returns than larger acquirers. Authors explain the research results through the fact that managers in large companies are often overconfident and that they stream to empire building. In addition, authors point out that smaller companies focus and re more prone to takeovers of target companies which have a similar range of products or similar markets (Moeller et al. 2004).

Demetz and Lehn suggest that the interests of managers in small companies are better aligned with the interest of owners than in large companies. In that sense, the results of their research show that managers in small companies have a greater shareholding than managers in large companies which can be observed in the context of the size effect on the success of mergers and acquisitions (Demsetz, Lehn, 1985).

On the other hand, some studies have found that large mergers produced positive post-acquisition accounting performance, which the authors attributed to increased asses productivity (Healy et al., 1992) and enhanced customer attraction, employee productivity, and asset growth (Cornett & Tehranian,1992). Findings indicated that large firms not only offered larger acquisition premiums than smaller firms, but they were also more likely to complete an offer, suggesting that managerial hubris played more of a role in the acquisition decisions of large firm than of small firms. (Devers, McNamara, Carpenter, Davison, 2009).

While company size appears to influence mergers and acquisitions value returns in important ways, the mixed results demonstrate that an understanding of how this effect manifests is unevolved. Thus, the role of company size in mergers and acquisitions success remains a fruitful area for further acquisition research.

5.1.3 Relatedness Hypotheses

The question surrounding the relatedness hypotheses was intended for to assess the hypotheses that related M&A's offer firms more benefits than unrelated ones and that they create better shareholder value. Related M&A's offer firms several advantages such as cost reductions, brand extension, power gains, it can offer the chance to increase allocation efficiencies beyond what is possible through external capital and it can reduce shareholder risk by increased competitive advantage. Mehroz Nida Dilshad et.al 2012 says that a crucial time period that determines the success or failure of a merger deal is the way in which the transition in the company is handled in the initial months. It also depends on the way employees of the target company assess the corporate culture of the acquirer and compare it with their culture. Furthermore, when firms are in the same line of business merged together, they have a better success rate in comparison to those companies that merger together in different sectors, the main reason being expertise, ease with which knowledge is transferred and economies of scale. The relatedness between Shred-it and Iron Mountain provided both parties the opportunity to increase shareholder values. In contrast, unrelated mergers offer far fewer advantages. For Stericycle and Shred-it the relatedness hypothesis applies on a smaller scale, in that they both are a waste management company, but they serve different sectors and offer a different set of services. In reality they offer a combination of noncompeting services that utilize different products and market technologies. Hence, while they may furnish allocation efficiencies, they are less able to provide tangible and intangible efficiencies and power gains. As a result of this they are less likely to offer the same shareholder value compared to the case of Shred-it & Iron Mountain. In conclusion, related mergers have greater potential than unrelated mergers to create shareholder value.

5.2 Objective 2 To assess the hypothesis that M&A's are profitable situations and lead to an increase in shareholder value.

For Shred-it merging with it's competitor, the advantage of that is really, when you put them two together it's equal 6, instead of 2+2=4, so it's really a very effective way of getting quick scale. Because the merger creates a larger business entity with greater resources, the growth potential of the company expands. The other thing that is interesting is big businesses are a lot easier to sell, it is a lot more market for them. So if you want to get some quick scale and increase the value of the business, doing a merger just before selling can be a really effective way of doing that.

Stericycle thought of Shred-it to be an ideal vertical merger. They were driven not really off the idea that "hey this will be a perfect marriage, we will have economics, we'll be able to have one stop shop" and yes sometimes it makes sense to vertically merge like that. For example, why not if running the restaurant, why not own the farm. Now, this kind of thinking, generally doesn't pay out in the world of M&A, and the reason is because running a farm and running a restaurant are two very different businesses and the idea somehow putting them together would give you some sort of financial benefits is illusory, it doesn't turn out to be the case because you'll still have the same costs of running the farm, same cost of running the restaurant. Same rule applies for our companies, running a data protection company and a medical waste company are in the end two very different businesses. So thinking of putting them together you'll eliminate a lot of overhead, slim down corporate office, or have a little bit less marketing , whatever it is, then we think about it in terms of synergy reasons, thinking about it as consolidation and cost cutting. But down here if they are two totally different businesses there won't tend to be that much synergy. You may really need separate CEO's and CFO's because they are totally two different businesses with same cost structures, they really aren't huge cross-selling opportunities, so it tends to be these vertical mergers are really out of favor because they overtime prove it not to be that successful. Accordingly to the motley fool, shares of Stericycle were down as much as 20% , after the company reported lackluster first-quarter earnings 2016. While Stericycle's revenue grew at a brisk pace, up 31.8% year over year, and 35.4% on a constant currency basis, earning did not grow. Instead, earnings actually fell 3.4% to $1.10 per share. That's due to continued weak industrial hazardous waste revenue as well as a delay in capturing the expected synergies from the company's Shred-it acquisition.(www.fool.com). As highlighted by the VP earlier the company took about 20 months to capture the expected synergies. By the end of 2018, the company's business transformation program started to show revenue and share price increases, but the expected cost synergies of at least $20-30 million by 2018 haven't been achieved. Katherine Byrne translated that no matter how well you plan the M&A transaction the success will always depend upon the implementation strategy and integration plan. She admits that as a result of increasing use of vendor due diligence and controlled sales processes, it is becoming much harder for buyers to spend time getting to know the company and its people. She cites that the loss of key people and failure to recognize the cultural differences is the largest reason why mergers do not succeed. On a more positive note, Kathrine insists that two different businesses can still plan to merge successfully if they can find some common ground. (www.bdo.ie).

In conclusion M&A's have become a strategy used by many companies across the globe, and as we could see many of them can be successful, while other create little or no value. Previous research suggests that firms that use acquisitions purely for to diversify, mainly into unrelated businesses are those that are unlikely to create values.

5.3 Limitations and Suggestions for Future Research

Although the sample size of this study was quite small compared to other studies on shareholder wealth, I believe a bigger sample size would have enhanced the generalities of the findings. Besides, even though the acquirer sample for the study was drawn from USA and

Canada, the world's most active market for M&A deals, I believe that a large sample drawn from European market would add further insight on the shareholder wealth creation in Ireland.

Another limitation of the study is that researcher did not consider some other merger-related factors that may potentially influence shareholder wealth. For example, management personal interests, gaining access to funds, over-valuation and over-payment for target firms, friendly vs hostile takeovers.

Suggestions for Future Research

Certainly, more research is needed to back up our findings. One possible approach for future research would be to research the area of "How to ensure Mergers and Acquisition Integration Success", M&A's Integration Best Practices. Companies often have misaligned or different cultures, they often have times when they operate different systems and technology, there are often times different and don't communicate well together. So to get their full value of M&A is to have a M&A Integration Plan. No organization will have exactly the same culture, but if there are good areas of overlap and alignment, then there is a basis for the two companies to plan for a successful merger. K Byrne, 2019. Much remains to be done in coming to an understanding of the factors that lead to successful integration plan in M&A's.

5.4 Final Conclusion and Reflections

What emerged from this research study was some interesting reflections on how mergers and acquisitions impact shareholder-employees wealth in short and long run. The M&A impact on shareholder wealth has been determined from the four interviews with corporate management and secondary research. The top answers in the interviews on what lead to improved shareholder values were increased market power, cost reductions, synergy, improved employment prospect, reduced shareholder risk.

Other areas identified in the research study were the motivators for firms to engage into an M&A, the benefits to the organization of using M&A as a growth strategy, the objectives of increasing shareholder values, the impact of M&A's on both sets of shareholders.

A final insight from this research study is that shareholders are the hart of an organization and for an M&A company to be successful it must create value for her shareholders.

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APPENDIX A

MERGERS AND ACQUISITION RESEARCH QUESTIONNAIRE:

This questionnaire is design for study purposes and all the personal information provided will be secured.

Name:
Phone number:
Gender: Male/Female
Age:
Occupation:

Q1. Mergers and Acquisition have become somehow essential in these days of Globalization. Do you agree?

Q2. What do you thing Shred-it key motives were for entering into the merger with Iron Mountain?

Q3.What do you thing Stericycle key motives were for entering into the merger with Shred-it?

Q4. Out of these key motives, which ones do you think were primary for them?

Q5. Financially speaking, how were they doing on the market, how the whole thing was looking for them before the merger?

Q6. With regard to share prices, do you know what was the market share originally?

Q6. Pre-Merger, how were the operations of both organizations doing?

Q7. Was shareholder value realized for both parties?

Q8. Did the size of the target firm matter?

Q9. Did it added more value because was i.e. smaller / larger?

Q10. How related do you think these firms are? I,e, Shred-it & Iron Mountain ; Stericycle & Shred-it?

Q11. Did relatedness between these firms added more value to their shareholders?

Q12. Do you consider Shred-it and Stericycle shareholder value driven organizations?

Q13. Did acquirer past experience helped with pre-merger and post-merger performance plans?

Q14. Do you consider that both mergers were successful and profitable in the end?

Q15. Which one do you think was more successful in delivering shareholder value in short and long run?