Antecedents and Performance Outcomes of the Marketing Integration Process in Cross-Border Mergers and Acquisitions: the Case of Malaysia and Indonesia

A thesis submitted to the University of Manchester for the degree of
Doctor of Philosophy
in the Faculty of Humanities

2010

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Words Count: 63, 796

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ABSTRACT

THE UNIVERSITY OF MANCHESTER
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DOCTOR OF PHILOSOPHY

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2010

Cross-border mergers and acquisitions (M&As) are strategic business expansions across national boundaries, which provide bundle of resources and opportunity for growth strategies, however can prove rather problematic and complex. One of the most complex stages in cross-border M&As is when two firms are in the integration process. The most challenging part in a cross-border M&A, is the integration of two different firms that feature different management styles and organizational cultures. Once the integration seeps deeper into functional levels, the strategic level M&A commitment is faced with operational implementation issues. The marketing department is usually heavily involved in this integration process. These are the people who create and generate the sales which thereby increase the income of the combined firm. However, research on marketing integration related to M&As has paid little attention to the amalgamation of similar resources from two similar departments, particularly in the cross-border M&A context. Furthermore, the existing research does not clearly demonstrate the success factors that contribute to the marketing integration process in cross-border M&As. Hence, this thesis explores the role of the antecedents that influence the marketing integration process in cross-border M&As.

Results indicate a significant impact on integration from marketing synergy and the redeployment of marketing resources. Meanwhile there is a striking result pertaining to the relationship between interaction and the speed of integration which is significant but negatively to influence the marketing integration process. In addition, cost savings and relationship effectiveness among the marketers of both the acquirer and the acquired firms are found to be highly significant and to positively support the M&A performance. This means that the commitment of the marketers from both firms relies on a close relationship in order to uphold the integration synergy while at the same time reducing cost and improving M&A performance.

Declaration

I hereby swear that no portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

Mohd Haniff Jedin

20 December 2010

Copyright Statement

Acknowledgement

For this great achievement of my life, I would like to convey my greatest appreciation to ALLAH the Almighty, which gave me the strength, patience, perseverance, determination with His continuous love to face many challenges in completing this research. Secondly, I would like to thank my beloved wife: Norsafinas Md. Saad and my treasured children who have been with me throughout this journey: Adam Azzikri Mohd Haniff, Sarah Hani Sufiyyah Mohd Haniff and Sarah Delia Suriyya Mohd Haniff. They have been my inspiration and motivation to keep me going in completing the study. Not to forget my parents and relatives, who have always been there when I need their assistance. Despite all the happy and sad moments while at the University of Manchester, they are always been cheering and comforting me during this whole journey.

To my most precious guru, Professor Rudolf R. Sinkovics, your guidance and undivided support always keep me on track in my research progress. You contributed clarity of thought in virtually every aspect of the research and helped to motivate me with a supportive encouragement towards finalizing the research project. Professor Tamer Cavusgil and Professor Pervez Ghauri are the two main commentators who also deserve thanks for helping me to improve and polish the research project.

Other discussants during the Phd colloquium: Professor Susan Cartwright, Professor Ann Will Harzing, Dr. Sharon Loane, Associate Prof. Anthony Roth, Professor Mo Yamin and Associate Prof. Glenn Richey, who contributed their ideas and critical advice and strengthened the initial research, also deserve a high token of appreciation. Another important person, I must thank is Puan Hasnah Isahak and Ms. Emily Stapleton, who are always helping me to organize and improve my writing. Thank you also to our Indonesian colleagues, Mr. Ahmad Adib (Solo) and Mrs. Wiwiek Adawiyah (Powerkerto). Not to forget to the administrative staff who have always helped me to settle on the postgraduate administration issues, Mrs. Lynne Barlow and her team.

I also would like to take this opportunity to thank my research sponsors: Universiti Utara Malaysia and Kementerian Pengajian Tinggi Malaysia which sponsored me and my family to embark on this challenging and memorable journey.

Finally, I would like to thank the examiners, Dr. Simon Harris, senior lecturer of Strategy and international business (University of Edinburgh) and Mo Yamin, professor of international business (University of Manchester), both of whom, helped significantly in improving the thesis.

List of Abbreviations

AFTA	:	Asia Free Trade Area
AVE	:	Average Variance Extracted
GE	:	General Electric
GLCs	:	Government-Linked Companies
GLOBE	:	Global Leadership and Organizational Behaviour Effectiveness
HP	:	Hewlet Packard
IUI	:	Industrial Institute for Economic and Social Research
KLSE	:	Kuala Lumpur Stock Exchange (Bursa Malaysia)
M&A	:	Merger and Acquisition
M&As	:	Mergers and Acquisitions
MNCs	:	Multinational Corporations
MOEAIC	:	Ministry of Economic Affairs, Taiwan
NPD	:	New Product Development
PC	:	Personal Computer
PLS	:	Partial Least Square
RBV	:	Resource-Based View
ROI	:	Intrinsic Profitability
R&D	:	Research and Development
TM	:	Telekom Malaysia Berhad
SC	:	Securities Commission
SEM	:	Structural Equation Modelling

1 INTRODUCTION

1.1 Introduction

Mergers and acquisitions (M&As) are business phenomena that are very commonly used as corporate development strategies (Cartwright and Schoenberg 2006). This is not a new phenomenon but as an organizational growth approach which has been used extensively as a means to international expansion by many multinational corporations (MNCs) (Ghauri 2002; Hopkins et al. 1999; Jedin and Sinkovics 2009) . This strategy is not only used by MNCs but also by small and medium-sized firms seeking to increase their operations abroad (Salvato et al. 2007).

Some firms also use them to acquire market power and to some extent become a monopoly in a certain product or service (Chatterjee 1991) as well as for networking enhancement opportunities to assist their business development strategies (Oberg et al. 2007). In some cases, cross-border (M&As) offer value-creation opportunities through combining complimentary assets and liabilities from firms with different backgrounds (Aybar and Ficici 2009). M&As also have disadvantages that are attributed to hubris, managerial incompetence in achieving projected economies of scale and the firms being strategically mismatched (Cartwright and Cooper 1990). Difficulty also entails in the integration phase though, for example a lack of strategic fit, difficulties with human resource allocation and also, organizational issues (Jisun et al. 2005; Schweiger and Weber 1989). A lack of communication between top management and other managerial positions is also believed to add more hurdles to the amalgamation process (Papadakis 2005). In fact, previous studies have confirmed that almost 50-70% of M&A fail to create value for the acquiring firm's shareholders, although at first glance the strategy would seems to be perfect way to improve a firm's value and enhance its capabilities through better access to resources (Cording 2004; Tetenbaum 1999). This may be due to the nature of M&As that is likely to bring about complex events and many drawbacks compared to the advantage in organizational environments, especially post-integration (Larsson and Finkelstein 1999).

One of the difficulties during the post-integration stage of an M&A strategy is conducting a smooth and comprehensive integration process between the acquirer and the acquired firm, through harmonious interactions and efficient in redeployment of resources (Birkinshaw et al. 2000; Marks and Mirvis 2000). This is most complex when it involves the operational level, particularly when combining two marketing departments in such a way as to optimize the existing marketing resources of the two firms (Capron and Hulland 1999; Homburg and Bucerius 2005). One of the major challenges of the M&As integration process is the difficulty involved in developing and exploiting skills and acquiring knowledge (Meschi and Metais 2006). Aguilera and Dencker (2004) note that a lack of compelling strategic rationale and unrealistic expectations of the possible synergies also create significant challenges.

According to Homburg and Bucerius (2005), even though a large amount of research has been carried on the post-integration M&As, very little empirical research has been conducted to examine how firms with two different backgrounds have integrated their marketing activities within the context of cross-border M&As. In fact, almost all of the related studies about marketing integration in an M&A contexts have been conducted in Europe and United States of America see Capron 1998 (Capron 1998) and Homburg and Bucerius (Homburg and Bucerius 2005). Hence, this thesis seeks to initiate this line of enquiry by investigating how the marketing activities of two firms with different organizational procedures and marketing activities are combined in a cross-border M&A. At the same time, to examine whether this amalgamation could sustain and improve the M&A performance. The main purpose of the study is to identify and propose antecedents which will smooth the marketing integration process and at the same time to examine whether these antecedents could improve the M&A performance. The contexts in which these marketing integration issues are studied are Malaysia and Indonesia.

Our definition of marketing integration in cross-border M&As is combination of the marketing activities and resources of the acquiring and acquired firms where these two firms originate from different countries and where the aims of the integration is to improve M&A performance. The integration of marketing resources of the two firms could also nurture a culture of sharing and exchange of marketing resources which could be a major mechanism to increase sales after the amalgamation (Jedin and Sinkovics 2010).

Marketing integration in cross-border M&As has been found to be a crucial means of avoiding issues of incompatible marketing systems, strategies and structures (Schweiger and Goulet 2000). Furthermore, integration also helps to optimize marketing resources such as brands, general marketing expertise and sales forces (Capron and Hulland 1999).

The main theoretical foundation applied in this research is the resource-based view (RBV), which has been used in many M&A studies (Capron and Hulland 1999; Vanitha et al. 2008). RBV is an appropriate base theory for studying the M&A since it plays an important role in firm’s strategy, particularly in transferring resources and potential capabilities between the acquiring and acquired firm (James 2002b). The theory also explains how immobile and embedded resources should be combined to provide competitive advantage when attempting to consolidate businesses, and particularly how to redeploy the marketing resources in M&A’s context (Capron and Hulland 1999; Homburg and Bucerius 2005).

Finally, the main contribution of this study is to propose antecedents that could add value to the marketing integration process in M&A. These antecedents are required to boost the integration process, particularly within marketing department, in order to achieve better outcomes and fully secure the M&A performance.

1.2 Problem Statement

1.2.1 Disappointing M&A Performance Due to Integration Issues

Every player in an M&A will have high hopes of hearing that the transaction is moving towards a successful conclusion particularly in terms of improving the firm’s financial performance and enhancing its capabilities. However, many M&As in the end fail to create value (Very and Schweiger 2001) and in fact, many suffer and are met with financial disappointment, especially for the acquiring firms (Cartwright and Cooper 1993; Hitt et al. 1998).

According to Sherman (2006), there are three parties usually involved in an M&A: the buyer, the seller and their advisors, who work hard to ensure that the M&A process takes off successfully and that all parties are happy with the end result. However, this is not the end for the buyer as their work has just begun. Sherman notes further that one of the greatest challenges for the buyer is the post-closing integration of the two companies. In fact, unfavourable M&A performance is mostly due to ineffective M&A integration planning activities which is the most critical success factor (Howell 1970; Marks and Mirvis 2000; Mirvis and Marks 1992). One of the issues during the integration process was the lack of interaction and collaboration among the departmental managers which suppose to combine (Tetenbaum 1999). This is important especially in the marketing department as almost all marketing managers need to communicate and interact in order to maintain the sales momentum and working excitement to avoid miscommunication and the feelings of the two separate firms (acquiring and the acquired firm).

Marketing departments always operate in parallel to improve business performance by maintaining existing and capturing potential new customers, which injects more revenue into the firm. However, there is an issue of how to integrate the two marketing departments in order to create better economies of scales by proposing superior marketing strategy, in order to facilitate the marketing environments of both the acquiring and acquired firms and finally to avoid disappointment of M&A performance. Much of the evidence on M&As shows that they are rarely found to improve M&As performance, even though the strategy continues to be popular among the acquiring firms (Hitt et al. 1998). Therefore, by introducing the effective interaction and collaboration among the marketers of the combined firms should improve the M&A performance.

1.2.2 Underestimating the Integration Process Stage

Many acquirers still spend a lot of time and money for analyzing, valuing and negotiating with targets but tend to neglect integration planning and control (Gates and Very 2003). This lack in the integration phase is one of the most common reasons for M&As failing (Mitleton-Kelly 2006). When firms are thinking of merging, they should consider how to carry out the integration process effectively. As is noted by cooper (2006), there are three basic requirements for M&A success: the strategy has to be right, the price has to be manageable, and the integration process must be effective. This is the critical success factor in which management's ability to integrate the merging firms is crucial (Schweiger and Goulet 2000).

In fact, this is the most difficult part, especially for the acquirer, who needs to ensure that the deal will create value through the successful integration of the companies' operations (Gates and Very 2003). In addition, a study conducted by Vaara (2003) also reveals that although a firm may achieve financial improvements, it may still lead to incomplete integration of the target companies and this can eventually lead to a failure to create synergistic benefits. Another view from Nikandrou and Papalexandris (2007), emphasizes how the integration characteristics (the degree of integration and the pace of the implementation) and organizational characteristics (experience and size) of the acquirer and the target can significantly influence the success or failure of the M&A.

Therefore, it is worth to propose mechanisms that could improve the integration process particularly in the implementation of M&A integration across border context.

1.3 Significance of the Study

This study is worth conducting because of the popularity of this phenomenon: it is dominant in the economic landscape of developed countries such as the United States of America and Europe (Capron 1999; Ghauri and Buckley 2003; Gonzalez et al. 1998; Kish and Vasconcellos 1993; Murray and Sinkovics 2005). Particularly, this is true of American firms which are leaders in acquiring other firms in both domestic and international markets. However, recently a statement from Rob Fisher, a managing director of Intralinks, stated that the M&A trend in Asia is booming too (Fisher 2006).

In general, many authors have analyzed the emergence of global competitors from developing countries (Aggarwal and Agmon 1990). However, the phenomenon of M&A in developing countries has yet to be explicitly recognized, especially in terms of the role of the acquirer compared to that of the target firms (Milman et al. 2001), with the exception of Kale (2004), who conducted a study of acquisitions in India particularly looking at the firms' value creation, and Pangarkar and Lie (2004), who addressed the impact of market cycle on the performance of Singaporean acquirers.

Furthermore, most previous M&A studies did not directly include an in-depth study of functional and operational roles, such as the M&A phenomenon from a marketing perspective but rather focused on explicitly in comparing the M&A strategy with other business strategies such as Greenfield, Brownfield and joint ventures primarily in entry mode contexts (Eicher and Jong Woo 2005; Gilroy and Lukas 2006; Harzing 2002; Hennart and Park 1993; Newburry and Zeira 1997; Roberto 2004; Yung-Ming 2006; Zejan 1990).

This study contributes to the antecedents of successful marketing integration in the M&A context; although other studies have touched on this discipline but from rather different perspectives (Capron 1999; Kusewitt 1985; Larsson and Finkelstein 1999; Papadakis 2005; Schweizer 2005). In one recent study that discussed the antecedents of successful M&As from a human resource perspective Papadakis (2005) notes that the study of antecedents in M&As is still incomplete. This opens up an opportunity for the present study to fill the gap particularly in terms of the relationship between the M&A antecedents and the marketing integration process.

In terms of marketing integration issues, many studies have focused on the integration of marketing and research and development (R&D) departments for example, Moenaert and Souder (1990), Cho and Hahn (2004), Gupta and Rogers (1991) and others. However, fewer studies have explored the integration between two operations of a particular department, with the notable exception of Capron and Hulland (1999) and Homburg and Bucerius (2005). Furthermore, most of these studies are conducted in one country rather than across border. However, there are other studies that look at the integration of marketing and logistics departments, see Stank et al. (1999) and Hakkinen et al. (2004).

1.4 Motivation and Contribution

Despite the substantial development of this M&A phenomenon, much of the cross-border M&A literature is generally fragmented (Larsson and Finkelstein 1999; Shimizu et al. 2004), scattered (Kish and Vasconcellos 1993) and industry-dependent (Hopkins et al. 1999) and primarily has neglected the marketing perspective (Homburg and Bucerius 2005). Furthermore, many studies concentrate on the phenomenon of M&As in the manufacturing industry in particular (Datta 1991; Hakkinen 2005; Harzing 2002; Schweizer 2005; Sorescu et al. 2007). Some studies are mixed looking at the manufacturing and service industries (Homburg and Bucerius 2005; Larsson and Finkelstein 1999) and others are cross-industrial sectors (Papadakis 2005). Hence, this thesis will contribute to the literature on M&As.

In terms of theory contribution, this study attempts to contribute to resource-based view (RBV) theory as the major theory employed by contributing an understanding of our knowledge of capability enhancement via marketing integration in cross-border M&As. It will contribute directly to how resources can be deployed in developing countries and how the similar functions of a department can create synergy and improve cost saving as well as how harnessing good relationships can assist in the integration of marketing departments into one entity. In the case of developing countries, most firms are basically new and lacking in terms of technology, capabilities and foreign experience (Wilson 1980). Thus, it is important for these firms to upgrade themselves to better positions by acquiring other firms, particularly those that can provide them with new technology, skills and knowledge. In addition, we also employ social capital theory, which also have a direct influence on the behavioural factors in the study.

This study then, attempts to investigate particularly the connection between the marketing perspective and the M&A or what are the implications to marketing development in M&As. Few researchers have explored this area previously, namely Homburg and Bucerius (2005) and Capron and Hulland (1999). This study primarily intends to look at the perspective of marketing, particularly at the marketing integration process in cross-border M&As. Here, the main contribution is to propose factors that could facilitate and smooth the process of integration from a marketing perspective by underlining relevant antecedent factors that influence the success or failure of the marketing integration process in cross-border M&As, which suggest an interesting and promising field for academic researchers to go into.

A recent study by Homburg and Bucerius (2005) shows that within the marketing discipline, M&A-related research is almost totally absent. The marketing-related issues of post-merger integration, such as whether or not these two firms' marketing activities are integrated or how they affect the performance of the firms after the merger, have not been dealt with or studied before. However, their study was conducted only in the European countries. Nonetheless, this study is an inspiration to us to continue in contributing to the literature on M&As and their relationships to the marketing function. The study will attempt to suggest antecedents to cross-border M&As, which extends the research of Homburg and Bucerius (2005). Furthermore, we also introduce another construct in the theoretical framework which contributes to the aspect of relationship outcomes after the integration process has taken place, which is also believed to affect M&A performance. The aspect of relationships in marketing integration was introduced by Guenzi and Troilo (2007). In the M&A literature, relationship effectiveness was proposed by Richey et al. (2008). Indirectly, this study will also contribute to the research on international business through M&As which is seen as likely to be neglected, especially in developing countries.

Finally, the most important contribution of this study is the geographical area in which it has been conducted. M&A studies in South East Asia are difficult to find due to several reasons: there is a lack of objective data, M&A is still a new concept in the area: difficulties especially during the Asian financial crisis 1997: and it is difficult to obtain cooperation as M&A issues are still sensitive. In fact, most of the studies and literature about M&As are mostly from Western countries.

1.5 Research Question

1.5.1 Research Questions

The general research questions are outlined below:

1) What are the antecedents that enhance the marketing integration process in the cross-border M&As?
2) Do the speed and extent of integration affect the integration outcome in terms of generating a successful M&A performance?
3) Does the marketers' relationship effectiveness influence the M&As performance?
4) Can inter-firm compatibility factors moderate the relationship between the marketing integration process and integration outcomes?

1.5.2 Research Objectives

1) To identify the antecedents that enhances the marketing integration process in cross-border M&As.
2) To investigate whether the speed and extent of integration contribute towards improving integration outcomes, which thereby uphold the M&A performance.
3) To examine to what extent the marketers' relationships effectiveness influences the M&A performance.
4) To examine the moderating effects of inter-firm compatibility on the relationship between the marketing integration process and the integration outcomes.

Research question 1: **What are the antecedents that could possibly enhance the marketing integration process in the cross-border M&A?**

In general, marketing integration means to incorporate all the major core competencies within the marketing environment, which encompasses marketing, creative and merchandising (Trollinger 2007). However, these core competencies will not be able to be realized without a formal and structured organization or department that can manage them all. This situation will be exaggerated if this integration process is part of an M&A process that involves more complicated applications due to the integration of two functional departments into one major marketing department. The issue is not only to establish one main marketing department that acts as the central decision-maker but also to ensure how the optimization of the resources of both parties: the acquiring and the acquired. By applying the marketing integration process in an M&A context that was suggested by Homburg and Bucerius (2005), we would like to extend from this research by noting a few questions that might be of interest in this field. Generally, the marketing integration process proposed by Homburg and Bucerius (2005) has not yet been used to discuss potential factors that might improve the firm's performance after the M&A. Moreover, integration is a critical phase in the M&A (Marks and Mirvis 2000; Schweiger and Very 2003). Therefore, we ask what are the potential factors that might influence the success of the marketing integration process in an M&A. Another important issue is to what extent these factors can affect the marketing integration process in the M&A to help achieve better integration outcomes and at the same time sustain M&A performance.

Research question 2: **Do the issue of speed and extent of marketing integration positively affects the marketing integration outcome?**

According to Angwin (2004), speed is known to expedite any activities, particularly in the post-acquisition integration success. He also emphasizes that no studies critically investigate this phenomenon. However, a newly-conducted study related to the speed of integration in M&As stressed from their findings that neither a quick nor a slow integration will guarantee the success of the post-acquisition integration although they initially found support for the argument that speed acts as an antecedent to M&A success (Homburg and Bucerius 2006). Other issues include: to what extent speed really contributes to the success of the post-acquisition M&A and whether it assists the integration process in M&As. All of these issues could relate to the speed of integration in the M&A. At the same time, the extent of the marketing integration is also important as it directly concerns the similarities in marketing achievements between the two firms for example in terms of marketing systems, structures, strategies and so forth (Homburg and Bucerius 2005).

Research question 3: Does the role of marketers' relationship effectiveness influence the M&A performance?

A very effective way to avoid disappointment of M&A performance is through developing close relationship among the staff, especially those involved in the integration process (Schweiger et al. 1987). In fact, numerous studies in M&As have shown that employment relations issues are poorly handled and a major reason for M&As failure (Buono and Bowditch 1990; Cartwright and Cooper 1990). These issues mostly occurs not at the due diligent stage but mainly at the implementation stage, when the two firms combined (Bert et al. 2003). The effectiveness of staff relationship is crucial in M&As as a means of rejuvenating the working environments and at the same time eradicating the legacy from the old firms, particularly the case for staff from the acquired firm (Marks and Mirvis 2000). Relationships effectiveness is particularly relevant for marketing personnel as they are responsible for increasing revenue and generating sales (Capron and Hulland 1999). The marketing managers will be likely to expedite sales through forming good relationships between the marketers from the acquired firms and those from the acquiring firm (Richey et al. 2008). They must also sustain existing customers and capture new customers through exchange of marketing expertise and local marketing strategies. Given this rationale, we believe that effective relationship between the marketers of the two firms must be maintained in order to achieve harmony and improve M&A performance through the exchange of marketing capabilities and personnel. However, the question remains whether the effective relationships between marketers can occur in cross-border situation?

Research question 4: **Does the issue of firm compatibility affect the ability of the marketing integration process to generate successful integration outcomes in cross-border M&As?**

In M&As, both cultural and operational compatibility are the backbone of a succesfull organizational marriage (Cartwright and Cooper 1993). On the other hand, incompatibility of these two elements may led to unproductive working relationship such as inability to work in harmonious environment which in turn lead to negative influence collaboration in an alliances (Richey et al. 2008). Moreover, lack of compatibility is one of the main hindrances to the integration process in M&As, especially when there are cultural differences (Schoenberg 2000). In fact, studies of cross-border M&As and the issues of organizational and strategic fit in particular, have shown that cultural compatibility affects the firm performance and is a potential factor in M&A failures (Cartwright and Cooper 1993; Nahavandi and Malekzadeh 1988). This phenomenon most likely emerges in the post-acquisition phase and mostly affects the human resources relationships that are involved in the integration process (Mirvis and Marks 1992; Weber 1996b). However, the empirical investigation of cultural compatibility has mainly been applied to the human resources setting and much less to the marketing environment. Noting this, we ask what the consequences are if cultural compatibility is employed to modify the marketing integration process. What are the possible outcomes that could be generated from improving such compatibility? Another striking issue concerning compatibility in M&As is that of the operation activities itself. Operational compatibility refers to the feasibility of operation processes that could improve productivity in manufacturing or marketing on particular products (Sarkar et al. 2001). In terms of operational compatibility, we believe the marketers of the acquired and acquiring firms will have different skills and experiences. Skills and experiences in a particular discipline like marketing will be a tool to improve firm's revenues. In fact, marketing and manufacturing activities that focus on production and distribution of products will facilitate the combined firms (Ellinger et al. 2000). Therefore, how would the two combined firms restructure and assimilate their marketing operation thereby improving the marketing integration outcomes?

1.6 Scope of the Study

This study concentrates on cross-border M&A cases within Malaysia and Indonesia. The cases are taken were from various industries listed in Thomson One Banker directory. Most of previous M&A studies do not restrict their target respondents to one particular industry due to the low number of cases involved. See for example, Pangarkar and Lie (2004), Homburg and Bucerius (2006), Faulkner et al. (2002) and Capron (1999).

Meanwhile, other M&A studies have looked at specific industries such as in defense industries (Jaideep 2004), advertising agencies (Jaemin Jung 2004) and pharmaceutical industries (James 2002a). However, most of M&A studies that concerned a specific industry were conducted in developed countries such as United States of America and some European countries where abundant of M&A cases are available (Ghauri and Buckley 2003). These countries have implemented M&A as a business strategy since 1600 (Gaughan 2002), while Malaysia began its M&A activity only in 1930, at first mainly in the banking industry (Shanmugam 2003) and, in Indonesia, there have been significantly less M&A deals than in other Asian countries (Ali M. Metwalli and Tang 2002). In Indonesia, M&A activities have been dominated by the large companies such as the Salim Group (Vatikiotis 2004).

The most agressive M&A in Malaysia and Indonesia occurred during the Asian financial crises 1996-2000, during which time the Malaysian government took the proactive step of re-enginneering its financial institutions through M&A transactions. In this way it sought to strengthening the banking industry creating more competitive, resilient and robust financial systems (Shanmugam 2003). Indonesia also combined most of its financial institutions at this time, with the aims of improving the bank's capital position, achieving cost effective management and preparing against future financial crisis (Abdullah 2006).

Another important reasons for studying Malaysia and Indonesia was emphasized by (Mody and Negishi 2000), most of the cross-border M&As carried out during the financial turmoil over Malaysia, Thailand, Indonesia and Korea were done with the aims of streamlining and improving the exploitation of technological and marketing synergies. These M&As are therefore likely to have been heavily dependent on the integration process, especially the restructuring of production and marketing activities. We restricted the period of study to 2000 to 2006 for both Malaysia and Indonesia because this period of recovery from the financial crisis 1997-2000 especially to Malaysia and Indonesia (Abidin 2008). Therefore it is worth to conduct M&A study within Malaysia and Indonesia contexts to identify the patterns and behaviours of the M&A players particularly in M&A integration phase.

1.7 Outline of chapters

The thesis consists of a total of seven main chapters. Chapter one acts as the introduction of the thesis. Chapter two illustrates the main framework of the model and explains related theories that were employed as the foundation of this study. This chapter also explains the importance of the research questions and how it relates to the study.

Chapter three highlighted the hypothesis development that determines all variables that influence the marketing integration process. It also summarises and draws together the existing body of knowledge and delineates the gaps. Chapter four presents the methodological framework for the research with key processes used to gather data and method of analysis. Here, the research instruments are also justified. Chapter five presents the initial results and data interpretation.

Chapter six presents the results of the hypothesis testing of the twelve research hypotheses. Results of the Research Questions are also presented here. Finally chapter seven draws the conclusions with responses to the research questions and the recommendations for further research are presented.

1.8 Summary

This chapter presents the research direction by examining key issues and motivations. It also highlights the research questions and scope. Furthermore, this chapter provides an outline of the other chapters making up this thesis. Next chapter highlight issues of review of literature.

2 LITERATURE REVIEW

2.1 Introduction

This chapter explains the overall picture of the study by introducing the conceptual framework. Secondly, we present two main theories that are commonly associated with M&As especially on the issues of how to redeploy organizational resources and how managers interact and socialize when combining organizational structures. Then, the discussion continues on the marketing integration process in M&A contexts. We also argue on how the speed of integration could improve the marketing integration outcomes. Then, we present argumentation on how marketer's relationship effectiveness could become as one of the success factors in enhancing the M&A performance. Finally, the discussion will attempt to link the issues of inter-firm compatibility in moderating the integration process with integration outcomes.

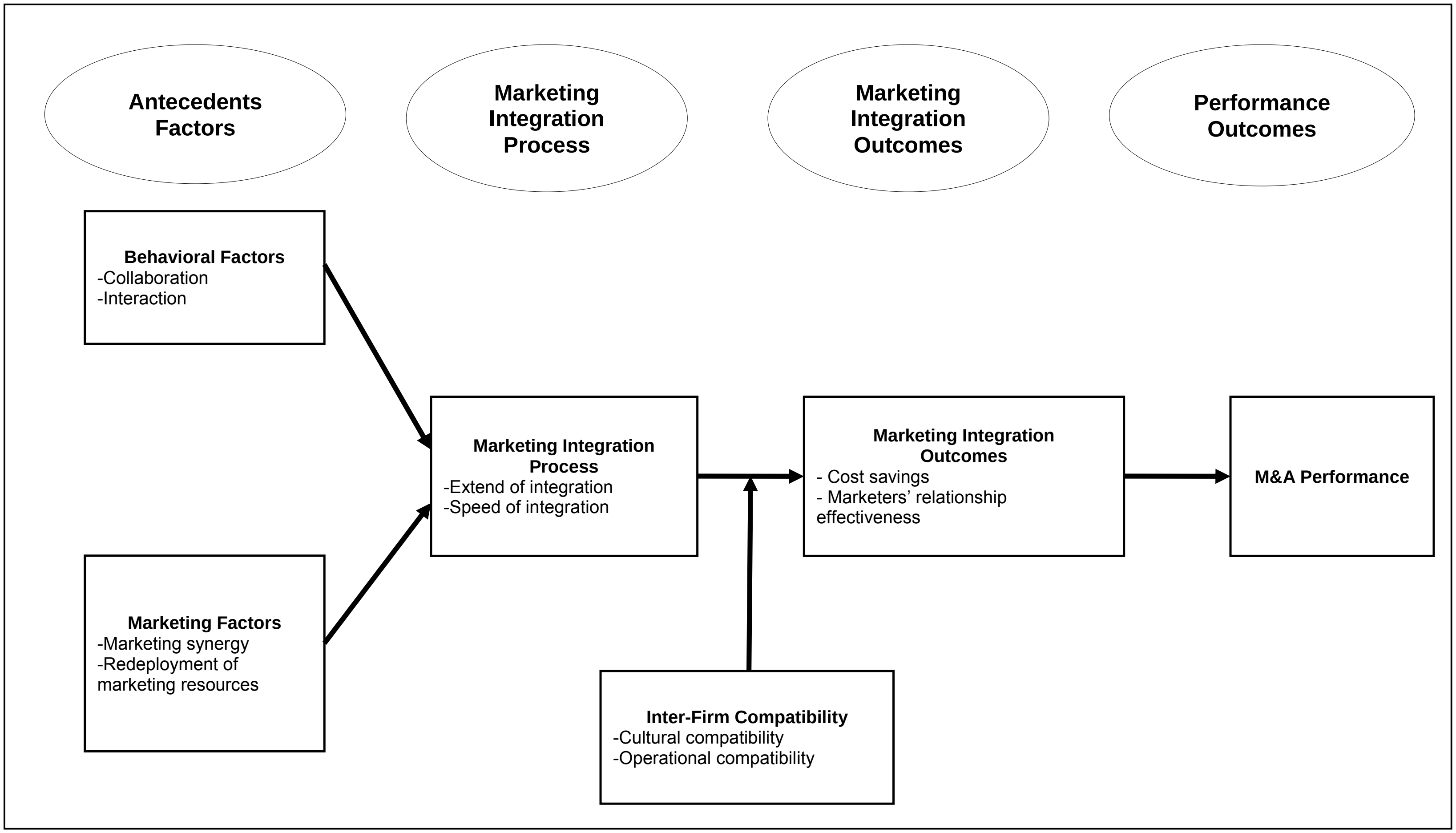
2.2 Conceptual Framework

Figure 1 demonstrates our conceptual framework that contributes to this study. This model suggests that the marketing integration process is assisted by factors that enhance its ability to combine and assimilate within the integration environment in cross-border M&As, which in turn smoothes the M&A performance. The model is categorized into four main areas, namely antecedent factors, the marketing integration process, marketing integration outcomes and M&A performance outcomes.

In the antecedent domain, we propose behavioural factors (collaboration and interaction) and marketing factors (redeployment of marketing resources and marketing synergy) to stimulate the marketing integration process. Encouraging collaboration and interaction between the staff involved in the integration process particularly the marketers, will possibly create a better environment for the integration.

In addition, there are two main variables in the marketing integration process (speed of integration and extent of integration). Next, we propose marketing integration outcomes (cost savings and marketers' relationship effectiveness) that are believed to support the M&A performance, as the final dependent variable. At the same time, inter-firm compatibility is employed as a moderator to examine the effect of the relationship between the marketing integration process and the marketing integration outcomes. Details of the moderating effect model are demonstrated in Figure 4.

Figure 1: Conceptual Model of Marketing Integration in Cross Border M&A



2.3 Theoretical Background

2.3.1 Resource-Based View Theory (RBV)

This study is founded on the resource-based view (RBV) theoretical background. Many previous empirical studies of M&A resource redeployment have also applied this important theory, for example Capron and Hulland (1999), Cording et al. (2008), Homburg and Bucerius (2005), Larsson and Finkelstein (1999) and Vanitha et al. (2008).

The RBV is the most influential framework used to discuss redeployment and management of resources in organizations (Ahuja 2001; Capron and Mitchell 1998a; Wang and Zajac 2007). It was pioneered by Edith Penrose, and is highly recognized as the theory of the growth of a firm (Hennart and Park 1993; Penrose 1995). RBV has been used as a basic foundation to support M&A studies that focus on the redeployment and integration of resources (Capron and Hulland 1999; Yung-Ming 2006). It shows that firms can achieve greater competitive advantage than their competitors through the exploitation of their internal resources and capabilities (Barney 2001). This theory supports the acquisition strategy if the firm's resources are in a state of perfect mobility (Barney 1991). For example Hitt et al. (1998), they look at acquisitions that have produced successful and unsuccessful outcomes, identifying the common attributes of these acquisitions, to advance the theoretical understanding of how to succeed in acquisitions. They argue using the RBV theory that sustainable competitive advantage may accrue from the realization of a private synergy that cannot be easily imitated.

Another study conducted by Anand and Delios (2002), examines the relationship between upstream (technological) and downstream (marketing) capabilities and the choice between acquisition and the Greenfield mode of international entry. They argue that from the RBV perspective, acquisitions have been used as a means to exchange capabilities and in turn these capabilities can be deployed in the host country. Additionally, firms can meet the demands of these new capabilities by entering factor markets or entering the market for corporate control and buying the required capabilities in a particular firm. Using this argument, we base our study on how marketing resources are optimized and deployed within the cross-border integration, through M&As. For instance, the acquirer will be able to reorganize and capture the better marketing capabilities which exist in the acquired firm and may even be able to profit from the marketing synergy resulting from the two firms' integration.

In another study carried out by Uhlenbruck et al. (2006), RBV is used to proved that the acquiring firm is at least partly able to create value. They performed a study of the acquisitions of resources and capabilities by acquiring Internet (online) firms. They argue that although online firms acquiring other online firms may receive similar benefits, these acquisitions also result in rapid increases in the online firms' customer bases, which means that marketing capabilities play an important role in retaining the existing customers and also attracting future customers.

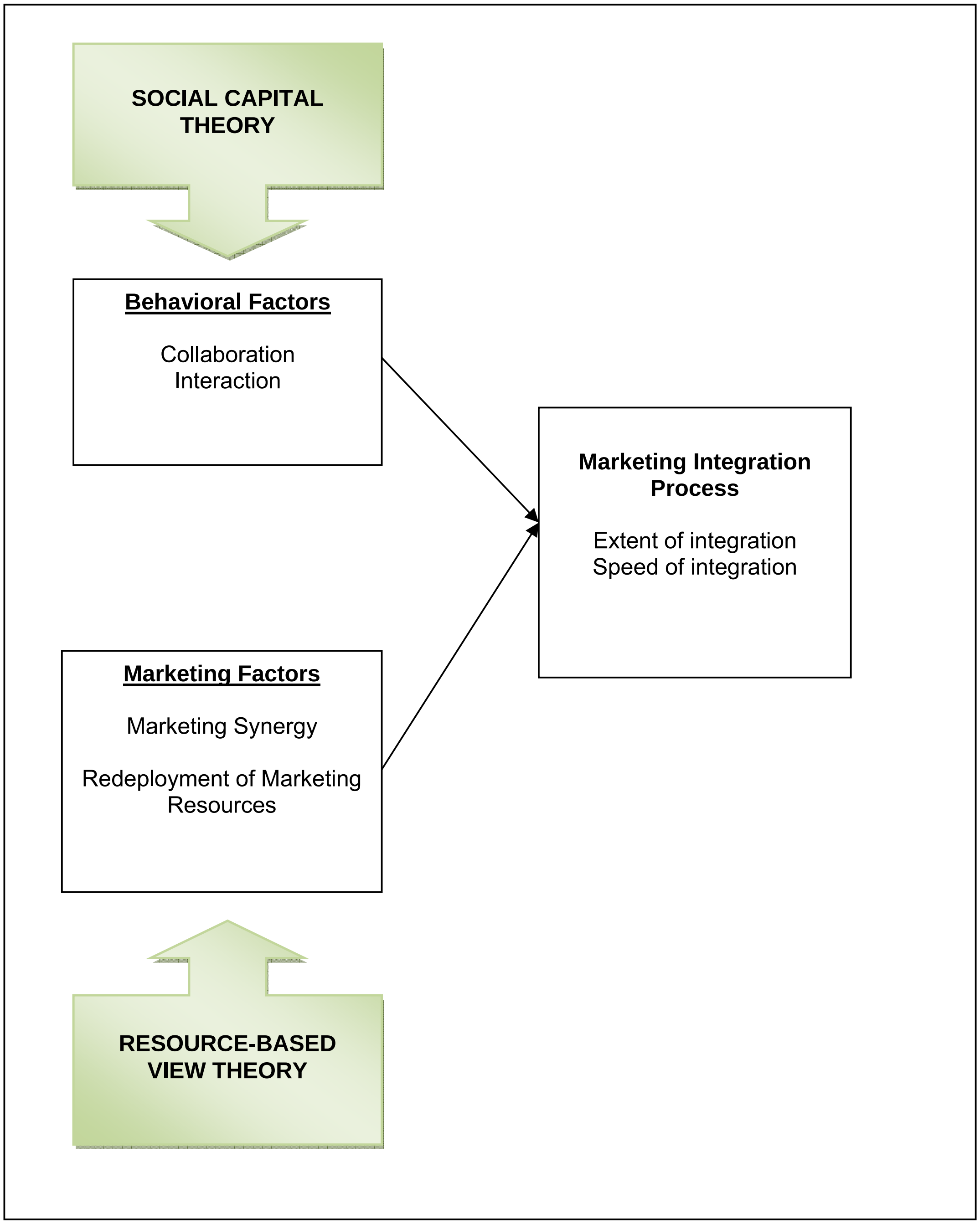
Another significant reason why this study is relevant to the RBV theory is that, as was noted by Srivastava et al. (2001), marketing scholars have so far devoted remarkably little attention to applying RBV as a frame of reference for advancing marketing theory or analyzing other challenges related to marketing practices. In this study, we attempt to address the gap between RBV theory and the marketing integration process. We do this through investigating the way in which marketing resources such as brand, sales force and general marketing expertise are being deployed to enhance the existing firm's competitive advantage (Capron and Hulland 1999). We do this not only to highlights these marketing factors, but also to recognize the synergy involved, especially when the process involves two different firms with dissimilar country backgrounds. Yet, there are other crucial marketing resources such as marketing capabilities and positioning that can be drawn upon in the marketing integration phases (Dutta et al. 1999; Hooley et al. 2005).

In this study, we look at how RBV theory applies to the redeployment of marketing resources and marketing synergy, (see Figure 2). These marketing factors are used to expedite the process of marketing integration in order to achieve a better M&A performance (Homburg and Bucerius 2005). Redeployment of marketing resources is vital as it is a principle part of operational level in departmental amalgamation (Bahde 2003). It is requires strategies that allow both marketing activities and resources of the acquiring and the acquired firm to exchange information and develop strong marketing personnel (Harrison et al. 2001). Perhaps, it also helps marketing managers to discuss their marketing strengths by promoting those activities that were successful in their country and avoiding those that failed. This is important as it will highlight the best marketing strategy and allow them to redeploy resources through their marketing expertise, their sales forces and brands (Capron and Hulland 1999).

In terms of marketing synergy, we based our arguments on those of Chatterjee (1986). He proved that collusive synergy is associated with higher value compared to financial synergy and operational synergy. Collusive synergy is achieved by any companies that have a similar industry or departmental background which combine into one entity. The sameness of the functional background may involve the utilisation of economies of scale/scope both in production and distribution. In our study, this is crucial for both the acquiring and the acquired firms, they must make use of the synergy across the two marketing departments. All the marketing resource synergies, such as advertising, distribution, sales force and market research are important in the early stage of developing marketing capabilities and proficiencies when building newly-combine firms (Song et al. 1997a). Therefore, there is a high tendency if both firms to combine their marketing capabilities in order to realize the potential of hidden synergies so that the newly combined will be able to generate more profits through superior marketing integration activities (Larsson and Finkelstein 1999).

In conclusion, our study uses RBV theory as a foundation to discuss the antecedents, particularly the marketing factors, that could influence the marketing integration process and to fully comprehend the successful integration outcomes that boost M&A performance.

Figure 2: Antecedents of Marketing Integration Process



2.3.2 Social Capital Theory

Social capital has emerged as one of the most salient concepts in the social sciences and of central concerns to organizational researchers (Adler and Kwon 2002; Lin et al. 2006). This concept looks at the various social interactions that occur in organizations such as public relations that facilitate cooperation and coordination for mutual benefits (Putnam 1993), enhancing network and industry growth by development and nurturing social capital (Walker et al. 1997), the creation of inter-unit linkages through networks (Tsai 2000), facilitating external knowledge acquisition through important customer relationships to exploit a competitive advantage (Yli-Renko et al. 2001), creating and sharing of new intellectual capital (Nahapiet and Ghoshal 1998), transferring knowledge between network members (Inkpen and Tsang 2005), social capital as drivers of alliance (Chung et al. 2000).

As for this study, we highlight interaction and collaboration as the core social capital drivers, which will enhance the marketers' relationship and the coordination required to achieve a smooth organizational amalgamation (Weiss and Hughes 2005). Moreover, interaction and collaboration are employed as antecedents that influence the interdepartmental integration, particularly when integrating the marketing department with other departments, such as manufacturing and research and development (R&D) (Kahn and Mentzer 1998). This is also emphasized by Duysters et al. (1999), on how to establish combination capabilities through building business communities and how to improve partner selection, which improve the inter-organizational relationships. Furthermore, these social capital drivers could develop into long-term relational advantages and at the same time expedite the marketing integration process. This is supported by Jean et al. (2010a), who stress that social capital, such as prior relationships creates commitment among the partners, which thereby influences them to share desired resources in a way that benefits both parties. At the same time, these relationships could improve the likelihood of successful marketing integration within cross-border M&As.

In M&A integration, communication and cooperation among the staff are vital (Sorrowed and Lipin 2003). In fact, within M&As almost all organizational restructures that involve the integration of people require the application of soft side strategy through the relationship capital approach (Cullen et al. 2000; Sudarsanam 2003).

According to Marks and Mirvis (2000), firms that are involved in M&As will be able to integrate more smoothly if they develop some form of transition structure, which they can achieve through educating their staff and improving social interactions. This transition structure will act as temporary system that coordinates and support all of the functional departments during the change phase. This will enables the staff to determine how to align themselves and at the same time identify synergies and pitfalls in the integration exercise. Moreover, this is the first step for all of the staff who come from different levels and different styles of organizations, to build relationship through interaction and collaboration , which in turn develop into trust (Schweiger et al. 1987).

Hence, we introduce the aspect of social capital as antecedents to the marketing integration process, (see Figure 2). It links through the behavioral dimension that is comprised of interaction and collaboration based on a study conducted by Kahn and Mentzer (1998).

2.4 Cross-Border Mergers and Acquisitions

The cross-border M&A is not a foreign concept in international business expansion strategies. In today's global economy, companies increasingly look to mergers, acquisitions and corporate restructurings to meet the growing demands of the changing environment (Ghauri and Buckley 2003). Whether undertaken to speed growth, increase market share or to realize cooperative benefits, companies pursue deals and hope for more profitable growth and opportunities. In most cases, cross-border M&As are driven by the popularity of technological development and globalization (Shimizu et al. 2004). Furthermore, Weston et al. (2001) also mention that recent forces driving cross-border M&As include globalization, technology, deregulation, a strong economic environment (high stock prices, low interest rates) and changes in industrial organization. According to a recent report by Thomson One Banker (2007), completed cross-border M&As worldwide increased from approximately US Dollars 2.3 billion in 2005 to nearly US Dollars 2.9 billion in 2006. This shows a positive trend in cross-border M&As even though the world had just recovered from economic crisis in 1997-2000, which particularly badly hit Malaysia, Indonesia, Thailand and Singapore (Ali M. Metwalli and Tang 2002).

The increasing trend in cross-border or international M&As has been motivated by a variety of strategic considerations, which normally differ from those related to purely domestic M&As (Jedin and Sinkovics 2009). Compared to domestic M&As, cross-border M&As involve more challenges to increasing firms' value and wealth because they involve different environments, cultures, policies and procedures. According to Zaheer (1995), companies engaging in cross-border M&As face unique risks, such as 'liability of foreignness and double-layered acculturation'. This refers to differences in national cultures, customer preferences, business practices and institutional forces, such as government regulations. All of these, then, can pose major obstacles to companies fully realizing their strategic objectives.

Gaughan (2002) points out in his book that expansion is one of the most common motives for cross-border mergers and acquisition. He discusses further that international M&A can be a quicker way to expand than internal expansion. However, doing business through cross-border M&As is more complex, owing to differences in political and economic environments, corporate organization, culture, tradition, tax rules, laws and accounting rules between the countries of the acquirer and the target firm (Sudarsanam 2003). Hopkins et al. (1999) meanwhile explain that basically there are four distinct but related motives behind cross-border M&As: strategic, market, economic and personal. Among these motives, the most significance for this study is the market motive, whereby M&A is used as an alternative method of entering new markets in new countries. Most of all, M&A is discussed as a very quick and sound way to gain a strong position or at least to be on a par with the local market leader (Chakrabarti et al. 2009). For example, in 1997, Mutiara Telecommunication was acquired by Digi.Com, which was owned by Digi Swiss.Com. Today, based on the number of subscribers, they are the third largest cellular telecommunications network service provider in Malaysia (Prathaban 2006).

Another M&As motives mentioned in the literature is to acquire economies of scale and scope (Ghauri and Buckley 2003). Economies of scale enable the acquiring firm to obtain similar and complementary resources to those it already owns. Resources are important to maintaining a firm's competitiveness especially in international arena. It is also important to build economies of scope through product segmentation and diversification. Through pursuing this agenda, the acquiring firms will be able to enhance its research and development (R&D) activities and expand its distribution networks so that new products and services can be delivered to target countries more effectively.

Cross-border M&As are also popular as an entry strategy into foreign markets (Ghauri 2002; Murray and Sinkovics 2005). There is an extensive literature of empirical studies on cross-border M&A as a potential entry strategy into other countries. Some examples are Andersen (1997), Brouthers and Brouthers (2000), Harzing (2002) and finally Kogut and Singh (1988). The industry which most commonly employs M&A as a main foreign entry mode is retail banks (Petrou 2009). Shimizu et al. (2004) note that cross-border M&As can be used as an entry mode to access new and lucrative markets, as well as expand the market for a firm's current goods. Firms will be able to expand their capabilities as well as their networking through using the acquired firms' resources.

A more recent reason given for cross-border M&As is knowledge management through both knowledge acquisition and knowledge transfer. This topic is highly debated by many researchers as most firms' today tend to manage and disseminate knowledge worldwide (Bresman et al. 1999; Shimizu et al. 2004). Capturing and nurturing knowledge through M&As are becoming an increasingly significant motives for them (Vermeulen and Barkema 2001). Even though M&As may lead to cultural clashes and differences, when firms come together they can enrich their knowledge base by sharing and exchanging ideas which may not be available in their national environment. This, in turn leads to the development of synergies and enhances the viability of the new organizational entity (Harrison et al. 1991; Jemison and Sitkin 1986a). Furthermore, the organizational learning perspectives will act as foundation for managing the cross-border M&As (Lubatkin 1983). Hitt et al. (1998), proves that acquisition experiences are positively related to acquisition performance.

Nevertheless, cross-border M&As also have some downsides that undermine their performance especially in the post-integration stage (Birkinshaw et al. 2000; Schweiger and Goulet 2000). According to Cartwright and Cooper (1993), it is not a matter of combining companies' structures; instead, it is the ability of the management staff from the two different organization to integrate into the new business entity. While the integration takes place and even beforehand, many issues can occur (Barmeyer and Mayrhofer 2008). Schweiger and Goulet (2000) highlight factors that have contributed to M&As failures, among them are incompatible organizational cultures, a failure to manage the acquired firm, resistance to change, inability to follow management systems and incompatible marketing background.

One of the challenges in post-integration stage is achieving organizational fit (Birkinshaw et al. 2000; Weber 1996a). A lack in systematic integration processes could prevent this and lead to inferior M&A outcomes (Hunt 1990; Jemison and Sitkin 1986b). One of the major issues in an incompatibility between managerial styles and cultural perspectives (Schoenberg 2000; Schweiger and Very 2003). Schoenberg also stress that many firms involved in cross-border M&As fail to resolve their incompatibility issues, resulting in clashes between different management styles, systems, company's mission and how they interact with the market place. By creating a compatible organizational environment, both acquired and the acquiring firm will be able to discover synergies and collaborate fully in future activities (Hagedoorn and Duysters 2002). In addition, a good strategic fit between the M&A partners could reduce the probability of integration risk improve the effectiveness of relationships during integration (O'Connor 2006).

Other problems also may arise, such as different fundamental values, goals and beliefs about organizational practices, which will lead to conflict and an unfamiliar political agenda (Jedin and Sinkovics 2009). Additional impediments, for example different languages and different approaches to socializing approach may also affect the integration process in cross-border M&As. Again, these impediments will cause a barrier to form that will limit the potential for trust between acquirer and the acquired firm (Stahl et al. 2004).

In summary, the cross-border M&A is a powerful international expansion strategy. It has many advantages compared to other international mode of entry, such as joint venture and Greenfield (Gilroy and Lukas 2006; Harzing 2002; Newburry and Zeira 1997). Among the important result in cross-border M&As is to unveil the synergy after integration and to improve company performance by optimizing the existing resources. In order to rationalize these matters, the parties involved must apply a soft approach, for example increasing social interactions and improving departmental direct communications and networking. Nonetheless, cross-border M&As players must be aware of the drawbacks that surround the post-integration stage, which can hinder

M&A performance. They must equip themselves with the success driving factors that will supplement the integration stage, as this is the most fragile stage of the process and requires the most significant attention. Moreover, the post-integration phase of M&A implementation has not been carefully examined especially in an international contexts (Pitkethly et al. 2003; Schweiger and Goulet 2000).

2.5 Antecedents of Marketing Integration Process in the M&A Context

The study of the integration of marketing functions still lacks clarity and precision (Mattsson 1969). Mattson elaborates that this problem creates difficulties for those who intend to explore the study of integration, particularly in marketing integration. This perspective considered integration activities in marketing departments involving combining operations and strategies such as the combination of the traditional marketing concepts: product, place, promotion and price strategies (Kotler et al. 1999). A clear example is the integration of product models that are advertised via television, where multiple products are placed in a single advertisement. This standpoint extends its functions to the interdepartmental level that enables a particular marketing department to combine their operation with another department. This strategy is not only applicable to similar departments but also to unrelated departments that provide complementary strengths (Hitt 2001).

Research into marketing integration began with the discussion of behavioral factors, for instance in the study conducted by Ruekert and Walker (1987). They examined how the marketing personnel interact with personnel in other functional areas in fulfilling marketing functions, by introducing an interfunctional interactions framework, which was divided into three main dimensions; 1) environmental situation, 2) structure and process and 3) outcome dimensions of an interfunctional social system. Based on 114 returned useable questionnaires and an 83% response rate, they found that interfunctional interaction involving marketing personnel and other personnel is influenced by resource dependencies. Secondly, coordinations were found to play an important role in linking across functional units. Another important finding was that the more similar two functional departments are in tasks and objectives, the greater the amount of communication that will occur between the individuals in two departments and also the less difficulty they will encounter in communicating effectively with one another. They also found that the degree of conflict will increase if the level of interaction increases between marketing personnel and another functional area.

Another previous study of marketing integration was undertaken by Kahn and Mentzer (1998). Their study proposed that among the behavioral elements that are related to social factors, interaction and collaboration as the major drivers in influencing performance outcomes within the marketing integration area. They emphasized that meetings and information flows between departments could lead to better interaction, and thus creates linkages and networking through information flows (Nick 2008). Furthermore, collaboration is found to act as an affective sharing process which develop commitments that is required to achieve togetherness (De Luca and Atuahene-Gima 2007). According to their findings, the collaboration component should be emphasized to achieve better performance in integrating two departments. On the other hand, interaction should be employed as a bridge to establish contacts. Furthermore, the results also show that too much of meetings and documented information exchange between marketing departments could jeopardise performance as too much interaction will lead to unfavourable relationships.

Subsequently, research was carried out into the integration of marketing departments with other departments such as R&D (Cho and Hahn 2004; Garrett et al. 2006; Parry and Song 1993), sales (Guenzi and Troilo 2006; Palmatier et al. 2007; Rouzies et al. 2005), human resource (Chimhanzi 2004), quality (Longbottom et al. 2000), logistics (Ellinger 2000; Stank et al. 1999), internet (Prasad et al. 2001; Uhlenbruck et al. 2006) manufacturing (Song et al. 1997b), engineering (Lancaster 1993) and other departments.

In the integration of R&D and marketing department, Griffin and Hauser (1996) have stressed that the main reasons for success in these amalgamations are new product development and product innovativeness. This is done through ensuring a high level of cooperation and interaction among the staff of the R&D and marketing department. This means the company identifies what the customer wants through its marketing efforts which thereby lead to the R&D department developing exactly what is needed by the customers. This therefore delivers more marketable products, improve sales and reduces product failures in the marketplace (Garrett et al. 2006). This type of amalgamation can also lead to activities to generate new ideas and product commercialization (Song et al. 1997b). Song et al. examined whether other departments for example the manufacturing department could also play a major role in providing a more complete amalgamation between marketing and R&D departments.

The manufacturing department could induce better achievement especially through efficiency of production and cost minimization (Goodman and Dion 2001). Through this, advantages are gained by the combined firms which supported R&D and marketing department. In Song et al's study, two antecedents were introduced: internal facilitators and external forces. They hypothesized that both of these factors impact the cross-functional cooperation. According to their findings, internal facilitators such as evaluation and reward procedures and top management support, significantly influence cross-functional cooperation and new product performance.

Meanwhile, Cho and Hahn (2004) examine the antecedents and consequences of the sociocultural differences between R&D and marketing managers, which eventually enhance NPD performance. They recommend two antecedents of sociocultural differences: a joint reward system and interdepartmental connectedness. However, their results show that sociocultural differences are barriers to the interfunctional integration between R&D and marketing departments and thus, do not support better new product development (NPD) performance. Khan (2001) investigates the influence of market orientation and interdepartmental integration on product development performance in relation to the marketing and manufacturing departments. He attempts to clarify the relationship between market orientation and interdepartmental integration and how this can improve product development performance. The findings confirm that market orientation and interdepartmental integration significantly improve product development and product management performance.

In terms of Integration between marketing and sales department, Rouzies et al.(2005) proposed integrating mechanisms as the antecedents of sales and marketing integration. They proposed four main antecedents: structure, process/system, culture and people. Meanwhile, Guenzi and Troilo (2007) proposes that the antecedents of the integration of marketing and sales departments which generate superior customer value are long-term strategic orientation, an effective marketing-sales relationship and customer-oriented sales people.

Sprisingly, research into marketing departments integrating with similar marketing departments have been completely neglected, particularly within the M&As context (Capron and Hulland 1999; Homburg and Bucerius 2005). Research into M&A integration processes, particularly in interdepartmental integration, unveils many problems, especially for the acquirers firms (Schweiger and Goulet 2000). The integration of the marketing function in M&As still lacks research (Capron and Hulland 1999).

The M&A marketing integration process not only covers the myopic perspectives that focused on internal collaboration within similar organizations but also across firms that offer the economies of scale and bundling of resources which could generate higher profits and secure larger markets (Homburg and Bucerius 2006). Basically, there is no uniform definition or widely accepted concept to measure this marketing integration (Homburg and Bucerius 2006; Rouzies et al. 2005). Thus, we define marketing integration process in M&As as the combination of two marketing departments into one major entity to coordinate and manage the entire marketing resources. The process in this integration does not refer to the stepwise method but rather to the proposed antecedents that can expedite and provide benefits for the combination of the two marketing departments that are involved in this M&A integration.

However, the most valuable aspects, which can enhance the business of both the acquiring and the acquired firms, are the technical economies that can be made (Capron 1998). According to Lubatkin (1983), technical economies are the sources of synergy which occur when the physical process inside the firm is altered, so that using the same amount of inputs can produce a higher quantity of outputs. In order to obtain such results, both the acquired and acquiring firms must efficiently allocate and utilize all existing resources particularly the marketing resources which enable the combined firms to lower its costs and in turn enjoy an advantage over its competitors. It should be noted, however, that this combination will be much more difficult and complicated if it involves firms from two different countries, especially when firms from developing countries are acquiring firms in developed countries. Although, the integration process is similar but factors such as different cultures and unexpected local behaviour could jeopardise the integration. Moreover, this process is much more difficult in the M&A context. Therefore, the marketing integration process must be effectively managed in order to avoid failures and at the same time improve the allocation of marketing resources which will thereby uphold the M&A performance (Larsson and Finkelstein 1999).

We now turn to the antecedents that will positively influence the marketing integration process in the M&A context, ensuring a successful performance. Based from conceptual framework that proposed by Homburg and Bucerius (2005), we propose two main antecedents (behavioural factors and marketing factors) that could help marketing managers to avoid the obstacles to marketing integration particularly within M&As context.

Within behavioural factors, two variables have been identified to influence the marketing integration process, collaboration and interaction which proposed by Kahn and Mentzer (1998). We believe the collaboration and interaction among the marketers of the acquiring firm and acquired firm will increase commitments and motivation to strengthen the relationship to improve the marketing efforts, which at the same time will increase firm's revenues and maintain its existing customer (Richey et al. 2008; Ruekert and Walker 1987). Meanwhile, the marketing factors (redeployment of marketing resources and marketing synergy) also play important roles through structuring and reengineering the marketing function. This will allow the new combined marketing department to avoid overlapping of resources and propose new marketing strategies and innovate new products through optimizing across the two firms (Capron and Hulland 1999; Maruca 1996; Nils Bohlin 1998).

2.6 Previous Research of Marketing Integration within the M&A Contexts

Research and anecdotal evidence show that the functional integration in the marketing department within M&As contexts is still being neglected, with the notable exemption from the study conducted by Homburg and Bucerius (2005), Capron and Hulland (1999) and Vanitha et al. (2008) In fact, research into cross-border M&A integration of the marketing departments is almost completely absent (Homburg and Bucerius 2005). However, even fewer studies have explored in the integration between two similar marketing operations of a particular department in the situation of cross-border M&A with the exception of Capron and Hulland (1999) and Homburg and Bucerius (2005). According to Vanitha et al. (2008) the argument over whether complimentary or similarity creates value has been proven to be conflicting. There are no definite empirical results to supporting the argument that combination of complimentary departments or similar departments creates more value in M&A contexts.

Due to the lack of previous research, Capron and Hulland (1999), initiated a study of the redeployment of three marketing resources (brands, sales forces and general marketing expertise) specifically in merging firms following horizontal acquisitions. One of the objectives was to investigate the impact of such redeployments on subsequent performance. This research was conducted in 1994 in North America and European manufacturing firms. This across border study involved survey mail methods which collected 253 useable responses out of 1778. The samples were collected from International merger year book, Mergers and acquisitions source book, Mergers and acquisitions international and fusions et acquisitions magazine. According to their findings, all the three marketing resources were likely to be redeployed evenly in the M&A contexts. They reported that the immobile resources were more likely to be redeployed from the acquired firm compared to the otherwise less immobile resources. Furthermore, resources were more likely to be redeployed from acquirer to the acquired firm rather than in the reverse direction. Ultimately, they reported that all the three marketing resources had positively affected the firm's performance.

Another interesting study in the marketing integration within the M&A contexts was pursued by Homburg and Bucerius (2005) which also noted that within the marketing discipline, M&A-related research is almost totally absent. The Homburg and Bucerius (2005) study, which was conducted in 2002, looked at firms operating in the German-speaking part of Central Europe (Germany, Austria and Switzerland). Similarly to the Capron and Hulland (1999) study, they also employed survey methods, and from a total of 1483 selected firms, they collected only 232 useable questionnaires. All of these samples were from various sources of M&A cases in Europe taken from the Mergers and Acquisitions Database of the University of St. Gallen in Switzerland and several M&A related European business magazines. Their results indicated that the marketing integration process significantly affected the integration outcomes. It was clearly proven that the marketing integration was positively beneficial towards cost savings but, negatively towards market-related performance.

The latest study that investigates how marketing functions create value in M&A was conducted by Vanitha et al. (2008). They examine when and how similarity and complementarity between merging firms create value but under varying merger motives. They attempt to address any linkages that may exist between marketing resources and financial performance. One of the contributions in their research was to introduce strategic emphasis alignment to foster value in the combination of two firms through M&As. By conducting an event-study methodology, they sum up 206 M&As cases across three industries: electronics, chemicals and foods. They employ SIC M&As directory in United States of America. From their analysis, using ordinary least squares, they find that marketing actions such as consolidating products and markets can produce positive impact on shareholder value.

Even though studies that specifically investigate marketing integration in M&As are rare, other studies that examine integration issues in M&A contexts also have contributed to various disciplines such as in strategic fit Datta (1991), synergy realization Larsson and Finkelstein (1999), relationship marketing managers Richey et al. (2008), organizational integrity Cording et al. (2008) and learning Zollo and Singh (2004). Please refer to Table 1 in the thesis.

Table 1: Empirical Research in M&A Integration-Related Studies

Author (s)	Theory / Scope of study	Locations / Type of M&A/ Period / Industry	Data Resource / Collection Method	Objectives of Study	Statistical Analysis	Results
Capron and Hulland (1999)	RBV	-Conducted in US and European firms -Horizontal Acquisitions -Period 1988-1992 -Multiple Industry	-The International Merger Year-book (1990,1991,1992), M&A source book, M&A International (1991,1992,1992) and Fusions et Acquisitions Magazine (1989,1990,1991,1992) -Ten interviews -253 final sample through mail survey	-To investigate the degree of redeployment of three marketing resources across merging firms following horizontal acquisitions -To examine the impact of such resource redeployments on subsequent performance.	Correlations Regression Model	-Acquirer and the target firm frequently redeploy their resources -immobilize resources are more likely to redeploy from target firm to the acquirer firm
Cording et al.(2008)	RBV	-Conducted in USA -Only horizontal acquisitions -Applied to both acquirer and target firms -Period 1997-2001	-Data were obtained from Securities Data Corporation's (SDC) -Survey methods -Final sample, n = 137	-To examine how causal ambiguity is related to performance outcomes in acquisitions by identifying a mechanism that reduces intrafirm linkage ambiguity	Partial Least Square (PLS Graph, version 3.0)	-Intermediate goals strongly reduce the intrafirm linkage ambiguity therefore allow acquisition into better manageable situation -Intermediate goal achievement fully mediates the relationship between integration decisions and acquisition performance

Datta (1991)	N/A	-Focused on acquisition in United States of America. -Manufacturing and Mining sectors -Period 1980-1984	-Survey methodology -Database in quarterly issues of mergers and acquisitions -Sample 703 -Final sample 173 acquisitions	-To examine relationship of differences of rewards and management styles -T o identify whether the relationship depends on the extent of post-acquisition integration	Correlations Regression	-Compatibility of management styles is important to improve acquisitions performance -Differences in reward and evaluation do not have negative impact on acquisition performance
Homburg and Bucerius (2005)	RBV	-Conducted in three countries (Germany, Austria and Switzerland) -Horizontal M&A -Period of 1996-1999 -Multiple industries	-Survey methodology -Mergers and Acquisitions Database of University of St. Gallen in Switzerland and M&A related European Business Magazines -Final sample, n = 232	-To investigate how marketing integration process affects integration outcomes -To investigate how these relationships are affected by certain moderators -To analyze the importance of market-related performance for M&A performance	Correlations LISREL 8	-Marketing integration process positively drives the M&A performance -Marketing issue is more important than cost savings
Larsson and Finkelstein (1999)	RBV	-Conducted in United States and Europe Database: case catalogues, reference lists, computer searches and direct inquiry	-Case study bases of 112 empirical case studies	-To develop and test a model that synthesizes theoretical perspectives on strategic combination, organizational integration, HRM and financial performance -To examine the mechanisms through synergy realization	Correlations Structural Equation Modelling (LISREL 7)	-Organizational integration was strongest predictor to synergy realization -Employee resistance was negatively associated with synergy realization
Richey et al. (2008)	RBV	-Conducted in USA -Across 71 industries	-Survey methodology -Ernst and Young Database -Final sample, n = 104	-To suggest key success factors such as relationship marketing managers retention -To assess the impact of firms' post-acquisition performance through employee-mediated relationships	Hierarchical linear regression	-By maintaining relationships marketing managers could guarantee the combined firm's survival -More attention is needed to avoid less productivity from marketing output

Vanitha et al. (2008)	RBV	-Conducted in USA -Multiple industries -Period of 1990-2001	-Event study methodology -Final sample, n = 206 -SIC and Thomson M&A database	-Introduces strategic emphasis alignment as construct -To show that similarity and complementarity create value -To show how marketing resources (advertising) influence M&A value creation	Ordinary least square	Strategic emphasis alignment had positive results for the consolidation of all industries involved Proved that similarity of resources had positive effect on consolidation and complementarity had a positive effect on diversification in M&A transactions
Zollo and Singh (2004)	RBV	-United States of America -Commercial banking industry -Period 1986-1994	-Interview and then survey method study -Final sample 51 from 250 banks	-To examine the extent of integration of acquired firm and the extent to which it replaces this firm's top management team	Correlation Regression Ordinary Least Square	Firms could develop collective competence by not only accumulating experience but also investing in time and effort in activities that require higher cognitive effort

2.7 The Roles of Speed and Extent of Integration in Influencing Cost Savings and Marketers' Relationship Effectiveness

Speed is essential to successful M&A integration (Orit et al. 2003). At the same time, the role of the extent of integration cannot be denied (Birkinshaw et al. 2000). Speed of M&A integration refers to the time frame over, which the combined firms have been active in integrating and restructuring their work units in order to enhance financial returns and improve customer acquisitions and staff retention (Larsson and Finkelstein 1999). However, despite the large amount of attention that has been given to 'speed' as being vital to post-acquisition integration success, few studies so far have examined this phenomenon rigorously (Angwin 2004).

One of the earliest studies to look at speed within the M&A context was that by Angwin (2004). He mentions that the first 100 days in the post-acquisition integration period is critical for both the acquirer and the acquired firm. In fact, this idea is applied by GE Capital, which use the first 100 days for the start-up process and to develop a post-acquisition integration plan (Ashkenas et al. 1998). The objective of Angwin's study was to uncover the link between the volumes of change that take place in the first 100 days and perceptions of M&A success. Another important objective was to examine whether this link was influenced by the time that had passed since the deal took place. The study was conducted in the United Kingdom from 1991-1994, using 232 target companies in the Acquisitions Monthly Database. The survey method was used and 70 useable responses were collected. According to their results, financial, cultural and IT integration are all not significant correlated with elapsed time. This means that the longer the amount of time that has elapsed since the acquisition the less successful the acquisitions is perceived to be. In terms of the first objective, they found that the change over the first 100 days is not a good indicator of success in acquisitions. However, there is a significant relationship between the volume of changes made in the first 100 days and perceptions of acquisition success in the third and fourth year after the acquisition. In other words, acquisition success may not happen immediately, but may do so in the long-run.

Another important study that examines the issue of speed of integration in M&As was conducted by Homburg and Bucerius (2006). They stress that speed of integration in M&As may be highly beneficial in some situations but may be harmful in others. This depends on the magnitude of internal and external relatedness between the combined firms. According to Homburg and Bucerius (2006), internal relatedness includes employee resistance, internal turbulence and reduced employee retention. External relatedness is more concerned with macro elements of combination such as synergy realization (Larsson and Finkelstein 1999) and market positioning (Capron and Hulland 1999). Homburg and Bucerius's research aim was to gain an understanding of the role of speed as a success factor for M&As. The survey methodology was used and out of a sample of 1,483 M&As in European countries from 1996-1999. 232 responses were received. From the findings, speed of integration is shown to have a positive impact on M&A success in the case of low external relatedness but not when there is high internal relatedness.

According to Schweiger and Goulet (2000), speed in M&A integrations can be divided into those with a slow integration process and those with a quick integration process. In a slow integration process, the acquirer tends to take the time to get to know the target firm, its people, cultures and operations before it starts to make changes. A slow integration could reduce the probability of conflicts between the merging partners (Olie 1994). Meanwhile, a quick integration process, applies rapid changes in order to avoid a period of uncertainty regarding the firm's direction and in the marketplace

Speed of integration in M&As can also reduce costs if the combined organization speedily identifies the key people required to lead the new organization and remove those who are likely to block the integration process, as any extra time spent on this process will cost the firm (Hadjian 2000). This is based on the view that the leader is an important icon who will lead the organization success (Gates and Very 2003). Therefore, a good leader must be chosen as soon as possible in order to drive the momentum of the newly integrated entity. Once a leader has been identified, social relationships must be implemented to alter the employees' negative perceptions about the combination. Good inter-firm communication such as top management involvement and the coordination of information flows about the M&A integration, should be employed in order to show the transparency of the development of the new integrated organization. This is especially important for marketing staff, as they need more interaction and collaboration in order to cultivate trust and a sense of belonging to the new business entity (Kahn and Mentzer 1998).

The extent of integration in M&As, on the other hand, refers to the extent to which the acquired unit is expected to be absorbed into the acquiring company (Birkinshaw et al. 2000). It is obvious that the acquiring firm will deploy resources between the two firms, but to what extent they alter the original deployment has still not been studied empirically (Capron 1998). Another definition of the extent of integration in M&As, looking specifically at marketing integration, was proposed by Homburg and Bucerius (2005). They define the extent of integration as the level of similarity achieved between the two firms' marketing systems, structures, activities and processes. This definition has been adopted in this study. It shows how the marketing elements are harmonized to create the best marketing resources, for example product ranges or advertising campaigns. This harmonization will obviously reduce the advertising costs by combining many product ranges into one main advertising campaign. This strategy has been applied by Hewlett Packard and Compaq in their advertising campaigns: they have combined all of the product ranges of Hewlett Packard and Compaq into a single advertising approach (Hachman 2002).

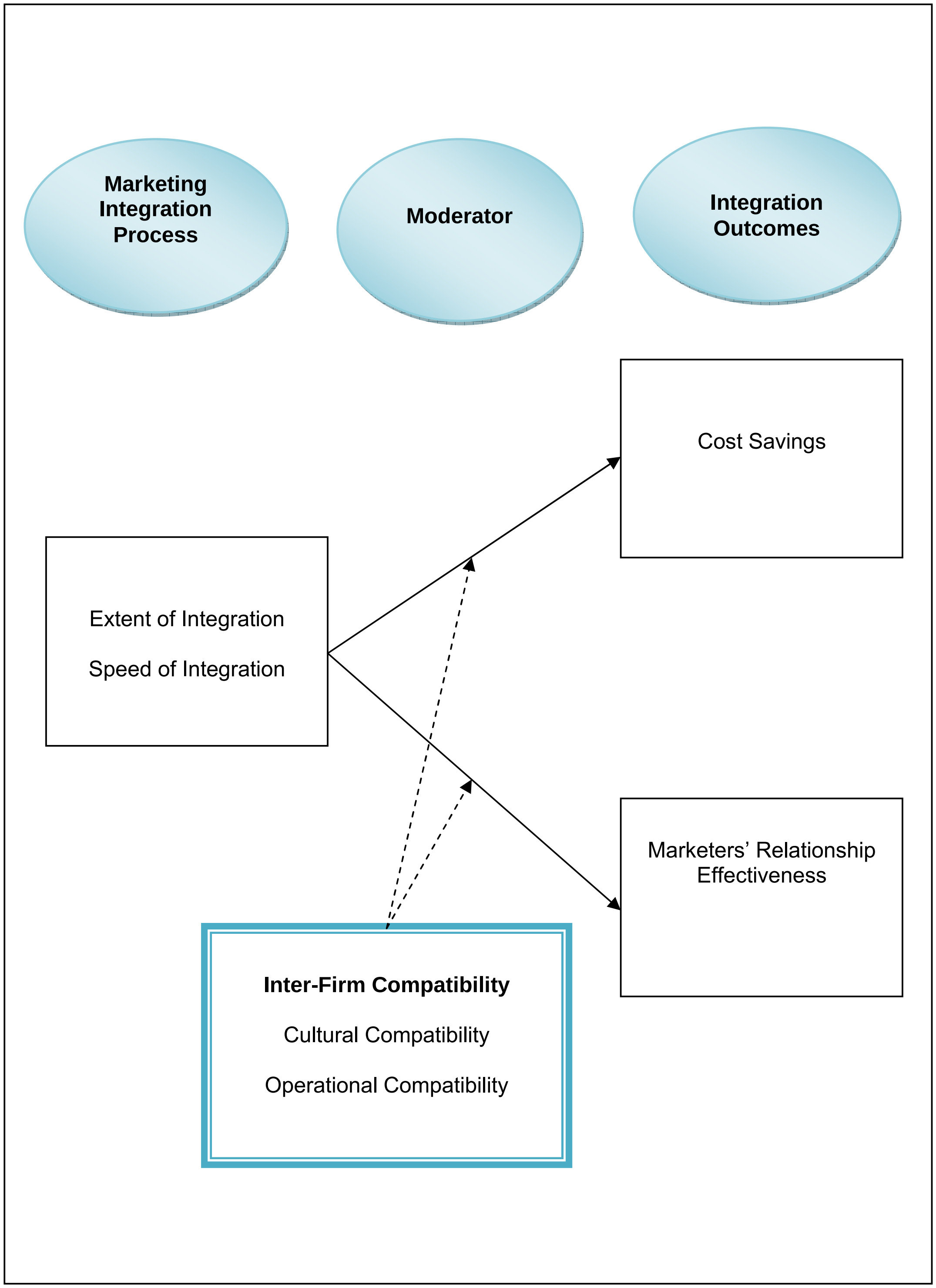
The most pioneering empirical study to look specifically at the extent of integration was conducted by Birkinshaw et al. (2000). They embarked on a post-acquisition integration study in 1991. Their objective was to identify an acquisition process that created the value sought by the acquiring firm: they did this by focusing on task integration and human integration in the R&D operations of combined firms. They used a database of large Swedish multinationals comprising three companies: Eka Nobel, Alfa Laval and ABB. They focused on the integration of R&D operations as this department has to transfer knowledge and capabilities during an integration, which depends on wilful rather than enforced interaction between R&D staff. They used both interviews with key individuals and a questionnaire of R&D employees. Altogether, they collected 119 questionnaires and carried out 54 interviews. According to their findings, the task integration process was not very successful as most individuals were more concerned with their own unit's performance than with the combined operation as a whole. In terms of human integration, it was observed that this integration is also slow and difficult to manage effectively but, nonetheless, is key to the overall success of an acquisition. More importantly, human integration facilitates the effectiveness of the task integration process.

Meanwhile, a study pursued by Homburg and Bucerius (2005) also looked at the extent of integration as one of the important variables of the marketing integration process in the M&A context. They found that the extent of integration has a positive impact on making cost savings. This indicates that a greater extent of integration of marketing departments improves cost management by harmonizing all of the marketing across the acquiring and acquired firms. This is in line with (Asher 1996), who stresses that cost is an important means after an amalgamation.

In addition, extent of integration in terms of the harmonizing marketing strategies and activities, for example could develop synergies through better relationships and enhance both the acquiring and acquired firm performance (Anderson et al. 2001). In this respect, we believe that relationship effectiveness among staff/marketers is one of the vital drivers in securing M&A integration outcomes and ultimately in improving M&A performance.

In conclusion, speed of integration and extent of integration are both elements, which can make cost savings and improve marketers' relationship effectiveness during the M&A integration process. This is supported by Harrison et al. (1991) who emphasize that when two firms are combined, capital and resources are usually available at a lower cost. In this regard, the combined firms will have an opportunity to foster staff/marketers relationships in the transition period by utilize the excess capital to invest in relationships which will improve the integration phase (Marks and Mirvis 2000). For a clearer description of the relationship between marketing integration process and integration outcomes please refer to Figure 3.

Figure 3: Relationships between Marketing Integration Process, Integration Outcomes and the Moderating Effects of Inter-Firm Compatibility



2.8 Marketers' Relationship Effectiveness in Influencing M&A Performance

Staff and customers of a firm involved in an M&A will be affected by media reports and internal rumours, especially regarding the issues of cost cutting and staff reductions (Sinkin and Putney 2009). Another concern during M&A integrations is regarding change. Sinkin and Putney (2009) further note that in order for the combined firm to retain their staff, relationship effectiveness must be used to alter the staff mindset: the firm must minimize the perceived effect of the changes by giving staff clear descriptions of what will happen during the combination and how the staff will benefit from it: most importantly, they must create effective relationships between the staff of the acquiring and acquired firms by constantly communicating to them about job security, compensation, benefits and employee agreements. Thus, relationship effectiveness must be maintained by any means, as this is a way to engage the commitment of the two firms to learn from each other and develop trust, so that the staff will share information and work together as one team (Stahl et al. 2003).

The study by Stahl et al. (2003) proposes that, once the staff of the combined firms trust each other, then automatically both groups of staff will improve in terms of their manager-subordinate relationships and implementation of self-managed work groups: at the same time, this will increase the firms' ability to adapt to complexity and change. Using the M&A Almanac database, they applied a survey methodology; collect 100 responses from Germany, 80 from Singapore and 51 from Canada. Their findings confirm that five variables positively influence trust: the attractiveness of the acquiring firms' HR system, the mode of takeover, interaction history, the imposed control and cultural distance. Thus, in summary, the staff are more concerned with the impact on their work situations and their careers, including for example pay. In other words, they would prefer to work in a combined organization that is concerned with relationship effectiveness among the staff than in an organization concerned only with profits. This shows that relationship effectiveness among the staff of the acquiring and acquired firms plays an important role in the post-acquisition integration process

Relationship effectiveness in M&As is not only important during the integration phase but is also necessary during the due diligence phase. In a study conducted by Valliere et al. (2008), relationships in M&As can exist prior to the integration, during the valuation of the target firm. Moreover, these relationships can exist at two levels: industry and firm. At the industry level, these prior relationships may include those between suppliers, customers, competitors and complement relationships, whereas, at the firm level, they may include partnerships, alliances and prior investment. By using the survey methodology and the database from Thomson Macdonald Venture Expert during the period of 1999 to 2006, out of 1,719 contacted, 378 were unreachable. Therefore, 1,341 questionnaires were sent, resulting in 40 valid responses returned. From the results, they conclude that prior relationships can act to enrich or enhance the due diligence process, especially when the acquirer acquires a firm that is in its own industry and the firms share a common knowledge and history. In this situation, they can develop synergies due to less uncertainty about the potential benefits of the acquisition. The most valuable relationship in the study was complement relationships, followed by supplier, partner and finally competitor relationships.

Another study, pursued by Anderson et al. (2001), looked at supplier relationships in acquisitions. They stress that the external relationships through interactions can be taken over by the other company through intended or unexpected behaviour. This means the acquisition is targeted at existing customers or suppliers becoming part of their operation. By using a longitudinal approach, specifically case study methodology, they focus on one Swedish Company and one Finnish Company. Altogether, fifteen managerial interviews were conducted with ten managers representing these companies. From their analysis, they find that business relationships can develop in an unforeseen way with unexpected effects on other connected relationships. They found that an acquirer which acquires its supplier obtains an advantage by shortening the time between order and delivery, which has a positive effect on distribution activities. Furthermore, the acquiring firm also gains more customers through its target firm, which now becomes a part of it. Thus, good relationships with a supplier can create synergy by enhancing the acquirer's operation activities.

In this study, following research conducted by Richey et al. (2008) and Guenzi and Troilo (2006), we would like to propose marketing relationship effectiveness as a key contributor in our framework for facilitating M&A performance. This is in line with the previous research discussed above that shows how relationship effectiveness among the staff involved in the M&A integration is likely to promote a condusive integration environment, especially in cross-border M&As (Schweiger and Very 2003). In addition, relationship effectiveness between the marketers of the acquiring and the acquired firms has been confirmed as stabilizing and positively impacting marketing productivity, which enables effective assimilation after the acquisition (Richey et al. 2008).

We define marketers' relationship effectiveness as any endeavours or efforts to improve the relationships among the marketers of the acquiring and acquired firms: this can involve any approaches that maintain marketers' loyalty in order to improve M&A performance.

The most relevant study that discussed about marketers' relationships in the M&A context was conducted by Richey et al. (2008). They emphasize that when firms engage in a M&A strategy, they need to pay attention to the relationship marketing managers in order to maintain marketing productivity and continue to make profits, especially within the target firms. Questionnaires were used to gather information about relationship marketing managers. 807 potential respondents were taken from the Ernst and Young database, resulting 104 returned responses. The findings showed that environmental uncertainty stimulates firm level behaviours; this means that if firms seek control over their internal resources, for example retaining their relationship marketing managers, they can stabilize and provide a positive impact, especially on marketing productivity. In conclusion, they stressed that maintaining relationship marketing managers is key to M&A performance. However, the loss of relationship marketing managers is likely to have a negative effect on marketing productivity in the combined firm.

A similar study examining factors contributing to customer value creation in integrations between marketing and sales departments was pursued by Guenzi and Troilo (2007). However, this study was not conducted in an M&A context. By considering marketing sales integration, an idea originally proposed by Ellinger (2000), they stress that such an integration could develop marketing capabilities, which enhance customer value creation. Data were collected from 870 managers, resulting 396 useable questionnaires. The findings reveal that a more effective relationship between the marketers and the sales employees leads to a better human socialization approach and minimizes negative inter-group effects. However, regular monitoring of the perceived value of the relationship is necessary and, if perceived value decreases, action is advisable.

Therefore, to sum up, an effective relationship between the marketers of the acquiring and acquired firms is essential to guarantee better M&A performance. As mentioned in previous studies, relationships are key in M&A integrations to ensure they run smoothly and, as a consequence to perform well.

2.9 Inter-Firm Compatibility as a Moderator in M&A Integration

Compatibility issues in M&As were first considered by Schoenberg (2000). He emphasizes that there are three main bodies of literature that explain compatibility: these look at strategic fit, organizational fit and cultural fit. Strategic fit explains the link between performance and the strategic attributes of the combining firms, and the extent to which the target firm should be related to the acquirer. Organizational fit on the other hand, explains how the combination of organizational and human resources during an acquisition influences its performance. Through this two strategic combinations provide theoretical perspectives on the factors influencing organizational and cultural compatibility (Cartwright and Cooper 1993; Lubatkin 1983). Meanwhile, cultural fit looks at how the cultural compatibility of the two firms influences post-acquisition integration: this can be related to both the strategic fit and the organizational fit of a particular acquisition (Jemison and Sitkin 1986a).

One of the earliest studies to connect cultural fit with M&As was conducted by Weber and Shenkar (1996). They stress that extensive integration in M&As is highly related to the relative familiarity of both parties with each other's environments, and the extent to which operations are conducted in the country where the acquiring and acquired firms are based. They add that creating such an atmosphere and obtaining people's commitment during the integration process is dependent on the cultural fit between the merging firms. They distributed questionnaires to a database drawn from the Journal of Mergers and Acquisitions during the period 1985-1987. This gave them 52 useable responses. Their findings show that national culture and corporate are the best predictors of stress and negative attitudes towards the merger and of actual co-operation. Another crucial finding was that when an M&A occurs between similar companies for example in the case of a horizontal M&A, synergy is more likely to be achieved.

Many studies of M&As have explored issues of cultural compatibility, as this is the major challenge for those involved (Cartwright and Cooper 1993). It is not easily to transfer an organizational culture into other working environments or to learn a new organizational culture. For example, Olie (1994) shows that compatibility between the cultures of the organizations involved in a merger is a major cause of integration difficulties. He uses three Dutch-German merger case studies, a fibre merger, an aviation merger and a steel merger, and concludes that integration can be very successful if there is a high degree of cohesion in the effort to fulfil the goals of the new organization. Obstacles to compatibility were found to include different legal requirements, political environments, management styles and sales traditions.

Chatterjee et al. (1992), show that the relationship between shareholder gains and the relatedness of merging firms is contingent on the compatibility of the two firms' top management cultures. They hypothesize that the tighter the fit, and the more the core technologies of the merging businesses are related, the more value would be created for the acquiring firm's shareholders. A sample was drawn from the Journal of Mergers and Acquisitions over three years (1985-1987). 73 responses were received out of an initial sample of 185. The findings indicate that compatibility of management styles is key to a superior performance, where this was characterized by the level of post-acquisition integration of operations. Incompatibility of management style was found to result in conflicts, difficulties in achieving operational synergies, a lack of close relationships and poor performance. This indicates that the acquirer should pay close attention to cultural compatibility issues.

According to Sarkar et al. (2001), in order to achieve success in a cross-border collaboration, a firm must choose a partner who possesses similar characteristics in certain areas and dissimilar characteristics in others. Success factors such as resource complementarity, cultural compatibility and operational compatibility influence the relational capital, which drives the success of an alliance performance. Survey methodology was used, sampling 561 constructions companies from the Engineering News Record in the United States of America, resulting in 68 returned questionnaires. Cultural compatibility was found to be significant in influencing strategic performance and project performance. They emphasize that partners who share similar organizational cultures will be likely to enjoy better quality relationships, which in turn stimulate the success of the project. Operational compatibility, on the other hand, has a positive and significant effect on project performance but negatively influences strategic performance. This means that partners are more interested in sharing information on certain projects than they are overall. We base our moderator of inter-firm compatibility on those proposed by Sarkar et al. (2001): cultural compatibility and operational compatibility. This is a further contribution of our study as the variable of operational compatibility in the M&A integration setting has so far not been introduced in any M&A studies (Schoenberg 2000).

In the context of M&As, contingency theory states that whether the combined firm makes gains or losses due to the M&A strategy is contingent on several conditions (Lubatkin 1983). These conditions include having opportunities to grow and the ability to achieve a strategic fit with the competitive markets of the acquired firm. This argument implies that, the better the strategic fit between the acquiring and the acquired firm, the greater the performance of the combined firm (Schoenberg 2000). Similarly, in the present study, a better strategic fit and compatibility of cultural and operational aspects will likely improve the integration process between the acquired firm and the acquirer. These things are important for stimulating effective relationships among the marketers and at the same time, reducing the probability of failure through making greater cost savings through the integration process (Harrison et al. 1991). Subsequently, the compatibility strategy needs to be structured and planned: most importantly it is necessary to create harmonious relationships in order to boost performance.

Thus, in this study, we investigate how important cultural and operational compatibility are in moderating the relationships between the integration process and outcomes. We also look at the advantages of compatibility particularly in terms of cost savings and stabilising marketers' relationships, thereby improving M&A performance.

2.10 Summary

This chapter illustrates the conceptual framework and presents the theoretical foundations related to marketing integration processes in M&As. It then, discusses chapter reviews of existing literature particularly related to the research problems. Finally, it provides argumentations and discussions of the antecedents of marketing integration process.

3 HYPOTHESES DEVELOPMENT

3.1 Introduction

In this section, we aim to draw on the discussions from the literature review by proposing twelve hypotheses including the moderators. Using these hypotheses, we will then attempt to highlight and delineate the gaps in the current research in terms of understanding the antecedents to the marketing integration process in M&As. All of these hypothesis relationships are illustrate in Figure 4.

3.2 Antecedents to the Marketing Integration Process

In marketing integration, particularly in the context of M&A, perhaps almost no studies aim to propose antecedents or drivers to the success of the marketing integration process which simultaneously improve M&A performance (Homburg and Bucerius 2005). Hence, in the present study, we propose four main categories of antecedents: collaboration, interaction, redeployment of marketing resources and marketing synergy. These antecedent relationships are clearly shown in Figure 4.

3.2.1 Collaboration and Interaction

Commitment and cooperation are vital for creating close relationships and developing smooth departmental integrations in M&As (Weber 1996a). Other important factors that contribute to departmental integration, particularly marketing integration, are collaboration and interaction (Kahn and Mentzer 1998). Generally, collaboration and interaction are associated with strategic alliances, and are also used by many organizations in international joint ventures, to access rare tangible resources (Cavusgil et al. 2008). However, they are becoming increasingly popular, specifically in the context of M&As, as a way of gaining access to know-how and other forms of knowledge-based resources (Ring 2007). Collaboration is always described as a process which involves teams working together and sharing resources through interdepartmental connections (Weiss and Hughes 2005). Furthermore, collaboration and interaction with foreign partners through M&As can provide firms with knowledge and strategies that might be extremely costly and difficult to obtain via other cross-border entry modes, such as joint ventures and other non-equity alliances (Shrader 2001).

On the one hand, collaboration and interaction through M&As will be much easier in terms of control issues, particularly in acquisitions as the acquiring firm will have more say in the making of important and final decisions (Shimizu and Hitt 2005). However, this does not mean that the acquiring firm will have the absolute power to manage the firms, as there are other factors to consider, such as the willingness, motivation and attitudes of the acquired employees to collaborate in the integration process (Faulkner et al. 2002). Collaboration and interaction must be used in parallel to facilitate better communication and coordination in intense environments especially in M&A integration (Jisun et al. 2005). Additionally, integration performance will improve when people communicate with each other (Ellinger et al. 2000). In fact, in marketing departments, interactions are implemented through the relationship of a marketing manager with his subordinates, and he or she plays a coordinating role in dealing with the demands of customers and linking with other departments in the firm that are capable of satisfying those demands (Ruekert and Walker 1987).

All of these transactions and communication drivers must be applied, especially when the firms are implementing their integration process. This is important since the extent of the combination and how long it will last depends on the collaboration of those involved. More importantly, this process will require a huge amount of co-operation and interaction particularly among the marketing staff in order to ensure they successfully assimilate into one business entity (Capron and Mitchell 1998b). Another important factor is the speed of the integration as this will potentially reduce costs and avoid potential conflicts that may arise during the integration process (Homburg and Bucerius 2006). These social relationship approach hypotheses can be more formally stated as follows:

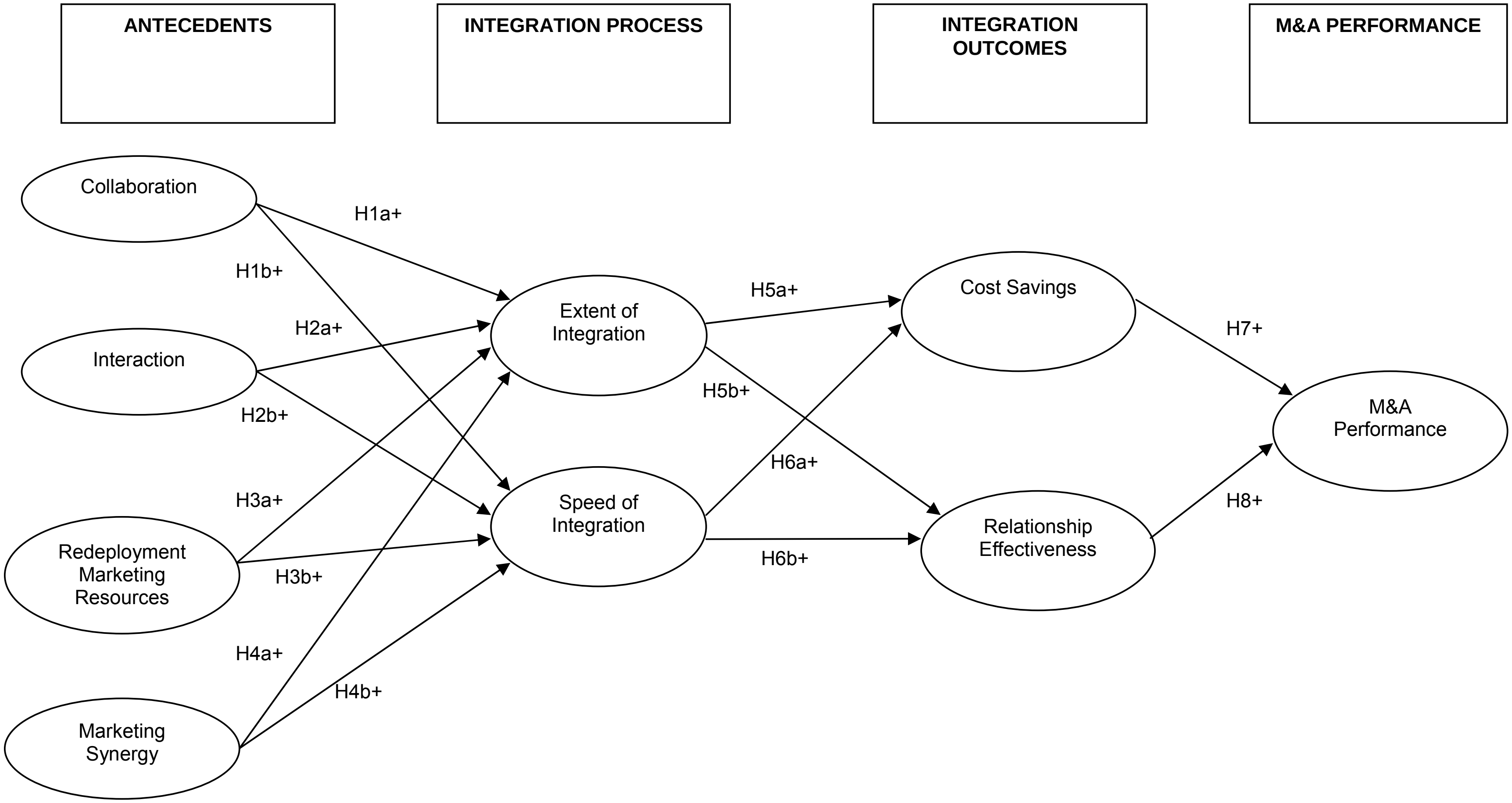
Hypothesis 1a (+): **The greater the collaboration, the greater the extent of the integration**

Hypothesis 1b (+): **The greater the collaboration, the greater the speed of the integration**

Hypothesis 2a (+): **The greater the level of interaction, the greater the extent of the integration**

Hypothesis 2b (+): **The greater the level of interaction, the greater the speed of integration**

Figure 4: Model of the Path Relationship in Marketing Integration Process



3.2.2 Redeployment of marketing resources

Following the study conducted by Capron (1998), we define the redeployment of marketing resources as the use by a target or acquirer of their partner's resources, which may involve a physical transfer of resources to new locations or the sharing of marketing resources without physical transfer. The redeployment of marketing resources is crucial as it organizes and structures the marketing resources of each party: the acquiring and the acquired firm. As is noted by Guenzi and Troilo (2007), the redeployment of marketing resources can avoid poor firm capacity and marketing capabilities and generate superior customer service. However, this manoeuvre requires that more attention be placed on the collaborative relationships among the marketers as they are the key to developing a smooth alignment process and synchronizing the M&A marketing integration.

Capron and Hulland (1999) note that one benefit of acquisitions is that they remove the need to develop marketing resources, such as brands and sales forces in a new organization, which can be difficult. When a firm acquires another firm, however they acquire its resources, which they can then redeploy. It is believed that this strategy can enhance a firm's competitive position and lead to a better financial performance. Capron and Hulland highlight three marketing resources, brands, sales forces and general marketing expertise, which are redeployed in M&As.

Krishnan et al. (2004) study the redeployment of resources in M&As that leads to a firm reconfiguring their product-mix toward high-profit products. They show that post-merger resource redeployment can translate into favourable changes in the product portfolio or increases in the firm's share of attractive product markets. They also stress that mergers facilitate the product-mix reconfiguration by relaxing institutional and organizational constraints on resource redeployment. They look at hospital industry in the United States of America focusing on the area of Ohio, over the period of 1993-1996. A total of 105 hospitals involved in the mergers were used as the main sample. The results show that resource redeployment towards attractive product lines does not appear to eliminate the unprofitable product lines, due to the non-profit status of most of the hospitals in the sample. While, the main objective of resource redeployment in this study, is to offer lucrative products that can generate more revenue for the combined firm.

Another study, that looks at resource redeployment was carried out by Anand and Singh (1997). They emphasize that some resources are fungible; firms should be able to redeploy these resources to enter new markets when their existing businesses decline. This can be done by redeploying the resources within the firm through diversification-oriented acquisitions or through consolidation-oriented acquisitions. They use 289 cases from the defense industry in the United States of America and two performance measurements: stock market return and pre-tax cash flow. Their results indicate that consolidation is a better choice for firms in declining industries seeking a higher return compared to diversification. This is mostly due to the cost and risks involved in the transformation of a firm. Since it is more profitable to redeploy resources in a consolidation environment, firms should measure the attractiveness of potential targets by identifying opportunities for consolidation.

Acquisition is used as an alternative way of capturing new resources, specifically marketing resources such as unique and established brands that most firms find difficult to develop internally within a short period of time (Jaju et al. 2006). Jaju stresses that, competitive advantage can be created through repositioning brand and product offerings, through the creation of totally new brand images, for instance, brand name redeployments in a variety of brand alliance or co-branding. In fact, combining the brands or using a new brand, especially to market a particular product or service is a key factor in speeding up integration (Hise 1991).

Acquisitions can also generate new marketing resources through the re-alignment of all the existing marketing resources, especially those in the acquired firm (Vanitha et al. 2008). Indirectly, the redeployment of marketing resources will improve the integration process, especially in terms of extent of integration, as it act as a driver for exploiting resources and ensures that these resources are fully utilized by both firms. This will speed up the integration as both firms will be likely to identify and evaluate potential advantages from sharing and exchanging marketing resources that might improve the company's performance and achieve marketing gains. It is important to ensure that the acquired firm's resources are used and manipulated by the acquirer to boost financial performance. From all of the above, we propose that:

Hypothesis 3a (+): **The greater the redeployment of marketing resources, the greater the extent of the integration**

Hypothesis 3b (+): **The greater the redeployment of marketing resources, the greater the speed of the integration**

3.2.3 Marketing synergy

In general, synergy is the ability to leverage the strengths and capabilities of a particular organization. In fact, synergy has become one of the critical success factors in new product development and overhauling financial services (Cooper and Edgett 1996). Additionally, synergy is the most justifiable motive in M&As (Hopkins et al. 1999; Tarun et al. 2004). In a situation where firms acquire other firms which are related to them in some form, they can create efficiency through synergy (Harrison et al. 1991). As cited by Nils Bohlin (1998), the synergy created by a successful merger is a dynamic energy that arises from ongoing encounters between people and groups with different world views, knowledge, and experience, and it transforms the whole idea into something greater than the sum of its parts. But it never happens automatically.

We use the definition of marketing synergy in M&As as noted by Weber and Dholakia (2000). They define marketing synergy as the combination of firms and the reduction of duplicated marketing-related resources. In this way, synergistic marketing benefits can be obtained by utilizing the available resources of both sides, with a view to becoming the premier competitor in the market. In their study, they attempt to analyze the potential marketing synergy which results from the consolidation of partners whose core businesses are similar. By acquiring synergy, both firms will be able to shift the old management system aside and develop a new foundation for the new combined marketing department.

Harrison et al. (1991) stresses that synergy is an essential ingredient for value creation that is created from the similarities and dissimilarities of resources that exist between the acquiring and target firms. However, this synergy must be effectively managed, especially during the period of integration. Otherwise, the combination will incur losses through unlocking the synergy between the two firms, particularly through restructuring their marketing resources. This is crucial since marketing resources are very important in creating competitive advantage and subsequently boosting a firm's performance (Hooley et al. 2005).

To harness the valuable differences between two merging companies and convert them into opportunities for innovation, excellent performance, and market leadership, the merging companies need to take a very careful look at the entire merger process. One of the distinct studies that focuses on synergy in M&As was conducted by Larsson and Finkelstein (1999). They proposed that the extent to which synergy realization is developed in the integrative model is a function of the similarity and complementarity of the acquiring and acquired firm. This synergy is also realized through interaction and coordination during the organizational integration process. They gathered 112 empirical case studies on integration processes in M&As. They find that organizational integration is the strongest predictor of synergy realization when the combination potential is high. Also, effective interaction and coordination adds to the organizational integration and allows the firms to comprehend their potential. On the other hand, they find that employee resistance is negatively associated with synergy realization.

Chatterjee (1986) examines and explores different types of synergies in acquisitions. He introduces three synergies; financial, operational and collusive. The study explores the ability of the acquiring firms to make decisions about which of the target firm's resources will create the most value for the M&A. They utilize cumulative abnormal returns (CAR) as the main measurement, which determines the economic value of the three types of synergy. Data were gathered from the Federal Trade Commission's Statistical Report on Mergers and Acquisitions (FTC). 157 M&A cases were selected as the sample of the study. The findings reveal that financial synergy adds more value than operational synergy. Furthermore, in horizontal M&As, collusive synergy is found to have higher value than both operational and financial synergies.

Another study that examines synergy from the marketing perspective was pursued by Song et al. (1997a). They focus on how marketing is important in determining the success of new products through three factors: marketing skills synergy, marketing resources synergy and marketing activity proficiency. Samples were gathered from the World Business Directory, 306 firms from Taiwan and 372 from Korea. According to the results, marketing resources synergy is positively associated with marketing skills synergy. One implication of this is that marketing resources synergy helps the firm to develop better marketing skills to ensure a product's success. They also find that marketing skills are an important determinant of product success.

The present study, on the other hand, proposes that marketing synergy is one of the factors that contribute to the efficiency of the marketing integration process. This synergy is believed to lead to a better combination of products or services, which is important for obtaining new customers and also key to customer retention (Richey et al. 2008). It can also reduce other potential duplication, such as warehousing, brand positions, customer service facilities, advertising, product development efforts and other marketing duplications (Hakkinen 2005). Thus, the marketers of both the acquiring and the acquired firm need to determine to what extent they should be integrated in order that the resulting marketing synergy enhances the effectiveness of the new marketing strategy in both firms. The first challenge is how to integrate and the next is how to avoid overlaps in their operations, which will incur unnecessary costs. Therefore, we hypothesize:

Hypothesis 4a (+): The greater the degree of marketing synergy, the greater the extent of marketing integration

Hypothesis 4b (+): The greater the degree of marketing synergy, the greater the speed of marketing integration

3.3 Marketing Integration Process

3.3.1 Extent of integration

Since an integration can cause costly and time-consuming changes, Schweiger (2002) suggests that only those functions, lines of business and geographic areas that support the strategy and source of synergy should be integrated. This is supported by Datta (1991), who mentions that the main benefit of the post-acquisition integration of operations, is to make more effective use of the existing resources and capabilities. In addition, this advantage can reduce costs in production, finance, inventory holding, marketing, advertising and distribution, through integrating similar departments and functions (Howell 1970). This stage is also known as the transition stage, during which the acquirer must examine each area of business and decide what to integrate and, most importantly, to what extent they should be integrated (Schweiger et al. 1987). If integration plans can be developed early in the process, such as during the transition period, organizations can make important changes quickly. The quicker they confirm which areas they will combine, the better the integration process will be.

According to Homburg and Bucerius (2005), M&A integration can be either low or high in their extent of integration. However, a low or high level of integration does not necessarily lead to high or low cost savings. In other words, a deep integration is not always the best solution. Moreover, in some cases, costs can be higher than before the merger. However, in some areas the integration can create the potential for cost reductions. It can also be a mean of improving relationships among the combined staff during the integration stage (Schweiger and Goulet 2000). These relationships are vital as the firm will need to share information and need to declare any undisclosed information from both side as this will be the key to success of the integration process (Zhanwen and Haifeng 2007). A lack of sharing of information and strategies between the two firms could jeopardise the future success of the integrated entity.

We use a similar dimension to that proposed by Homburg and Bucerius (2005) who look at the achievements of both the acquiring and the acquired firms in terms of marketing systems, structures, activities and processes. As they note, Homburg and Bucerius (2005), we have to look at the extent of the differences between the two firms in terms of prices and sales systems and see how they can be integrated. Therefore, we hypothesize:

Hypothesis 5a (+): **The greater the extent of the marketing integration, the greater the cost savings**

Hypothesis 5b (+): **The greater the extent of the marketing integration, the more effective the relationships between the marketers will be**

3.3.2 Speed of integration

Speed in M&A integration is associated with decisiveness, gaining the advantage and saving time (Angwin 2004). Speed is found to be highly beneficial, particularly in the integration process (Homburg and Bucerius 2006; Orit et al. 2003). It is defined as the shortness of time needed to achieve the intended level of marketing integration

(Homburg and Bucerius 2006). A slow integration process creates problems and weakens the opportunity to take advantage of the energy stirred up by an M&A (Christine and Brian 2004). However, according to Schweiger and Goulet (2000), the issue of speed can be categorized into two schools of thought: the slow integration approach and the idea that integration should be executed as quickly as possible.

In the first approach, the acquirer takes the time to get to know the target firms, staff, culture, operations and markets before making any drastic changes. However, the alternative idea is to pursue a quick integration. The quick approach always makes the business work efficiently. It avoids uncertainty of direction and is the best way to reduce political resistance to change, especially in the target firm. Another view, from Hadjian (2000), is that speed of integration is actually a hinge that holds together the success of the combined firm. Therefore we hypothesize:

Hypothesis 6a (+): **The greater the speed of marketing integration, the greater the cost savings**

Hypothesis 6b (+): **The greater the speed of marketing integration, the more effective the relationships between marketers'**

3.4 Integration Outcomes

We note two key marketing integration outcomes: magnitude of cost saving and marketers' relationship effectiveness.

3.4.1 Cost saving

Cost saving is one of the first targets when a firm is involved in a cross-border M&A (Hopkins et al. 1999). In fact, cost savings are most common during the M&A integration process as it is at this stage that the firm can reduce unnecessary costs and increase profits, through redundancies and the removal of excess overhead costs. Other crucial ways to reduce costs in M&As are reducing the geographical presence, such as closing duplicated offices, combining IT costs and, especially, integrating marketing costs, which can contribute between six and 10 percent of a company's expenditure (Zofnass 1998).

One of the main reasons that firms use the M&A strategy is that it is likely to enable cost cutting (Zofnass 1998). There are many forms of cost savings in M&A implementations such as reducing any duplication, especially in functional areas, re-alignment of resources and optimizing technology in operational areas. This is also supported by Campa and Hernando (2006) who note that one of the primary rationales behind firm integration in the banking industry for example is to make cost reductions. These reductions involve rationalizing the branch network of the merging firms, reducing back-office operations and common services, and also improving brand recognition. These reductions are believed to contribute at least an additional ten to twenty percent to projected annual cost savings (Lam et al. 2007). Therefore we hypothesize:

Hypothesis 7 (+): The greater the cost saving, the better the M&A performance

3.4.2 Marketers' relationship effectiveness

Another important outcome of the marketing integration process is close relationships between the marketers of both firms (acquiring and acquired) lead to better M&A performance. The relationships between the marketers are essential to avoid misunderstandings and above all to ensure that the marketing activities are kept on track in order to allow an outstanding M&A performance. Additionally, this outcome would hopefully lead to the firm retaining more of its staff rather than losing them to other organizations. Losing marketing experts is not the only concern: there is also the potential risk of losing key customers attached to those marketing experts. The issue of relationships between marketing managers in the post-integration phase of M&As has been tested empirically in a study by Richey et al. (2008). They emphasize that the relationship marketing managers have a role to play in establishing, maintaining and growing inter-organizational exchange relationships, particularly in the marketing environment.

Even though the acquirer and the target firm have combined, relationship gaps between them will still exist. Staff attached to the target firm will always be vulnerable to any decisions made by the new owner of the combined firm. Therefore, quick action is needed to bridge this gap by enhancing good relationships in order to avoid the loss of dedicated staff and, more importantly, to eradicate feelings of discrimination amongst the staff. The acquirer needs to develop good communication practices by holding having a lot of informal discussions and disseminating new information to all staff including those from the acquired firm. This is important to avoid the spreading of irrational rumours which could cause the collapse of the newly-built firm.

According to a report by the Boston Consulting Group (2008), dealing with post-merger integration in developing countries not only deals with the complex in identifying firm's values but also how to deal with emotional elements. When employees' emotions are unstable, the relationships between them may be jeopardized. This can be addressed by improving the firm's commitment to business relationships so that the associates are ultimately made to feel important. Here, we follow a study that was conducted by Guenzi and Troilo (2007), also mentioned in the literature review section, on how the effectiveness of relationships between the marketing department and the sales department increases customer value and consequently boosts market performance. Relationship gaps among the marketers, particularly in M&As, are not tangible, but firm's need to pay attention to them over the long-term as relationships take time to develop (Richey et al. 2008). Therefore, we hypothesize:

Hypothesis 8 (+): The more effective the marketers' relationships, the better the M&A performance

3.5 Moderating effect: Inter-firm compatibility

Another important result discovered in this study concerns moderating effects. According to Baron and Kenny (1986), a moderator can be either: a qualitative (eg. sex, race, class) or a quantitative (level of reward) variable that affects the direction or strength of the relationship between an independent (predictor) variable and a dependent variable (criterion variable). In other words, a moderating effect is something that modifies or improves the strength of a relationship between a predictor and a criterion variable (Sharma et al. 1981).

In this particular study, compatibility factors are employed as moderators in the relationship between the marketing integration process and the marketing integration outcomes. This is in line with Birkinshaw et al. (2000), who emphasize that compatibility between the individuals in the acquired firm and those in the acquiring firm will reduce acculturative stress and therefore smooth the integration process. Moderators are also employed by Homburg and Bucerius (2005), however they use different variables as moderating effects: firm-level moderators (the customer-orientation of the integration, the relatedness of the two firms market positioning and the relative size of the acquired firm) and industry-level moderators (market growth before the M&A, and the distinction between product and service firms).

Figure 5 demonstrates the model of the moderating effect of inter-firm compatibility, which has two major aspects, namely: cultural compatibility and operational compatibility. We group them into a single construct: inter-firm compatibility. This construct acts as a moderator in the relationship between the marketing integration process and the marketing integration outcomes. Although these factors were employed as drivers in a study into relationships in international strategic alliances conducted by M.B. Sarkar et al. (2001), they have also been used extensively within the scope of M&As, especially with regards human resources (Cartwright and Cooper 1993; Datta 1991; Ginter et al. 1992; Mirvis and Marks 1992; Weber 1996b). Yet, nearly all of the studies conducted have mainly focused on general relationships rather than a specific department in the combined organization, such as the marketing department. Hence, there is a need to bridge this gap through examining the issue of inter-firm compatibility in the M&A integration process, taking a marketing department as the major setting. Therefore, we would suggest the following hypotheses:

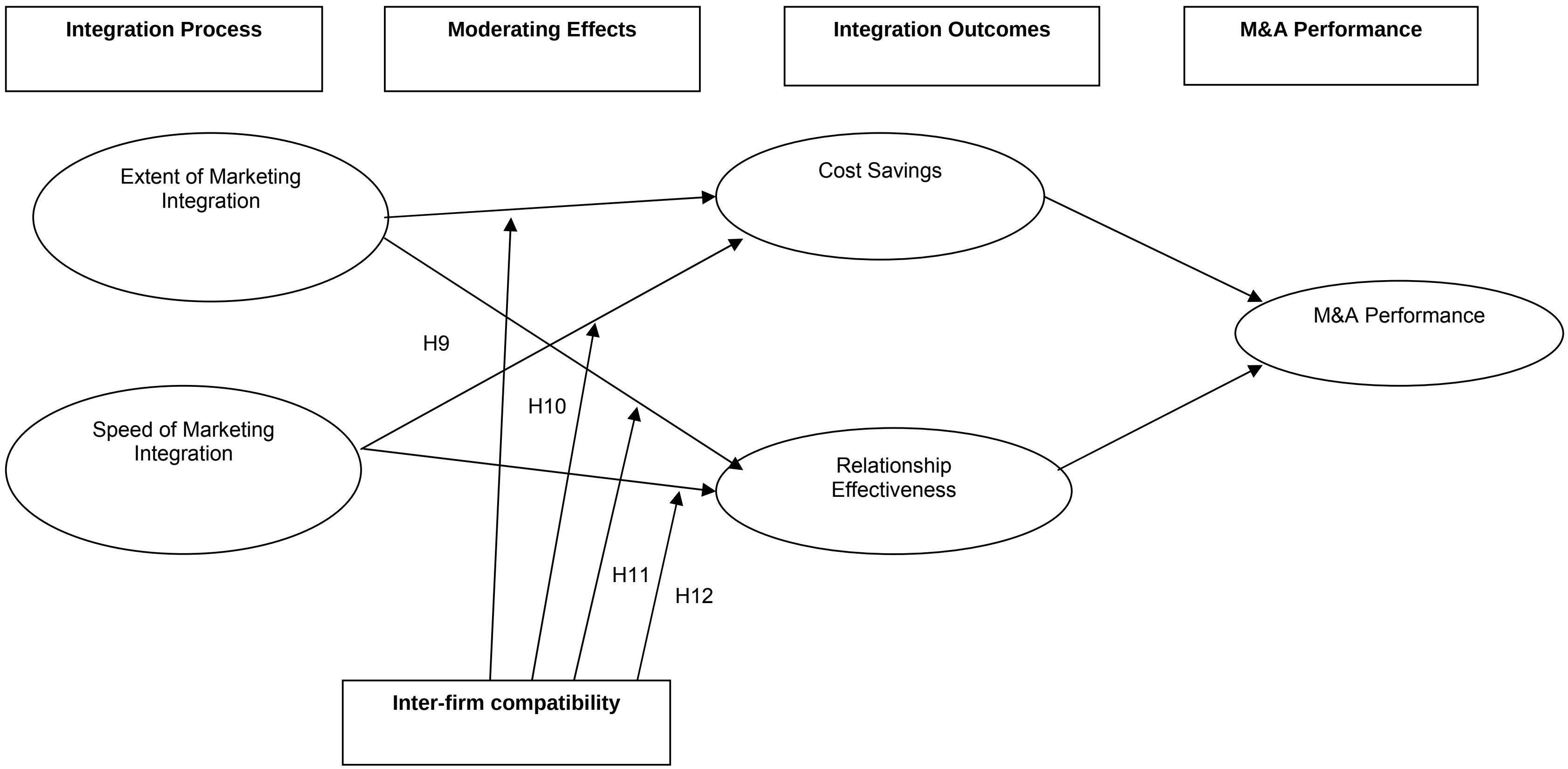
Hypothesis9 (+): **The better the inter-firm compatibility, the more the extent of the marketing integration influences the cost savings.**

Hypothesis10 (+): **The better the inter-firm compatibility, the more the speed of the marketing integration influences the cost savings**

Hypothesis11 (+): **The better the inter-firm compatibility, the more the extent of the marketing integration influences the effectiveness of the marketers' relationships**

Hypothesis12 (+): **The better the inter-firm compatibility, the more the speed of the marketing integration influences the effectiveness of the marketers' relationships**

Figure 5: Conceptual Framework of Moderating Effects (Inter-Firm Compatibility)



3.6 Moderating Effects: National Cultural Distance (Post Hoc Analysis)

In order to improve the investigation into moderating effects, we applied national cultural distance to test the relationships between the antecedent and the marketing integration process. Cultural distance is an unavoidable factor in international business especially in the context of M&A integration (Ghauri 2002; Reus and Lamont 2009; Yamin and Golesorkhi 2010). National cultural distance can be defined as the degree to which cultural norms in one country are dissimilar from those in another country (Kogut and Singh 1988). Culture is not easily modified, and this is clearly demonstrated when two cultures are brought into close contact, as typically occurs when two firms merge (Ross 1999). In M&As, lack of cultural fit is among the factors that contribute to failures (Nahavandi and Malekzadeh 1988; Weber 1996a). However, other studies such as that by Morosini et al. (1998) reveal that national cultural distance can bring positive outcomes through the diversity in routines and repertoires that comes from the different backgrounds of the staff and which facilitates the building of a unique organizational cultural environment.

The most relevant study to examine cultural distance in an M&A context was pursued by Kogut and Singh (1988). They claim that culture distance between countries influences the choice of entry mode. They looked at 228 entries into the United States through M&As, Greenfield and joint ventures. Using Hofstede's indices, a composite index was formed and the results show that when cultural distance is greater, firms prefer to choose joint ventures rather than acquisitions. This indicates that the greater the cultural distance between acquirer and the acquired firms, the lower the probability of a successful acquisition, making a joint venture a more attractive option.

However, cultural distance has not been tested empirically as a moderator in previous research in the M&A marketing integration setting, with the exception of a study conducted by Slangen (2006). Although, Slangen's (2006) study did not directly investigate the issue of cultural distance in a marketing integration setting within an M&A context, his findings reveal that greater differences in national cultures diminish M&A performance if the acquired firm is completely integrated into the acquiring firm, but that the M&A performance will not be affected if the extent of the integration is limited. He stresses that it is advisable for the acquirer not to intervene actively in the acquired firm's business dealings. He measures national cultural distance by using the

Kogut and Singh (1988) index, and the differences in country scores on each of Hofstede's (2001) four dimensions.

Hence, we conducted a post hoc analysis based on the studies conducted by Kogut and Singh (1988) and Slangen (2006). This post hoc test attempts to uncover whether cultural distance influences the relationship between antecedents and the marketing integration process variables, (See Figure 7). We then propose the cultural distance index that would to apply to each of the countries involved in the cross-border M&As in Malaysia and Indonesia. However, we do not apply cultural distance directly in our model, but as post hoc analysis, for several reasons. Firstly, we believe that cultural compatibility, which has been proposed as a part of in inter-firm compatibility as a moderator in our model should be strategic in influencing the relationship between the marketing integration process and the integration outcomes, since it relates to firm-level relationships within the marketing department (Cartwright and Cooper 1993; Schoenberg 2000). Cultural distance issues, on the other hand, are more inclined to occur at a national-level in an organizational environment (Barmeyer and Mayrhofer 2008; Morosini et al. 1998; Teerikangas and Very 2006), although cultural distance is still important in M&As studies. Secondly, issues of strategic fit (compatibility between the acquirer and the acquired firm) are always linked to the performance and strategic operations attributes of the combining firms that is to what extent a target firm's attributes for example the company's mission, vision and strategy (Schoenberg 2000) should be related to those of the acquirer, whereas issues of cultural distance are likely to examine the differences in the behaviours or attitudes of the human resources in the combined organization, that is human interactions (Morosini et al. 1998).

The post hoc analysis will employ the measurement index suggested by Kogut and Singh (1988), see Figure 6. However, we will use cultural differences based on the country scores proposed by the Global Leadership and Organizational Behaviour Effectiveness (GLOBE) index (House et al. 2004). The GLOBE index is the latest study in examining cultural perspectives, and improves on Hofstede's cultural index (House et al. 2004; Javidan et al.). Figure 7 demonstrates the framework of cultural distance that moderating on the antecedents of the marketing integration process.

We examine nine dimensions of the GLOBE index proposed by House et al. (2004) as follows:

Uncertainty avoidance:	The extent to which uncertainty is avoided by relying on established social norms
Power distance:	The extent and acceptance of an unequal distribution of power
Institutional collectivism:	The degree to which collective distribution of resources is rewarded
In-group collectivism:	The degree to which individuals express pride, loyalty and cohesiveness in society
Gender egalitarianism:	The degree to which the society minimizes gender role differences
Assertiveness:	The degree to which individuals are assertive, confrontational and aggressive in social relationships
Future orientation:	The degree to which the society engages in future planning, investing and delaying gratification
Performance orientation:	The degree to which individuals are rewarded for performance improvements
Human orientation:	The degree to which individuals are rewarded for being fair, altruistic and kind

Figure 6: Cultural Distance Measurement

$$CDj = \sum_{i=1}^{4} \{(Iij - Iiu)^2 / Vi \} / n$$

CDj = the overall cultural distance between countries U and J

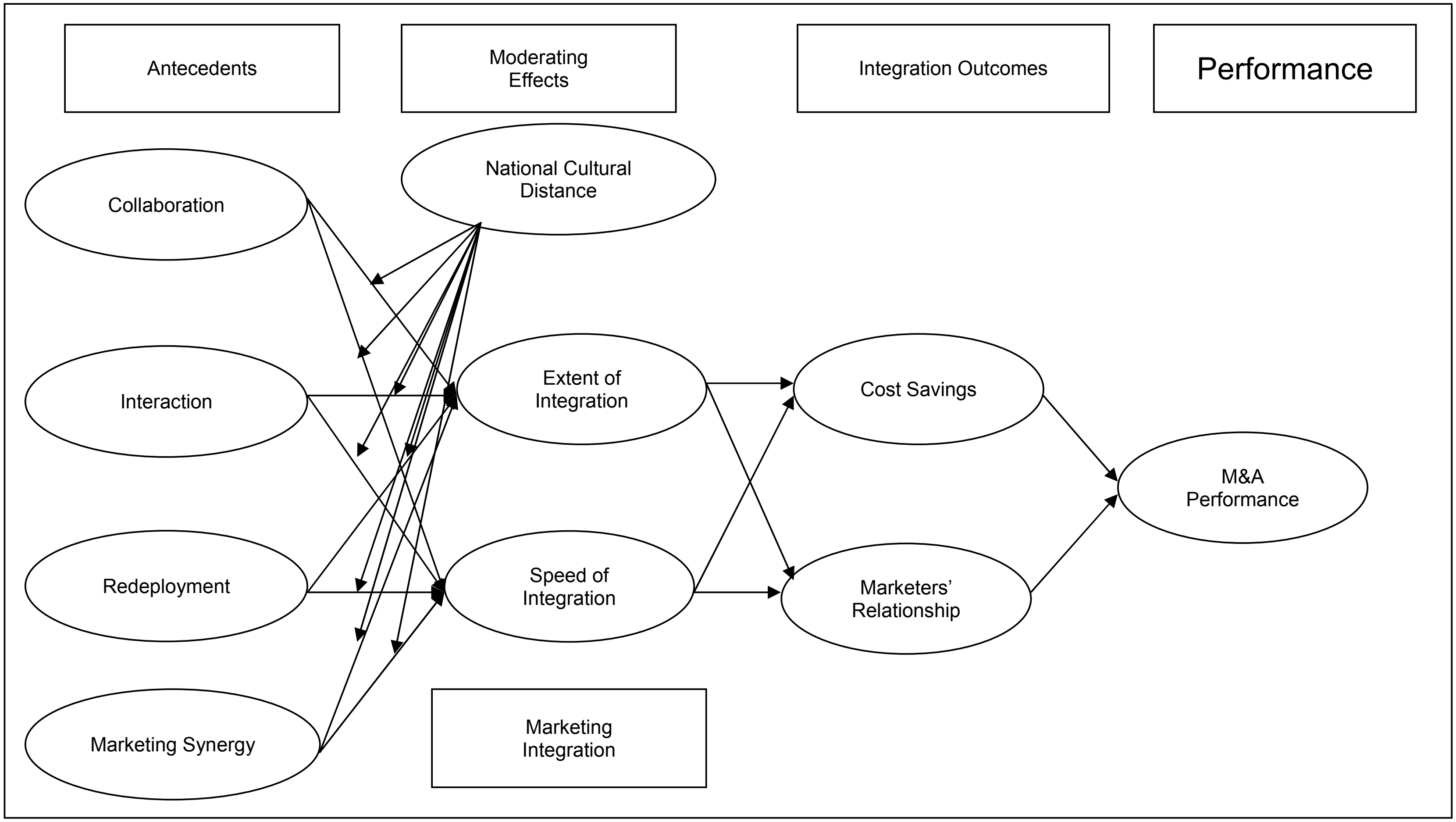
n = number of cultural dimensions

Iij = index for the i cultural dimension of the j country (Acquirer country: Malaysia and Indonesia)

Iiu = index for the i cultural dimension of the u country (Target country)

V = variance of the scores of the I dimension (calculated using the scores of all countries reported by Hofstede

Figure 7: Framework of Moderating Effects (National Cultural Distance)



3.7 Summary

This chapter discusses twelve hypotheses that involved in the model. All issues and argumentations about the hypotheses were presented here.

4 METHODOLOGY

4.1 Introduction

The methodology chapter outlines the research methodology used for the process of collecting the primary data. This process is very important, especially when assessing a research report, as it describes the appropriateness and rigour of the chosen methods. It not only justifies the methods used but also explains how the data is collected, and the appropriateness of the analysis used to provide the results. Basically, in this research we used the survey methodology. We begin by discussing the overview of methodology and research design, then the scales of measurement, followed by the questionnaire design and databases involved in the study. Next, we discuss the pre-testing of an early version of the questionnaire and the resulting improvements we made to the questionnaire. This is followed by determining the reliability and validity of the measurement instruments. Lastly, we draw some response bias results and summary for the chapter.

4.2 Overview of Methodology

A methodology is a set of methods, techniques and tools that provide a way to carry out a particular process that relates to a particular discipline of a field of enquiry (Holiday 1994). According to Scandura and Williams (2000), methodology is comprised of the philosophical assumptions that underlie a particular study linked to a scientific method. Further, Blankenship et al. (1949) stress that methodology in market research can be explained through three important aspects of obtaining information from the sample: the selection of the material to be obtained, the construction of the questionnaire form and the methods followed by the investigator or observer during the process of collecting the data. Blankenship et al. further noted that, within these three aspects, the process of collecting the data vary depending on the specific techniques used. The techniques can be divided into two main types, based on whether the data collected using quantitative or qualitative research methods (Hair et al. 2007). A quantitative research approach is based on statistical analysis of mainly primary data but secondary data can be used as well (Malhotra 1991). Qualitative research provides insights without using statistical procedures or any other means of quantification (Connell 2005; Sinkovics et al. 2005).

There are many techniques for collecting data, both quantitative and qualitative research procedures. Hair et al. (2007) mention that there two major qualitative collection procedures: interviews and observation. There are four types of interview: depth interviews, focus groups, case studies and projective techniques. In terms of observation, methods include human, electronic and mechanical. Quantitative methods include self-completion surveys, interviewer-completed surveys and observation. In self-completion surveys, a few different methods can be used: regular mail, overnight delivery, fax and internet. Meanwhile, interviewer-completed surveys can be carried out using the telephone, in shopping centres, at home and in the office. The observation method of collecting quantitative data uses the same techniques as for qualitative data.

In this study, we apply the quantitative methods of using self-completion surveys (mail and internet) and interviewer-completed surveys. Survey methods by mail are always used as the first data collection technique and are frequently used for social research before the researcher conducts a telephone and interview-completed survey (Dillman 1991). In fact, the mail survey is the chief method of obtaining data from respondents (Blankenship et al. 1949). In addition, since we conducted our study in two countries, Malaysia and Indonesia, the mail survey is appropriate compared to face to face interview. However, due to the rapid development of on-line technology, it is also possible nowadays to deploy surveys using on-line methods where the respondent can access the questionnaire using the internet and deliver the completed questionnaire directly by e-mail (Hair et al. 2007; Sekaran 2000). Another reason, why we choose survey methods is that the cost is fairly low and it is an effective method of covering large geographical areas especially in a piece of research involving a large number of respondents. In fact, much of the previous research that has been carried out on M&As also used survey methods as their main technique for collecting the data. Please see the list of previous research into M&As in Table 1.

4.3 Research Background

Basically, this research is a replication of a study that was conducted by Homburg and Bucerius (2005). However, their research was conducted in Central Europe, in Germany, Austria and Switzerland whereas the present study focuses on South East Asian countries, namely, Malaysia and Indonesia. At the same time, similar research methods were employed by using hypothetico-deductive methods (Sekaran 2000).

Only a few studies so far have examined the topic of integration issues in M&A context, in Asian countries. Some of these studies were conducted by Song et al. (1997a), Norzalita Abd and Norjaya Mohd (2004), Pangarkar and Lie (2004) and Agami (2002). We modify the existing conceptual framework by introducing antecedents' that could influence the marketing integration process. Here, we suggest four main constructs: collaboration and interaction (behavioural factors) and marketing synergy and redeployment of marketing resources (marketing factors). Instead of using market-related performance, we propose using marketers' relationship effectiveness. Furthermore, we introduce new moderators that purposely look at the compatibility of the combined firms in terms of their cultural and operational compatibility, and finally, we propose using M&A performance instead of financial performance.

4.4 Research Design

Since this research idea primarily emerged from existing research that focused on the quantitative approach, this research follows that same approach. We have used a systematic approach of pre-testing, refining and adapting measurement scales, which was suggested by Churchill (1979) and Carayon et al. (2006) as a way of developing better measures. According to Churchill (1979), researchers, and especially marketers need to pay attention and take their time developing their measures. Most of the measurements that we have used in this study have been adapted from previous studies that looked into M&As and interdepartmental integration, especially marketing integration. We have used perceptual measures and based them on multi-item measures for all the variables involved. These items were then rated as seven-point Likert-type scales by adopting multiple anchors. A draft questionnaire was reviewed and evaluated by prominent scholars in M&A, through in-depth discussions. On top of that, we also organized open interviews with private firms in Malaysia and Indonesia as a preliminary method of research with the aim of improving the draft questionnaire.

We arranged an open-ended interview sessions with staff directly involved in the M&A transactions. We targeted nine companies in Malaysia and at least one company in Indonesia. The interviews lasted approximately one to two hours each. The main purpose of these interviews was to gain an insight into the industry dynamics, and especially how to certify the measurements of the questionnaire and at the same time to discover new ideas for future studies. This is crucial, as qualitative methods such as interviews can provide more insight and give the researcher the ability to interpret complex behaviours (Hon 2002). In the end, we managed to secure six interviews sessions which were all conducted in Malaysia.

Once we received feedback from the field interviews, we refined the measurement constructs. Next, using the refined questionnaires, a pilot study was conducted. This step is vital in order to prove that the questionnaire is unbiased and harmonious. This helps to ensure we achieve the objectives and must be done before the sample can be generalized to the entire population (Armstrong and Overton 1977). Finally, from the result of the pre-test, a reliability test was conducted through Cronbach's alpha. This is important for eliminating any discrepancies from the reliability test. After modifying the measures, we then disseminated the survey questionnaires by mail to the respondents who were chosen from our databases comprising firms from Malaysia and Indonesia involved in marketing integrations within M&As.

4.5 Measurement Scales

The measurement scales are fitted to each specific dimension in the conceptual framework. These dimensions are categorized into five main divisions, namely: (1) antecedents of the marketing integration, (2) marketing integration process, (3) marketing integration outcomes, (4) moderator, and (5) performance outcomes. Within each division, we then derive our variables and the scale categories. All of these components are clearly illustrated in Table 2.

Firstly, the measurement of the behavioural factors was adapted from the studies of Kahn and Mentzer (1998) and Stank et al. (1999). Their measurement scales were thought suitable because the objectives of their studies were similar to our objective of looking at how variables such as collaboration and interaction affect attempts to achieve success in departmental integration, particularly in marketing departments. Our study focuses on how two combined marketing departments integrate in an M&A situation. While, their studies analyzed how interaction and collaboration positively influence the performance of three different departments: marketing, manufacturing and research and development (R&D). We employed six scales from Kahn and Mentzer (1998) to measure the collaboration variable.

The measurement criteria for the marketing factors were adapted from three different authors: Capron and Hulland (1999), Larsson and Finkelstein (1999) and Song et al. (1997a). Larsson and Finkelstein (1999) pursued a study that proposed an integrative model of M&A, by describing how synergy realization is a function of the similarity and complementarity of two merging businesses (combination potential). They highlighted that value creation in M&As is derived from various sources of synergy (Chatterjee 1986), such as operational synergies, collusive synergies and managerial synergies. Therefore, we propose using marketing synergy as one of the variables in this division. Here, we took two scales from Larsson and Finkelstein (1999) that are specifically based on marketing perspectives: marketing similarity and marketing complementarity.

Thereon, we employed another four scales to measure marketing synergy from Song et al. (1997a). Song and his co-researchers conducted a study related to marketing's role in new product development. They developed a model that explains the inter-relationship between marketing resources, skills, activities and new product development. Their study did not directly discuss about M&As, but the role of marketing perspectives, such as marketing resources, marketing skills and marketing activities were argued to create better new product development, which is also congruent to achieving a better marketing position, particularly within the marketing integration process in M&As. Hence, four scales were added to the marketing synergy variables such as marketing research resources, sales force resources, distribution resources and promotion resources.

Another important variable within the marketing factors division is the redeployment of marketing resources. For this variable, we adapted a study conducted by Capron and Hulland (1999). Their studies are parallel to the present study because they focus primarily on how three major marketing resources namely brands, sales forces and general marketing expertise are redeployed. We argue that these marketing resources are significant as they will influence the marketing integration process in M&As. As is noted by Capron and Hulland (1999), acquisitions enable firms to capture new marketing resources such as brands, sales forces and general marketing expertise that is difficult to establish within firms. Furthermore, acquiring resources that are unavailable internally could increase a firm's advantage and gain them a bigger market share, thus creating more opportunities for future development. On top of that, we also chose Capron and Hulland's studies because they directly investigated an in-depth study into marketing perspectives, elaborating on how the acquirer redeployed their resources, whether to deploy their existing immobile resources elsewhere or to acquire more immobile resources as needed.

For the marketing integration process and marketing integration outcomes, the measurement scales were based on the study by Homburg and Bucerius (2005). Their research was chosen because it explores the marketing integration process, and how it impacts the integration outcomes, particularly in horizontal M&A firms. We chose Homburg and Bucerius (2005) because one of their objectives is similar to our objective of examining whether the marketing integration process can translate into successful integration outcomes. In fact, their study was an inspiration for us to extend into the present study. Therefore, we tested all of their measurement scales in this present study. There are two variables which measure the marketing integration process: extent of integration and speed of integration. However, there is only one variable related to marketing integration outcomes, namely the cost savings.

Next, we introduce one further variable in the marketing integration outcomes division that measures the effectiveness of the relationships between the marketers. This measurement is adapted from Guenzi and Troilo (2007). They conducted a study into the integration of marketing and sales department creates superior customer value, therefore creating better market performance. We adapted their measurement scale that specifically measures the relationship outcomes between sales and marketing departments. We also argue that, while the firms are deploying the process of integration, the most vulnerable factor which will be affected is human relationships. These relationships are vital to ensure that the M&A successful. However, in the present study, we rename this variable to the effectiveness of the relationships between the marketers of the acquiring firm and the acquired firm.

In terms of the moderating effects, we adapted the construct of inter-firm compatibility that was highlighted by Sarkar et al. (2001). Their study introduced three dimensions of inter-firm factors that influence the success of alliances: resource complementarity, cultural compatibility and operational compatibility. In this study, we have employed only two main variables: cultural compatibility and operational compatibility. One of the reasons, why we have excluded resource complementarity is that we have identified this variable as an antecedent rather than a moderator. As is noted by Ghauri and Buckley (2003), cultural issues are one of the dominating impediments that influence M&A performance. Schweiger and Goulet (2000) also point out that no research so far has addressed the possibility of an industry (as opposed to a national or organizational) level culture that could affect the integration process. Inter-firm compatibility is chosen due to the nature of the moderating effects when investigating the scope of compatibilities.

The final division is performance outcomes, which we adapted from Colombo et al. (2007). They wrote an article entitled “Integrating cross-border acquisitions: a process-oriented approach”. Their study is congruent to this study, probing into two common study areas: cross-border M&As and integration perspectives. Thus, we have adapted their performance variables that encompass five items: market share, intrinsic profitability from the acquisition (ROI), firms’ competitive positions, market coverage and customer satisfaction.

Table 2: Divisions, Variables and Measurement Scale

Division	Variable	Measurement Scale	Source
Antecedents of the Marketing integration	Collaboration Interaction	Scale COL Scale INT	(Kahn and Mentzer 1998)
	Marketing Synergy Redeployment of Marketing Resources	Scale MSC Scale RMR	(Larsson and Finkelstein 1999; Song et al. 1997a) and (Capron and Hulland 1999)
Marketing Integration Process	Extent of Integration Speed of Integration	Scale EXI Scale SPE	(Homburg and Bucerius 2005)
Marketing Integration Outcomes	Cost Savings Marketers' Relationship Effectiveness	Scale DCR Scale DER	(Homburg and Bucerius 2005) and (Guenzi and Troilo 2007)
Performance Outcomes	M&A Performance	Scale MAP	(Colombo et al. 2007)
Moderator	Inter-Firm Compatibility	Scale CC Scale OC	(Sarkar et al. 2001)

4.5.1 Antecedents of the Marketing Integration

4.5.1.1 Collaboration

The measurement scales for collaboration were adapted from Kahn and Mentzer (1998). All six items that used by Kahn and Mentzer (1998), which were initially used by Van de Ven and Diane L. Ferry (1980), were adapted and tested in this study. The scales will be measured by using a seven-point Likert-type scale instead of the five-point Likert-type scale employed by Kahn and Mentzer (1998). Table 3 shows the six items for the collaboration variable.

Table 3: Collaboration Scales

Item	Original Version	Adapted Version	Adapted From
COL1	Achieves goals collectively	**We integrated by** achieving similar goals	Kahn and Mentzer (1998)
COL2	Have a mutual understanding	**We integrated by** having a mutual understanding	Kahn and Mentzer (1998)
COL3	Informally work together	**We** worked together informally	Kahn and Mentzer (1998)
COL4	Share ideas, information and/or resources	**We integrated by** sharing ideas, information and/or resources	Kahn and Mentzer (1998)
COL5	Share the same vision for the company	**We integrated by** sharing the same vision for the company	Kahn and Mentzer (1998)
COL6	Work together as a team	**We integrated by** working together as a team	Kahn and Mentzer (1998)

To what degree did your marketing department pursue the following activities after the M&A? Seven-point Likert-type scale (1= strongly disagree; 7= strongly agree)

4.5.1.2 Interaction

The interaction scales used will be based on the study by Kahn and Mentzer (1998) as they specifically studied marketing integration. However, their study only discusses the integration of marketing integration with other departments. Our study however, will look at how social interaction influences the process of marketing integration in an M&A situation. Hence, we have only employed five scales that specifically examine the social interaction between the acquirer and the acquired firm. These were all proposed by Kahn and Mentzer (1998) and were initially used by Van de Ven and Diane L. Ferry (1980). We used a seven-point Likert-type scale to measure the social interaction frequencies whereas Khan and Mentzer (1998) used a five-point scale (1= never; 5= quite frequently). Table 4 lists the items.

Table 4: Interaction Scales

Item	Original Version	Adapted Version	Adapted From
INT1	Meetings	**We interact through** meetings	Kahn and Mentzer (1998)
INT2	Committees/Task Forces	**We interact through the M&A** committee	Kahn and Mentzer (1998)
INT3	Phone conversations	**We interact through** phone conversations	Kahn and Mentzer (1998)
INT4	Electronic mail (email)	**We interact through** electronic mail (Email)	Kahn and Mentzer (1998)

How frequent does your marketing department pursue the following activities since the M&A? Seven-point Likert type scale (1= Least frequent; 7= Most frequent)

4.5.1.3 Marketing Synergy

One of the distinct studies that focused on synergy in M&A was conducted by Larsson and Finkelstein (1999). Two items have been identified as contributing to marketing synergy, particularly when they are viewed as the antecedents to the marketing integration process, as in Larsson and Finkelstein (1999). These two items explain the creation of marketing synergy that influences the marketing integration process in M&As. We add a further four items examined on marketing synergy resources adapted from Song et al. (1997a). We selected these four items because the research it discusses to what extent marketing synergy resources, in terms of marketing research resources, the sales forces, distribution resources and promotion resources, is adequate in an organization.

Hence, we feel that these scales are the most appropriate marketing synergy variable. However, all of these scales will be measured with a seven-point Likert-type scale (1=very low; 7=very high) whereas Larsson and Finkelstein (1999) employed a five-point Likert-type scale (1= very low; 5= very high) and Song et al. (1997a) used a ten-point Likert-type scale (0= strongly disagree; 10= strongly agree). Table 5 shows all six items.

Table 5: Marketing Synergy Scales

Item	Original Version	Adapted Version	Adapted From
MS1	**Marketing Similarity** Estimate the similarity of marketing operations between the joining firms based primarily on their geographic markets, customer groups and main industries.	**The similarity of** the marketing operations of the two firms **influenced the marketing integration process.**	Larsson and Finkelstein (1999)
MS2	**Marketing Complementarity** Estimate the complementarity of marketing operations between the joining firms in terms of the extent to which their different marketing capabilities fit each other and can thereby be transferred between the different markets and products of two firms.	**The complementarity of the** marketing operations of the two firms **influenced the marketing integration process.**	Larsson and Finkelstein (1999)
MS3	Our company's marketing research resources were more than adequate for this project.	**The marketing research resources of both firms facilitated the marketing integration process**	Song et al. (1997a)
MS4	Our company's sales force resources were more than adequate for this project.	**The sales force resources of both firms assisted the marketing integration process**	Song et al. (1997a)
MS5	Our company's distribution resources were more than adequate for this project.	**The distribution resources of both firms facilitated the marketing integration process**	Song et al. (1997a)
MS6	Our company's advertising/promotion resources were more than adequate for this project	**The advertising/promotion resources of both firms assisted the marketing integration process**	Song et al. (1997a)

To what extent did your marketing department pursue the following activities to generate marketing synergy after the M&A? Seven point Likert-type scale (1=very low; 7=very high)

4.5.1.4 Redeployment of Marketing Resources

This construct initially appeared in a study of the redeployment of resources conducted by Capron and Hulland (1999). We based our definition of the redeployment of marketing resources on that work. They define the redeployment of resources as the use by an acquiring business of the resources of the target business's resources, which may involve either the physical transfer of resources to new locations or the sharing of resources without physical transfer. We apply this to the redeployment of marketing resources, and the scales we use were also adapted from Capron and Hulland (1999). We define redeployment of marketing resources as shifting people, property or resources to other areas or spaces in the organization to avoid redundancy.

We used six items to measure the redeployment of marketing resources from the perspectives of an M&A. The items are divided into two categories: 1) to what extent have you used the marketing resources from the acquired business to assist your existing business; 2) to what extent have you transferred marketing resources from your existing business to assist the acquired business. For both categories we used a seven-point Likert-type scale (1= not at all; 7= to a very large extent) instead of the five-point Likert-type scale (1= not at all; 5= to a very large extent) employed by Capron and Hulland (Capron and Hulland 1999). The items are shown in Table 6.

Table 6: Redeployment of Marketing Resources Scales

Items	Original Version	Adapted Version	Adapted from
Category 1: To what extent have you used resources from the acquired business to assist your existing business?			
RMR1	Use of acquired business's sales force	**We have used the** acquired business's sales force	Capron and Hulland (1999)
RMR2	Use of acquired business's brand (s)	**We have used the** acquired business's brand (s)	Capron and Hulland (1999)
RMR3	Use of acquired business's marketing expertise	**We have used the** acquired business's marketing expertise	Capron and Hulland (1999)
Category 2: To what extent have you transferred resources from your existing business to assist the acquired business?			
RMR4	Transfer of sales force to the acquired business	**We have transferred the** sales force to the acquired business	Capron and Hulland (1999)
RMR5	Sharing of brand (s) with the acquired business	**We have shared the brand** (s) with the acquired business	Capron and Hulland (1999)
RMR6	Transfer of marketing expertise to the acquired business	**We have transferred** marketing expertise to the acquired business	Capron and Hulland (1999)

The seven-point Likert-type scale is applied to this measurement (1= not at all; 7= to a very large extent).

4.5.2 Marketing Integration Process

4.5.2.1 Extent of Integration

Integration means combining two different disciplines or organizations with different goals, needs and cultures into a mutually supporting unit. It can also be described as a continuous process with the aim of achieving better understanding and collaboration between two different entities (Baiden et al. 2006). On the other hand, this study focuses on the extent of integration from an M&A perspective. We follow the definition of extent of integration in marketing as applied by Homburg and Bucerius (2005). They define it as the level of similarity achieved between two firms' marketing systems, structures, activities and processes. We also adapted the measurement constructs from their study which classified extent of integration using eight items. Most of the items demonstrate marketing aspects such as products, prices, sales forces and so forth. A seven-point Likert-type scale will be used to measure this dimension (1= no integration; 7= complete integration), whereas Homburg and Bucerius (2005) applied a seven-point rating scale with anchors (1= no integration, 4= partial integration and 7= complete integration). The items are illustrated in Table 7.

Table 7: Extent of Marketing Integration Scales

Item	Original Version	Adapted Version	Taken From
EXI1	Products/services offered (e.g harmonization of product ranges, brand names)	Products/services offered (e.g harmonization of product ranges, brand names)	Homburg and Bucerius (2005)
EXI2	New product development	New product development	Homburg and Bucerius (2005)
EXI3	Prices (e.g harmonization of price positioning g)	Prices (e.g harmonization of price positioning)	Homburg and Bucerius (2005)
EXI4	Communication (e.g harmonization of advertisement)	Communication (e.g harmonization of advertisement)	Homburg and Bucerius (2005)
EXI5	Sales system (e.g harmonization of sales channels, sales partners, sales offices)	Sales system (e.g harmonization of sales channels, sales partners, sales offices)	Homburg and Bucerius (2005)
EXI6	Sales force management (e.g harmonization of the incentive and provision systems)	Sales force management (e.g harmonization of the incentive and provision systems)	Homburg and Bucerius (2005)
EXI7	Information systems (e.g harmonization of the marketing/sales information systems)	Information systems (e.g harmonization of the marketing/sales information systems)	Homburg and Bucerius (2005)
EXI8	Internal marketing/sales support	Internal marketing/sales support	Homburg and Bucerius (2005)

To what extent were the following aspects made similar between the combined firms after the M&A? Seven-point Likert-type scale (1=no integration; 7= complete integration)

4.5.2.2 Speed of Integration

Once again, we base our measurement criteria on the work of Homburg and Bucerius (2006). Table 8 shows the eight items used. A seven-point Likert-type scale is used (1= fairly short; 7= excessively long). Instead of the five-point rating scale (1= more than 24 months, 2= 19-24 months, 3= 13-18 months, 4= 6-12 months and 5= less than 6 months) used by Homburg and Bucerius (2005). The reason we did not use their scale is that it is very specific and could reduce the tendency of the respondents to participate in the survey. The seven-point Likert-type scale that we apply is more precise and general which should make it easier for managers to describe the speed of the integration.

Table 8: Speed of Marketing Integration Scales

Item	Original Version	Adapted Version	Taken From
SDI1	Products/services offered (e.g harmonization of product ranges, brand names)	Products/services offered (e.g harmonization of product ranges, brand names)	Homburg and Bucerius (2005)
SDI2	New product development	New product development	Homburg and Bucerius (2005)
SDI3	Prices (e.g harmonization of price positioning)	Prices (e.g harmonization of price positioning)	Homburg and Bucerius (2005)
SDI4	Communication (e.g harmonization of advertisement)	Communication (e.g harmonization of advertisement)	Homburg and Bucerius (2005)
SDI5	Sales system (e.g harmonization of sales channels, sales partners, sales offices)	Sales system (e.g harmonization of sales channels, sales partners, sales offices)	Homburg and Bucerius (2005)
SDI6	Sales force management (e.g harmonization of the incentive and provision systems)	Sales force management (e.g harmonization of the incentive and provision systems)	Homburg and Bucerius (2005)
SDI7	Information systems (e.g harmonization of the marketing/sales information systems)	Information systems (e.g harmonization of the marketing/sales information systems)	Homburg and Bucerius (2005)
SDI8	Internal marketing/sales support	Internal marketing/sales support	Homburg and Bucerius (2005)

The time taken to complete the integration. Seven-point Likert scale (1=fairly short; 7=excessively long)

4.5.3 Marketing Integration Outcomes

4.5.3.1 Cost Savings

In terms of cost savings measurement scales, we adapted eight items for measuring cost savings were selected from the study by Homburg and Bucerius (2005). A seven-point Likert-type scale (1= dissatisfied; 7= satisfied) is again used rather than the seven-point rating scale with anchors (1= not reduced at all; 7= strongly reduced) used by Homburg and Bucerius (Homburg and Bucerius 2005). Table 9 shows the items.

Table 9: Cost Savings Scales

Item	Original Version	Adapted Version	Taken From
DCS1	Products offered	Products offered	Homburg and Bucerius (2005)
DCS2	Services offered	Services offered	Homburg and Bucerius (2005)
DCS3	Brands	Brands	Homburg and Bucerius (2005)
DCS4	Strategic business units	Strategic business units	Homburg and Bucerius (2005)
DCS5	Sales channels	Sales channels	Homburg and Bucerius (2005)
DCS6	Production locations	Production locations	Homburg and Bucerius (2005)
DCS7	Sales offices	Sales offices	Homburg and Bucerius (2005)
DCS8	Number of employees in marketing	Number of employees in marketing	Homburg and Bucerius (2005)
DCS9	Total employees devoted to size of sale force	Total employees devoted to size of sale force	Homburg and Bucerius (2005)

The degree to which the following resources were reduced as a result of the M&A? Seven- point Likert-type scale (1 = Dissatisfied; 7 = Satisfied)

4.5.3.2 Marketers' Relationship Effectiveness

Commitment to business relationships and associates is ultimately crucial. In a study that was conducted by Anderson et al. (Anderson et al. 2001) it was stated that relationships in acquisitions are never certain since there are always two actors involved. However, their study focuses on external business relationships in acquisitions, such as the effects of the relationships between suppliers and customers. In contrast, the present study investigates the internal relationships between the combined marketing departments after the integration process.

So here, we follow a study that was led by Guenzi and Troilo (2007) on how the effectiveness of relationships between marketing and sales departments increases customer value and therefore boosts market performance. We rename this variable as the effectiveness of the relationships between the marketers of the combined firms. We adapt four constructs from Guenzi and Troilo (2007). We would also like to highlight another contributor, Ellinger (2000) who originally developed the scale. Therefore, instead of the five-point Likert-type scale (1 =to no extent; 5 =to great extent), we apply a seven-point Likert-type scale (1 =substantially worse; 7 = substantially better). Table 10 indicates the four items used.

Table 10: Marketers' Relationship Effectiveness Scales

Item	Original Version	Adapted Version	Adapted From
DRE1	Has the time and effort spent in developing and maintaining the relationship with marketing (sales) worthwhile?	Has the time and effort spent in developing and maintaining the relationships between the marketers **in the two firms been** worthwhile?	(Ellinger 2000; Guenzi and Troilo 2007)
DRE2	Has the relationship between marketing and sales been productive?	Have the relationships between the **marketers in the two firms** been productive?	(Ellinger 2000; Guenzi and Troilo 2007)
DRE3	Have you been satisfied with the overall relationship between marketing and sales?	Have you been satisfied overall with the **relationships between the marketers in the two firms?**	(Ellinger 2000; Guenzi and Troilo 2007)
DRE4	Has the marketing (sales) carried out its responsibilities and commitments in regard to sales (marketing)?	Have the **marketers of the acquiring firm carried** out their responsibilities and commitments in regard to **the marketers of the acquired firm?**	(Ellinger 2000; Guenzi and Troilo 2007)

The degree to which the effectiveness of the relationships between the marketers has improved or worsened since the M&A? Seven-point Likert-type scale (Substantially worse =1; substantially better =7)

4.5.4 Moderating Effects

4.5.4.1 Inter-Firm Compatibility

As was concluded by Sarkar et al. (2001), inter-firm compatibility will always affect the performance of an alliance. Sarkar et al. (2001) conducted a study that addressed how different types of inter-firm diversity/compatibility among partners affects the performance of alliances. They proposed three main dimensions that represent the inter-firm diversity/compatibility: resource complementarity, cultural compatibility and operational compatibility.

However, we have only adapted two of these, cultural compatibility and operational compatibility as they directly concern compatibility perspectives. On the other hand, resource complementarity is not included as most of the resource complementarity issues were tackled within the redeployment of marketing resources variable. To measure cultural compatibility, three items were selected, while the 4th item having been previously eliminated by Sarkar et al. (2001) in their scale refinement procedure. Three items were also chosen to measure operational compatibility (Table 11). Instead of a five-point Likert-type scale (strongly agree to strongly disagree), we used a seven-point Likert-type scale with similar anchor procedure.

Table 11: Inter-Firm Compatibility

Items	Original Version	Adapted Version	Adapted from
Cultural compatibility: To what extent do you consider each of the following statements to be an accurate description of the cultural compatibility.			
COM1	The organizational values and social norms prevalent in the two firms were congruent	The organizational values and social norms prevalent in the two combined **firms** were congruent	Sarkar et al. (2001)
COM2	Executives from both firms involved in this project had compatible philosophies / approaches to business dealings	Executives from both **combined firms in this integration process** had compatible philosophies / approaches to business dealings	Sarkar et al. (2001)
COM3	The goals and objectives of both firms were compatible with each other	The goals and objectives of **both firms** were compatible with each other	Sarkar et al. (2001)
Operational compatibility: To what extent do you consider each of the following statements to be an accurate description of the operational compatibility.			
COM4	Technical capabilities of the two firms were compatible with each other	Technical capabilities of the **two combined firms** were compatible with each other	Sarkar et al. (2001)
COM5	The organizational procedures of the two firms were compatible	The organizational procedures of the **two combined** firms were compatible	Sarkar et al. (2001)
COM6	Employees of both firms had similar professional or trade skills	Employees of both **combined firms** had similar professional or trade skills	Sarkar et al. (2001)

Seven-point Likert-type scale (strongly disagree =1; strongly agree =7)

4.5.5 Performance Outcomes

4.5.5.1 M&A Performance

Strikingly, few past studies have dealt with the performance associated with various acquisition strategies (Kusewitt 1985). Therefore, we propose using acquisition performance measures that were employed by Colombo et al. (2007). However, instead of using only acquisition performance, we consider mergers and acquisitions performance. Colombo and his colleagues investigated integration in cross-border acquisitions. They employed five items to measure M&A performance: market share, intrinsic profitability (ROI), competitive position, market coverage and customer satisfaction (Table 12). All of these items were measured using perceptual measurement. The present study will be based on a seven-point Likert-type scale (1 =substantially worse; 7 =substantially better) instead of the three-point Likert-type scale (significant decline, stable and significant increase) proposed by Colombo. This is very important to maintain the respondents' inclination to participate in the questionnaire, as most of the questions have used a seven-point Likert-type scale.

Table 12: M&A Performance Scales

Item	Original Version	Adapted Version	Taken From
MAP1	Market share	Market share	Colombo et al. (2007)
MAP2	Profitability (return on investment)	Profitability (return on investment)	Colombo et al. (2007)
MAP3	Competitive position	Competitive position	Colombo et al. (2007)
MAP4	Market coverage	Market coverage	Colombo et al. (2007)
MAP5	Customer satisfaction	Customer satisfaction	Colombo et al. (2007)

To what extent do you consider the following statements as an accurate description of the M&A performance? Seven-point Likert scale (Substantially worse =1; substantially better =7)

4.6 Questionnaire Design

The questionnaire was the main tool used to collect the data for this research. This was used because of its ability to reduce response error (influence by the interviewer): because of its ability to easily survey respondents from any geographical areas and also because of its relatively low cost (Blankenship et al. 1949). In addition, the questionnaire survey is frequently used by many organizations to investigate and identify problems and offer feasible solutions (Gannon 1973). However, it is important to be aware of features such as attractive topics, sensitivity of questions, sequence of questions, number of questions, layout of the questionnaire and others, in order to reduce survey break off (Peytchev 2009). This method was also applied in other M&A studies such as those by Cording et al. (2008), Homburg and Bucerius (2005) and Capron and Hulland (1999). The questionnaire was divided into three main sections: (1) the cover letter, (2) the questionnaire and (3) the respondent profiles. A sample of the questionnaire is shown in Appendix 1 and Appendix 2.

4.6.1 Cover Letter

We followed the suggestions made by Dillman (1991) and Ford (1968), that the questionnaire cover must be attractive, easy to understand and precise as this could possibly improve the response rate. Again, it was stressed by Gendall (2005), that the cover letter is the first page and is likely to create the respondents' first impression. Subsequently, the present questionnaire was designed to be as attractive and simple as possible. For example, in the cover letter, we used a coloured letter head that highlighted the logos of the University of Manchester and Universiti Utara Malaysia and the cover letter was computer-printed rather than photocopied. In addition, we also attached a name card to each cover letter. This was done to demonstrate our seriousness in disseminating the questionnaire and with the hope of obtaining more responses. We also emphasized the special title of the respondents and started by introducing ourselves and explaining the purpose of the survey. Furthermore, we highlighted the main topic and used specific paragraphs to emphasize what we were requesting from the respondents. On top of that, we also explained how they could benefit from the results of the survey.

4.6.2 The Questionnaire Construction

Due to the high costs of printing the questionnaire, a photocopy was used instead a computer-printed version. Altogether there were five pages in the questionnaire excluding the cover letter and the profile information of the respondents. The questionnaire started by introducing and explaining each of the variables. This included an instruction to rate each variable by indicating how it had affected integration process in an M&A. The questionnaire was compressed by printing on both-sides of the A4 paper in order to reduce the overall thickness and weight of the questionnaire. In fact, we ensured that the questions in the questionnaire were not too long in order to avoid burdening the respondents and causing breakoff. This was also achieved by dividing the questions into several sections according to the variables they related to: Sections 1 - 4 (antecedent variables), Sections 5 - 6 (marketing integration variables), Sections 7 - 8 (marketing integration variables), Section 9 (moderating variables) and Section 10 (M&A performance variables). Each of the variables was boxed, bolded and shaded to ensure that the respondents could clearly distinguish the questions.

4.6.3 The Respondent Profiles

Industry background was the first question asked in the respondent profiles. The fifteen top industries of Malaysian and Indonesian firms were selected according to the list of cross-border M&As in Thomson-One Banker. However, we also provided the option of ‘other industry’ as an open-ended question. Secondly, we moved to general firm information such as position of the respondents, number of years the firm has been established, number of employees and size of firm’s revenues. The next questions looked directly look at the M&A characteristics: years of experience of cross-border M&As, M&A advisors, method of payment, perception of the amount paid, target firm’s country of origin, type of M&A, perception of the overall marketing integration process and finally an open-ended question asking respondents for any comments about the study.

4.6.4 Scale Type

The Likert-type scale was the primary scale used to obtain respondents' feedback in this study. This scale was chosen as it is the most generally common scale involving perceptual study in social sciences which measures the attitude perspectives of the respondents (Blankenship et al. 1949; Churchill Jr and Peter 1984; Dittrich et al. 2007). Moreover, Likert-type scales have been applied in many disciplines of studies such as psychology, sociology, political, science and marketing to assess the attitudes, opinions and preferences of respondents (Bernaards and Sijtsma 2005).

4.6.5 Numbered Scales

A seven-point Likert-type scale was used in all of the Likert-type questions in the questionnaire. We also assessed the scale by using a numbered scale. A numbered scale is very convenient and easy to understand for respondents participating in the questionnaire. According to Hair et al. (2007), five-point or seven-point Likert-type scales were among the most common scales used to measure attitudes or opinions. However, he also added that a greater number of points used in the scale could increase the precision of the results. This is also supported by Cohen and Swerdlik (2002), who state that there are two ways to increase the variability of the questionnaire either increase the number of scale items or increase the number of scale points. Furthermore, the seven-point Likert-type scale was also chosen as it appears to do a better job of hiding the neutral option (number '4' of the seven points of the scale) compared to the five-point Likert-type scale (Malhotra 1991).

4.7 Academics Feedback

Prior to the industry meeting, we confirmed the content of the questionnaire by asking four academics for feedback to strengthen the design and content of the questionnaire. Basically, most of the feedback concentrated on the wording and structure of the questionnaire. All of the discussions below were suggested by the academics in order to provide better understanding and less confusion over the wording in the questionnaires.

Different scales - Almost all of the adapted questionnaires were originally employed five-point Likert-type scales. However, the academics suggested we used seven-point Likert-type scales to increase the reliability of the results and create more specific options for the respondents.

Some of the instructions about the variables in the questionnaire needed to be reworded in order to make them precise and easy to understand by applying simple and objective words. This is important in order to provide a clear view from the respondents' perspective. In fact, some of the items used in the questionnaire were also reworded to make them more precise and easy to understand. For example: marketing synergy was changed to marketing improvement. It was also suggested that we used tables to highlight each item to avoid confusion and reduce the time taken to complete the questionnaire. Shorter wording was also suggested as longer statements reduce the motivation of the respondents to participate in the questionnaire.

Four items in the interaction variable were suggested to be discarded as they did not directly capture social interaction but instead were more concerned with documentation. These items originally adapted from Kahn and Mentzer (1998) were the following:

1) Exchange of forms
2) Exchange of reports
3) Exchange of memorandums
4) Exchange of Fax materials

4.8 Industry Feedbacks

Open-ended interviews to look further at the questionnaire were hoped to be held in a few selected firms in Malaysia and Indonesia. The aim was to get feedback and comments about the questionnaire which would be used in the final sample via the survey method. As a result, six interview sessions were conducted in Malaysia. Unfortunately, the interview sessions in Indonesia were unsuccessful as most of the interviewees could not participate due to differences in nationality and would only cooperate with local researchers who spoke the local language.

Thus, we collaborated with two local Indonesian academics from Universitas Jenderal Soerdirman, Purwekerto and Universitas 13 Mareth, Solo, Indonesia. However, they only agreed to assist the research through mail-survey because most of the companies involved are located in Jakarta and travelling to them would have meant they incurred large financial costs. Besides this, it would have taken more time and involved many local procedures if we had wanted to obtain feedback through interview.

Overall, not many changes were made; two suggestions were proposed by the interviewees: 1) the cover letter should be precise and clearly state the purpose of the survey 2) In the interaction variable, a more social interaction measures should be added such as meeting through teleconferencing. In addition, a third suggestion was requested by the Indonesian academics: provide a description of the research to the respondents as they will have an interest in the study.

4.9 Pilot and Reliability Test

Once we had modified the entire questionnaire according to the suggestions from the academics and practitioners a preliminary test was conducted to ensure the measures were unbiased and practical. Although, most of the selected measures had been tested and published, the reliability and consistency of the questionnaire still had to be verified as this research takes place in a different research setting (e.g. different geographical area) and at a different time (Saunders et al. 2007). In fact, according to Hunt et al. (1982) a pilot study is essential in the early stages of a piece of research as it can determine how well the questionnaire works.

One way to determine reliability is through an internal consistency test using Cronbach's alpha, which provides a good estimate of reliability in most instances (Lindquist and Belonax 1980). For the pilot test, questionnaires were distributed at a seminar series organized by University Utara Malaysia in May 2008. The seminar was chosen as it was related to the study since it focused on the issues of M&As. In fact, approximately 100 people attended the seminar. We sent 100 questionnaires but we managed to collect back 56 questionnaires.

SPSS statistical software was use to analyze the reliability of the questionnaires. Table 13, indicates Cronbach's alpha for each variable. For most of the variables, this was greater than 0.7 indicating an acceptable level of reliability. However, two of the variables demonstrated low reliability: teleconferencing and phone mail (both interaction variables). Hence, both of these items were discarded from the final survey. One of the explanations for this is that the respondents might not understand how the managers used the phone mail to communicate among themselves in the M&A forum or through staff interaction. Teleconferencing was proposed by a senior manager of a telecommunications company during one of the industry interview sessions. The company had employed teleconferencing when they had big meetings with the staff from the target firm, especially for training or forum sessions. However, not all firms have the capacity to employ such a communication channel, especially firms which are medium or small sized.

Table 13: Reliability Test (Pilot Study)

Construct	**Item**	**Measure**	**Cronbach's Alpha**
Collaboration	COL	We integrate together by achieving similar goals We integrate together by having a mutual understanding We informally work together We integrate by sharing ideas, information and/or resources We integrate by sharing the same vision for the company We work together as a team	0.874
Interaction	INT	We interact through meetings We interact through M&A committees We interact through phone conversations We interact through electronic mail (Email)	0.711
Marketing Synergy	MSC	The similarity of both marketing operations between the combined firms influenced the marketing integration process The complementarity of both marketing operations between the combined firms influenced the marketing integration process Both the combined firms marketing research resources facilitated the marketing integration process Both the combined firms sales force resources assisted the marketing integration process Both the combined firms distribution resources facilitated the marketing integration process Both the combined firms advertising/promotion resources assisted the marketing integration process	0.917
Redeployment of Marketing Resources	RMR	We have used the acquired business's sales force We have used the acquired business's brand(s) We have used the acquired business's marketing expertise We have transferred the sales force to the acquired business We have shared the brand(s) with the acquired business We have transferred the marketing expertise to the acquired business	0.832

Extent of Integration	EXI	Products/services offered (e.g harmonization of product ranges, brand names) New product development Prices (e.g harmonization of price positioning) Communication (e.g harmonization of advertisement) Sales system (e.g harmonization of sales channels) Sales force management (e.g harmonization of the provision system) Information systems (e.g harmonization of the information systems) Internal marketing support	0.918
Speed of Integration	SPE	Products/services offered (e.g harmonization of brand names) New product development Prices (e.g harmonization of price positioning) Communication (e.g harmonization of advertisement) Sales system (e.g harmonization of sales channels) Sales force management (e.g harmonization of the provision system) Information systems (e.g harmonization of the information systems) Internal marketing support	0.912
Cost Saving	DCS	Products offered Services offered Brands Strategic business units Sales channels Production locations Sales offices Number of employees in marketing Total employees devoted to size of sale force	0.922
Marketers' Relationship Effectiveness	DRE	Has the time and effort spent in developing and maintaining the relationship with the combined firms worthwhile? Has the relationship between the combined firms been productive? Have you been satisfied with the overall relationship between the combined firms? Has the acquirer firm carried out its responsibilities and commitments in regard to the acquired firm?	0.917
Inter-firm Compatibility	COM	The organizational values and social norms established in the two combined firms were congruent Executives from both combined firms in this integration process had compatible philosophies / approaches to business dealings The goals and objectives of both combined firms were compatible with each other Technical capabilities of the two combined firms were compatible with each other The organizational procedures of the two combined firms were compatible Employees of both combined firms had similar professional or trade skills	0.776
M&A Performance	MAP	Market share Profitability (return on investment) Competitive position Market coverage Customer satisfaction	0.916

4.10 M&A Characteristics

This study will focus on a number of cross-border M&A transactions undertaken by Malaysian and Indonesian firms, within a period of seven years (2000-2006). This seven-year period was also applied by Ramaswamy, when he conducted a study on performance impact in horizontal M&As in the United States banking industry. This seven-year period (2000-2006) was chosen as our study period because it was a comeback period for the South East Asian Countries, especially Malaysia, Singapore, Thailand and Indonesia after the Asian financial turmoil of 1997-1999 (United Nations 2000). Almost all studies of M&As are carried out over a stated period, for example, the five-year period 1997 to 2001 (Cording et al. 2008), the four-year period 1996 to 1999 (Homburg and Bucerius 2006), the ten-year period 1990 to 1999 (Inkpen et al. 2000) and the five - year period 1988 to 1992 (Capron and Hulland 1999).

According to Ali M. Metwalli and Tang (2002P.269) the total value of M&A transactions in South East Asia stood at $30.9 billion in 1995 and increased to $48.2 billion by 2000. Another report by the United Nations (2005), cross-border M&As in which Malaysians firms were purchasers increased tremendously in 2003, amounting to $3,685 million dollars in value. But the amount decreased to $816 million dollars in 2004. Meanwhile, Indonesia also saw an increase in 2004, with a value amounting to $491 million dollars, compared to $2 million dollars in 2003. This pattern shows a potential study prospect, since it indicates that various possibilities in cross-border M&A transactions in these two countries are possible.

In terms of M&A transaction cases, this study depends on the number of completed cases (Hunt 1990) rather than the number of firms (one firm could possibly be involved in more than one M&A cases), the rationale being that there are not many M&A cases in Malaysia and Indonesia, compared to developed countries such as the United States or European countries. This situation is in contrast to Papadakis (2005), who classified only one M&A per company. The minimum value of cross-border M&As transaction was US 1 million dollars. This is lower than that proposed by Kogut and Singh (1988) which was US 10 million dollars. This is because the currency and strength of firms in countries like Malaysia and Indonesia are less and most likely the transaction values were also lower compared to acquiring firms in developed countries.

Here then, we only choose acquiring firms. The study also does not restrict the sample to any sector or specific industry background. Instead, we focus on a regional study, focusing particularly on two countries (Malaysia and Indonesia) in South East Asia region.

4.11 Databases

This study uses Thomson One Banker, a comprehensive M&A database which covers almost all countries in the world and local databases that monitor the developments of M&As of every country. Many previous M&A studies have used other databases such as the Securities and Exchange Commission, United States of America (Fowler and Schmidt 1988), Industrial Institute for Economic and Social Research (IUI) in Stockholm (Zejan 1990), Mergers and Acquisitions Rosters on foreign investment in United States of America and W.T. Grimm's Mergerstat Review (Seth et al. 2000), and the Directory of Taiwanese firms, Ministry of Economic Affairs, Taiwan (MOEAIC) (Yung-Ming 2006).

In addition, our study is also supported by the local M&A monitoring agency, which is known as the Securities Commission (SC), Malaysia and Bursa Malaysia (Kuala Lumpur Stock Exchange, KLSE). This body is responsible for any transactions that are undertaken related to the development of M&A activities in Malaysia. For the Indonesia, we refer to the Indonesia Business Directory, Jakarta Stock Exchange and Indonesia Investment Coordination Board.

Initially, there were 1697 national M&A cases in Malaysia and 327 cases in Indonesia. However, out of these 1697 cases, we identified 250 M&A cases in Malaysia and 18 cases in Indonesia, 268 in total that took places between the years 2000 to 2006 (Table 14). All of these cases were completed cases of M&A deals.

Table 14: Number of Cross-Border M&A Cases

Overall M&A Cases	Cross-Border M&A Cases	Country
1697	250	Malaysia
327	18	Indonesia
2024	**268**	**Total Sample**

4.12 Data Collection

Several procedures were employed to undertake the sample data before we pursued the data collection phase. First, a shortlist on the status of the acquisition was drawn up from the selected list of M&A cases above. Then, we conducted telephone screening procedures to ensure that the M&A cases had involved any involvement by the marketing department. At the same time, we also identified the exact person or persons who were directly involved in the marketing integration process in the M&A.

Due to the small sample size, which was mainly focused on marketing managers, we also approached high ranking officers, such as chief executive officers, directors and senior managers, who had information about the M&A integration, particularly in the marketing department. Next, mail surveys were sent to each contact person in the selected firms (some of the respondents received their surveys by personal approach and by email. The reason why we employed this approach was that as some of the respondents hold high ranking positions in their companies, therefore they appreciated direct communication and sincerity from the researcher. Hence, a short visit and an email attachment (containing letter, questionnaire and company profile questionnaire) were employed. The email attachment method was preferred by some of the respondents because they could easily gain excess to the questionnaire at any time and any place. In fact, they could easily send back the questionnaire through the internet once it was completed. This is more flexible than an on-line survey, especially when there are many items and pages of questions to answer.

4.12.1 Database first screening (acquired by shareholder and value less than US 1 million dollar)

This study employed Thomson One Banker as a major database. This database was chosen due to its data comprehensiveness and adequate information about M&As worldwide. However, it did not provide the detailed information needed such as specific contact details, addresses and general information about the companies that were involved in the M&A transactions. Therefore, we also used the local M&A directories for Malaysia and Indonesia as stated above.

In this study we used each M&A case as a sample following the example of previous M&A studies (Capron and Hulland 1999; Homburg and Bucerius 2005; Larsson and Finkelstein 1999). Out of the 268 selected M&A cases from both countries nine from Malaysia and three from Indonesia were not applicable, due to the acquiring status of the shareholders and the investors group. Those cases were abandoned and not included in this research. In the end, there were only 163 qualifying cases (after the deduction of cases that had transaction values lower than US 1 million dollar and those acquired by shareholders) from Malaysia and Indonesia (Table 15). However, this sample was then screened more specifically to include only those cases involving marketing integration.

Table 15: Number of Cross-Border M&A Cases after first screening

Sample	Sample (value < USD1million)	Sample (acquired by shareholder)	Sample after first screening	Country
250 Cases	93	9	148	Malaysia
18 Cases	-	3	15	Indonesia
268 cases	**93 cases**	**12 cases**	**163 cases**	**Total**

4.12.2 Telephone calls and email procedures

Based on the qualified sample, we personally called the companies to identify whether any marketing integration was involved in the M&A transaction and at the same time to identify contact persons, explaining in detail what we intended to do and particularly the participation in the survey process we required. This was important as personalization of the target respondents has been proven to improve response rates in the mail surveys (Dilman 2007; Yu and Cooper 1983). This procedure was started by collecting company profiles through the internet (corporate websites), phone directories, magazines, local authority directories and so on. This was essential as some of the firms involved may have moved or closed. Some of the firms only provided an email address for contact purposes. Therefore, we used both the telephone and email as the main mechanisms to engage the potential correspondents.

We shortlisted our contacts, by selecting the person directly in charge of the marketing department and personnel who would furnish us with information on the marketing integration in the M&A context. These included the directors and senior management. We then further reduced the list to the name of the person who was directly in charge of the relevant cases as this research was focused on numerous cases rather than one case for each company, however we followed the informant procedure of one acquisition to one informant proposed by Capron and Hulland (1999).

From this procedure then, out of 148 Malaysian cases, 17 were discarded due to the unwillingness of the respondents to participate. 13 firms confirmed that there was no direct integration of the marketing departments of the acquirer and the acquired company. Most of the companies in this category were involved in producing metal, mining, and in agriculture, such as plantations and also firms that that act as sub-supporting; their function was mainly to supply raw materials to the acquired companies. The remaining four declared other reasons such as that the person involved in the M&A had deceased or moved to another company. Strikingly, all 15 Indonesian cases involved marketing integration as most of them were big, multinational companies. Table 16 shows the final sample for the survey. Selected sample list is shown in Appendix 5.

Table 16: Screening Reasons for the Cross-Border M&A Cases

Sample	No marketing integration	Other reasons	Sample after telephone and email consideration	Country
148 cases	13	4	131 cases	Malaysia
15 cases	-	-	15 cases	Indonesia
163 cases	**13 cases**	**4 cases**	**146 cases**	**Total**

4.12.3 Translational Procedure

Since the study was conducted in two countries, Malaysia and Indonesia, two versions of the questionnaire were developed. In the case of Malaysia, the English version was used, Since the English language is widely used in Malaysia, especially in the business sector and is in fact, the second language in Malaysia. Moreover, the majority of business transactions and correspondence with Malaysian companies is generally be conducted in English (Hashim and Jedin 2007). For Indonesia, the Indonesian language was employed as the English language is only the third language there. Most of the Indonesia people speak their own language. This is also due to the fact that Indonesia was not colonized by the British. We applied translational equivalence in the translation procedures. This procedure meant texts were translated from one language form to another taking precautions that the translation did not shift or distort the meaning (Hair et al. 2007). This method was also applied by Sin et al. (2005) when translating English into Chinese: the questions were translated into Chinese and then back-translated into English. The translation of the questionnaire from English to Indonesian is demonstrated in Appendix 2.

4.12.4 Mail survey administration (distribution, follow up and responses)

Once the exact sample had been identified, we then preceded the mail survey distribution by printing and accompanying the questionnaires with a cover letter and stemmed return envelopes. In addition, each of the questionnaires was marked using an identification number representing each company with the purpose of isolating the companies that had already replied. In the case of Malaysia we distributed the questionnaire in two geographical areas: 1) Klang Valley areas (Kuala Lumpur and the state of Selangor) and 2) Non- Klang valley areas. This was necessary as most of the respondents were located in their firms' headquarters, which basically located in Klang Valley areas.

For Indonesia, all respondents were located in Jakarta, the capital town of Indonesia. In Jakarta, the mail distribution was administered by our academic colleagues from Tiga Belas Marith Universitas, Solo and Universitas of Jenderal Soerdirman, Powerkerto. In Malaysia the survey administration process lasted about four months (or 120 days) including the process of following up the non-responses. Meanwhile, the process took us about two months in Indonesia. This was due to the smaller number of the respondents and also because they were located in one area (Jakarta).

4.12.4.1 Questionnaire distribution

In the first phase, we sent 131 mail surveys to Malaysian correspondents on 02 July 2008, including both in the Klang valley and non-Klang valley areas. All of the letters were personally addressed to the recipient and printed on the envelopes rather than on labels as recommended by Dilman (1991). This method was also in line with the review of better response rates in mail surveys by Yu and cooper (1983). In the second phase, we sent the mail surveys to the fifteen Indonesian correspondents on 10 August 2008. All 15 correspondents were contacted directly as the number of the respondents was not large.

4.12.4.2 Questionnaire follow-up and responses

We followed the survey design and administration system suggested by Dilman (2007), which focuses on communication with the participants. As suggested by Dilman (1991), a reminder alerting the respondents about the survey should be sent after the initial mail therefore we sent a reminder letter three weeks after the initial mailing. Supposedly, the reminder letter should be sent one week after the initial mail (Dillman 1991), however in our case we thought it was best to wait three weeks as our location was far from the Klang Valley, meaning mail would usually take approximately four to five days to arrive there. Besides, we preferred that the respondents should take their time reading and understanding the contents of the questionnaire package. This technique was applied to both Malaysia and Indonesia (see Appendix 4)

After one month, we had received 31 completed questionnaires from Malaysia and seven from Indonesia by conventional mail. In order to improve the response rate, the non-respondents were contacted by phone and email. From the phone follow up, we found there were various issues behind the low response rate: the most frequent statements were that they were out of the office or travelling, they had not yet received the questionnaire, had no time to participate during working hours and finally had loss the questionnaire or had no time to send it back. Some were even worse, not having even opened or read the questionnaire due to lack of time.

Subsequently, the respondents were asked again, whether they still had an interest in receiving the survey. Due to the issues that we had gathered, a soft copy of the questionnaire was suggested as this technique is flexible and can be accessed at any time and place. Hence, the non-respondents were cordially requested to participate in the survey using the digital version instead of conventional mail. As is suggested by Dilman (2007) and Yu and Cooper (1983), an appeal was also included in the cover letter stating that their participation would help me to pass my PhD programme. This appeal technique was only applied to the both Malaysian and Indonesia non-response. As a result of the follow-up procedure, we received an additional 41 responses from Malaysia: five by mail and 36 from the email attachment (see Table 17). Overall, we received 72 completed questionnaires from the two countries. However, the response rates were still not enough; hence a more serious technique was employed in order to obtain more responses.

Table 17: Collection of Responses in Malaysia

Month	Mail	Email attachment	In Person	Total
First month (Early response) (2 July 2008 – 1 August 2008)	31	-	-	31
Second month (Late response) (2 August 2008 – 1 September 2008)	5	36	-	41
Third and fourth month (Late response, mainly in person) (2 September 2008 – 25 October 2008)	-	6	19	25
Uncollected response				34
Total received	**36**	**42**	**19**	**97**

Table 18: Collection of Responses in Indonesia

Month	Mail	Email attachment	In Person	Total received
First month (Early response) (10 August 2008 – 09 September 2008)	7	-	-	7
Second month (late response, email attachment) (9 September 2008 – 18 October 2008)	2	6		8
Total received	**9**	**6**	**-**	**15**

4.12.5 In person administration

In spite of the difficulties obtaining more responses, once again we contacted the respondents to persuade them to support the study. At the same time, we also offered to meet them in person to explain the importance of the study and how they could contribute their experiences thereby improving the M&A performance for Malaysian firms in particular. As a result, out of the 64 remaining respondents that we contacted, 36 agreed to give their cooperation. We then arranged personal visits to their firms to show our seriousness about this study and at the same time to bridge a close relationship in order to secure future research undertakings, even though this strategy incurred more costs.

However, we only managed to meet 19 of the respondents in person. Six of them refused to meet in person but agreed to participate in the questionnaire by email. Another 11 of the respondents could not be contacted during the short visit due to miscellaneous reasons. Most of the meetings were conducted informally during the lunch hour as this was the best time for the respondents to participate and interact with the researcher.

We also believe that a study that deals with complex and sensitive issues such as M&As will discourage respondents from participation (Datta 1991; Larsson and

Finkelstein 1999). Moreover, most of the respondents were at the top levels of their firms and involved with people who have title such as ‘Tan Sri’ or ‘Datuk’ (Ellis 2000; Hair et al. 2007). These people who are very important in their organizations need more attention and special arrangements should be made, particularly when researching the issues involved in mergers and acquisitions (Ellis 2000).

In Indonesia, the data collection process took us nearly two and a half months. All 15 responses were collected using mail and email attachment (see Table 18).

4.12.6 Email Attachment questionnaire

An email attachment questionnaire was mainly used for those respondents classified as late respondents. This method is becoming popular for collecting data as it is low cost and fast (Hair et al. 2007). Many of the reasons given by those reluctant to reply using the mail survey were: loss of the questionnaire, preferred a more personalized request rather than an ordinary piece of paper, dislike of the hassle of completing the questionnaire with the envelope and paperless concerns.

Hence, we offered them a personalized questionnaire through their mailbox. This method was likely preferred as email is essential to everybody. It is the first thing people look at, once they have arrived at their work station. This improved the response rate as it reminded the respondents to participate in the questionnaire. Besides this, it saves time and money compared to a mail survey or in-person interviews. The format of the emailed questionnaire was basically similar to the mailed version. A check box was provided on each of the questions to allow the respondents to leave their feedback. The respondents only needed to mark the check box once in order to answer the question. They could directly forward the questionnaire to the researcher once completed. This method also reduces bias in comparison to in-person interviews as the researcher has no direct influence on the respondent as the questionnaire in completed without a face to face meeting between the researcher and the respondent. A sample of the emailed questionnaire is attached in Appendix 3.

4.13 Common method variance

Common method variance is observed variance which is the result of the method by which the data were collected rather than what it is intended to assess (Podsakoff et al. 2003). It often arises because of issues in data collection using the survey method, such as when the data was collected and more importantly, it occurs when all of the measures: predictors and criterion are administered at the same time in the same context (Friedrich et al. 2009).

As for this study, almost all of the collected results are based on self-reported data provided by using a single questionnaire during the same period of time with cross-sectional research design, therefore common method variance may exist (Jean et al. 2010b). The method variance can either inflate or deflate observed relationship between constructs thus leading to type I and type II error (Bagozzi and Youjae 1989).

Although different M&A case studies were taken from a single company, we strictly used one questionnaire to one case (respondent) focusing on a particular cross-border M&A case that their company had been involved in. Another potential issue with common method bias in the present study is the grouping of questions into a specific groups according to different variables (Podsakoff et al. 2003). This method could provide a hint to respondents to relate the relationships between predictor and criterion constructs (Robson et al. 2008).

Thus, following Podsakoff et al.'s (2003) suggestion for controlling common method bias, we use Harman's single factor test. This method is also applied by Slangen (2006) and Liu et al. (2009). Hence, all the variables were entered into an exploratory factor analysis, using unrotated principal components factor analysis, principal component analysis with varimax rotation and principal axis analysis with varimax rotation to determine the number of factors that are necessary to account for the variance in the variables. The results of the unrotated principal components factor analysis on all measurement items, after extracting twelve factors with eigenvalues above than 1.0, showed at total variance of 77.59%. Factor one showed the lowest variance of 37.5% which indicated no dominance by this factor exists. Hence, common method bias does not appear to be a problem in this research. The SPSS results of the unrotated principal component factor analysis can be found in Appendix 6.

Another way to test for common method bias is by conducting correlation analysis between the objective data such as sales growth and profitability growth in order to validate the perceptual performance measures (Robson et al. 2008). Therefore, we performed a correlation test between the objective data of revenue and net income of 59 acquirer firms and five M&A performance variables. Again, Appendix 6 shows the correlation result between revenue and performance variables. It indicates that profitability, competitive position and market coverage shown to be significant. Whereas, there were only two varibles of profitability and market coverage was found significant in the correlation between net income and performance variables. In conclusion, we would argue that the objective data and the performance variables were correlated particularly the profitability measures as both revenue and net income revealed to be significant.

4.14 Non-response bias

Non-response issue is an unavoidable problem in mail survey research as it is impossible to obtain a response from every person, especially in a large sample, no matter what data collection methods were employed (Filion 1975). Non-respondents are considered as participants who initially refuse to answer a questionnaire given by an investigator but who later consent (Dillman 1991; Filion 1975). Non-response can lead to a smaller final sample size which therefore creates a loss of accuracy in the total population estimate. However, if the non-response is not directly related to the research variable it can compensate for the loss (Lahaut et al. 2002). In contrast, if the non-response is directly related to the research topic then it might seriously distort the survey results (Lahaut et al. 2002). This non-response bias takes place when a huge number of respondents fail to respond to the survey and have relevant characteristics that differ from those who do respond (Dillman 1991). This is relevant in this study since it focuses on selective cases of firms involved in cross-border M&As from Thomson One Banker database.

According to Armstrong and Overton (1977), there are several ways to estimate the non-response bias: comparisons with known values for the population, subjective estimates and extrapolation. In this study, we adapted the first method by making a comparison of the early response and late response questionnaires. We also tested the non-response bias between the mail survey and those obtained from personal follow up. In order to calculate the non-response bias we considered socio demographic data such as type of industry, gender, income, revenues and number of employees, which have been widely used in many other studies (Coelho and Esteves 2007; Filion 1975). In the present study, we decided to use industry background, position of the respondents, year of establishment, number of employees and revenues. In fact, previous M&A study used one sample t-test to test the statistical differences of non-response bias by using industry background, relative sizes of the target and the acquirer and also the year of the acquisitions (Cording 2004). Hence, we also employed M&A background such as type of M&A and previous experience in cross border M&As. We selected 30 respondents in each category.

Tables 19 and 20, demonstrate the results of the t-test of early and late respondents. Table 19, indicates the results of the t-test of response obtained through mail and by personal follow up. Results from both independent sample t-tests (Early/late response and mail/personal follow up) were found to show no significant differences in scores (sig. value < 0.05). Therefore, the issue of non-response bias was not a problem in this study.

Table 19: Distribution of Early and Late Response in Malaysia

	Early / Late	N	Mean	Standard Deviation	Standard Error Mean
Industry background	Early (Mail)	30	12.7241	6.26154	1.16274
	Late (Email/In person)	30	13.9677	6.18861	1.11151
Position	Early (Mail)	30	1.9310	.88362	.16408
	Late (Email/In person)	30	1.8750	.83280	.14722
Year of establishment	Early (Mail)	30	36.76	185.068	34.366
	Late (Email/In person)	30	64.94	245.035	43.316
Number of employees	Early (Mail)	30	2.34	.974	.181
	Late(Email/In person)	30	2.75	.762	.135
Experiences in cross-border M&A	Early (Mail)	30	105.07	309.029	57.385
	Late (Email/In person)	30	64.28	245.207	43.347
Type of cross-border M&A	Early (Mail)	30	1.6207	.77523	.14396
	Late (Email/In person)	30	1.5938	.83702	.14797

Table 20: Independent Sample T test of Early and Late Response in Malaysia

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Information about your company	Equal variances assumed	.120	.730	-.773	58	.442	-1.24360	1.60790	-4.46217	1.97497
	Equal variances not assumed			-.773	57.635	.443	-1.24360	1.60854	-4.46389	1.97668
Your position	Equal variances assumed	.279	.599	.255	59	.800	.05603	.21980	-.38378	.49585
	Equal variances not assumed			.254	57.544	.800	.05603	.22045	-.38531	.49738
Year of firm establishment	Equal variances assumed	1.010	.319	-.503	59	.617	-28.179	56.055	-140.344	83.987
	Equal variances not assumed			-.510	57.212	.612	-28.179	55.293	-138.893	82.535
No of Employees	Equal variances assumed	2.646	.109	-1.819	59	.074	-.405	.223	-.851	.041
	Equal variances not assumed			-1.797	52.966	.078	-.405	.225	-.857	.047
Years in cross border M&A	Equal variances assumed	1.339	.252	.574	59	.568	40.788	71.104	-101.490	183.066
	Equal variances not assumed			.567	53.373	.573	40.788	71.917	-103.435	185.011
Type of M&A	Equal variances assumed	.403	.528	.130	59	.897	.02694	.20723	-.38773	.44161
	Equal variances not assumed			.130	58.968	.897	.02694	.20644	-.38615	.44003

4.15 Reliability Test

The reliability test was used as it is necessary to determine whether the scale accurately measures the construct and to validate its consistency (Peterson 1994). Even though there are several methods of assessing the reliability of scales, Cronbach's coefficient alpha is regarded as the most prominent test to estimate the internal consistency of a measurement scale (Churchill Jr and Peter 1984; Wilson 1995). In addition, Peterson (1994) noted in his article that Cronbach's coefficient alpha is able to indicate the proportion of variance in scale scores attributable to the true score of the latent variable. Hence, we employed Cronbach's coefficient alpha to measure the reliability of the multi-item scales which we applied in this study. Table 21 depicts the results of the Cronbach's coefficient alpha on each construct. Based on the recommendation for minimal acceptable reliability, the range of 0.7 and above is acceptable (Churchill Jr and Peter 1984; Nunnally 1978). The result shows a positive response as all of the ten constructs yielded scores 0.848 to 0.940.

Table 21: Reliability Test of Actual Study

Construct	Item	Measure	Mean	SD	N (109)	Cronbach's Alpha
Collaboration (Six Items)	COL	We integrate together by achieving similar goals	5.5413	1.03219	109	0.917
		We integrate together by having a mutual understanding	5.6239	1.04340	109	
		We informally work together	5.3028	1.04087	109	
		We integrate by sharing ideas, information and/or resources	5.4679	1.03252	109	
		We integrate by sharing the same vision for the company	5.4587	1.04112	109	
		We work together as a team	5.7798	1.04844	109	
Interaction (Four Items)	INT	Meetings	5.4862	0.96665	109	0.848
		Committees	5.4495	1.13915	109	
		Phone conversations	5.5413	1.14571	109	
		Electronic mail	5.8716	1.51371	109	
Marketing Synergy (Six Items)	MSC	The similarity of both marketing operations between the combined firms influenced the marketing integration process	4.9174	1.13144	109	0.918
		The complementarity of both marketing operations between the combined firms influenced the marketing integration process	5.0734	1.19184	109	
		Both the combined firms marketing research resources facilitated the marketing integration process	4.9817	1.13024	109	
		Both the combined firms sales force resources assisted the marketing integration process	5.1193	1.13631	109	
		Both the combined firms distribution resources facilitated the marketing integration process	5.0275	1.14227	109	
		Both the combined firms advertising/promotion resources assisted the marketing integration process	5.2018	1.16889	109	
Redeployment of Marketing Resources	RMR	We have used the acquired business's sales force	4.7890	1.37486	109	0.876
		We have used the acquired business's brand(s)	5.2385	1.38041	109	
		We have used the acquired business's marketing expertise	5.0734	1.33823	109	
		We have transferred the sales force to the acquired business	4.6422	1.64161	109	
		We have shared the brand(s) with the acquired business	5.0183	1.50912	109	
		We have transferred the marketing expertise to the acquired business	4.9358	1.46739	109	

Extent of Integration	EXI	Products/services offered (e.g harmonization of product ranges, brand names)	4.8807	1.25996	109	0.931
		New product development	4.8716	1.29887	109	
		Prices (e.g harmonization of price positioning)	4.8349	1.25841	109	
		Communication (e.g harmonization of advertisement)	4.9541	1.27936	109	
		Sales system (e.g harmonization of sales channels)	4.8991	1.26889	109	
		Sales force management (e.g harmonization of the provision system)	4.8716	1.30598	109	
		Information systems (e.g harmonization of the information systems)	5.0367	1.29762		
		Internal marketing support	5.0826	1.22572	109	
					109	
Speed of Integration	SPE	Products/services offered (e.g harmonization of brand names)	3.9083	1.22883	109	0.921
		New product development	4.3028	1.24354	109	
		Prices (e.g harmonization of price positioning)	3.7982	1.25300	109	
		Communication (e.g harmonization of advertisement)	3.7615	1.15389	109	
		Sales system (e.g harmonization of sales channels)	3.6789	1.14569	109	
		Sales force management (e.g harmonization of the provision system)	3.6972	1.22855	109	
		Information systems (e.g harmonization of the information systems)	4.1560	1.28506	109	
		Internal marketing support	3.8716	1.36151	109	
Cost Saving	DCS	Products offered	5.0826	1.00431	109	0.940
		Services offered	5.1101	1.01731	109	
		Brands	5.1376	0.99168	109	
		Strategic business units	5.0000	1.12372	109	
		Sales channels	4.9817	1.16864	109	
		Production locations	4.8991	1.27168	109	
		Sales offices	4.9633	1.15498	109	
		Number of employees in marketing	4.8165	1.24844	109	
		Total employees devoted to size of sale force	4.8165	1.21079	109	

Marketer's Relationship Effectiveness	DRE	Has the time and effort spent in developing and maintaining the marketers' relationship with the combined firms worthwhile? Has the relationship between the marketers of the combined firms been productive? Have you been satisfied with the overall marketers' relationship between the combined firms? Has the acquirer firm carried out its responsibilities and commitments in regard to the acquired firm?	5.2936 5.2844 5.2202 5.3119	1.02110 1.01006 1.05723 1.05143	109 109 109 109	0.923
Inter-firm Compatibility	COM	The organizational values and social norms prevalent in the two combined firms were congruent Executives from both combined firms in this integration process had compatible philosophies / approaches to business dealings The goals and objectives of both firms were compatible with each other Technical capabilities of the two combined firms were compatible with each other The organizational procedures of the two combined firms were compatible Employees of both combined firms had similar professional or trade skills	4.8349 4.8899 4.9633 4.8532 4.6330 4.6697	1.11815 1.18899 1.12156 1.07001 1.10269 1.13084	109 109 109 109 109 109	0.876
M&A Performance	MAP	Market share Profitability (return on investment) Competitive position Market coverage Customer satisfaction	5.5872 5.3853 5.5505 5.5872 5.0000	0.94488 1.16990 1.07571 1.14026 1.04527	109 109 109 109 109	0.911

4.16 Respondent's Profile

Based on the filtered database, the mail survey was sent to 146 cases of cross-border M&As throughout Malaysia and Indonesia over the period 2000-2006. In response, we received 112 questionnaires, of which only 109 were useable. This was a response rate of 74.6%, more than half of the overall. This response rate is nearly similar to research in marketing interaction (83% of response rate) conducted by (Ruekert and Walker Jr 1987) The findings are illustrated in the following sub-sections.

4.16.1 Industry Background

In this study, we conducted a multiple rather than single-industry survey. The rationale for this approach was that, there have been fewer cases of cross-border M&A in Malaysia and Indonesia compared to developed countries such as the United States of America and European countries. In fact, many recent M&A studies have employed a multiple-industry approach (Cording et al. 2008; Homburg and Bucerius 2005; Richey et al. 2008). The industries involved were obtained using an ordinal scale, which allowed the respondents to identify their particular industry easily.

Altogether, 16 groups were specified in the questionnaire along with a separate group titled 'other industry'. 'Other industry' is crucial as quite a few of the respondents who were not related to the above 15 named groups used this option. The industries involved in the survey, including those marked 'other industry' are presented in Table 22. Overall, there were 40 industries including missing data. These industries classification was also used by other researchers that pursued in M&A studies (Cording et al. 2008; Homburg and Bucerius 2005; Richey et al. 2008). This method is suitable as not many cases are involved and it also serves to highlight each industry in detail. We also specify the actual sample data (cases) that were involved in the survey. This is crucial as we can see the pattern of which industries really contributed to the study. Out of 146 responses, we received 109 useable questionnaires which also include three which were missing data. These firms are believed to engage in electronics, other financial services and software. The industries of the surveys which had missing data were identified according to the respondent's email addresses, which were provided at the end of the questionnaire.

Table 22: Distribution of Collected Cases in Industry

Industry	Number of Cases	None Response Cases	Missing / Incomplete	Collected Cases
Automotive	6	2		4
Brokerage and commodity	4	1		3
Computing and Wireless	5	3		2
Construction	7			7
Construction Materials	2	1		1
Chemical	3	2		1
Clothing	5	3		2
Consulting	3	1		2
Property Developer	2			2
Electronics	7	0	1	6
Engineering	7	2		5
Food and Beverages	6	2		4
Other Financial services	6	4	1	1
Furniture	1			1
Healthcare Equipments	3			3
Health Products	1			1
High Technology	1			1
Hotel Services	1			1
Household and consumers	3	1		2
Investment Banks	3			3
Insurance	3	1		2
Machinery	6	5		1
Manufacturing	5	2		3
Manufacturing Equipments	2	1		1
Media Broadcasts	1			1
Metal and Mining	3	1		2
Oil & Gas Products	8			8
Publishing and Advertising	2			2
Petrochemical	3			3
Packaging	1			1
Plantation and Agribusiness	6	2		4
Pharmaceuticals	3	1		2
Retail Banking	3			3
Retailing	2			2
Software	8	1	1	6
Transportation and logistics	2			2
Telecommunications	7	1		6
Trading and Wholesale	2			2
Utilities and Infrastructure	3			3
Missing				3
Total Industry (cases)	**146**	**37**	**3**	**109**

4.16.2 Respondent's background (Designation)

Due to the nature of this study, 90% of the respondents were from a marketing background; only 10% were from other areas, such as corporate communication managers, engineers, accounting managers, legal managers and so forth. We still accepted and used their responses since we had earlier requested that the respondent should be whoever is the best person to answer questions about the stated M&A case. We therefore assumed that they knew about the M&A cases that their company was involved in. All of these designations were measured using a nominal scale, which allowed the respondent to state their position in the company. According to Hair et al.(2007), a nominal scale is mutually exclusive and exhaustive of all possibilities. This provides the freedom for the respondents to choose their designated position in their company based on accomplishing similar tasks, although they might employ a different name. These data were then, was converted into four main groups: CEO/Director level, Senior General Manager/Head of Division, Middle level Manager/Senior Executive, Executive/Officer and others. The proportion of respondents in each position is presented in Table 23.

Nearly half of the respondents (46.8%) were Heads of marketing departments or senior general marketing managers compared to nearly 25.7% who were at CEO/Director level. Meanwhile, 22% represented the middle range of marketing managers. 2% were from the executive/officer level and 3% were ‘others’. ‘Others’ are those from other categories such as engineers, accountants, solicitors, company secretaries and so forth. Only 1% of the respondents refused to answer this questionnaire.

Table 23: Respondents Background

Characteristics of respondents	Frequency	Percentage (%)
Designation		
CEO / director level	28	25.7
Senior general manager / head of division	51	46.8
Middle-level manager / senior executive	24	22.0
Executive / officer	2	1.8
Others	3	2.8
Missing	1	0.9
Year of firm establishment		
Less than 10 years	16	14.7
11 to 20 years	46	42.2
21 to 30 years	24	22.0
31 years and above	23	21.1
Number of employees		
Less than 100 employees	12	11.0
101 to 1000 employees	32	29.4
1001 to 10000 employees	53	48.6
10001 employees and more	10	9.2
Missing	2	1.8
Revenues (USD)		
Less than 10 Million	12	11.0
11 to 100 Million	40	36.7
101 to 999 Million	23	21.1
More than 1 Billion	21	19.3
Missing	13	11.9

N = 109 (Number of respondent)

4.16.3 Year of firm establishment

Table 24 shows the distribution of the year of establishment of the firms. The majority of the firms (42.2% or 46 firms) were found in the second category (11 to 20 years). This was followed by firms established for 21 to 30 years (22%). The remaining firms were in the category ‘21 to 30 years’ (21.1%) and ‘less than 10 years’ (14.7%). In addition, Table 24 gives a comparison between the Malaysians and Indonesians firms in terms of their year of establishment. The majority of firms from both countries were established between 11 to 20 years ago. Hence, it can be concluded that most of the Malaysian and Indonesian firms that were involved in this study were established and matured to penetrate overseas markets through the cross-border M&A penetration strategy.

Table 24: Comparison between Malaysian and Indonesian in Year Establishment

Year of Establishment	Indonesian		Malaysian		Total
Less than 10 Years	1	6.7%	15	16%	16
11 to 20 Years	6	40%	40	42.6%	46
21 to 30 Years	4	26.7%	20	21.3%	24
31 Years and above	4	26.7%	19	20.2%	23
Total	**15**	**100%**	**94**	**100%**	**109**

4.16.4 Number of employees

The largest category of firms in terms of number of employees was those firms with 1001 to 10,000 employees which represented about 48.6% of the total sample. Meanwhile firms with 101 to 1000 employees made up about 29.4% of the sample and this was followed by firms with less than 100 employees (11%). 9.2% had more than 10,001 employees and missing answer was in 2%. This information is clearly illustrated in Table 23.

4.16.5 Revenues (USD)

As for the firms' revenues, at first, the local currency was employed as a measurement because most of the financial reports were in Ringgit (Malaysia) and Rupiah (Indonesia). Then, we converted both currencies into US Dollar even though most Asian countries were not badly affected compared to the Western countries by the economic turmoil in 2007-2008. The US Dollar was used as the main currency because it is a widely accepted currency and the most traded currency worldwide. According to Abidin (2008), the financial crisis in 2007-2008 firstly led to increased commodity prices such as crude oil and food prices, which eventually led to global inflation which was extremely obvious in July 2008. Hence, we converted both of the local currencies using exchange rates from 02 June 2008 which was prior to the effects observed in July 2008 (Abidin 2008). The conversion was obtained from Bank Negara Malaysia (1 US Dollar: 3.2230 Ringgit) and Bank Sentral Republik Indonesia (1 US Dollar: 8810 Rupiah).

The converted revenues are presented in Table 24, divided into five groups: (< USD 10 million, USD 11–100 million, USD 101– USD 999 Million, more than USD 1 billion and missing data). The results indicate that the largest group (with 36.7% firms) is the third category (USD 11-100 million). This is followed by the category USD 101–USD 999 million (21.1%) and then more than USD 1 billion (19.3%). The remaining categories were the firms with revenues of less than USD 10 Million (11%) and those with a missing value (11.9%).

4.16.6 Country of origin of the acquired firm

Table 25 demonstrates the distribution of country of origin of the acquired firms involved in the cross-border M&As engaged by the Malaysian and Indonesian firms. According to the results, the largest country was Indonesia firms (17 cases) that had been acquired by Malaysian firms. In contrast, the Indonesian firms acquired only one Malaysian firm. In fact, the table shows four other countries that also featured highly, China (11 cases), India (9 cases), Singapore (13 cases) and Thailand (14 cases). All of these countries are among the favourite countries for Malaysian and Indonesian firms to penetrate through the cross-border M&A strategy. Overall 29 countries were involved in the study.

Table 25: Country of origin of the acquired firm

No	Country	Frequency	Percentage
1	Arab Emirates	1	.9
2	Australia	6	5.5
3	Bangladesh	1	.9
4	Brazil	1	.9
5	Brunei	1	.9
6	Cambodia	2	1.8
7	China	11	10.1
8	Egypt	1	.9
9	Germany	1	.9
10	Hong Kong	1	.9
11	India	9	8.3
12	Indonesia	17	15.6
13	Israel	1	.9
14	Italy	1	.9
15	Malaysia	1	.9
16	Mauritius	2	1.8
17	Netherland	3	2.8
18	New Zealand	1	.9
19	Pakistan	1	.9
20	Philippine	1	.9
21	Singapore	13	11.9
22	South Africa	1	.9
23	Sri Lanka	1	.9
24	Switzerland	1	.9
25	Taiwan	4	3.7
26	Thailand	14	12.8
27	United Kingdom	5	4.6
28	United States	5	4.6
29	Vietnam	2	1.8
	Total	**109**	**100.0**

4.16.7 Experience in Cross-Border M&As (Years)

Table 26, shows the distribution of the cross-border M&A experience. However, the collected data was then converted into four categories: 1-5 years, 6-10 years, 11-20 years and more than 20 years of experience. The largest category was 1-5 years of experience in cross-border M&As (46.8%). Also, table 27 shows that this category is the largest across both Malaysian and Indonesian firms. This means that most of the firms involved in cross-border M&As in Malaysia and Indonesia are still young and most probably still learning and adapting to this international business strategy. Again, table 28 shows the distribution in the remaining categories including 6-10 years (37%) and 11-20 years (18.3%). Finally, there was only one company with more than 21 years of experience in cross-border M&As.

Table 26: Distribution of Experience in Cross-Border M&As for Malaysian and Indonesian Firms

Experience in Cross-Border M&A	Indonesia		Malaysia		Total
1 to 5 Years	11	73.3%	40	42.6%	51
6 to 10 Years	3	20%	34	36.2%	37
11 to 20 Years	1	6.7%	19	20.2%	20
More than 21 Years	0	0	1	1.1%	1
Total	**15**	**100%**	**94**	**100%**	**109**

4.16.8 Advisor in M&A

According to Allen et al. (2004), commercial banks or investment banks usually act as lenders and at the same time as advisors on M&A transactions. These advisors also sometimes act as middlemen to secure the relationship between the acquirer and the target firm. They are also a key party determining the speed and the probability of completing the M&A deal (Hunter and Jagtiani 2003). On the other hand, consultant firms are also important as their function is more specific such as to provide operational advisory services between the acquirer and the target firms (Aspan 2009). Nevertheless, both the banks and the consultants are important in assisting to shape strategy, to locate a target and to advise on mounting a bid or on the price of a potential M&A (Angwin 2001). Table 27 shows that 33% of the acquirers employed financial institutions to act on their behalf in M&A transactions. Nearly 28% of the respondents employed both banks and consultant firms as their middlemen. 25.7% of the respondents employed consultant firms as their middlemen and finally 12.8% of respondents failed to answer this question.

4.16.9 Method of payment and perception of the amount paid

In order to ascertain how the acquirer acquired the target firm, the respondents were also asked to indicate the method by which they purchased the target entities. In addition, we also asked the respondents how they perceived the amount paid for the M&A transaction in each case. This was important because it demonstrated whether the acquirer was satisfied with decision to acquire the target firm. Table 27 shows that almost 57.8% of the respondents employed cash as a main method of payment for the M&A transactions. A combination of shares and cash was the second most common payment method (26.6%) whereas shares alone were used by only 8.3%. Finally, 1% of the respondents used other methods and 7% refused to answer this question.

In terms of perception of the amount paid, a striking majority of the respondents (73.4%) thought that the amount paid to the target firm was reasonable whereas 22% were not satisfied with the amount. The remaining 4.6% refused to answer the question. This result was due to the lack of information on how to justify the amount paid for the target firms. In fact, the buying price was mostly evaluated by the consultant firms.

Table 27: Distribution of M&A Characteristics

Characteristics of M&A	Frequency	Percentage (%)
Experience in Cross-Border		
1 to 5 years	51	46.8
6 to 10 years	37	33.9
11 to 20 years	20	18.3
More than 21 years	1	0.9
Advisor		
Financial Institutions/ Banks	36	33
Consultant firms	28	25.7
Both (Banks and consultant)	31	28.4
Missing	14	12.8
Method (s) of payment		
Shares	9	8.3
Cash	63	57.8
Both (Shares and Cash)	29	26.6
Others	1	0.9
Missing	7	6.4
Perception of the amount paid		
Reasonable	80	73.4
Overpaid	24	22.0
Missing	5	4.6
Types of M&A		
Horizontal	68	62.4
Vertical	26	23.9
Conglomerate	15	13.8
Perception of marketing integration		
Success	71	65.1
Moderate	24	22.0
Unsuccessful	14	12.8

N = 109 (Number of respondent)

4.16.10 Types of M&A

As this study looks at multiple industries rather than focusing on a single industry we therefore divided the sample into types of M&A as proposed by Kitching (1967). Kitching's study established the underlying causes for variations in M&A performance using a sample of 22 companies involved in 69 acquisitions. The study investigated five types of M&A, namely, horizontal, vertical, conglomerate, concentric marketing and concentric technology. However, we only employed three of them. We excluded concentric marketing and concentric technology as these M&A types are very specific and may have confused the respondents. In fact, studies investigating M&As in countries like Malaysia and Indonesia are rare (Shanmugam 2003). Therefore, we used horizontal, vertical and conglomerate of M&As. Table 27 shows the distribution of the types of M&A in this study. It shows that horizontal M&As (62.4%) dominate this study whereas 45 percent of the M&As in Kitching's study conglomerate M&As.

4.16.11 Perception of Marketing Integration

The survey results showed that nearly 66% of the respondents had a successful experience of the integration of the marketing departments of the target firm and the acquiring firm. Meanwhile, 22% of the respondents assessed their experience as moderate and, finally, 12.8% said they were unsuccessful. Once again, these rates are shown in Table 27.

4.17 Data Analysis Procedure

This chapter also explains how the data was analyzed. We analyzed and confirmed the collected data by using the Partial Least Square method (PLS). What PLS is and why it was chosen for the analysis and applied for the confirmatory factor analysis will be explained in the following section. At the same time, we will report the findings against the objectives of the research by responding to each of the hypotheses. Hence, most of the data analysis is structured according to the hypotheses in chapter 3.

4.17.1 Partial Least Square (PLS)

Instead of depending on standard multiple regressions, we assessed the hypotheses through Partial Least Square (PLS). PLS was employed to analyze the path coefficient by looking at the multiple correlation coefficients (R^2 statistics) for all endogenous constructs (Henseler et al. 2009). PLS is one of the methods of analyzing data associated with causal modelling techniques and enables to researcher to estimate the complex causes and effects of a relationship model, particularly in business research (Gudergan et al. 2008). Ultimately, it can also analyze a measurement model and a structural model simultaneously, which is also known as structural equation modelling (SEM) (Hulland 1999; Lohmoller 1988).

PLS has been designed to cope with problems in data analysis that are involved with small data samples, missing values and multicollinearity (Hoyle 1999). It also removes the need to apply the multivariate normality test which means it offer better results (Fornell et al. 1990). Other important reasons why PLS was relevant in this study are its tendency to act as a strong predictive technique even when there are several dependent or independent variables and also that it can be implemented as a path model, a similar method to structural equation modelling (Henseler et al. 2009). Hence, PLS is the most appropriate method for our data analysis. In fact, the use of PLS in international marketing and management disciplines has become increasingly popular (Henseler et al. 2009). Moreover, PLS path modelling methods have not only been applied in marketing and management studies but also recently to M&As, as seen in Cording et al.(2008). In this particular study, we employed SmartPLS 2.0 as the main software package to assess the results of the data (Ringle et al. 2005).

4.17.2 Reliability

We analyzed each of the items for reliability, internal consistency and convergent validity to assess the acceptability of the measurement model. Items' reliabilities were assessed by examining the outer loading from the PLS algorithm results (see Table 28). Almost all loadings for the reflective indicators exceeded the recommended threshold of 0.7 (Hulland 1999; J. C Nunnally and I. Bernstein 1994). Some opinions states that results may not need to exceed the standard of 0.7, which is why some researchers may apply 0.6 and lower particularly for exploratory purposes (Raubenheimer 2004). However, items with loadings of less than 0.4 or 0.5 should be dropped (Hulland 1999). As a result we dropped two items especially in the extent of marketing integration and speed of marketing integration constructs as most of the loadings were lower than 0.7 (see Table 29: items are in bold). Even though some of the items had loadings greater than 0.5, we still dropped them in order to reveal better results and to increase the strengths of the involved path coefficients.

4.17.3 Discriminant Validity

Discriminant validity is another statistical component in which it is required to look at how the different measures of a construct differ from the measures of other constructs in a particular model (Hulland 1999). He further noted that in order to obtain sufficient discriminant validity, a construct should share more variance with its measures than with other constructs in a particular model. As suggested by Fornell and Larcker (1981), the discriminant validity test was assessed by using Average Variance Extracted (AVE) which should be greater than the variances between the constructs. Table 29 shows the correlation matrix of all constructs in which the highlighted diagonal elements show the square root of the AVE for each of the construct. All of these are in line with the suggestion made by Fornell and Larcker (1981).

Table 28: Internal Consistency and Outer Loadings of items

Construct: Collaboration Composite reliability: 0.935423 Cronbach's alpha: 0.917 AVE: 0.707408	Outer Loading
We integrated together by achieving similar goals	0.868
We integrate together by having a mutual understanding	0.895
We informally work together	0.797
We integrate by sharing ideas, information and/or resources	0.840
We integrate by sharing the same vision for the company	0.791
We work together as a team	0.851

Construct: Interaction Composite reliability: 0.894423 Cronbach's alpha: 0.847 AVE: 0.679824	Outer Loading
Meetings	0.786
Committees	0.811
Phone conversations	0.837
Electronic mail	0.861

Construct: Redeployment of Marketing Resources Composite reliability: 0.908499 Cronbach's alpha: 0.878 AVE: 0.624438	Outer Loading
We have used the acquired business's sales force	0.702
We have used the acquired business's brand (s)	0.793
We have used the acquired business's marketing expertise	0.846
We have transferred the sales force to the acquired business	0.766
We have shared the brand (s) with the acquired business	0.768
We have transferred the marketing expertise to the acquired business	0.858

Construct: Marketing Synergy Composite reliability: 0.936142 Cronbach's alpha: 0.918 AVE: 0.710154	Outer Loading
The similarity of both marketing operations between the joining firms influenced the marketing integration process	0.777
The complementarity of both marketing operations between the joining firms influenced the marketing integration process	0.830
Both the joining firms marketing research resources facilitated the marketing integration process	0.795
Both the joining firms' sales force resources assisted the marketing integration process	0.837
Both the joining firms' distribution resources facilitated the marketing integration process	0.874
Both the joining firms advertising/promotion resources assisted the marketing integration process	0.900

Construct: Extent of Marketing Integration Composite reliability: 0.942831 Cronbach's alpha: 0.929 AVE: 0.706029	Outer Loading
Products/services offered (e.g harmonization of brand names)	0.730
New product development	0.695
Prices (e.g harmonization of price positioning)	0.782
Communication (e.g harmonization of advertisement)	0.828
Sales system (e.g harmonization of sales channels)	0.888
Sales force management (e.g harmonization of the provision system)	0.893
Information systems (e.g harmonization of the information systems)	0.866
Internal marketing support	0.867

Construct: Speed of Integration Composite reliability: 0.921228 Cronbach's alpha: 0.920 AVE: 0.677240	Outer Loading
Products/services offered (e.g harmonization of brand names)	0.801
New product development	0.727
Prices (e.g harmonization of price positioning)	0.872
Communication (e.g harmonization of advertisement)	0.886
Sales system (e.g harmonization of sales channels)	0.832
Sales force management (e.g harmonization of the provision system)	0.890
Information systems (e.g harmonization of the information systems)	0.687
Internal marketing support	0.726

Construct: Inter-Firm Compatibility (Moderator) Composite reliability: 0.906187 Cronbach's alpha: 0.876 AVE: 0.618489	Outer Loading
The organizational values and social norms prevalent in the two combined firms were congruent	0.797
Executives from both combined firms in this integration process had compatible philosophies / approaches to business dealings	0.852
The goals and objectives of both firms were compatible with each other	0.828
Technical capabilities of the two combined firms were compatible with each other	0.820
The organizational procedures of the two combined firms were compatible	0.656
Employees of both combined firms had similar professional or trade skills	0.746

Construct: Cost Savings Composite reliability: 0.950108 Cronbach's alpha: 0.941 AVE: 0.679277	Outer Loading
Products offered	0.813
Services offered	0.816
Brands	0.809
Strategic business units	0.880
Sales channels	0.838
Production locations	0.849
Sales offices	0.812
Number of employees in marketing	0.808
Total employees devoted to size of sale force	0.789

Construct: Marketer's Relationship Effectiveness Composite reliability: 0.945191 Cronbach's alpha: 0.922 AVE: 0.811741	Outer Loading
Has the time and effort spent in developing and maintaining the relationship with the combined firms worthwhile?	0.912
Has the relationship between the combined firms been productive?	0.886
Have you been satisfied with the overall relationship between the combined firms?	0.897
Has the acquirer firm carried out its responsibilities and commitments in regard to the acquired firm?	0.909

Construct: Mergers and Acquisitions Performance Composite reliability: 0.935757 Cronbach's alpha: 0.912 AVE: 0.746144	Outer Loading
Market share	0.904
Profitability (return on investment)	0.869
Competitive position	0.905
Market coverage	0.921
Customer satisfaction	0.701

Table 29: Correlations and Discriminant Validity

	Latent Variables	1	2	3	4	5	6	7	8	9	10
1	Collaboration	**0.841**									
2	Cost savings	0.466	**0.824**								
3	Extent of integration	0.440	0.642	**0.840**							
4	Interaction	0.502	0.431	0.415	**0.835**						
5	M&A Performance	0.509	0.673	0.574	0.562	**0.864**					
6	Marketing Synergy	0.499	0.505	0.653	0.504	0.559	**0.843**				
7	Inter-Firm Compatibility	0.468	0.616	0.542	0.515	0.642	0.571	**0.786**			
8	Marketers' Relationship Effectiveness	0.503	0.655	0.423	0.578	0.736	0.461	0.701	**0.901**		
9	Redeployment of Marketing Resources	0.395	0.627	0.694	0.437	0.659	0.665	0.525	0.525	**0.790**	
10	Speed of integration	-0.132	-0.064	-0.094	-0.292	-0.279	-0.237	-0.189	-0.237	-0.216	**0.823**

* Bold diagonal figures represent the square root of AVE

4.18 Summary

This study applies deductive methods and uses the survey methodology to achieve the abovementioned objectives. There are a few reasons why this method is suitable for this piece of research, namely:

- It follows the lead of previous studies, particularly those looking at the marketing integration process, which have applied the survey as the primary method of data collection.
- The number of M&A cases in Malaysia and Indonesia is not that great, but there are enough to justify the application of the survey methodology. In particular, the Partial Least Square (PLS) method of data analysis can be used with this amount of data but there is insufficient data for the application of Sequential Equation Modelling (SEM) (Hair et al. 2006; Tabachnick and Fidell 2007).
- The use of previous questionnaires can help in designing the questionnaire for this study and most importantly, can help us to answer the research questions.
- The survey methodology is more transparent than other methods and can provide objective data with which to draw conclusions about the phenomena surrounding M&A integrations (Hair et al. 2006). Furthermore, 109 useable questionnaires are sufficient to provide the quality of information required to uncover all of the relationships between the variables involved in the model.
- The PLS method of analysis is also appropriate in this context: this method is an extension of the regression analysis method (Henseler et al. 2009). At first, the intention was to use SEM; however, the number of response received was not insufficient. In fact, PLS is still a new analysis method and few researchers have used it to study M&As, with the exception of Cording et al. (2008).
- According to Connell (2005), qualitative research methodologies are more appropriate for theory development when the variables in a theory are unknown. In this study, however we have adapted variables from previous studies most of which also focused on M&A integration and were related to the marketing environment. Hence, the quantitative method is more appropriate for this study.

Nevertheless, quantitative method has a few disadvantages compared to the qualitative method including the following:

- The survey methodology does not provide a very in-depth study, compared to the qualitative method in which the researcher may use open interviews for example to discuss various related issues, which are not stated in the questionnaires but may enrich the data (Myers 2009).
- Qualitative methods do not limit the informant and are more flexible compared to the quantitative methodology, which must also have a certain number of respondents in order that it can be used with a particular analysis package. However, this process must be presented as details as possible (Sinkovics et al. 2008).
- Some qualitative research makes use of case studies, which provide more information on a particular industry or company. This can be quite specific and provide a rigorous discussion and new insights into a topic. Moreover, this method is more applicable when the researcher wishes to reveal the practitioner perspective. One particular study that looked at M&As using case studies was conducted by Larsson and Finkelstein (1999).

In conclusion, having in this chapter discussed the methodology and explained why it was selected; the results obtained will be discussed in the next chapter.

5 FINDINGS AND ANALYSIS

5.1 Introduction

We interpreted and summarized the results to provide input and evidence for the arguments of the empirical model and associated research hypotheses which are presented in Chapter 3.

5.2 Results of Hypotheses Testing by PLS Analysis

As the results of the reliability and convergent validity tests of the model's measurement scales met the required threshold. We were able to examine the main hypotheses using PLS analysis. The tests included the estimation of the path coefficient effects and the R^2 values. The estimation of the path coefficient effects indicates the strengths of the relationships between the dependent and independent variables (Sheng-Hsun et al. 2006). The R^2 (squared multiple correlation) values show the amount of variance explained by the independent variables (Chin et al. 2003). We also assessed the path significance level by employing the bootstrapping methods of Smart PLS 2.0 (M3) (Ringle et al. 2005). Figure 8 shows the results of the hypothesis testing.

5.2.1 Antecedents of Marketing Integration Process

For the antecedents of the marketing integration process, Figure 8 shows the results of the path coefficient and also the paths that confirm the relationship between the antecedents and the marketing integration process. Four latent variables were proposed, namely, collaboration, interaction, redeployment of marketing resources and marketing synergy. Two out of the eight of the proposed hypotheses were supported. Marketing synergy was found to have a positive effect and to significantly influence the extent of marketing integration ($b = 0.291$, $p < 0.05$). Hence hypothesis H3A was supported. Similarly to hypothesis H4A was supported: redeployment of marketing resources was found to have positive and significant influence on the extent of marketing integration ($b = 0.450$, $p < 0.001$).

In contrast, both of the collaboration constructs were found not to be significant in predicting the extent of marketing integration, that is; H1A (b = 0.108, p = n.s) and H1B (b = 0.069, p = n.s) were not supported. Followed by interaction between the marketers construct: Hypothesis H2B (b = -0.245, $p < 0.05$) were negatively but significantly related to the speed of the marketing integration. Another hypothesis H2A (b = 0.018, p = n.s), also found not to have any significant relationship between interaction and speed of integration. Furthermore, these non-significant trends continued for the remaining of two proposed hypothesis: H3B (b = -0.104, p = n.s) and H4B (b = -0.067, p = n.s) were not supported as their results were not significant. (n.s = Not significant).

5.2.2 Marketing Integration Process and Integration Outcomes

From the path coefficients between the constructs of marketing integration process and integration outcomes, two out of four paths were found to be significant. Extent of marketing integration had a positive significant influence on cost savings (b = 0.642, p = 0.001) as did marketers' relationships effectiveness (b = 0.405, p = 0.001). Therefore hypotheses H5A and H5B were supported. Another interesting findings but not supported was the connection between speed of integration and marketers' relationship effectiveness, H6B (b = -0.199, p = 0.05). However, this showed a negative influence by the speed of integration on marketers' relationships. On the other hand, hypothesis H6A (b = -0.004, p = n.s) was not supported as the relationship between speed of integration and cost savings was found to be negative and not significant.

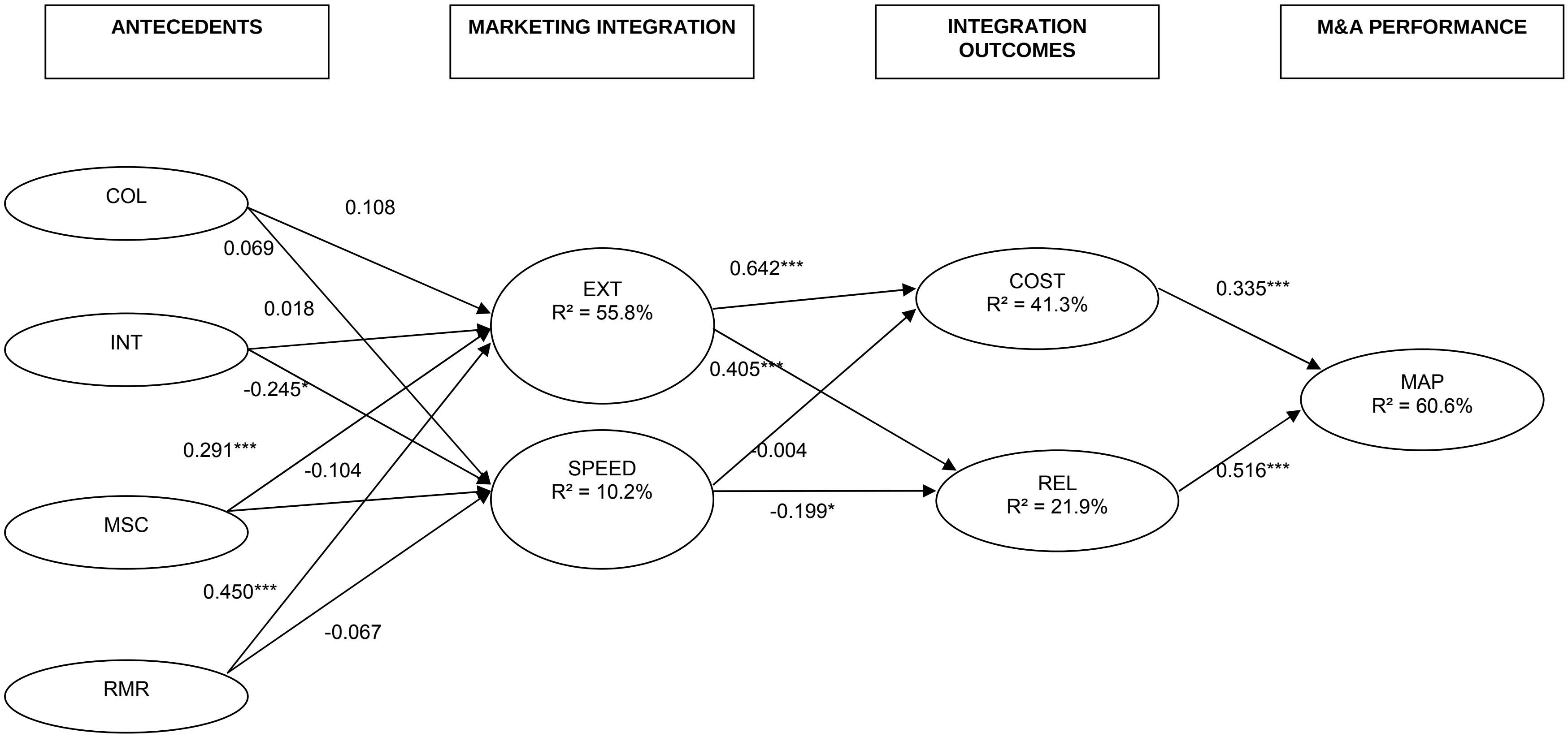
5.2.3 M&A Performance

In M&A performance, both of the path estimates had highly positive effects and significant results. The degree of cost saving had a significant and positive effect on M&A performance (b = 0.335, p = 0.001). Thus, hypothesis H7 was confirmed. Similarly marketers' relationship effectiveness was also found to be significant and positively influence M&A performance (b = 0.516, p = 0.001), supporting hypothesis H8.

5.2.4 R^2 Value

The R^2 value (Table 30) explains the percentage of the variance of the endogenous construct which is connected directly to each latent variable. It is also known as the squared multiple correlation (Chin et al. 2003). In fact, the R^2 values of all endogenous constructs must be reported (Hulland 1999). As suggested by Chin (1998), the R^2 was assessed at three thresholds level: 0.67 (strong), 0.33 (moderate) and 0.19 (weak). All of the R^2 values are illustrated in Table 30. The overall model is found to explain 60% of the variance in M&A performance which is nearly at the strong level. On the other hand, cost savings and marketers' relationship effectiveness were both at the level of moderate with respective values of 41% and 21%. Next, a strong level of R^2 was obtained for extent of marketing integration, which explains 55% of the variance. Speed of integration was found to be the weakest model with a value of only 10% (low).

Figure 8: Path Estimation and Hypotheses Results



Parameter estimation as shown in figure 2, n = 109

* P < 0.05

*** P < 0.001

Table 30: Path Estimation and Variance Explained with R^2 Value

Path			PLS result		
Collaboration	→	Extent of integration	0.108		
Collaboration	→	Speed of integration	0.069		
Interaction	→	Extent of integration	0.018		
Interaction	→	Speed of integration	-0.245	*	
Redeployment Marketing resource	→	Extent of integration	0.450	***	(Significant)
Redeployment Marketing resource	→	Speed of integration	-0.067		
Marketing synergy	→	Extent of integration	0.291	*	(Significant)
Marketing synergy	→	Speed of integration	-0.104		
Extent of integration	→	Cost reduction	0.642	***	(Significant)
Extent of integration	→	Marketers' Relationship	0.405	***	(Significant)
Speed of integration	→	Cost reduction	-0.004		
Speed of integration	→	Marketers' Relationship	-0.199	*	
Cost reduction	→	M&A performance	0.335	***	(Significant)
Marketers' Relationship	→	M&A performance	0.516	***	(Significant)
Construct R^2					
Extent of marketing integration			0.55.8 Moderate		
Speed of marketing integration			0.10.2 Weak		
Cost reduction			0.41.3 Moderate		
Marketers' relationship			0.21.9 Moderate		
M&A performance			0.60.6 Moderate		

P < 0.05; * P < 0.001; ***

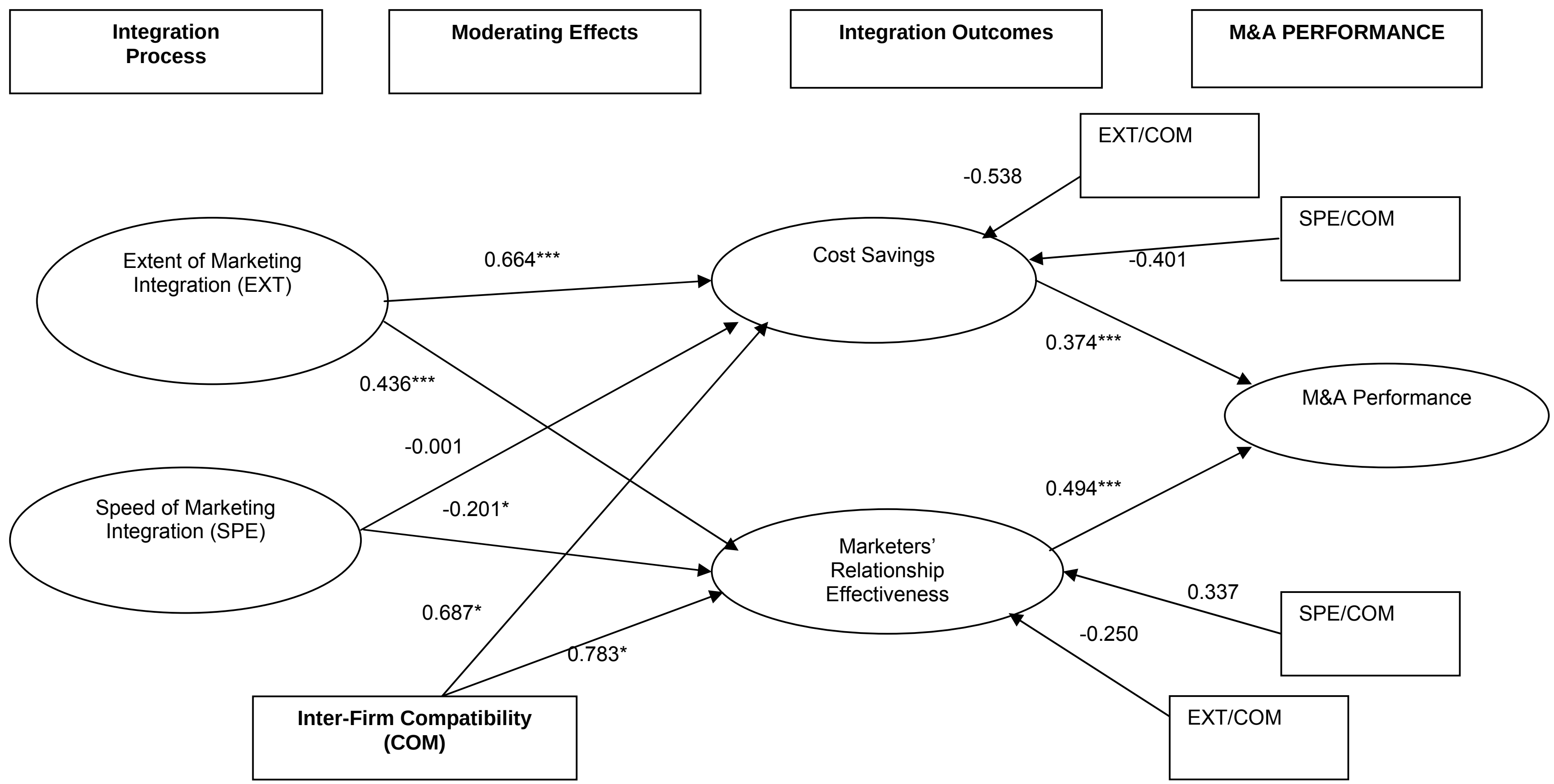
5.2.5 Moderating Effects (Inter-Firm Compatibility)

Table 31 shows the results of inter-firm compatibility as a moderator of the relationship between the marketing integration process and the marketing integration outcomes. The moderating effect was tested using four paths: 1) extent of integration and cost savings, 2) extent of integration and marketers' relationship effectiveness, 3) speed of integration and cost savings and 4) speed of integration and marketers' relationship effectiveness. These paths results are shown in Figure 9. Unfortunately, none of these paths are significantly moderated by inter-firm compatibility.

Table 31: Results of the Moderating Effects of Inter-Firm Compatibility

Moderator	Predictor	Criterion Variable	Result
Inter-firm compatibility	Extent of marketing integration	Cost savings	(b= -0.538, n.s)
	Speed of marketing integration	Cost savings	(b= -0.384, n.s)
	Extent of marketing integration	Marketers' relationship effectiveness	(b= -0.250, n.s)
	Speed of marketing integration	Marketers' relationship effectiveness	(b= 0.337, n.s)

Figure 9: Moderating Effects of Inter-Firm Compatibility



Parameter estimation as shown in figure 8, n = 109,* P < 0.05, *** P < 0.001

5.2.6 Moderating Effects Post Hoc analysis (Cultural Distance)

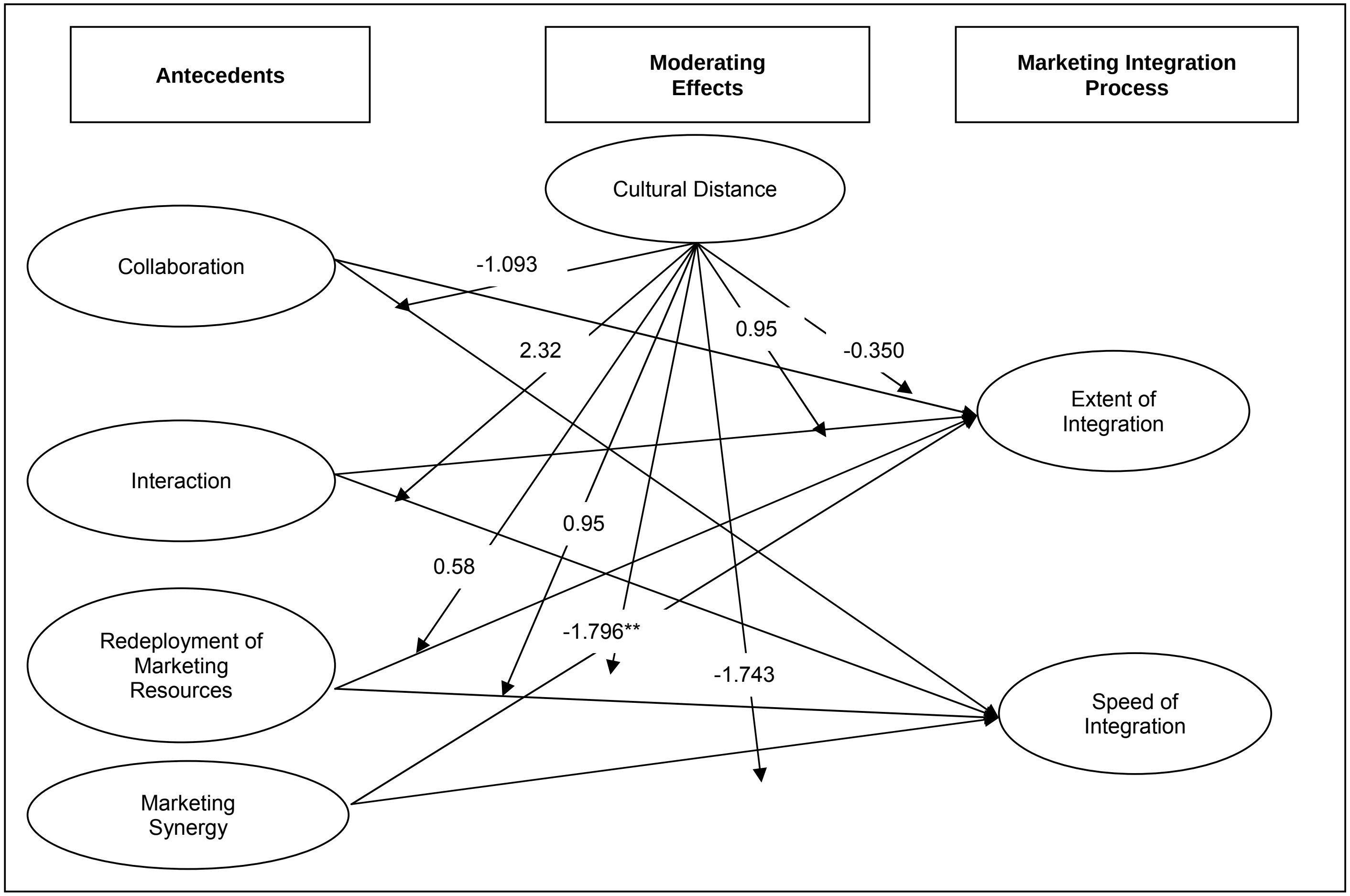
In this section, the investigation continues with a post hoc analysis of the role of cultural distance in influencing the relationship between the antecedents and the marketing integration process. This test is important to see the influence of cultural distance in the relationship between antecedents and the marketing integration process variables. In fact, cultural distance has been applied as a familiar variable or moderator while pursuing study that embarked in cross-border study particularly in M&A (Kogut and Singh 1988; Ragozzino 2009; Reus and Lamont 2009; Slangen 2006).

Following Slangen (2006), Figure 10 indicates that national cultural distance has no significant effect on the relationship between the antecedents and the marketing integration process in cross-border mergers and acquisitions particularly for Malaysian and Indonesian firms. The result demonstrates that almost all of the relationships are not significant moderators of the relationship between the antecedents and the marketing integration process. One result shows a significant but negative effect (coefficient, -1.796) at ($p < 0.05$) in moderating the relationship between marketing synergy and the extent of the marketing integration. In fact, the study findings also confirmed that almost a majority of the acquired firms came from neighbouring countries such as Indonesia, Malaysia, Thailand, India, China and Singapore. Although they have different languages but most are developing countries. This demonstrates that the cultural distance between these countries is linked by a bridge which allows them to collaborate together in the integration process.

5.3 Summary

This chapter present about the findings of the study. All of the findings were based from hypothesis results. We also show the PLS results through the illustrated model.

Figure 10: Moderating Effects for Cultural Distance using GLOBE database



6 DISCUSSION

6.1 Introduction

This study has attempted to propose antecedent factors of the marketing integration process in cross-border M&As particularly in Malaysia and Indonesia. It has also looked to investigate antecedent factors but also to investigate the development of the marketing integration process through improving cost savings and also to cultivate a better understanding of how the relationships between the marketers of the acquirer and the target firm enhance M&A performance. In organizing the discussion of the results of testing the hypotheses, therefore we address it according to implications for research questions. Overall, there were four research questions have been referred to and formed as the study's structure. These research questions were in turn described into the 12 hypotheses and the conceptual framework which was investigated through the research topic which was the marketing integration process and associates results. Discussions to the four research questions are presented below:

6.2 What are the antecedents that enhance the marketing integration process in cross-border M&As?

Previous studies, such as Capron and Hulland (1999), Cording et al. (2008), Homburg and Bucerius (2005), Larsson and Finkelstein (1999), Richey et al. (2008), Vanitha et al. (2008), that explored marketing integration mainly in the context of M&As did not specifically address the antecedent factors that contribute to the development of the marketing integration process. Drawing on other marketing integration literature, researchers such as Chimhanzi (2004), Garret et al. (2006), Kahn and Mentzer (1998), Parry and Song (1993), Rouzies et al. (2005), and Ruekert and Walker (1987), have proposed many mechanisms for how marketing departments integrate with other departments such as R&D, sales and human resources. Hence, the present study attempts to apply these factors to the marketing integration that occurs in the context of cross-border M&As. This is the most vital contribution of this particular study.

According to the results, two out of eight predictors complied with the proposed hypotheses regarding antecedents. Redeployment of marketing resources was found to be highly significant and positively influenced the extent of the marketing integration (Hypothesis, H4A). In other words, it appears that, if both the acquirer and the target firm work together to improve marketing development, by sharing and exchanging marketing resources then they will be able to enhance the marketing integration. This statement indicates that when firms combine, particularly in M&As, marketers need to adjust and at the same time need to restructure and look for new paradigms of how to utilize the available marketing resources on both sides. This means not only optimizing and exchanging marketing resources, but also absorbing new knowledge (Zollo and Singh 2004). Overall, this gradually improves trust and creates M&A value and ultimately develops a spirit of belonging among the marketers in the newly-combined firm. This is consistent with a study conducted by Capron and Hulland (1999) and another by Krishnan et al. (2004). However, Capron and Hulland's study was an in-depth study into the kinds of resources deployed, and they found that general marketing expertise was more likely to be redeployed from the acquirer to the target firm than either sales force or brand. From another perspective, as seen in the study by Krishnan et al. (2004), resource redeployment was found to facilitate a product-mix reconfiguration that generated product strategies to improve the sales of both firms.

Marketing synergy was also found to be significant and positively associated with the extent of marketing integration (Hypothesis, H3A), suggesting that both the acquirer and the target firm must diagnose and then select several of their best marketing practices that could be employed in both countries to expedite strategic profit goals. In fact, Weber and Dholakia (2000) also emphasized that the determining factors in the success of a combination of two firms particularly in a M&A, were derived from the marketing synergies. This is important as both the acquirer and the target firm could employed the superior marketing applications from the other's marketing strategies, which could possibly lead to a better marketing strategy for both firms. This result is in line with a study conducted by Vanitha et al. (2008), and is also known as strategic emphasis alignment. The strategic components emphasized by the acquirer and target firm can be similar to or distinct from one another. In this approach, the acquirer and the target firm are able to create a synergy between them. Furthermore, this result is also similar to that of Larsson and Finkelstein (1999), who found that the marketing synergy of the combined entity is realized through interaction and coordination during the organizational integration process. This also shows that social capital is still important but not as important as restructuring and managing the marketing synergies behind the amalgamation.

Both predictors are based on RBV perspectives, which mean that the acquiring and acquired firms have confirmed that restructuring and managing marketing resources are the key to success in the integration process. Another perspective indicates that managing marketing resources should come first, before generating particular relationships through social capital foundations. However, this does not mean that social interaction and collaboration are unimportant. Most likely, the firms need to gather information about their marketing strategies and strengths and format a plan in order for them to combine and create synergy, which thereby acts as a major foundation for building sturdy relationships. Therefore, it is clear that our first question pertaining to the antecedents have been answered: the redeployment of marketing resources and marketing synergy are the antecedents of the marketing integration process in cross-border M&As.

Nevertheless, another striking result derived from the antecedents, particularly in relation to Hypothesis H2B, revealed there to be a significant but negative relationship between the interaction and the speed of marketing integration. This shows that the interaction between the acquiring and acquired firms is important, but that over interaction leads to less speed in integrations. This is due to the fact that more interaction can lead to an increase in the number of rumours and can create irrational dissatisfaction about possibilities such as cost cutting and staff reduction during the integration process (Sinkin and Putney 2009). Another study, that in line with this findings by Ruekert and Walker Jr (1987), who found that the degree of conflict will increase if the level of interaction increases between marketing personnel and another functional areas.

As for the non-significant variables, collaboration (H1A and H1B), interaction (H2A), marketing synergy (H3B) and the redeployment of marketing resources (H4B), were found not to influence the extent or speed of marketing integration. Supposedly, collaboration is thought to significantly and positively influence the marketing integration process. Conversely, the results suggest that collaboration between the marketers of the acquirer and the target firm has no effect on the marketing integration process. The marketers of both the acquirer and the target firm seem to collaborate but this is not as influential as the restructuring of the marketing resources. One of the reasons may be the differences in marketing practices and cross-border environments that present a gap which discourages collaboration in marketing activities in comparison to other antecedent factors. Perhaps a future study should look further into identifying factors that could reduce this gap in collaboration between the acquirer and the target firm. The redeployment of marketing resources and marketing synergy are also found to be insignificant in influencing the speed of the marketing integration. Again, it is believed that the acquirers prefer to carefully study their target firms before pursuing any drastic organizational integration.

Thus, these results have answered Research Question 1, demonstrating that the redeployment of marketing resources and marketing synergy are important antecedents to successful marketing integration processes in cross-border M&As. Interaction was also found to be important but the preference is to use less interaction, especially with regard to decision making and information flow during the integration process.

6.3 Do the speed and extent of integration affect the integration outcome in terms of generating a successful M&A performance?

With regards to the marketing integration process, extent of integration particularly hypotheses H5A and H5B were supported, with strongly significant and positive relationships with the marketing integration outcomes. Meanwhile, hypothesis H6A was not supported but H6B was showing a significant but negative relationship between the speed of marketing integration and the marketers' relationship effectiveness.

Hypothesis H5A was supported: a strongly significant and positive relationship was found between the extent of marketing integration and the degree of cost savings. This result is consistent with the findings of Homburg and Bucerius (2005) and Anderson et al. (2001) and Stahl et al. (2003). It shows that the level of similarity between the acquirer and the acquired firm assists in enabling them to smoothly harmonize their marketing activities and processes. This process helps them to reduce costs by applying the existing resources and improving those that are not profitable in order to offer value to customers. This means that firms involved in M&As, particularly in Malaysia and Indonesia are concerned with costs cutting once they have integrated. In fact, considering internal cost reductions should be the first step after a M&A transaction instead of revenue enhancement, which is difficult to achieve in a short time, especially when the acquirer has spent a large amount of capital acquiring the target firm and completing the integration process (Altunbas and Marques 2008). Apart from focusing more on the sensitive issues of cost savings for instance staff reductions, the combined firms may look at other alternatives such as synergies that could be developed by cultivating close relationships, economies of scale, sharing technology, industry visibility and improving market share. These are some of the potential gains that the acquirer could tap into in order to optimize the newly- combined firm's operations.

However, this does not mean that the combined firm should stop innovating due to the distractions of the integration process. In fact, at the same time, they can set up a more creative team, made up of staff from the acquirer and the target firm to support the research and development (R&D) team. This should ultimately result in positive progress for the newly-combined firm by introducing, for example, a new brand name, new product features and other advantages. We would argue that the more the acquirer consolidates their marketing operations with those of the target firm, the more cost reductions they will achieve. This is important as much redundancy of operations will occur after the M&A integration, such as duplication of offices, job specifications, and general marketing facilities and so on. However, these findings were in contrast to the results of Birkinshaw et al. (2000). They found that the extent of integration had a negative impact on the integration process, since staff were biased towards their own department's performance and uninterested in harmonizing operation activities across the combined company.

H5B was also supported, as a significant and positive correlation was found between the extent of integration and the marketers' relationship effectiveness. This shows that when the staff of the acquirer and the acquired firm work together to complete the integration process, by harmonizing their resources, they can develop effective relationships. This result is congruent with the study conducted by Richey et al. (2008). They confirmed that the relationships between the marketers, especially those attached to the target firm, must be maintained in order to stabilize the environment after the application of the M&A integration process. They also note that these close relationships must be retained so that the marketing operations are still effective and to avoid the disruption of employees considering jumping to other organizations. Additionally, these relationships between staff can be expressed through improved trust, respect and cultural understanding (Gilbertson 2008). This is also supported by Marks and Mirvis (2000), who show that there is a transition period during the harmonization of integration strategies, during which both firms need to utilize excess capital to invest in nourishing the relationships between them.

In terms of speed of integration, no significant effect could be identified. Hypothesis H6A, proposing a relationship between speed of integration and cost savings, was not supported. Speed of integration seems to be less important to reducing costs, which is in line with the findings of Angwin (2004) and Olie (1994) who found that speed could not guarantee a better integration environment and revealed that it would in fact cause the integration to take longer and develop conflict, thus increase the costs of fully completing the amalgamation. However, this finding is in contrast with Hadjian (2000) and cording et al. (2008), who noted that speed of integration in M&As is beneficial to M&A performance and can reduce costs if the combined firm speedily identifies the key people required to lead the new organization and removes those who are likely to block the integration process.

With respect to the Hypothesis H6B, there is a significant but negative relationship between the speed of marketing integration and the effectiveness of the marketers' relationships. This indicates that a slower marketing integration could foster and stimulate good relationships before the pursuit of a more in-depth integration which might otherwise have interrupted the working environment, especially in the target firm. This finding matches the study conducted by Birkinshaw et al. (2000), who posited that both the acquirer and the target firm tend to avoid confrontation in the first couple of years, in order to maintain their relationship while the integration phase takes place. At the same time, both the acquirer and the target firm can maintain their work performance through maintaining customers' confidence in the combined situation. This is also in tandem with studies conducted by Guenzi and Troilo (2006), and Richey et al. (2008).

Kale et al. (2009), noted that, rather than rushing into drastically assimilating the two firms, a more relational approach can be employed through cultivating a partnering spirit between the acquirer and the target firm. Although this approach takes time, it gives ample space for the target firm to reshuffle its strategy in order to improve its operations and profitability outcomes, without worrying about any disturbance from its new owner. As for the acquirer, it can search for potential synergies and strengths of the target firm so that they can uncover and optimize them without disturbing the growth of their new business entity. Angwin (2004) also supported the view that acquisition success may not happen immediately, but may do so in the long run.

This approach will prolong the integration process but, on a positive note, both the acquirer and the target firm will become more transparent in many aspects once they understand each other, which eventually will assist the integration process and lead to greater M&A success. This result is congruent with the statement made by Olie (1994), who believed that it is not easy and will take time to integrate two firms from different countries into one entity. Ultimately, this manoeuvre could also help to avoid conflict between the acquirer and the target firm while implementing the integration phase.

Therefore, we would argue that the slower the integration, the better the M&A performance, even though it will take more time, since this avoid the possible collapse of the newly-combined firm, under drastic changes in routine caused by differences in cultures that may otherwise be imposed by the acquirer onto the target firm or vice versa in a cross-border M&A (Morosini et al. 1998). It is obvious from the results that social interactions in Asian countries generally take more time and thus, influence the completion of cross-border M&A transactions. In fact, social interactions in any business dealings in Eastern countries, such as Malaysia and Indonesia are more likely to use the high hierarchical style of leadership, and collectivism in decision making, which entail longer procedures (Hofstede 2001). This is also supported by a study conducted by Stahl et al. (2003), who add that managerial staff in Germany, Singapore and Canada believe that ‘softer’, less tangible psychological, social and cultural aspects are the keys to success in the post-acquisition process. Hence, it is believed that relationships and autonomy are important considerations during the integration phase of cross-border M&As.

Accordingly, the results have answered Research Question 2; however, it is more likely to have mixed results. Extent of integration is important to support cost savings and relationship effectiveness among the marketers’. Thus, this highlight that marketers of acquirer and acquired firm must harmonize their marketing resources in order to achieve cost savings and at the same time creating path to develop good relationship so that the M&A performance could be improved. Meanwhile, speed of integration is less important to support cost savings and relationship effectiveness among the marketers.

6.4 Does marketers’ relationship effectiveness influence M&A performance?

In this section, we explain how marketers’ relationship effectiveness is found to be highly significant in supporting M&A performance. This result is in line with research conducted by Richey et al. (2008) that concerns the relationships between marketing managers. They believed that these relationships could help to maintain existing loyal customers and supply chains that they had been cemented over time. Also, they could help to avoid a lack of productivity and improve the reputation and market position of the firm through sustaining valuable marketing staff, thereby strengthening the M&A performance. Staff relationships in M&As can be regarded as attachments between the employees and the organization which cannot be broken (Schweiger et al. 1987). Ni (2006) emphasized that relationships act as resources that facilitate the development of harmony and a feeling of belongingness through social interaction within the organization. This result answers the third Research Question, by confirming that marketers’ relationship effectiveness strongly supports M&A performance.

6.5 Can inter-firm compatibility factors moderate the relationship between the marketing integration process and the integration outcomes?

As noted earlier in the literature review chapter, we posit that inter-firm compatibility is a factor that could enhance the relationship between the marketing integration process and the integration outcomes. However, results show that none of the inter-firm compatibility factors proposed in Hypotheses H9, H10, H11 and H12 were confirmed to moderate relationships. Therefore, we would argue that compatibility issues are not much of a concern for either Malaysian or Indonesian firms, when combining marketing resources during an M&A even when their partner comes from a developed country and has dissimilar marketing practices and strategies. Thus, the result answers the final question, by confirming that the inter-firm compatibility cannot moderate the relationship between the marketing integration process and the integration outcomes.

6.6 Summary

This chapter has reviewed the results and provided arguments relating to the hypotheses that represented the research questions. In general, all of the research questions have been answered.

7 CONCLUSION

7.1 Introduction

This chapter summarizes the research, drawing conclusions about its major findings and contributions. It starts with the theoretical and managerial implications which highlights the vital contributions of the study and also gives several suggestions and lessons for managers as to the right way to handle the marketing integration process within the context of the M&A. This is followed by some of the limitations and directions for future studies enabling other researchers to have a transparent view of potential study areas that are revealed by the present study's findings. Finally, we presented a summary of the whole study hoping to contribute to the field of M&As, particularly cross-border M&As.

7.2 Theoretical Implication

As is demonstrated in Chapter 2, there are two main theoretical foundations involved in this study, resource-based view (RBV) and social capital theory, used to provide explanations about the mobility of the resources, particularly marketing resources, which are deployed and optimized by the acquirer and the acquired firm.

However, RBV has been confirmed as the most important theory in this study. Two of the variables based on RBV were shown to make a significant contribution to the marketing integration process in cross-border M&As. The redeployment of marketing resources was found to create a link between RBV theory and the marketing integration process, by highlighting components of marketing, such as brand, sales force and marketing expertise that were redeployed within the target and the acquiring firm to improve the combined firm's competitive advantage (Capron 1998). Another contribution that relates to RBV is that of marketing synergy (Larsson and Finkelstein 1999; Song et al. 1997a). In fact, many of the previous studies of M&A integration have used RBV as their main theoretical foundation (see Table 2). In terms of specific theoretical contributions, we elaborate on how the findings could bridge a gap by contributing to the theory and research into the antecedents of marketing integration and marketing integration outcomes.

In terms of antecedents, we would argue that there is still a lack of definition of the mechanisms that contribute to the marketing integration process in cross-border M&As, with the exception of previous studies that mostly relate to marketing departments' involvement in M&As conducted by Capron and Hulland (1999), Cording (2004), and Homburg and Bucerius (2005). As demonstrated by the results regarding the antecedents, our research makes a vital contribution towards understanding the optimization of marketing resources in the cross-border context. Our findings suggest that marketing factors specifically, the redeployment of marketing resources and marketing synergy, are important manoeuvres in the marketing integration process. Moreover, these manoeuvres enable both firms, to stimulate the marketing department by pooling and restructuring their marketing resources to achieve a better marketing performance, which enhances the firm's combination, particularly for the marketing staff. This is important, as most of the marketing experts' resources are wasted due to the unstable marketing position that can occur during the integration process. In fact, some marketers who are not comfortable with the integration will move to rival companies in order to obtain better work prospects. By giving these marketing experts (from the acquired firm) more information about the integration process and more opportunities to work in the acquirer's business environment, the new firm can at least convey the positive message that they are being treated fairly. Once, the marketing staff are organized, then the acquirer will be able to concentrate on creating new synergies by selecting and suggesting better marketing approaches and ignoring the lack of marketing strategy in the acquired firm, in order to generate more sales through optimizing the existing marketing resources.

With respect to social capital theory, although social capital theory were found not to be significant, the results show that interaction plays an important role in suggesting that the acquirer should not rush to integrate its marketing department with that of the acquired firm. This is crucial, as the two firms may have different approaches to marketing management and dissimilar organizational cultures and backgrounds. Hence, more time and effort is needed in order to smooth the integration process without creating any conflict. A soft and relational approach is suggested in order to facilitate the integration process. This study enriches the existing M&A literature by introducing the relationship element into the marketing integration model. The relationships between the marketing managers of the acquired firm must be well maintained by the acquirer in order to achieve better sales prospects and the long-term success of the M&A combination (Richey et al. 2008). By introducing the variable marketers’ relationship effectiveness, we believe we have shown that the marketers of the acquired firm appreciate the relational approach of a slower but more effective marketing integration process. In fact, this approach will create a long-term relational advantage, which could result in the building of trust and a sense of reliability between the acquirer and the acquired firm.

7.3 Managerial Implications

Research on marketing integration particularly in the contexts of cross-border M&As has been neglected especially in the areas of resource-sharing or resource redeployment exception in the studies by Capron and Hulland (1999) and Homburg and Bucerius (2005). This was due to the logical assumption that synergy creation only emerged when two different departments combine, which is based on the logical argument that synergy from the combination of resources is likely to be valuable when the combination is based on complementarity rather than similarity (Harrison et al. 2001). In fact, much research has explored in the combination of different departments; for example sales and marketing (Guenzi and Troilo 2006; Rouzies et al. 2005), logistics and marketing (Stank et al. 1999), and marketing and human resource (Chimhanzi 2004). However, researchers such as Weber and Dholakia (2000), Capron and Hulland (1999) and Homburg and Bucerius (2005) reveal that synergy could also be exploited to make cost savings and influence the extent of marketing integration, when two similar departments are combined, particularly marketing departments. Nevertheless, all of the findings about the similarity and complementarity in M&As conflict over the creation of value (Vanitha et al. 2008).

With regards to similarity advantages, this is realistic as the marketing managers can share and make use of marketing resources such as marketing expertise, marketing strategy, marketing structures and brand and advertisement strategies. Besides this, managers might employ uniquely different marketing approaches in each company. In fact, the companies will be able to form a marketing strategic alliance in order to compete in the competitive market of personal computer (PC) makers. For instance, in the acquisition of IBM PC division by Lenovo has shown the great advantages when two firms combine. It allowed IBM to concentrate on their software and consultancy areas rather than competing in manufacturing PC components and marketing in PC world markets. Both Lenovo and IBM benefited from the integration which has maintained the customer loyalty and gained future customers through offering better products than were offered by Lenovo and IBM. Lenovo in particular, gained all the strengths of IBM's existing PC division including research development, design and manufacturing capabilities (Lenovo 2010 659).

The combined firm was able to generate collaboration and interaction through sharing and applying both firms' marketing strategies. In this respect, factors such as the redeployment of marketing resources and the search for marketing synergies were very important to the marketing managers of the original two PC companies now combined into one. These factors could help the marketing managers to firmly organize the marketing resources by not overlooking issues of overlapping managerial structures and redundancies in the business portfolios, departmental resources and staff, particularly the marketing experts. As well as this, collaboration among the marketing managers increases their sense of togetherness in the working environment and, most importantly, it creates harmony. This is important not only for the marketing managers but also the M&A teams such as the legal team, operations team and the managerial directors leading the integration, ensuring a smooth integration which will boost the company's performance.

In fact, this approach was taken in the acquisition of Compaq by Hewlett Packard (HP) (Alistair 2004). Instead of competing with each other in marketing allocation, the two firms employed the strategy of dividing the market into segments: HP brands such as HP pavilion laptops continued to focus on consumers whereas the Compaq Presario focused on the small-business markets (Hachman 2002). This strategy improved the marketing of these two gigantic firms by setting up a focused market segment for each brand rather than destroying the existing popular brands. Even though, in the first year of the merger in 2002, the combined firm showed less in turnover, with revenues of US dollar 16.5 billion compared to US dollar 18.2 billion in 2001 (Newsroom 2006), two years after the acquisition, strikingly, HP Compaq acquired another important segment of IT business, the Mercury interactive Corp., a leader in IT management software in the United States of America (Popovich 2002). This meant, they had indirectly succeeded by engaging in their next acquisition, enhancing their software capability through acquiring Mercury Interactive Corp. which involved a large investment, just after they had acquired Compaq.

Apart from the antecedent factors, cost savings and relationship effectiveness in the combined firm are also important outcomes of M&As. In fact, these elements are success factors in the combination of firms, as the elements of communication and cooperation in the M&A strategy must be managed and leveraged accordingly in order to improve the integration process and to avoid miscommunications which could lead to misunderstandings and harmful rumours. These negatives issues not only influence the process of the integration but also potentially destroy the combination of the firms. For example, many staff will not be satisfied and will eventually move to other firms. In some cases there have been more drastic outcomes where combined firms have been forced to undertake de-mergers or a split between the acquired and target firms.

In terms of cost savings, the integrated firms not only to achieve better financial performance but also greater efficiency through this strategy. Some may need to restructure all their assets, properties and managerial perspectives. Most firms that are involved in M&As would start to reduce costs by selling their unproductive assets such as buildings, inventories, outdated machines and so forth. These manoeuvres basically increase their earnings and also generate better profits by reducing those liabilities that incur more costs to the firms, especially when two big organizations combine. By managing all of these resources, this new entity or the acquirer will enjoy more profits and income by expanding their business corporations and by squeezing any internal unproductive liabilities turning meaningless resources into productive and profitable ones.

7.4 Limitations and Suggestions for Future Research

Limitations of this investigation begin with the geographical area in which this research has been conducted. Most cross-border M&A studies are conducted in developed countries where there are a large number of cases involved. In Malaysia and Indonesia, however, the number of cross-border M&A cases was reduced. In fact, the data are limited to certain agencies such as stock exchange agencies, for instance, Bursa Malaysia, Securities Commission (Malaysia) and Jakarta Stock Exchange which monitor listed companies. Future research should extend the scope of the study to other South East Asian countries, for example, Singapore and Thailand. This will potentially improve the number of cases of cross-border M&As. This should provide more data which will give the advantage to employ other analysis methods such as using LISREL or EQS.

There could perhaps even be a regional study across South East Asia. Furthermore, this extension of the geographical area will enable the study to focus on certain industries that have many cases of cross-border M&As. Specific industry studies will provide more in-depth findings and a better understanding of certain business phenomena which will ultimately lead to improved business strategies and allow us to learn from previous lessons as has been done, for example, in the case of certain phenomena of M&As in the banking industry see example Kim and Finkelstein (2009) , Lambkin and Muzellec (2008). A cross-country comparison is also a prospective study which could lead to interesting comparison results. For example, the study conducted by Harris and Carr (2008), revealed that national values influence business directions and explain management behaviour which signals the true behaviour of international managers. Although most firms today are owned by local stakeholders nevertheless the people who manage them mostly come from other countries. Therefore, an in-depth study is needed to unveil this phenomenon, particularly in the context of cross-border M&As.

Secondly, the scope of the marketing integration process in M&As is limited to the marketing environment, which cannot be used to generalize to other departments such as manufacturing, logistic, human resources or R&D. This investigation is focuses on how the marketing departments of two firms combine to improve and to utilize the marketing resources from two different countries. Thirdly, all of the instruments that were used in this study were adapted from previous studies. Future research should explore the use of new instruments in order to look through many lenses deep into marketing integration perspectives, following the procedure for developing better measures for marketing research suggested by Churchill Jr (1979). This is important as it will potentially contribute to the development of marketing research in M&As.

A fourth avenue for future studies is to explore the antecedent elements. The present study only focuses on two major types of antecedent factors: behavioural and marketing. There are many other potential factors that could be employed as antecedents of the success of the marketing integration process. There would be a greater contribution if the factors were pursued in a more in-depth study, especially in terms of human factors related to the marketers involved in the M&A integration. In fact, many researchers have found that the interaction of human factors is vital to the success of M&A integrations (Buono and Bowditch 1990; Cartwright and Cooper 1990; Schweiger and Weber 1989). In this particular study, the focus would be on the marketers' interactions. For instance, in the integration of the marketing and sales departments, Rouzies et al. (2005) proposed integrating mechanisms that encompass organizational structure, process, culture and people. On the other hand, Garrett et al. (2006) proposed four mechanisms: formalization, centralization, role flexibility and inter-functional climate which boost the integration of a marketing department with a R&D department, which eventually improving new product development.

Some other studies could look into the issues around branding. How does the combined firm utilize its brand or integrate its brand in order to enhance the marketing strategy within the M&A context? This is an interesting issue with high potential. Please find related studies conducted by Lambkin and Muzellec (2008) and Cem et al. (2008).

Another recent issue that possibly influences departmental integration is staff emotions. Nowadays, emotion in the workplace is a popular topic in organizations (Callahan 2008). As study would likely entail how and whether the integration process in an M&A would affect the marketers' emotions, what kind of emotions influence the integration and most importantly, whether emotions could improve or worsen motivation in the integration process and how emotions could be countered. According to Callahan (2008), these emotions can be countered through emotional intelligence, the ability to recognize and manage our own and others' emotions through four clusters: context, challenges, communication and community. In fact, emotional intelligence has been stressed in a different way in relation to the attachment experience within acquisitions (Schweiger et al. 1987). Hence, emotional intelligence can be used to construct a fit measure to evaluate the impact of the antecedents of the marketing integration process within M&A contexts. Another crucial statement about emotions involved in M&A contexts is made by Finkelstein et al. (2009), who emphasize the powerful emotions involved in making considerable decisions, particularly concerning the issues of integrating two firms into one entity.

Further research could also extend the component of the marketing integration process to not only focus on the speed and extent of the marketing integration process, but also examine other aspects, such as the visibility of the organizational structure while the two firms combine, the degree of coordination through communication flow in the integration process and the flexibility of the departments of the acquirer and the target firm in acknowledging the integration procedure. Another notable issue about the integration phase is when is the best time for two firms to combine and how should the burden of an unsatisfied subordinate be managed while they implement the integration process. As for the marketing integration outcomes, the present study uses cost savings and relationship effectiveness among the marketers. It is recommended that a further in-depth investigation of each of the marketing integration outcomes should be undertaken. For example, to what extent do the marketers get together to resolve any problems and improve relationships after they have been involved in the integration process.

Experience in M&As has been widely used as a control variable and some previous studies have even used it as a moderator, however past research has given mixed results and therefore it is unlikely to reveal an energizing of firm acquisition performance (Hayward 2002; Kim and Finkelstein 2009; Meschi and Metais 2006). Some international firms such as General Electric Capital (GE) have been successful in using their experience in M&As as a business development tool. In fact, half of its businesses were generated through acquisitions and it is believed to employ the M&A as a replicable process rather than a one-time only event (Ashkenas et al. 1998). Hence, M&As experience can be proposed for future studies particularly to be the control variable and maybe as moderator.

Finally, our focus on limitations shifts to the dependent variable, which are the M&A performance. In our study, the M&A performance measures were all basically described in terms of general performance such as customer services level, return on investment and others, which mainly from the perspective of perceptual measures. Further research should explore two levels of dependent variables: financial performance and non-financial performance. Instead of focusing solely on M&A performance, future studies could look at financial performance, for example acquirer performance (Laamanen and Keil 2008), operating performance (Cornett et al. 2006) and financial performance: accounting returns and investor returns (Fowler and Schmidt 1988). On the other hand, in terms of non-financial performance, we would suggest that the future studies look at the marketing performance in the M&A context. Marketing performance will provide more insights into the marketing discipline and, moreover, this study initially explored the marketing field particularly marketing integration. By employing marketing performance, future studies will be able to identify specific marketing aspects that prevail in the M&A context. Further details about marketing performance can be explored through articles by Ambler and Roberts (2008) and Craig and Aron (2002).

7.5 Concluding Remarks

This study has made a significant contribution, particularly in terms of using RBV theory to develop antecedents of the marketing integration process in the cross-border M&A context. It demonstrates that two marketing factors, marketing synergy and the redeployment of marketing resources, significantly support the marketing integration process in cross-border M&As. This means that the acquirer and the acquired firm need to have comprehensive arrangements in place in order to combine their two departments, focusing on improving sales, maintaining existing and attracting future customers.

Additionally, we also found that behavioural factors partly influence the marketing integration process. Interaction was found indirectly to have an important role in supporting the process. We believe that the acquiring firm prefer not to rush and to discourage interaction, especially at the decision making levels, before they are fully integrated due to the sensitivity of M&As. The unnecessary leakage of vital decisions concerning the integration process could lead to staff confrontations and an increasing staff turnover. This situation could in fact lead to unsatisfactory situations that would jeopardize sales performance and revenue.

Furthermore, this study contributes to the literature in cross-border M&As, particularly in the post-integration phases, with evidence from two countries in South East Asia, Malaysia and Indonesia. This is one of its contributions, since many M&As studies are conducted in developed countries in Europe or the United States of America. Another contribution is replication, in that we proposed antecedents of the marketing integration process, which were adapted from Homburg and Bucerius (2005) and Capron and Hulland (1999). The use of Partial Least Squares (PLS) analysis is a further contribution as not many M&A studies have previously applied this analysis method with the exception of a study by Cording et al. (2008).

With regards to the model, apart from the antecedents, we also contributed a proposed new variable based on the social capital theory of Guenzi and Troilo (2007), that looked at relationship effectiveness among the staff. We applied this model as one of variables in integration outcomes. Result has confirmed that this variable is vital to improve M&A performance. This relationship effectiveness between the marketers of both firms was found to be positive factor behind successful integrations. They need to have close relationships in order to leverage the practical marketing capabilities of each firm. Hence, this relationship effectiveness must be positively managed, as communication and cooperation are crucial drivers behind the success of an M&A

In terms of managerial contribution, we stress that the marketing integration process is the first hurdle that managers must face, particularly organizing marketing resources in cross-border M&As, as this is likely to guarantee better outcomes, be it through the firm’s performance or new product development. This hurdle must be supported by the use of appropriate stimulating factors to ensure the smoothness of the integration and to avoid conflict among the staff, especially the marketers. In fact, the marketers are the ones who generate sales and income, through various methods of selling products and services. They are the team that is directly engaged to convince either the existing customers or future customers, and their performance will eventually drive the liquidity of both the acquirer and the acquired firm. Hence, maintaining the right marketing people is the best way to sustain the future of the combined firm.

The integration process in cross-border M&As is a very crucial area, as it determines whether the combined firm will improve its sustainability and growth, particularly at the international level. Most of the cases studied failed to prevail in this task. Most importantly, the development of the combined firm is not only targeted towards generating more profit or achieving a better market share but also towards helping to establish reputable bilateral relationships between the two countries. This in turn can eventually create a strong base for structured and organized corporate governance, which will stabilize the combined firm in the long run.

Finally, we sincerely hope that the theoretical insights, and particularly the contribution of RBV as the main theory behind the development of the antecedents, offer a clearer understanding of how marketing integration supplement the M&A integration process, particularly in terms of achieving a better marketing strategy that will enhance the corporate sales and revenues of the combined firm, through a comprehensive marketing restructuring, the alignment of marketing resources and close relationships between the marketers, all of which will stimulate the integration process and thereby boost the M&A performance.

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Appendix 1

COVER LETTER (Malaysia Version)

02 July 2008

Dear Tan Sri/Dato'/Sir/Madam/Mr/Ms,

Survey for PhD Studies:
Marketing Integration Process in Cross-Border Mergers and Acquisitions (M&A)

Who am I?

I am a doctoral student at Manchester Business School, University of Manchester and currently attached with Universiti Utara Malaysia. My URL is http://www.personal.mbs.ac.uk/rsinkovics/phd/phdstudents.aspx

Our request to you

I would appreciate if you could participate in this perception study about **how your organization involved in marketing integration process in cross-border M&A contexts**. I really appreciate if you could return the questionnaire by **02 September 2008**. At the same time, if you need any assistance, please do not hesitate to contact me: mohd.jedin@postgrad.mbs.ac.uk or mdhaniff@uum.edu.my. Tel: 019-559 7375.

M&A case

Rank date	Acquirer	Acquired firm	Acquired Nation

What is in for you and how will you benefit?

If you provide your **contact information or E-Mail**, we can send you the **summary and industry scores** for the measures in the questionnaire. We would be very happy, if you could support us with some of your valued time, so that we can include your expert-opinion in our industry study. Thank you indeed!

Yours truly,

MOHD HANIFF JEDIN
Doctoral researcher

COVER LETTER (Indonesia Version)

MANCHESTER 1824

The University of Manchester

COB COLLEGE OF BUSINESS SINTOK MALAYSIA

10 August 2008

Bapak/ Ibu yang terhormat,

Proses Integrasi Departemen dalam Konteks Merger dan Akuisisi (M&A)

Siapakah saya?

Saya adalah seorang mahasiswa program doktor di Manchester Business School, University of Manchester dan berstatus sebagai staff di Universiti Utara Malaysia. Penelitian ini dilakukan berkolaborasi dengan Ibu Wiwiek Rabiatul Adawiyah of Universitas Jenderal Soerdirman. Website saya: http://www.personal.mbs.ac.uk/rsinkovics/phd/phdstudents.aspx

Permintaan kami kepada anda?

Kami mencoba untuk mengidentifikasi pihak yang bertanggung jawab, melakukan dan terlibat dalam proses merger dan akuisisi, khusus dalam hal integrasi antar departemen. Partisipasi dan feedback Bapak/ Ibu atas kuesioner ini dapat membantu inspeksi praktek dalam dunia industri serta dapat melakukan perbandingan lintas sektor. Jika dengan alasan tertentu Bapak/ Ibu tidak dapat menjawab pertanyaan dalam kuesioner ini, mohon Bapak/Ibu berkenan meneruskan kuesioner ini kepada pihak yang tepat di institusi saudara.

Apa manfaat penelitian ini bagi anda?

Dukungan anda terhadap penelitian akademik ini akan mendapatkan pengakuan berupa **ringkasan hasil penelitian** satu bulan setelah penelitian ini selesai. Di dalam ringkasan tersebut akan diperinci tentang praktik baik untuk meningkatkan pendekatan manajemen dalam proses integrasi

Jika saudara memberi kami alamat atau email, kami akan mengirimkan ringkasan dari skor tingkat industri yang diukur dalam kuesioner ini. Jika ada hal yang kurang jelas, mohon menghubungi kami: mohd.jedin@postgrad.mbs.ac.uk or Tel: 019-559 7375.

Kami sangat berbahagia jika Bapak/Ibu berkenan untuk berpartisipasi dalam penelitian ini di tengah kesibukan anda, sehingga kami dapat mencantumkan pendapat anda selaku praktisi/ahli dalam penelitian kami. Terima kasih.

Hormat kami,

MOHD HANIFF JEDIN
Kandidat Doktor
University of Manchester

Ahmad Adib
Staf pengajar
Universitas 13 Mareth
Indonesia

Wiwiek Rabiatul Adawiyah
Staf pengajar
Universitas Jenderal Soedirman Indonesia

Appendix 2

QUESTIONNAIRE (Malaysia Version)

On each row, place a checkmark in one of the columns to rate the results by using seven point scales. Thank you.

Section 1 to section 4: The issues primarily discuss the success factors that contribute to the marketing integration process in cross-border mergers and acquisitions (M&A).

Section One: Degree of Collaboration (COL1-COL6)

Please recall the factors which contributed to the integration process in your company particularly the one contributing to the success of the marketing integration process in the context of cross-border (M&A). Please respond to the following lists as accurately as possible.

To what degree did your marketing departmental pursue the following activities after the M&A?

	Collaboration	***Strongly disagree → Strongly agree***						
1	We integrate together by achieving similar goals	①	②	③	④	⑤	⑥	⑦
2	We integrate together by having a mutual understanding	①	②	③	④	⑤	⑥	⑦
3	We informally work together	①	②	③	④	⑤	⑥	⑦
4	We integrate by sharing ideas, information and/or resources	①	②	③	④	⑤	⑥	⑦
5	We integrate by sharing the same vision for the company	①	②	③	④	⑤	⑥	⑦
6	We work together as a team	①	②	③	④	⑤	⑥	⑦

Section Two: Frequency of interaction (INT1-INT4)

How frequent does your marketing department pursue the following activities after the M&A?

	Interaction	***Least frequent → Most frequent***						
1	Meetings	①	②	③	④	⑤	⑥	⑦
2	Committees	①	②	③	④	⑤	⑥	⑦
3	Phone conversations	①	②	③	④	⑤	⑥	⑦
4	Electronic mail	①	②	③	④	⑤	⑥	⑦

Section Three: Marketing Improvement (MSC1-MSC6)

To what extent has your marketing department pursue the following activities to generate marketing synergy after the M&A?

	Marketing Improvement	***Very low***			→			***Very high***
1	The similarity of both marketing operations between the combined firms influenced the marketing integration process	①	②	③	④	⑤	⑥	⑦
2	The complementarity of both marketing operations between the combined firms influenced the marketing integration process	①	②	③	④	⑤	⑥	⑦
3	Both the combined firms marketing research resources facilitated the marketing integration process	①	②	③	④	⑤	⑥	⑦
4	Both the combined firms sales force resources assisted the marketing integration process	①	②	③	④	⑤	⑥	⑦
5	Both the combined firms distribution resources facilitated the marketing integration process	①	②	③	④	⑤	⑥	⑦
6	Both the combined firms advertising/promotion resources assisted the marketing integration process	①	②	③	④	⑤	⑥	⑦

Section Four: Redeployment of marketing resources (RMR1-RMR6)

Category 1: To what extent have you reorganize resources from the acquired business to assist your existing business?

	Use of Resources	***Not at all***			→			***Very large extent***
1	We have reorganize the acquired business's sales force	①	②	③	④	⑤	⑥	⑦
2	We have reorganize the acquired business's brand (s)	①	②	③	④	⑤	⑥	⑦
3	We have reorganize the acquired business's marketing expertise	①	②	③	④	⑤	⑥	⑦

Category 2: To what extent have you transferred resources from your existing business to assist the acquired business?

	Transfer of Resources	***Not at all***			→			***Very large extent***
4	We have transferred the sales force to the acquired business	①	②	③	④	⑤	⑥	⑦
5	We have shared the brand (s) with the acquired business	①	②	③	④	⑤	⑥	⑦
6	We have transferred the marketing expertise to the acquired Business	①	②	③	④	⑤	⑥	⑦

Section 5 to section 6: The questions primarily discuss the expectation of the marketing integration process in cross-border M&A.

Section Five: Extent of marketing integration (EXI1-EXI8)

To what extent were the following aspects similar between the combined firms after the M&A?

	Extent of Marketing Integration	***No integration → Complete Integration***						
1	Products/services offered (e.g harmonization of product ranges, brand names)	①	②	③	④	⑤	⑥	⑦
2	New product development	①	②	③	④	⑤	⑥	⑦
3	Prices (e.g harmonization of price positioning)	①	②	③	④	⑤	⑥	⑦
4	Communication (e.g harmonization of advertisement)	①	②	③	④	⑤	⑥	⑦
5	Sales system (e.g harmonization of sales channels)	①	②	③	④	⑤	⑥	⑦
6	Sales force management (e.g harmonization of the provision system)	①	②	③	④	⑤	⑥	⑦
7	Information systems (e.g harmonization of the information systems)	①	②	③	④	⑤	⑥	⑦
8	Internal marketing support	①	②	③	④	⑤	⑥	⑦

Section Six: Speed of integration (SPE1-SPE8)

The time taken to complete the integration.

	Speed of Integration	***Fairly short → Excessively Long***						
1	Products/services offered (e.g harmonization of brand names)	①	②	③	④	⑤	⑥	⑦
2	New product development	①	②	③	④	⑤	⑥	⑦
3	Prices (e.g harmonization of price positioning)	①	②	③	④	⑤	⑥	⑦
4	Communication (e.g harmonization of advertisement)	①	②	③	④	⑤	⑥	⑦
5	Sales system (e.g harmonization of sales channels)	①	②	③	④	⑤	⑥	⑦
6	Sales force management (e.g harmonization of the provision system)	①	②	③	④	⑤	⑥	⑦
7	Information systems (e.g harmonization of the information systems)	①	②	③	④	⑤	⑥	⑦
8	Internal marketing support	①	②	③	④	⑤	⑥	⑦

Section 7 to section 8: The discussions primarily aim for the benefits of the marketing integration process in M&A.

Section Seven: Degree of cost savings (COST1-COST9)

The degree in which the following resources were reduced as a result of the M&A?

	Degree of Cost Savings	***Dissatisfied***			→			***satisfied***
1	Products offered	①	②	③	④	⑤	⑥	⑦
2	Services offered	①	②	③	④	⑤	⑥	⑦
3	Brands	①	②	③	④	⑤	⑥	⑦
4	Strategic business units	①	②	③	④	⑤	⑥	⑦
5	Sales channels	①	②	③	④	⑤	⑥	⑦
6	Production locations	①	②	③	④	⑤	⑥	⑦
7	Sales offices	①	②	③	④	⑤	⑥	⑦
8	Number of employees in marketing	①	②	③	④	⑤	⑥	⑦
9	Total employees devoted to size of sale force	①	②	③	④	⑤	⑥	⑦

Section Eight: Degree of Marketers Relationship Effectiveness (REL1-REL4)

The degree in which the relationship effectiveness as a result of the M&A?

	Marketers' Relationship Effectiveness	***Substantially worse***			→			***Substantially better***
1	Has the time and effort spent in developing and maintaining the marketers' relationship with the combined firms worthwhile?	①	②	③	④	⑤	⑥	⑦
2	Has the marketers' relationship between the combined firms been productive?	①	②	③	④	⑤	⑥	⑦
3	Have you been satisfied with the overall marketers's relationship between the combined firms?	①	②	③	④	⑤	⑥	⑦
4	Has the acquirer firm carried out its responsibilities and commitments in regard to the acquired firm?	①	②	③	④	⑤	⑥	⑦

Section 9: The questions primarily discuss on the moderating effects after the marketing integration process.

Section Nine: Inter-firm Compatibility (CC1-CC3) & (OC1-OC3)

Cultural Compatibility: To what extent do you consider the following statements as an accurate description of the cultural compatibility.

	Cultural Compatibility	***Strongly disagree → Strongly agree***						
1	The organizational values and social norms established in the two combined firms were congruent	①	②	③	④	⑤	⑥	⑦
2	Executives from both combined firms in this integration process had compatible philosophies / approaches to business dealings	①	②	③	④	⑤	⑥	⑦
3	The goals and objectives of both combined firms were compatible with each other	①	②	③	④	⑤	⑥	⑦

Operational Compatibility: To what extent do you consider the following statements as an accurate description of the operational compatibility.

	Operational Compatibility	***Strongly disagree → Strongly agree***						
1	Technical capabilities of the two combined firms were compatible with each other	①	②	③	④	⑤	⑥	⑦
2	The organizational procedures of the two combined firms were compatible	①	②	③	④	⑤	⑥	⑦
3	Employees of both combined firms had similar professional or trade skills	①	②	③	④	⑤	⑥	⑦

Section 10: The questions are primarily examines the M&A performance due to the integration of the marketing department as a whole.

Section Ten: Mergers and Acquisitions Performance (MAP1-MAP5)

M&A Performance: To what extent do you consider the following statements as an accurate description of the M&A performance.

	M&A Performance	***Substantially worse → Substantially better***						
1	Market share	①	②	③	④	⑤	⑥	⑦
2	Profitability (return on investment)	①	②	③	④	⑤	⑥	⑦
3	Competitive position	①	②	③	④	⑤	⑥	⑦
4	Market coverage	①	②	③	④	⑤	⑥	⑦
5	Customer satisfaction	①	②	③	④	⑤	⑥	⑦

Section 11: The questions primarily examine the company profiles and M&A characteristics

i. Information about your company: Your primary industry (please mark the appropriate box)

[ ] Clothing	[ ] Computing	[ ] Construction	[ ] Consulting
[ ] Electronics	[ ] Engineering	[ ] Food/Beverages	[ ] Banking / Investment
[ ] Insurance	[ ] Household/Trading	[ ] Pharma/Chemicals	[ ] Publishing
[ ] Software	[ ] Telecommunication	[ ] Transport	[ ] Other (specify) _________

ii. Firm General information

Your position	
Approximate number of years your firm has been established	Years
Approximate number of employees	
Approximate size of your firm i.e. worldwide revenue	RM

iii. Mergers and acquisitions characteristics

How many years has this company been involved in cross-border M&A (Experience)	Years
Who is your main advisor?	Bank / Consultant firm / Both
How much is the price your company paid for the cross- border M&A transaction?	RM
In what method did your company paid the cross-border M&A transaction?	Share / Cash / Both
How do you perceive the payment?	Overpaid / Reasonable
What is the country of origin of your acquired firm?	
What type of M&A was your company involved in?	Same industry as buying company with approximately same customers and suppliers **(Horizontal M&A)** [ ] Major supplier or customer of the buying company and in the same industry **(Vertical M&A)** [ ] Customers and technology different from those of buying company **(Conglomerate M&A)** [ ]
Overall, how do you perceive the integration process?	Success / moderate / unsuccessful
Any other comments, you would like to add particularly on departmental integration in M&A	

THANK YOU FOR YOUR TIME AND ASSISTANCE!
BOTH ARE GREATLY APPRECIATED!

To receive a copy of the research findings, please provide your e-mail address here

____

QUESTIONNAIRE (Indonesia Version)

Untuk setiap baris berilah tanda silang/ tick pada salah satu kolom untuk jawaban yang paling tepat dengan skala 1 sampai 7. Terima kasih

Bagian 1 sampai 4: Permasalahan berkisar tentang faktor keberhasilan dalam proses integrasi departement saat M&A

Bagian satu: Tingkat kolaborasi

Mohon diingat kembali faktor yang menyebabkan keberhasial proses integrasi dalam perusahaan anda, khususnya faktor yang berperan besar dalam keberhasilan proses integrasi antar departemen saat merger dan akuisisi (M&A). Mohon jawab pertanyaan berikut dengan akurat.

Sejauhmana departement anda melakukan aktivitas berikut setelah M&A?

Kolaborasi		***Sangat tidak setuju → Sangat setuju***						
1	Kami berintegrasi dengan mencapai tujuan yang sama	①	②	③	④	⑤	⑥	⑦
2	Kami berintegrasi dengan saling memahami	①	②	③	④	⑤	⑥	⑦
3	Kami bekerjasama secara informal	①	②	③	④	⑤	⑥	⑦
4	Kami berintegrasi dengan saling berbagi ide, informasi dan/atau sumberdaya.	①	②	③	④	⑤	⑥	⑦
5	Kami berintegrasi dengan berbagi visi yang sama untu perusahaan.	①	②	③	④	⑤	⑥	⑦
6	Kami bekerjasama sebagai tim	①	②	③	④	⑤	⑥	⑦

Bagian kedua: Frekuensi interaksi

Seberapa sering departemen anda melakukan aktivitas berikut setelah M&A?

Frekuensi interaksi		***Sangat jarang → Sangat sering***						
1	Rapat	①	②	③	④	⑤	⑥	⑦
2	Komite	①	②	③	④	⑤	⑥	⑦
3	Percakapan telepon	①	②	③	④	⑤	⑥	⑦
4	Surat elektronik	①	②	③	④	⑤	⑥	⑦

Bagian tiga: Peningkatan aktivitas pemasaran

Sejauhmana departemen anda melakukan hal berikut untuk peningkatan aktivitas pemasaran setelah M&A?

	Peningkatan aktivitas pemasaran	***Sangat rendah → Sangat tinggi***						
1	Persamaan dalam model pemasaran bagi kedua perusahan yang bergabung berpengaruh terhadap proses integrasi pemasaran.	①	②	③	④	⑤	⑥	⑦
2	Operasi pemasaran yang saling melengkatpi antar perusahaan yang bergabung berpengaruh terhadap proses integrasi pemasaran.	①	②	③	④	⑤	⑥	⑦
3	Sumberdaya riset pemasaran kedua perusahaan yang bergabung memfasilitasi proses integrasi pemasaran.	①	②	③	④	⑤	⑥	⑦
4	Sumberdaya tim penjualan kedua perusahaan yang bergabung membantu proses integrasi pemasaran.	①	②	③	④	⑤	⑥	⑦
5	Sumberdaya untuk distribusi yang dimiliki kedua perusahaan memfasilitasi proses integrasi pemasaran.	①	②	③	④	⑤	⑥	⑦
6	Sumberdaya untuk iklan/promosi yang dimiliki oleh kedua perusahaan yang bergabung membantu proses integrasi pemasaran.	①	②	③	④	⑤	⑥	⑦

Bagian empat: Penggunaan sumberdaya departemen

Kategori 1: Sejauh mana sumberdaya perushaan yang diakuisisi telah anda gunakan untuk menjalankan usaha anda sekarang?

	Penggunaan sumberdaya	***Tidak pernah → Semaksimal mungkin***						
1	Kami telah menggunakan kekuatan penjualan perusahaan yang diakuisisi	①	②	③	④	⑤	⑥	⑦
2	Kami telah menggunakan merek perusahaan yang diakuisisi	①	②	③	④	⑤	⑥	⑦
3	Kami telah menggunakan keahlian pemasaran perusahaan yang diakuisisi	①	②	③	④	⑤	⑥	⑦

Kategori 2: Sejauh mana pemindahan/transfer sumberdaya telah dilakukan dari perusahaan anda sekarang ke perusahaan yang anda akuisisi ?

	Pemindahan Sumberdaya	***Tidak pernah → Semaksimal mungkin***						
4	Kami telah mentransfer kekuatan penjualan perusahaan ke perusahaan yang diakuisisi	①	②	③	④	⑤	⑥	⑦
5	Kami telah menggunakan bersama merek perusahaan kami dengan perusahaan yang diakuisisi	①	②	③	④	⑤	⑥	⑦
6	Kami telah mentransfer keahlian pemasaran perusahaan kami ke perusahaan yang diakuisisi	①	②	③	④	⑤	⑥	⑦

Bagian 5 sampai 6: Pertanyaan berkisar tentang harapan atas proses intergrasi departemen saat M&A.

Bagian 5: Kedalaman integrasi antar departemen

Sejauh mana kesamaan yang dimiliki oleh perusahaan yang bergabung dalam M&A untuk aspek-aspek berikut?

	Kedalaman integrasi	***Tidak ada → integrasi penuh***						
1	Produk/jasa yang ditawarkan (seperti harmonisasi nama merek)	①	②	③	④	⑤	⑥	⑦
2	Pengembangan produk baru	①	②	③	④	⑤	⑥	⑦
3	Harga (seperti harmonisasi posisi harga di pasar)	①	②	③	④	⑤	⑥	⑦
4	Komunikasi (seperti harmonisasi periklanan)	①	②	③	④	⑤	⑥	⑦
5	Sistem Penjualan (seperti harmonisasi jalur penjualan)	①	②	③	④	⑤	⑥	⑦
6	Manajemen kekuatan penjualan (seperti harmonisasi sistem provisi)	①	②	③	④	⑤	⑥	⑦
7	Sistem informasi (seperti harmonisasi sistem informasi)	①	②	③	④	⑤	⑥	⑦
8	Dukungan pemasaran internal	①	②	③	④	⑤	⑥	⑦

Bagian 6: Kecepatan integrasi

Waktu yang dibutuhkan dalam menyelesaikan integrasi

	Kecepatan integrasi	***Sangat singkat*** →						***Sangat lama***
1	Produk/jasa yang ditawarkan (seperti harmonisasi nama merek)	①	②	③	④	⑤	⑥	⑦
2	Pengembangan produk baru	①	②	③	④	⑤	⑥	⑦
3	Harga (seperti harmonisasi posisi harga di pasar)	①	②	③	④	⑤	⑥	⑦
4	Komunikasi (seperti harmonisasi periklanan)	①	②	③	④	⑤	⑥	⑦
5	Sistem Penjualan (seperti harmonisasi jalur penjualan)	①	②	③	④	⑤	⑥	⑦
6	Manajemen kekuatan penjualan (seperti harmonisasi sistem provisi)	①	②	③	④	⑤	⑥	⑦
7	Sistem informasi (seperti harmonisasi sistem informasi)	①	②	③	④	⑤	⑥	⑦
8	Dukungan pemasaran internal	①	②	③	④	⑤	⑥	⑦

Bagian 7 dan 8: The discussions primarily aim for the benefits of the departmental integration process in M&A.

Bagian 7: Pengurangan Kos

Tingkat pengurangan pemakaian sumberdaya berikut sebagai akibat dari M&A?

	Tingkat efisiensi biaya	***Mengecewakan*** →						***Memuaskan***
1	Produk yang ditawarkan	①	②	③	④	⑤	⑥	⑦
2	Jasa yang ditawarkan	①	②	③	④	⑤	⑥	⑦
3	Merek	①	②	③	④	⑤	⑥	⑦
4	Unit bisnis strategis	①	②	③	④	⑤	⑥	⑦
5	Jalur penjualan	①	②	③	④	⑤	⑥	⑦
6	Lokasi produksi	①	②	③	④	⑤	⑥	⑦
7	Kantor penjualan	①	②	③	④	⑤	⑥	⑦
8	Jumlah pekerja di bidang pemasaran	①	②	③	④	⑤	⑥	⑦
9	Jumlah seluruh karyawan yang dialokasikan sebagai tim penjualan	①	②	③	④	⑤	⑥	⑦

Bagian kedelapan: Tingkat keefektifan hubungan

Tingkat efektifitas hubungan sebagai akibat M&A?

	Tingkat efektifitas hubungan	***Sangat buruk → Menjadi lebih baik***						
1	Apakah waktu dan usaha yang dipergunakan untuk mengembangkan dan mempertahankan hubungan antar perusahaan yang bergabung berhasil/ tidak sia-sia?	①	②	③	④	⑤	⑥	⑦
2	Apakah hubungan antara perusahaan yang bergabung sudah produktif?	①	②	③	④	⑤	⑥	⑦
3	Pernahkah anda merasa puas dengan hubungan kedua perusahaan yang bergabung?	①	②	③	④	⑤	⑥	⑦
4	Pernahkah perusahaan yang mengakuisisi melaksanakan tanggung jawab dan komitmennya terhadap perusahaan yang diakuisisi?	①	②	③	④	⑤	⑥	⑦

Bagian 9: Pertanyaan berkisar efek moderasi setelah proses integrasi departemen.

Bagian 9: Kompatabilitas/ Kecocokan antara perusahaan

Kecocokan budaya: Sejauh mana akurasi/ kebenaran pernyataan berikut mencerminkan kompatabilitas/ kecocokan budaya antar perusahaan yang bergabung dalam M&A?

	Kompatabilitas budaya	***Sangat tidak setuju → Sangat setuju***						
1	Nilai organisasi dan norma sosial dalam yang dimiliki kedua perusahaan yang bergabung kongruen/ sama.	①	②	③	④	⑤	⑥	⑦
2	Para eksekutif dari kedua perusahaan yang bergabung dalam proses integrasi memiliki filosofi yang kompatibel/ sesuai dalam melakukan pendekatan bisnis.	①	②	③	④	⑤	⑥	⑦
3	Tujuan dan sasaran dari kedua perusahaan yang bergabung sangatlah cocok satu sama lainnya.	①	②	③	④	⑤	⑥	⑦

Kompatabilitas operasional: Sejauhmana akurasi/kebenaran dari pernyataan berikut menggambarkan kompatabilitas perusahaan ?

	Kompatabilitas operasional	***Sangat tidak setuju → Sangat setuju***						
1	Kemampuan teknikal dari kedua perusahaan yang bergabung sangatlah cocok satu sama lain.	①	②	③	④	⑤	⑥	⑦
2	Prosedur organisasi dari kedua perusahaan yang bergabung sangatlah cocok/ kompatibel.	①	②	③	④	⑤	⑥	⑦
3	Karyawan dari kedua perusahaan yang bergabung mempunyai persamaan dalam profesionalitas atau ketrampilan dagang.	①	②	③	④	⑤	⑥	⑦

Bagian 10: Pertanyaan berkisar tentang evaluasi kinerja M&A sehubungan dengan integrasi departemen secara keseluruhan.

Bagian 10: Kinerja Merjer dan Akuisisi

Kinerja M&A: Sejauhmana akurasi/kebenaran dari pernyataan berikut menggambarkan kinerja M&A.

	Kinerja M&A	***Sangat buruk → Menjadi lebih baik***						
1	Penguasaan pasar (*Market share*)	①	②	③	④	⑤	⑥	⑦
2	Profitabilitas (*return on investment*)	①	②	③	④	⑤	⑥	⑦
3	Kemampuan bersaing (*competitive position*)	①	②	③	④	⑤	⑥	⑦
4	Penguasaan pasar (*Market coverage*)	①	②	③	④	⑤	⑥	⑦
5	Kepuasan pelanggan	①	②	③	④	⑤	⑥	⑦

Bagian 11: Pertanyaan berkisar tentang evaluasi profil perusahaan dan karakteristik M&A

i. Infomasi tentang perusahaan anda: Industri utama anda (beri tanda/ silang pada kotak yang sesuai).

[ ] Pakaian	[ ] Komputer	[ ] Konstruksi	[ ] Konsultasi
[ ] Elektronik	[ ] Teknis	[ ] Makanan	[ ] Perabot rumah tangga
[ ] Sovenir	[ ] Rumah tangga	[ ] Obat/ Kimia	[ ] Publikasi
[ ] Software	[ ] Telekomunikasi	[ ] Transportasi	[ ] Lainnya (sebutkan) __________

ii. Informasi tentang perusahaan anda

Jabatan Anda	
Usia perusahaan sejak berdiri sampai sekarang	tahun
Jumlah pegawai/karyawan	
Ukuran perusahaan anda seperti besar pendapatan per tahun	Rupiah

iii. Karakter merjer dan akuisisi

Berapa tahun pengalaman perusahaan ini terlibat dalam M&A antar negara (pengalaman)	tahun
Siapakah konsultan utama anda? (Bank / perusahaan konsultan)	Bank / Perusahaan konsultan
Berapa yang perusahaan anda bayarkan untuk transaksi M&A ?	Rupiah
Bagaimana metode pembayaran saat transaksi M&A?	Saham / Tunai / Persediaan
Apa pendapat anda tentang nilai transaksi?	Overpaid / Reasonable
Negara mana asal perusahaan yang anda akuisisi	
Perusahaan anda terlibat dalam M&A yang seperti apa?	Industri yang sejenis sebagai pembeli dengan pelanggan dan supplier yang hampir sama**(Horizontal M&A)** [ ] Mayoritas pemasok dan pelanggan dimiliki perusahaan pembeli dan akuisisi pada industri sejenis **(Vertical M&A)** [ ] Adanya perbedaan antara teknologi dan pelanggan dengan perusahaan pembeli **(Conglomerate M&A)** [ ]
Secara keseluruhan, bagaimana pendapat anda tentang proses integrasi?	Berhasil / biasa / gagal
Komentar tambahan anda tentang proses integrasi M&A	

TERIMA KASIH ATAS WAKTU DAN BANTUAN ANDA!

Email:

Appendix 3

QUESTIONNAIRE (Email Attachment)

On each row, place a checkmark in one of the columns to rate the results by using seven point scales. Thank you.

Section 1 to section 4: The issues primarily discuss the success factors that contribute to the marketing integration process in cross-border mergers and acquisitions (M&A).

Section One: Degree of Collaboration

Please recall the factors which contributed to the integration process in your company particularly the one contributing to the success of the marketing integration process in the context of cross-border (M&A). Please respond to the following lists as accurately as possible.

To what degree did your marketing departmental pursue the following activities after the M&A?

Collaboration		***Strongly disagree → Strongly agree***						
1	We integrate together by achieving similar goals	① ☐	② ☐	③ ☐	④ ☐	⑤ ☐	⑥ ☐	⑦ ☐
2	We integrate together by having a mutual understanding	① ☐	② ☐	③ ☐	④ ☐	⑤ ☐	⑥ ☐	⑦ ☐
3	We informally work together	① ☐	② ☐	③ ☐	④ ☐	⑤ ☐	⑥ ☐	⑦ ☐
4	We integrate by sharing ideas, information and/or resources	① ☐	② ☐	③ ☐	④ ☐	⑤ ☐	⑥ ☐	⑦ ☐
5	We integrate by sharing the same vision for the company	① ☐	② ☐	③ ☐	④ ☐	⑤ ☐	⑥ ☐	⑦ ☐
6	We work together as a team	① ☐	② ☐	③ ☐	④ ☐	⑤ ☐	⑥ ☐	⑦ ☐

Section Two: Frequency of interaction

How frequent does your marketing department pursue the following activities after the M&A?

Interaction Frequency		***Least frequent → Most frequent***						
1	Meetings	① ☐	② ☐	③ ☐	④ ☐	⑤ ☐	⑥ ☐	⑦ ☐
2	Committees	① ☐	② ☐	③ ☐	④ ☐	⑤ ☐	⑥ ☐	⑦ ☐
3	Phone conversations	① ☐	② ☐	③ ☐	④ ☐	⑤ ☐	⑥ ☐	⑦ ☐
4	Electronic mail	① ☐	② ☐	③ ☐	④ ☐	⑤ ☐	⑥ ☐	⑦ ☐

Section Three: Marketing improvement

To what extent has your marketing department pursue the following activities to generate marketing improvement after the M&A?

	Marketing Improvement	***Very low***			→			***Very high***
1	The similarity of both marketing operations between the joining firms influenced the marketing integration process	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
2	The complementarity of both marketing operations between the joining firms influenced the marketing integration process	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
3	Both the joining firms marketing research resources facilitated the marketing integration process	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
4	Both the joining firms sales force resources assisted the marketing integration process	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
5	Both the joining firms distribution resources facilitated the marketing integration process	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
6	Both the joining firms advertising/promotion resources assisted the marketing integration process	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐

Section Four: Using of marketing resources

Category 1: To what extent have you used resources from the acquired business to assist your existing business?

	Use of Resources	***Not at all***			→			***Very large extent***
1	We have used the acquired business's sales force	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
2	We have used the acquired business's brand (s)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
3	We have used the acquired business's marketing expertise	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐

Category 2: To what extent have you transferred resources from your existing business to assist the acquired business?

	Transfer of Resources	***Not at all***			→			***Very large extent***
4	We have transferred the sales force to the acquired business	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
5	We have shared the brand (s) with the acquired business	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
6	We have transferred the marketing expertise to the acquired Business	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐

Section 5 to section 6: The questions primarily discuss the expectation of the marketing integration process in cross-border M&A.

Section Five: Extent of marketing integration

To what extent were the following aspects similar between the combined firms after the M&A?

	Extent of Marketing Integration	*No integration →*						*Complete integration*
1	Products/services offered (e.g harmonization of brand names)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
2	New product development	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
3	Prices (e.g harmonization of price positioning)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
4	Communication (e.g harmonization of advertisement)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
5	Sales system (e.g harmonization of sales channels)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
6	Sales force management (e.g harmonization of the provision system)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
7	Information systems (e.g harmonization of the information systems)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
8	Internal marketing support	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐

Section Six: Speed of integration

The time taken to complete the integration.

	Speed of Integration	*Fairly short →*						*Excessively Long*
1	Products/services offered (e.g harmonization of brand names)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
2	New product development	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
3	Prices (e.g harmonization of price positioning)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
4	Communication (e.g harmonization of advertisement)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
5	Sales system (e.g harmonization of sales channels)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
6	Sales force management (e.g harmonization of the provision system)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
7	Information systems (e.g harmonization of the information systems)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
8	Internal marketing support	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐

Section 7 to section 8: The discussions primarily aim for the benefits of the marketing integration process in M&A.

Section Seven: Degree of cost savings

The degree in which the following resources were reduced as a result of the M&A?

	Degree of Cost Savings	***Dissatisfied → satisfied***						
1	Products offered	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
2	Services offered	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
3	Brands	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
4	Strategic business units	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
5	Sales channels	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
6	Production locations	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
7	Sales offices	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
8	Number of employees in marketing	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
9	Total employees devoted to size of sale force	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐

Section Eight: Degree of Relationship Effectiveness

The degree in which the relationship effectiveness as a result of the M&A?

	Degree of Relationship Effectiveness	***Substantially worse → Substantially better***						
1	Has the time and effort spent in developing and maintaining the relationship with the combined firms worthwhile?	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
2	Has the relationship between the combined firms been productive?	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
3	Have you been satisfied with the overall relationship between the combined firms?	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
4	Has the acquirer firm carried out its responsibilities and commitments in regard to the acquired firm?	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐

Section 9: The questions primarily discuss on the moderating effects after the marketing integration process.

Section Nine: Inter-firm Compatibility

Cultural Compatibility: To what extent do you consider the following statements as an accurate description of the cultural compatibility.

	Cultural Compatibility	***Strongly disagree → Strongly agree***						
1	The organizational values and social norms established in the two combined firms were congruent	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
2	Executives from both combined firms in this integration process had compatible philosophies / approaches to business dealings	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
3	The goals and objectives of both combined firms were compatible with each other	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐

Operational Compatibility: To what extent do you consider the following statements as an accurate description of the operational compatibility.

	Operational Compatibility	***Strongly disagree → Strongly agree***						
1	Technical capabilities of the two combined firms were compatible with each other	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
2	The organizational procedures of the two combined firms were compatible	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
3	Employees of both combined firms had similar professional or trade skills	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐

Section 10: The questions are primarily examines the M&A performance due to the integration of the marketing department as a whole.

Section Ten: Mergers and Acquisitions Performance

M&A Performance: To what extent do you consider the following statements as an accurate description of the M&A performance.

	M&A Performance	***Substantially worse → Substantially better***						
1	Market share	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
2	Profitability (return on investment)	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
3	Competitive position	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
4	Market coverage	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐
5	Customer satisfaction	①☐	②☐	③☐	④☐	⑤☐	⑥☐	⑦☐

Section 11: The questions primarily examine the company profiles and M&A characteristics

i. Information about your company: Your primary industry (please mark the appropriate box).

[ ] Clothing	[ ] Computing	[ ] Construction	[ ] Consulting
[ ] Electronics	[ ] Engineering	[ ] Food/Beverages	[ ] Banking / Investment Firms
[ ] Insurance	[ ] Household / Trading	[ ] Pharma/Chemicals	[ ] Publishing
[ ] Software	[ ] Telecommunications	[ ] Transport	[ ] Other (specify) _________

ii.Firm General information

Your position	
Approximate number of years your firm has been established	Years
Approximate number of employees	
Approximate size of your firm i.e. worldwide revenue	RM

iii. Mergers and acquisitions characteristics

How many years has this company been involved in cross-border M&A (Experience)	Years
Who is your main advisor? (Bank / Consultant firm)	Bank / Consultant firm / Both
How much is the price your company paid for the cross-border M&A transaction?	RM
In what method did your company paid the cross-border M&A transaction?	Share / Cash
How do you perceive the payment?	Overpaid / Reasonable
What is the country of origin of your acquired firm?	
What type of M&A was your company involved in?	Same industry as buying company with approximately same customers and suppliers **(Horizontal M&A)** [ ] Major supplier or customer of the buying company and in the same industry **(Vertical M&A)** [ ] Customers and technology different from those of buying company **(Conglomerate M&A)** [ ]
Overall, how do you perceive the integration process?	Success / moderate / unsuccessful
Any other comments, you would like to add particularly on departmental integration in M&A	

THANK YOU FOR YOUR TIME AND ASSISTANCE!
BOTH ARE GREATLY APPRECIATED!

To receive a copy of the research findings, please provide your e-mail address here

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Appendix 4

Reminder letter (Malaysia)

MANCHESTER 1824

COB COLLEGE OF BUSINESS SINTOK MALAYSIA

The University of Manchester

21 July 2008

Mr. Azlan Abd. Aziz
Vice President IT and Marketing
CIMB Group Berhad

Dear Tan Sri/Dato'/Sir/Madam/Mr/Ms,

Survey for PhD Studies:
Marketing Integration Process in Cross-Border Mergers and Acquisitions (M&A)

This is a soft reminder to you as our most valuable respondent for this important PhD studies.

If you have already completed and returned the questionnaire to us, please accept our sincere thanks. If you haven't, kindly complete the questionnaire and return it to us as soon as possible. We really appreciate your assistance.

If you did not receive a questionnaire, or if it was misplaced, please email or contact us at mohd.jedin@postgrad.mbs.ac.uk or mdhaniff@uum.edu.my. Tel: 019-559 7375.

By completing the questionnaire, you are actually helping me to complete my study which is very important in my life.

Yours truly,

MOHD HANIFF JEDIN
Doctoral researcher
University of Manchester

P.S. If you feel that someone else in your organization that are able to respond to this questionnaire, please feel free to convey this questionnaire to her or him.

APPENDIX 5

Cross-Border M&A Cases in Malaysia

No	Acquirer Firm	Acquiror Macro Description	Acquired Firm	Acquired Nation
1	Jotech Metal Fabrication Ind	Materials	Indotech Metal Nusantara PT	Indonesia
2	Frontken Corp Bhd	Financials	Ares Green Technology Corp	Taiwan
3	KNM Process Systems Sdn Bhd	Industrials	K Pty Ltd	Australia
4	PETRONAS	Energy and Power	Cairn India Ltd	India
5	Fraser & Neave Holdings Bhd	Consumer Staples	Nestle(Thai)Ltd-Navanakorn Ast	Thailand
6	Fraser & Neave Holdings Bhd	Consumer Staples	Nestle SA-Tea Pot Brand Name	Thailand
7	GMO Global Ltd	Telecommunications	Wisdom Choice Investments Ltd	China
8	Compugates Intl Sdn Bhd	Financials	Compugates International Ltd	UK
9	Kuala Lumpur Kepong Bhd	Consumer Staples	Mulia Agro Permai PT	Indonesia
10	e-pay(M)Sdn Bhd	High Technology	e-pay Indonesia	Indonesia
11	Globrant Investment Inc	Financials	Gunanusa Utama Fabricators PT	Indonesia
12	Navis Capital Partners	Financials	Nirula's	India
13	MISC Bhd	Industrials	SBM Systems,SBM Espirito Santo	Brazil

14	Ingress Corp Bhd	Industrials	Fine Components(Thailand)Co	Thailand
15	UMW Petropipe(L)Ltd	Industrials	Vina Offshore Holdings Pte Ltd	Singapore
16	Top Glove Sdn Bhd	Healthcare	B Tech Industry Co Ltd	Thailand
17	CIMB Group Sdn Bhd	Financials	BNP Paribas Peregrine Sec Ltd	Thailand
18	Navis Capital Partners	Financials	Worldwide Online Printing	Australia
19	United Plantations Bhd	Materials	Surya Sawit Sejati PT	Indonesia
20	Nylex(Malaysia)Bhd	Consumer Staples	CKG Chemicals Pte Ltd	Singapore
21	MBf Holdings Bhd	Financials	MBf Carpenters Ltd	Australia
22	TM International Sdn Bhd	Financials	Cambodia Samart Commun Co Ltd	Cambodia
23	AmMerchant Bank Bhd	Financials	Frasers International Pte Ltd	Singapore
24	TM International Sdn Bhd	Financials	Spice Communications Ltd	India
25	KNM Process Systems Sdn Bhd	Industrials	Hudson Hei Pty Ltd	Australia
26	KL-Kepong Plantation Holdings	Financials	Tri-Force Element Inc,Double	Hong Kong
27	Titan Petchem(M)Sdn Bhd	Materials	Chemical Brothers Ltd	India
28	TM International Sdn Bhd	Financials	Samart I-Mobile PCL	Thailand
29	Maxis Communications Bhd	Telecommunications	Global Commun Svcs Hldgs Ltd	Mauritius
30	Maxis Communications Bhd	Telecommunications	Aircel Ltd	India

31	Kuasa Nusajaya Sdn Bhd	Energy and Power	EDF Suez Gulf Power SAE	Egypt
32	Sime Overseas Sdn Bhd	Financials	Weifang Sime Darby Port Co Ltd	China
33	Sime Overseas Sdn Bhd	Financials	Weifang Sime Darby Water Co Ltd	China
34	Kuala Lumpur Kepong Bhd	Consumer Staples	Davos Life Science Pte Ltd	Singapore
35	M-Power TT Ltd	Energy and Power	Siam Power Generation PCL	Thailand
36	AsiaEP Bhd	High Technology	Conversant Solutions Pte Ltd	Singapore
37	SunShare Investments Ltd	Financials	MobileOne Ltd	Singapore
38	Eng Teknologi Holdings Bhd	High Technology	Altum Precision Pte Ltd	Singapore
39	Khazanah Nasional Bhd	Financials	Lippo Bank Tbk PT	Indonesia
40	Kwan Corp Bhd	Consumer Staples	Dong Ma Palm Inds	China
41	Kwan Corp Bhd	Consumer Staples	Dong Ma(Guangzhou Free Trade)	China
42	Melewar Steel Ventures Ltd	Materials	Gindalbie Metals Ltd	Australia
43	Regional Paradise Sdn Bhd	Financials	Asian Utilities Pte Ltd	Singapore
44	Commerce Asset-Holdings Bhd	Financials	Bank Niaga Tbk PT	Indonesia
45	Delta Delights Sdn Bhd	Financials	Croesus Ltd	Hong Kong
46	Tradewinds Resources Sdn Bhd	Financials	TPC Development Ltd	Hong Kong

47	VS Industry Bhd	Materials	VS Mining Resources PT	Singapore
48	Habib Corp Bhd	Consumer Products and Services	CH Offshore Pte Ltd	Singapore
49	SapuraCrest Petroleum Bhd	Energy and Power	Total Marine Technology Pty	Australia
50	CIMB	Financials	GK Goh Stockbrokers Pte Ltd	Singapore
51	Allstate Health Benefits Sdn	Financials	Dao Heng Insurance Co Ltd	Hong Kong
52	IJM Construction Sdn Bhd	Industrials	Insitu Envirotech Pte Ltd	Singapore
53	TM International Sdn Bhd	Telecommunication	Excelcomindo Pratama PT	Indonesia
54	Nynex Indocel Holding Sdu	Financials	Excelcomindo Pratama PT	Indonesia
55	ABI Malaysia Sdn Bhd	Energy and Power	ABI Australia Pty Ltd	Australia
56	Formosa Prosonic Inds Bhd	High Technology	Winmax Holdings Group Ltd	Hong Kong
57	Apex Pharmacy Intl Sdn Bhd	Healthcare	Xiamen Maidiken Science & Tech	China
58	AKN Messaging Technologies Bhd	Telecommunications	Surya Genta Perkasa PT	Indonesia
59	UMW Ace(L)Ltd	Financials	Wuxi Seamless Oil Pipe Co Ltd	China
60	Top Glove Sdn Bhd	Healthcare	Top Glove(Zhangjiagang)Co Ltd	China
61	Delloyd Plantation Sdn Bhd	Materials	Rebinmas Jaya PT	Indonesia
62	Bigfield Investments Ltd	Financials	SBI E2-Capital Holdings Ltd	Singapore
63	Petra Perdana Bhd	Industrials	Pelangi Mitra Offshore Pte Ltd	Singapore

64	MTD Capital Bhd	Financials	El Principal SA	Chile
65	Top Glove Sdn Bhd	Healthcare	Top Glove Medical(Thailand)Co	Thailand
66	Pharmaniaga Bhd	Healthcare	Millennium Pharmacon Intl	Indonesia
67	YTL Power International Bhd	Energy and Power	Jawa Power PT	Indonesia
68	BSA Intl Bhd	Materials	Fushun Shunhua Alum-Cert Asts	China
69	Melewar Industrial Group Bhd	Materials	Gindalbie Gold NL	Australia
70	KNM International Sdn Bhd	Consumer Products and Services	FBM Hudson Italiana SpA-Mnfr	United Arab Emirates
71	Ranhill Energy Sdn Bhd	Financials	Ellipse Energy Jatirarangon	Bermuda
72	BIG Industries Bhd	Materials	Penguin Boat Intl Ltd	Singapore
73	Golden Hope Plantations Bhd	Consumer Staples	Hudson & Knight(Pty)Ltd	South Africa
74	Metal Reclamation Bhd	Financials	Nutek Pte Ltd	Singapore
75	King's Chemical Products Inc	Financials	FKP Ltd	Australia
76	LB Aluminium Bhd	Materials	Pyxis Group Ltd	New Zealand
77	Metrod(Malaysia)Bhd	Materials	Asta Elektrodraht GmbH & Co	Germany
78	Trenergy Equity Sdn Bhd	Financials	Total Automation Ltd	Singapore
79	Baneng Holdings Bhd	Consumer Staples	Seri Azhimu Jaya Garments &	Brunei
80	Unisem(M)Bhd	High Technology	Atlantic Technology Hldgs(UK)	United Kingdom

81	Cosway Corp Bhd	Financials	Kat Kiera Pte Ltd	Singapore
82	Scomi Group Bhd	Energy and Power	Oiltools International Ltd	Singapore
83	Scomi Group Bhd	Energy and Power	Oiltools International Ltd	Singapore
84	INTI Universal Holdings Bhd	Consumer Products and Services	INTI Education(Intl)Ltd	Hong Kong
85	Mulpha International Bhd	Real Estate	Sydney Gas Ltd	Australia
86	Texchem Corp Sdn Bhd	Consumer Products and Services	Technopia Lever PT	Indonesia
87	SAAG Consolidated(M)Bhd	Energy and Power	RR Greenhands Infrastructure	India
88	Lion Diversified Holdings Bhd	Financials	Parkson Venture Pte Ltd	Singapore
89	Amardale Offshore Inc	Financials	Midwest Corp Ltd	Australia
90	Courts Mammoth Bhd	Retail	Matahari Courts Tbk PT	Indonesia
91	Astro All Asia Networks Ltd	Media and Entertainment	Celestial Pictures Ltd	Hong Kong
92	Sime Darby Bhd	Consumer Staples	China Water Co Ltd	China
93	Tanjong PLC	Energy and Power	Cargolifter AG-Certain Assets	Germany
94	Genting Sanyen Power(Labuan)	Financials	NRGenerating Hldg(No 3)GmbH	Switzerland
95	Malaysia Intl Shipping Corp	Industrials	American Eagle Tankers Inc	Singapore
96	Triumphal Associates Bhd	Industrials	USG Products(FE)Pte Ltd	Singapore
97	Triumphal Associates Bhd	Industrials	MTTS Pte Ltd	Singapore

98	PETRONAS	Energy and Power	Egyptian LNG	Egypt
99	Megan Media Holdings Bhd	High Technology	MJC(Singapore)Pte Ltd	Singapore
100	Malaysia Smelting Corp Bhd	Financials	Marlborough Resources NL	Australia
101	Ye Chiu Metal Smelting Bhd	Materials	America Metal Export Inc	United States
102	Escatec Group	Industrials	Wiltronic AG	Switzerland
103	SamsungCorn(Malaysia)Sdn	Materials	Shenzhen Seg Samsung Glass	China
104	Kalimantan Palm Inds Sdn Bhd	Consumer Staples	PT Kerry Sawit Indonesia	Indonesia
105	Genting International PLC	Media and Entertainment	Pacific Lottery Corp	Canada
106	Eng Teknologi Holdings Bhd	High Technology	Altum Precision Pte Ltd	Singapore
107	AKN Technology Bhd	High Technology	Autoplus Intl Grp Ltd	Hong Kong
108	Proton	Industrials	Group Lotus PLC	United Kingdom
109	Petronas International	Energy and Power	Yetagun Oil Project,Myanmar	Myanmar
110	Petronas International	Energy and Power	Natuna	Indonesia
111	Commerce Asset-Holdings Bhd	Financials	Bank Niaga Tbk PT	Indonesia
112	Petronas International	Energy and Power	Energy Africa Ltd	South Africa
113	Batu Kawan Bhd	Financials	Forever Green Venture Ltd	Indonesia
114	IOI Corp Bhd	Consumer Staples	Loders Croklaan BV	Netherlands

115	Star Publications(Malaysia)Bhd	Media and Entertainment	Excel Education Pty Ltd	Australia
116	Salcon Engineering Sdn Bhd	Industrials	Cross Continental Investments	India
117	Petronas Carigali Overseas Sdn	Energy and Power	KM Indonesia Ltd	Indonesia
118	Kuala Lumpur Kepong Bhd	Consumer Staples	Verdant Plantations Ltd	Indonesia
119	MWE Spinning Mills Sdn Bhd	Consumer Staples	United Sweethearts Garment	Vietnam
120	MAA Intl Assur Ltd	Financials	MAA Life Assurance PT	Indonesia
121	MAA Intl Assur Ltd	Financials	MAA General Assurance PT	Indonesia
122	Golden Hope Plantations Bhd	Consumer Staples	Unimills BV(Unilever PLC)	Netherlands
123	Sitt Tatt Bhd	Materials	PMI Plating Services Pte Ltd	Singapore
124	Kurnia Insurans(Malaysia)Bhd	Financials	Asia Dynamic Insurance Co Ltd	Thailand
125	Batu Kawan Bhd	Financials	Chemical Industries(Far East)	Singapore
126	Measurex Corp Bhd	Financials	Goldtron Ltd	Singapore
127	Atlan Holdings Bhd	Materials	Courseville Holdings Ltd	United Kingdom
128	Abric Worldwide Sdn Bhd	Financials	Eastern Abric International	Thailand
129	Magical Glow	Consumer Staples	Ladbroke Racing Corp-Account	United States
130	Hap Seng Consolidated Bhd	Consumer Staples	Lam Soon Food Inds Ltd	Hong Kong
131	Sime Darby Bhd	Consumer Staples	Sime Darby Hong Kong Ltd	Hong Kong

132	Kumpulan Guthrie Bhd	Consumer Staples	Oil Palm 24	Indonesia
133	Sime Darby Bhd	Consumer Staples	Sime Singapore Ltd	Singapore
134	New Straits Times Press	Media and Entertainment	Business Day Co Ltd	Thailand
135	Hap Seng Consolidated Bhd	Consumer Staples	Vredelco Food Industries-Australia	Australia
136	pFission Pte Ltd	Energy and Power	icFox International Ltd	Hong Kong
137	DreamMotor.com World Sdn Bhd	High Technology	Autofreeways.com	Hong Kong
138	Lion Group	Financials	Philippine Seven Corp	Philippine
139	Guardian SEA(Dairy Farm Intl)	Retail	Apex Pharmacy International	Singapore
140	Insulflex Sdn Bhd	Materials	Inca Plastics(Thailand)Ltd	Thailand
141	Suez Asia	Financials	TA&I	Hong Kong
142	Maybank	Financials	Maybank Philippines Inc	Philippine
143	Internet Technology Asia	Financials	Electcoms	Singapore
144	Magical Glow	Consumer Staples	Bay Meadows Operating Co	United States
145	OSK Holdings Bhd	Financials	IT&e Ltd	Australia
146	Reliance Pacific Bhd	Consumer Products and Services	World.Net Services Pty Ltd	Australia
147	Hong Leong Bank Bhd	Financials	GlobalNetCare Inc	Canada
148	Khazanah Nasional Bhd	Financials	Bank Muamalat Indonesia	Indonesia

Cross-border M&A cases in Indonesia

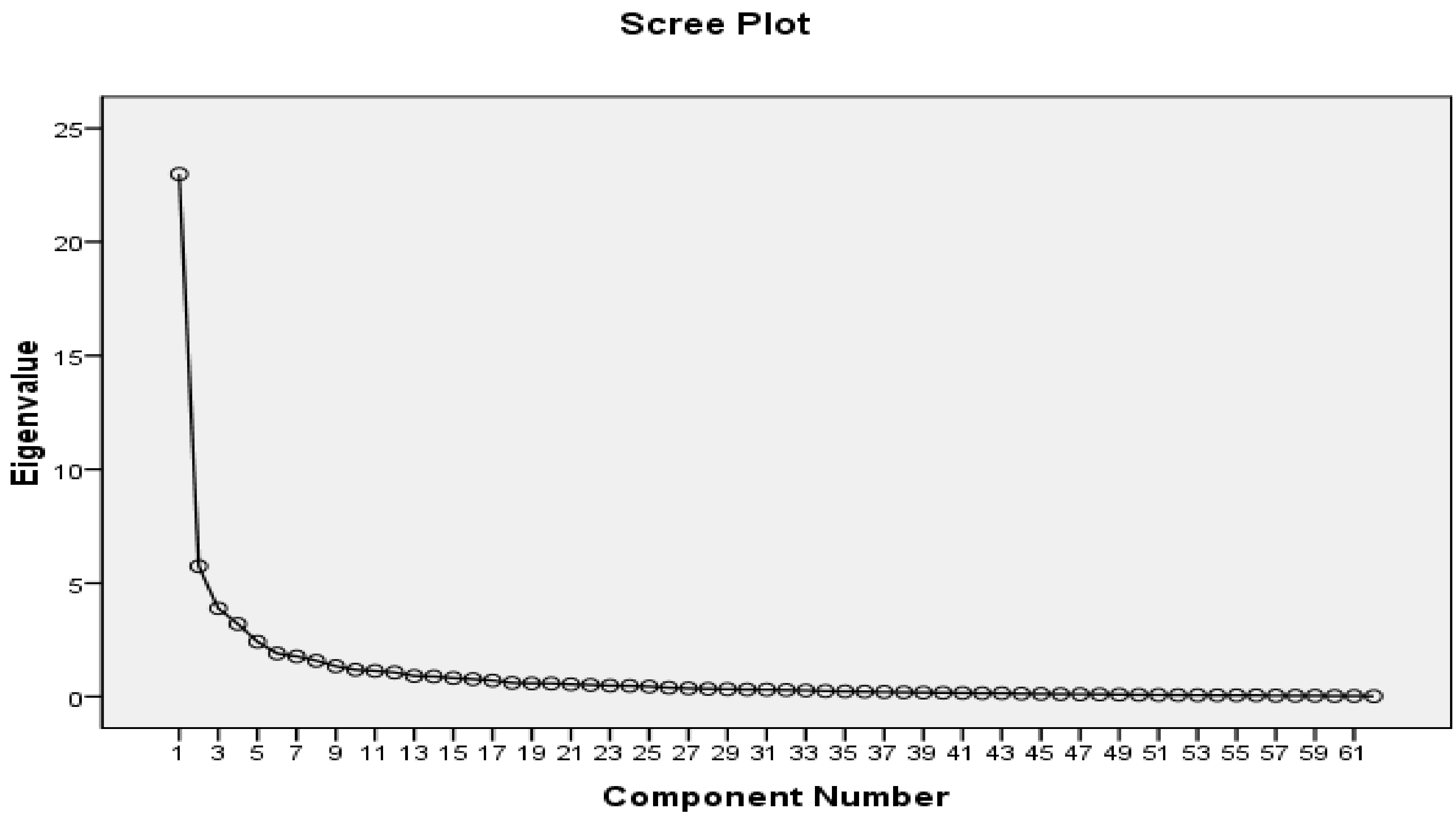
	Acquirer Firm	Acquirer Macro Description	Acquired Firm	Acquired Nation
1	Indofood Sukses Makmur	Consumer	Pacsari Pte Ltd	Singapore
2	Hanjaya Mandala Sampoerna	Consumer	Harel Ins Invest Ltd	Israel
3	Hanjaya Mandala Sampoerna Tbk	Consumer	SGSS Forest Products Pte Ltd	Singapore
4	Logam Menara Murni PT	Materials	Bright Steel Sdn Bhd-Asset	Malaysia
5	Salim Ivomas Pratama PT	Materials	Silveron Investments Ltd	Mauritius
6	Medco Energi Internasional	Energy and Power	Novus Petroleum Ltd	Australia
7	Tantri Bisono	Financials	Transmarco Data Systems(S)Pte	Singapore
8	ISG Asia Ltd	Industrials	ATRIA Properties Sdn Bhd	Malaysia
9	Salim Group Co Ltd	Financials	Futuris Corp Ltd	Australia
10	Salim Group Co Ltd	Financials	Cosco Property Group	China
11	Bhakti Investama PT	Financials	Salim Oleochemicals Pte Ltd	Singapore
12	Dynaplast Tbk PT	Materials	Berli Prospack Co Ltd	Thailand
13	BT Bumi Modern	Energy and Power	Gallo Oil Ltd	United States
14	Tantri Bisono	Financials	Silveron Investments Ltd	Mauritius
15	ISG Asia Ltd	Industrials	Novus Petroleum Ltd	Australia

Appendix 6

<u>One factor test for common method bias (Hammond tests) and correlation test between performance measures and revenue / income data</u>

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.838
Bartlett's Test of Sphericity	Approx. Chi-Square	6662.908
	df	1891
	Sig.	.000


Scree Plot
Eigenvalue
25
20
15
10
5
0
1 3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39 41 43 45 47 49 51 53 55 57 59 61
Component Number

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	22.975	37.056	37.056	22.975	37.056	37.056
2	5.743	9.262	46.319	5.743	9.262	46.319
3	3.885	6.266	52.585	3.885	6.266	52.585
4	3.183	5.135	57.719	3.183	5.135	57.719
5	2.408	3.884	61.603	2.408	3.884	61.603
6	1.893	3.054	64.657	1.893	3.054	64.657
7	1.763	2.844	67.500	1.763	2.844	67.500
8	1.572	2.535	70.035	1.572	2.535	70.035
9	1.331	2.147	72.182	1.331	2.147	72.182
10	1.177	1.899	74.081	1.177	1.899	74.081
11	1.122	1.810	75.891	1.122	1.810	75.891
12	1.058	1.706	77.597	1.058	1.706	77.597
13	.901	1.454	79.051			
14	.882	1.423	80.474			
15	.810	1.306	81.780			
16	.763	1.231	83.010			
17	.704	1.135	84.145			
18	.602	.971	85.116			
19	.582	.939	86.055			
20	.573	.925	86.980			
21	.537	.867	87.847			
22	.510	.823	88.670			
23	.480	.774	89.444			
24	.467	.754	90.198			
25	.437	.704	90.902			
26	.390	.630	91.531			
27	.359	.578	92.110			
28	.339	.547	92.657			
29	.323	.520	93.177			
30	.307	.496	93.673			
31	.303	.488	94.161			
32	.284	.458	94.620			

33	.269	.435	95.054			
34	.242	.390	95.444			
35	.226	.365	95.809			
36	.213	.343	96.152			
37	.201	.323	96.476			
38	.188	.303	96.778			
39	.174	.280	97.058			
40	.168	.272	97.330			
41	.157	.253	97.583			
42	.147	.237	97.820			
43	.143	.231	98.051			
44	.125	.202	98.252			
45	.114	.185	98.437			
46	.107	.172	98.609			
47	.098	.158	98.767			
48	.094	.152	98.919			
49	.081	.131	99.051			
50	.075	.120	99.171			
51	.070	.113	99.284			
52	.062	.101	99.385			
53	.059	.095	99.480			
54	.055	.089	99.569			
55	.052	.083	99.653			
56	.051	.082	99.735			
57	.039	.062	99.797			
58	.033	.052	99.849			
59	.031	.050	99.900			
60	.025	.040	99.940			
61	.021	.034	99.974			
62	.016	.026	100.000			

Extraction Method: Principal Component Analysis.

Correlations

		Market share	Profitability (return on investment)	Competitive position	Market coverage	Customer satisfaction	revenueRM	netincomeRM
Market share	Pearson Correlation	1.000	.858**	.635**	.659**	.535**	.197	.197
	Sig. (2-tailed)		.000	.000	.000	.000	.134	.135
	N	59	59	59	59	59	59	59
Profitability (return on investment)	Pearson Correlation	.858**	1.000	.613**	.624**	.635**	.259*	.273*
	Sig. (2-tailed)	.000		.000	.000	.000	.048	.037
	N	59	59	59	59	59	59	59
Competitive position	Pearson Correlation	.635**	.613**	1.000	.839**	.378**	.258*	.239
	Sig. (2-tailed)	.000	.000		.000	.003	.049	.069
	N	59	59	59	59	59	59	59
Market coverage	Pearson Correlation	.659**	.624**	.839**	1.000	.337**	.275*	.324*
	Sig. (2-tailed)	.000	.000	.000		.009	.035	.012
	N	59	59	59	59	59	59	59
Customer satisfaction	Pearson Correlation	.535**	.635**	.378**	.337**	1.000	.091	.075
	Sig. (2-tailed)	.000	.000	.003	.009		.494	.571
	N	59	59	59	59	59	59	59
revenue	Pearson Correlation	.197	.259*	.258*	.275*	.091	1.000	.849**
	Sig. (2-tailed)	.134	.048	.049	.035	.494		.000
	N	59	59	59	59	59	59	59
netincome	Pearson Correlation	.197	.273*	.239	.324*	.075	.849**	1.000
	Sig. (2-tailed)	.135	.037	.069	.012	.571	.000	
	N	59	59	59	59	59	59	59

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).