Forming Resultant Force of Leading Group: Success Strategies for Cross-border Mergers and Acquisitions

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Abstract. Previous studies have generally noted disappointing M&A outcomes; this study aims to get success strategy through forming resultant force of leading group. To improve matching degree, build system trust and build learning organization are three fundamental ways to form resultant force. Matching degree improvement is an important way to achieve resultant force. System trust is the basis for achieving the success of resultant force; Learning organization is the guarantee of achieving resultant force. Resultant force, an important indicator of Successful strategies for cross-border mergers and acquisitions, reflect leadership effectiveness each other. It is feasible to use the data leadership effectiveness evaluation to examine forming resultant force.

Introduction

Cross-border mergers and acquisitions (CM&A) is no longer “the management fad of mouth” but has become the contemporary “modus operandi”. But previous studies have generally noted disappointing CM&A outcomes. For example, Schoenberg (2006) and Bruner (2004) suggest that 50–80% of all M&A transactions fail in both exante (e.g., cumulative abnormal returns) and expost (e.g., increases in revenues or net profits) financial terms. McKinsey, Well-known international consulting firm, claimed that 67% of Chinese enterprises overseas M&A is not successful in 2011, and Wang Wenli, China Economic and trade vice president, has said that Chinese enterprises in overseas investment, generally speaking, is not successful, more than 90% losses in 2014. (International finance news, 2014). The need for high-performance teams is a reality for many organizations (DiStefano & Maznevski, 2000; Ravlin, Thomas, & Ilsev, 2000). Achieving desired outcomes in multicultural teams has however proved difficult (Butler, 2006; Milliken & Martins, 1996; Williams & O’Reilly, 1998). Govindaran and Gupta (2001) found that only 18% of the 70 studied global teams were successful while as much as one-third were largely unsuccessful, with the rest finding it difficult to fulfill intended goals. This distribution is a fairly typical description of organizational outcomes of multicultural teams (e.g., Earley & Mosakowski, 2000). Multicultural teams vary in terms of diversity along a range of dimensions such as nationality, ethnicity, and religion (Marquardt & Horvath, 2001). In a recent comprehensive meta-analysis of 108 empirical studies of both intra- and cross-nationally diverse teams, Stahl, Mazneveiski, Voigt, and Jonsen (2010) find that cultural diversity leads to process losses through decreased social integration and increased conflict.
Since many scholars explore the reasons for the failure of corporate mergers and acquisitions, they have begun to pay close attention to “softer” issues. This line of research has been followed by a number of cultural studies examining whether either national or organizational cultural differences between acquiring and acquired firms lead to dysfunctional outcomes. Hofstede’s cultural dimensions theory is a representative theory. Gary Yukl et al. (2010) alert us to the need for specific ‘leadership effectiveness’ research, arguing that CM&A evaluations are often applied in other factors ignoring resultant force of leading group. Such concern is of particular relevance for resultant force of leading group. Forming resultant force of leading group is Success strategies for cross-border mergers and acquisitions. It note that enterprise obtain good performance and leadership effectiveness.

Prior research has firmly established that team composition has an impact on mergers and acquisitions and that team composition is often a given rather than a choice. In this conceptual article, we use resultant force of leading group to provide it. It is the success strategies for cross-border mergers and acquisitions.

The article is structured as follows: We will begin with discussing match degree improvement is an important way to achieve resultant force. We will then turn to discuss system trust is the basis for achieving the success of resultant force, and then discuss learning organization is the guarantee of achieving resultant force; Subsequently, we develop propositions to identify resultant force could be more efficient for CM&A, and thus be predicted to lead to successful enterprise outcomes. This is followed by a discussion about manifestation of resultant force of leading group before concluding the article.

**Literature Review**

As for CM&A theory, most scholars focus on Motivation theory including synergy efficiency theory, operating synergy theory, pure diversification theory, market power theory, transaction cost theory, undervaluation theory, and The effect of M & A theory is important component, such as industry organization theory, industrial agglomeration theory, leaning organization theory, and theory of multi-culture management, Hofstede’s cultural dimensions theory is famous. However, they have little mentioned how to improve firm performance based on leadership. Resultant force of leading group formation also means leadership effectiveness, leadership effectiveness means success strategy for CM&A. The relationship between the three is complementary each other. So, many scholar aim at studying on leadership effectiveness, then, further study of corporate mergers and acquisitions Through this research. For example, Naniel F·Pinnow (2008) has argued that how to improve leadership effectiveness through the promotion of learning the personal charm and personal influence. Stephen P·Robbins (2009) has pointed out five variables to study on the leadership effectiveness; Lapid-Bogda Ginger (2010) discussed the different personality types on leadership effectiveness of the ascension of the problem through the combination of personality and professional ability. Paul Mayor has proposed five pillars of leadership: specific thoughts, plans and balance, enthusiasm and desire, confidence and trust, and sultan the implementation of the responsibility; and has analyzed the leadership and the effectiveness of leadership. Bill George has studied leadership effectiveness from the virtue, style, and pattern of leaders. And Hill and his collaborators have reviewed the literature of leadership effectiveness (1986-2011), have concluded and defined the judging standard of leadership effectiveness.
From the above, we know that most studies on motivation theory, the effect of CM&A theory and theory of multi-culture management with influencing factors, however, they have little mentioned how to form resultant force or achieve leadership effectiveness. So this article will propose the route of forming resultant force to resolve the problem of CM&A.

The Route of Achieving Strategies for CM&A

Matching Degree Improvement is an Important Way to Forming Resultant Force

Resultant Force. Many researchers believe that the core of the enterprises' leadership should focus on the leaders themselves. In fact, the implementation of the enterprise operation depends on resultant force. Resultant force is the synergy that emanates from the people, environment and resources correctly, in order to achieve the desired goal. The element of the people includes the various level leader, the subordinate and stakeholders of the enterprise. Environment refers to the comprehensive environment, included the soft environment, which is related to the enterprise's goal. Resources refer to material resources related to the achievement of leadership. In the condition of social licensing, scientific construction, configuration, these three elements play the greatest synergy; the production is conducive to the realization of the enterprise objectives of the force.

Resultant Force Composition. The formation of the resultant force requires a high degree of matching between the various leaders and the follower. Leadership ability formation is mutual recognition and fit between the leader and the follower in team work; in the aspects of target, methods, personal ability and quality (collaborative leadership and shared leadership research have been studied). Leaders should match their leadership behavior, leadership style with their subordinate. And followers must have the ability and the willingness to come from the heart of the business requirements, which means that there is a high degree of readiness. The relationship between the degree of readiness and matching has a positive correlation, and the situation theory proposed by Dr. Paul has been discussed. And the fig.1 showed that the high matching between readinesses and matching on the aspect of leaders, followers and environment is the guarantee of resultant force.

![Figure 1. The relationship between readiness and matching.](image)

The formation of resultant force needs shared objective. Every number can articulate a vision that inspires commitment. Everyone must be mutual trust, acceptance, and cooperation weather leaders or followers. Enterprises keep communication open, equal participation, and tolerance of dissenting views. The achievement of resultant force needs the transformation from “me” to “us”. Resultant force is not the ability of individual, but the collective ability of the people involved matter or organization. In a sense, these are the manifestations of resultant force.
Maximization of Resultant Force. Maximizing resultant force is teamwork outcome of the enterprise and its environment as a whole to form the maximum tension. The gap between the Leaders and subordinates must be very small or non existence. They should not only to maintain a high degree of matching, but also a high level of matching. In practice, a lot of business leaders are very good, but the operation of the enterprise is very bad. One reason is that the matching degree is not good enough. Because in the team, the ability level gap between team members and leader is too large, resulting in not forming a cohesive force.

The degree of voluntary of the subordinates influences the degree of the realization of the resultant force. The realization of the leading force can be realized according to the voluntary, and it can also be realized through the external factors. Voluntary can not only reduce management costs, save resources and has higher efficiency, but also can stimulate the potential that the employees have. The external force or other factors can also achieve the resultant force, but the cost is high, and it is difficult to continue, because the mood of the employees is often more depressed.

System Trust is the Basis for Forming Resultant Force

System Trust. Trust which is the core of the contemporary economic activity is one of the three leading factors in the enterprise. Leonhard Sprung (2004) pointed out in the next few decades; trust will be the central issue in the management field. Trust scale is the only explanation for economic development. Trust is the basis for the leadership of the staff of the enterprise. At present, the world becomes more and more virtualization, the organizational boundaries are more and more fuzzy, trust plays a more and more important role.

System Trust Building. System trust building is a very complicated problem. It can be influenced by both realistic conditions, and historical, cultural and traditional ideas. In reality, in the absence of key to keep external binding and environmental stability conditions, the establishment of a trust system is the human factor, namely the leader and the follower must to have a good "practice" -- both human practice and ability to practice. Inside the enterprise, once the trust of the "penetration and transmission" is built, it will slowly accumulate as a corporate culture. This trust play the role of "Occam's razor", the doubts of the risks and additional cost remove from the system, so as to reduce the cost and cohesion, to realize the leadership effectiveness.

We can view system trust as fig2. This system is like a fixed trust rope fixed table with three legs, or called fixtures. With the fixtures, superior, intermediate, junior can constitute a real system. If one of the three legs does not believe in their own organizations, leading to tissue fixation rope or fixture damage, can not play the role they should play, the other two legs wouldn't have completed their goals, the organization will immediately die.

Figure 2. System trust building.
Learning Organization is the Guarantee of Forming Resultant Force

The construction of learning organization is the organization foundation and organization guarantee for the realization of resultant force. The results of the enterprise leadership is completion degree of the enterprises’ objectives after the leader, the manager and the executive in a certain environment have integrated all the resources. The key to the realization of enterprise leadership is the environment of the enterprise and the people. Efficient leadership must have an efficient leadership decision-making team, management team and implementation team. Those three aspects are not mutually separated from each other. Due to the current social information is huge; the need for high quality, high talent to build the enterprise is very prominent.

Learning organizations should have the following principles. Firstly, learning organization should have its own internal training. Whether it is the leader and followers, in addition to learning management knowledge, leadership knowledge, skills, their practice should strengthen the quality of human nature, temperament training. Secondly, learning organizations should View the environment inside and outside the enterprise with a systematic view. Another factor which affects resultant force achievement is that enterprise is an organization needs having various relations with the outside world, how to ensure the success of the enterprise and the outside is indispensable. Last, learning organizations should transform the value of the leaders. As the leader of the enterprises, the leader should put the customers, employees and shareholders of the order.

It is difficult to evaluate resultant force of leading group, because it is not quantified easily, but resultant force reflect leadership effectiveness. We can evaluate the factors of leadership effectiveness when we evaluate resultant force. The article doesn’t study on resultant force evaluation further. Forming resultant force is the real issue author should be concerned about. We want to keep resultant force evaluation in focus next time.

Conclusion

Successful strategies for CM&A is the achieving extent of the original target of the enterprise through forming resultant force that people, resources and environment show synergistic effect. The way and guarantee to realize the successful strategies for CM&A are to form resultant force, establish the system trust and establish the learning organization. In order to achieve Successful strategies, only through the synergy of resultant force, only on the basis of trust, the enterprises can ensure synergy and Pareto optimality of people, resources, and environment, so as to form resultant force, and maximize the resultant force, complete enterprise objectives. The establishment of learning organization is the organization guarantee for the realization of resultant force. The evaluation of the resultant force can be considered from three aspects, which are the comprehensive index and the degree of realization, the realization of the synergy between the leader and the follower and the quality of the target process.

We can have the following policy recommendations from the above: forming resultant force is an important indicator of successful strategies for CM&A. It reflects leadership effectiveness and enterprise strategy. It is effective way to forming resultant force to improve the leadership effectiveness and success strategies for CM&A. This is a good method, but not the only one, because the enterprise's strategic objectives and leaders’ value are diverse, there will be more methods and variables to choose in a certain period.
References


Reference to a book:


