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Acquisition in Strategic Management: The Pitfalls and Guidelines towards A Socio-Psychological Successful Outing

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Abstract

The study examined acquisition in strategic management against the background qualitatively of psychological success in their operations. The objectives were aimed at reviewing how pitfalls and guidelines have successfully enhanced. The study adopted a qualitative review of extant literature around the variables under study. The literatures revealed a nexus between acquisition of strategic management and successful outing. Also there was a binding factors of success around knowledge management practices towards a successful outing. The work established that stakeholders in corporate organizations should guide the knowledge acquision to successfully implement strategic management.

Keywords: *Acquisition, Strategic Management, Socio-Psychological, Successful Outing.*

I. Introduction

The strategic application of policies towards the attainment of organizational goals is critical in the success of an organisation. That is to say that an organisation functions from the perspective of strategizing optimally to attain organizational goals. Often times, organisations are challenged with how best to arrive at the position of success considering factors that are basic for survival, continuity and existent. Similarly, it is instructive to vary guidelines as a survival strategy in any going business concern. New entrepreneurs pop up every day around the world. A strong re-enforcement on the impact of strategic management and enterprise resource planning has a strong impact to improve on the development of small and medium size enterprises all over the world. Organizations have different challenges they face in different societies when they are penetrating a market, which therefore requires the need for strategic management techniques. The business environment is changing drastically. It will be a fundamental error to say that only those businesses that operate internationally are affected by the concept of globalization. Many companies that do not operate internationally compete with others that operate within and externally to influence the international market. They might sell or buy goods that are produced within or outside other countries.

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The fundamental environmental condition that surrounds a business continues to change rapidly. Today, managers continue to face new management demands as their responsibilities and tasks become more complex. To better ensure a sustainable management in their organizations, the management has to constantly work on amending their strategies adapt to the changing environment of the business world and to ensure a competitive advantage in the market. This work will go a long way to show the success and failures of some organizations in the implementation of some strategies in the business.

Study Objectives/Aims

1. To examine the effect of investigation on strategic performance in organisations
2. To determine the effect of business acquisition on strategic performance in organisations
3. To ascertain the relevance of experience on on strategic performance in organisations

II. Review of Related Literature

Concept of Strategic Management

Strategic management is a young discipline celebrated 30 years ago. It is based on developing new ways of thinking that is needed by the issues facing the field of business policy. Assembling the resources in the organization during the production process to obtain the final product is also very important. Enterprise resource planning therefore is a necessary tool needed in every organization to ensure growth. To ensure a proper management of the resources in an organization, they need to implement good strategies in all stages of production.

Strategic management is aimed at resolving two questions that are involved in every business which are “What is our target?” and “How can it be achieved?” Achieving the targets entails a proper implementation of strategies given the rate of competition in the business environment. Internal and external factors should be considered. It is therefore important to answer the following question, “What are the factors to consider?”

To better analyse the above questions, this thesis will look at some theoretical framework of strategic management and sustainable development and then later look at the empirical test of some factors that enhance a better strategic management of organizations taking company X as a case study. Theoretically, chapter two of this thesis will be based on the literature review of strategic management theories and how they are implemented in various organizations to enhance development. The third chapter analyses the ethical behaviours and sustainable development in the business environment. Chapter four analyses the impact of financial and none financial motivation on employees.

Strategic Management Theory

Strategic management is the process and approach of specifying an organization’s objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans. In other words, strategic management can be seen as a combination of strategy formulation, implementation and evaluation (David, 2005; Haim Hilman Abdullah, 2005; Mohd Khairuddin Hashim, 2005; Zainal Abidin Mohamed, 2005). According to Radua, Jegak, Haslinda, and Alimin (2009), strategic management theories stem mainly from the systems perspective, contingency approach and information

technology approach. Following David (2005) and Mohd Khairuddin Hashim (2005), among the common strategic management theories noted and applicable are the profit-maximizing and competition-based theory, the resource-based theory and contingency theory.

The profit-maximizing and competition-based theory

Which was based on the notion that business organization main objective is to maximize long term profit and developing sustainable competitive advantage over competitive rivals in the external market place. The industrial-organization (I/O) perspective is the basis of this theory as it views the organization external market positioning as the critical factor for attaining and sustaining competitive advantage, or in other words, the traditional I/O perspective offered strategic management a systematic model for assessing competition within an industry (Porter, 1981). On the other hand, the resource-based theory which stems from the principle that the source of firms competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is rather than simply evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 1995). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin *et al*., 2007).

Contingency Theory

However, the contingency theory draws the idea that there is no one or single best way or approach to manage organizations. Organizations should then develop managerial strategy based on the situation and condition they are experiencing. Therefore, in this study, besides the systems perspective, contingency approach and the other main strategic management theories mentioned above, the resource-based theory or view (RBV) of the firm's competitive advantage in particular will be the underlying theoretical foundation applied and fundamental basis of the variables and their ensuring relationships that are being studied. This is because of the nature of the Nigeria polity that exposes all firms to high cost of doing business in terms of internal power generation and high level corruption. As a result of this, this study will focus especially on the internal attributes (i.e. resources, capabilities and systems) of the organization towards attaining competitive advantage.

Concept of Acquisition

Penrose makes the distinction between growth through acquisitions and internal expansion and emphasize that these may be different processes. According to Penrose (1959) herein lies the really significant difference between internal and external growth, "successful acquisition of another firm may require no more than a financial stability, bargaining skill, aggressive initiative and a sense of strategy, this stands in sharp contrast to the program of internal expansion where managerial planning and execution cannot be avoided in the very process of expansion and other internal bases for expansion are usually necessary" (cited in McKelvie *et al*., 2006).

According to McKelvie *et al*., (2006), the arguments of RBV are based on the possession of resources as source of growth. Due to several other reasons, growth by acquisitions is more likely to take place in the large firms as compared to small ones. The reason of large firms being involved in acquisitions may be due to access to capital, and capital is major issue for the small firms. The findings of Winborg and Landströrm (2001) points

out small firms use bootstrapping as a mean of acquiring operating resources, and acquiring another firm might be beyond the realistic scope of financial resources.

Acquisition provides an opportunity to trade non-marketable resources and to sell and buy resources in bundles. An acquisition can be seen as purchase of a bundle of re-sources in highly imperfect market. By basing the purchase on a rare resource one can ceteris paribus maximize this imperfection. This results in one's chances of buying cheap and earning good returns (Wernerfelt, 1984).

Acquisition and organic growth are two pillars of a firm's growth strategy. Many businesses don't treat these two alternative mechanisms for attaining the same goals. These two strategies differ in many ways, and companies must develop ability to execute both strategies if they want to grow. According to Dyer et al. (2004) knowing when to use which strategy may be a greater source of competitive advantage than knowing how to execute them. They further argue that acquisitions deals based on market prices are more completive and risky. Companies habitually deploy acquisitions to cut cost or to increase scale. However most companies find it considerably difficult to achieve and sustain growth. Therefore they have focused intentionally towards acquisitions to boost profits, sales and most importantly stock prices. This has been evident in developed countries (Dyer *et al*., 2004).

Most acquisitions and alliances fail. "Unlike wines an acquisition does not get better over time" (Singh *et al*., 2005). To better understand successful execution of acquisition, practitioners have applied everything from behavioral science to game theory to help companies to master acquisitions, Dyer et al. (2005). According to Singh et al. (2005) a company's experience in managing acquisitions is bound to influence its choices and companies habitually deploy acquisitions to increase sale.

According to Cartwright and Copper (1993) the effectiveness of acquisitions is dependent on the ability of the managers to integrate the two firms and achieve synergy during the process. Aldrich and Auster (1986), explained that in case of small firms, generally have shortage of managerial resources available, often times available current re-sources are already full employed. According to Penrose (1959), the larger and more complex the expansion the more managerial services could be expected to be required per unit of expansion, which should also restrict small firms" expansion through acquisitions (McKelvie et al. 2006).

Types of Acquisition

Organizational barriers stand in the way of selecting an acquisition strategy. A company initial experience focus only on organic growth mode or internal development of business process. This consequently results in blinders and hinders companies from looking around for other strategic growth opportunities, Dyer et al. (2004).

Penrose (1995), explains that there are two methods of expansion open to an individual firm. First is that a firm can build new plant and create new markets for itself or second is that it can acquire a plant and markets of already existing firms. Acquisitions are usually regarded as growth strategy of large companies, as opposed to organic growth strategy. This growth strategy can be either synergistic or non-synergistic (Ar-slinger and Copeland, 1996).

Reasons Behind Decision To Participate In Acquisition (Attraction)

Growth

There are many reasons why companies decide to participate in acquisition deals. The primary reason is the determination to grow. There are two growth options: internal or organic growth (e.g. hiring additional salespeople, developing new products, expanding geographically, which in fact is a very time and strength consuming option); and inorganic growth (e.g. acquisition of or with another firm, often done to gain access to a new product line, customer segment, or geography) or by external means (e.g. franchising, licensing, joint ventures, strategic alliances, and the appointment of overseas distributors, which are available to growing companies as an alternative to acquisitions as a growth engine).

In response to the good growth prospects, acquisitions, just like internal investments, are means for companies to increase their capital base, as concluded by Andrade, Stafford (2004).

It is obvious that companies may grow within their own industry or they may expand outside their business category, which means diversification. An example of using acquisition to facilitate growth is when a company wants to expand to another geographic region. It could be that the company's market is in one part of the country but it wants to expand into other regions. Alternatively, perhaps it is already a national company but seeks to tap the markets of other nations, such as a U.S. firm wanting to expand into Europe or contrary. In many instances, it may be quicker and less risky to expand geographically through acquisitions than through internal development. This may be particularly true of international expansion, where many characteristics are needed to be successful in a new geographic market. The company needs to know all of the nuances of the new market and to recruit new personnel and overcome many other hurdles such as language, culture and similar barriers. Internal expansion may be much slower and difficult.

In Lithuania, growth is the most common reason cited as a motive for acquisition transactions. For example, let's have a look at Societe Generale Consumer Finance acquisition of General Financing, a Lithuanian entity specialized in consumer credit activities (including the brand Kreditas123). Jean-Francois Gautier, Head of Specialized Financial Services of Societe Generale Consumer Finance declared: "The acquisition of General Financing allows us to set foot on the new fast growing market while relying on the local knowledge of one of the leaders of consumer finance in Lithuania". "This acquisition is a timely coincidence of Societe Generale strategic entry to Lithuanian consumer finance market and of General Financing's goal to have a strong, established funding base necessary for further rapid expansion," commented Karolis Pocius, partner of GILD Bankers. "With the coming of Societe Generale Consumer Finance, UAB, General Financing" has completed its first stage of development and obtained one of the strongest possible partners to expand further its market share. Despite a controversial macroeconomic outlook the company is now set for rapid expansion", - commented the general manager of General Financing Raimondas Rapkevičius.

Synergy

Gaughan (2007) states that the term "synergy" is often associated with the physical sciences rather than with economics or finance. It refers to the type of reactions that occur when two substances or factors combine to produce a greater effect together than that which the sum of the two operating independently could account for. Simply stated, synergy refers to the phenomenon. In acquisition this translates into the ability of a corporate

combination to be more profitable than the individual parts of the firms that were combined. The two main types of synergy are (DePamphilis 2003):

1. **Operating synergy**, which consists of both: economies of scale (or the spreading of fixed costs, such as depreciation of equipment and amortization of capitalized software; normal maintenance spending; obligations such as interest expense, lease payments, and union, customer, and vendor contracts; and taxes, of over increasing production levels); and economies of scope (which refers to using a specific set of skills or an asset currently employed in producing a specific product or service to produce related products or services).

2. **Financial synergy**, which refers to the impact of acquisitions on the cost of capital of the acquiring firm or the newly formed firm resulting from acquisition. Theoretically, the cost of capital could be reduced if the acquired firms have uncorrelated cash flows, realize financial economies of scare, or result in a better matching of investment opportunities with internally generated funds. Third reason is access to intangible assets. The emergence of the knowledge era since the 1980s has brought significant change in both global and local markets. Knowledge, as a core organizational resource and the basis for the development of organizational capabilities, is playing a key role in driving changes in companies. Today the value of knowledge-based, intangible resources has grown geometrically in companies. The intangible assets include (Saint-Onge, Chatzkel, 2009):

1. **Human capital,** which is the sum of all the capabilities of everyone who's currently working in company, i.e., the cumulative knowledge, experience, attributes, competencies, and mindsets of all employees, managers, and leaders. These individual capabilities of employees create value for the customers.

2. **Customer capital**, which consists of the strategies, structures, processes, and leadership that translate into a company's specific core competencies. These organizational capabilities leverage employees' individual capabilities to create value for customers. Structural capital also includes the organizational capacity and physical systems used to transmit and store intellectual material. Structural capital is composed in large part of:

- company's organization (investment in systems, operational philosophy, and supplier and distribution channels),

- innovation (capability to renew company along with the outcomes of innovation, which include the ability to anticipate market needs and lead the market in responding, the ability to bring new products to market rapidly, intellectual assets and intellectual property (which include copyrights, patents, trademarks, and trade secrets), company's brand and theory of your business. Although the best-known innovation capital is usually intellectual property, these are even more critical to company's wellbeing),

- processes (comprises all the processes of the company that enable to create and deliver goods and services to both internal and external customers. These can be production, design, and product development processes; people development processes; communication processes; strategy making processes, and knowledge development, capture, and leveraging processes).

3. **Structural capital**, which is the sum of all customer relationships, that can be defined by four parameters:

- depth – penetration or share of customers' wallets,
- breadth – coverage or share of the market,
- sustainability – the durability of relationship with customers,
- the profitability of company's relationships with all customers.

Furthermore, human capital interfaces with customer capital and structural capital to create knowledge value capital. These weightless assets now have a greater value in organizations than physical or financial assets have. This has been coupled with fundamental changes in legal, competitive, and global requirements. For example, one such quantum shift is the emergence of the European Union (EU), with its dismantling of boundaries and reduction of trade barriers. The emergence of the EU has also led to a shift in the regulatory environment in Europe, creating pressures to combine organizational strengths simply to be able to compete on a larger scale. For example, Symantec's acquisition of Axen Technologies in 1999, that "acquisition" was also the catalyst for changing Symantec processes to support an enterprise business. Axent had systems in place for serving major corporate customers, and just as important, its senior executives had an understanding of the service and support needs of that market. As the former Axent executives assumed leadership roles at Symantec, they helped guide the company's investment in and deployment of new systems to undergird the new enterprise thrust" (Lawrence M. Fisher).

Another example is acquisition of Fontes Vilnius by MPS Enterprises Ltd., which is an EU-based, private partnership corporation. Pasis Hartunen, the managing director of MPS for Baltic region, says that "the purpose of the transaction is to settle down in quickly developing Lithuanian and Baltic human resource consulting market. We will be looking for opportunities to provide new services to the current and prospective clients in Baltics and international markets". Alternatively, Regina Laimikienė, the managing partner of Fontes Vilnius, says that "now we will be able to learn from the long-lasting experience of the leading corporation and its broad spectrum of services, which was formed while working in international markets. This transaction will allow us to offer the greater value to the client, but also to provide with the exceptional human resources decisions. This way we can become a trustworthy partner not only in Lithuania, but also abroad."

So in today's knowledge economy intangible assets, which are seen as organization's most valuable assets, are also the most fragile and difficult to control since they depend on the goodwill and commitment of people (Coffey, Garrow, Holbeche, 2002).

Other reasons. Apart from growth, synergy and access to intangible assets motives, there are several other reasons that drive companies to engage in M&A, which are widely reported in the literature:

Horizontal and vertical integration (Gaughan 2007).

Horizontal integration refers to the increase in market share and market power that results from acquisitions and s of rivals. Vertical integration refers to the or acquisition of companies that have a buyer-seller relationship. Improved management (e.g., belief of better management of targert's resources), research and development (e.g. it critically important to the future growth of many companies, particularly pharmaceutical companies) and/or distribution (e.g., when there is no direct access to ultimate customers) (Gaughan 2007).

Tax benefits (certain studies have concluded that acquisitions may be an effective means to secure tax benefits) (Ghosh, Jain 2000); Changes in markets, e.g. regulatory changes, reallocation of market power (Cassiman, Colombo 2006). Changes in technology and industry, e.g. emergence of new businesses and markets, new forms of communications and cross-border restructuring (Cassiman, Colombo 2006), reaction to deregulation, increased foreign competition, financial innovations, oil price shocks (Andrade, Stafford 2004).

Cost reduction

Motives behind the seller decision to sell. While all the above mentioned motives fall under the buyer's perspective (and this is widely reported in the literature), we must not forget that any acquisition transaction also includes the other side-the seller. Hence, Frankel (2007) and Hart with Sherman (2006) provide the motives for M&A from the two different perspectives. Since the buyer's perspective has been analyzed above, let's have a look at the seller's motives, which include the following points: Company doesn't have the resources to grow further;

i. Because a company thinks it has maximized growth in its own market and does not think it can expand to new markets;
ii. It thinks it reached its historical peak of its valuation;
iii. Lack of viable replacement for the founder of the company, as the founder nears to retirement;
iv. Lack of access to capital (including the restrictions of borrowing capacity);
v. If the company is owned by investors, they might want to cash out;
vi. New competitors emerge.

It is obvious that the choice to sell is one of the most dramatic – last and big decision that a company will ever make. It has an influence on everyone, associated with the company. At the same time, the decision to be a buyer today is a standard business tool, utilized by many, if not most, companies.

Draw backs of Acquisitions (Pitfalls)

According to Singh et al. (2005), companies should avoid taking over other firms when the degree of business uncertainties is very high, and it is a good idea to avoid acquisitions when companies wants to generate synergies by combining human resources. They argue that research suggest that employees of acquired companies become unproductive, because employees are disinclined to work in the predator's interest and believe that they have lost freedom. People often walk out the door after acquisition. According to Dyer et al. (2004), people tend to leave high tech firms when bigger companies absorb small ones. Consequently, these factors trigger post acquisition trauma.

Other Common challenges in the post-acquisition process

Problems in the integration process as previously mentioned, the management of the post-acquisition process is a critical factor in order for an acquisition to become successful. Haspeslagh and Jemison present three recurring problems in the integration process that tend to hamper the ability to create the appropriate atmosphere for capability and knowledge transfer in an acquisition. These are: determinism, value destruction and leadership vacuum.

Determinism refers to the fact that reality after an acquisition often is very different from what was initially expected. These differences appear because additional information becomes available and/or because of unexpected events such as changes in industry, technology, or changes in the acquirer's corporation. The problem of determinism arises, as there is a tendency to stick to original justification instead of trying to adapt to changes. The second recurring problem, value destruction, is explained by the impact and phases of change acquisitions have on established order of activities. These changes naturally foster uncertainty, fear and anxiety among the acquired firm's managers and employees who may become unwilling to work toward achieving success. Some employees might also leave the firm or retreat to past behaviors. Haspeslagh and Jemison (1991) highlight this problem as they state, "No matter how much empathy managers in acquiring firms have, they usually underestimate the depth of the problem of employee value destruction" (Haspeslagh and Jemison, 1991). As there is a tendency for value to be destroyed in acquisitions, the importance of great leadership is essential. Hence, the lack of leadership, leadership vacuum, may lead to great problems in the integration process. Leadership vacuum is referred to as the lack of appropriate leadership to articulate a new purpose for the combined firms. Institutional leadership is important during and after an acquisition in order to help involved people to develop, understand, and embrace the purpose of the as well as to see their role in it. Lack of leadership can affect the atmosphere of capability transfer by limiting interchange of knowledge, willingness to participate and organizational slack. (Haspeslagh and Jemison,

1991)

People management

Critical problems just presented, can be traced to the management of people in acquisitions. Researchers have and are still highlighting the issue of employees' and managements' reactions to acquisitions, which by Schweizer (2005) is referred to as the human-related phenomena. Schweizer divides the human-related reactions of employees and managers into three levels: individual-, interpersonal-, and collective, that each discusses a variety of reactions to acquisitions. Common phenomena on an individual level that follows after an announcement of a Acquisition, is shock, disbelief, grief and a high degree of uncertainty. As employees have no control over the situation and expect upcoming changes within its organization, they often feel anxious and stressed about the future. This stress factor is further often augmented by time constraints, as it usually is a propensity to require a high degree of speed in acquisitions. If an acquirer has a desire to complete the acquisition process quickly, this will subsequently not only affect employees but also lower the chances for a successful outcome as integration issues will be disregarded or managed with hasty solutions. Another common phenomenon on an individual level is the loss of identity. The identity refers to the cognitive and affective bond an individual has to its organization. Employees thus run the risk of losing their identity if they no longer can relate to their corporation after an acquisition. (Schweizer, 2005)

Corresponding to an individual's relation to its organization, are the potential reactions that occur within the organization, at an interpersonal level. Phenomena on an interpersonal level are mainly related to the management of the integration process. Again, as previously mentioned, time has a critical impact on the management of the acquisition process. If the management team are under high time-pressure while at the same time facing many complex problems, they might employ a crisis-management mode. This mode is highly authoritarian and is further characterized by centralized decision-making and low flow of communication.

Another common occurrence is passivity of management. This passive management can be referred to Haspeslagh and Jemison's theory (1991) about leadership vacuum presented before. Furthermore, the impact managers have on employees' behaviour can be immense. For example, if a leader leaves its position after an acquisition, employees might due to uncertainty follow their leader, which consequently will result in loss of knowledge and competencies. The final approach Schweizer presents is concerned with challenges encountered on a collective level. These challenges are mainly concentrated to cultural clashes between two firms and the attitude of "we versus them". (Schweizer, 2005) This problem particularly arises in the activity of cross-border M&As (Som, 2009).

Acquisition Story of Diamond in Access Bank Plc

In December 17th 2018, Nigeria's Access Bank agreed to takeover mid-tier rival Diamond Bank, the lenders said on Monday, in a deal both said would create Africa's largest bank by customers.

Nigerian banks have been trying to raise fresh capital after huge loan losses worsened by an economy that is recovering from its first recession in 25 years.

U.S. private equity firm Carlyle owns a 17.75 percent stake in Diamond Bank which it bought for $147 million in 2014 when the bank was trading at 0.6 times book value as against 0.15 times now.

"The board of Access Bank PLC today announces it has signed a memorandum of agreement with Diamond Bank PLC regarding a potential merger of the two banks that will create Nigeria and Africa's biggest bank by customers," Access Bank said in a statement to the Nigerian stock exchange.

As part of the deal, Diamond Bank said its shareholders would receive 3.13 naira per share, comprising of 1.00 naira per share in cash and the allotment of 2 New Access Bank ordinary shares for every 7 Diamond Bank ordinary shares.

Diamond and Access Bank both gained nearly 10 percent. Diamond Bank said the board believed the move was "in the best interests of all stakeholders". The bank also said its chief executive officer would step down after the merger.

Nigeria's Security and Exchange Commission (SEC) late on Monday issued a statement in which it said: "It is a notice to merge, they have not merged yet. SEC is awaiting their application on the matter."

The takeover follows weeks of speculation about Diamond Bank in the wake of the unexpected resignations of its chairman and three other directors in October, 2019.

III. CONCEPTUAL FRAMEWORK

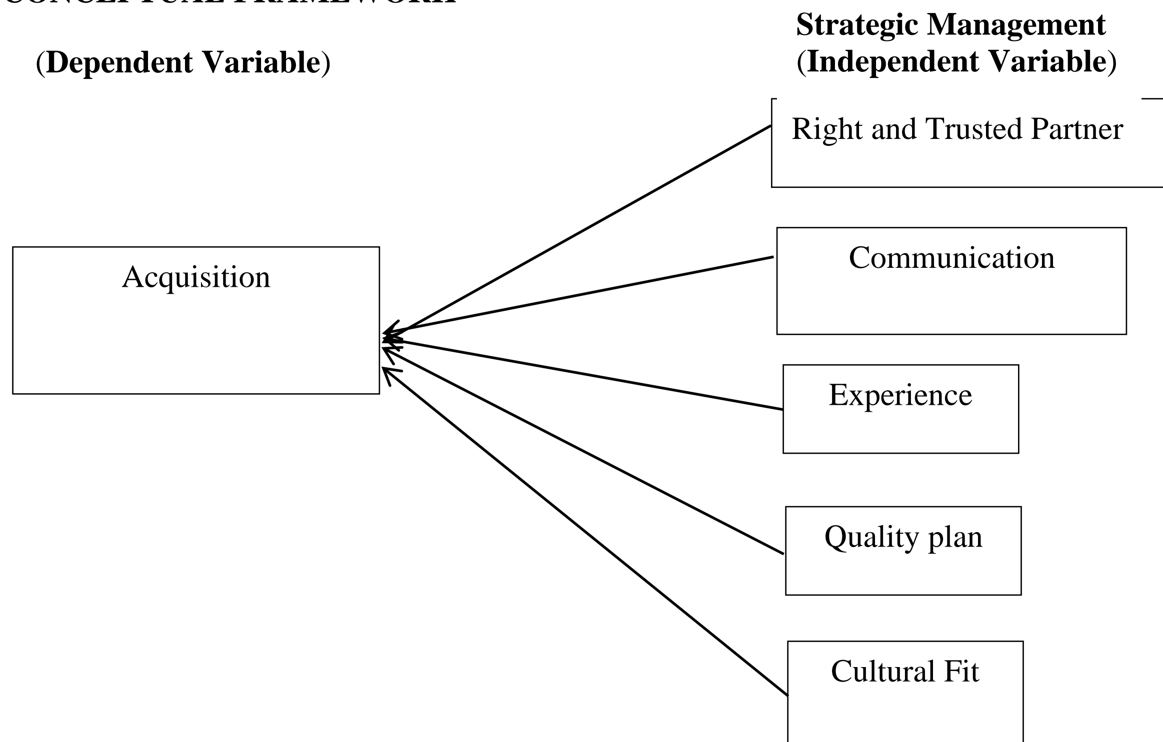

Figure: 1: Concept Model Source: Researcher

The Right and Trusted Partner

Step one is choosing a suitable partner: The wrong choice of partner can lead to difficult negotiations and loss of information, and occasionally to nothing happening at all. Mutual trust between the management of both parties ensures that negotiations run smoothly, leading to a higher chance of the deal being brought to a favorable conclusion.

According to Mark J.K (2015) obviously, only go into business with those you trust. Vet everyone in your business dealings, whether it be a contractor, a tenant, etc. This could mean conducting background checks and calling personal references. This is especially true with your business partner(s) and is by far the most important way to protect yourself when entering a partnership. Address potential issues before they become issues. Talk about worst-case scenarios. If your partner isn't willing to do so, for whatever reason, you have the wrong partner. Read and understand your partnership documents before you sign them. A good attorney can help you identify possible issues and present solutions, but ultimately you and your business partner(s) need to take ownership of the agreement and share a thorough understanding of how it will govern your business. Consider getting separate counsel if using the same attorney as your partner(s) is presenting concerns. Every partner in acquisition process especially the one to be acquired must posses some quality that would help the acquirer in the business during the post-acquisition stage. There are

- Must be fair enough to give due explanations.
- Such partner must be ready to detail the challenges in his/her business before acquisition.
- Must open up to the acquirer in all areas both on the business attractions and pitfalls.

- Must state clearly why he/she wants to relinquish the company for such purpose.

There must also be magneting force of interest that will convince the acquirer that he/she can be business with such company or firm. The both parties extensively needs their interest firm details and explanations for better strategies.

Communication

A high-quality management team and trustworthy consultants play a large role in this: They guide the process and furthermore ensure that communication within the company remains open and honest. Stressed-out employees, distracted by the uncertainty of an impending merger, can cause the company's performance to plummet. As a manager, you have to inspire confidence, in your employees as well as between yourself and the other party.

Good communication is essential to successful acquisitions, the communication role needs to begin during the preliminary stages to set the scene. Too often the communication starts too late and doesn't deal sufficiently with the post-merger integration issues.

Acquisitions go through three broad phases. As part of an AT Kearney global survey, the question, "Which phase bears the greatest risk of failure?", brought the following response:

1. Strategy development, target shortlisting, due diligence – 30%
2. Negotiation and closing the deal – 17%
3. Post-merger integration – 53%

This response shows that the most important time for an acquisition to take place is when the deal has been formalized and the more difficult stage of 'bedding down' the process has started, requiring intensive communication. However, there is a case that communication should start early to pave the way for internal acceptance and post-merger integration.

Overwhelming experience indicates directly or indirectly that people issues are the main reason for acquisition failures. And communication is central to the people issues. McKinsey study shows that "management of the human side of the acquisition is the real key to maximizing the value of the deal." Watson Wyatt Worldwide found that "cultural incompatibility was consistently the biggest barrier to integration." Mercer Human Resource Consultants found that out of three key acquisition factors – people, processes and systems – only people issues made a difference to the success of acquisition in the decade to 2001.

Experience

Experience from previous related businesses can play a huge role, according to some economists, while others contend that it has no effect whatsoever. What really matters is that the management team learns from previous experiences – experience alone doesn't increase the chance of success. A previous failed acquisition, for example, can make management wary of providing a new partner with information in a fresh set of negotiations. Denying the other party the chance to form a clear view of the acquisition can leave them confused.

Quality Plan

According to Eddy Laveren (2017) naturally, everything starts with a structured, detailed plan of action: The organization chooses how the target will be implemented and this needs to happen according to a comprehensive plan backed by compelling logic. This quality plan must be a well verified strategic plan on what, how, when and where management attitude. This is to guide against failure and flop in business undertaken.

According to Steve Hodges (2015) acquisition plan has many purposes. It forms the overall foundation for an acquisition and it must include all critical program decisions and milestones. It should address the high-level objectives of the program. The AP should also address the high-level technical performance requirements and other acquisition policy requirements. It must contain high-level cost/budget and schedule estimates and address significant risks and issues associated with the program. It is extremely important to prepare an acquisition plan that is complete, achievable, and that addresses all stakeholder requirements. A few examples of the many elements that a quality AP must address are:

All program phases and contracts necessary to design, develop, test and evaluate, produce, install and maintain the program or system

All program milestones and agency decisions (e.g., Initial Investment, Final Investment, Development & Operational Tests, Limited Production, Full Production, Initial Operational Capability (IOC)/Deployment, etc.)

Competitive vs. non-competitive (i.e., single source procurement)

- Large business vs. small business contract (or a combination of both)
- Length, estimated value, and type of each contract (e.g., cost, fixed price, time and material (T&M), level of effort (LOE), incentive-based, hybrid, etc.)
- Summary of contract requirements for each contract
- High-level program budget/cost summaries
- High-level schedule for the entire program
- High-level technical requirements
- System/service performance and critical design requirements
- Use of standard hardware and/or software or waivers from standard hardware and software
- Agreements with other agencies or companies
- High-level test and evaluation requirements necessary to progress from one milestone to the next
- High-level life-cycle support requirements; and last but most importantly,
- Signatures from all appropriate organizations indicating their approval and support of the contents in the AP

Do's and Don'ts For APs.

Examples of things to do and not to do in the preparation of an AP are:

The AP must address all necessary high-level requirements, particularly those directly related to contracts and program milestones.

Ensure all appropriate stakeholders and their requirements are addressed.

Do not use high-risk technical, cost and schedule requirements/estimates. If you must use high-risk goals, then make sure it is very clear in your AP that you are proposing high-risk goals and you will need to address the impact for each high-risk goal and provide a high-level mitigation plan for each high-risk goal. Just remember that you may achieve some of the high-risk or challenging goals but no program ever achieves all of them – regardless of what they may claim. If they do, then they probably were not high-risk goals to start with.

Review the AP annually and update it as required. For a large program that is properly managed, the AP usually needs to be updated annually as there are always system, contract, budget or other changes each year that have some effect on information in the AP.

What are the challenges in preparing an AP?

There are many challenges in preparing a high-quality AP for a large program. Examples of the basic categories of challenges encountered when performing a BCA are:

Determining the optimum type of contract for each contract required for the program

Compiling all of the necessary information for the AP. This involves coordination with many internal organizations; many agency and other program documents; and frequently other government agencies or companies.

Identifying all major program risks and issues and factoring their possible impact into the AP

Reaching agreement between the program office, contracts, legal, engineering, other internal support organizations and unions in order to provide a service or product that meets the needs of the users and stakeholders

Who should prepare a BCA?

Many types of subject matter experts (SMEs) are typically required to prepare an AP for large, complex programs. The following SMEs are usually responsible for preparing the majority of the AP:

Program Manager — ensures all critical high-level program requirements (e.g., milestones, decisions, performance requirements, budget, schedule, etc.) are addressed in the AP Works closely with the Contracting Officer to formulate the most feasible contract strategy for all phases of the program

Contracting Officer — responsible for the contract aspects of the program. Works closely with the Program Manager to develop the optimum acquisition strategy for all contracts necessary to execute the program

Cultural fit

A cultural fit isn't always self-evident. Research shows that the geographic location of the parties has impact – which is beneficial for both local, national and international acquisitions. Bringing together different national, corporate cultures, can result in a lot of miscommunication if not well managed. Cultural background, environment, lifestyle of the host communities or cities or nation as the case maybe is also a story factor that need be well checked.

In acquisition, companies come together as one i.e one inside one need to enjoy some similar atmosphere or social, and economic environment advantages so that the change from one into another will not be much noticeable so that the customers of the former will not feel a sharp change. Cultural fit also talks about blending and continuity of business immediately.

According to Lodorfos, G and Boateng, A. (2006) finding shows that cultural fit constitutes a key factor in acquisition success and should be given the necessary attention at all stages of acquisition. The tentative conclusion to be drawn here is that good pre-merger planning with culture placed at the heart of integration strategies and implementation and the creation of a positive atmosphere for the change – before initiating any actual consolidation of human and physical assets – are likely to contribute to acquisition success and value.

IV. Methodology

Research design is the overall research strategy used for the study. The study is a qualitative study that sought to establish the relationship between strategic Management and Acquisition in the Banking Industry-Diamond Bank in Access Bank, Asaba Branch Delta State. The work is a non-empirical work as such the research did a review of extant literature to study prior researcher contributions to the field under study.It is "the approach framework or plans that are meant to guide the researcher in the process of collecting, analyzing and interpreting observation" Olannye, 2006. In this work explanatory/exploratory research design was used.

Major Findings

In accordance with our findings based on the research work starting from the introduction, literature review and as well contributions from other researchers, it is observed as follows:

Right and trusted partner and acquisition

There is a great relationship on the impact of right and trusted partner and effective acquisition in any organization especially in the banking Industry. This is line with Mark J (2015) assertion that one must obviously go into business with those you trust. Vet everyone in your business dealings, this could mean conducting background checks and calling for personal references. This is especially true with your business partner(s) and is by far the most important way to protect yourself when entering a partnership or acquisition process.

Communication and Acquisition

From the study the researcher discovered that there is a strong relationship between effective

communication and acquisition. This is in line with Kim Harrison (2015) who said that good communication is essential to successful merger and acquisition. The communication role needs to begin during the preliminary stages to set the scene.

Experience and Acquisition

There is a relationship between experience from previous business and acquisition. This is in line with Eddy Laveren *et al.,* (2017) who said that experience from previous acquisitions busines1s can play a huge role, according to some economists. What really matter is that the management team learns from previous experience.

Quality Plan and Acquisition

The research work shows a high positive relationship between quality plan and acquisition. This is in line with Steve Hodges (2015) that quality plan forms the overall foundation for an acquisition and it must include all critical program decisions and milestones. This must also contain high level cost/budget and schedule estimates and address significant risks and issues associated with the programme.

Cultural Fit and Acquisition

The research shows that cultural fit has a greater relationship with acquisition. This is in line with Lodorfos *et al.,* (2006) who said that cultural fit constitutes a key factor in mergers and acquisition success and should be given the necessary attention at all stages of acquisition. The tentative conclusion to be drawn here is that good pre-merger and acquisition planning with culture placed at the heart of integration strategies and implementations and the creation of a positive atmosphere for the change-before initiating any actual consolidation of human and physical assets are likely to contribute to acquisition success and value creation.

V. Conclusion

The impact of strategic management is actually a pillar if acquisition will be a positive reality. In essence acquisition depends on strategic management to be successful. The effective strategic management is portrayed in right and trusted partner, communication, experience, quality plan and cultural fit in over acquisition or proper acquisition procedure.The right and trusted partner affects acquisition. This is because the Access Bank undergone proper study and check on their acquisition business before it took place and discovered that Diamond Bank can be acquired by them due to the fact that Diamond Bank possess the right and trusted attitude that led to the acquisition. It was also concluded that during the acquisition process and even after acquisition, Access Bank had a good communication link with Diamond Bank thereby establishing that communication has a good relationship with acquisition. Effective communication is a good factor which is necessary during acquisition process.The study concludes also past business experience has a positive impact on acquisition. It was quite observed that Access Bank possesses an experience quality of past related business activities that help them when they acquired Diamond Bank.The study again concludes that quality plan has a significant relationship with acquisition. The team of managers of Access Bank, Asaba Branch, has a quality plan strategy and procedure over acquisition hence they went through the Diamond bank process of acquisition successfully. This process is a long span of programme plan which are implemented in stages. Cultural fit was concluded to have a good and positive relationship with acquisition. The Access Bank, Asaba Branch possesses

same cultural environment as that of Diamond Bank, Asaba Branch hence the acquisition was very easy. Cultural fit is actually a good factor that gives an acquirer a safe landing and immediate take-off.

VI. Recommendations

1. Adequate check/investigation is required in banks and other industries to ascertain right and trusted partners before acquisition.
2. Banks and other business industries should try to develop a more proper and sophisticated communication gadgets and tools. Please this is very important.
3. Experience should be seen as a condition for acquisition for any acquiring industry because it is strongly perceived as very key to any acquisition process or deal. Experience is highly required as it provides the acquirer with high sense of feasibility studies on compatibility before action.Therefore, it should be a strong consideration for any industry that wants to undergo acquisition.

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