INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION & MANAGEMENT

IJRCM

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   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
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BOOKS
- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS
- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS
- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES
- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, KurukshetraUniversity, Kurukshetra.

ONLINE RESOURCES
- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES
- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

CORPORATE RESTRUCTURING THROUGH MERGERS AND ACQUISITIONS-A CASE STUDY ON TATA STEEL AND CORUS

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ABSTRACT

This paper focuses on Mergers and Acquisitions, one of the modes of corporate restructuring. Mergers and Acquisitions have attained considerable significance in the Corporate World. Mergers and Acquisitions have played an important role in the transformation of the Industrial sector of India and have brought about the external growth of a number of leading companies. Nowadays Mergers and Acquisitions are acting as a facilitating force towards the trend of Globalization of all National and Regional Economies. Both M&A have become necessary and acceptable in the recent times because of Liberalization, Globalization and Modernization and has helped to create more focused, Competitive, viable larger players in each Industry. The objective is to present a panoramic view on Mergers and Acquisitions as a tool of Corporate Restructuring. The effect of Mergers and Acquisitions on the Top Management, Shareholders and Employees has been taken into consideration. This paper also includes the effectiveness of Merger and Acquisitions through the involvement of employees in its process. For a better insight, Acquisition of Corus by Tata Steel has been highlighted with special reference to pre and post acquisition. The Financial status of Tata Steel and Corus has also been stated after the deal. The paper gives a view about Mergers & Acquisitions in general and Tata Steel and Corus deal in particular.

KEYWORDS

Employees, Merger, Post Acquisition, Pre Acquisition.

INTRODUCTION

Mergers and Acquisitions as a tool of corporate restructuring have attained considerable significance in the contemporary corporate scenario which is broadly used for reorganizing the business entities. After the liberalization of Indian Industries in 1991, these were exposed to a plethora of challenges from the national and international markets. The cut throat competition in the international market compelled the Indian Industries to go for Mergers and Acquisitions.

Mergers and Acquisitions also affect the employees of the organizations. Employee related to restructuring involves converting the employees into knowledge & Entrepreneurial employees.

Retrenching redundant employees and redeployment of employees from closed down divisions to growing or new divisions. Restructuring also includes the transformation of loyalist employees to professional employees and also old and lethargic employees to young enterprising employees which in general brings about overall development of employees.

Mergers and Acquisitions are the most popular means of corporate restructuring or business combinations. One plus one makes three: this equation is the special alchemy of a merger or an acquisition. The key principle behind buying a company is to create shareholder value over and above that of the sum of the 2 companies. Two companies together are more valuable than two separate companies at least that is the reason for Mergers and Acquisitions.

Jensen (1986, 1988) has argued that Mergers and Acquisitions are a consequence of a breakdown in the internal governance structure of corporations. Managers in large corporate houses use free cash flows generated by more productive and profitable divisions to subsidise less viable divisions, rather than returning the money to the shareholders and this leads to shareholder's action that is manifested by Mergers and Acquisitions. This view is supported by Kini, Kracaw and Mian(2004) who are of the view that Mergers and Acquisitions is a last resort that is observed when internal governance mechanisms of the firms breakdown and the market is the only source of discipline for managers. But Shleifer and Vishny (1900) are of the view that Mergers and Acquisitions are the mechanisms used by efficiency seeking firms spin off unrelated lines of business and acquire businesses that enhance efficiency Mergers and Acquisitions of companies are implicit in free enterprise system because of their obvious advantages like infusion of better management, consolidating capacities to economic level by forward and backward linkages & healthy growth of capital market.

OBJECTS OF MERGERS AND ACQUISITIONS DEALS

- Focusing on core strength, operational synergy and efficient allocation of managerial capabilities and infrastructure.
- Consolidation and economy of scale by expansion and diversification to exploit extended domestic and global markets
- Focus on Research and Development to reap the fruits of innovation and new technology.
- Acquiring constant supply of raw materials and access to scientific research and technological developments.
- Capital restructuring by appropriate mix of loans and equity funds to reduce the cost of servicing and improving return on capital employed.

INDIA AS A FAVORABLE PLACE FOR MERGERS AND ACQUISITIONS

- Dynamic government policy
- Corporate investment in industries
- Economic stability
- Ready to experiment attitude of Indian industrialists

PROCESS OF MERGERS AND ACQUISITION

The merger and acquisition process is carried out some steps which are as follows:-

1) **Preliminary Assessment or Business Valuation** - In the first step of mergers and acquisitions process, the market value of the target company is assessed. In this process of assessment not only the current financial performance of the company is examined but also the estimated future market value is Considered. The company which intends to acquire the target firm, engages itself in a thorough analysis of the target firm's business history.

2) **Phase of Proposal** - After complete analysis and review of the target firm's market performance, in the second step, the proposal for merger or acquisition is given. Generally, this proposal is given through issuing non-binding offer document.

3) **Exit Plan** - When a company decides to buyout the target firm and the target firm agrees, then the latter involves in exit planning. The target firm plans the right time for exit. It considers all the alternatives like full sale, partial sale and others. The firm also does the tax planning and evaluates the options of reinvestment.

4) **Structured Marketing** - After finalizing the exit plan, the target firm involves in the marketing process and tries to achieve highest selling price. In this step, the target firm concentrates on structuring the business deal.

5) **Origination of Purchase Agreement or** Merger Agreement - In this step, the Purchase agreement is made is case of an acquisition deal. In case of merger also, The final agreement papers are generated in this stage.

6) **Stage of Integration** - In this stage, the two firms are integrated through merger or acquisition. In this stage, it is ensured that the new joint company carries same rules and regulations throughout the organization.

EFFECTIVENESS OF MERGERS AND ACQUISITIONS THROUGH INVOLVEMENT OF EMPLOYEES

1. Choose the right transition team: The transition team that reports to you needs to be made up of people who have the right temperament and personality to handle a transition. They need excellent people skills and the ability to "finesse" any situation to the benefit of the company. Make sure the transition team is appropriate for the area or department they talk to and can easily relate to people in various employee groups. For example, you probably wouldn't want a team of "suits" to talk to a group of housekeepers and maintenance people in a hospitality merger. Choose a trusted employee from among their ranks and you're far more likely to see good communication as a result.

2. Be in constant, honest communication with employees: All employees want accurate information from management, and they want to know the truth, even if it's difficult. No matter what the news is, good or bad, your employees want to hear it, so always be totally open and honest about what is to come. If your employees feel out of the loop, they'll assume the worst, and you can expect a negative effect on productivity. Both merging entities, the purchaser and the seller, need to both consistently communicate with employees and ensure that whatever they're communicating is 100% accurate. For example, during a recent acquisition, the president of an acquiring company met with all of the employees about two months before the final deal was complete. The group was very well-paid and had a very high level of benefits. The acquiring organization would not provide that same level of benefits, he told the employees, but the loss would be made up in their salaries. At the end of the deal, they brought everybody in at the lower benefit level and at the same level of pay they had previously received. Now the president and his management team are starting off with low credibility because of his false attempt to reassure the employees. To help ensure buy-in, schedule regular employee meetings or send out regular updates via e-mail or a weekly newsletter. You need to be upfront about everything that is happening from the beginning so you don't lose credibility with your employees and, in turn, your customer base, who are in close, constant contact with your front line employees. If you don't treat employees well in the course of a merger or acquisition, six to twelve months down the road, you may find erosion of your customer base. The cost in revenue loss of losing a key player with a great deal of customer contact can be huge. It is not uncommon for revenue loss to reach a million dollars a year in a mid-sized organization. This, of course, would have a huge negative effect on any company and its ability to stay profitable.

3. Provide resources for those who will be displaced: Allow those employees who won't be retained to exit gracefully. Offer career counseling, resume services, contacts with outplacement firms, or anything else you can provide to meet individual needs.

Of course, the most important resource you can provide is a severance package of some sort. For lower level employees, two to four weeks pay may be sufficient; for middle and senior management, six to twelve months pay may be appropriate to help them make the career transition. The severance package should carry the employee the approximate amount of time you would anticipate it will take him or her to find a new position. Many times those coordinating a merger or acquisition wrongly assume that unemployment benefits will carry the departing employee through their transition; however, rarely are those benefits enough to sustain people at their current financial level. By taking these extra steps, your departing employees are less likely to talk negatively about the company to others, and the people who are remaining on staff will feel that the company truly cares about all employees—even those leaving.

4. Give assurance about change: Once the deal is done, retained employees will still experience some fallout, and morale and productivity can take months or even years to return to pre-deal levels, especially if a residual lack of trust remains after a badly handled merger or acquisition. If there's been perceived untruthfulness, management then has to establish a long history of standing by what they say they're going to do. Even if you have a smooth acquisition, you'll have to pay particular attention to assuring employees since change always brings apprehension.

Help your remaining employees to deal with change, even if that change seems minor to you. Maybe all that changes is who they report to, or the company president's name, but people fear change. Executives need to do everything they can to help minimize the anxiety that people naturally have.

Help Your Employees Love Your New, Better Company: When you follow these four tips, the benefits to both your employees and your company will be tremendous. Everything about the deal will go more smoothly from the employee's point of view, and therefore you'll have greater productivity, higher employee morale, and better relationships between employees and customers. As a result, company profits will hopefully soar, before, during, and after the deal.

IMPACT OF MERGERS AND ACQUISITIONS

On Top Management

Impact of mergers and acquisitions on top level management may actually involve a "clash of the egos". There might be variations in the cultures of the two organizations. Under the new set up the manager may be asked to implement such policies or strategies, which may not be quite approved by him. When such a situation arises, the main focus of the organization gets diverted and executives become busy either settling matters among themselves or moving on. If however, the manager is well equipped with a degree or has sufficient qualification, the migration to another company may not be troublesome at all.

On shareholders

The Shareholders of the acquiring firm

The shareholders of the acquired company benefit the most. The reason being, it is seen in majority of the cases that the acquiring company usually pays a little excess than it what should. Unless a man lives in a house he has recently bought, he will not be able to know its drawbacks. So that the shareholders forgo their shares, the company has to offer an amount more then the actual price, which is prevailing in the market. Buying a company at a higher price can actually prove to be beneficial for the local economy.

The Shareholders of the target firm

They are most affected. If we measure the benefits enjoyed by the shareholders of the acquired company in degrees, the degree to which they were benefited, by the same degree, these shareholders are harmed. This can be attributed to debt load, which accompanies an acquisition.

On workers and employees

Aftermath of mergers and acquisitions impact the employees or the workers the most. It is a well known fact that whenever there is a merger or an acquisition, there are bound to be layoffs. In the event when a new resulting company is efficient business wise, it would require less number of people to perform the same task. Under such circumstances, the company would attempt to downsize the labor force. If the employees who have been laid off possess sufficient skills, they may in fact benefit from the lay off and move on for greener pastures. But it is usually seen that the employees those who are laid off would not have played a significant role under the new organizational set up. This accounts for their removal from the new organization set up. These workers in turn would look for re employment and may have to be satisfied with a much lesser pay package than the previous one. Even though this may not lead to drastic unemployment levels, nevertheless, the workers will have to compromise for the same. If not drastically, the mild undulations created in the local economy cannot be ignored fully.

TATA STEEL AND CORUS

Reasons behind Bid from Tata Steel

- Tata was looking to manufacture finished products in mature markets of Europe.
- A diversified product mix will reduce risks while higher end products will add to bottom line.
- Corus holds a number of patents of Research and Development facilities.
- Tata is known for efficient handling for labor and it aims at reducing employee cost and improve productivity.
- It will move from 55th position to 5th in production of steel globally.
- Reasons for Tata steel to Bid to tap European mature market.
- Cost of acquisition is lower than selling up of Greenfield plant and marketing and distribution channel.
- Tata manufacturer's low value, long and flat steel products while Corus produce high value stripped products. Helped TATA to feature in top 10 players in the world.
- Technology Benefit, Economies of Scale

Corus holds number of patents and Research and Development facilities.

Reasons from TATA STEEL to Bid

- To tap European mature market
- Cost of acquisition is lower than the setting Greenfield plant and distribution channel
- Tata manufacturers low value long and fast steel products while corus produced high value stripped products.
- Helped Tata to feature in Top 10 Players in the world.
- Technology benefit
- Economies of Scale
- Corus holds number of patents and Research and Development facilities.

Reasons from Corus to Bid

- To extend its Global reach through Tata
- To get access to Indian Ore reserves as well as virgin market for steel
- To get access to low cost materials
- Saturated market of Europe
- Decline in market share and profit
- Total debt of corus is 1.6 BnGbp
- Corus needs supply of raw materials at lower cost
- Though corus has revenues of $ 18.06 Bn its profit was just $ 626 million
- Corus facilities were relatively old with high cost of production
- Employee cost is 15% while that of Tata steel is 9%

Events of the Deal

The process has started on September 20, 2006 and completed on July 2, 2007. In the Process both the companies have faced many ups and downs. The details of this process has described below:

September 20, 2006 **:** Corus Steel has decided to acquire a strategic partnership with a Company that is a low cost producer

October 5, 2006 **:** The Indian steel giant, Tata Steel wants to fulfill its ambition to Expand its business further.

October 6, 2006 **:** The initial offer from Tata Steel is considered to be too low both by Corus and analysts.

October 17, 2006 **:** Tata Steel has kept its offer to 455p per share.

October 18, 2006 **:** Tata still doesn't react to Corus and its bid price remains the same.

October 20, 2006 **:** Corus accepts terms of ₤ 4.3 billion takeover bid from Tata Steel.

October 23, 2006 **:** The Brazilian Steel Group CSN recruits a leading investment bank to offer advice on possible counter-offer to Tata Steel's bid.

October 27, 2006 **:** Corus is criticized by the chairman of JCB, Sir Anthony Bamford, for its decision to accept an offer from Tata.

November 3, 2006 **:** The Russian steel giant Severstal announces officially that it will not make a bid for Corus.

November 18, 2006 **:** The battle over Corus intensifies when Brazilian group CSN approached the board of the company with a bid of 475pper share.

November 27, 2006 **:** The board of Corus decides that it is in the best interest of its will shareholders to give more time to CSN to satisfy the preconditions and decide whether it issue forward a formal offer.

December 18, 2006 **:** Within hours of Tata Steel increasing its original bid for Corus to 500 pence per share, Brazil's CSN made its formal counter bid for Corus at 515 pence per share in cash, 3% more than Tata Steel's Offer.

January 31, 2007 **:** Britain's Takeover Panel announces in an e-mailed statement that after an auction Tata Steel had agreed to offer Corus investors 608 pence per share in cash

April 2, 2007 **:** Tata Steel manages to win the acquisition to CSN and has the full voting support form Corus' shareholders

The Deal

The deal (between Tata & Corus) was officially announced on April 2nd, 2007 at a price Of 608 pence per ordinary share in cash. This deal is a 100% acquisition and the new Entity will be run by one of Tata's steel subsidiaries. The total value of this acquisition amounted to £6.2 billion (US$12 billion). Tata Steel the winner of the auction for Corus declares a bid of 608 pence per share surpassed the final bid from Brazilian Steel maker Companhia Siderurgica Nacional (CSN) of 603pence per share. Prior to the beginning of the deal negotiations, both Tata Steel and Corus were interested in entering into an M&A deal due to several reasons. The official press release issued by both the company states that the combined entity will have a pro form crude steel production of 27 million tones in 2007, with 84,000 employees across four continents and a joint presence in 45 countries, which makes it a serious rival to other steel giants. The official declaration of the completed transaction between the two companies was announced to be effective by Court of Justice in England and Wales and consistent with the Scheme of Arrangement of the Tata Steel Scheme on April 2, 2007. According the Scheme regulations, Tata Steel is required to deliver a consideration not later than 2 weeks following the official date of the completion of the transaction.

TATA STEEL AND CORUS AFTER THE DEAL

Highlights of Tata Steel Standalone

Figures in crores

Particulars	Tata Steel		Change
	2008	2007	
Net Sales/Income	19,693	17,552	2141
Purchase of Finished and semi-finished products	447	451	(4)
Raw Materials consumed	3430	3121	308
Payments to & provisions for Employees	1590	1455	135
Purchase of Power	933	922	11
Freight and Handling charges	1098	1117	(19)
Depreciation	835	819	15
Other Expenditures	4006	3595	411
Fixed Assets(Net Block)	12624	11041	1583
Stock in Trade	2047	1828	220
Sundry Debtors	544	632	(88)
Cash & Bank Balances	465	7681	(7216)
Loans	18022	9645	8376
Interest(Net)	879	174	705

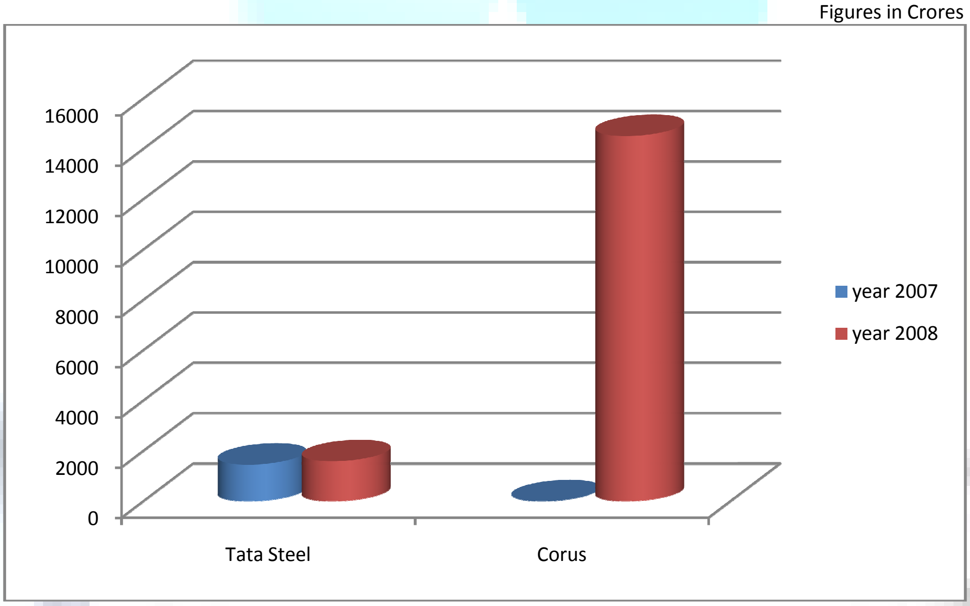
HIGHLIGHTS OF CORUS

Figures in crores

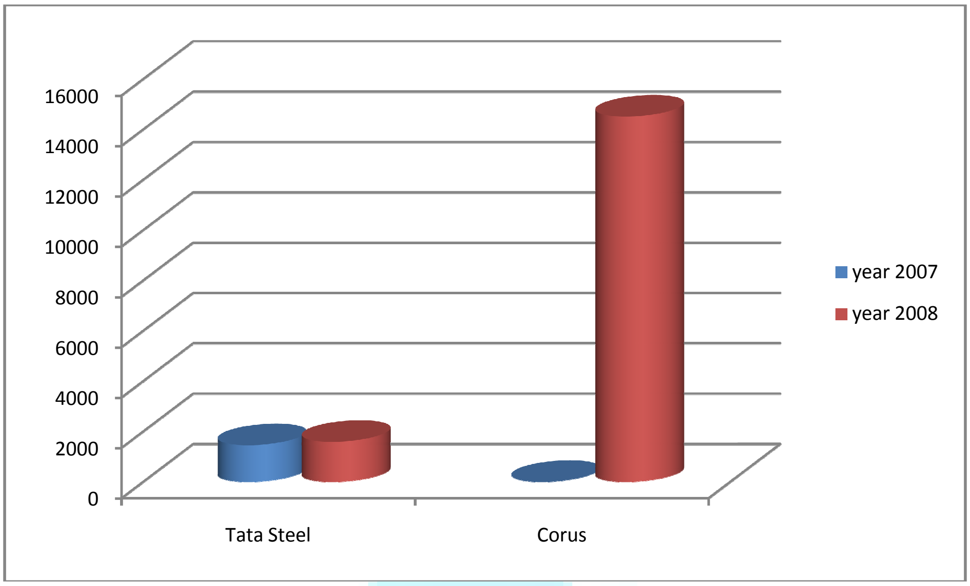
Particulars	Corus		Change
	2008	2007	
Net Sales/Income	100218	-	100218
Purchase of Finished and semi-finished products	18411	-	18411
Raw Materials consumed	29317	-	29317
Payments to & provisions for Employees	14513	-	14513
Purchase of Power	3448	-	3448
Freight and Handling charges	4269	-	4269
Depreciation	3059	-	3059
Other Expenditures	21978	-	21978
Fixed Assets(Net Block)	24966	-	24966
Stock in Trade	17447	-	17447
Sundry Debtors	16951	-	16951
Cash & Bank Balances	3174	-	3174
Loans	31836	-	3186
Interest(Net)	2760	-	2760

GRAPH REPRESENTING NET SALES /INCOME

Figures in Crores



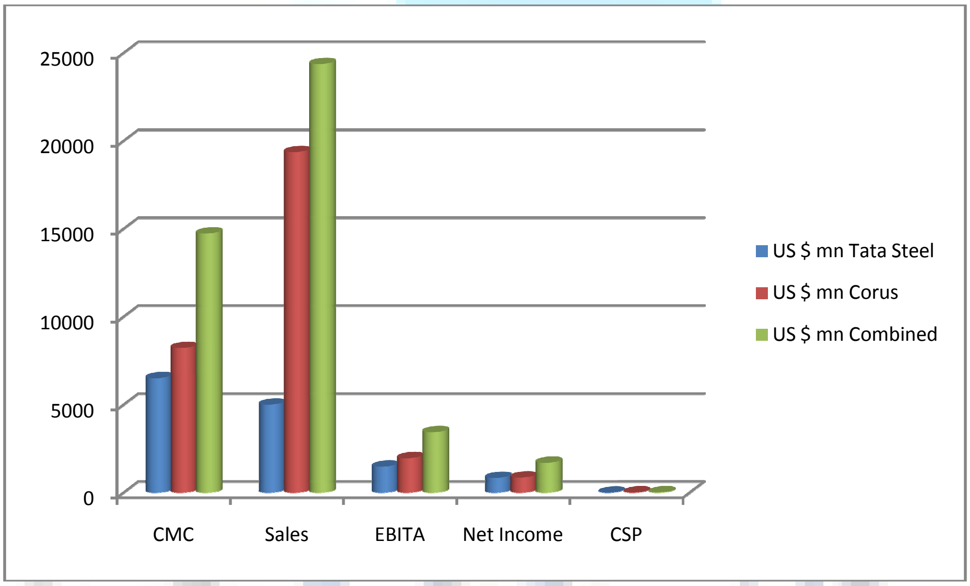
GRAPH REPRESENTING PAYMENTS TO AND PROVISIONS FOR EMPLOYEES



FINANCIAL STATUS PRE AND POST M&A

Particulars	Tata Steel	Corus	Combined
Current market capitalization	6,510	8,227	14737
Sales	5,007	19,367	24,374
EBITA	1,480	1,962	3,442
Net Income	840	861	1,701
Crude Steel Production	5.3	18.2	23.5

GRAPHICAL REPRESENTATION



POST ACQUISITION ISSUES

Tata Steel's acquisition of Corus was not without controversy. There were substantial Issues raised during and after the acquisition that require a more comprehensive discussion, especially in light of the turn of events witnessed in the two years following the acquisition. The Current industry woes (in December 2008 global steel production declined by 23.4%) are seen by some experts as an opportunity for expansion and strengthening of the industry in India (Anonymous, 2008, October 7 *Indiaserver.com*).

ANALYSIS IF TATA STEEL OVERPAID FOR ACQUIRING CORUS

There could different viewpoints that are presented in the case. Most financial Analysts familiar with the acquisition felt that Tata Steel overpaid for Corus and acquired significant debt along the way. They felt that there were too many "ifs" along the way for this acquisition to be successful in the long run. Tata's initial offer of $8 billion at 455 pence per share ended with a final offer of $12 billion at 608 pence per share. Tata Steel also picked up the responsibility of ensuring that the pension funds of over 47,000 Corus's employees were adequately funded. The opposing view is that of Tata Steel's executives, who felt that they paid a fair price for acquiring Corus Steel. Through this acquisition, they added 19 million tons of production capacity vaulting the new entity to become the fifth largest steel maker in the world. According to Ratan Tata, starting a Greenfield venture in Europe and building a strong brand name would have been more expensive that the current Corus production cost of $710 per ton. Tata Sons, the holding company was going to infuse $4.1 billion in capital through a mixture of debt and equity. Tata Steel's executives always felt that Corus's cash flows were more than sufficient to meet the Journal of Case Research in Business and Economics Tata Steel's Acquisition, Page 16 debt incurred due to the acquisition and that due to synergies and cost savings they would be able to realize a savings of $350 million. The real answer as to whether Tata Steel overpaid for Corus may lie in the long-term value of the merger to Tata. Having been unable to predict the global drop in demand for steel that began shortly following the merger, Tata has since found itself facing questions of survival that center around issues of viabilities of economies and international competitiveness. It could be argued that the merger with Corus, which resulted in a marked boost in the company's revenues, has contributed to the long-term viability of the firm. It resulted in bolstering Tata Steel's reputation, putting the company on the Fortune 500 list, and increasing the likelihood that Tata will be able to sustain itself during the economic downturn.

FINDING THE VIABILITY OF TATA STEEL'S ACQUISITION OF CORUS IN THE LONG-TERM

There are many points that support the viability of this acquisition in the long-term. First, the acquisition was part of a well thought and articulated strategy; Ratan Tata had emphasized the need to go global for all companies that were part of the Tata Group. Tata Steel was one of the lowest cost steel producers in the world and had access to abundant supplies of iron-ore. Tata Steel was seeking access to well established European markets. Corus Steel was a well established brand name in Europe but was not cost-effective in its operations.

Having acquired NatSteel and Millennium Steel, the Corus acquisition was part of Tata Steel's long-term strategy to achieve a global presence to service global buyers in multiple locations .Second, the proposed long term synergies involve the low cost resources of Tata Steel combined with the high-tech research aspects of Corus. The potential cross-fertilization of research and development capabilities with transfer of technology and best practices from Europe will help Tata Steel operations. The access to low cost raw materials and exposure to high growth in emerging markets should have combined with price stability in developed markets. The acquisition will position the combined group as the fifth largest steel company in the world by production output and will provide a meaningful presence in both Europe, where Corus is a well-established brand name, and Asia, where Tata is a well-established brand name. Tata Steel quickly formed teams to work on synergies in areas of manufacturing, procurement, logistics, marketing, iron and steel making. The fifteen to eighteen teams consist of 3-4 members from both companies. Each team worked on realizing potential synergies by sharing know-how, adopting best practices, and information to develop efficient practices to aid cost reduction. Third, Tata Steel paid attention to the cross cultural issues that had led to less than successful mergers previously. Tata Group had learned from their overseas acquisition experiences the importance of managing cultural issues to enhance trust between the European and Indian sides. The teams formed to work on synergies should avoid potential cultural difficulties that could emerge from the dynamics of cross-border integration. Many of the Corus top managers have been retained to work with integration issues. Effective in May, Tata Steel appointed four key executives of Corus to its board of directors. One indicator contrary to long-term viability is the encumbrance of Corus's pension fund which Tata Steel had to assume during the merger. That financial obligation may prove to be corrosive as equity markets continue to decline.

EMERGING TRENDS IN THE WORLDWIDE STEEL INDUSTRY AND EFFECTS ON TATA STEEL'S BID FOR CORUS

Worldwide demand for steel continued to increase and steel prices were on an upward trend from 2004 to 2007. Production costs depended on having access to power and raw material and on manufacturing technology. Steel companies increasingly had to decide whether to be an acquirer or an acquisition target. The latest rounds of mergers and acquisition activity were expected to eventually result in a handful of worldwide global giants in the steel industry. The key consolidation in the two years prior to the Tata/Corus merger was Mittal's merger with Arcelor to create the largest steel company in the world. Major Russian steelmakers Evraz Group and Severstal and Swedish steelmaker SSAB made acquisitions in North America and elsewhere and were pursuing more. Pressure on Tata Steel to maintain a competitive major global presence and extend its influence in new and growing markets in view of increasing consolidation in the steel industry necessitated the merger.

CROSS-CULTURAL ISSUES CONCERNING TATA STEEL ACQUISITION OF CORUS

Tata Steel approached the Corus acquisition with full awareness of the concerns that might arise due to cultural and racial obstacles caused by British employees resentful of having managers from a former British colony. There was also considerable concern among the

European employees that Tata Steel would move production away from the UK to lower cost Indian markets. Tata Steel addressed these issues by allowing existing management to continue and by setting aside any more comprehensive restructuring for a later date. The top management teams were assigned the specific tasks of working with integration issues and building trust. It is difficult to say that these issues were adequately addressed, especially since much of the resentment created by the merger stemmed from deep-seated animosities toward a country with former colonial attachments to the UK and ownership by new management of different racial and ethnic orientations. The psychic distance between the UK and India is much greater than that perceived to exist between UK and the Netherlands. Thus, the issues raised over the earlier merger were not as virulent.

IMPACT OF CORUS ACQUISITION ON INDIAN CORPORATE MORALE

Judging from the reaction of the popular press in India, Tata Steel's acquisition of Corus was hailed as a bold and visionary move. Many Indian business men and women considered this acquisition as symbolic of India's growing ascendancy in the international business arena. The fact that India was once a British colony seems to have given this acquisition a different flavor the colonizer is now being acquired by the colony! This acquisition did a lot to bolster the confidence levels of not only reputed larger sized Indian firms like Wipro and Infosys to seek overseas targets; it spawned a whole new breed of entrepreneurs who are ready to engage in takeovers of firms in emerging economies like Kazakhstan and other central Asian countries.

CONCLUSION

Mergers and Acquisitions have become a vital part of the Indian Economy which has increased in number over the past two decades. The major factor leading to mergers and Acquisitions of companies is the combination of production capacity as increasing market share besides the reasons like: Synergistic operating economies, diversification, taxation, growth etc. Mergers and Acquisitions have contributed strategically in the restructuring of the companies. M&A in India concentrates on Growth, Expansion, Qualitative Human Resource, Strong Brand presence, Global identity and Leadership. Globally Mergers and Acquisitions have become a major way of Corporate Restructuring and the manufacturing Industry has also experienced Merger waves leading to the emergence of very large companies. The key driving feature for M&A activity is severe competition among firms of the same industry which puts focus on Economies of scale, cost efficiency and profitability. M & A has a tremendous effect both positive and negative on the employees of the organization. With M & A the organization might provide for situations that may be favorable or may be potentially dangerous that employees keep on anticipating. It could be viewed in terms of employee productivity, morale. Customer relationships and ultimately the companies bottom-line.

The Mergers and Acquisitions are mostly Horizontal & Vertical in India. The study of Tata Steel Acquisition of Corus is an excellent example of an effective Restructuring in the Indian scenario. Here various important aspects of the Tata Corus acquisition deal have been put forth and analyzed.

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