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The Effect of Mergers and Acquisition on a Firm's Competitive Advantage: A Case of Hewlett-Packard East Africa

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Abstract: The main objective of this study was to establish the effect of Mergers and Acquisition (M&A) on a firm's competitive advantage in the IT industry. A descriptive research approach was adopted with a target population comprising of all employees atHewlett Packard Company (HP) in Nairobi, Kenya.Horizontal mergers were found to be the most common types of mergers. These mergers weremainly driven by external economies of scale, market power, combined complimentary resources and customer service quality. The findings also established that the major elements of competitive advantage were volume of transactions and markets share. External economies of scale, market power and combined complimentary resources contributed positively to competitive advantage while surplus funds and idle resources did not drive competitive advantage. Based on the study,researchers recommended that decisions on M&A should be based on first understanding which facets of the business will be driven by the M&A in order to derive a competitive advantage. In addition, there is need for companies to do progress evaluation of the M&A specifically to review its impact on competitive advantage.

Keywords: *Mergers & acquisitions, Competitive advantage, Economies of scale, Horizontal mergers, Market power.*

I. Introduction

Merger and acquisition activities have increased drastically over the last two decades (Hijzen, Gorg, & Manchin, 2008). This trend continues to be a highly popular form of corporate development with the development of globalization. The main reason for this wave is seen in the fact that mergers or acquisitions can help companies to improve their capabilities within a relatively short period of time(Lynch & Lind, 2006).Numerous studies have examined the effect of M&A on competitive advantage yielding different results. While some researchers found that M&A might directly alter the state of competition in the IT industry (Payer, 2005) others such as Mullin et al. (1995) noted that there may be negative effect of a M&A's not only on competition but also on customers.

Mergers and Acquisitions can be classified into three major categories; horizontal, vertical and conglomerate (Brealey & Myers, 2004). A horizontal merger is the combination of two corporations in similar lines of business or between two competitors. The main aim of merging and acquiring similar business is to obtain synergy between the two business units (Brealey & Myers, 2004). Vertical mergers on the other hand, involve two firms in different stages of value chain. An example of vertical merger is when a company decides to acquire a supplier or distributor. The reason for a vertical merger is normally in a bid to gain full control of the value chain, and to overcome the access bottleneck. The other form of merger is the conglomerate merger which involves unrelated types of business(Weston, 2001). This is a type of merger which aims at broadening the firm's product lines or portfolio.

Competitive advantage can be explained as the resources and features of a company that helps it to do better than their competitors (Chaharbaghi & Lynch, 1999; Sharp, 1991). Uniqueness helps an organization in gaining a competitive edge and this can be reinforced by looking at the crucial success factors of that organization in the industry in which it exists. Mergers and Acquisitions are used to improve a company's competitiveness and gain competitive advantage over other firms through gaining greater market share, broadening the firm's product portfolio to reduce

business risk, expanding the customer base by entering new markets and geographical regions and capitalizing on economies of scale (Saboo & Gopi, 2009). Mergers and Acquisitions agreement is taken not necessarily because of lack of corporate strength, but an avenue to create synergy.

The potential economic benefits of M&A are changes that increase value which would not have been achieved in the absence of a change in control (Pazarskis, Vogiatzogloy, Christodoulou, & Drogalas, 2006). These changes in control are potentially most valuable when they lead in the redeployment of assets, providing new operating plans and business strategies. The motives behind mergers and acquisitions are to achieve economies of scale, increase market power, benefit from the combined complementary resources, make use of surplus funds and idle resources and increase customer service quality. This is largely the reason why merger and acquisition are perceived as effective methods of improving firm's competitive advantage. The competitive advantage indicators include product portfolios, sales and revenue, volume of transactions, as well as market share.

A vast majority of studies to establish the effect of M&A have focused on observations and cases from the developed world with little emphasis on developing countries within Africa. In addition, most of the research work done on M&A has been more concerned with its effect on value of the firm, financial performance of the firm, and profitability. Very few scholars have actually looked into the effect of M&A on competitive advantage of a firm. Mergers and Acquisition are strategic decisions taken for maximization of the firm's growth by enhancing their production and marketing operations. Mergers are majorly used to gain strength, grow the customer base, reduce competition or enter into new product segments or new market. M&A has increasingly become the most widely used strategy for a firm which seeks to establish a competitive advantage over its rivals.

This research sought to fill this gap by examining effect of Mergers and Acquisition on a firm's competitive advantage,a case study of HP in Kenya.

II. Theoretical Framework

2.1 Oligopolistic Theory

Knickerkier (2006) proposed that oligopolistic reaction is "a corporate behavior by which rival firms in an industry composed of a few large firms counter one another's moves by similar moves themselves". In a behavioral reaction in M&A, merging of two firms causes other firms in the industry to react by merging in turn (Cantwell, 1992), regardless of whether the shareholders will gain or lose as a result. Unfortunately, most often than not such reactional mergers are done without due diligence. This behavior of oligopolistic reaction normally causes a chain of mergers to take place, and therefore can then help explaining the empirical evidence that seem to show that mergers happen in waves. In the case of information technology firms in Kenya, various industry players are engaging in mergers and acquisition in a bid to gain competitive advantage.

2.2 The Agency Theory

Agency theory is directed at the universal agency relationship, in which one party (the principal) delegates work to another (the agent), who performs that work (Eisenhardt, 1989). Agency theory attempts to describe this relationship using the metaphor of a contract." Based on this theory, two difficulties are likely to be faced in merging of two companies. First challenge occurs when there is a goal conflict between the principals and the agents and it is problematic or costly for the principals to verify the agents' actions. The second problem, risk sharing, occurs when both parties have different preferences towards taking risks.A more current review of the agency theory by Shapiro (2005) typically focuses on the relationship between owners and managers and include the following aspects: one that principals must ensure that the selected agents act on their behalf. However, this cannot be presumed, because managers act opportunistically. To solve this conflict of interest and the information asymmetry between both parties; the principal has several possibilities to monitor the agents' behavior such as boards of directors, auditors and supervisors. Additionally, the principals compensate the agents in terms of a "behavior-oriented contract" (salary) or an "outcome-oriented contract", which includes "commissions, bonuses, piece rates, equity ownership, stock options (and) profit sharing".

The theory's benefit its applicability in different areas of research. One of these areas is mergers and acquisitions, in which it is in general assumed that "resistance to takeover bids is not in the stockholder's interest, but it

may be in the interest of managers because they can lose their jobs during a takeover" (Eisenhardt, 1989). Other authors like Carpenter et al. (Carpenter, Davison, Devers, Haleblian, & McNamara, 2009) support this line of thinking and use the presented outline of the agency theory in a current M&A research model and mention that a majority of M&A researches operate "explicitly or implicitly" on this basis. It is used in the description of the market for corporate control: If companies are managed by ineffective agents, this will be reflected in the company's share price that will be lower in relation to a company that is managed by effective managers. These ineffective managed companies are described to be the target of takeovers, because of the expected possible gains for the acquirer. Therefore, "acquisitions may be value enhancing when they are used to discipline ineffective managers". Besides the possibility to draw agency cost related conclusions from share prices, the topic can also be approached on the basis of the free cash flow perspective.

2.3Free Cash Flow Theory

The theory as proposed by Easterbrook (1999) stated that diverting free cash flow from shareholders allows managers to avoid having to use capital markets when in need of new capital; which implies that it allows manager to avoid the monitoring associated with new equity issues (Easterbrook, 1999). Moreover, by diverting free cash flow, managers can increase the size of the company, thereby enhancing their power and their earning ability and reducing take-over risk which is a survival strategy. This according to Jensen (2006) can be described as a conflict of interest related to the distribution of free cash flow between managers and the shareholders. One way managers can divert free cash flows from dividends is by issuing debt and thus binding themselves to pay out future cash. This free cash theory prompts the need to improve competitive advantage of firms through mergers and acquisitions as a survival strategy which brings about improved financial performance.

III. Empirical Review

Most studies of Merger and Acquisition have happened in developed world where the strategy is common for the survival of firms in different circumstances. The empirical case study by Jin et al. (2004) examined the effect mergers and acquisitions had on the operational aspects of the publicly traded firms in China. They used changes in revenue, profit margin, return on assets and the total asset turnover ratio before and after the mergers and acquisitions as proxies for firm performance and conducted tests to determine whether mergers and acquisitions resulted in significant changes. Their study showed that there were significant improvements in total revenue, profit margin and return on assets following mergers and acquisitions but there was no evidence of any significant effect on asset turnover ratio. They also found evidence of significant market anticipation and over reaction to the mergers and acquisitions announcements.

Similarly, Pazarskis et al. (2006) examined empirically the effect of mergers and acquisitions on the operating performance of Mergers & Acquisitions involved firms in Greece. Using financial, accounting and confidential questionnaire response data, the post-acquisition performance of fifty Greek companies listed on the Athens Stock Exchange that executed at least one merger or acquisition in the period from 1998 to 2002 is evaluated on the basis of certain non-financial characteristics and financial characteristics (a set of seven selected financial sectors). The study showed strong evidence that the profitability of a firm that performed M &A is decreased due to the merger/acquisition event.

On the same breath, Saboo and Gopi (2009) investigated the effect of mergers on the operating performance of acquiring firms by examining some pre-merger and post-merger financial ratios of these firms and determined the differences in pre-merger and post-merger financial ratio of the firms that went for domestic acquisitions and firms that opted for international/cross-border acquisitions. The results suggest that there are variations in terms of effect on performance following mergers, depending on the type of firm acquired-domestic or cross border.

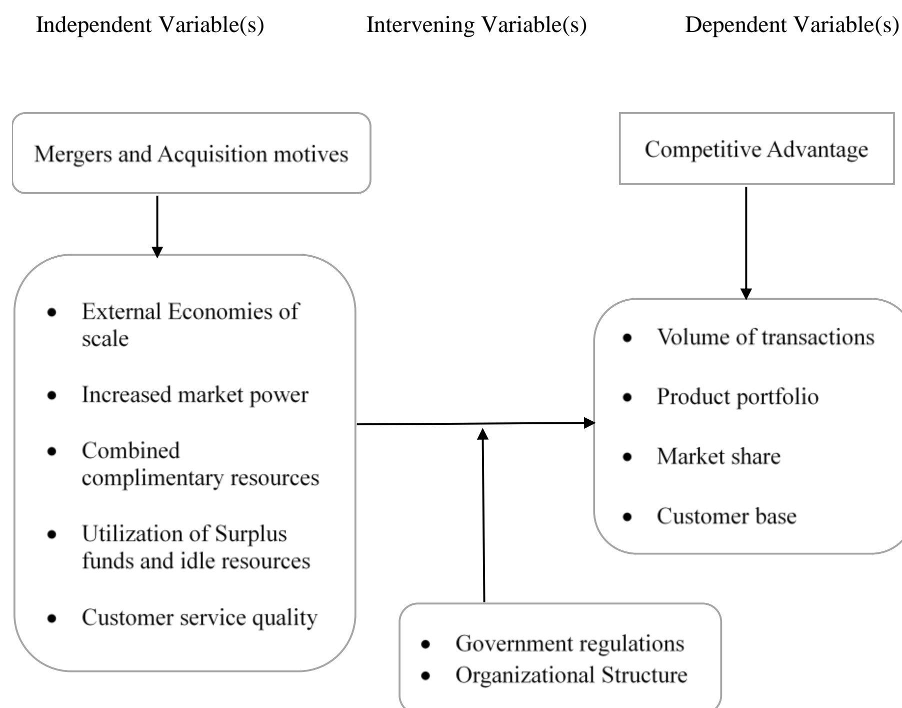
The main finding shows that merger have had a positive effect on key financial ratios of firms acquiring domestic firms while a slightly negative effect on the firms acquiring cross-border firms. Mantravadi and Reddy (2008) evaluated the effect of mergers on the operating performance of acquiring corporate in different industries, by examining some pre-merger and post-merger financial ratios, with the sample of firms chosen as all mergers involving public limited and traded companies in India between 1991 and 2003. The results suggest that there are minor variations in terms of effect on operating performance following mergers, in different industries in India. Specifically, mergers seem to have had a slightly positive effect on profitability of firms in the banking and finance industry; the pharmaceuticals, textiles and electrical equipment sectors saw a marginal negative effect on operating performance in

terms of profitability and returns on investment. For the chemicals and Agri-products sectors, mergers had caused significant decline both in terms of profitability margins and returns on investment and assets.

Selvam et al. (2009) conducted a study on the effect of mergers on the corporate performance of acquirer and target companies in India. A sample of companies which underwent merger in the same industry during the period of 2002-2005 listed on the Bombay Stock Exchange. The study focused on comparing the liquidity performance of the thirteen sample acquirer and target companies before and after the period of mergers by using ratio analysis and t-test. It was found out that the shareholders of the acquirer companies increased their liquidity performance after the merger event. Ullah et al. (2010) examined whether merger delivers value, taking the case of Glaxo Smith/cline Merger. They analyzed the pre and post-merger performance of the firm by applying the net present value approach of valuation. The study found that mega pharmaceutical merger hasn't delivered value. The stock prices underperform both in absolute and relative terms against the index. The merger resulted into substantial research and development reduction and downsizing instead of a potential employment haven.

Ismail et al. (2010), conducted a study to explore improvements in the corporate performance of firms involved in merger and acquisition. Using a sample of Egyptian companies in the period from 1996 to 2005 in the construction and technology sectors, their results show that merger and acquisition in the construction sector has contributed in improving the profitability of firms while in the technology sector, no improvements were discovered. For both sectors, M & As did not improve efficiency, liquidity, solvency and cash flow positions. Mishra and Chandra (2010), assessed the effect of merger and acquisition on the financial performance of Indian pharmaceutical companies over the period from 2000 – 01 to 2007 – 08. By applying panel data estimation techniques, they found that the profitability of a firm depends directly on its size, selling efforts and exports and imports intensities but inversely on their market share and demand for the products. Their empirical findings suggest that M & A does not have any significant effect on profitability of the firms in the long run possibly due to the resultant X-inefficiency and entry of new firms into the market.

IV. Conceptual Framework



As seen in the conceptual framework, there are certain mergers and acquisition factors that influence the competitive advantage of HP in Kenya. These factors include but are not limited to external economies of scale, Increased market power, combined complimentary resources, surplus finds or idle resources and customer service quality. The competitive advantage indicators are volume of transactions, product portfolio, market share and customer base. The Government regulations and organizational structure are the moderating variables. The independent variable was Merger and Acquisition and the dependent variable was the firms' competitive advantage.

V. Research Methods

5.1 Research Design

The study adopted a descriptive research design, with a case study based on HP's M&A. The purpose of the case study was to understand situations by obtaining in-depth details or information and not generalized. The case study was used to analyse and define the variables with a purpose to understand situations by obtaining in-depth details or information and but not with intention to generalize. Based on the research setting, the population for this study was made up of the 56 HP employees in Kenya. HP was selected because of the numerous acquisitions it has made in the past few years and it dominates the market in terms of market share and worldwide service. Thus it possessed the best characteristics to provide adequate and valuable data for study.

Table 1: HP Employees

Role	Number of Employees
Receptionist (Outsourced)	1
Managing Director PA (Outsourced)	1
Human Resource	2
Finance Team	3
GRA(Outsourced)	1
Office Assistant	2
Sales Team	38
Engineers	8
Total	56

5.2Data Collection and Analysis

This study used census approach. As explained by Harding (2006), it entails collecting data from every member of the population if the population is very small or it is rational to include the entire population.In order to establish the effects of Merger and Acquisitions on the Competitive advantage of HP in Kenya self-administered drop and pick questionnaires were distributed to 56 HP employees. Data collection through questionnaires enabled the researcher an opportunity to gather extensive data on research variables, namely the effect that mergers and acquisitions have on the competitive advantage of a firm. These questionnaires were distributed to the respondents through direct administration to the sales people.

For analysis of closed-ended questions, SPSS version 20.0 was used. Data was analyzed by using descriptive statistics. Descriptive statistics was highly used in reporting different portions in the various questions. Frequency tables, pie charts and bar graphs were used to present the findings. SPSS was selected because of its ability to cover an extensive array of the most used statistical data analysis technique.

VI. Results

Out of the 56 HP employees targeted in the study, 51 participants,(62.7% male; 37.3% werefemale) responded to the questionnaires. Most of the employees had worked for 1-5 years (54.9%), 35.3% had worked for 6-10years and 7.8% had worked for 11-15years. Most of the employees were in middle level management (47.1%), while 45.1% and 5.9% were in the low level and senior levels respectively. According to the findings 100% of the participants reportedly agreed to HP having conducted M&A with an objective of creating external economies of scale, increasing market power and creating combined complimentary resources.

4.1 Indicators of Mergers and Acquisitions

Indicators of competitive advantage namely product portfolio, volume of transactions, customer base and market share were assessed. From the results, product portfolio and customer base had the least influence on competitive advantage. Respondents were asked if they thought product portfolio had any effect on the company's competitive advantage. In response, 31.4% said that there was a great effect, 41.2% said product portfolio had low effect while 5.9% said it had no effect. These findings therefore indicate that product portfolio is no a major contributor to

competitive advantage according to HP employees. Thus, product portfolio is not very critical of Competitive advantage.

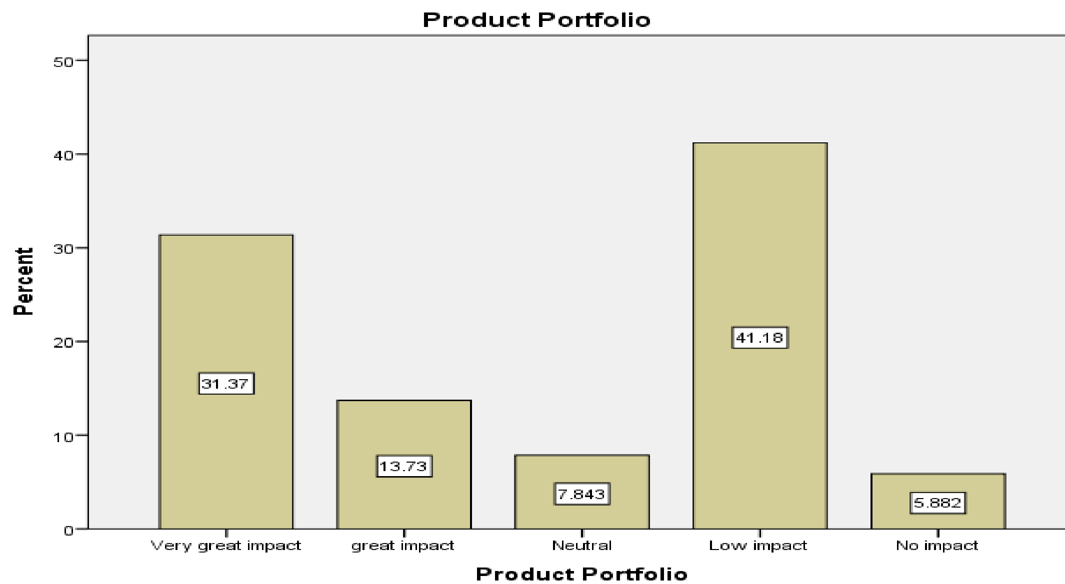


Figure 1: Product Portfolio as a measure of competitive Advantage

Similarly, on customer base as in indicator of competitive advantage, 23.5% reported that it to have had "very great effect". 25.5% reported "great effect", 9.8 % were not sure and 39.2% reported "low effect" and 2% reported "no effect". The findings therefore indicate that customer base has a low effect on competitive advantage according to responses from HP. Thus not a very critical element of Competitive advantage.

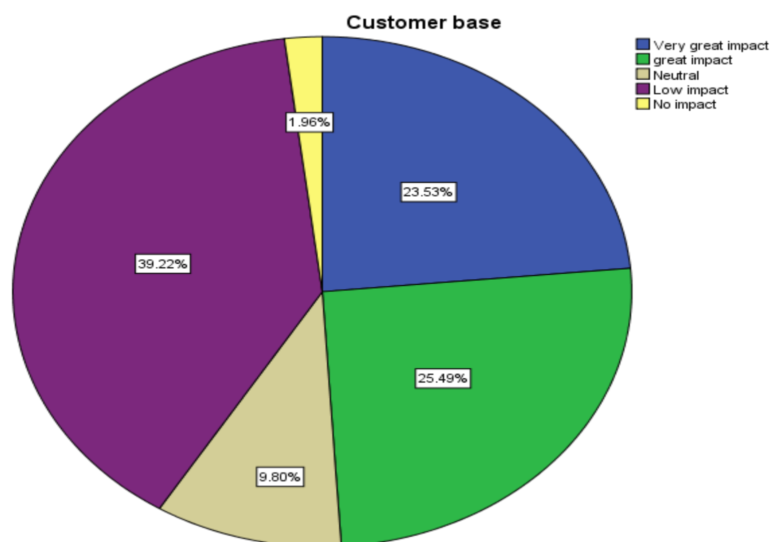


Figure 2: Customer base as a measure of competitive advantage.

On the other hand, indicators of volume of transaction and market share were considered to have more impact on firm's competitiveness. According to the findings, on volume of transactions as in indicator of competitive advantage, 7.8% reported very great effect (37.3%) reported great effect, 19.6% reported neutral, 29.4% reported low effect and 5.9% said volume of transactions had no effect on competitive advantage. The findings therefore indicate that Volume of transactions has positive effect on competitive advantage according to responses from HP. Thus, Volume of transaction is a critical element of Competitive advantage.

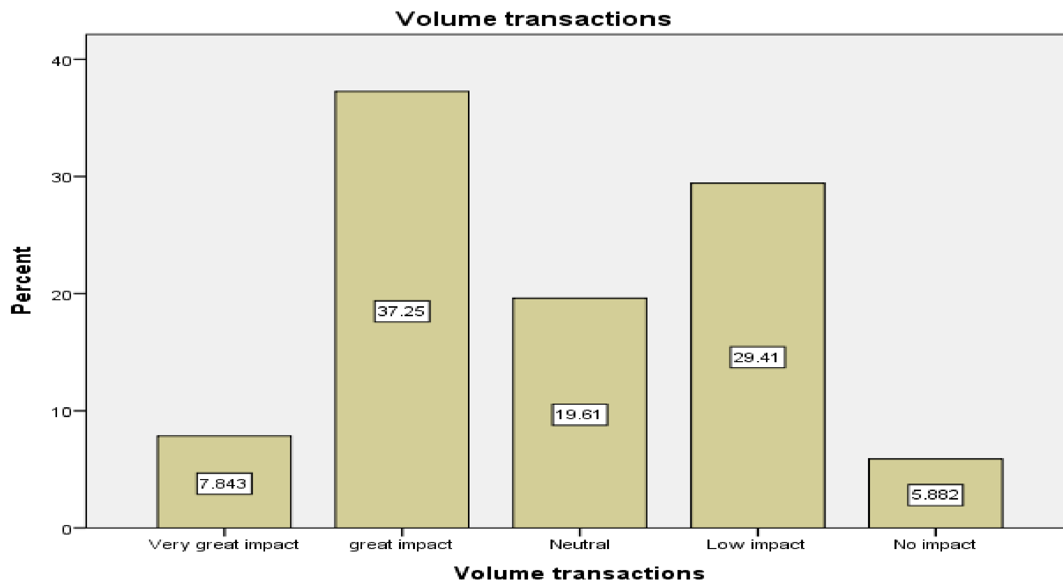


Figure 3: Volume transactions as a measure of competitive advantage

According to the findings, on market share as in indicator of competitive advantage, 33.3% of the participants agreed to market share having a "very great effect" on the firm's competitive advantage. 15.7% felt that it had a "great effect", 31.4% felt there was a low effect while 19.6% felt there was no effect at all.The findings therefore indicate that market share has a great on competitive advantage according to responses from HP. Thus market share is a critical element of Competitive advantage.

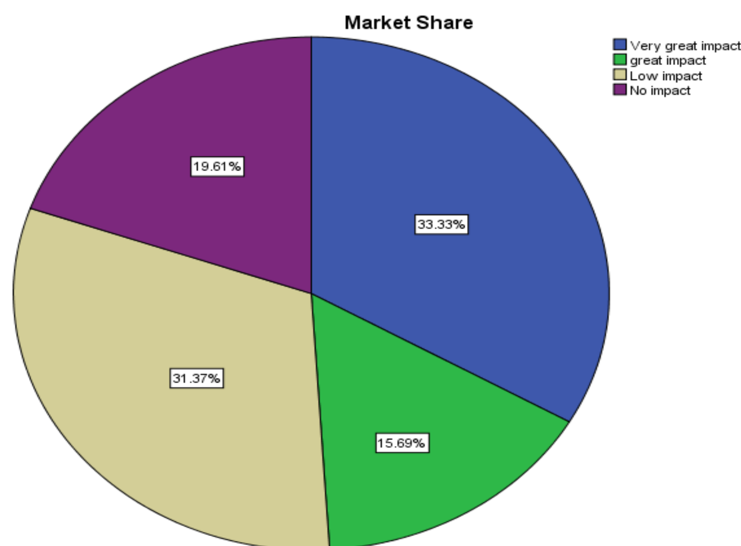


Figure 4: Market share as a measure of competitive advantage

4.2 Effect of M&A on competitive advantage

The effect of mergers and acquisition on competitive advantage of a firm was analyzed using the different motives which were external economies of scale, market power, combined complimentary resources, utilization of surplus funds/idle resources, and customer service quality. The first motive is external economies of scale contribution to competitive advantage at HP. According to the findings, 13.7% of the participants felt that external economies of scale as a variable of M&A had a very great impact effect on competitive advantage. 9.8% felt the there was a great impact, 33.3% were not sure, 39.2% felt there was a low impact while 3.9% felt it had no impact at all. This result confirmed thatexternal economies of scale as a variable of mergers and acquisition had a low effect on HP's competitive advantage.

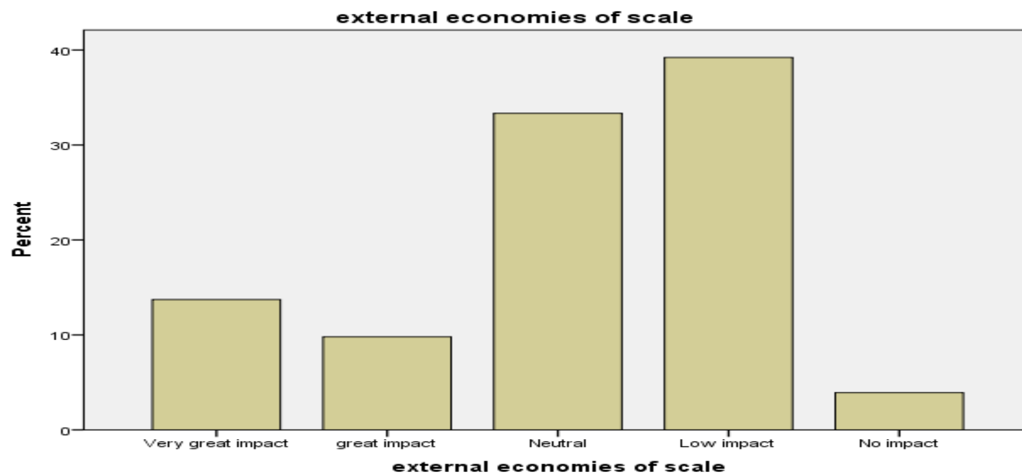


Figure 5:Externaleconomies of scale and competitive advantage)

The second motive that was analyzed was the use of surplus funds and idle resources to bring about competitive advantage at HP. According to the findings, 17.6% of the participants felt that surplus finds and idle resources as a variable of mergers and acquisition had a very great effect on Competitive advantage, 23.5% felt that there was a "great effect". 25.5% were not sure, 11.8% felt there was a low effect and 21.6 % felt there was no effect at all. Based on the responses, the findings indicate that surplus funds and idle resources as a variable of mergers and acquisition had a neutral effect on competitive advantage. Hence, surplus funds and idle resources achieved form the mergers and acquisition was not a major contributor to HP's competitive advantage, it had a neutral effect.

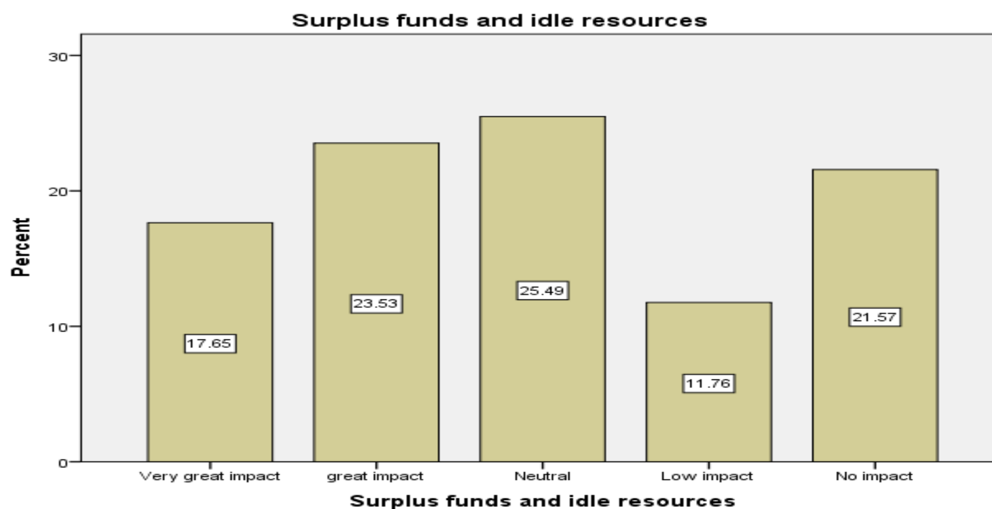


Figure 6: Surplus funds and idle resourcesand competitive advantage

Athird motive, increased customer service quality on competitive advantage was assessed.According to the findings, 29.4% felt that Customer service quality as a variable of Mergers and Acquisition had a "very great" on HP's competitive advantage, 19.6% of the participants felt there was a "great effect", 21.6% were not sure, 13.7% felt there was "low effect" and 15.7% felt there was no effect at all. Therefore, customer service quality as a variable of Mergers and acquisition had a positive effect on competitive advantage according to responses from HP. Thus customer service quality achieved from the mergers and acquisition gave HP competitive advantage.

Figure 7: Customer service quality and competitive advantage

The fourth motive is effect of combined complementary resources on competitive advantage at HP. According to the findings, 29.4% of the participants reported that combined complimentary resources as a variable of M&A to have had a very great effect towards HP's Competitive advantage, 27.5% felt it had a "great effect", 15.7% were not sure, and 19.6% felt there was low effect while 7.8% felt no effect at all. Thus combined complimentary resources achieved form the mergers and acquisition gave HP competitive advantage.

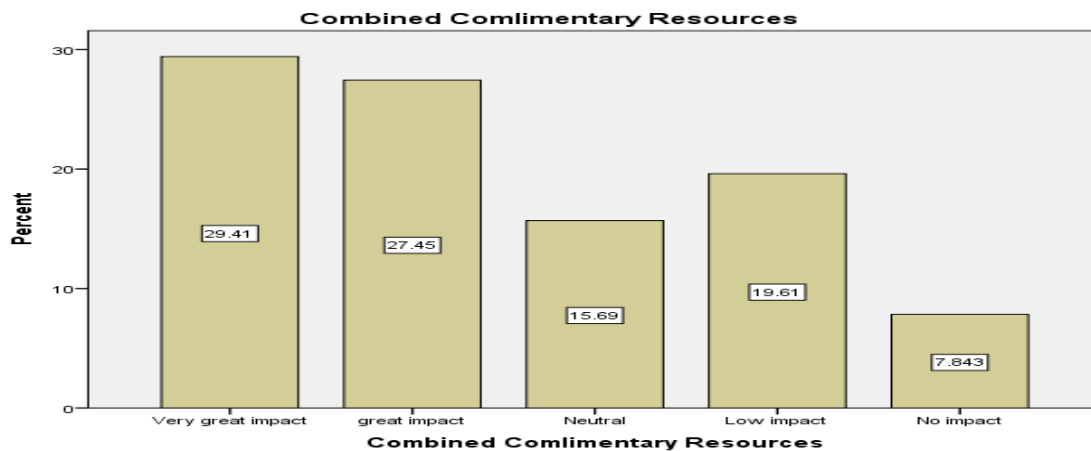


Figure 8: Combined complimentary resources and competitive advantage

The fifth motive assessed was increased market power on competitive advantage at HP. According to the findings, 29.4% of the participants reported that combined complimentary resources as a variable of M&A to have had a very great effect towards HP's Competitive advantage, 27.5% felt it had a "great effect", 15.7% were not sure, and 19.6% felt there was low effect while 7.8% felt no effect at all. Therefore, market power achieved from the mergers and acquisition gave HP competitive advantage.

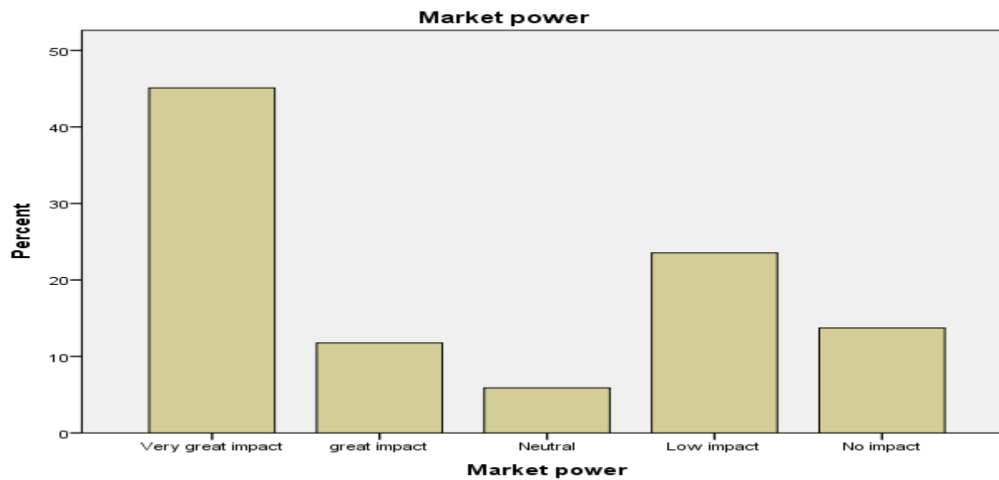


Figure 9: Market power and competitive advantage

VII. Discussion

The major concern of horizontal mergers is creation of monopolies which leads to higher concentration thus higher market power (Motta, 2004). The study sought to establish the motives of mergers and acquisitions. According to the findings 100% of the participants reportedly agreed to HP having conducted M&A with an aim of creating external economies of scale, increase market power and create combined complimentary resources.

According to the findings, on product portfolio as a critical element of competitive advantage, findings indicated that product portfolio is not a critical element of competitive advantage at HP.With reviewof the Bloomberg News (2009), most of the acquisitions done by HP was with an aim of strengthening their product positioning, not necessarily the portfolio. In addition, customer base was found to have a low effect on competitive advantage and therefore not a critical element of competitive advantage. In regards to volume of transactions, this element was found to have a positive effect on competitive advantage and is therefore a critical element of competitive advantage. Moreover, market share was also found to be a strong indicator of competitive advantage. As per Fortune News (2015), most of the merger and acquisition were done with an aim to increase market share and volume of transactions.

External economies of scale did not give HP a competitive edge over its competition. The extent to which companies benefit from scale economies after the merger depends on the extent of integration of the merging firms. In order to maximize the benefits from scale economies, the merging firms should be combined and managed as if it is one single entity. On the other extreme, when the merged firms continue to operate in the same way after the merger as they did before, scale and scope economies will not be fully exploited (Harmelen, 2012) Some companies may also not realize competitive advantage due to economies of scale especially when they are not able to manage costs that come with mergers; for instance, it may be difficult to lay off excess personnel, because this will result in bad publicity that harms the firm or because due to legislative restrictions (Resti, 1998). As a result, the firm cannot reduce the amount of financial resources spent on personnel as they would perhaps like and the best the firm can do is to re-assign existing employees in the most profitable way. Besides, whenreorganization following the merger results in reduction of personnel, when they leave the firm, so will their know-how, skills and experience (Delens, 2005). The dismissals lead to a reduction of costs in the short-run, but the shortage of experienced workers might decrease the cost-efficiency of the firm in the long-run thus preventing the company from enjoying economies of scale. This finding is consistent with Farell and Shapiro (2000) who challenged the economies of scale argument within the topic of mergers and acquisition suggesting that there are relatively few horizontal mergers that have led to economies of scale. They claim that economies of scale often realized by internal expansions, and may not require a merger.

According to the findings, utilization of surplus funds and idle resources was not a motivator of HP to do mergers and acquisition. The Free cash flow theory as suggested by Easterbrook, (1999) that diverting free cash flow from shareholders allows managers to avoid having to use capital markets when in need of new capital; which implies that it allows managers to avoid the monitoring associated with new equity issues. One way managers can divert free cash flows from dividends is by issuing debt and thus binding themselves to pay out future cash. This free cash theory prompts the need to improve competitive advantage of firms through mergers and acquisitions as a survival strategy.

Utilization of surplus finds and idle resources can also be associated with the Agency theory whereby firms do mergers and acquisitions, in which it is in general assumed that "resistance to takeover bids is not in the stockholder's interest, but it may be in the interest of managers because they can lose their jobs during a takeover" (Eisenhardt, 1989). Carpenter et al. (2009) supported this line of thinking and use the presented outline of the agency theory in a current M&A research model and mention that a majority of M&A researches operate "explicitly or implicitly" on this basis. It is used in the description of the market for corporate control: Therefore, "acquisitions may be value enhancing when they are used to discipline ineffective managers.

Customer service quality achieved from the mergers and acquisition gave HP competitive advantage. The merged synergy improves customer quality service as the end user is served better due to specialization in product portfolio and sharing of processes. Increased skillset equals to increased knowledge of the products, faster time to delivery as the employees do not have to switch processes and innovation is encouraged as employees focus on specific parts of production process thus enabling the employees to give customer quality service and products (West, 1964). Moreover, market power achieved from the mergers and acquisition gave HP competitive advantage. In some mergers and acquisition, profits can be enhanced through higher prices and reduced competition for customers that is gained from market power. Rival firms are prompted to engage in survival strategies such as mergers and acquisition with their competitors in order to increase their market power as described in Oligopolistic theory (Knickerkier, 2006). Market power is used to force competitors to exit the market thus creating monopoly or oligopoly (Kang and Sakai, 2001).

Combined complimentary resources achieved form the mergers and acquisition gave HP competitive advantage. A major reason for merging companies is to complement a current product or service. Two firms may be able to combine their products or services to gain a competitive edge over others in the marketplace. For example, in 2008, HP bought EDS to strengthen the services side of their technology offerings (this deal was valued at about US$13.9 billion). (Mboroto, 2012). Combined complementary resources to create synergy to improve company performance and size which emanates from the merged company or acquired company. According to Lynch and Lind (2002), mergers and acquisition can help an organization to improve their capabilities within a relatively short period of time; this is achieved through combined complimentary resources. Organizations can leverage their capabilities to create synergy and efficiency in their operations from production to sales. Combined Complimentary resources are also important for increasing the size of the company which is necessary for survival of the organization in the market. The increase in size can also help an organization to get listed in the stock market (Damodaran, 2002).

VIII. Conclusion

This study assessed how specific variables of M&A affect the competitiveness of a company. In our case study, the M&A at HP seemed to be driven by several key factors but not all of them contributed positively to Competitive advantage. Those that had contributed positively included external economies of scale, market power and combined complimentary resources. However, having surplus funds and idle resources did not drive competitive advantage and hence were not motivators. It's from the foregoing that then it becomes paramount for firms to take time in understanding exactly what facets of the business will be driven by the M&A in order to derive a competitive advantage.

Although there is need for companies to merge to enhance creation of market power, combined complementary resources and partly customer service quality; companies that go through mergers and acquisition should seek to evaluate the progress and evaluate effect by getting resourceful feedback from their employees. Different organizations have unique characteristics and diverse contextual realities that might affect M&A and as such this study should be done on other Information Technology Multinational Companies in Kenya that have experienced mergers and acquisition. Such studies would bring out a comprehensive empirical results/findings on the determination of effects of mergers and acquisitions (M & A) on competitive advantage of a firm.

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