

EMPIRICAL TESTING OF ARCTIC MODEL FOR ASSESSMENT OF COMPETENCE BASED SYNERGY IN ACQUISITION PROCESS

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Abstract

Purpose: the aim of this paper is to develop and empirically test an integrative research model which would help to assess prerequisites of competence-based synergy in acquisition process.

Design/methodology/approach: What we wanted to know was how core competences should be evaluated as sources of synergy in acquisition/alliance? Having answered this question analysis we have researched the latest theoretical findings in antecedents of synergy in merger and acquisition process and empirically tested by means of illustrative case study.

Findings: Based on literature review in depth, an ARCTIC model has been developed. We have selected illustrative case study of Facebook acquisition of WhatsApp by in mid 2014 year and tested empirically developed methodology.

Research limitations/implications: Illustrative case study involved explores the competence transfer as main drivers of successful acquisition process. The author suggests further empirical testing on illustrative case studies and possible development of methodology for evaluation of all six factors.

Practical implications: Research identified four steps to investigate whether core competence transfer in an acquisition process is an important source of synergy and whether is better to acquire or ally for competence transfer. The ARCTIC model can be used effectively in evaluating core competencies as a means of synergy creation in the M&A context.

Originality/value: The authors believe that six factors of ARCTIC models allow making preliminary evaluation of core competences as sources of synergy in acquisitions and new ARCTIC model should be helpful to managers facing mergers, acquisitions and alliances, as well as to management academic specialists, studying this area.

Research paper: empirical research, testing of a model.

Keywords: synergy, core competence, value chain, M&A process, ARCTIC model.

“We have never once bought a company for the company. We buy companies for excellent people”.

Mark Zuckerberg (CEO of Facebook), at an event in 2010 at Stanford University

1. INTRODUCTION

Acquisitions remain one of the most intriguing and controversial issues in contemporary management science. The process of a new venture birth from combination of different resources and competences in acquisition is very intriguing in terms of synergy. In situation, where one or both companies change business process after acquisition, prediction of synergy and estimation of economic gains from this change has crucial important. This article looks for interdependence between synergy gain in acquisition process and core competences used in it from both sides. The aim of this paper is to develop an integrative and more holistic research model *which would help to estimate possible competence-based synergy in acquisition process*. In order to reach the aim the research question has been pondered: *how core competences should be evaluated as sources of synergy in acquisition?* Our previous study developed a theoretical framework ARCTIC which was tested empirically across a sample of twenty five cases of merger, acquisition or joint venture process were selected and analyzed (Chirjevskis and Joffe, 2007). When it comes to current paper, three main sources of information were used in this research: business study literature, news media and company reports. In the beginning of this article, we will explore in-depth sources and types of synergy and significance of core competence concept for company success before we present ARCTIC model in application of Facebook acquisition of WhatsApp.

2. LITERATURE REVIEW

2.1. SYNERGY IN ACQUISITION

Synergy effect has been named as a major motive to initiate the process of M&A. This effect is commonly described as 2+2=5 or according to Rappaport (1998) synergy increasing in competitiveness and resulting cash flows beyond what the two companies are expected to accomplish independently. Recently a valuable piece of study was provided by

Bauer and Matzler (2014) in those researches on antecedents of M&A success. Seth (1990), Homburg and Bucerius (2006), King, Slotegraaf and Kesner (2008) identified and resume in their prominent research stream in strategic management literature that the *strategic fit* as decisive for M&A success. The central argument of Cartwright and Schoenberg (2006) is that a high fit enlarges market power and productivity. Researchers Pehrsson (2006) as well as Stimpert and Duhaime (1997) using the resource based perspective operationalized the construct of fit with product market, resource, and/or supply chain-related similarity. Meyer and Altenborg (2008) argue that strategic fit is an indicator for the *synergy potential* of a transaction. According to Cartwright and Schoenberg, (2006), Bijlsma-Frankema (2001), Lodorfos and Boateng (2006), Nguyen and Kleiner (2003) one more important factor is *cultural incompatibility* or *misfit*, this is one of the most cited reasons for the low success rates of M&As. Although it seems obvious that cultural similarity fosters integration and success, there is empirical evidence that *cultural differences* have a strong positive impact on *synergy* and potential realization and, therefore, on value creation as pointed out Cartwright and Cooper (2001), Schraeder and Self (2003), Teerikangas and Very (2006).

The post merger *integration* phase is often cited to be decisive for M&A according to Haspeslagh and Jemison (1991) and Stahl and Voigt (2008). In the post merger integration phase, well-established operational sequences and patterns are partially or completely changed and, throughout the new company, harmonized as revealed by Haspeslagh and Jemison (1991) and Buono and Bowditch (2003). Therefore, this phase is due to employee resistance and a cultural clash, would be very risky. But acquisitions without any *integration*, resource redeployment and exploitation, as well as the elimination of redundant resources, are not feasible, it has been found by Homburg and Bucerius (2006); Cording. Christmann and King (2008); Karim (2006) and Pablo (1994). The study of Angwin (2004) also revealed that *speed of integration* can lead to faster exploitation of *synergies* and to faster returns on investment. What's more, Angwin (2004) and Bauer and Matzler (2014) argue that speed leads to a faster exploitation of *synergies* and *returns on investment*, reduces uncertainty among employees, minimizes time spent in a suboptimal condition, and takes advantage of the momentum in the direct aftermath of a deal. Thus, *synergies* in acquisition are a function of strategic similarity which foster internal advantages and relatedness to external settings, cultural fit, and the degree and speed of integration. In absence of one or more elements, the process will go wrong from the very beginning. What's more, Devers et al. (2013) argue that CEOs will make acquisitions when they obtain information suggesting that the combination of their firm and a target firm offers a firm-specific *synergistic opportunity* to create value by exploiting one or more common or complementary resources or capabilities.

2.2 RESOURCES, CAPABILITIES AND CORE COMPETENCES

Study of core competencies is very important in context of this article, as they are very hard to find and identify correctly, but at the same time lie at the very core of company competitiveness. Core competences are part of the resource-based theory, so definition of resources is the first step. According to Sirower and Mark (1997) all assets, capabilities, organizational processes, firm attributes, information, knowledge that enables the firm to conceive of and implement strategies that improve its effectiveness and efficiency. Roots of this theory come from Penrose (1959) whose theory of firm growth viewed organizations as bundles of resources, administered by a certain network of individuals and groups. Later studies of 1980-s and 90-s gave way to modern resource-based firm theories. Resources can be viewed by categories. For example, Capron, Dussage and Mitchel (1998) have categorized them into R&D, manufacturing, marketing, managerial and financial. Scholars Hill and Jones (2001) employ a broader view and divide them into financial, physical, individual and organizational capital attributes. Grant research (2002) proposes even easier way of categorization. Grant as a scholar (2002) views all resources as three categories. First – tangible, financial and physical assets of the company. Then intangible resources – brands, reputation, know-how and all other types of nonmaterial assets that by the author are much more important and valuable for most companies than tangible resources. At last, third category is human resources, as abilities, knowledge, experience and relationships of company employees. This resource type is hardly identifiable and cannot appear on the balance sheet, but is still crucial for the success of an enterprise. Salter and Weinhold (1979) specify a resource-based company strategy, when a firm acquires resources that create synergy effect with resources, already under the control of the acquiring firm. Scholar Arnold (2005) implies that an extraordinary resource “is one, which when combined with other resources, enables the firm to outperform competitors and create new value-generating opportunities.

Majority of the authors differ capabilities and competencies from company resources, Hill and Jones (2001) take different approach and outline “unique strengths that allow a company to achieve superior efficiency, quality, innovation or customer responsiveness”. Defining core competence is at a core of modern resource-based approach. Seminal article of Hamel and Prahalad (1990) had issued a brief definition that core competence is a central value-creating capability of an organization. For these authors “core” is used to distinguish one, that are fundamental to a company performance and competitiveness. Markides and Williamson (1993) define core competences of the company as “production function” or catalysts for efficient exploitation of strategic assets. These three characteristics are very important in usage of

competence transferability evaluation, which, in our opinion is needed for M&A activity. These authors again view core competences as managerial mechanism for transferring company resources into competitive advantage.

2.3. CORE COMPETENCE EVALUATION

Capabilities and competencies of an enterprise should be classified and valued in terms of potential benefits they can bring. Hamel and Prahalad (1990) have created a framework for establishing core competence agenda. One more evaluation model has to be mentioned, which probably is the most important one in terms of this study. This is Barney (1996) VRIO framework for resource and capability analysis. Barney evaluates each competence of a company in terms of its value, rareness, imitability and organization. According to Barney, each competence can be a source of sustained competitive advantage only if it creates value, is unique, is hard to imitate or substitute and enterprise has structure, which allows to exploit this competence. Although this model is initially used by the author for evaluation of key strengths of the company, he also outlines the potential benefits of core competence usage in M&A.

Barney's idea on VRIO framework (1991) has been triggered by publication of another theoretical model - Value Chain that is also crucial for this study. VRIO framework allows us to identify core competences that provide sustained competitive advantage. But company competitive advantages can be analyzed using the Value Chain model as well. Generic Value Chain model, in turn breaks company into collection of different activity types: primary and secondary, all of which provide some kind of value in its functioning.

A model, developed by Michael Porter (1985) is used in terms of this study. He divides all activities into primary and support. Core competences can lie in one or in mix of activities on the value chain. Overall, this framework is primary used to identify graphically to which stages and processes in the company do core competences belong. Also Porter (1985) uses his model to plan sharing activities between different SBU in the company. In this research Porter's model was selected and applied it for M&A process between two companies. There is not only one way to visualize core competence overlap in M&A process. For example, interesting contributions to the literature on technological acquisitions has been recently provided by Sears and Hoetker (2014). Firstly, authors offer a conceptually and empirically more accurate and nuanced measure of technological overlap in M&A process. Secondly, they show that target and acquirer overlap have distinct, but interrelated, impacts on the value created from each firm's technological capabilities. Although Porter's model is not originally designed for this purpose, his methodology fits very well to see, how different resources (not only technological one), capabilities and thus core competences can be combined in the process of M&A. Barney recommends searching for valuable and rare synergies in acquisitions for core competence implication. Barney (1996) states that core competence should be analyzed in terms of their ability to produce valuable and rare *synergies* and therefore bring competitive advantage to the company. The authors believe, that it is not enough to outline the core competences of merging companies, they have to be investigated and a question should always be asked, *if they work together?* In order to answer this research question and based on literature review outcomes, we have developed an ARCTIC model for core competence evaluation in M&A.

3. COMPETENCE BASED SYNERGIES TESTING IN M&A - ARCTIC MODEL

Let me to present research model first of all. The model consists of 4 stages. They used a theoretical example of company "A" acquiring company "B". *First*, all core competences of both companies are identified using the *VRIO framework* as shown in table 1 and table 2. On the *second stage*, type of acquisition is defined and future structure is drawn, using the *value chain* of Michael Porter. Then, future positions of all core competences to be transferred are shown on this structure. The *third stage* is competence transferability analysis. *ARCTIC* (A – Advantage, R – Relatedness, C – Complexity of Competence, T – Time, I – Implementation Plan, C – Culture compliance) model is developed by the authors to evaluate, if core competences can be transferred in M&A process. Use of the model is very similar to VRIO network a shown in table 3. First three factors concern potential compatibilities and similarities of core competence in new organization. Another three factors are more on implementation process. To be implemented in the new structure successfully, core competence has to satisfy all six criteria. Of course, each factor has to be explained in more detail.

Advantage – is *value* that core competence usage can bring to the company and *rareness* of this value. If the competence is useless, because it does not satisfy any important needs in the new market, then there is no rationale behind the merger.

Relatedness – ability to bring value strongly depends on relatedness *of the environment*, in which the competence will be applied. By this, the author means not external market environment, but company business as well. If the competence is valuable, but it should be implemented in a really different *perspective*, chances of success fall.

Complexity – every competence has a degree of complexity, which hinders its transfer, as to the competitors, so as to the partners. If a competence is based on some special technology, know-how, if it is highly vulnerable and developed upon a great *piece of time*, its usage gets harder.

Time – it empirically tested, that the longer integration process takes before operations start running in a normal way, the less chances of being successful the acquisition has. Time scale (or speed of integration) can be a very important factor in acquisitions where valuable core competence *takes so much time to transfer, that it becomes useless*.

Implementation plan – by the time top management evaluates potential acquisition, at least some steps of practical implementation should be developed. When a company enters M&A process *without a strict plan to follow*, chances again go down.

Culture compliance – at last, it should be tested, how core competences fit other company culture. Cultures are the subject of main importance in acquisition, but as this framework is competence related, management should see, if cultures of both companies *accept use of selected competencies*. Therefore, ARCTIC framework uses 6 success factors for future acquisition, but apart from VRIO model it does not mean, that a case, lacking at least one of those factors would definitely fail. The authors believe that in cases where 3 or more factors are missing in the model, competence-based M&A is unlikely to succeed.

ARCTIC methodology is designed not for predicting, whether M&A will fail or succeed. It is impossible, because some acquisitions bring value by absolutely other means, than originally planned. This model, of course, needs some empirical testing to assure its effectiveness. Finally, the *forth stage* is a final decision whether to acquire or ally according to Dyer, Kale and Singh (2004). For final decision making we recommend to analyze three alternative strategies of alliances and acquisitions were evaluated in terms of five major factors as presented in the table 4.

The author has selected Facebook acquisition of WhatsApp by in mid 2014 year to test developed methodology empirically. Case study involved exploration of competence transfer as one of the key objectives of acquisition process

4. EMPIRICAL TESTING OF ARCTIC MODEL

4.1. FACEBOOK ACQUISITION OF WHAT'SAPS IN MID 2014

Facebook already had a product for chatting, Messenger, when it acquired WhatsApp. Zuckerberg said that the purpose for Facebook's Messenger is different than for WhatsApp. People use Messenger to communicate with their Facebook friends, while WhatsApp is more of a text-messaging replacement that people might use with those who aren't their friends on social media. WhatsApp has built a leading and rapidly growing real-time messaging service. The acquisition supports Facebook and WhatsApp's shared vision to make the world more open and connected by delivering core internet services in efficient and affordable manner.

The numbers are in for Facebook Inc.'s acquisition of mobile-messaging application WhatsApp Inc.: the social network paid \$22 billion for a start-up that generated \$10.2 million in revenue last year. The messaging service, which reached 400 million active users in December 2013, generated less than 3 cents in revenue for each one 2013 year.

Chief Executive Officer Mark Zuckerberg said he's in no rush to make money from WhatsApp, or Facebook's other growing applications, until they reach 1 billion users. The two products are seeing growth in some of the same countries, he said. For the next few years our focus is going to continue to be on growth," Jan Koum (2014), WhatsApp's CEO, "We're going to focus on growth and not do any kind of experimentation with monetization today".

The combination of two great companies will help to accelerate growth and user engagement across both companies. In order to evaluate if core competences of Facebook and WhatsApp can be transferred in acquisition process, ARCTIC framework was applied.

4.2 APPLICATION OF ARCTIC FRAMEWORK IN CORE COMPETENCE TRANSFER AS AN IMPORTANT SOURCE OF SYNERGY IN AN ACQUISITION PROCESS

Step 1 is to identify core competence of target and acquirer. Their integration required transfer of resources, capabilities and competences, some of which were referred to be core competences of the companies.

The authors didn't select core competences, but simply outlined the ones, that were named among merger motives. So, the analysis starts with aligning competences on the value chains of two enterprises. The authors have identified four core competences for each of the companies as shown in table 1 and table 2.

Table 1

VRIO model of Facebook before acquisition

Resources & Capabilities	(V) Value?	(R) Rareness?	(I) Imitability?	(O) Organization?	Type of advantage	Business Strategy Cost reduction?	Value added?
R1. User information database	Yes	Yes	Yes	Yes	SCA	Yes	Yes
R2 Brand name and brand management	Yes	Yes	Yes	Yes	SCA	Yes	Yes
C1. Research of users' needs and behaviour	Yes	Yes	Yes	Yes	SCA	No	Yes
C 2. Data analytics capability	Yes	Yes	Yes	Yes	SCA	No	Yes
SCA: sustained competitive advantage						2	4

Sources: developed by author

Table 2

VRIO model of WhatsApps before acquisition

Resources & Capabilities	(V) Value?	(R) Rareness?	(I) Imitability?	(O) Organization?	Type of advantage	Business Strategy Cost reduction?	Value added?
R 1. User phone numbers data base C1.	Yes	Yes	Yes	Yes	SCA	Yes	Yes
C1. Quality, simplicity and performance focus in product development	Yes	Yes	Yes	Yes	SCA	Yes	Yes
C 2. Powerful instantaneous messaging capabilities	Yes	Yes	Yes	Yes	SCA	No	Yes
C 3. Unique value proposition: "No Ads! No Games! No Gimmicks!"	Yes	Yes	Yes	Yes	SCA	Yes	Yes
SCA: sustained competitive advantage						3	4

Sources: developed by author

VRIO analysis has identified that Facebook's strategic competitive advantages come primarily from its largest social networking platform, wide users' database, quality and excellent users' experience as well as development of unique features. Type of competitive advantage is a broad differentiation with elements of best cost provider. WhatsApps sustained competitive advantages include the customers engaging new users, unconventional business model, and unique value proposition and user acquisition without any marketing costs. Type of competitive advantages is best cost provider or hybrid strategy.

Step 2 is to visualize what primary and secondary activities of acquirer's and target's value chains are underpinned by identified core competences. This is the case study of two digital technologies providers, combining core competences in several strategically important areas through acquisition. They are aligned on the value chains and illustrated on the figure 1.

Based on the results of VRIO assessment of Facebook and WhatsApp and their visualization on value chains it is possible to say that their core competences and organizational capabilities are compatible and just will enhance each other after acquisition.

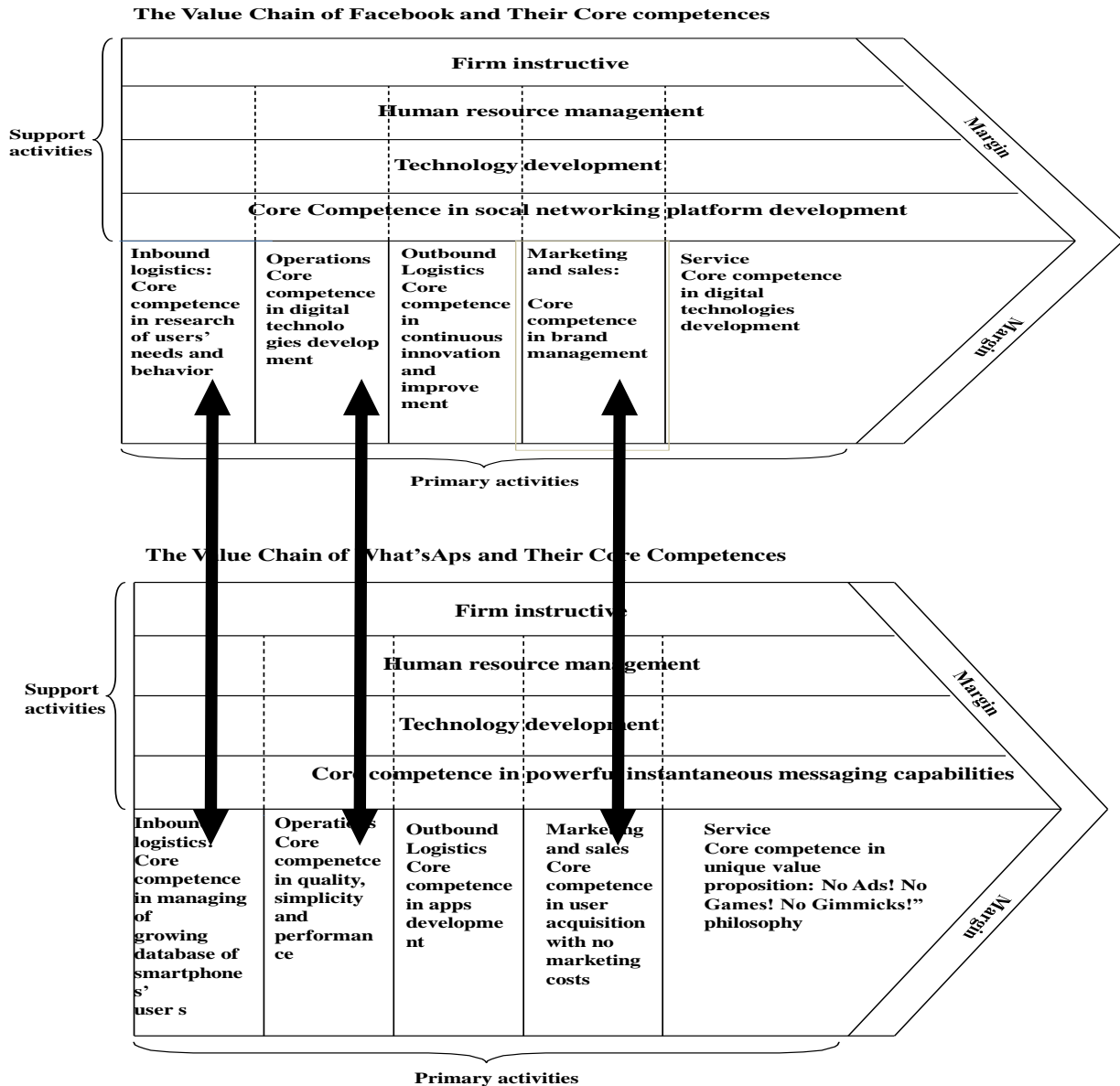


Figure 1. Value chains of both companies and their core competence
Source: developed by author

Step 3 is to develop of ARCTIC model to assess prerequisites of competence based synergy in acquisition process. These core competences were assessed against ARCTIC criteria that prove their appropriateness to be transferred in M&A process as shown in table 3. WhatsApp has built a leading and rapidly growing real-time messaging service.

Table 3

ARCTIC Model for evaluation of competence – based synergies (Facebook acquisition of WhatsApps)

Core competence	Advantage? (A)	Relatedness? (R)	Lack of Complexity? (C)	Time of integration? (T)	Implementation plan? (I)	Culture compliance? (C)
FB Core competence in research of users' needs and behavior	Yes	Yes	Yes	Yes	Yes	Yes
FB Core competence in digital technologies development	Yes	Yes	Yes	Yes	Yes	Yes
FB Core competence in social platform development	Yes	Yes	Yes	Yes	Yes	Yes
FB Core competence in unique features development	Yes	Yes	Yes	Yes	Yes	Yes
FB Core competence in continuous innovation and improvement	No	Yes	Yes	Yes	Yes	Yes
FB Core competence in brand management	Yes	Yes	Yes	Yes	Yes	Yes
WA Core competence in apps development	Yes	Yes	Yes	Yes	Yes	Yes
WA Core competence in focused product development	Yes	Yes	Yes	Yes	Yes	Yes
WA Core competence in unique value proposition: "No Ads! No Games! No Gimmicks!"	Yes	No	No	Yes	Yes	No
WA Core competence in user acquisition with no marketing costs	Yes	No	No	Yes	No	No
WA Core competence in continuous innovation and improvement	No	Yes	Yes	Yes	Yes	Yes

Source: developed by author

The acquisition supports Facebook and WhatsApp's shared vision to make the world more open and connected by delivering core internet services in efficient and affordable manner. The combination of two great companies will help to accelerate growth and user engagement across both companies.

Step 4 is choosing by between acquisition and alliance. Facebook has spent \$19 billion for WhatsApp acquisition and further plans to keep it operating independently without any changes. Spending this considerable amount of money, but with minimal integration raises the question of why a less expensive strategic alliance was not chosen by Facebook. For example, via the alliance a smaller investment could actually accomplish the same alignment, but including less risk. Moreover, the important alliance benefit that it first provides in looking before leaping. However, taking into account the existing gap in product portfolio, new market opportunities as well as competitive pressures Facebook has reasonably taken the aggressive action of WhatsApp acquisition.

This allowed purchasing fast growing app and gaining control over a major competitor that somebody else could have acquired. And the analysis below supports this decision. According to the framework of Dyer et al. (2004) for deciding whether to acquire or ally, three alternative strategies of alliances and acquisition were evaluated in terms of five major factors as presented in the table 4. Taking into account the kind of resources companies plan to combine, the types of synergies they expect, and the market and competitive factors they face, it is justified for Facebook to acquire WhatsApp instead of entering strategic alliance with it. It is supported by all five Dyer's factors.

Table 4

Choosing by between acquisition and alliances (Facebook acquisition of WhatsApp)

Factors	Strategy		Strategy
	Non-equity Alliance	Equity Alliance	Acquisition
1. Type of synergies			
Modular	V		
Sequential		V	
Reciprocal			V (Yes)
2. Nature of resources (relative value of soft to hard resources)			
Low	V		
Low/Medium		V	
High			V (Yes)
3. Extent of redundant resources			
Low	V		
Medium		V	
High			V (Yes)
4. Degree of market uncertainty			
Low	V		
Low/Medium		V	
High			V (Yes)
5. Level of competition (degree of competition for resources and users)			
Low	V		
Medium		V	
High			V (Yes)
TOTAL	0	0	5

Sources: developed by author based on Dyer et al.(2004) model

5.DISCUSSION

Acquisition of WhatsApp will bring to Facebook a lot of benefits. Firstly, it will allow Facebook to gain more direct messaging market share and successfully compete with Twitter. Moreover, it will help Facebook to diversify its revenue sources away from US and developed markets where the company shows the ultimate level of maturity in social media space and ensures the strengthening of its footprint in emerging markets. The acquisition enables Facebook to significantly enhance its mobile messaging capabilities and enjoy the opportunities that are opened in a rapidly growing mobile communications industry. In addition to gaining market share in instant messaging with WhatsApp acquisition, Facebook will also be able to increase market share in online advertising. Additional advertising revenue will come from users turning from WhatsApp users to Facebook users. WhatsApp acquisition has a potential to substantially increase Facebook user base as WhatsApp is strong in some countries where Facebook is not widely accepted. Another potential source of advertising revenue is advertising on the WhatsApp platform.

One more reason of acquiring WhatsApp is that Facebook probably has eliminated a serious potential competitor. Start-up is rapidly growing and expanding its user base and it could threaten Facebook's competitive position. Moreover, with acquisition Facebook now keeps WhatsApp out of the hand of rivals like Google. Acquiring service like WhatsApp makes sense from these perspectives. When tested through ARCTIC framework core competences of Facebook and WhatsApp showed very good results. "Post-acquisition performance is determined by many factors: the underlying reasons for the acquisition, firms' capabilities and their *synergies*, the *price* paid for the target firm, and the post-acquisition coordination of the firms" as argue Agarwal et al. (2012:714). Regarding a Facebook, CEO of WhatApp wrote in a Facebook post in January 2015, "Today, we're thrilled to share that WhatsApp has more than 700 million monthly active users. Additionally, every day our users now send over 30 billion messages."As crazy as it sounds, WhatsApp's massive growth is on pace with what it saw over the past year" (Kim, 2015:1).

6.CONCLUSION, LIMITATIONS AND FUTURE WORK

Use of the ARCTIC framework on illustrative case study shows, that the framework fulfils its purpose and helps in core competence pre-acquisition analysis, thus it is a main author's contribution to theoretical

and practical issues of the topic of the paper. However, there are several limitations to use of the model.

First, as many strategic evaluation models it is subjective, because not necessary bases on exact numbers. The model does not have a purpose of exact indications, but the author believes that use of different information sources and careful analysis lower the subjectivity problem. Second limitation to framework would be that it does not use all the factors, affecting core competence transfer. The authors tried to group factors into larger group, for example, combining manageability, level of technology into complexity. A third and a very important limitation is that ARCTIC framework views competences at the time of merger and evaluates their potential in a way they are built. Sometimes receiving synergy requires elevating, combining and creating new competences.

Overall, after evaluation and several limitations to the framework, proposed by the author, it may be stated that: six factor framework ARCTIC allows to make preliminary evaluation of core competences as sources of synergy in acquisitions. Our research question aimed to understand how core competences should be evaluated as sources of synergy in acquisition/alliance? The answer to this question can be also represented not only as different models of analysis given in Table 1,2,3,4 and Figure 1 but also as a logical structure of competitive advantage as a product of competences based synergy in merger and acquisition process given in Figure 2 .

The author believes that new model should be helpful to managers facing mergers and acquisitions, as well as to management academic specialists, studying this area. ARCTIC model further development is necessary. The author suggests further empirical testing on illustrative case studies and possible development of methodology for evaluation of all six factors. Our main contribution - ARCTIC model embedded in five step process given in Figure 2, lay out also a conceptual framework for our future works adding step 5 and checking competence based synergy outcomes. At last, new competence creation in M&A, as well as competence leveraging and transformation are important issues, as in the context of already developed models of strategic management, so as beyond of it.

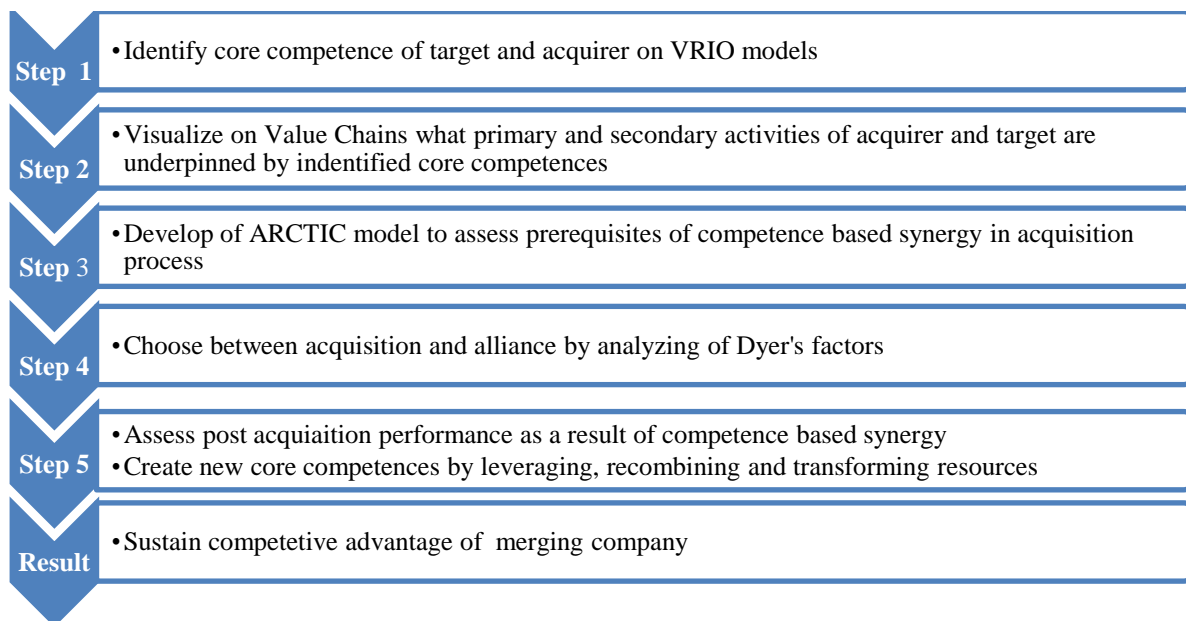


Figure 2. Conceptual framework of sustained competitive advantages as a product of competence base synergy in M&A process

Source: developed by author

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