

Amtek Auto's Acquisition of Neumayer Tekfor Group: Case Study of Cross Border M&A between India and Italy

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Abstract

Rapidly changing markets in the context of globalization are leading to frequent restructuring in order to sustain the competitiveness of individual firms. Cross-border mergers/ acquisitions (M&A) account for the bulk of contemporary foreign direct investment. Their significance is reinforcing the position of transnational corporations as the dominant institutional force in the global economy. (Guido 2009) Takeovers, mergers and radical corporate restructuring aimed at improving competitiveness and shareholder value are increasingly influencing the approach of European /Italian business to a world shaped by global competition and the advent of the euro. It is against this backdrop that this paper elucidates on one such cross-border M&A between Amtek Auto and the Neumayer Tekfor Group (NTG), with bulk business based in Italy and Germany. The synergies from this merger have features of both horizontal and vertical type of merger. The acquisition strategy reveals how synergy realization is a function of the similarity and complementarities of the two merging businesses, the extent of interaction and coordination during the organizational integration process, and the net benefit accruing post integration. The conclusions drawn from the case are that (1) the success of a merger or acquisition is gauged by the degree of synergy realization rather than an ambiguous criteria as mere accounting or market returns; (2) the key attribute of combination potential is conceptualized not only in terms of the similarities present across businesses, as in most studies of mergers and acquisitions, but also in terms of the post integration scenario of the two businesses; and (3) the challenges faced post acquisition are to a large extent a function of the business and industry risk and the global environment prevailing. This is specifically true in the case of cross-border mergers.

Key words: Mergers, Synergies, Cross-Border, Integration.

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