Strategic Management Fit: A Contrivance for Achieving Successful Business Merger

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Abstract
Every business organization is concerned with growth. Growth does not only depend on availability of resources, but also on applying appropriate strategy to manage available resources. To succeed and grow, business needs to carefully and systematically choose strategy. The development of appropriate strategy is essential for survival in today's business world. Business leaders must evaluate the opportunities in, and threats from the external environment in order to build appropriate strategies that take advantage of their industry's strengths and shore up weakness. Successful organizations develop and implement strategies that are designed to ensure long-term success. This study looks at the impact of strategic fit on business merger, by analyzing the relationship between the two variables. This is to ascertain the strategic values firms attain from such cooperative arrangements. The study covered all the six (6) merged commercial banks between 1995 and 2005, operating in Owerri, the capital city of Imo State, Nigeria. For expedient purposes, only two of the merged banks (Equatorial Trust bank (ETB) and Stanbic-IBTC bank) were chosen for the study, and all the staff served as the population. Fifteen (15) senior staff each from the two banks was selected purposefully but randomly giving a sample frame of 30.The study adopted the survey design and the questionnaire served as the primary source for data collection. The questionnaire was structured and Likert's 3 points scale- a summated rating (seemingly an interval) scale was used to measure the degree of agreement from respondents. The research instrument was validated and reliability test ascertained using Crombach's Alpha Coefficient. Responses from the 30 respondents were collated and data analyzed. The two hypotheses were tested using Pearson product moment correlation and Z- statistical tools respectively. Result from test of hypotheses indicates that strategic fit has relationship with the success of merged organizations, and that the relationship is significant. Therefore, the proposal is that firms should seek well thought-out and excellent fit capabilities (complements) in targets when it comes to issues of cooperative arrangements such as merger.
Keywords: Merger, Strategic fit, Synergos, Capability, Cooperative arrangement, Contingency

1.0 Introduction

All firms operate in an environment shaped by influences emanating from general economic conditions, population demographics, societal values and lifestyles; legislation and regulators, technology and competitive environment which have a very significant impact on the company's direction and strategy. To survive in such an environment, organizations may choose to be independent, acquire other firms or enter into alliance or cooperative arrangements such as merger. Merger is an external growth strategy which firms undertake to remain competitive in their industry. To achieve the objective of growth and competitiveness, firms engage in cooperative arrangements to profit from synergy between them and invest in new technologies together, thereby building collaborative competitive advantage against other competitors in the market and to resuscitate their market growth (Garbade, 2007). The need for organizations to cooperate in order to compete effectively is gaining increasing attention especially when firms' resources are lean, competition is rife and change is looming. Successful cooperation is challenging; it requires experience, dedication, strategic and operational responsibility on the part of organizations to access a partner whose operation would be complementary. Apart from serving as critical success factor; what an organization has to do right to succeed; it gives organizations distinctive competencies – unique capabilities that gives an organization advantage over competitors. This is because a cooperation that is built on weak foundation is prone to failure (Pryor, Toombs, Anderson and White, n/d)

There are many examples of business firms that merged for a determined purpose but failed to achieve their intended goals. For every business to be successful however, they need to strategize. Thus an insight analysis of a firm's profile, external and internal environment is a prerequisite for selecting a strategy that is congruent; an excellent fit, when it has to do with achieving the company's merger objective.

1.1 Statement of the Problem

Merger planning demands systematic approach for identifying and analyzing factors internal and external to firms, and matching them with the their capabilities. Planning which is done in an environment of uncertainty should assess business environment to ascertain the strengths and weaknesses, opportunities and threats.

But surprisingly, many firms, who are involved in cooperative arrangements such as merger, seem to relegate this exercise to the background at the planning stage. It is feared that lack of understanding that a business develops strategic fits on the basis of analysis of the external and internal environments of their targets before having an association seem to have contributed in no small measure to the failure of merged firms.

In Nigeria for instance, there are business merger failures. The story seems to be the same the world over. Research findings shows that the success rate of merger and acquisitions has been poor; the failure rate estimate is put as high 60% or 70% (http://www.csom.umn.ed/page1324.aspx). Some studies show that 50% to 70% of mergers fail http://w4.stern.nyu.edu/news/news.cfm?doc.id=3741).

Most research places the merger failure rate somewhere between 50% and 80% (http//www.bakere.com/images/resource/whyfail.pdf). The increasing importance of merger to businesses cannot be overstated; this may have made Weihrich and Koontz to say "the best strategy is considered to be that of "wining without war and the next best is to win through alliance".

While the purpose of merger remains clear to business leaders, the failure rate of merged firms may have made business leaders skeptical on the way forward to achieving successful merger. This dilemmatic situation seems to discourage some firms from choosing to merge with other firms even when it is the only option that can turn their firm's fortunes around. It is reasoned that having capabilities and resources is not the only ingredient for achieving a successful merger, the ability of firms to carefully select a complement is necessary.

The inability of merged firms to get a complement may have been occasioned by inadequate assessment of targets during merger planning. This seems to have triggered the problems encountered by firms in achieving successful merger. Reinforcing this, Weihrich and Koontz ibid, assert that companies should identify their strengths and weakness, as well as the opportunities and threats in the external environment if they are to succeed. Seemingly, what is often overlooked or lacking in merger planning, is the strategy for achieving a collaboration fit, this is what this study seeks to address.

1.2 Objective of the study

The main objective of this study is to determine if strategic matching of organization capabilities can help an organization achieve successful merger as an objective for the business deal.

Specially, this study examined the following:

(i) The relationship between strategic fit and successful merging of organizations
(ii) The level of relationship between strategic fit and successful merging of organizations

1.3 Research Questions

The following research questions were designed and addressed in the course of the study:

(i) Does strategic fit have any relationship with the successful merging of organizations?
(ii) What level of relationship does strategic fit have on the successful merging of organizations?

1.4 Research Hypotheses:

The following hypothesis were formulated and stated in their null;

Ho1: Strategic fit does not have any relationship with successful merging of organizations
Ho_2: The level of relationship between strategic fit and successful merging of organizations is not significant.

1.5 Significance of Study

Confronted with the growing merger failures in organizations and its attendant consequences organizations will increasingly be concerned with finding rational and appropriate or apt ways of achieving meager objectives.

For the fact that business failures send negative signal to their owners and employees in terms of loss of income and job, which hitherto affects economic growth, this study will therefore benefit owners of business in the following ways; it will guide them to carefully and successfully execute merger plans, achieve successful merger and check merger failure rates. As much as business operates successfully, it provides returns for investments for owners. Generally business helps to generate additional income for the government and contribute to economic growth of nations. For the society, it creates job opportunities for people thereby empowering them. This study will therefore benefit business owners, the government and the society at large.

2.0 Concept / Meaning of Merger

Merger is a business marriage. It is a strategy through which two firms agree to integrate their operations on a relatively co-equal basis because they have resources and capabilities that together may create a strong competitive advantage (Hitt, Ireland and Hoskisson, 2001). According to Urieto (1999), mergers are one form of external growth which occurs when two or more firms combine their operations to form one corporation, perhaps with a new name.

Merger occurs when organizations come together voluntarily. This is likely to be because they are actively seeking synergistic benefits. Gitman and McDonald (2001) say that merger occur when two or more firms combine to form one new company, which often takes on a new corporate identity. Gerth, cited in Garbade(2007) has defined cooperation as a voluntary collaborative use of business resources between two companies which are legally independent based on contractual or tacit agreement.

Firms undertake merger often for strategic reasons, such as growth, diversification of product lines, increased market share, and economies of large scale. Other motives for merging is financial restructuring– cutting costs, selling off units, laying off employees, refinancing or recapitalization and consolidation of a company; to increase the value of the company to its stockholders (Gitman and McDonald, 2001).

But Hitt, Ireland and Hoskisson(2001) say that one of the objectives of merger is the achievement of management synergy by creating a stronger management team. This results from the combination of the management teams from the merged firms. Synergy according to Hitt, Ireland and Hoskisson(2001) is derived from the Greek word "synergos," which means "working together". Synergy exists when the value created by units working together exceeds the value those units could create working independently. It exists when assets are worth more when used in conjunction with each other than separately. Synergy can involve physical and non physical assets, such as human capital.

A firm develops a competitive advantage through a merger strategy only when a transaction generates private synergy, which is created when the combination of the merged firms' assets yields capabilities and core competencies that could not be developed by combining either firm's assets with another company. Private synergy is possible when firms' assets are complementary in unique ways. Because of its uniqueness, private synergy is difficult for competitors to understand and imitate (Hitt, Ireland and Hoskisson 2001).

2.1 Types of Merger

Merger could be horizontal, vertical or conglomerate. In horizontal merger, firms at the same stage in the same industry merge to reduce costs, expand products offerings, or reduce competition. According to Gitman and McDonald, (2001), in 1999, Qwest merged with Bell operating company to achieve economies of scale and to create a larger company to dominate the newly deregulated telecommunication industry.

In vertical merger, a company combines with a firm in its same industry that is involved in an earlier or later stage of production or sales process. For conglomerate merger, it brings together companies in unrelated businesses to reduce risk. For instance, combining with a firm whose products have a different seasonal pattern or that respond differently to the business cycle can result in a more stable sales pattern. The idea of this is to achieving results from available resources.

But Drucker (1981) says concentration of resources on results also requires a systematic commitment to "corporate weight control" or the abandonment of one less promising or less productive effort for every new effort taken on. According to him, "Feed the opportunity and starve the problem" should be the rule; less productive activities should be sloughed off. That is to say more attention should be given to the things that did produce, to the goals that did challenge, to the needs that were unfulfilled. In that light, merger requires systematic commitment of resources.

2.2 Meaning of Strategy

The term strategy has been viewed differently by people. Weihrich and koontz, (2005), define strategy as the determination of the mission or purpose and the basic long-term objectives of an enterprise, followed by the adoption of courses of action and allocation of resources necessary to achieve these aims. Strategic alternative which is developed on the basis of an analysis of the external and internal environments should be carefully evaluated before the choice is made. But strategic choices must be considered in light of the risks involved in a particular decision Weihrich and koontz (2005) assert.

Successful strategies get their start when a creative manager spots an attractive business opportunity. Michael Porter in Weihrich and koontz (2005) suggests that strategy formulation requires an analysis of the attractiveness of the industry and company's position within that industry. According to Perreault and McCarthy, (2002), an opportunity that is attractive for one firm may not be attractive for another. They state that attractive opportunities for a particular firm are those that the firm has some chance of doing something about – given its resources and objectives.

Even if a manager cannot find a breakthrough opportunity, the firm should try to obtain a comparative advantage to increase its chance for profit or survival Perreault and McCarthy, (2002) insist. Competitive advantage means that a firm has a capability that the target market sees as better than that of the competitor.

A competitive advantage may result from efforts in different areas of the firm – cost cutting in productions, innovation, research and development, more effective purchasing of needed components, or financing for a new distribution facility. Similarly, a strong sales force, a well known brand name, or good dealer may give it a competitive advantage in pursuing an opportunity. Whatever the source, an advantage only succeeds if it allows the firm to provide superior value and satisfy customers better than some competitors.

Sometimes a firm can achieve breakthrough, opportunities and competitive advantage by simply finetuning its current strategies or developing closer relationships with its customers. Other times, it may need new facilities, new people in new parts of the world, and totally new ways of solving problems. According to Lynch, (2006) developing a successful business strategy doesn't need to be a hit-or-miss proposition. Achieving competitive advantage entails competitive analysis. In a competitive analysis, you consider competitive barriers – the conditions that may make it difficult, or even impossible for a firm to compete in a market, such barrier may limit your own plans or alternatively block competitors responses to an innovative strategy (Lynch, 2006).

2.3 Concept of strategic fit

Fit can be viewed in this context as match, adjustment or consistency. The concept of fit implies that a relationship between two variables exist, which predicts a third variable. The latter generally is organizational performance (Garlichs, 2011). Fit is the core construct of contingency theory. Contingency theory is an important theoretical lens of organizational research. It provides numerous insights and has considerable empirical support. The core of contingency theory is that organizational performance is caused by matching organizational attributes to contingencies that mirror the organization's situation. In other words, contingency theory proposes that the alignment of environment, strategy, and organizational structure is required to reach high performance. It is on the contingency theory that this study takes it root.

Strategic fit tries to match the strength or opportunities of a firm to the target firm's weakness or threats. It is a complex process that demands a systematic approach for identification and analyzing factors external to the organization and matching them with the firm's capabilities.

To strategize, threats, opportunities, weakness and strengths analysis (TOWS) has been proposed (weihrich and koontz 2005). The TOWS model starts with the threats, because in many situations a company undertakes strategic planning as a result of a perceived crises, problem or threat. The TOWS strategy is based on the analysis of the external environment (threats and opportunities) and the internal environment (weakness and strengths). In this instance, an organization which has an opportunity and a threat in her operation looks for another organization having no threat but lacking in opportunity to collaborate with. The same goes for one having no weakness but lacking strength in a particular area and visa avis, this way, one firm complement the other. It is viewed that when an organization buys-in, in a firm that is not a good match; it is like strengthening the weak by killing the strong.

According to weihrich and koontz ibid, complementary strengths and weaknesses could result in a competitive advantage for both companies. The same goes for opportunities and threats. The Daimler-Chrysler, Exxon-Mobil mergers are typical examples of good match.

2.4 Review of related literature

Garlichs, (2011) reports that successful organizations achieve strategic fit and support their strategy with appropriate structures and process, while less successful firms typically exhibit poorer fit. Insisting that, a firm will strive for the ideal fit to reach highest performance and output perform those that do not. According to Garlichs, this strategic fit has been the focus of many studies and provided the basis for theory construction in numerous areas of research.

Lewis, Goodman and Fandt,(1995) report that strategic analysis provides important information about the organization's existing situation, it tries to find out the current position of the organization. It is also important that strategy be institutionalized within the organization. Institutionalizing strategy means that every member, work group, department, and division of the organization prescribes to and supports the organization's strategy within its plans and actions.

In May 1998, Diamler-Benz of Stutugart, Germany, the largest industrial firm in Europe, and Chrysler of Detroit, USA, the third largest car maker in the United States, merged (weihrich and koontz ibid). In the Daimler- Chrysler merger, Dailmer has 53 percent ownership and Chrysler, 47 percent. At the time of the merger, Diamler was selling fewer vehicles than Chrysler but had higher revenue. Both companies had complementary product lines and Chrysler saw the merger as an opportunity to overcome some of the European trade barriers.

Their respective strengths are that Dailmer is known for its luxury cars and its innovation in small cars (A-class, Smart-car). Chrysler has an average profit per vehicle that is the highest among the Big 3(GM, Ford, and Chrysler) in Detroit. It is also known for its highly skilled management and efficient production. Low cost and simplicity (e.g., the Neon model) are other hallmarks of Chrysler.

As Chrysler continued to its strategy of strengthening its SUV and minivan market in the countries under the North America Free Trade Agreement (NAFTA) faced increasing competition and the need for expanding to non-NAFTA markets. There was the danger of an "unfriendly" takeover by another company, and exploring a friendly merger with a firm with a good reputation that could supplement its product line and enable it to expand into new markets made a lot of sense. This is why Daimler became a good match.

Mercedes-Benz (a part of Daimler Corporation) was known for its excellence in engineering and product quality; the company's brand image was luxury cars but Mercedes lacked a product offering in the lower-priced, high-volume segment. The high development cost and the need for gaining economies of scale called for finding a partner that would enable it to offer a complete product line from high-priced to low-priced vehicles. For this reason, Chrysler was chosen.

This merger which was carefully planned is a "strategic fit". Chrysler with lower-price cars, light trucks, pickups, and its successful minivans complemented Daimler's luxury cars, commercial vehicles and sport utility vehicles (SUVs).

Lewis, Goodman and Fandt,ibid are of the opinion that a "fit" must exist between the strategy of the organization and its structure, culture and leadership if the strategy is to be institutionalized.

Miller (1998) as cited in Garlichs (2011) emphasized the importance to consider the environment in order to understand the strategy/structure fit. Findings from this research show that corporate and business units, structure, and fit respectively, improves performance. Reinforcing this findings, Lewis, Goodman and Fandt's,(1995) study indicate that when an organization fails to change its structure in response to changes in its strategy, it will most likely experience operational problems that will eventually result in declining performance, and that an organization's strategy should influence the choice of its organizational structure.

Leadership is another organizational component that should be in alignment with the strategy of the organization. If an organization is to implement its strategy effectively, it must have the appropriate leadership. At the top of an organization, there should be a visionary leader e.g. Bill Gates of Microsoft has often been described as a visionary leader. Gate saw an opportunity to redefine the market for personal computing operating systems and made that vision a reality with the introduction of Microsoft windows. This means that if opportunities are not identified and utilized by business leaders, strategy fails. Merger arrangement is no exception to this rule.

To achieve long-term strategic plans, certain prerequisites must be fulfilled to create a more favorable environment. According to Garbade (2007) the selection of a partner precedes the consummation of cooperation. This selection should not be made by sheer happenstance but by clearly defining the areas of cooperation and ascertaining the requirement profile of the partner. In the requirement profile, the company prepares a detailed list of the competitive advantage, core competencies, routines, capabilities, technologies, distribution channels, and the market position the potential partner should have.

Garbade insists that a company should look out for a partner with complementary skills because cooperative arrangements flourish best when both partners have different core competencies, routines and capabilities that supplement each other. Garbade reports that alliances between competitors with similar core businesses, markets, and skills tend to fail as an overlap of the same resources does not benefit any of the partnering companies but rather creates commotion.

The commotion Gargade says results from the fact that the cooperation further intensifies the competition between the two partnering companies because they have the same target market and customers in focus. Garbade prescribes that prior to the signing of the final cooperation agreement, it is recommended to do test projects with the potential partner together. Test projects offer the best chance to get an authentic and extensive view of the skills, routines, and core competencies of the potential partner Garbade added.

3.0 Methodology

This study adopted a survey design. All employees from two (2) merged commercial banks: Equatorial Trust bank (ETB) and Stanbic-IBTC bank, with branch offices in Owerri the capital city of Imo State of Nigeria served as the population of this study. Fifteen (15) senior staff was purposefully but randomly selected from each of the two banks, giving a sample frame of thirty. Primary data was sourced using the questionnaire. Likert's 3 points scale- a summated rating (seemingly an interval) scale (Asika, 2005), was used to measure the degree of agreement from respondents. Data generated from responses were collated, presented using tables and analyzed. The first hypothesis was tested using Pearson product moment correlation and the second by the Z-test statistic.

Table 1: Data Generated from Responses for Relationship between Strategic Fit and Successful Merging of Organizations

Respondent's code number	Rating of Response for ETB	Rating of Response for STANBIC-IBTC	X^2	Y^2	XY
01	2	3	4	9	6
02	1	2	1	4	2
03	1	1	1	1	1
04	3	1	9	1	3
05	1	1	1	1	1
06	2	2	4	4	4
07	2	2	4	4	4
08	1	2	1	4	2
09	3	3	9	9	9
10	1	2	1	4	2
11	1	3	1	9	3
12	2	1	4	1	2
13	1	1	1	1	1
14	1	2	1	4	2
15	1	1	1	1	1
Total	23	27	43	57	43

To measure this dimension, respondents were asked to choose between the options: strongly agree (rated 3), Agree (rated 2), Disagree (rated 1).

Test of Ho_1: To ascertain if Strategic fit does not have any relationship with the successful merging of organizations, Person product moment correlation was used.

Person product moment correlative according to Amadi (2002) is given as:

$$\delta = \frac{\Sigma xy - \frac{(\Sigma x)(\Sigma y)}{N}}{\sqrt{\left[\Sigma x^2 - \frac{(\Sigma x)^2}{N}\right]\left[\Sigma x^2 - \frac{(\Sigma x)^2}{N}\right]}} \quad \ldots\ldots\ldots\ldots\ldots \text{Equation (1)}$$

Substituting in Equation (1) for the value of δ:

$$= \frac{43 - \frac{23 \times 27}{15}}{\sqrt{\left[43 - \frac{(23)^2}{15}\right]\left[57 - \frac{(27)^2}{15}\right]}}$$

$$= \frac{43 - 41.4}{\sqrt{(43 - 35.27)(57 - 48.6)}}$$

$$= \frac{1.6}{\sqrt{7.73 \times 8.4}}$$

$$= \frac{1.6}{\sqrt{64.932}} = \frac{1.6}{8.058} = \frac{1.6}{8.1} = \quad \delta = 1.97$$

Table 2: Data Generated from Responses for Level of Relationship between Strategic Fit and Successful Merging of Organizations

Alternative Responses	ETB	STANBIC-IBTC
Strongly Agree	4	6
Agree	9	6
Disagree	2	3
Total	15	15

To measure this dimension, respondents were asked to choose between the options strongly agree (rated 3), Agree (rated 2), Disagree (rated 1).

Test of Ho_2: To Ascertain the Level of Relationship between Strategic Fit and Successful Merging Organizations, computation of mean and variance for ETB and STANBIC-IBTC respectively was carried out and thereafter, equation (iv) was used to compute the value of Z.

The formula for mean ($\bar{y}_I$), variance (S_I^2) and Z – statistic according to Ozo et al (1999) are given respectively as:

$$\bar{y}_I = \frac{\Sigma f y_I}{\Sigma f} \quad \text{……………………………………………. Equation (2)}$$

$$S_I^2 = \frac{\Sigma f y_I^2 - \frac{(\Sigma f y_I)^2}{\Sigma f}}{\Sigma f - 1} \quad \text{…………………………………. Equation (3)}$$

The formula for Z – statistic according to Ozo et al (1999) is given as:

$$Z = \frac{\bar{y}_I - \bar{y}_2}{\sqrt{\frac{S_I^2}{n_I} + \frac{S_2^2}{n_2}}} \quad \text{………………………. ……………. . Equation (4)}$$

Computation of mean and variance for ETB

Y_1	F	FY_1	Y_1^2	FY_1^2
1	4	4	1	4
2	9	18	4	36
3	3	9	9	27

$\sum F = 16$ $\quad \sum FY_1 = 31$ $\quad \sum FY^2 = 67$

The mean was computed by substituting in equation 2 as follows:

Substituting in equation (2) for mean ($\bar{y}_I$), (ETB)

$$= \frac{31}{16} = 1.94$$

Substituting in equation (3) for variance (S_I^2) (ETB)

$$= \frac{67 - \frac{(31)^2}{16}}{16 - 1} = \frac{67 - \frac{961}{16}}{15}$$

$$= \frac{67 - 60}{15} = \frac{7}{15} = 4.66$$

Computing mean and variance for STANBIC-IBTC

Y_1	F	FY_1	Y_1^2	FY_1^2
1	6	6	1	6
2	6	12	4	24
3	3	9	9	27
	15	27		57

$\sum F = 15$ $\quad \sum FY_1 = 27$ $\quad \sum FY^2 = 57$

Substituting in equation (2) for mean ($\bar{y}_I$) (STANBIC - IBTC)

$$\bar{y}_2 = \frac{27}{15} = 1.8$$

Substituting in equation (3) for variance (S_I^2) (STANBIC - IBTC)

$$S_I^2 = \frac{57 - \frac{(27)^2}{15}}{15 - 1} = \frac{57 - \frac{72.9}{15}}{14}$$

$$= \frac{57 - 48.6}{14} \qquad \frac{38.4}{14} = 2.7$$

Level of relationship was computed by using Z- statistics. This was achieved by substituting in equation 4 as follows:
The formula for Z – statistic according to Ozo et al (1999) is given as:

$$Z = \frac{\bar{y}_I - \bar{y}_2}{\sqrt{\frac{S_I^2}{n_I} + \frac{S_2^2}{n_2}}} \ldots \text{Equation (4)} = \frac{1.94 - 1.8}{\sqrt{\frac{4.66}{16} + \frac{0.6}{15}}}$$

$$Z = \frac{0.14}{\sqrt{0.29 + 0.04}} \qquad \frac{0.14}{\sqrt{0.33}} = \frac{0.14}{5.74} = 2.43$$

$$Z = 2.43$$

4.0 Findings
According to table 1 above, those who strongly agreed scored 15 points for ETB and STANBIC-IBTC, respondents who agreed scored 20 and those that disagreed scored15. For hypothesis one, by applying the degree of function (df) rule; the df for the significance of test "r" is N – 2. Since the number of paired observation is 15, so the df = 13. For 8 degrees of freedom, the critical value of r, at .05 significance level is 0.477.

Decision rule: Since our computed or calculated value (1.97) is greater than critical or table value (0.477), we reject the null hypothesis. This computed value equally indicates a positive and perfect correlation; we can therefore say that there is relationship between strategic fit and the successful merging of organizations. Findings from literature review, Garlichs (2011) which states that successful organizations achieve strategic fit and support their strategy with appropriate structures and process, while less successful firms typically exhibit poorer fit reinforces this result.

According to table 2 above, those who strongly agreed totaled 10 for ETB and STANBIC-IBTC, those who agreed totaled 15, whereas those that disagreed totaled 5. In hypothesis two, by applying the degree of function (df) rule; the df for the significance of test of "r" is N – 2. Since the number of paired observation is 15, so the df = 13. For 8 degrees of freedom, the critical value of r, at .05 significance level is 0.514.
Decision rule: Since our computed or calculated value (2.43) is greater than critical or table value (1.530). This computed value equally indicates a positive and perfect correlation; therefore, we reject the null hypothesis which says that the level of relationship between strategic fit and the successful merging of organizations is not significant.

Further findings from literature review indicates that defining the areas of cooperation and ascertaining the requirement profile of the potential partner such as a detailed list of the competitive advantage, core competencies, routines, capabilities, technologies, distribution channels, the market position, and to do test projects with the potential partner together prior to the signing of the final cooperation agreement is essential for achieving successful corporation(Garbade 2007).

5.0 Conclusion and Recommendations
Based on the result of the data analysis and review of literature, the following conclusions were drawn:
Successful organizations achieve strategic fit by matching organizational attributes to contingencies. A carefully planned merger produces a "strategic fit". A careful analysis of firms core competencies, strengths and weaknesses, opportunities and threats can help companies having merger plans to succeed. This is to say, an analysis of the attractiveness of the industry and company's position within that industry is necessary. The Daimler and Chrysler cooperation is a typical example because situation analysis after the merger shows that the "strengths and weaknesses" of the two companies complemented each other.

Businesses that have merger plans need to carefully carry out analysis of their capabilities, and that of their target. They need to look for, and match opportunities with strengths, turn their weakness into advantage. Besides, business need to go out and find a market opportunity, then establish and organize the business to satisfy that opportunity. They should understand the capabilities and limitations of an existing business and find complementary capabilities. Organizations have to use what is necessary and not what is available to achieve successful collaboration arrangements.

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