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A Turning Points analysis of Cross-Border Merger and Acquisition Negotiations

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Keywords

Coalition building, internal precipitants, merger and acquisition negotiations, researcher-practitioner collaboration, turning points

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Abstract

Despite the recent increase in Cross-Border Merger and Acquisition (CBMA) activity, research has repeatedly determined that over 70 percent of CBMAs fail to deliver the promised results, with evidence pointing to ineffective negotiation process management as one of the crucial factors explaining CBMA failure. We perform a turning points analysis of nine negotiations between automobile manufacturers. The findings indicate that negotiation outcomes are significantly influenced by substantive and strategic elements internal to the negotiation process. In addition, coalition building is shown to be a critical process leading to successful outcomes in the CBMA negotiations. Implications of the findings for negotiating practice are discussed, including how researcher-practitioner collaborations can be conducted.

The global automotive industry is a vital sector of the world economy; according to Forbes (2020), the combined revenue of the top 10 automakers amounted to \$1.73 trillion in 2019. If the auto industry were a country, it would be the world's sixth largest economy, employing over nine million direct and almost 50 million indirect workers globally. Despite being a fundamental element of the global economy, the automotive industry has been experiencing several challenges over the past decades: chronic overcapacity, high product and technology development costs, regional business cycles. Original Equipment Manufacturers (OEMs) have engaged in Merger and Acquisitions (M&As) as the primary driver for attaining economies of scale and scope, entering untapped markets and new product lines, acquiring technology, design, processes, reducing costs and risks in new product development, and gaining fiscal advantages (Kang & Johansson, 2000). Global Automotive M&A activity accounted for \$177 billion and approximately 1,650 deals in the two years 2018-2019, with an average deal size of \$269 million. A wave of consolidation involving OEMs is even more likely today, advanced by the need to share significant investments required to meet regulatory changes and develop new mobility models and new technologies, such as electric engines and both connected and self-driving cars (Zaleski & Nespolo, 2020).

Despite the substantial deal value and volume, research has recurrently established that more than 70 percent of M&As and Cross-Border Mergers and Acquisitions (CBMAs) fail to deliver the desired outcomes (Distler, 2017; Joshi et al., 2018; Martin, 2016). Several studies have shown a relationship between the negotiation process and CBMA outcomes: a few contentious issues can lead to failure if not adequately addressed during the negotiation process (Hart & Schweitzer, 2020; Lander & Kooning, 2013). However, while the different stages of the Cross-Border Merger and Acquisition (CBMA) process have been extensively investigated, research on CBMA negotiations in the auto industry is limited (Lander & Kooning, 2013; Parola & Ellis, 2013; Welch et al., 2019).

International business (IB) negotiations are defined as interactions between companies from different countries to attain economic benefits (Dupont & Faure, 2002; Weiss, 1993). CBMA negotiations, regarded as a subcategory of IB negotiations, are usually complex because they involve multiple actors in a multiple-issue and multi-stage setting. Multiple actors lead to several potential dyadic relationships, greatly accelerating the negotiation process's complexity and subsequently rendering theory development problematic (Bazerman et al., 2000; Crump & Glendon, 2003; Gray, 2011). The complexity of CBMA negotiations is further exacerbated by the conventional involvement of second-level players such as political institutions and unions.

IB negotiations have been explored through two distinct levels of analysis, the micro-behavioral, centered on negotiators' behavior and relationships, and the macro-strategic, the focus of our study, mainly based on case studies that converge on structural, contextual, and process-related factors influencing the negotiation process and its outcomes (Reynolds et al., 2003; Weiss, 2006).

The Turning Points Framework

Druckman (1986, 2001) proposed that the concept of turning points could represent the foundation in developing a theory to define the negotiation process as it unfolds in the real world, explain negotiation outcomes, and present prescriptive models and practical guidance for negotiators. The turning points framework, based on the notion of departure (turning point), separated by a preceding contiguous occurrence (precipitant), and by a subsequent adjacent event (consequence) (Crump & Druckman, 2016; Druckman, 2001), provides answers to the three weaknesses of current complex negotiation models as suggested by Watkins (2002): simplicity, sterility, passivity. Above all, it employs a conceptual causal model that serves as a bridge between theory and practice, identifying a series of events shaping the negotiation

process and outcomes and offering practitioners the opportunity to identify specific precipitants significant in their knowledge area (Hall, 2017).

The framework identifies the type of precipitant that generates the discontinuity (turning point) in the negotiation process and establishes the direction of the negotiation as a consequence of the departure (Druckman, 2001). As a result, the model determines the causal relationship between process and outcome and offers both a retrospective and a predictive analysis of the negotiation process. The original turning points framework (Druckman, 1986, 2001) provides the following definitions and categorizations of the three variables. A turning point (referred to also as departure) is described as a distinct and apparent variation in the negotiation process regarding a significant decision by the player(s). Departures are differentiated between abrupt (substantial and sudden change in the negotiation process) and non-abrupt (expected and gradual transition from one stage to the next). A consequence is defined as the course of the negotiation process as a distinct and obvious result of a departure. Turning points can either move the negotiation in the direction of an agreement (de-escalatory consequences) or move it to an impasse (escalatory consequences). A precipitant is defined as a distinct and evident internal or external situation that generates a departure. Internal precipitants are further categorized into substantive and procedural. Substantive precipitants communicate the parties' interests and the issues involved (new ideas, offers, proposals, concepts, information, concessions). Procedural precipitants shape the negotiation structure and process (board meetings, intra-party negotiations, cross-functional teams, shareholders, creditors, structure, format, and venue of the talks). External precipitants are contextual factors over which the negotiation parties have little control (environment, regulatory, and industry-related variables).

Putnam & Fuller (2014) and Hall (2014) integrate the initial framework with two supplementary categories: An additional class of internal precipitant, strategic, defined as planned actions taken by the parties to achieve their interests and improve their position in the negotiation through other players (coalition building, talks with third parties acting as BATNA for one or both the parties). A further category of external precipitants, *actor*, defined as an individual or an organization such as a journalist, analyst, and judge, over which the parties have minimal influence opportunities.

Druckman (2001) proposed a link between sets of negotiations and categories of precipitants. The prevalence of external, substantive, or procedural precipitants seems to vary with the types of issues discussed. External events usually generate departures in security negotiations, such as those that concern arms-control issues. Both substantive and procedural (internal) processes cause turning points in trade, political and environmental negotiations. Substantive precipitants have been shown to trigger turning points in trade negotiations (Cameron & Tomlin, 2002; Crump & Druckman, 2012, 2016; Tomlin, 1989), although procedures are more prominent in labor talks (Llorente et al., 2013; Putnam & Fuller, 2014). Political negotiations present mainly procedural precipitants (Boyer, 2012; Dupont, 1989; Druckman et al., 1991). Environmental (Bach & Davidson, 2015; Chasek, 1997; Hall, 2014; Kinley, 2017) and business negotiations (Lindholst et al., 2018) display a roughly equal number of procedural and substantive precipitants.

Despite having been extensively employed in the analysis of different types of international negotiations (Donohue, 2017; Druckman, 2001; Hall, 2017; Putnam, 2017), the concept of turning points has been only occasionally adopted in cases of complex business negotiations (Lindholst et al., 2018). To the extent that CBMA negotiations can be considered similar to trade talks (Crump and Druckman, 2012, 2016; Druckman, 2001), despite the latter occurring under the umbrella of international organizations or conferences, it is expected that chiefly internal precipitants trigger departures in IB negotiations.

Research Questions

In this study, we focus on the role of precipitants in producing turning points in several cases of CBMA negotiations. We also step back by examining how coalitions increase the likelihood of certain kinds

of precipitants. Dupont (1996) suggests that by combining different players with common interests, coalitions reduce the complexity and shift the power balance of the negotiation process. Coalition dynamics within the turning points framework have been explored in trade (Crump & Druckman, 2012, 2016), political (Dupont, 2003), and labor negotiations (Putnam & Fuller, 2014). The results from trade talks indicate that coalitions generate turning points predominantly moving the negotiation toward agreement.

In addition, we distinguish between more and less critical precipitants. Irrespective of their frequency, more critical precipitants are those that make significant and often unanticipated changes during the process. These changes may have dramatic consequences in terms of either important agreements or impasses, which may be regarded as “boulders in the road.” These objectives suggest research questions. The first research question concerns the frequency of internal (substantive, strategic, and procedural) precipitants in CBMA negotiations:

RQ1. Are internal precipitants the primary drivers of turning points in CBMA negotiations between automobile manufacturers?

The second research question concerns the timing of coalitions. The review above suggests that:

RQ2. Do early coalitions with government and unions trigger substantive precipitants that produce turning points that lead to agreements?

The third research question deals with critical turning points. We distinguish between those turning points, usually occurring abruptly, that lead to successful and those that result in unsuccessful outcomes.

RQ3. Which turning points are essential to the outcome of CBMA negotiations?

Method

The comparative case study is based on nine CBMA negotiations involving automobile manufacturers that occurred between 1998 and 2019. This section is divided into two parts, criteria for case selection and procedures for coding the parts of the turning points framework.

The Cases

To satisfy the requirements of a focused structured comparison, we selected cases that were similar in many ways (Faure, 1994; Druckman, 2005; George & Bennett, 2005). These included the following seven criteria: 1. Both negotiating companies are Original Equipment Manufacturers (OEMs) in the Automotive industry. 2. Both negotiating companies manufactured at least 50,000 cars in the year of the negotiations. 3. The negotiations involve CBMAs. 4. Negotiating companies originate from different countries. 5. The interests of the two parties can be identified. 6. The complementary relationship between the companies can be determined. 7. Adequate secondary sources are available to draw a detailed chronology of events. The cases are Daimler-Chrysler, Renault-Nissan, Fiat-GM/Opel, Fiat-Chrysler, Geely-Ford, Mahindra-Ssang Yong, PSA-Opel, FCA and Renault, and FCA-PSA. They differ only on the time period. The first two cases occurred during wave number one of the auto industry (1998-99). The second four cases belong to the second wave (2008-2011). The last three cases took place during the last wave (2015-2019). The sample also includes two cases (negotiations between Fiat and GM/Opel in 2009 and between FCA and Renault in 2019) that did not lead to an agreement.

Data collection for the case studies was based on secondary sources. Different pieces of information have been triangulated to outline a detailed chronology of each negotiation and to establish converging lines of events, facts, and results for all the cases (Rowley, 2002). Details and background were provided by the academic literature (journals articles, academic book chapters, case studies), newspaper accounts (periodical sources from the US, UK, France, Germany, S. Korea, India, Italy were used in English, Italian, and French languages), automotive industry magazines, and company reports. The automotive sector magazine chiefly accessed to retrieve information on the cases is *Automotive News*, a prominent source of industry information; other magazines used were *The Economist*, *Fortune*, *Time*, and *Bloomberg Newsweek*. The newspapers employed to establish a timeline of the negotiations are *The Wall Street Journal* and *The New York Times* in the US, *The Financial Times* and *The Guardian* in the UK, *Le Figaro*, *Les Echos* and *Le Monde* in France, *La Repubblica* and *Il Corriere Della Sera* in Italy, *Der Spiegel* in Germany, *The Economic Times* and *Business Standard* in India and *The Korea Times* in South Korea.

For the first three cases (Daimler-Chrysler, Renault-Nissan, Fiat-Chrysler), the literature has provided sufficient peer-reviewed journal articles, academic book chapters, and case studies to develop a detailed timeline of events. Company reports and newspaper articles were used primarily to corroborate facts. Academic literature was also available for the negotiations between GM and Fiat and Ford and Geely. Still, additional sources from periodicals were required to build a comprehensive chronology of events. The timeline was entirely developed based on magazine and newspaper articles for the last four cases (SsangYong-Mahindra, GM-PSA, Renault-FCA, and PSA-FCA) because sufficient academic literature was not available.

Chronology and Coding

A four-step turning points analysis was performed on each case. The first stage determined a detailed chronology of the negotiations. The second applied specific coding rules based on the turning points framework to the timeline to identify precipitants and departures. The third stage determined the departures and classified them as more or less abrupt. The last step identified the precipitants within the categories of internal and external. The definitions supplement the original framework (Druckman, 2001) with two additional categories: Another class of internal precipitant, strategic, and a supplementary category of external precipitants, actor. Based on Hall (2014), a guideline with instructions and coding rules applied to the negotiation chronology was developed, as presented in Table 1. A second researcher, blind to the hypotheses, proceeded independently in the coding process. After the first round of coding, definitions and guidelines were upgraded to consider relevant examples occurring in the cases.

All the reliability scores, measured by Cohen's k , displayed a strong level of agreement between coders in all categorizations (with k scores between 0.78 and 1.00), other than the classification of turning points between abrupt and non-abrupt that presented only a moderate level of agreement (with k scores between 0.57 and 0.70). Amendments to these categories were made, which improved the coefficients (with k scores between 0.82 and 1.00). All disagreements were settled through consultation.

Table 1
Framework Categories and Definitions

Framework Category	Definition
Turning Point (Departure)	A distinct and apparent variation in the negotiation process.
Abrupt	A significant and sudden departure of the negotiation process from the previous pattern.
Non-abrupt	An expected and progressive transition from one stage to the next in the negotiation process.
Precipitant	A distinct and apparent situation/event/behavior that generates a turning point.
Internal Substantive	Internal to the negotiation, communicating the parties' interests and the issues involved: new ideas, offers, proposals, concepts, information, concessions.
Internal Procedural	Internal to the negotiation, shaping the structure and negotiation process: board meetings, intra-party negotiations, cross-functional teams, shareholders, creditors, structure, format, and venue of the talks.
Internal Strategic	Internal to the negotiation, strategic actions taken by the parties to achieve their interests and improve their position in the negotiation through other players: coalition building (unions, governments, key advisors), talks with third parties to develop an alternative course of action if no agreement is reached.
External Contextual	External to the negotiation: context, environment, regulatory, and industry-related factors over which the negotiation parties have little control.
External Actor	External to the negotiation: individuals such as journalists, analysts, and judges, over which the parties have minimal influence opportunities.
Consequence	The direction of the negotiation process as an evident and apparent result of the turning point.
De-Escalatory	A consequence that moves the negotiation process towards an agreement.
Escalatory	A consequence that moves the negotiation process towards impasse (away from an agreement).

Following Druckman (2001), Crump and Druckman (2016), and Hall (2014), we developed process traces for each of the turning points discovered in each of the cases. An illustration of process traces is shown for one case (Fiat-Chrysler) in Table 2. Percentages of occurrence for each coding category across the cases are shown in Table 3.

Table 2
Illustrative Process Traces

Turning Point #	Description	Sequence
2	September 2007: Chrysler co-President Tom LaSorda and Fiat's number two, Alfredo Altavilla, hold their first meeting in Detroit to discuss a partnership to share platforms and distribution networks in the US and Europe.	First meeting between Chrysler and Fiat: Internal/Substantive Precipitant (t-1) → Potential limited Partnership is discussed: Non-abrupt Departure → Toward Agreement Consequence (t+1)
4	September 2008: Chrysler CEO Bob Nardelli and co-President Tom LaSorda meet Fiat's CEO, Sergio Marchionne, and COO Alfredo Altavilla at Fiat headquarters in Turin, Italy. For the first time, Marchionne introduces the possibility of equity participation in Chrysler by Fiat, not through a financial investment, but by offering Fiat's engine technology in exchange for a minority equity stake in Chrysler.	Meeting in Turin, Italy, between the two CEOs and their deputies: Internal/Substantive Precipitant (t-1) → A potential alliance is discussed for the first time: Abrupt Departure → Toward Agreement Consequence (t+1).
12	June 1, 2009: Judge Gonzalez rules favoring the alliance between Chrysler and Fiat over more than 300 objections by dissenting creditors.	Judge Gonzales approves the alliance: External/Actor Precipitant (t-1) → The New post-bankruptcy Chrysler is created: Abrupt Departure → Towards Agreement Consequence (t+1)

Table 3
Summary of Coding Categories across the Nine Cases

Coding Category	Proportion of occurrence
Precipitant	
Internal	88.57%
External	11.43%
Turning Point	
Abrupt	57.86%
Gradual	42.14%
Consequence	
De-escalatory	67.86%
Escalatory	32.14%

The most frequent categories are internal precipitants, abrupt departures (turning points) with de-escalatory consequences. The first research question is tested by performing a non-parametric binomial one-tailed test for proportions to identify the type of precipitant most frequently leading to departures. A

qualitative analysis followed by a paired-sample t-test is used to test the second research question and assess whether early coalitions with government and unions trigger substantive precipitants. The third research question is addressed by providing examples of critical turning points in the nine cases. We turn now to the findings obtained for each of the three research questions.

Results

The results are organized by research question.

RQ1: Type of Precipitant Triggering Turning Points

The first research question asks whether internal precipitants are the primary drivers of turning points in CBMA negotiations between automobile manufacturers.

The results are shown in Table 4, where internal precipitants are divided into substantive, procedural, and strategic. External precipitants are classified as either being contextual or actor-related.

Table 4
Number of Precipitants Generating Abrupt and Non-Abrupt Departures

Negotiation	Internal Precipitants				External Precipitants			Total
	Substantive	Procedural	Strategic	Total	Contextual	Actor	Total	
Daimler-Chrysler	8	4	1	13	0	0	0	13
Renault-Nissan	5	4	4	13	2	0	2	15
Fiat-Chrysler	3	3	4	10	1	1	2	12
GM-Fiat	4	3	9	16	2	1	3	19
Ford-Geely	4	0	6	10	2	0	2	12
SsangYong-Mahindra	3	2	9	14	1	3	4	18
GM-PSA	3	2	8	13	0	0	0	13
Renault-FCA	4	3	10	17	2	1	3	20
PSA-FCA	9	4	5	18	0	0	0	18
Total	43	25	56	124	10	6	16	140

In all nine analyzed negotiations, departures were chiefly generated by internal precipitants. The total proportion of internal precipitants is 88.57%, with a minimum value of 77.78% and a maximum of 100%. Compared to external precipitants, internal precipitants are 7.75 times more likely to generate departures. The overall non-parametric binomial test across case studies indicates a p value = .005 for the 0.8 test proportion. Additionally, with p values ranging from .000 to .019, internal precipitants are the main originators of turning points (test proportion of 0.5) in each of the nine cases.

An additional analysis examined the type of precipitant that triggered abrupt departures. The results are shown in Table 5.

Table 5
Number of Precipitants Generating Abrupt Departures

Negotiation	Internal Precipitants				External Precipitants			Total
	Substantive	Procedural	Strategic	Total	Contextual	Actor	Total	
Daimler-Chrysler	5	2	0	7	0	0	0	7
Renault-Nissan	5	2	2	9	1	0	1	10
Fiat-Chrysler	2	1	3	6	1	1	2	8
GM-Fiat	3	2	5	10	1	0	1	11
Ford-Geely	2	0	5	7	0	0	0	7
SsangYong-Mahindra	1	2	5	8	1	1	2	10
GM-PSA	3	1	4	8	0	0	0	8
Renault-FCA	3	1	4	8	2	1	3	11
PSA-FCA	5	0	4	9	0	0	0	9
Total	29	11	32	72	6	3	9	81

In all nine analyzed negotiations, abrupt departures were mainly generated by internal precipitants. The total proportion of internal precipitants is 88.89%, with a minimum value of 72.73% and a maximum of 100%. Compared to external precipitants, internal precipitants are eight times more likely to originate abrupt departures. The overall non-parametric binomial test across case studies indicates a p value = .026 for the 0.8 test proportion. Additionally, with p values ranging from .002 to .011, internal precipitants are the main originators of abrupt departures (test proportion of 0.5) in six out of the nine cases.

RQ2: Coalition-Building

The second research question asks whether early coalitions with government and unions trigger substantive precipitants. An interesting distinction between substantive and strategic precipitants is shown in Table 6. When coalitions occurred in the early stages (cases 1, 2, and 9), 50 percent were substantive. However, when coalitions formed later during the process, strategic participants dominated: The number of strategic precipitants is significantly higher than either substantive or procedural precipitants ($M = 7.67$, $SD = 2.25$), $t = 4.78$, $p = .005$.

Table 6
Number and Proportion of Internal Precipitants in Two Sets of Cases

Negotiation	Internal Precipitants			Internal Precipitants		
	Substantive	Procedural	Strategic	Substantive	Procedural	Strategic
Set 1						
Daimler-Chrysler	8	4	1	61.54%	30.77%	7.69%
Renault-Nissan	5	4	4	38.46%	30.77%	30.77%
PSA-FCA	9	4	5	50.00%	22.22%	27.78%
Total	22	12	10	50.00%	27.27%	22.73%
Set 2						
Fiat-Chrysler	3	3	4	30.00%	30.00%	40.00%
GM-Fiat	4	3	9	25.00%	18.75%	56.25%
Ford-Geely	4	0	6	40.00%	0.00%	60.00%
SsangYong-Mahindra	3	2	9	21.43%	14.29%	64.29%
GM-PSA	3	2	8	23.08%	15.38%	61.54%
Renault-FCA	4	3	10	23.53%	17.65%	58.82%
Total	21	13	46	26.25%	16.25%	57.50%

As summarized in Table 7, if government and union support is manifested during the early stages of the negotiation, the departures (both abrupt and non-abrupt) are primarily substantive, focusing on the content of the negotiation and communicating the parties' interests and the fundamental issues at stake: new ideas, offers, proposals, concepts, information, concessions, and issue reframing. Early coalition-building allows the parties to assess their interests, fully explore the potential for synergies, and uncover challenges to post-merger integration. However, suppose government and union cooperation has to be secured later in the negotiation process. In that case, the main generators of departures (both abrupt and non-abrupt) are strategic, representing planned actions taken by the parties to achieve their interests and improve their position in the negotiation through other players: coalition-building (with unions, governments, key advisors), talks with other actors to develop an alternative course of action if no agreement is reached. As a result, crucial unresolved problems could lead to more intense post-closing integration challenges.

Table 7
Negotiation Stage and Type of Internal Precipitant (IP)

Stage in the Negotiation Process	Type of IP generating	
	Departure	Abrupt Departure
Early	Substantive	Substantive
Late	Strategic	Strategic

RQ3: Critical Turning Points

This research question asks about which departures are essential to the outcome of the CBMA negotiations. We address this question by providing examples of both failed and successful negotiations focusing, in particular, on the occurrence of abrupt departures. These qualitative analyses serve to provide insights into how the negotiations unfolded in several of the cases.

The first failed negotiation, case 4 between GM/Opel and Fiat, displays four de-escalatory consequences resulting from the first five departures. Departure #6, with the Opel workers' council raising concerns over Fiat, is the crucial departure, shifting the trajectory of the negotiations towards an impasse, resulting in ten escalatory consequences out of the last fourteen. Fiat's CEO, Sergio Marchionne, disregarded talks with the influential company's workers council, whose opinion was highly regarded by Germany's chancellor Angela Merkel due to the upcoming political elections.

The second failed negotiation, case 8 between FCA and Renault, presents six de-escalatory consequences from the first seven departures. Departure #9, with the Financial Times leaking the news of the talks, is the critical departure, altering the course of the negotiations towards no agreement. FCA's Chairman John Elkann, and Renault's CEO Jean-Dominique Senard, failed to involve the unions and Renault's primary partner, Nissan. After the news from the Financial Times, both the parties firmly opposed the merger, resulting in nine escalatory consequences out of the last twelve departures.

Case 9 between FCA and PSA is strongly connected to case 8 between FCA and Renault and presents four escalatory consequences resulting from the first seven departures. Departure #8, with FCA's CEO John Elkann withdrawing the merger proposal with Renault is the essential departure, shifting the direction of the negotiation towards an agreement, resulting in ten de-escalatory consequences out of the last eleven departures.

Case 6 between SsangYong and Mahindra displays two critical departures in shaping the negotiation towards an agreement. The first was departure #9 when SsangYong court-appointed CEO Lee Yoo Il visits Mahindra HQs in Mumbai, changing his perspective on the Indian company that now becomes a serious contender for SsangYong. The second is departure #16 when Mr. Goenka, CEO of Mahindra auto sector, meets Kim Kyu Han, SsangYong's union leader. Mr. Goenka outlines his plans for the Korean company, resulting in three de-escalatory consequences out of the last three departures.

These instances emphasize the critical role of coalition building, specifically with the unions, in generating abrupt departures essential to the ultimate direction of the negotiation.

Discussion

In this section, we summarize the findings, develop implications for practice, discuss a researcher-practitioner collaboration, and conclude with limitations and suggestions for further research.

Findings

The turning points analyses provided answers to our three research questions. Internal precipitants are the main generators of turning points in CBMA negotiations between automobile manufacturers both in terms of frequency (internal precipitants are 7.75 times more likely to lead to turning points than external precipitants) and impact (internal precipitants are eight times more likely to generate abrupt departures). External precipitants represented roughly eleven percent of the total number of precipitants generating abrupt and non-abrupt departures. These findings are consistent with earlier results on trade negotiations (Druckman, 2001; Crump and Druckman, 2012, 2016).

Regarding coalition-building, if government and union support has to be secured during the negotiation process, the main generators of abrupt and non-abrupt departures are strategic. Otherwise, if government and union support is manifested during the negotiation's early stages, the departures are generated mainly by substantive precipitants. Lastly, instances of critical departures underline the importance of coalition-building with the unions.

Implications for Practice

Weiss (2006) suggests that M&A negotiation research should answer three important questions: How should practitioners address the complexity of the negotiation? How does the negotiation process unfold? How should practitioners prepare for a negotiation and manage the negotiation process? Moreover, a number of studies maintain the significant relationship between the negotiation process and CBMA performance and failure (Hart & Schweitzer, 2020; Lander & Kooning, 2013). Each of these issues is addressed in the following paragraphs.

One of the main challenges for practitioners is understanding and managing the complexity inherent to the CBMA negotiation process. The findings not only support Dupont (1996), suggesting that successful coalition-building with political institutions, and above all, unions, is crucial in reducing the number of players and issues, and consequently, the intricacy of IB negotiations. They also provide an additional implication for practice: the timing of the coalition-building affects the type of precipitant triggering turning points. Suppose that the government and unions' commitment is obtained early in the negotiation process. In that case, the turning points are generated mainly from substantive precipitants. Consequently, the parties might have the time to investigate their interests and resolve the crucial issues that could derail the post-merger integration. On the other hand, the precipitants will be chiefly strategic when the government and unions' collaboration is not secured in the early stages of the talks because the negotiation process will be mainly committed to coalition building.

Concerning the negotiation process, the findings provide a second contribution for practitioners, retrospectively identifying the critical turning point essential to the ultimate direction of the negotiation. Critical turning points are departures that start an uninterrupted series of escalatory or de-escalatory consequences, eventually shifting the course of the negotiation process towards or away from an agreement. Out of the four critical turning points identified, three are again related to talks with the unions.

While early coalition-building could establish the foundation for successful post-merger integration, critical turning points may influence the durability of the CBMAs. Following studies on the durability of post-civil war peace (Albin & Druckman, 2012; Wagner & Druckman, 2017), the identified turning points plausibly

indicate that the substantive precipitants should adhere to the principle of equality in the outcomes, even in the presence of power asymmetries, to produce lasting merged entities. Equality provides the conditions for future constructive and amicable relationships (Beersma & De Dreu, 2003; Lander & Kooning, 2013; Welsh, 2004), leading to a straightforward implementation of agreements (Wagner & Druckman, 2017).

Out of the seven successful negotiations, the only merger that has been dissolved, as of today, is case 1, involving Daimler-Benz and Chrysler. We attempted to identify the crucial turning points that could explain the post-closing behavior of the merger, comparing the Daimler-Chrysler case to the only other negotiation that occurred during wave number one of the auto industry (1998-99), case 2 involving Renault and Nissan.

Case 1 between Daimler-Benz and Chrysler displays a critical turning point that could clarify the post-closing behavior of the merged company: in the last turning point, Chrysler's CEO Bob Eaton calls Daimler's CEO Jurgen Schrempp to confirm that the new entity's name would be ChryslerDaimlerBenz, as previously agreed during the talks, to underline that it is indeed a merger of equals. Schrempp replies that if Daimler is not in front, he is ready to cancel the deal, forcing Eaton to agree to the name DaimlerChrysler. The stance on the company's name is the first overt indication of Schrempp's strategy for the newly merged entity: he always envisioned the deal as an acquisition, deliberately disguised under the resemblance of a friendly merger to be accepted by Chrysler's shareholders and management. On the other hand, in case 2, between Renault and Nissan (turning point #12), Renault's chairman decided to improve his original offer by making a larger investment in Nissan. The intention was to increase the trust between the two companies.

The equality principle was also adopted in the Geely Ford case. The agreement safeguards Volvo production plants in Sweden and Belgium, its culture of safety and efficiency, and preserves the company's independence, outlining its potential development in China. Furthermore, the intellectual property rights issue, which is very contentious whenever Chinese companies are involved in an M&A, was settled (turning point #9), allowing Volvo to take advantage of all Ford technologies related to safety and environmental protection. At the same time, Geely is not permitted any access or property rights to those patents and technologies. A similar equality provision was established in the negotiations between PSA and GM over Opel (turning point #12) concerning GM's electric car technology's licensing and Opel's future access in the US and China.

While the Renault-Nissan alliance includes equality provisions related to brand identities, operations, and corporate culture, Renault has a theoretical control over the partnership owing to its 43.4% voting share in Nissan (compared with Nissan's 15% non-voting stake in Renault). In 1999, the partnership's governance was based on the equity principle, with Renault providing the cash needed to save Nissan from bankruptcy. Today Nissan is far larger than Renault, contributing to most of the profits of the alliance. Consequently, tensions between the two companies are mounting as Nissan requests Renault to relinquish some of its control over the partnership. An analogous issue could arise in the merger between PSA and FCA. While the two parties agreed on an equal evaluation of the two companies (even though the stock evaluation of PSA was higher than FCA), the new entity's board includes six members chosen by PSA, including the CEO, Mr. Tavares, and five members selected by FCA. In return, FCA shareholders will receive a larger special dividend.

In addition, the findings suggest that setting cross-company meetings at all levels (a procedural precipitant) to identify potential synergies and resolve outstanding issues could enhance the durability of the merger by increasing the perceived trust between the parties (Albin & Druckman, 2017; Hollander-Blumoff & Tyler, 2008; Lander & Kooning, 2013). Cross-company teams and regular meetings between top executives from the two firms secure fair and transparent procedures during the negotiations, generating trust even when parties are asymmetrical in power, that in turn fosters the development of equality provisions in the agreement (Albin & Druckman, 2012; Wagner & Druckman, 2017).

During the Renault-Nissan negotiations, after signing the memorandum of understanding, twenty-one teams composed of more than one hundred engineers and business specialists from both companies

explored areas for potential synergies (turning point #7). As a result, members of the teams exchanged information, learned the other company's processes, and established an initial trust-based relationship, greatly accelerating the post-merger integration phase. On the other hand, in case 1, potential synergies were only discussed on paper, but joint teams were not formed before closing the deal.

Regular meetings between the two companies' top executives were organized in the Mahindra & Mahindra and Ssangyong case. In turning point #12, the Mahindra & Mahindra's merger team led by the CEO Anand Mahindra and executive vice-president V.S. Parthasarathy regularly met with SsangYong court-appointed CEO Lee Yoo Il and his team over several dinners. The two groups created a bond while drinking Soju (a Korean liquor) and eating Korean spicy fish stew.

The findings suggest valuable implications for practice by providing a priority list to better prepare for CBMA negotiations in the automotive industry. Primarily, the preparation should prioritize the study of both substantive and strategic precipitants to build coalitions with political institutions and principally with the unions before or during the initiation phase of the negotiation. The preparation should then move to substantive precipitants, developing potential offers and proposals that follow the equality principle in the outcomes. Once the strategic and substantive precipitants have been fully explored, the negotiators can move to the primary procedural precipitants. Establishing cross-functional teams of managers from both companies and scheduling regular meetings between top executives before deal closure allows exploring hidden synergies, resolving outstanding issues, and developing post-merger integration strategies.

One final observation refers to confidentiality matters in the negotiations. Finding the right balance between building coalitions early in the process and maintaining the talks' secrecy is arduous. For example, preserving confidentiality during early encounters was crucial in moving the 2017 talks between Opel and PSA forward. On the other hand, the leaking of important information on the negotiations between FCA and Renault in 2019 by the Financial Times led to an adverse reaction by relevant players such as Nissan, the unions, and the Japanese government. These players were not involved in the initial stages of the negotiation process.

Researcher-Practitioner Collaboration

The collaboration between researchers and practitioners would be highly beneficial in moving our understanding of CBMA negotiations forward, with the former providing theoretical and methodological knowledge and the latter offering real-world experience and access to current practical cases (Burton et al., 2017; Posner, 2009). The partnership provides value to both parties. The researcher can substantiate the study's conclusions by observing whether the turning points progression uncovered by the case study analysis occurs in other CBMA negotiations. Besides, real-world cases can provide data to refine the predictive turning points framework and its categorizations. The practitioner is equipped with a roadmap to predict turning points during the negotiation process and levers to shape that process in real-world settings.

Taking the proposal one step further, we suggest a two-stage collaboration for an extended period of time. In the first stage, the researcher-negotiator team joins forces to prepare for an upcoming CBMA negotiation developing different scenarios of how the negotiation could unfold and identifying alternative futures as a consequence of specific turning points. Based on the priority list outlined in the previous section, the team first develops a strategy to build coalitions early in the negotiation process, assessing the interests and constraints of the government and the unions. Then it determines potential offers and proposals that follow the equality principle and identifies opportunities for synergies and crucial issues at stake that cross-company teams at different levels could examine in depth during the talks. Furthermore, the team identifies specific behaviors or actions that could trigger abrupt departures resulting in a sequence of de-escalatory consequences that move the negotiation toward agreement.

In the second stage, the researcher and the negotiator collaborate during the CBMA negotiation, organizing a continuous feedback loop that allows practitioners to adjust tactics without delay based on the research findings as the negotiation progresses. Either directly at the negotiation table, acting as the partner, or behind the scenes, the researcher feeds real-world data into the predictive model and supplies timely recommendations for negotiators to take appropriate decisions, overcome impasses, and shape the negotiation process towards the desired outcome (Schenke et al., 2017).

Limitations and Suggestions for Future Research

The research is subject to four main limitations, which we address. First, the researcher's subjectivity in applying coding rules founded on the turning points framework was mitigated by employing two independent researchers following a detailed instruction sheet, including definitions and guidance (Hall, 2014). Second, data collection is solely based on secondary sources. The construct validity threat was reduced by establishing a systematic literature review and triangulating distinct pieces of information from several sources to create a converging chronology of events (Rowley, 2002). A third limitation is the propensity of purposive sampling to be susceptible to researcher bias and lack of representativeness. A foundation for case selection was provided by eight specific predetermined criteria, leading to the nine final cases, similar in all conditions, except the period of the negotiations. Fourth, and perhaps most important, due to the limited number of failed negotiations, the study does not provide statistically significant results on the relationship between the timing of the coalition-building and the negotiation outcome. Expanding the number of unsuccessful cases would require access to primary sources because of the inadequate availability of secondary data for negotiations that did not lead to an agreement.

Three major areas deserve further exploration. The first concerns exploring the relationship between the timing of coalition-building and negotiation agreement. Of interest is the question of whether ineffective early coalition-building with the unions and political institutions produces turning points that shift the negotiation away from the agreement in failed negotiations. The second relates to the relationship between the timing of coalition-building and successful post-merger integration, investigating the role of substantive precipitants in resolving crucial issues. The third topic concerns the relationship between the negotiation process and the durability of the merger. Exploring this relationship would substantiate the influence of substantive precipitants that adhere to the notion of equality and the development of cross-company teams in building lasting relationships between the parties.

Moreover, further research would be required to extend the findings of the study to CBMA negotiations in other industries and other complex IB negotiations. This would substantiate the primary influence of internal precipitants and the critical role of coalition building, particularly with the unions.

Extending the Turning Points Framework

This study makes several important contributions to the turning points literature. While adapting the original framework to a particular set of cases, we also tweak it by adding strategic precipitants from inside the talks and distinguishing between contextual and actor precipitants from outside the talks. We learned that strategic thinking led to turning points during later periods while substantive ideas led to breakthroughs earlier in the process. Interestingly, the earlier substantive discussions often introduced justice concerns that paved the way for eventual agreements that embodied principles of equality conducive to strengthening agreements through time.

The analyses were performed on a set of cases not previously examined through the lens of turning points. These cases had long chronologies ranging from six to 36 months, accounting for the large number of turning points that ranged from twelve to twenty. These long chronologies afforded an opportunity to

discover variation in types of precipitating factors, departures, and consequences. A preponderance of these factors are internal, suggesting a strong sense of agency on the part of the negotiators. We also learned that these were mostly strategic and substantive rather than procedural. This finding is similar to the results reported by Druckman (2001) for a variety of international bilateral or trilateral trade cases and by Crump and Druckman (2016) for the multilateral General Agreement on Tariffs and Trade (GATT). A looming question is whether this finding is due largely to the issue area or to the insulation – in the sense of inward-looking – of these types of corporate negotiations.

Another contribution made by our study is the distinction between more and less critical moments that occurred during the twists and turns of the negotiating process. These moments were abrupt departures that moved the talks from a sequence of escalatory to de-escalatory consequences for successful cases or from de-escalatory to escalatory consequences for failed cases. These abrupt switches challenge the idea of path dependence in negotiation where early events largely determine the course of the negotiation. The changes may be driven by outside events such as political elections or stories leaked to newspapers. Indeed, many high-profile negotiations turn on events out of the negotiators' control. An example is provided by Druckman's (1986) study of base rights negotiations, the first turning points analysis of a negotiation. But they can also be driven by internal processes such as the formation of coalitions. We have shown that early coalitions with outside actors that have a stake in the outcomes can place the talks on a de-escalatory trajectory toward agreement. Later coalitions with these types of actors can also be instrumental in encouraging a re-framing of the issues that liven the prospects for eventual agreement. These consequences may be due to a function served by coalitions, which is to manage the complexity of the issues (Crump and Druckman, 2012).

These contributions expand the turning points framework in several directions. They also have relevance for larger issues in social science. One of these issues is the role of agency in the form of strategic decisions that can move a process toward an endgame. But we also learned that external factors, largely out of the negotiators' control, can turn a promising path around by creating an impasse. So, then we are torn between the promise of agent-directed decisions and the threat of outside events. Critical turning points, whether produced by agent innovation or dampening events, were shown to abruptly turn a sequence of de-escalatory or escalatory moves in the other direction. In either case, the evidence on switching the course challenges the idea of path dependence in negotiation. Another important contribution is the role played by coalitions even in bilateral talks. They can serve a uniting rather than dividing function especially late in the process. These are some of the contributions made by this study. They enrich the turning points literature just as they engage the ongoing debates about larger issues.

Conclusion

The study identifies the key factors shaping the CBMA negotiation process in the automotive industry, providing valuable insights and a new perspective to explore IB negotiations. The findings supplement current theoretical knowledge and, importantly, have relevant implications for managers and practitioners involved in M&As. Further, the study outlines essential issues for future research, specifically to extend the findings to other industries and complex negotiations, substantiate the critical factors influencing negotiation outcomes, and explore the relationship between the negotiation process and the durability of mergers. Finally, the study suggests that a researcher-practitioner partnership should aim to allow practitioners to use research findings during the course of their negotiations.

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