SERIAL ACQUISITIONS: A CASE STUDY OF SAIGON – HANOI COMMERCIAL JOINT STOCK BANK

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Abstract: Among many forms of development strategy, serial acquisitions are known as an effective method for firms to gain prosperity with a rapid speed. However, serial acquisition strategy is generally risky and complex. This study examines the serial acquisitions of Saigon – Hanoi Commercial Joint Stock Bank (SHB). The main research findings points out that the acquisition process of SHB is compatible with the acquisition process of a successful acquirer recognized in the literature. SHB has the ability to learn from experience, not only from its previous transaction but also from other firms' acquisitions.

Key words: serial acquisitions, case study, SHB.

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1. Introduction

The scale of profit has long been the yardstick in economy and people also hold the strong belief that profitability has been correlated with increased firm size. The need for expansion has motivated firms to overcome barriers of their own firms and build larger economies of scale. To achieve that, firms might choose mergers and acquisitions as one of their major methods. Mergers and acquisitions (M&As) have considerable effects on the economy, industry structure, and corporate as well as the effectiveness of government policies. Mergers and acquisitions are commonly considered to be that kind of investment in which we invest our money just to buy the "products", not to make them. Investing in M&A often brings the firm higher profit and larger presence in the market; however, firms would take more risks of losing money in unefficient takeovers.

Since the beginning of the twentieth century, there has been a boom in the number of firms taking acquisitions as their standard way of growing, turning

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themselves into serial acquirers. In the past decade, about two-thirds of the total amount of money accumulated from acquisitions worldwide were motivated by firms that are frequent acquirers (Karolyi et al, 2015). Generally, in every five public acquirers, there is one serial acquirer. Some firms are known to have acquired more than 50 corporations in the past 10 years, such as Google, Microsoft, and IBM. These serial acquirers not only buy assets in their own industry and country but also involve in inter-industry and cross-border transactions. Acquisition series are obviously distinguished from one-off acquisitions. They are regarded as active decision taken by the management and used as strategic plan for long-term development. To successfully achieve the long-term development and make sure that the decisions are correct, firms need to pay more attention to their target selection as well as follow a learning curve which provides them with more efficient uses of experience gathered from prior acquisitions. With the appropriate selection of target company and accumulated knowlegde, firms are able to continuously improve their performance and competitive advantages.

Serial acquirers are mostly from consolidating industries such as banking, airlines or telecom. On the basis of a built-and-buy principle, acquisition transactions are conducted. Firstly, taking the advantage of serial acquisitions, a firm gains a platform in a sector. Secondly, thanks to that new platform, a firm can expand the business not only in size and scale, but also in product lines and customers. Although it is quite a difficult and complicated way that takes a lot of time and may contain risks, if successfully executed, the payout would be worthwhile. It is important but challenging for a serial acquirer to keep balance between the long-term goals, strategies and the obstacles such as market uncertainty and competitive bids that negatively affect the plan. “Sometimes the outcome may be very different from what the company has originally planned.” (Smit & Moraitis 2010). To some serial acquirers, acquisitions are not only part of their core business but also an approach to prosperity.

Besides the benefits that a firm can gain from acquisition transactions, it can also built up the strategic improvements in the long term. Only by serial acquisitions can they achieve these long-term benefits. These advantages become

regular and give the serial acquirers the abilities to overcome simultaneous and multiple transactions. In addition, as serial acquirers become familiar with these activities, they can cut down the time needed to acquire and also make the processes more effective and smooth. The size of the acquirers also plays an important role in influencing the acquisition process. Thanks to managerial and financial recourses, the larger the economies of scale of that company, the less complicated it is to be successful in acquiring others. Another factor that facilitates the acquisition transactions is the firm's specialization in structures and processes. Laamanen and Keil (2008) show that the frequency of acquisition activities also has impacts on the company's performance. It can positively affect the company in making more efficient acquisitions. Moreover, serial acquirers become more and more accustomed to acquiring, therefore they can set up for themselves the programs involving what kinds of companies or industries they want to acquire, when to acquire them.

Among many forms of development strategy, serial acquisitions are known as an effective method for firms to gain prosperity with a rapid speed. However, serial acquisitions strategy is generally risky and complex. In recent years, serial acquisitions occur more often as Vietnam is becoming increasingly developed and companies want to expand their size by means of acquisition, which is much more rapid than organic growth. In Vietnam, there are multiple serial acquirers firms, such as Saigon-Hanoi Commercial Joint Stock Bank (SHB), Vingroup Joint Stock Company, FPT Corporation, Kinh Do Corporation,… Many Vietnamese enterprises are struggling in selecting the right targets for their multiple acquisitions and still have little experience when participating in the takeover market. However, the M&A literature in Vietnam does not pay much attention to the effects of serial transactions. Therefore, a research about serial acquisitions is worth conducting.

In this paper, we focus on a particular case study, which are the acquisition transactions of SHB. We find that the acquisition process of SHB is compatible with the acquisition process of a successful acquirer recognized in the literature. SHB has the ability to learn from experience, not only from its previous transaction but also from other firms' acquisitions.

2. Literature review

Prior studies consider frequent acquirers as a homogeneous type which suggests that firms involved in these serial acquisitions have similar characteristics. In addition, the definition of a serial acquirer is diversified in the literature. For example, according to Fuller, Netter and Stegemoller (2002), serial acquirers are firms that acquired more than five firms. Karolyi, Liao and Loureiro (2015) also share the same opinion. However, in the study of Billett and Qian (2008), the authors define firms as serial acquires if they make more than two acquisition transactions over their sample period.

Several studies about serial acquisitions have been done and these studies report mixed and conflicted results. Several studies show that frequent acquisitions have positive impacts for firms (Rovit, Harding and Lemire, 2004). In accordance with the article by Malatesta and Thompson (1985), which focus on the influences of acquisitions, generally, acquisitions bring good investment opportunities. However, there are some studies suggest that frequent acquirers seems to perform worse if they keep on acquiring (Fuller, Netter, and Stegemoller, 2002, Billett and Qian, 2008, Boubakri, Chan, and Kooli, 2012).

The study further found that the main reasons for the decline in productivity and performance of acquiring firms are that the market's anticipation of a transaction have adverse impacts on the abnormal stock returns at the claim related to the event's economic effect (Schipper and Thompson, 1983; Malatesta and Thompson, 1985). Besides, Billett and Qian (2008) also document that after some fruitful acquisitions, acquirers become overconfident, and they may freely carry out huge number of transaction without shareholder intervention. Previous definitions state that frequent acquirers starting acquiring are conditional on the private information which the market does not get. Moreover, they may stop transaction in case they recognize that there is an anticipation from the market of their next bid, which may lead to the climb in the target price.

If the market favors the declaration of acquisition transaction, its value would be partly transferred in the stock price. In 2008, the study of Laamanen and

Keil published in the Strategic Management Journal proves that frequent acquisitions inversely impact the stock price performance of the acquirers. In addition, the size of the acquiring company and experience from prior transaction are concluded to be a moderation for the unfavorable impacts. Lubatin (1983) shares the same results about the benefits of learning process on takeover performance. Kusewitt (1985) also thinks that serial acquirers are successful thanks partly to the learning process.

On the contrary, the opponents of this view, McCarthy (1963) and Terry (1982) state that the frequency of acquisition leads to the obstruction in the corporate, which means the firm will find it hard to absorb a huge amount of new entity at high rate. In the study of Kusewitt (1985), the author suggests that the two sides may be accurate as "there is an optimal relationship between acquisition rate and acquirer's performance". Besides, the research of Ismail (2006) shows that frequent acquiring companies are outperformed by single ones he says that this conclusion is due to the hubris affected managers.

Previous studies also researched about the capabilities of making serial acquisitions and its relation to performance. The research of Haspeslagh and Jemison (1991) strongly focus on the issue of deciding "how acquiring activities should create and not only capture value". To achieve that, the researchers believed that, the acquirers must provide themselves abilities of acquisition making and thus learn from prior activities. In addition, they also emphasized that organizational skills of the firms, such as the competency to determine the target, negotiate the contracts, and operate the integration process, play an important role in the success of an acquisition.

In Vietnam, we could not find any study about serial acquisitions. Researchers pay more attention on every single transaction than the synergies from multiple transactions.

3. Successful serial acquirers

To succeed in multiple transactions, the acquirers must be able to learn from the process. In other words, the learning process should have a positive impact on

the acquirers. Experience provides acquirers the competence to identify and evaluate business opportunities, and to also minimize any related risks which may harm their markets and operations commitment (Johanson and Vahlne, 2003). Acquisition experience consists of organizational capacity of identifying potential targets, negotiating deals, and operating combination processes. "Establishing such capabilities is simply not optimal for an individual acquisition" (Haspeslagh and Jemison, 1991; Zollo and Winter, 2002). Frequent bidders are capable of gaining systematic cognition from prior acquisitions, and provide expert teams to control acquisition processes (Kale et al., 2002). They have the opportunity to experience and involved themselves in multiple acquisitions of a company, thus understand what steps they should take and what they should do. Moreover, the decline in the possibility of making mistakes is a direct benefit of experience. Because acquisition activities are regarded as complicated and costly processes, the acquirer may save much if they can reduce as many errors as possible. In addition, if these processes are arranged in a systematic way, thanks to having experience before, the activities will go smoother and require less effort in each stage. Therefore, experience brings more efficiency and effectiveness.

Secondly, problem-solving skill is also considered to be accumulated from learning process. It is undeniable that the greater quantity acquirers carried out, the more expert deal-making skill they obtain. The study of Hayward (2002) indicates the organizational learning theory which can identify the impacts of multiple acquisitions and also emphasizes the problem-solving processes during the period of takeover. In one acquisition transaction, the firm faces a wide array of problems, thus accumulate and improve the ability of dealing with the transaction with an increasingly specialized way. The firm can also adjust its reaction appropriately with each situation depending on the characteristics of the problem.

The third advantage of learning process is that there will be an improvement in the core capacities. These capacities are gained through experience accumulated and sustainable development. When the acquires adapt to experience and transform to actions, they can identify potential opportunities actively and take best advantage of " external conditions over which the company has little control (e.g. market

cycles, regulatory changes and technological innovation)" (Hayward, 2002), The firm become more flexible since it expands its abilities and openness to a variety of acquisitions. In addition, as the firm has chances to access to new knowledge, it will be more open for new ideas and new method of conducting business (Guest et al., 2004).

Last but not least, from the capability through frequent acquisitions, the acquirers learn how to master and expand continuously, thus turn themselves into strategic acquirers. The capacity to determine which parts of company's core processes need adjusting to gain success is an essential key for superior returns. "This skill is closely related to increased experience" (Dar-El, 2000). Therefore, thanks to the organizational learning process, along with the literature on learning curves, the returns of multiple acquisition are expected to grow after each deal.

However, strategies in each acquisition are not the same, the team need to update them and make them most suitable and beneficial with each situation. After each acquisition transaction, the strategies are adjusted according to the nature of the acquisition's problem. The acquirers set up the price called walkaway-price in order to maintain the activity to the final negotiations. Therefore, the firms can take advantage of it and get out of the deal in case it is not sensible anymore. In addition, the acquirers also have the advantage of having more control in the decision making process, which means that they are usually the ones suggesting the deals and also making final decision of the transaction.

However, serial acquirers still cope with several problems. The first thing that may concern them is time. The process of learning may take a lot of time, in which the acquirer is confused of estimating how long it takes to obtain satisfactory knowledge (Ravenscraft and Scherer, 1987; Lubatkin, 1983). Another problem is related to individual overload. According to Kussewitt (1985), it is essential that different management layers must commit and devoted their time to each acquisition, while a sudden acquisition activity may worsen acquirer's competency.

4. The case study of Saigon – Hanoi Commercial Joint Stock Bank

Saigon - Hanoi Commercial Joint Stock Bank is a bank in Vietnam which offers organizations and individuals various banking products and services. The bank provides short, medium, and long term deposits, loans, and advances; foreign exchange transactions; international trade finance; and discount of commercial papers, bonds, and other valuable papers. In addition, its services also include safe box keeping; gold trading; insurance agency; and credits in the form of discounting of negotiable instruments and other valuable papers. The bank also opens financial and securities services related to brokerage, trading, investment advisory, underwriting, and securities depository; remittance; cards; and e-banking services.

By the end of 2014, the charter capital of SHB grew to 9 trillion VND with the total assets of 169 trillion VND, income before tax was over 1 trillion VND with 52 branches and 236 transaction offices, 1 business center and 10 savings funds in 50 cities and provinces over the country. It also crosses the border and expands its scale to Asian area. In Cambodia, there are 4 branches; and in Laos, there is 1 branch. The bank was founded in 1993 and firstly named Nhon Ai Rural Commercial Joint Stock Bank. In September 2006, the bank changed its name to Saigon - Hanoi Commercial Joint Stock Bank.

According to Trautwein (1990), we have multiple theories explaining the acquisition motives. However, in general, serial acquirers have three main motives for making acquisitions: (1) they want to enhance their core business; (2) they desire to expand to new geographic areas; and (3) they want to buy out competition.

Table 1: Theories of Acquisition Motives

Acquisitions as	Acquisition benefits bidder´s	Net gains through synergies	Efficiency theory
		Wealth transfers from customers	Monopoly theory
		Wealth transfers from target´s shareholders	Raider theory

rational choice	shareholders	Net gains through private information	Valuation theory
	Acquisition benefits managers		Empire-building theory
Acquisition as process outcome			Process theory
Acquisition as macroeconomic phenomenon			Disturbance theory

These three motives apply in the case of SHB's acquisitions. In the first acquisition with Hanoi Building Commercial Joint Stock Bank (HBB), SHB wants to strengthen its core value as well as to buy out its competitor. After the acquisition, SHB can gain synergy advantages and the capacity to improve their customer base as two banks now merge into one. In the second acquisition with Vinaconex – Viettel Finance Commercial Joint Stock Company (VFF), which belong to the different industry, SHB intends to expand into a new market.

4.1. SHB's motives to acquire HBB

With the intention of creating synergy advantages according to efficiency theory, SHB chose HBB as its target company to achieve the ambition because HBB was a large bank with long experience and professional system. Moreover, at that moment, HBB was also looking for a bidder to help it out from the bankruptcy. To be more specific, SHB made a decision to acquire HBB because in the period of existence, HBB was considered to be one of Vietnam's most successful commercial joint stock banks. Founded 3 years earlier than SHB, HBB had a history 23 years, at which time it proved to be capable of adapting to changes in the economy and taking advantage of opportunities to grow as well as solidifying its presence. In 2007, HBB even welcomed its new shareholder Deutsche Bank, one of the world's largest investment banks. However, it was unfortunate for HBB to have the bad debts of VND3 trillion loan to state-owned shipbuilder Vietnam Shipbuilding Industry (Vinashin), which almost collapsed in 2010 with huge debts. It is unlikely for the bank to collect the loan. Its business effectiveness, financial state and asset

quality have been detrimentally influenced by the unsettled loan to Vinashin. Therefore, the bank has opted for the merger plan. Taking advantage of HBB's situation, SHB took quick action to grab that opportunity. Both bank were willing to merge together. In fact, it was SHB to acquire HBB to make it become a part of SHB's system. To be more precise, SHB would take over everything of HBB, hence leading to the disappearance of the brand HBB. In spite of the bad debt that SHB had to bear for HBB, SHB held the belief that the combined entity is not just one larger bank but two banks integrating each other, producing benefits that add to the value of a new organization.

Table 2: Strengths and weaknesses of HBB

Strengths	***Weaknesses***
Emerged from global financial crisis in a strong position.	HBB lacks of scale. It is a fairly large bank in Vietnam but a small institution by international standards.
HBB is the first commercial joint stock bank in Vietnam, with a long history of operation, a network of loyal customers having long-term credit relationship.	Vulnerability to a drying up of liquidity within the banking system. Funding from, and loans to, other banks account for about one-third of total assets.
HBB has a steady growth through different period of Vietnam's economic development, it is the foundation for the sustainable development of a financial institution.	The capital scale is still small following the sustainable growth strategy.. The branch network is still limited. The brand of HBB is not widely known in the key markets
One of the leading local banks in providing professional, effective Personal Financial Consultant services	The banking services are simple, the products are not diversified, and HBB doesn't has its own mark.
It has a solid foundation of corporate culture and customer base.	Lack of strategic development and long-term ambitions.
It has systematic regulations, business processes strengthened and supplemented by the technical assistance of strategic partner Deutsche Bank	The target position of the Bank in the banking system is not clear and HBB does not keep pace with customer needs.
By not recycling the rapid growth of deposits into new loans, the bank has reduced its loan-to-deposit ratio to well below 100% and it is	Governance is not effective, not closely managed, weak risk management. Potential problems in the wake of the

less dependent on borrowing from other financial institutions.	bursting of the asset price bubble.
The structure is small-scale, compact, therefore reduces bureaucracy in the management, has flexible responses with any changes of the market.	
The small scale along with many years of operational experiences help HBB easily overcome the crisis and can rapidly develop after crisis.	

Following the efficiency theory, SHB gains operating synergies after the acquisition. Firstly, it achieves these synergies through greater economies of scale, which lowers costs and increases profit margins. Economies of scale are also an important barrier to the entry of new firms, which are forced to enter the industry at a significant cost disadvantage relative to established firms. The opportunity to produce a greater amount of output with lower costs per unit motivated SHB to buy HBB. The economies of scale is considered to be the most common in horizontal mergers, in which acquiring companies operate in its own sector. SHB had an ambition to decrease its expenses in many ways after the acquisition. By acquiring HBB, SHB could potentially reduce the cost and increase the value of shareholders. Specifically, cost savings includes eliminating redundant branches, integrating data systems and back offices, managing cheques, payments and card transactions, marketing and management sharing, production and distribution sharing, or the decline of general and administration costs.

In addition, SHB improved its ability to enhance more banking products through the same distribution network, use the same executives of the central administration, the same department, programs of training and still kept its corporate identity after the buyout. According to the chairman of SHB, Mr Hien also said in the interview with *Dau tu Chung khoan* that "As a commercial bank, we always put the interests of the shareholders up first. Therefore, when implementing a new business deal, SHB has to consider carefully and deliberately. We think that

this is a good business opportunity which is compatible with the strategic development of the SHB and the expectations of shareholders and investors."

The combining of complementary resources is also one important factor that SHB consider before making acquisition. It would be a time-saving and money-saving method to approach SHB's expected resources. Mr Hien also confirmed that "Without the acquisition with HBB, to grow organically, SHB would need at least 5 years with the huge cost to achieve the properity that would be gained within 7 months thanks to the acquisition. This transaction saved significant time and costs in the development strategy of the SHB. The chairman expected that after successfully implementing the acquisition, a financial institution would be formed with VND 9000 billion of charter capital, VND 100,000 billion of total assets; the business network would also grow with 242 branches and transaction offices, nearly 4600 employees who had been trained and had experience in banking operations. The acquisition also benefited SHB's shareholders by giving them 0.21% more on each share that they had. This was considered as a dividend that SHB was divided in 2012.

In this transaction, SHB also applied the monopoly theory which means building monopoly power in the market. SHB chose to acquire other firm in its own industry to reach a monopoly position. According to monopoly theory, the size of other companies having a significant foothold in the market is also important for an acquisition, therefore HBB seemed to be the suitable choice for SHB due to HBB's scale and experienced banking system. However, the theory also implies that transactions are carried out to gain more market power, it does not necessarily means that the firm has to lead a position of monopoly in its sector after the acquisition. In this case, SHB may not gain the monopoly among others, however, it still doubled its size and made larger market share. Mr Hien added in the interview with *Dau tu Chung khoan* "With more than 20 years of operating in banking sector, HBB has great advantages in the market such as having certain market share, maintaining customer loyalty and producing many products, utility services .These are the strengths of that SHB could acquire after the takeover. After the merger,

SHB would become one of the 10 largest commercial banks in Vietnam in capital size and market share".

Process theory also plays a part in this acquisition of SHB. The State Bank motivated SHB in the process of acquiring because it wants to restruct the banking sector. Restructuring efforts at several commercial banks like SHB have been actively supported by the SBV, especially in non-performing loans (NPL) resolution and improvements in the legal framework so as to improve the banking system towards sustainable development.

4.2. SHB's motives to acquire VVF

In this acquisition, SHB applied the efficiency theory again by creating synergy advantages through increasing economies of scale. It can be seen by the strategy to establish a finance company of SHB. SHB's strategy after the merging company will develop the company VVF is a consumer finance company. This is one of the service activities bringing huge profits for the bank. The acquisition would enable SHB to get strengths from Viettel to promote consumer services sector. In addition, the total assets of the VVF were higher the par value of VVF's shares. Thus, the share swap VVF - SHB ratio of 1: 1 is suitable. In Vietnam financial consumer market, despite the severe competition between financial firms with long history, strong customer base and extensive distribution system, there is still potential developing opportunities for new financial companies like SHB Finance. Via SHB Finance, SHB could formalize its strategy to expand market share of their customers, contribute to improving the profitability of the Bank. In addition, the establishment of SHB Finance also helps overcome current limitations in their consumer lending.

Table 3: Strengths and Weaknesses of VFF	
Strengths	***Weaknesses***
It was founded with charter capital of VND 1,000 billion based on the consensus of the founding shareholders: Vinaconex Joint Stock Company and Vietnam Military Telecommunications Group (Viettel)	VVF has little potential clients who can generate huge revenues for the company. Instead, its clients are mostly businesses operating in high risk areas. The reason is simply described that VVF restricted providing credit to major shareholders, the founding shareholders.
VVF has so far maintained its position and has potential capacity in the financial sector.	The size of the company is still small.
The company equips itself with many facilities, the effective operating system, and dynamic and young staff.	After the prosperity in 2011, VVF began to operate ineffectively which was shown in the continuous negative growth. The business activities in recent year had declined. Since 2011, profit had decreased significantly, and NPL ratio had increased

To be more specific, in terms of operational synergies (in efficiency theory), integrating value-chain activities helps SHB to create economies of scale as well as scope efficiencies. Operational synergies are also created when know-how is transferred across value-chain activities to lower costs or enhance product value. Despite operating in different industries, SHB transferred its brand managers into VVF's organization to improve its marketing capabilities. The result was a significant increase in SHB's market share. SHB could create financial synergies. The Bank can lower the systematic risk by investing in a diversified portfolio as a non-banking financial institution like VVF. That acquisition help the bank create an internal capital market. This market gives SHB access to lower-cost capital and

creates superior performance through more efficient allocation of capital among business units. Regarding to managerial synergies, SHB transferring its superior management skills into the target company to improve its performance.

The acquisition also helps to create the combining of complementary resources. It is time-saving and money-saving method for SHB to approach needed resources. Besides, they can make best use of huge capital or managing ability. SHB takes advantage of VVF's service to improve the convenience for customers, therefore increase revenue and keep the relationship with customers. SHB was motivated to buy VVF because the acquisition would offer SHB opportunities to provide services like lending, transferring,… for customers of financial company. At the same time, they can use the resources of VFF to provide their existing customers.

The monopoly theory was also applied in this deal, however it did not have significant impact in motivating SHB to acquire VVF. In other words, gaining monopoly position was just a minor motive for SHB in making this acquisition. The monopoly desire, of course, still encourage SHB to take action to expand the network of customers in order to improve the market share of SHB in the market, which helps SHB achieve the aim to becoming one of the leading retail bank in Vietnam.

In this transaction, a process theory can also be applied which related to political factors, organizational routines, limited information accessibility and agency issues. The acquiring decision in this case is influenced by political factors. This acquisition is inevitable, which contributes to improving the competitiveness of Vietnam financial market in the process of creating regional large-scale banks. This strategy is driven by the Government to restructure the system of credit institutions under the project "Restructuring the system of credit organizations in the period of 2011-2015" issued by Decision No 254/QD-TTG by the Prime Minister.

4.3. SHB's strategy

The medium and long term strategy of SHB is that, by 2015, it will become a leading modern multifunctional retail bank in Vietnam and by 2020, it will to be the

top financial holding group. In the process of implementing this strategy, SHB has always concentrated on improving new and modern banking products and services so as to diversify its product and service, together with producing packages with advanced and specialized facilities, and also putting up with general trends of the Vietnamese and the world financial industry. Modern information technology has been utilized in governance, product and service improvement and risk management and expanding the operation to the international market.

SHB business strategy is "competition by differentiation", to take the best advantages of investment opportunities in the market. Actually, the bank has set an obvious and long-term strategic plan, proactively forecasted and made appropriate adjustments according to changes in the market to ensure competitiveness and to make difference. The modern IT platform, the young, professional and enthusiastic employee team, and the unity within the management have created tremendous strength for SHB

To expand its scale, network and develop competitiveness at the lowest cost, SHB has carried out 2 acquisitions of HBB (a Vietnamese commercial joint stock bank having good brand-name and medium size) and of VVF (a healthy finance company supported by Vinaconex and Viettel) to make SHB one of leading commercial banks in Vietnam. Through this M&A strategy, SHB has made a breakthrough compared to other banks in the market and overpassed its direct competitors.

The relationship between SHB's strategy and serial acquisitions is clear. Making acquisitions for a frequent acquirer like SHB is part of their company strategy and is a part of normal activities in the company. Making acquisitions is very structured and follows patterns that have developed over years. Acquisitions for SHB are part of their business, growth strategy and a way to develop their core business because the bank know that if they develop in an organic way, it will take the bank much more time compared to making frequent acquisitions.

Acquiring other firms is a part of SHB's business strategy as they believe that it is the quickest and most efficient way to gain prosperity. This is not an exception and can be recognized in other companies too, especially in a banking

sector. Acquisitions are common in banking industry and some banks acknowledge making acquisitions as a part of their business. The case of SHB is not an exceptional. More special, SHB is even considered to be a serial acquirer with its two large-scale transactions. For SHB, making acquisitions seems to be a normal activity. However, SHB carries out acquisition activities not just because they used to do it before, but also because they can see the cost they spend for the transactions will be compensated and even create much more value than what they sacrifice.

The number of acquisitions made by SHB is small but the scales of them are substantially large which in turn have considerable impacts on the bank. Because SHB makes few but complicated acquisitions, its acquisitions are also quite risky. It have to bear the bad debts of two acquiring firm. However, the bad debt of VVF was quickly and more easily solved while it took the bank a really long time to overcome the bad debt of HBB. Despite bad debts, these acquisitions are considered to be successful as the benefits they bring about is much larger than their drawbacks.

The characteristics of the acquired firm also affect the acquisition strategy of SHB. In the first acquisition, SHB buy the firm in the same industry with it: banking sector. As they are both in the same industry and share nearly the same operation, SHB has a deeper understanding of HBB situation and its current performance. Therefore, it took SHB less time to decide to acquire than the second acquisition. It is 7 months of investigating HBB and 3 years for VFF. In the second transaction, SHB spent more time examining its target because at that time, the acquired company belongs to the finance sector. SHB need a longer duration to thoroughly understand its target. It helps the bank have the right strategy for better performance as well as to reduce potential risks.

Acquisition strategy can involve enhancing the image of a company by buying company that improve the firm image. After the acquisition, brand names of both acquired firms disappear in the market. The acquisition of VVF has led to the establishment of a new finance company: SHB Finance. The strategy to expand SHB’s brand name achieves great success.

Because of the nature of the industry, the acquisition strategy of SHB is not likely to change in the near future, unless it wants to expand outside the banking and finance sector.

5. Conclusion

This study examines the serial acquisitions of Saigon – Hanoi Commercial Joint Stock Bank (SHB). The main research findings points out that the acquisition process of SHB is compatible with the acquisition process of a successful acquirer recognized in the literature. SHB has the ability to learn from experience, not only from its previous transaction but also from other firms' acquisitions. The author applies the motive theories by Trautwein (1990) to analyze the motives of making acquisitions of the case company. There is an array of motives for carrying out transactions that vary from desire to increase market power to diversify the company. The main motives for SHB to make acquisitions is to expand their business as well as as strengthen the core business. In addition, they also want to expand to new area and be more specialized in finance by establishing the new financial company: SHB Finance. Acquisitions help SHB achieve synergy advantages when integrating the acquired companies to itself. The acquisition motives of a serial acquirer are different from time to time, however, in this case of SHB, the motive to make acquisitions seem to be the same. There is one big different is that in the second transaction, SHB desires to expand to a new market instead of an existing market.

Trautwein's efficiency theory proves that acquisitions are implemented because of synergy advantages. In both acquisitions, efficiency theory are obviously the key motive for SHB to make acquisition. It helps SHB achieve the synergies to expand the business by combining. The synergy advantages can be divided to financial synergies, operational synergies and managerial synergies (Trautwein, 1990). In the case of SHB, operational synergy advantages are at the core of their motives behind acquisitions. Operational synergies are achieved by integrating operations and units from knowledge transfer. For instance, to be specific, in the first transaction, SHB can take over the existing operation system of HBB, increase the existing resources and customers. In the second acquisition, by acquiring the

non-banking financial institution, SHB gains new knowledge from finance sector and establish a new market for the firm. In addition, the administrative resources of the acquired company can be transferred to SHB.

In terms of monopoly theory, building monopoly power in the market is one of the driving motives for acquisitions of SHB. This theory can be supported to some extent in this study, however, in fact, the market does not really encourage this theory. In the case of SHB, SHB integrated with HBB to gain more market power. These kinds of motives sometimes have been referred to bring collusive synergies (Chatterjee, 1986) or competitor interrelationships (Porter, 1985). It means that from SHB's perspective, these advantages are seen as beneficial as the synergy type. Nonetheless, there is a difference at the level of the economy. Collusive synergies bring no efficiency but wealth transferred from the firm's customers. The major conclusion that can be drawn is that it is unlikely to make acquisitions just in order to gain monopoly position in the market or to achieve market power. There are also other motivators which are more important and forming monopoly power is not sufficient for SHB to make acquisitions.

Along with the efficiency theory and monopoly theory, it is the process theory that can be applied in the situation of SHB. In banking system, mergers and acquisition is common due to the direction of the State Bank of Vietnam. According to the Action Plan of Banking sector for implementing the Scheme on "Restructuring the credit institutions system in the 2011-2015 period", many transactions were implemented. SHB is one of the organizations which follow the strategy of SHB.

Valuation theory states that the acquiring company have unique information about the value the benefits and acquisition would create or the have discovered an undervalued firm (Trautwein, 1990). In the case of SHB, they have the same information the market has. Therefore, this valuation theory does not get sufficient support from this study. In addition, it seems that even if a firm would possess private or better data about a target firm, the use of the information can vary. Sometimes the data may be useless for the company to utilize. Private information was not regarded as a highly essential issue in the case company SHB. Therefore in

this case the presence of private information would not likely be a motive behind acquisitions.

As SHB are the active party in both acquisitions, which means it buys out other company, after the acquisition, the resources of acquired firms would be allocated according to the strategy of SHB. In other words, SHB has the control over the materials and resources of the new combined entity. For instance, SHB made redundancy for the unnecessary branches, integrated the human resources, take over all the materials, data of the acquired company.

The acquisitions made by a serial acquirer are often linked to other strategies of the company and are part of normal activities. Acquisitions for a serial acquirer are considered as essential as other issues inside the firm. It is an important part of their business, a strategy for growing and a method to enhance their core business. In the case of SHB, acquisition is a growth strategy that brings a huge impact on the development of the bank. SHB had transferred significantly from a rural commercial bank to one of the largest commercial bank of Vietnam. If SHB chose to grow organically only, it would take them a much longer time to achieve the prosperity and rapid development as they did by acquiring. Acquisition strategy plays a crucial role in the core business of SHB. Therefore, they want to continue to implement it by making frequent acquisitions.

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