ARTICLE

MANAGING STAKEHOLDER RELATIONSHIPS DURING THE TATTS/TABCORP MERGER PROCESS

Simon Segal

Mergers and acquisitions are significant events in the life of corporations, with complicated and disruptive social, economic and political consequences for their stakeholder relationships. PhD research candidate Simon Segal examines the complex balancing of M&A stakeholder management through a case study of the mega-merger of Australia's two biggest lottery firms. The views expressed are his own.

1. INTRODUCTION

As a massive global phenomenon, mergers and acquisitions (M&As) are complex economic, political, and social events with fundamental stakeholder management implications. Global M&A volume has been valued at slightly over the US$4 trillion for each of the past two years.[1] M&As have dramatic and disruptive consequences on a firm's organisational life;[2] growth strategy;[3] strategic renewal;[4] forms of change;[5] and ability to meet market challenges.[6] Various stakeholder group relationships (referred to as stakeholder relationships in this paper) are affected by and affect M&As in different ways, often complementing, often conflicting.

Extending the context of M&A research to its stakeholder relationships helps broaden our understanding of the complexities, opportunities, and obstacles that surround M&As.[7] Meglio

1. Dealogic, 2020
2. Larsson and Finkelstein, 1999
3. Hitt, Harrison and Ireland, 2001
4. Bruner, 2004
5. Cartwright, Teerikangas, Rouzies and Wilson-Evered, 2012
6. Agrawal and Jain, 2015
7. Anderson, Havila and Nilsson, 2013, p. 8

and Risberg[8] argue that 'M&As are fraught with instabilities, ambiguities, politicisation, and fragmentation that traditional research approaches cannot do justice to'. Therefore, M&As can take place in the context of incidents, activities, and actions that continually unfold with implications for various stakeholders.[9] The numbers-logic tradition in corporate planning cannot suggest stakeholder reactions to a significant organisational transition, such as an M&A.[10] Yet the context of the M&A process, and the surrounding stakeholder relationships, are too often researched and managed in isolation. In this paper, I connect stakeholder research with M&A research.

From a previous analysis[11] we found that research linking stakeholders and M&A research is fragmented and divergent. Although more and more varied stakeholders are increasingly being investigated through a diverse range of analytic approaches, research methods, and disciplines, the analyses in these studies are still unidirectional examinations of how M&As affect stakeholders, not how stakeholders affect M&As. They also fall short of investigating inter- and intra-group stakeholder relationships. Thus, we have gained little insight into the complex web of stakeholder relationships during an M&A process. Against such shortcomings, there remains a need to analyse context and relationships concurrently to understand how stakeholder relationships around a merger process are managed. I have undertaken this analysis task through a case study on the AU$11 billion mega-merger process between the Australian gaming groups Tatts Group Ltd (Tatts) and Tabcorp Holdings Ltd (Tabcorp) over 2016/17. (Note that, hereafter, all currency is in AUD unless specified otherwise).

The research question addressed in this paper is: *How was Tatts and Tabcorp's stakeholder management affected by, and how did it affect its merger process?* I examine documents and use interview evidence from the case merger. I identify several key stakeholder relationships in this merger process that were disrupted and disruptive to offer insights into how this complex web of relationships was managed.

I draw on Heidegger's philosophy of hermeneutics[12] to make theoretical sense of the relationships between stakeholders and the M&A process.[13] In Heideggerian terms, relationships refer to ways of assembling the parts of a phenomenon: a contextual phenomenon in which the parts are related to each other.[14] Each stakeholder relationship is constructed through their relationship with different stakeholders, as well as to the whole (merger process). Gadamer[15] explains: 'It is a circular relationship…The anticipation of meaning in which the whole is envisaged becomes explicit understanding in that the parts, determined by the whole, themselves also determine this whole'. I find that managing stakeholder group relationships during the Tatts/Tabcorp merger process involved both balancing and disempowering key stakeholder groups.

With this analysis, I connect two research fields – stakeholders and M&As – helping to solve complex problems around managing stakeholder relationships during an M&A process. Viewing M&A processes in the context of fluid and dynamic relationships allows us to identify those relationships explicitly. The originality of this research lies in accommodating the complexity of M&A processes,

8. Meglio and Risberg, 2010, p. 90
9. Meglio, 2015, p. 165
10. Lamberg, Pajunen, Parvinen and Savage, 2008
11. Segal, Guthrie and Dumay, 2020
12. Heidegger, 1927
13. Segal, Guthrie, Dumay and Segal, 2019
14. Segal, 2016
15. Gadamer, 1976, p.117, cited in Myers, 1995

which involve a web of defined stakeholder relationships that have to be managed to ensure the M&A proceeds.

The rest of this paper is organised as follows. Section 2 contains a literature review, which tracks progress towards a stakeholder perspective of M&A analysis leading up to the research question. Section 3 outlines the research methods used. The Tatts/Tabcorp merger case history is provided in Section 4. Sections 5 and 6 provide an analysis and discussion of the merger process. The paper concludes in Section 7 with a summary of the evidence and findings in response to the research question.

2. M&As AND THE STAKEHOLDER LITERATURE

This literature review tracks and explores the stakeholder perspective of M&A analysis to arrive at the research question. Segal, Guthrie and Dumay[16] highlight that well before the first merger wave of 1895–1904,[17] economists were aware of the social, political, and economic consequences of market concentration. For instance, Adam Smith[18] saw economic concentration as a distortion of the market's natural ability to allocate society's resources optimally. Karl Marx[19] outlined how concentrating production in fewer hands can only occur with the simultaneous creation of its opposite – the poverty and misery of many.

While early conceptualisations were not specifically M&A-focused, they anticipate the broader societal consequences of market concentration as an outcome of what would evolve into corporate M&As.

These anticipations of the social, political, and economic aspects of M&As are consistent with contemporary conceptual understandings of a more stakeholder-engaged corporate and financial world. This is manifested in terminology like 'socially inclusive' economic growth that is developing around the Sustainable Development Goals set by the United Nations in 2015 for 2030.[20] Stiglitz[21] talks about 'progressive capitalism', based on an understanding of societal wellbeing in response to the 'neoliberal fantasy' (e.g., that unfettered markets will deliver prosperity to everyone). Yet M&A scholars seldom incorporate such conceptual understandings into their inquiries despite the broad consequences of M&A activities.[22] An incentive related to M&A as to why business leaders are feeling pressure to rethink their societal role is research showing an overall positive association between an acquirer's attitudes towards stakeholders and acquisition performance.[23]

Studies proposing stakeholder analysis in the context of M&A research have been undertaken from different perspectives,[24] including corporate responsibility,[25] process[26] and stakeholder frameworks.[27]

16. Segal, Guthrie and Dumay, 2020
17. Bruner, 2004
18. Smith, 2005
19. Marx, 2004
20. Sachs, 2015, p. 4
21. Stiglitz, 2019
22. Segal, Guthrie and Dumay, 2020
23. Bettinazzi and Zollo, 2014
24. Segal, Guthrie and Dumay, 2020
25. Barone, Ranamagar and Solomon, 2013; Borglund, 2012; Deng, Kang and Low, 2013; Dorata, 2012; Waddock and Graves, 2006
26. Lamberg et al., 2008; Meglio, King and Risberg, 2015
27. Anderson et al., 2013; Cording, Harrison, Hoskisson and Jonsen, 2013; King and Taylor, 2012; Madhavan, 2005; Martirosyan and Vashakmadze, 2013; Meglio et al., 2015

A stakeholder approach to M&A analysis also has precedent in various case studies, which reflects the explanatory power of single-case research to M&A analysis. Case studies have researched: the suppression of growing tensions between shareholders and other stakeholders;[28] how initial stakeholder relationships largely explain unexpected changes;[29] the importance of stakeholder briefings in negotiating M&As;[30] the influence of stakeholder concerns;[31] the increasing importance of stakeholder interests compared to shareholder interests;[32] the need for greater focus on weaker stakeholders;[33] changes to inter-group dynamics between internal and external stakeholders;[34] and the failure to consider neglected stakes put at risk by an M&A.[35] Merger case studies also reveal stakeholder concerns as critical to the failed merger between United Airlines and US Airways[36] and progressing Pernod Ricard's acquisition of Vin & Sprit.[37]

A structured literature review (SLR) by Segal, Guthrie, and Dumay[38] connecting stakeholders and M&A processes shows that few studies have been dedicated to examining the relationships between stakeholders and M&As, especially prior to the late 1990s. And, even though M&A research is now rapidly expanding to include diverse stakeholders, analytic approaches, research methods, disciplines, etc., accounting and finance publications are still mostly ignoring non-shareholder stakeholders in researching M&A. The literature is dominated by unidirectional analyses that primarily consider the effect M&As have on stakeholders, not the impact stakeholders have on M&As. The focus is on the close connections between stakeholders and the organisation under study, and inter- and intra-group relationships between stakeholders are generally ignored. Instead, stakeholders are treated as homogeneous and, therefore, undifferentiated. Thus, research falls short in more explicitly eliciting the complex web of relationships between an M&A process and the various stakeholders involved. Consequently, M&A research does not capture the implications of stakeholder management in the merger process.

These research gaps lead to the research question: *How was Tatts and Tabcorp's stakeholder management affected by, and how did it affect, its merger process?*

3. RESEARCH METHODOLOGY: A SINGLE CASE STUDY

The case is a single case study method which combines a documentary analysis and semi-structured interview evidence.

3.1 Single case study

Yin[39] notes that 'the distinctive need for case study research arises out of the desire to understand complex social phenomena. A case study allows investigators to focus on a case and retain a holistic and real-world perspective'. He describes case studies as a social science methodology that can answer 'how' or 'why' questions about a contemporary phenomenon where the researcher has little control over behavioural events. I seek to understand how Tatts and Tabcorp's stakeholder management was affected by, and affected, its merger process.

28. Lockhartand and Taitoko, 2005
29. Lamberg et al., 2008
30. Konstantopoulos, Sakas and Triantafyllopoulos, 2009
31. Ciambotti, Aureli and Demartini, 2011
32. Borglund, 2012
33. Barone et al., 2013
34. Łupina-Wegener, Schneider and van Dick, 2015
35. Meglio, 2016
36. Lamberg et al., 2008
37. Borglund, 2012
38. Segal, Guthrie and Dumay, 2020
39. Yin, 2014, p. 3

The case is the merger between the Australian gaming groups Tatts and Tabcorp. Announced on 19 October 2016, the merger was to combine Australia's two largest gambling groups into a diversified gambling entertainment group with a pro forma enterprise value of $11.3 billion. The analysis covers the period from when the merger was announced to its implementation in December 2017. This merger is an appropriate case to study stakeholder relationships in an M&A process because of its economic, political, and social significance; its size and complexity; the extensive data available from multiple sources (documentary and interviews); and the many stakeholders it involved.

3.2 Data collection

The evidence for the case was drawn from document analysis and semi-structured interviews. The documents provided essential information for understanding the events surrounding the case, particularly the stakeholder engagement processes. The interviews provided information to amplify the insights arising from the documentary research.[40]

Documentation

Given the intense public scrutiny surrounding the merger, there was extensive documentary material to draw on. The parties released merger announcements,[41] the agreement,[42] an information booklet and an independent experts report,[43] as well as annual reports, press releases, and shareholder updates. The high profile merger also attracted extensive interest from the media, brokers, analysts, and proxy advisors, which generated further data. Most notably, the decision to authorise the merger, which would usually have been handed down by the Australian Competition and Consumer Commission (ACCC), was referred to the Australian Competition Tribunal (Tribunal), resulting in evidence from 84 witnesses and interested third parties. This was supported by expert economic and industry evidence commissioned by Tatts and Tabcorp.

A list of the documents analysed is given in Appendix 1 (see page 64).

Semi-structured interviews

Interviews can provide information to amplify insights found from documents.[44] However, 'the challenge of interview data,' note Eisenhardt and Graebner,[45] 'is best mitigated by data collection approaches that limit bias'. This involves 'using numerous and highly knowledgeable informants who view the focal phenomena from diverse perspectives'. Therefore, I conducted 32 semi-structured interviews with key decisionmakers in a range of stakeholder organisations, as shown in Table 1 (see page 42).

Nearly all of the interviewees had first-hand involvement in decision-making during the merger process. These included: executives (T1, T2); bankers (F1, F2), lawyers (L1–L4); and communications advisors (CA1); shareholders (S1-S8); racing industry representatives (Rac1, Rac2); regulators (R1); competitors (C1–C3); and licensed gaming venues (G1). The remaining interviews held with experts (E1–E5), an analyst (A1), and investment bankers (IB1, IB2).

The interviews were conducted via a 30–60-minute phone call and were recorded. They were semi-structured with a localist approach, defined by

40. Barone et al., 2013
41. Tabcorp, 2016b
42. Tatts, 2016a
43. Tatts, 2017c
44. Barone et al., 2013
45. Eisenhardt and Graebner, 2007, p. 28

Qu and Dumay[46] as enhancing understanding of the interviews in a social context. This means the conversation can be treated as more than a tool for collecting data. As new data emerged, some interviewees were re-interviewed about the new evidence in an iterative process of going back and forth. This question-answer interview and response pattern built a dynamic narrative of the merger process, consistent with a hermeneutic approach to building understanding.

TABLE 1 INTERVIEW DATA

JOB FUNCTION/ REPRESENTATIVE	CODE	CODING
Analyst	A	A1
Communication advisor	CA	CA1
Competitor	C	C1–C3
Expert	E	E1–E5
Banker	F	F1, F2
Independent investment banker	IB	IB1, IB2
Lawyer	L	L1–L4
Licensed gaming venue	G	G1
Racing industry	Rac	Rac1, Rac2
Regulator	R	R1
Shareholder	S	S1–S8
Executive	T	T1, T2
Total		**32**

3.3 Data sorting

The stakeholder relationships involved in the Tatts/Tabcorp merger are listed in Table 2.

From the documentary and interview evidence, I identified six stakeholder relationships that could have disrupted the Tatts/Tabcorp merger process: the shareholders (Element A), Pacific Consortium (B), the racing industry (C), the regulators (D), competitors (E), and advisors (F). Further, some of these stakeholder groups comprise relevant subgroups, as highlighted in the third column. Column 4 shows the group's initial reaction to the merger, followed by their concerns (Column 5), their final response to the merger process (Column 6), and the outcome of the merger process for them (Column 7). The last column of Table 2 draws on the typology of Savage, Nix, Whitehead, and Blair[47] to examine how the most potentially disruptive stakeholder relationships were managed during the merger process, which is discussed in detail in Section 5.2. Segal, Guthrie and Dumay et al.[48] apply Mitchell, Agle, and Wood's[49] typology of stakeholder salience to identify 'who or what really counts'. However, Savage et al.'s typology[50] was specifically developed to help devise strategies for assessing and managing stakeholders, making it more appropriate for the stakeholder management focus of this paper.

3.4 Data interpretation

Following Creswell,[51] this paper is 'interpretive' where researchers interpret what they see, hear, and understand 'to make sense of (or interpret) the meanings others have about the world'. I adopted a hermeneutic form of interpreting what was read and heard from the literature and interview data. This involved seeing the parts of phenomena through their relationship with each other in a referential whole.[52] An interpretative

46. Qu and Dumay, 2011
47. Savage, Nix, Whitehead and Blair, 1991
48. Segal, Guthrie, Dumay and Segal, 2019
49. Mitchell, Agle and Wood, 1997
50. Savage et al., 1991
51. Creswell, 2013, p. 123
52. Segal, 2016, p. 74

TABLE 2 STAKEHOLDER RELATIONSHIPS DURING THE TATTS/TABCORP MERGER PROCESS

ELEMENT	STAKE-HOLDER	STAKE-HOLDER SUB-GROUPS	INITIAL REACTION	CONCERNS	FINAL REACTION	OUTCOME	SAVAGE STAKE-HOLDER TYPE[1]
A	Shareholders		Largely supportive		Largely supportive	Accepted merger	1
		Activists	Oppose	Doubts over synergies, undervalued Tatts	Oppose	Accepted merger	2
B	Pacific Consortium[2]		Hostile proposals	Needed Tatts support	Proposals lapsed	Proposals rejected	3
C	Racing industry		Largely supportive		Largely supportive	Accepted merger	4
		Racing Victoria[3]	Oppose	Less competition for Vic Tab licence, anti-competitive leveraging through Sky, reduced industry funding, licence and retail outlet arbitrage, export revenue loss	Oppose	Dropped case at Tribunal appeal	3
		Racing Queensland	Oppose	Reduced focus on Queensland racing industry	Support	Commercial agreement	4
		Racing and Wagering WA	Concern	Less attractive for Tabcorp to pool with RWWA; remove bidder for WATAB wagering licence	Support	Commercial agreement	4
D	Regulators	Tribunal	Support	Merger in public interest	Support	Allowed merger	4
		ACCC	Concern[4]	Harm competition in Queensland electronic gaming machine services	Oppose	Odyssey sold, lost Tribunal appeal	4
E	Competitors	CrownBet[5]	Oppose	Reduced competition; reduced output; lower growth; leakage to offshore betting operators	Support	Agreed access to Sky racing stream	4
		Racing.com	Oppose	Remove rival, more power to leverage wagering JVs	Oppose	Dropped case at Tribunal appeal	3
F	Advisors		Support		Support	Facilitated merger	1

1. Savage, Nix, Whitehead, and Blair (1991) typology identifying four different types of stakeholders, shown in Figure 1
2. The Pacific Consortium comprised: First State Superannuation Scheme; Morgan Stanley Infrastructure Inc. as adviser to and manager of North Haven Infrastructure Partners IILP; one or more affiliates of Kohlberg Kravis Roberts and Co. L.P.; and Macquarie Corporate Holdings
3. Joint Tribunal submission by Racing Victoria, Harness Racing Victoria, and Greyhound Racing Victoria
4. The ACCC's Statement of Issues outlined five further issues that 'may raise concern': removal of potential supplier of totalisator; pooling services; removal of bidder for totalisator and retail exclusivity rights; combining Sky Racing with Tatts' retail wagering operations; potential foreclosure of competing suppliers of electronic gaming machine systems and services in NSW and Queensland; and reduced competition in the supply of electronic gaming machine repair and maintenance services in Victoria
5. Other corporate bookmakers – Sportsbet, Betfair, William Hill, Ladbrokes, Bet365, and Unibet – provided letters in support of CrownBet's Tribunal application

approach is appropriate because some aspects of the phenomenon require interpretation to learn about the sense-making process of its participants.[53] As an interpretive analysis, this qualitative approach is interventionist research (IVR);[54] it deploys theory to design and implement a framework, and the results are analysed from both a theoretical and practical perspective. 'It is an applied discipline owing its existence to practice... IVR has remedial potential to address the research-practice-relevance gap.'[55] As Creswell[56] highlights, interpretation in qualitative research can take many forms. It can be adapted to suit different types of designs and is flexible enough to convey 'personal, research-based, and action meanings'.

3.5 Findings

In line with Yin's[57] case study method, the case findings were developed by triangulating aspects of the literature, theory, and the case evidence to improve the credibility of the conclusions. This was a non-linear iterative process where the findings informed and reinforced each other in a back and forth way. Creswell[58] suggests working back and forth between the themes and the database (including interviewing and re-interviewing) until propositions are established.

Converging findings from different sources increases construct validity. More than that, Yin[59] suggests this not only reflects the data but also helps to shape the data by sharpening what should be collected and analysed, which helps to organise the case study. Theoretical propositions stemming from 'how' questions can be beneficial in guiding case study analysis. This back and forth is also consistent with Eisenhardt and Graebner,[60] who suggest 'pattern matching' between theory and data.

4. THE MERGER BETWEEN TATTS AND TABCORP

This section outlines the merger process between Tatts and Tabcorp, describing the background to the merger, the merging parties, the merger rationale and key risks around regulatory hurdles and rival bids. The merger took a longer-than-expected 14 months to close, mainly because of disruptions by regulatory issues and competing bids.

4.1 Background to the merger

In November 2015, Tatts and Tabcorp confirmed that talks to agree on terms for a nil-premium share-swap merger of equals (MOE) had failed. In 2016, negotiations resumed, and, in October of that year, the merger was announced. The agreement came on the back of Tatts' struggling operating performance (S4, S6, S7, F1) and a higher Tabcorp share price that enabled Tabcorp to sweeten its offer premium (L1, L2). Tabcorp also backed their own more robust management, which was well regarded (E3, F3).

In addition to engaging with Tabcorp in 2015 about a potential MOE, the Tatts board had considered numerous business strategies to improve its performance. These included: discussions held with a rival bidder Pacific Consortium (Pacific); considering its strategic landscape and alternatives; an assessment of potential cost savings; demerging one or more of its businesses or selling assets; and maintaining the status quo.[61] After weighing these alternatives, the Tatts board concluded that Tabcorp was the most attractive option.

53. Larkin, Watts and Clifton, 2006
54. Baard and Dumay, 2018
55. Ibid., pp. 2, 4
56. Creswell, 2013, p. 123
57. Yin, 2014, p. 130
58. Creswell, 2013
59. Yin, 2004
60. Eisenhardt and Graebner, 2007
61. Tatts, 2017c

4.2 Merging parties

Tatts

Tatts was itself the outcome of a 2006 merger between listed Australian gambling groups UNiTAB Ltd and Tattersall's Ltd. At the time of the merger announcement, Tatts was an ASX-registered provider of gambling services with a $5.3 billion market capitalisation and around 2,350 employees across its lottery, wagering, and gaming businesses. Independent experts valued it at $5.4–5.9 billion.[62] In FY17, Tatts reported revenue of $2.8 billion, EBIT of $386 million, racing industry fees of $190 million, and lottery and wagering tax payments of $1.15 billion to the state government and $217 million federally.[63]

Tabcorp

At the time of announcing the merger, Tabcorp was a gambling entertainment company with $4 billion market capitalisation. Independent experts valued the company at $3.8–4.3 billion.[64] Tabcorp comprised three core businesses – wagering and media, Keno, and gaming services – and employed over 3,000 people. In FY17, Tabcorp's revenue was $2.2 billion, and its EBIT was $102 million. It paid $406 million in gambling/general sales taxes, $46 million in income tax, and returned $813 million to the racing industry.[65]

4.3 Merger rationale

In justifying the merger, Tabcorp[66] highlights three 'significant structural changes' in Australia's wagering industry. These were the technology shift from retail sales channels to digital, the model shift from totalisator to fixed-odds betting, and the market shift from racing to sports. Tabcorp[67] identified 'substantial synergies' that would benefit a range of stakeholders, such as state racing bodies, retail venues, sporting bodies, and governments. Tatts[68] saw the merger as a way to create a larger, more efficient company offering improved products while reducing costs and increasing revenue. These efficiencies would also directly benefit the racing industry through existing revenue and profit-sharing arrangements.

The independent experts commissioned by Tatts found the merger would create a diversified gambling entertainment company spanning lotteries, betting, and gaming. Additionally, it would net a suite of long-dated licences (except in Victoria); a more balanced portfolio of businesses; and a depth of scale in the capabilities that underpin global competition and growth.[69] Further, a unified TAB brand would provide 'arguably the best opportunity' to turn around Tatts' wagering business and meet competitive challenges from corporate bookmakers.[70] This strengthening of the company would be underpinned by aligning the product offerings, concentrating marketing on a single brand, consolidating technology expenditure and improving its capacity, better margins as a result of synergy benefits, and more robust racing industry as a result of increased funding and better products.

4.4 Key risks

Regulatory hurdles

There were conditional regulatory approvals for the merger. In March 2017, the ACCC released its Statement of Issues (SOI) with one concern and five other issues it identified that 'may raise concern'.[71] To address these issues, Tabcorp committed to

62. Ibid.
63. Tatts, 2017b
64. Tatts, 2017c
65. Tabcorp, 2017b, p. 9
66. Tabcorp, 2017a, p. 29
67. Tabcorp, 2017a, p. 17
68. Tatts, 2017a
69. Tatts, 2017c
70. Ibid., p. 121
71. ACCC, 2017b

and ultimately divested from Odyssey Gaming Services (Odyssey), a Queensland poker machines monitoring company (aka slot machines, colloquially known as 'pokies'). The ACCC's concern was that the proposed merger was likely to substantially lessen competition in Queensland for the supply of pokies monitoring, repair, and maintenance services by combining Maxgaming and Odyssey (subsidiaries of Tatts and Tabcorp respectively). Notably, the ACCC's five potential concerns were never satisfied. Four days after the SOI release, the merging parties decided to bypass the ACCC and applied directly to the Tribunal to authorise the proposed merger.

Besides Tatts, three other parties were granted leave to intervene in opposition to the transaction – CrownBet, Racing.com, and the Victorian racing industry (comprising Racing Victoria, Harness Racing Victoria, and Greyhound Racing Victoria as joint intervenors). Attention was placed on concerns surrounding the merger's impact on the wagering market, the racing media, and the sale of exclusive state wagering licences.[72]

The Tribunal's legal test is more comprehensive than the ACCC's because it includes a 'net public benefit' assessment, whereas the ACCC's test only evaluates the risk that a merger will substantially reduce competition. Focusing on concerns over the merger's impact on the wagering market, the racing media, and the sale of exclusive state wagering licences, the Tribunal authorised the merger. 'The benefits to the public... are substantial. The detriments identified by the ACCC and the interveners are unlikely to either arise or are not otherwise material.'[73] Racing.com and the Racing Victoria dropped their case. CrownBet and the ACCC separately applied for judicial review of the Tribunal's original authorisation. This application was upheld and remitted back to the Tribunal for further consideration but ended with approval for the merger to proceed.

The ACCC did not apply for further judicial review of the Tribunal's decision,[74] and CrownBet dropped the threat of taking the Tribunal decision to the full Federal Court for a judicial review when it reached an agreement with Tabcorp over access to the stream vision of Tabcorp's Sky Racing channel.[75] C1 explains this was 'very significant' for its online operations and profitability, although concerns remained over some advertising restrictions.

Rival offers

During the merger process, Tatts received and rejected rival proposals from Pacific, a consortium of financial investors (see Table 2 for the consortium members). Despite three efforts by Pacific to improve its plan, the Tatts' board continued to recommend Tabcorp's proposal, deeming Pacific's proposal inferior.[76]

With an understanding of the merger background, the merging parties, their rationale to merge, and the critical regulatory and rival bidder risks around the merger, I can now proceed with an analysis of Tatts and Tabcorp's stakeholder management during the merger process.

5. ANALYSIS

In this section, I analyse how stakeholder management by Tatts and Tabcorp helped to overcome significant opposition from powerful stakeholders to the merger and ultimately succeed. I apply Savage et al.'s typology[77] to examine how the most potentially disruptive stakeholder relationships were managed during the merger process, followed by a discussion of the findings.

72. Tribunal, 2017
73. Ibid., p. 191
74. ACCC, 2017a
75. Tabcorp, 2017c
76. Tatts, 2016c
77. Savage et al., 1991

5.1 A stakeholder management approach from the beginning

Tatts and Tabcorp's initial plan to managing their stakeholder relationships was explained in their merger proposal,[78] with 5 of the 13 presentation pages devoted to the benefits of the merger to various stakeholders. These were identified as Tatts and Tabcorp's shareholders, the Australian racing industry, business partners, customers, and 'our people' as stakeholders. Except for 'our people', each of these stakeholders had one page devoted to how they could expect to benefit from the merger. Tatts[79] counted staff as its internal stakeholders and its external stakeholders as its investors/shareholders, customers, suppliers/business partners, government/regulatory agencies, industry partners/associations, and the community.

The day the merger agreement was announced, Tatts and Tabcorp launched 'the mother of all charm offensives' (F2) to entice stakeholders, which involved well over 100 meetings with shareholders, the racing industry, and other business partners (T1, F1, L3). All but one of the interviewees (Rac2) were impressed by the effort to overcome various stakeholder opposition. All interviewees acknowledge the critical role this offensive played in getting the merger implemented; none were able to cite precedent in the magnitude of the offensive in an Australian merger. Tabcorp knew its key stakeholders. It had always kept them close, and once the merger was announced, Tabcorp did the rounds to educate them and make it easier for them to understand the transaction (T2). 'The length they went to in anticipating problems and getting broad stakeholder support was massive. They tried to arrange [it such that] each child had a toy, dealing with the self-interests of each stakeholder and removing key obstacles' (E1).

It was also emphasised that Tabcorp's day-to-day relationships with its key stakeholders were embedded in its corporate culture as 'just the way of doing business' (L4). Tabcorp, R1 noted, operated in a highly regulated market and so were well familiar with managing stakeholder relationships. 'It is part of what they do. They know their way around.' C1 describes the scale of the charm effort as 'unprecedented' despite stakeholder management being common practice where regulatory concerns loom large. Rac1 said it was 'an enviable strategy that was effective'. C1 nevertheless believes Tabcorp could have won the support of the intervenors without going to the Tribunal. 'Tabcorp was not flexible enough to pivot.'

Tabcorp was seen to have a more robust corporate governance record than Tatts (S7), which 'treated stakeholders as a cost compared to Tabcorp treating stakeholders as assets – a different philosophical approach between the two companies. Tatts shared nothing with the racing industry. Tabcorp did' (T2).

Announcing its decision to bypass the ACCC and lodge an application with the Tribunal for merger authorisation, Tabcorp[80] highlighted how it had 'actively engaged with stakeholders'. It noted that 'it has become clear that many stakeholders are strongly supportive of the transaction and its anticipated benefits'. Also, its application will be supported by 'substantive evidence from a wide range of industry participants and experts as to the substantial public benefits from the transaction accruing to the racing industry, venue partners, customers, shareholders and the broader community'. The application was endorsed by witness statements from the racing industry in every state/territory, other than Victoria, and

78. Tabcorp, 2016a
79. Tatts, 2017b, pp. 34-35
80. Tabcorp, 2017d, p. 1

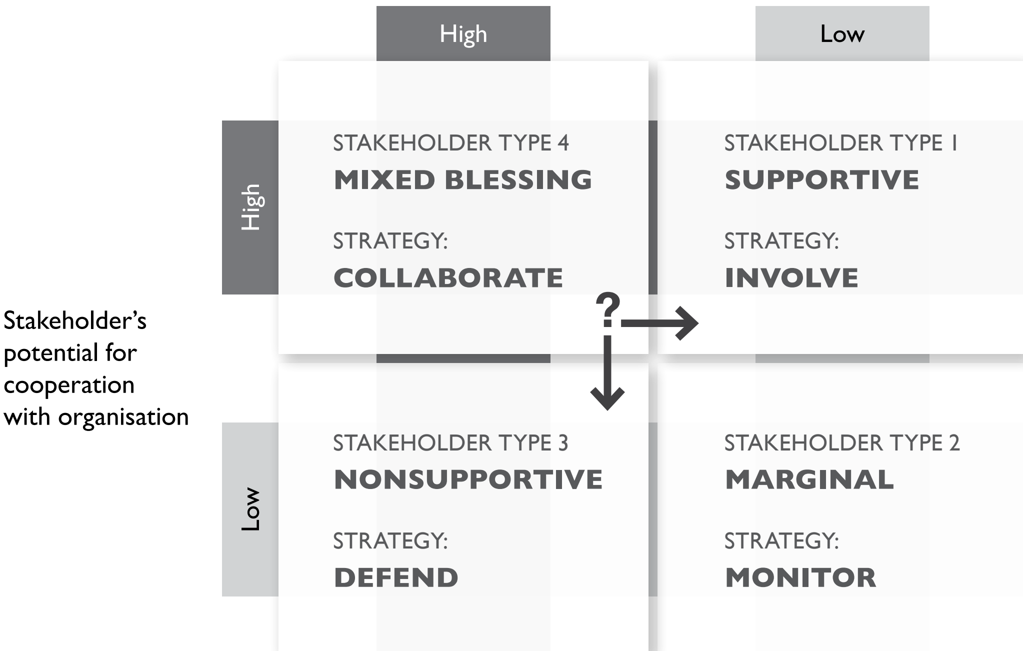
representatives from retail wagering venues, peak retail bodies, and associations representing jockeys and trainers.

Tabcorp[81] argued this stakeholder approach was better suited to the Tribunal process, which tests the balance of public benefits resulting from the proposed transaction against the likely detriments, including reduced competition. In contrast, the ACCC's informal merger clearance test is limited to assessing whether a proposed acquisition is expected to lessen competition substantially; it cannot consider countervailing public benefits.

5.2 Stakeholder management during the merger

This backdrop of stakeholder management by Tatts and Tabcorp during the merger process requires a more detailed analysis with a particular focus on the most potentially disruptive stakeholder relationships. Informed by the case evidence, the discussion draws on Savage et al.'s four generic strategies for managing four different types of stakeholders[82], as illustrated in Figure 1.

FIGURE 1 STAKEHOLDER POTENTIAL TO THREATEN THE MERGER PROCESS



Source: Savage et al. (1991, p. 65)

81. Tabcorp, 2017d
82. Savage et al., 1991

Savage et al.[83] categorise stakeholders according to their potential to threaten or cooperate with an organisation. The four stakeholder types are supportive (Type 1), marginal (Type 2), non-supportive (Type 3) or mixed blessing (Type 4). Each type requires different strategies to manage. Supportive stakeholders (defined as a low potential threat and high potential cooperation) are best managed by involvement. Marginal stakeholders (neither highly threatening nor especially cooperative) are best managed by monitoring. Non-supportive stakeholders (high potential threat, low potential cooperation) are best managed by defensive strategies. Mixed blessing stakeholders (equal potential to threaten or cooperate) are best managed by collaboration. 'Managers should attempt to satisfy the needs of marginal stakeholders minimally and to satisfy maximally the needs of supportive and mixed blessing stakeholders.'[84] This section illustrates the different stakeholder management strategies during the Tatts/Tabcorp merger process using Savage et al.'s typology of organisational stakeholders.[85]

Element A: Shareholders

In managing their shareholder relationships, Tatts and Tabcorp highlighted[86] that the merger would benefit shareholders by creating: 1) a more diversified national portfolio of gambling licences, which would position the group to invest, innovate, and compete in an evolving marketplace; 2) synergies and business improvements; 3) a stronger balance sheet to pursue capital management initiatives; 4) a $500m buyback, and 5) a targeted dividend payout ratio of 90% of net profits after tax. This was ultimately persuasive. Shareholders overwhelmingly supported the merger, with 95.6% of shareholders voting in favour of the scheme, and 98.6% of votes cast in favour.[87] Tabcorp shareholders never voted. Interviews with both companies and Tabcorp shareholders suggest strong support for the scheme from Tabcorp shareholders (F1, L2, T1, S3).

In the Savage et al.'s typology,[88] these shareholders were mostly Type 1 stakeholders – either supportive (non-threatening, cooperative) and involved or marginal (neither threatening nor cooperative) and monitored. As shown in Table 2, by extensively involving their respective shareholders, Tatts and Tabcorp managed to contain potential opposition among shareholders to small activist shareholders. A Tabcorp institutional investor who sold out once the merger was announced (S3) highlighted that, even though Tabcorp shareholders overwhelmingly supported the transaction, his fundamental valuations estimated that Tabcorp had paid 15–20% too much. He also believed the transaction was too difficult to value given the opaque nature of disclosure around the benefits.

A few outlier shareholders can be classified as Type 2 stakeholders as they presented a low threat and required no need for cooperation. Two activist shareholders of Tatts, Sandon Capital and Hunter Green Institutional Broking (holding well under 1% in Tatts collectively) called for shareholders to reject the merger because the financial benefits of the proposed merger were skewed in favour of Tabcorp's shareholders. Sandon Capital[89] calculated that Tatts shareholders would be giving away almost $1.5bn in value. Charlie Green, the founder of Hunter Green Institutional Broking, called for the Tatts' board to walk away from the merger given Tabcorp's FY17 results diminished the value of the merger.[90] S1 said their calls never

83. Ibid
84. Savage et al., 1991, p. 72
85. Ibid., p. 65
86. Tabcorp, 2016b
87. Tatts, 2016b
88. Savage et al., 1991
89. Capital, 2017
90. The Australian, 2017

gathered momentum primarily because Tatts' major shareholders were focused on the short-term risk of a sharp drop in the Tatts share price should the merger fail. He noted only one meeting was held with Tatts' chief executive. 'There was no point in having more meetings.'

The shareholder relationships held by both Tatts and Tabcorp can be characterised as 'managerial governance', where ownership rights are mediated by institutional investors. In turn, these institutional investors leave the strategic and operational control of the firm in the hands of salaried executives who serve as agents for widely dispersed shareholders.[91] However, these shareholders played no small role in influencing management, most notably in pushing Tatts towards a merger with Tabcorp. They lent Tabcorp crucial support to proceed and supported Tatts in rejecting rival approaches from Pacific.

While the analysis only spans the Tatts/Tabcorp merger from announcement to implementation, the situation before the merger is instructive for stakeholder management. In Savage et al.'s terms,[92] Tatts collaborated with its key shareholders who were Type 4 stakeholders, i.e., mixed blessing with potential to both threaten and cooperate with Tatts. Many interviews (L1, S1, S2, S4, S5, T1) reveal that, in the lead up to the merger, Tatts faced shareholder pressure to improve its performance and renew its strategy, including some consideration of demerging its wagering business. They argued this was a significant influence in getting Tatts to eventually agree on terms with Tabcorp. Tatts' 2016 annual general meeting saw 22% of its shares voted against its remuneration report,[93] the most common proxy for a protest vote (S2).

Tatts' two largest shareholders at the time, Perpetual and AustralianSuper, signed confidentiality agreements and were 'brought behind the wall' by Tabcorp before the merger announcement to show Tatts they had shareholder support and to help bring target directors on board (L1, S2, S5). AustralianSuper went public with its support the day of the merger announcement.[94] These large shareholders had been actively pushing the Tatts board for such a merger on the basis that both were losing market share. They cited Tatt's historic slowness to move to digital platforms (S8), its synergies, limited other alternatives, and the difficulties of demerging its wagering business as reasons in favour of the Tabcorp merger (S5). There was no engagement with other shareholders due to the risk of information leaks before the announcement. Involvement with other shareholders started the day the merger was announced with a joint briefing led by the chairpersons of Tatts and Tabcorp, followed by extensive shareholder and roadshows. One Tabcorp shareholder (S6) said it was apparent that the merger would happen; the only question related to the merger ratio. A preference for not being informed beforehand was expressed to avoid binding confidentiality restraints.

Element B: Pacific Consortium

Rival bidder Pacific Consortium is classified as a Type 3 stakeholder (non-supportive). Pacific disrupted the natural flow of the merger with delays, distractions, and by generating shareholder pressure on Tatts to engage Pacific through altogether three indicative and non-binding proposals (L1, S1, S2, S4, S5). Tatts rejected all as inferior on the basis that they could not reasonably be expected to result in a superior proposal when compared to Tabcorp's. Tatts adopted a defensive management approach to this Type 3 non-supportive) stakeholder and its potential to threaten the merger.[95] C2 highlights that the constraints in Australia, where boards, management,

91. Carney and Dostaler, 2006
92. Savage et al., 1991
93. Tatts, 2016b
94. Tabcorp, 2016b
95. Savage et al., 1991

and shareholders unite, prevented any alternative action. 'Pacific could get nowhere, only a handful of shareholders reached out to Pacific.' Pacific's problem was being unable to find a buyer for Tatts' wagering business (S6, L1). Tabcorp was seen as 'the natural buyer' of the whole group (S6, S8), and there were also potential capital gains tax leakages for shareholders (S8).

For R1, Pacific saw no point engaging shareholders without an agreement with Tatts, which it could not get to participate. 'It never got to that stage. Only a few Tatts shareholders reached out.' For its part, Tabcorp was reminding Tatts' shareholders that Tatts did not have a free option to grant Pacific due diligence given Tabcorp's exclusivity agreement with Tatts (F1), and it also put the merger timeline at risk. 'It was in the Tatts' shareholders best interests that Tatts not engage.'

Element C: The racing industry

Described as a 'mutually dependent eco-system' (L3), Tabcorp's relationship with the racing industry had to be carefully managed during the merger process, starting with significant industry engagement immediately after the merger was announced (T1, L3, E3). According to Savage et al.,[96] this is an appropriate strategy for managing Type 4 (mixed blessing) stakeholders with the potential to disrupt and threaten the merger. T2 noted that not one licencing agreement with any racing body was the same, which created different relationships. 'It was a case by case relationship and approach.' The critical exception was the 'absolutely crucial' (T1) joint venture with Racing Victoria, described as the Manchester United of Australian racing (S1). Racing Victoria was a non-supportive stakeholder that had to be defended against.[97]

The racing industry is heavily reliant on Tabcorp as 'a core part of the structure of Australian racing and the largest financial contributor to the racing industry'.[98] Through its industry arrangements, licences, and taxes, it returned $813m to the racing industry in FY17, including $325m to the Victorian racing industry and $312m to the NSW racing industry. Tatts paid $190m to the racing industry in FY17 via product and race information fees.[99]

The merging parties also needed support from the racing industry for their anticipated complicated regulatory process, which was vulnerable to opposition from the powerful racing industry lobby (L2). There were statements to the Tribunal from 23 participants in the racing industry, which the Tribunal described as 'overwhelmingly supportive of the proposed merger or did not actively oppose the proposed merger'.[100] The evidence outlined how the extra funding would enable the industry to increase prize money, retain field sizes, improve racing and patron facilities, and improve animal welfare programs, all of which would benefit the industry as a whole.[101] It was noted, however, that some racing bodies 'relied on presentations given by Tabcorp propounding the benefits of the proposed acquisition, and this may well be the basis of their support'.[102]

Tatts and Tabcorp identified the benefits of the merger to the racing industry[103] as an investment from a more substantial wagering operator to enhance customer experiences. Also identified were: at least $50m in additional annual funding for the racing industry; a pathway to national pooling for pari-mutuel wagering; and more effective competition for the supply of wagering products and services. The Tribunal found the greater scale

96. Ibid
97. Ibid.
98. Tabcorp, 2017b, p. 9
99. Tatts, 2017b
100. Tribunal, 2017, p. 37
101. Tatts, 2017a
102. Tribunal, 2017, p. 39
103. Tabcorp, 2016b; Tribunal, 2017

and lower costs would enable the merged group to compete more effectively than as individual companies. 'As such, there will likely be greater competition than without the merger, particularly in online wagering, something that would add to the public benefits which would accrue to the racing industry and consumers.'[104]

As highlighted in Element C of Table 2, all state racing peak bodies are classified as Type 4 stakeholders (mixed blessing), except for Victoria, and all, except Victoria, eventually supported the merger.[105] In the cases of Racing Queensland and Racing and Wagering Western Australia (RWWA), acceptance came after they negotiated agreements with Tabcorp designed to protect their interests. Widespread racing industry support for the merger was largely based on higher funding, increased competition and revenue in the wagering market, and the benefits of a national tote.[106]

The Victorian racing industry, a Type 3 (non-supportive) stakeholder, argued the merger would lead to a vertically integrated entity with increased market power when bidding for racing media rights. It would also reduce competition for the exclusive Victorian wagering licence, thus lowering returns to the racing industry.[107] While Racing Victoria was expected to oppose the proposed merger, its level of aggression and vigorous pursuit surprised the merging parties (L1). Historically, relations between Tabcorp and Racing Victoria, which wanted to leverage its position as the premier racing state, had been frosty (E2, L1, S5, C1) – for example, Tabcorp's blackout of Victorian racing vision in 2015.[108] Racing Victoria sensed that their 'joint venture is not joint in the traditional sense where each party contributes to strategy but a forced marriage under the government's licensing framework. It is a funding and distribution agreement whereby Racing Victoria is reliant on Tabcorp for money. Tabcorp's expansion disrupted the relationship by introducing conflicts of interest around competing businesses' (Rac2).

Racing Victoria had a long history of opposing Tabcorp, including opposing Tabcorp's proposed merger with UNiTAB in 2006 (L1). T2 noted that both Tabcorp and Racing Victoria like to dominate and control. 'The relationship was always tense but, in the end, it was commercial despite the tensions.' There was also a sense that Racing Victoria did not oppose the merger on principle, but rather to retain power (T2) and extract more leverage around its upcoming 2024 licence renewal, which 'quickly became transparent' (L3). 'Racing Victoria faced the biggest risk due to the short-term nature of its licence coming up for renewal. It tried to engage with Tabcorp but [was] dismissed. It could never match their legal challenge at the Tribunal' (Rac2).

Racing Victoria has also historically clashed with Australia's second largest racing operator Racing NSW (T2, C1, Rac1, Rac2), which has long been perceived as 'tied to the hips' of Tabcorp (A1). 'Racing Victoria was not the highest order of business for Tabcorp, which earned more from NSW [and] wants to challenge the incumbency of Racing Victoria as Australia's premium racing event provider' (Rac2). Racing NSW was supportive of the merger as it would increase wagering competition, which, in turn, would benefit the NSW racing industry.[109]

Racing Queensland's initial concerns about the merger were around a reduced focus on Queensland with a shift from being the most prominent racing state under Tatts' UBET to being one that was less commercially significant to the combined entity. Discussions with Tabcorp led to

104. Tribunal, 2017
105. Ibid
106. Ibid
107. Thompson, 2017
108. Herald, 2015
109. V'Landys, 2017

a confidential commercial arrangement that resolved Racing Queensland's concerns. Racing Queensland's eventual support for the merger was premised on better returns given Tabcorp's stronger business when compared to Tatts, technology investments, and success in managing its yield on its fixed-odds book and TAB brand in the retail channel.[110] Racing Queensland also saw the funding benefits, plus a potential pathway to national totalisator pooling, concluding the merger would be 'meaningfully beneficial overall to Racing Queensland'.[111] Victoria's joint venture partnership with Tabcorp made it easier to play catch up with a new offer to Racing Queensland (L3).

RWWA, a public body corporate with the only licence to provide pari-mutuel services in Western Australia, had initial concerns about whether the merger would reduce the commercial attractiveness of Tabcorp continuing to pool with RWWA, given that the current Tabcorp/RWWA pooling agreement expires in 2024.[112] Also, RWWA was reliant on the intellectual property rights in the TAB brand. And, as with the other states, removing one potential bidder (Tatts) could reduce competition for the WA TAB wagering licence. Discussions with Tabcorp led to a confidential agreement that provided RWWA 'with a sufficient degree of certainty' over these concerns. Subsequently, RWWA concluded that the merger was 'broadly positive for the Australian wagering and racing industry and in particular for the racing industry and punters in current Tatts states and territories such as Queensland and South Australia'.[113] Compared to the agreement with Racing Queensland, which only involved money and investment, RWWA won assurances around a single pool when it privatised (T2). For its part, Tabcorp provided no funding to RWWA to secure any advantage over future privatisation (T2).

Element D: Regulators

The merger was conditional on around 30 regulatory approvals (L2, L4), some more disruptive than others. All these regulators had to be managed but the focus, as highlighted in Table 2, was on the ACCC and the Tribunal. Both are Type 4 (mixed blessing) stakeholders with the potential to either threaten or cooperate with the merger. The Tribunal wielded absolute power to determine if the merger was in the net public interest and thus could proceed. Typically, the ACCC is the final arbiter of Australian mergers. If it determines that anti-competitive aspects of a merger proposal cannot be satisfactorily resolved through undertakings or restructuring the merger, the project collapses. There are legal avenues for the parties to appeal an ACCC final decision, but these are not commonly pursued.

The ACCC was surprised by the parties going to the Tribunal but, with hindsight, the ACCC saw Tatts and Tabcorp had started making contingencies for such a move well before the ACCC's SOI, including lining up evidence and witnesses (R1). 'They did a lot of work and lobbying.' The merging parties 'expected the ACCC to have negative views on the merger proposal and were far more confident of authorisation based on stronger public benefit grounds' (L1). L3 added that it is 'all very well having a sound competition process and legal arguments lined up', but strong stakeholder support upfront was critical. 'It was striking how quickly key stakeholders fell behind the merger with the exception of Victoria.' There were also costs associated with going to the Tribunal, not least providing a platform that intervenors would not otherwise have had (C1).

110. Forbes, 2017
111. Ibid., p. 10
112. Burt, 2017
113. Ibid., p. 7

Adopting a collaborative approach to these Type 4 (mixed blessing) stakeholders,[114] Tatts and Tabcorp poured enormous resources and effort into the Tribunal process. The proceedings were probably Australia's most substantial merger clearance authorisation process, with over 1,900 documents comprising over 44,000 pages put before the Tribunal.[115] In total, around 82 statements from 69 lay witnesses, an additional 15 third party submissions, and 12 expert reports from 7 different economists were filed in the proceedings.[116] The Tribunal lists 84 witnesses and interested third parties.[117]

The merging parties acutely understood and meticulously went about preparing the merger case to satisfy the concerns of the Tribunal were they to short-circuit the ACCC – this is a point on which all interviewees agreed. These preparations involved not least rallying expert opinions and stakeholder support immediately after the merger was announced from well over 100 meetings with shareholders, the racing industry, and other business partners (T1, F1, L3). The ACCC's concern around Odyssey was satisfied, but the five different issues it identified that 'may raise concern' were not. Once the merging parties assessed their prospects for regulatory approval were more likely to come from the Tribunal, they abruptly ended their conversations with the ACCC. The ACCC was left as an opposer of the merger whose remaining concerns did not prevail with the Tribunal.

In addition to offering to divest from Odyssey, Tabcorp on its volition submitted conditions to the Tribunal. 'No doubt, mindful of the Tribunal's earlier suggestion that it would prefer to rely on conditions as expressed by participants',[118] these conditions related to: the supply of Sky Racing to the providers of retail channel wagering; the supply of pooling services to the RWWA; and any future rival pari-mutuel wagering operator in Victoria. Tabcorp also committed to dispute resolution mechanisms and compliance reporting.

Element E: Competitors

Corporate bookmakers and Racing.com are Type 4 (non-supportive) and Type 3 (mixed blessing) stakeholders, respectively. Tatts and Tabcorp successfully defended against them. There was a different outcome for CrownBet with whom Tabcorp collaborated to negotiate a commercial agreement. CrownBet,[119] which led the corporate bookmaker opposition in the Tribunal process, was concerned about the merged entity's bargaining power to acquire racing media rights, especially digital media rights. There was also the issue of the reduced bargaining power left to the racing media suppliers. It was felt the merger would make those suppliers more likely to sell their media rights to the merged entity than the bookmakers. Access to racing media content is a crucial component of providing wagering services and is where bookmakers would face direct competition with the merged entity. Hence, any threat to media access was an immediate threat to business operations. As shown in Table 2, Racing.com dropped its Tribunal intervention. CrownBet persisted longer, threatening to appeal the Tribunal's decision before reaching an agreement with Tabcorp over its Sky Racing coverage, which was 'very significant' for its online operations and profitability (C1). CrownBet remained concerned, however, about advertising restrictions (C1).

Element F: Advisors

Financial and legal advisors were contracted and paid by Tatts and Tabcorp to provide advice and act in the interests of the respective boards. These are paragon Type 1 (supportive) stakeholders.

114. Savage et al., 1991
115. Gilbert+Tobin, 2017
116. Ibid
117. Tribunal, 2017
118. Ibid., p. 44
119. Tyshing, 2017

They were low threat and highly cooperative throughout the merger process. All interviewees agreed these advisors were a core component of stakeholder management during the process. Sitting in the decision-making 'engine room' of both Tatts and Tabcorp, they significantly influenced the strategies and tactics used throughout the merger process and extensively engaged other stakeholders, most notably shareholders, the racing industry, and the regulators.

The financial advisors fronted shareholders and the racing industry in explaining/defending the transaction throughout the process (T1, F2). They were heavily involved in strategising and negotiating commercial terms with CrownBet. They were also involved with the Pacific bid, helping to assess the proposal and devise Tatts' responses. Towards the end of the merger process, the financial advisors were also responsible for corralling shareholder votes.

In addition to providing legal advice around the merger terms, the legal advisors further devised and led the legal strategies to win support from the Tribunal and, initially, the ACCC. Specialist competition and commercial litigation lawyers not only faced the Tribunal but provided advice, strategy, coordinated statements, and witnesses in building the case.

In developing the framework of stakeholder relationships during the Tatts/Tabcorp merger process shown in Table 2, this analysis reveals the approaches taken by Tatts and Tabcorp to stakeholder management. Their management of six stakeholder relationships during the merger process is explained by applying the documentary and interview evidence to Savage et al.'s typology[120] for identifying a stakeholder's potential to threaten an organisation.

6. DISCUSSIONS

The evidence presented in Section 5 reflects the complex social, economic, and political consequences arising from the Tatts/Tabcorp merger process and the disruptions to numerous stakeholder relationships. By drawing out the implicit dynamics with these stakeholder relationships, a hermeneutic approach helps us to understand this complexity. The case evidence suggests different stakeholders played diverse, changing, and often conflicting roles throughout a merger process that both affected the outcome of the merger and was affected by the result. The Tatts/Tabcorp merger process was a hermeneutic web where the parts and the whole could not exist without each other. Like the threads of a network, the stakeholder relationships were enmeshed, mutually dependent, and dialectally imbalanced.

A merger induces varied responses to and from stakeholders, each having different interests and levels of power in the organisation. As Lamberg et al. state,[121] such idiosyncrasies mean 'understanding the nature of an organisation's environment, constituted by a set of stakeholders with acknowledged rights, obligations, interests and power, becomes a critical precondition for successful managerial decision-making'. Furthermore, stakeholder relationships evolve and constitute different episodes to the merger process that can be understood as both ethical and strategic, whose different interests become justified concerning the merger process.[122] These findings were borne out in the Tatts/Tabcorp merger, where managing potentially deal breaking stakeholder relationships was crucial to the merger's approval.

120. Savage et al., 1991
121. Lamberg et al., 2008, p. 5
122. Kujala, Heikkinen and Lehtimäki, 2012

6.1 Balancing and disempowering stakeholder interests

The stakeholder model contends that stakeholder interests should be balanced. Balance, in this context, is understood as managing a process and consideration in decision making rather than distributing financial outputs.[123] Reynolds, Schultz and Hekman[124] explain that balancing stakeholder interests is a 'process of assessing, weighing and addressing the competing claims of those who have a stake in the actions of the organization'. This balancing process, they add, ultimately 'includes behaviours that bring some kind of resolution to conflicting stakeholder needs or requests'. It is a critical stakeholder principle 'as it represents the principal mechanism by which managers "pay attention to", elicit, and maintain the support of stakeholders with disparate needs and wants'. Stakeholder theory does not give primacy to one stakeholder over another, 'though there will surely be times when one group will benefit at the expense of others. In general, however, management must keep the relationships among stakeholders in balance'.[125]

It cannot be argued that stakeholder interests can always be made to align.[126] Non-supportive stakeholders are defended by reducing the dependencies that form the basis of their interest.[127] Managing this is often done by allowing some key stakeholder relationships to override and weaken others, and even powerful stakeholders are not immune to being disempowered.

During the merger process, Tatts and Tabcorp adopted both approaches to stakeholder management. Some stakeholder interests were balanced; others were disempowered. The strategies used for each relationship are detailed next.

Shareholders: The merger was conditional on Tatts obtaining the support of 75% of the voting shares. The merger was approved by a massive majority, demonstrating that stakeholder management to balance shareholder interests was effective. Before the merger was agreed to, Tatts was under shareholder pressure to renew its performance and strategy. Such pressure played no small role in Tatts accepting merger terms with Tabcorp. Tabcorp faced weaker shareholder opposition, which was largely around its claimed synergy benefit claims. Tabcorp, too, was ultimately successful in managing such concerns, and ended up securing the support of its shareholders for the merger even though no vote was required.

Pacific Consortium: Tatts rendered Pacific's hostile approaches ineffective from the start. The consortium comprised what was considered to be credible, serious, and powerful parties. However, Tatts was still able to withstand activist shareholder pressure to engage with Pacific primarily by regaining shareholder confidence after negotiating a merger with Tabcorp. Despite a monumental effort, Pacific was never able to attract support from Tatts' shareholders. Therefore, it had no way to pressure Tatts to engage with its proposal (R1). The only support for the Pacific proposal came from a few minority activists (Sandon Capital and Charlie Green), which were easy for Tatts to fend off, given their small size.

The racing industry: While the merger was not conditional on racing industry support, the merged groups and the racing industry share a 'mutually dependent eco-system' that meant racing industry support was essential (E3). Such assistance was also critical for the parties to persuade shareholders and the Tribunal on the merits of the merger and weaken intervenor opposition. Management of

123. Parmar et al., 2010
124. Reynolds, Schultz and Hekman, 2006, p. 286
125. Evan and Freeman, 1988, p. 314
126. Orts and Strudler, 2002
127. Savage et al., 1991

relationships with the racing industry – not least funding – made the benefits clear to the racing industry (L3). Such effective management was born out of the historical and mutually dependent relationship between Tabcorp and the racing industry. Where those historic relationships were weaker – notably between Tabcorp and RWWA and Racing Queensland – the parties were able to negotiate their conflicting interests (L3, T1). The outlier was Racing Victoria, where the power struggle between Victorian racing interests and Tabcorp/Tatts was not resolved. Instead, Victoria was forced to accept the Tribunal's findings that Victoria's conditions were unreasonable.

Overcoming concerns from RWWA and Racing Queensland through commercial 'peace' deals with Tabcorp and securing the support of the NSW racing industry allowed the parties to 'bypass' Victorian racing interests. This threatened the dominance which Racing Victoria wanted to leverage (L3, F2, T2). Left isolated as the racing industry's only remaining objector, Racing Victoria was surprised at the ease with which RWWA reached an agreement with Tabcorp (Rac2). 'They did well in rejecting and isolating Racing Victoria' (E1), but 'this left resentment within Racing Victoria which leaves trust difficult to restore' (Rac2).

Regulators: The merger was also conditional on regulatory approvals. Management's regulatory focus, as seen in the evidence, was on the ACCC and the Tribunal. While the ACCC forced the sale of Odyssey, it was outmanoeuvred and disempowered in the legal process when Tabcorp appealed to the Tribunal directly and, thus, became subjected to a different test. At the Tribunal, Tabcorp overwhelmed the intervenors by pouring massive resources into the legal case and preparing from the time the merger was announced in anticipation of circumventing the ACCC (L1, L3, E3, Reg1, Tab1). This included lining up expert witnesses and submitting its motions to satisfy the Tribunal's potential concerns.

Competitors: CrownBet made extensive use of the Tribunal process as an intervenor, a mobiliser of other bookmaker opposition, and an appealer, before eventually navigating the process to reach favourable commercial terms with Tabcorp. CrownBet was the only competitor whose concerns were balanced. Tabcorp ignored the other competitors' concerns and disempowered Racing.com in particular.

Advisors: While there are conflicts around fees, the nature of the advisory relationship is one of trust and, hence, balance. Advisors were paid to act in the interests of the respective boards. Beyond robust discussions and strategising, there is no evidence to suggest such relationships were unbalanced or materially conflicted during the merger process. Interests between advisors and the boards were mainly aligned, and so required little balancing.

6.2 Inter-group stakeholder relationships

Stakeholder theory is about managing potential conflicts stemming from diverging interests.[128] Firms do not respond to each stakeholder separately but rather to the simultaneous demands of multiple stakeholders.[129] Cording et al.[130] refer to the concept of generalised exchange as an essential assumption in stakeholder theory, whereby a firm's relationship with one stakeholder influences its relationships with other stakeholders. During the Tatts/Tabcorp merger process, balancing stakeholder disruptions also required managing conflicting inter-group stakeholder interests. I consider a few of these interests in the next sections.

128. Frooman, 1999
129. Rowley, 1997
130. Cording et al., 2013

Shareholders and racing industry: During the merger process, the conflicting interests of shareholders and the racing industry had to be managed. 'Tabcorp pitched the synergy number at a sufficient level to appease shareholders and yet not alienate the racing industry and regulators. It was a stakeholder balancing act' (S4). E1 and E3 likened the balancing act to one of trying to ensure that every child has a toy. S4 and S8 highlighted tensions around pitching sufficiently attractive synergy numbers to appease shareholders without alienating the racing industry. 'Tabcorp knew it needed to share the spoils; shareholders accepted this to get the merger done' (E3).

Shareholders and Pacific: Management of Tatts shareholders helped ensure that the only support for Pacific's rival proposal came from a few minority activist shareholders. Despite their best efforts, Pacific was never able to attract much support from Tatts' shareholders and, thus, no pressure built on Tatts to engage with Pacific (R1).

Racing industry and regulators: By extensively nurturing and negotiating commercial agreements in the cases of Racing Queensland and RWWA, the merging parties managed much of the racing industry support for the merger that was provided as crucial evidence to both the ACCC and Tribunal. Furthermore, opposition from Racing Victoria was a key instigator in Tabcorp using the Tribunal process (E2, Rac2).

6.3 Intra-group stakeholder relationships

Stakeholders are not monolithic, homogeneous groups; instead, they differ widely in terms of interests, involvement, sophistication, and their capacity to influence.[131] By exploring large stakeholder groups, researchers ignore many differences within groups.[132] Lamberg et al.[133] argue that M&A research offers opportunities to re-examine existing frameworks and to develop more dynamic and realistic understandings of what happens within and between stakeholder 'networks' to influence organisational actions and outcomes. Evidence from the Tatts/Tabcorp merger process reveals that their stakeholders are not homogenous but a complex mixture of differing and conflicting interests in the merger. These intra-group stakeholder interests had to be managed.

Shareholders: Managing the divergent interests among shareholders was important to securing shareholder support for the merger. Valuations and investment motivations differed between the activists, those invested in both Tatts and Tabcorp, the long-term shareholders, and the retail investors. At the time, Tabcorp itself was a substantial shareholder in Tatts with a 9.99% stake, so Tabcorp was also protecting its interests, and these interests were not necessarily the same as the other Tatts shareholders. A bidding war with Pacific, for example, would have benefitted almost everyone other than Tabcorp. Against the interests of institutional and retail investors, as evidenced by their votes for the merger, the small activist Tatts shareholders provided the sole shareholder opposition.

Racing industry: Intra-group stakeholder dynamics in the racing industry were also managed. Balancing the initial concerns from RWWA and Queensland racing interests through negotiated agreements was crucial to disempowering the most potent industry player Racing Victoria. Racing Victoria was surprised at the ease with which RWWA, in particular, reached an agreement with Tabcorp (Rac2). Securing the support of the NSW racing industry, perceived as historically 'tied to the hips' of Tabcorp (A1), along with its well-known clashes with Racing Victoria (T2, C1, Rac2), further allowed the parties to bypass Victorian racing interests and threaten the dominance it wanted to leverage (L3, F2).

131. Winn, 2001
132. Harrison and Freeman, 1999
133. Lamberg et al., 2008

Regulators: Tabcorp weakened the ACCC by circumventing its merger review process with a direct appeal to the Tribunal and playing off their different roles. The Tribunal applies a net public benefit assessment, whereas the ACCC assesses the risk of substantially lessening competition. As such, these regulators arrived at different conclusions. The ACCC intervened to challenge the Tribunal's decision, but never agreed with the final ruling.

Competitors: Tabcorp negotiated a deal with CrownBet that gave it significant advantages over other rival corporate bookmakers, even though they supported CrownBet's Tribunal application. By reaching an agreement with CrownBet, Tabcorp also weakened Racing.com's intervention at the Tribunal. Tabcorp was well aware that CrownBet was the most aggressive of the corporate bookmakers because of its unprofitability and small scale. Hence, CrownBet was under pressure to find a game changer. It needed scale and acquiring Tabcorp's vision rights gave it just that (C3).

What emerges from the evidence is that managing stakeholders involves both balancing and disempowering vital stakeholder interests during the merger process. Tatts and Tabcorp balanced most of their key stakeholder relationships, including conflicting inter- and intra-group stakeholder interests and, in doing so, they were able to disempower the most potentially disruptive stakeholder relationships – most notably, Pacific, the ACCC, and Racing Victoria.

7. CONCLUSIONS

In considering how Tatts and Tabcorp's stakeholder management was affected by, and how it affected, its merger process, I have viewed Tatts and Tabcorp's stakeholder management in hermeneutic terms as a dynamic process of the whole (the merger process) and its parts (the stakeholder relationships) coming together through stakeholder management. The case evidence suggests that managing these stakeholder relationships during their merger process was far from static and smooth, but a process was ebbing and flowing through phases of disruption and interruption by multiple stakeholder relationships. This involved both accommodating and disempowering stakeholder interests. Balancing some stakeholder interests allowed the parties to weaken and ignore the concerns of other stakeholders. With substantial risks around the regulators, shareholders, the racing industry, and competitors, the merger could have fallen over. However, Tatts and Tabcorp's management of the potentially disruptive stakeholder relationships was crucial to see it go through.

This paper paves the way for future research to investigate the multidirectional and dynamic, intra- and inter-group relationships between stakeholders that are characterised by a complex web of relationships between a merger process and its stakeholder parts. It is apparent that, while the merger affected stakeholder relationships, it was in no small part influenced by those very same relationships. The paper facilitates historical analysis, forward assessment, future planning and proactive responding, both for academics in devising theories and explanations and for practitioners in considering, designing, and implementing M&A strategies.

REFERENCES

ACCC (2017a), ACCC won't seek review of Tabcorp-Tatts determination [Press release]

ACCC (2017b), Statement of Issues: Tabcorp merger. Holdings and Tatts Group – proposed merger, https://www.accc.gov.au/system/files/public-registers/documents/MER17%2B2477.pdf

Agrawal, A. and Jain, P. (2015), Multiple Perspectives of Mergers and Acquisitions Performance, *Systemic Flexibility and Business Agility*, pp. 385-398, Springer

Anderson, H., Havila, V. and Nilsson, F. (2013), A Stakeholder Approach to Mergers and Acquisitions. In H. A. Nilssom, H. Virpi, and Fredrik (Eds.), *Mergers and Acquisitions: The Critical Role of Stakeholders*, New York, Routledge, pp. 1–14

Australian, T. (2017), Tatts chief rebuffs investor calls to torpedo Tabcorp merger, retrieved from https://www.theaustralian.com.au/business/companies/tatts-chief-rebuffs-investor-calls-to-torpedo-tabcorp-merger/news-story/6236e38d6b07579ad7d1eb7e7cee6b30

Baard, V. C. and Dumay, J. (2018), Interventionist research in accounting: reflections on the good, the bad and the ugly, *Accounting and Finance*

Barone, E., Ranamagar, N. and Solomon, J.F. (2013), *A Habermasian model of stakeholder (non) engagement and corporate (ir) responsibility reporting*, Paper presented at the Accounting Forum

Bettinazzi, E.L. and Zollo, M. (2014), Stakeholder orientation and acquisition performance, *Strategic Management Journal*

Borglund, T. (2012), 2 The Growing Importance of Corporate Social Responsibility in Mergers and Acquisitions, *Mergers and Acquisitions: The Critical Role of Stakeholders*, vol. 52, issue 17

Bruner, R.F. (2004), *Applied mergers and acquisitions*, vol. 173, John Wiley and Sons

Burt, R. (2017), Statement to the Australian Competition Tribunal, http://www.competitiontribunal.gov.au/documents/act2017/Statement%20of%20Richard%20Burt.pdf

Capital, S. (2017), *Tatts Group: Vote AGAINST the Scheme Resolution*

Carney, M. and Dostaler, I. (2006), Airline ownership and control: A corporate governance perspective, *Journal of air transport Management*, 12 (2): pp. 63–75

Cartwright, S., Teerikangas, S., Rouzies, A. and Wilson-Evered, E. (2012), Methods in M&A – A look at the past and the future to forge a path forward, *Scandinavian Journal of Management*, 28 (2): pp. 95–106

Ciambotti, M., Aureli, S. and Demartini, P. (2011), Italy: Demand for social responsibility in mergers and acquisitions, *Journal of Corporate Accounting and Finance,* 22 (6): pp. 45–50

Cording, M., Harrison, J., Hoskisson, R. and Jonsen, K. (2013), 'Walking the Talk': A Multi-Stakeholder Exploration of Organizational Authenticity, Employee Productivity and Post-Merger Performance, *The Academy of Management Perspectives*, amp. 2013.0002

Creswell, J.W. (2013), *Research design: Qualitative, quantitative, and mixed methods approaches*, Sage publications

Dealogic (2020), [Global M&A volume]

Deng, X., Kang, J.K. and Low, B.S. (2013), Corporate social responsibility and stakeholder value maximization: Evidence from mergers, *Journal of Financial Economics*, 110 (1): pp. 87–109

Dorata, N.T. (2012), Determinants of the Strengths and Weaknesses of Acquiring Firms in Mergers and Acquisitions: A Stakeholder Perspective, *International Journal of Management*, 29 (2)

Eisenhardt, K.M. and Graebner, M.E. (2007), Theory building from cases: Opportunities and challenges, *The Academy of Management Journal*, 50 (1): pp. 25–32

Evan, W.M. and Freeman, R.E. (1988), *A stakeholder theory of the modern corporation: Kantian capitalism*

Forbes, E. (2017), *Statement to the Australian Competition Tribunal*, Deagon, Queensland

Frooman, J. (1999), Stakeholder influence strategies, *Academy of Management Review*, 24 (2): pp. 191–205

Harrison, J.S. and Freeman, R.E. (1999), Stakeholders, social responsibility, and performance: empirical evidence and theoretical perspectives, *Academy of Management Journal*, 42 (5): pp. 479–485

Heidegger, M. (1927), *Being and Time* (J. Macquarrie and E. Robinson, Trans.): Harper Perennial Modern Classics; Reprint edition (July 22, 2008)

Herald, T.S.M. (2015), Tabcorp holds fast, Victorian racing blackout goes ahead as threatened, retrieved from https://www.smh.com.au/sport/racing/tabcorp-holds-fast-victorian-racing-blackout-goes-ahead-as-threatened-20150615-ghongh.html

Hitt, M.A., Harrison, J.S. and Ireland, R.D. (2001), *Mergers and acquisitions: A guide to creating value for stakeholders*, Oxford University Press

King, D. and Taylor, R. (2012), Beyond the Numbers: Seven Stakeholders to Consider in Improving Acquisition Outcomes, *Graziadio Business Review*

Konstantopoulos, N., Sakas, D.P. and Triantafyllopoulos, Y. (2009), The strategy of stakeholder briefing during merger negotiation in the bank market, *Journal of Management Development*, 28 (7): pp. 622–632

Kujala, J., Heikkinen, A. and Lehtimäki, H. (2012), Understanding the nature of stakeholder relationships: An empirical examination of a conflict situation, *Journal of Business Ethics*, 109 (1): pp. 53–65

Lamberg, J.A., Pajunen, K., Parvinen, P. and Savage, G. T. (2008), Stakeholder management and path dependence in organizational transitions, *Management Decision*, 46 (6): pp. 846–863

Larkin, M., Watts, S. and Clifton, E. (2006), Giving voice and making sense in interpretative phenomenological analysis, *Qualitative research in psychology*, 3 (2): pp. 102–120

Larsson, R. and Finkelstein, S. (1999), Integrating strategic, organizational, and human resource perspectives on mergers and acquisitions: A case survey of synergy realization, *Organization Science*, 10 (1): pp. 1–26

Lockhart, J.C. and Taitoko, M. (2005), An Examination of Shareholder–Stakeholder Governance Tension: A Case Study of the Collapses of Ansett Holdings and Air New Zealand. In K. Saravanamuthu *Corporate Governance: Does Any Size Fit?*, Emeral Group Publishing Limited, pp. 223–246

Łupina-Wegener, A., Schneider, S.C. and van Dick, R. (2015),The role of outgroups in constructing a shared identity: a longitudinal study of a subsidiary merger in Mexico. *Management international review*, 55 (5): pp. 677–705

Madhavan, R. (2005), *Managing M&A Strategically: From 'Plug and Pray' To 'Plug and Play'*, Ravi Madhavan's A&D Blog available at http://strategyscape.typepad.com/PlugPlay.pdf

Martirosyan, E. and Vashakmadze, T. (2013), *Introducing stakeholder based frameworks for post-merger integration success*, paper presented at the Global Business Conference Proceedings

Marx, K. (2004), *Capital (Volume 1: A Critique of Political Economy): A Critique of Political Economy*, Digireads.com Publishing

Meglio, O. (2015), The acquisition performance game, *The Routledge Companion to Mergers and Acquisitions*, pp. 163–176

Meglio, O. (2016), Are Mergers and Acquisitions Socially Responsible? Evidence from the Banking Industry. In *Advances in Mergers and Acquisitions*, Emerald Group Publishing Limited, pp. 95–113

Meglio, O., King, D.R. and Risberg, A. (2015), Improving Acquisition Outcomes with Contextual Ambidexterity, *Human Resource Management*

Meglio, O. and Risberg, A. (2010), Mergers and acquisitions–Time for a methodological rejuvenation of the field? *Scandinavian Journal of Management*, 26 (1): pp. 87–95

Mitchell, R.K., Agle, B.R. and Wood, D.J. (1997), Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts, *Academy of Management Review*, 22 (4): pp. 853–886

Myers, M. D. (1995), Dialectical hermeneutics: a theoretical framework for the implementation of information systems, *Information systems journal*, 5 (1): pp. 51–70

Orts, E. W. and Strudler, A. (2002), The ethical and environmental limits of stakeholder theory. *Business ethics quarterly*, pp. 215–233

Parmar, B.L., Freeman, R.E., Harrison, J.S., Wicks, A.C., Purnell, L. and De Colle, S. (2010), Stakeholder theory: The state of the art, *The Academy of Management Annals*, 4 (1): pp. 403–445

Qu, S.Q. and Dumay, J. (2011), The qualitative research interview, *Qualitative research in accounting and management*, 8 (3): pp. 238–264

Reynolds, S.J., Schultz, F.C. and Hekman, D.R. (2006), Stakeholder theory and managerial decision-making: Constraints and implications of balancing stakeholder interests, *Journal of Business Ethics*, 64 (3): pp. 285–301

Rowley, T.J. (1997), Moving beyond dyadic ties: A network theory of stakeholder influences, *Academy of Management Review*, 22 (4): pp. 887-910

Sachs, J. D. (2015), *The age of sustainable development*, Columbia University Press

Savage, G.T., Nix, T.W., Whitehead, C.J. and Blair, J.D. (1991), Strategies for assessing and managing organizational stakeholders, *Academy of management perspectives*, 5 (2): pp. 61–75

Segal, S. (2016), *Management practice and creative destruction: existential skills for inquiring managers, researchers and educators*, Routledge

Segal, S., Guthrie, J. and Dumay, J. (2020), *Stakeholder and merger and acquisition research: A structured literature review*, forthcoming in Accounting & Finance

Segal, S., Guthrie, J., Dumay, J. and Segal, S. (2019), *Stakeholder and merger and acquisition research: A hermeneutic approach*, paper presented at the Australasian Business Ethics Network (ABEN) Conference, Melbourne

Smith, A. (2005), *Wealth of nations*, University of Chicago Bookstore

Stiglitz, J. (2019), Progressive Capitalism Is Not an Oxymoron. *New York Times*, retrieved from https://www.nytimes.com/2019/04/19/opinion/sunday/progressive-capitalism.html

Tabcorp (2016a), *Recommended combination of Tabcorp Holdings Limited and Tatts Group Limited*, retrieved from http://www.asx.com.au/asxpdf/20161019/pdf/43c31b8j32v25b.pdf

Tabcorp (2016b), Tabcorp and Tatts to combine to create a world-class diversified gambling entertainment group [Press release], retrieved from http://www.asx.com.au/asxpdf/20161019/pdf/43c316m5l7hg5w.pdf

Tabcorp (2017a), *Application to the Australian Competition Tribunal for Merger Authorisation*, retrieved from https://www.accc.gov.au/public-registers/mergers-registers/pre-november-2017-merger-authorisations/proposed-merger-of-tabcorp-holdings-and-tatts-group

Tabcorp (2017b), *Tabcorp Annual Report 2017*, retrieved from https://www.tabcorp.com.au/getattachment/5abe319e-68d4-45b3-bd34-31cd033ef857/TC_2017-Annual-Report

Tabcorp (2017c), Tabcorp enters into agreements with CrownBet [Press release], retrieved from https://www.tabcorp.com.au/news-media/media-releases/tabcorp-enters-into-agreements-with-crownbet

Tabcorp (2017d), Tabcorp to seek authorisation from the Australian Competition Tribunal [Press release]

Tatts (2016a), *Merger Implementation Deed*, retrieved from http://www.asx.com.au/asxpdf/20161019/pdf/43c318f0xt0s28.pdf

Tatts (2016b), Results of 2016 Annual General Meeting [Press release], retrieved from https://s3-ap-southeast-2.amazonaws.com/tatts-group-website-storage/wp-content/uploads/2017/01/15114301/Resultsofmeeting-1.pdf

Tatts (2016c), Tatts determines the Pacific Consortium's proposal is not superior to the proposed Tabcorp merger [Press release], retrieved from http://www.asx.com.au/asxpdf/20161223/pdf/43dytyl73z8cqr.pdf

Tatts (2017a), *Tatts' Outline of Opening Submissions*, retrieved from http://www.competitiontribunal.gov.au/documents/act2017/ACT1-2017-d3-Tatts%20Opening.pdf

Tatts (2017b), *Tatts Group Limited Annual Report 2017*, retrieved from http://www.asx.com.au/asxpdf/20160818/pdf/439dk54d23tx2x.pdf

Tatts (2017c), Tatts Group Limited Scheme Booklet [Press release]

Thompson, G. (2017), *Affidavit to the Australian Competition Tribunal*, retrieved from http://www.competitiontribunal.gov.au/documents/act2017/ACT1-2017-d2-D-Johnston.pdf

Gilbert+Tobin (2017), *Tabcorp/Tatts merger authorisation: lessons for the future*, retrieved from https://www.gtlaw.com.au/insights/tabcorp-tatts-merger-authorisation-lessons

Tribunal (2017), Australian Competition Tribunal decision on Tabcorp-Tatts merger

Tyshing, N. (2017), S*tatement to the Australian Competition Tribunal*, retrieved from http://www.competitiontribunal.gov.au/documents/act2017/Statement%20of%20Nicholas%20Tyshing.pdf

V'Landys, P. (2017), *Statement to the Australian Competition Tribunal*, retrieved from http://www.competitiontribunal.gov.au/documents/act2017/Statement%20of%20Peter%20V%27landys.pdf

Waddock, S. and Graves, S.B. (2006), The impact of mergers and acquisitions on corporate stakeholder practices. *Journal of Corporate Citizenship*, 2006 (22): pp. 91–109

Winn, M.I. (2001), Building stakeholder theory with a decision modeling methodology, *Business and Society*, 40 (2), pp. 133–166

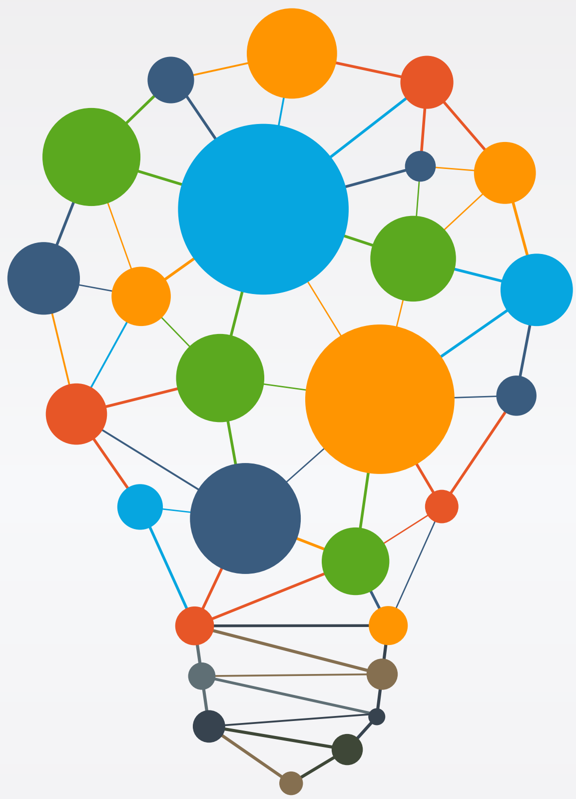
Yin, R. (2014), *Case study research: design and methods* (5th ed.), Sage Publications

APPENDIX 1 DOCUMENTARY DATA

SOURCE	TITLE
ACCC	Statement of Issues: Tabcorp Holdings and Tatts Group – proposed merger
ACCC	ACCC won't seek review of Tabcorp-Tatts determination
Burt (RWWA CEO)	Statement to the Australian Competition Tribunal
Sandon Capital	Tatts Group: Vote AGAINST the Scheme Resolution
Forbes (Racing Queensland CEO)	Statement to the Australian Competition Tribunal
Tatts/Tabcorp	Merger Implementation Deed
Tatts/Tabcorp	Recommended combination of Tabcorp Holdings and Tatts Group Limited
Tatts/Tabcorp	Tabcorp and Tatts to combine to create a world-class diversified gambling entertainment group
Tabcorp	Application to the Australian Competition Tribunal for Merger Authorisation
Tabcorp	Tabcorp Annual Report 2017
Tabcorp	Tabcorp enters into agreements with CrownBet
Tabcorp	Tabcorp to seek authorisation from the Australian Competition Tribunal
Tatts	Results of 2016 Annual General Meeting
Tatts	Pacific Consortium Revised Proposal not Superior
Tatts	Tatts' Outline of Opening Submissions
Tatts	Tatts Group Limited Annual Report 2017
Tatts	Tatts Group Limited Scheme Booklet
Tribunal	Decision on Tabcorp merger
Tyshing (CrownBet COO)	Statement to the Australian Competition Tribunal
V'Landys (Racing NSW CEO)	Statement to the Australian Competition Tribunal

JOURNAL OF BEHAVIOURAL ECONOMICS AND SOCIAL SYSTEMS

Volume 2, Number 1, 2020



gap | TCG