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Determinants of Merger and Acquisition Success: A Comparative Study of the Failed Zee–Sony Merger and the Formation of JioStar

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Abstract

Mergers and acquisitions (M&A) are important corporate strategies used by businesses to expand market presence, acquire capabilities, achieve economies of scale and strengthen competitive advantage. However, the existence of strategic synergy between two companies does not necessarily guarantee the successful completion or integration of a merger. This research examines the determinants of M&A success through a comparative analysis of two major transactions in the Indian media and entertainment industry: the proposed merger between Zee Entertainment Enterprises Limited and Sony Pictures Networks India, which was terminated in January 2024, and the combination of Reliance Industries' Viacom18 and The Walt Disney Company's Star India businesses, which was completed in November 2024 and subsequently created JioStar.

The study uses a qualitative comparative case-study approach based on academic literature, company announcements, regulatory information, financial reports and established financial journalism. The cases are analysed across six variables: strategic complementarity, financial preparedness, leadership and corporate governance, regulatory management, fulfilment of transaction conditions and post-merger integration. The findings indicate that both transactions possessed substantial strategic potential. The difference was primarily in execution. Zee–Sony experienced unresolved financial and contractual conditions, leadership uncertainty and governance concerns that prevented completion despite obtaining significant regulatory approvals. The Reliance–Disney combination established clearer ownership and leadership structures, committed fresh growth capital, responded to antitrust concerns through regulatory concessions and rapidly integrated important digital and sports assets following completion.

The paper concludes that M&A success should be understood as a multi-stage process involving agreement, regulatory approval, transaction completion, operational integration and sustainable value creation. JioStar has successfully completed the first four stages and has demonstrated encouraging early operating indicators, although its long-term financial success remains too recent to determine conclusively.

Keywords: Mergers and Acquisitions, Zee Entertainment, Sony Pictures Networks India, JioStar, Reliance Industries, Corporate Strategy

1. Introduction

Mergers and acquisitions have become an important method through which companies respond to technological disruption, changing consumer behaviour, globalisation and intensifying competition. Rather than building every capability internally, businesses may combine with or acquire other organisations to gain access to customers, intellectual property, distribution networks, technological capabilities, human capital or new geographical markets. M&A can also provide companies with economies of scale by spreading costs across larger operations and eliminating duplicated activities.

However, corporate history demonstrates that an attractive strategic rationale does not necessarily result in a successful merger. Companies may agree that combining their businesses makes economic sense yet remain unable to complete the transaction because of disagreements over valuation, financing, governance, regulation or leadership. Even after a transaction is legally completed, difficulties integrating technology, employees, brands and organisational cultures may prevent the anticipated benefits from being realised.

Research on M&A therefore distinguishes between the **potential value** created when a transaction is designed and the **realised value** produced after integration. Cartwright and Schoenberg (2006) observe that decades of M&A research have examined strategic fit, organisational integration and human factors because post-acquisition outcomes frequently differ from expectations. Similarly, King et al. (2004), in a meta-analysis of post-acquisition performance, found that commonly studied antecedents do not consistently explain acquisition performance, suggesting that important contextual and managerial variables determine whether predicted synergies ultimately materialise.

The Indian media and entertainment industry provides an especially valuable setting for examining these issues. The industry has experienced significant transformation because of the growth of digital streaming, changing advertising models, increasing demand for regional content and escalating competition for premium sports broadcasting rights. Traditional television networks are no longer competing only with other broadcasters. They must also compete with global streaming companies, technology platforms and digitally integrated media ecosystems.

Against this background, two major combinations were proposed within a relatively short period. The first involved Zee Entertainment Enterprises Limited (ZEEL) and Sony Pictures Networks India (SPNI). In December 2021, the companies signed definitive agreements to combine their linear television networks, digital assets, programme libraries and production operations. The transaction promised to create one of India's largest entertainment groups, combining Zee's content and ZEE5 streaming platform with Sony's television portfolio and SonyLIV. Sony was expected to hold a controlling economic stake in the combined business.

Yet the transaction collapsed. Sony terminated the proposed merger on January 22, 2024, stating that specified closing conditions had not been fulfilled and that the parties could not agree on an extension. Reporting based on the termination notice subsequently indicated disagreements concerning financial thresholds and concerns surrounding leadership and governance. Zee disputed Sony's allegations.

The second major transaction involved Reliance Industries Limited (RIL), Viacom18 and The

Walt Disney Company's Indian media operations. The transaction combined the media and JioCinema businesses of Viacom18 with Star India. It became effective on November 14, 2024. Reliance contributed ₹11,500 crore in growth capital, while the joint venture was valued at approximately ₹70,352 crore on a post-money basis excluding synergies. Reliance controlled the completed venture.

The contrast is striking. Both proposed combinations offered considerable strategic complementarity. Both involved large media organisations operating in television and digital entertainment. Both faced regulatory complexity. Yet Zee–Sony never reached closing, while the Reliance–Disney transaction progressed from negotiation to regulatory approval, completion and operational integration.

This creates the principal research question of this study:

Why did the proposed Zee–Sony merger fail to reach completion while the Reliance–Disney combination that created JioStar was successfully completed and integrated?

The study argues that strategic compatibility is only the starting point of M&A success. Effective transactions also require financial preparedness, governance clarity, leadership alignment, regulatory adaptability, fulfilment of contractual conditions and disciplined post-merger integration.

2. Research Objectives and Hypothesis

The primary objective of this research is to identify the factors that influence whether a large corporate merger progresses from strategic agreement to successful implementation.

The specific objectives are:

1. To examine the theoretical determinants of M&A success and failure.
2. To analyse the strategic rationale behind the Zee–Sony transaction.
3. To identify the factors that contributed to the termination of the Zee–Sony merger.
4. To examine the structure, regulatory process and integration of the Reliance–Disney transaction.
5. To compare the two transactions using common strategic and managerial variables.
6. To determine whether M&A success depends more on strategic compatibility or on transaction execution.

Research Hypothesis

H1: The success of a merger or acquisition depends not only on strategic and financial synergy but also on effective corporate governance, leadership alignment, financial preparedness, regulatory management, fulfilment of closing conditions and post-merger integration.

The study further proposes that M&A success should not be treated as a binary variable. A transaction may succeed at one stage and fail at another. Therefore, this study evaluates success through five stages:

Agreement → Regulatory Approval → Transaction Completion → Operational Integration → Sustainable Value Creation

3. Literature Review

3.1 **Strategic Synergy and Complementarity**

Synergy is one of the most frequently cited motivations for mergers and acquisitions. In simple terms, synergy exists when two businesses are expected to create greater value together than they could create independently.

Strategic synergy may take several forms. **Cost synergy** occurs when combining businesses reduces duplicated expenses. **Revenue synergy** may emerge from cross-selling, increased market reach, better distribution or stronger pricing power. **Capability synergy** occurs when each organisation possesses resources or expertise that complement the other. Companies may also pursue M&A to gain market share, acquire intellectual property, diversify risk or strengthen negotiating power.

Bauer and Matzler (2014) examined strategic complementarity alongside cultural fit and the degree and speed of integration. Their findings support an integrated view of acquisition success rather than assuming that strategic fit operates independently. A transaction may make strategic sense while still failing because the organisations cannot effectively integrate their resources or people.

This framework is particularly relevant to Zee–Sony and JioStar because both combinations possessed obvious strategic complementarity. The outcome therefore cannot be explained simply by arguing that one combination made strategic sense while the other did not.

3.2 Organisational Culture and Integration

When two companies merge, management does not merely combine physical assets and financial statements. The transaction brings together employees, leadership structures, organisational routines, decision-making styles and corporate cultures.

Weber and Camerer (2003) experimentally examined cultural conflict in mergers and found that organisational culture differences can impair coordination following a combination. Their research also showed that participants may underestimate the difficulties generated by cultural differences before a merger.

Cultural and organisational compatibility therefore affect whether anticipated efficiencies can actually be achieved. A theoretically efficient combination may experience internal resistance, employee departures, duplicated processes or conflicting management practices.

This is particularly relevant to large cross-organisational transactions. Sony is part of a multinational Japanese corporate group operating across multiple countries and industries, while Zee historically developed within India's promoter-led corporate environment. Disney, Reliance and Viacom18 also entered their transaction with different ownership histories and corporate cultures. In both cases, therefore, organisational integration represented a significant managerial challenge.

3.3 Corporate Governance and Leadership

Governance concerns the mechanisms through which corporate decisions are made, monitored and controlled. During a merger, governance questions become particularly important because ownership and authority are being redesigned.

Important questions include: Who will control the board? Who will serve as chief executive? Which shareholder will possess effective control? How will minority shareholders be protected? Who will allocate capital? Which organisation's compliance standards and management processes will dominate?

Leadership uncertainty can consequently create transaction risk. A disagreement regarding the future chief executive is not merely a dispute about one individual. It can indicate deeper differences regarding governance, accountability, risk management and strategic authority.

For this reason, clarity regarding the combined leadership structure before closing can reduce uncertainty. Conversely, continued disagreement over leadership close to a completion deadline can undermine confidence that the combined organisation will operate effectively.

3.4 Financial Preparedness and Due Diligence

Financial due diligence allows merger partners to evaluate whether the assumptions underlying a transaction remain valid. Between announcement and closing, a company's financial position may change. Cash balances, profitability, liabilities or operating performance may differ from the assumptions incorporated into the original merger agreement. This is especially important when a transaction requires minimum cash balances or other financial conditions at closing.

M&A agreements therefore commonly include conditions precedent, representations, warranties and other protections. These mechanisms reduce the probability that one party will be required to close a transaction that has materially changed from what it originally agreed to.

The Zee–Sony case demonstrates the importance of this issue. Reuters reported that Sony's termination notice alleged that Zee had failed to take commercially reasonable steps to meet certain financial thresholds, including requirements relating to cash availability. Zee rejected Sony's interpretation and allegations (Chaturvedi & Kalra, 2024). The disagreement illustrates a broader principle: financial expectations established when a merger is announced must remain credible through the closing period.

3.5 Regulatory Management

Large mergers often reduce the number of significant competitors in an industry. As a result, competition regulators may examine whether a proposed combination could allow the merged organisation to increase prices, restrict consumer choice, disadvantage advertisers or control strategically important assets.

Regulatory opposition does not automatically mean that a transaction must be abandoned. Companies may offer remedies such as divesting assets, limiting certain commercial practices or altering elements of the transaction.

Consequently, regulatory adaptability represents an important M&A capability. Management must understand which concessions can be made without destroying the economic logic of the transaction.

The Reliance–Disney combination illustrates this principle. The Competition Commission of India approved the transaction subject to voluntary modifications submitted by the parties. Reuters reported that cricket broadcasting rights were a major area of regulatory concern and that concessions included measures relating to television channels and advertising practices (Kalra & Mandayam, 2024).

3.6 Post-Merger Integration

Completion of a merger does not itself create synergy. The businesses must subsequently combine operations. Post-merger integration may involve consolidating technology platforms, removing duplicated functions, integrating products, restructuring teams, combining distribution channels and developing a unified branding strategy. King et al. (2004) demonstrated that post-acquisition performance remains difficult to predict solely through conventional deal characteristics. This reinforces the importance of what management does after the transaction. The distinction between **potential synergy** and **realised synergy** therefore forms the theoretical foundation of this research. A merger agreement can identify potential value. Only integration can realise it.

4. Research Methodology

This study uses a **qualitative comparative case-study methodology**.

The Zee–Sony and JioStar transactions were selected through purposive case selection. They are particularly suitable for comparison because they occurred within the same broad Indian media and entertainment industry and involved similar strategic themes: television broadcasting, digital streaming, content libraries, advertising and competitive scale.

However, they produced contrasting outcomes.

The study examines publicly available information up to August 2026. Sources include peer-reviewed academic research, official corporate announcements, regulatory information, company financial reporting and established financial journalism.

The cases are evaluated using six variables derived from the literature:

1. **Strategic complementarity**
2. **Financial preparedness**
3. **Leadership and corporate governance**
4. **Regulatory management**
5. **Fulfilment of closing conditions**
6. **Post-merger integration**

A five-stage M&A framework is then used to compare progress:

Stage 1: Agreement
Stage 2: Regulatory approval
Stage 3: Legal and financial completion
Stage 4: Operational integration
Stage 5: Sustainable value creation

The study is qualitative rather than econometric. It does not attempt to calculate abnormal shareholder returns or establish statistical causation. Instead, it uses structured comparison to identify differences in the execution of two major corporate transactions.

5. Case Study I: The Failed Zee–Sony Merger

5.1 Background and Strategic Rationale

Sony Pictures Networks India and Zee Entertainment Enterprises signed definitive merger agreements in December 2021 following mutual due diligence.

The proposed combination had substantial strategic logic. Both businesses operated major Indian television networks and digital streaming services. Combining them promised increased audience reach, larger content libraries, greater advertising inventory and more substantial resources for investment in digital media and sports.

Under the original structure, Sony Pictures Entertainment was expected to indirectly own approximately 50.86% of the combined company, while existing Zee shareholders would hold the remaining economic interest. Sony would nominate a majority of the board. The current Managing Director was initially expected to serve as Managing Director and Chief Executive Officer.

The transaction also contemplated significant financial resources for the combined company. The companies announced that the new entity was expected to have approximately US$1.5 billion in cash at closing, allowing investment in content creation, digital expansion and sports rights (Sony Pictures Entertainment, 2021).

The strategic logic therefore appeared strong. Sony possessed an established entertainment portfolio and SonyLIV. Zee possessed extensive Hindi and regional television businesses, a large content library and ZEE5. Combining the organisations could potentially improve economies of scale while allowing greater investment in an increasingly competitive streaming environment.

5.2 Regulatory Progress

The transaction progressed through significant regulatory processes. In August 2023, the Mumbai bench of the National Company Law Tribunal approved the Zee–Sony merger scheme. This followed an extended period of regulatory and creditor scrutiny. This development is analytically important.

A simplistic interpretation of merger failure often assumes that regulators prevented the transaction from occurring. Zee–Sony demonstrates that this was not the decisive issue. The transaction obtained important external approvals yet still failed because the parties were unable to resolve internal contractual and commercial matters. Regulatory approval was therefore **necessary but not sufficient**.

5.3 Leadership and Governance Uncertainty

One of the most visible areas of tension concerned leadership of the proposed merged company. The original agreement contemplated current MD serving as chief executive. However, regulatory proceedings involving the Managing Director created additional uncertainty. By late 2023, reports indicated disagreement between Zee and Sony regarding who should lead the combined organisation.

From a corporate-governance perspective, this disagreement was significant.

The chief executive of the merged organisation would influence capital allocation, compliance systems, strategic priorities and integration. Sony was expected to possess economic control and nominate the majority of directors, while current MD was closely associated with Zee's promoter history. A disagreement about his role therefore raised broader questions concerning the governance model of the combined company. Leadership alignment, which might appear secondary during the early strategic negotiations, became increasingly important as closing approached.

5.4 Financial Conditions and Transaction Termination

The merger agreements contained a defined period for completion. When the transaction had not closed within that period, the parties entered discussions regarding an extension.

Those discussions failed.

On January 22, 2024, Sony terminated the merger. Sony stated publicly that certain closing conditions had not been satisfied and that the parties had been unable to agree on an extension.

Subsequent Reuters reporting based on Sony's termination notice provided additional detail. Sony alleged that Zee had not made commercially reasonable efforts to achieve certain financial requirements and specifically raised concerns regarding cash availability. Zee rejected the allegations and argued that Sony had wrongfully terminated the agreement (Chaturvedi & Kalra, 2024).

The disagreement is revealing because it indicates that the financial assumptions underlying a merger can evolve significantly during a long regulatory and closing process.

A transaction first negotiated in 2021 was still attempting to close in 2024. During that period, the competitive environment, company finances, regulatory circumstances and expectations surrounding leadership had changed.

The proposed merger therefore demonstrates the importance of **transaction durability**: the ability of a deal structure to remain acceptable to both parties throughout an extended completion period.

5.5 Collapse and Settlement

The termination immediately generated legal conflict. Zee disputed Sony's claims, while Sony sought a US$90 million termination fee in relation to alleged breaches. Zee initially pursued legal avenues relating to implementation of the merger while also contesting Sony's claims. Ultimately, however, the transaction was not revived.

In August 2024, Zee, Sony's Indian unit and Bangla Entertainment reached a comprehensive non-cash settlement. The parties agreed to withdraw their respective claims connected with the failed merger, including proceedings associated with arbitration and India's company tribunal. Neither party retained continuing obligations to the other under the settlement (Pant & Mandayam, 2024).

The settlement definitively transformed Zee–Sony from a delayed transaction into an unsuccessful transaction.

5.6 Why Zee–Sony Failed

The evidence suggests that the merger did not collapse because its strategic rationale disappeared completely. Instead, several execution problems became interconnected:

First, financial conditions became disputed. Sony alleged that Zee had not satisfied financial thresholds contemplated by the merger agreement.

Second, leadership became uncertain. The role of the current MD evolved from an agreed component of the transaction into an area of disagreement.

Third, governance concerns became commercially important. Regulatory proceedings and differing expectations regarding management increased risk for the proposed combined organisation.

Fourth, time weakened transaction certainty. A deal negotiated in 2021 remained incomplete more than two years later. Longer completion periods increase the probability that financial and strategic assumptions will change.

Fifth, the parties lost the ability to compromise sufficiently to close. When the contractual deadline was reached, they could not agree on a mutually acceptable extension.

Zee–Sony therefore represents a useful example of strong strategic fit but weak transaction completion.

The companies may have possessed valuable complementary assets, but potential synergy has no economic value if the merger never becomes operational.

6. Case Study II: Reliance–Disney and the Creation of JioStar

6.1 Strategic Rationale

Reliance's Viacom18 and Disney's Star India represented another major opportunity for consolidation.

Viacom18 had an extensive television presence through brands including Colors and had expanded rapidly in digital streaming and sports through JioCinema. Disney's Indian media business included the Star television network, Disney+ Hotstar and valuable sports and entertainment rights. Combining the businesses offered several potential advantages.

First, it increased scale in television. Second, it combined two major streaming ecosystems. Third, it consolidated significant entertainment libraries and production capabilities. Fourth, it brought together extensive sports broadcasting portfolios. Fifth, it created opportunities to combine advertising sales, technology and distribution. This meant that, much like Zee–Sony, the transaction's strategic logic was powerful. The important difference was what occurred after the strategic rationale was established.

6.2 Ownership and Capital Structure

The transaction became effective on November 14, 2024 following required approvals. Reliance invested **₹11,500 crore**, approximately US$1.4 billion at the time, as growth capital into the joint venture. The transaction valued the venture at approximately **₹70,352 crore**, or US$8.5 billion, on a post-money basis excluding synergies. At closing, Reliance Industries directly held 16.34% of the venture, Viacom18 held 46.82% and Disney held 36.84%. Reliance controlled and consolidated the business.

Nita Ambani became Chairperson and Uday Shankar Vice Chairperson. Operational responsibility was also divided clearly, with leadership established for entertainment, digital operations and sports (Reliance Industries Limited et al., 2024).

This provides the first major contrast with Zee–Sony.

In the Zee–Sony transaction, leadership became increasingly contested before completion. JioStar reached completion with ownership, control and senior management responsibilities already identified.

6.3 Regulatory Challenge

It would be incorrect to conclude that JioStar succeeded because the transaction encountered fewer regulatory problems. The opposite is arguably true.

The combination of Disney and Reliance's media assets created significant competition concerns because the companies controlled important sports broadcasting rights, particularly cricket.

The Competition Commission of India examined the transaction and approved it subject to voluntary modifications offered by the parties.

Reuters reported that regulatory concerns focused substantially on the combined entity's influence over cricket broadcasting and the possible consequences for advertisers. The parties offered concessions, including commitments related to advertising practices and the divestment of some non-sports television channels (Kalra & Mandayam, 2024). This demonstrates a crucial M&A capability: **regulatory adaptability**. The companies did not necessarily obtain approval for every element of the transaction exactly as initially imagined. Instead, they were prepared to modify aspects of the proposed combination while preserving its broader strategic logic. The distinction is important. Successful merger execution does not mean avoiding obstacles. It means solving enough obstacles to preserve the transaction.

6.4 Capital Commitment

The ₹11,500 crore capital investment also distinguished the completed transaction from merely theoretical financing plans. Mergers in rapidly evolving industries frequently require substantial investment after closing. A larger company may need to acquire content, develop technology, market new services and integrate duplicated operations. Reliance's capital contribution provided the combined organisation with financial resources while simultaneously signaling commitment to the transaction.

The new company therefore entered its integration stage with a controlling shareholder, defined management structure and fresh growth capital. These elements reduced ambiguity regarding both authority and financing.

6.5 Digital Integration: Creation of JioHotstar

The most visible indication that merger synergies were moving from theory to implementation came shortly after closing. On February 14, 2025, JioStar launched **JioHotstar**, combining JioCinema and Disney+ Hotstar into a single streaming service (JioStar, 2025a). This represented more than a rebranding exercise. Before the combination, JioCinema and Disney+ Hotstar competed independently for users, premium entertainment and major sporting audiences. Following integration, the combined business could place much of this content within one ecosystem. From an M&A perspective, this is a direct example of realised synergy. The value anticipated in the merger agreement, combining digital audiences, content and technology, was transformed into an operating product available to consumers.

6.6 Integration of Sports Operations

The integration strategy also extended to sports television. Effective March 15, 2025, JioStar integrated Sports18 channels into the Star Sports network. The expanded network contained 24 sports channels (JioStar, 2025b). This consolidation illustrates how post-merger restructuring can reduce overlapping brands and create a more unified market proposition. Sports had previously represented an area of intense competition between the two businesses. Following completion, assets that had competed for viewers and rights became part of the same organisation. Such integration represents precisely the stage Zee–Sony never reached.

ZEE5 and SonyLIV were never combined. Their channel portfolios were never operationally integrated. Their proposed cost and revenue synergies therefore remained hypothetical.

JioStar, by contrast, moved from legal completion to observable product integration.

6.7 Early Operating Performance

Reliance's FY2025–26 reporting provides early evidence of the scale achieved following integration.

Reliance reported **₹34,917 crore in revenue from operations** for its Media and Entertainment segment during FY2025–26 and **₹5,842 crore in EBITDA**, representing an EBITDA margin of **16.7%**. The company also reported that JioHotstar averaged approximately **451 million monthly active users** during the financial year. These numbers should nevertheless be interpreted carefully.

The FY2024–25 comparison included JioStar only from November 14, 2024 to March 31, 2025. Consequently, the very high year-on-year growth rates reported for FY2025–26 partly reflect the fact that the previous comparable period contained only part of the combined company's operations.

Furthermore, Reliance's Media and Entertainment reporting encompasses activities beyond JioStar alone. It would therefore be academically incorrect to attribute every improvement in segment revenue or EBITDA directly to merger synergies.

The appropriate conclusion is narrower but still significant: the transaction has demonstrated substantial operating scale, completed meaningful integration initiatives and generated positive early financial indicators.

6.8 Is JioStar Already a Successful Merger?

Whether JioStar should be called a "successful merger" depends on the definition of success.

If success means **signing the agreement**, it succeeded.

If success means **obtaining regulatory approval**, it succeeded.

If success means **completing the transaction**, it succeeded.

If success means **integrating major operating assets**, early evidence suggests that it succeeded.

If success means **creating sustainable superior financial returns over many years**, it is too early to provide a conclusive answer.

This distinction strengthens rather than weakens the comparison.

JioStar should be described as a **successfully completed and substantially integrated transaction with encouraging early operating indicators**, not as a merger whose long-term economic success has already been proven.

7. Comparative Analysis

The two cases can now be evaluated through the same framework.

Table 1

Comparison of the Zee–Sony and JioStar Transactions

Variable	Zee–Sony	Reliance–Disney / JioStar
Strategic complementarity	Strong	Strong
Television synergy	Significant	Significant
Digital synergy	ZEE5 + SonyLIV proposed	JioCinema + Disney+ Hotstar implemented
Financial resources	Approx. US$1.5 billion cash contemplated	₹11,500 crore growth capital invested
Leadership clarity	Became disputed before closing	Defined at completion
Regulatory approval	Major approvals obtained	Obtained subject to modifications
Closing conditions	Disputed/unfulfilled	Fulfilled sufficiently for completion
Transaction completion	No	Yes
Digital integration	Never occurred	JioHotstar launched
Sports integration	Never occurred	Sports18 integrated into Star Sports
Realised operational synergy	None from merger	Evidence of substantial integration
Long-term financial success	Not applicable	Too early for final determination

7.1 Strategic Fit Was Strong in Both Cases

The most important finding is that the transactions were similar in one respect that might initially have been expected to determine their outcome: strategic complementarity.

- Both combinations could create television scale.
- Both could combine streaming businesses.
- Both could consolidate content libraries.
- Both could strengthen advertising and distribution.

Therefore, strategic fit cannot by itself explain why Zee–Sony failed and JioStar reached integration.

This finding supports Bauer and Matzler's (2014) argument that M&A success needs to be examined through an integrated framework combining strategic and organisational factors rather than strategic fit alone.

7.2 Governance Was a Major Differentiator

Leadership provides one of the clearest differences between the cases. Zee–Sony began with an identified chief executive but approached its closing deadline with continuing disagreement surrounding that leadership arrangement. JioStar reached completion with a defined controlling shareholder, chairperson, vice chairperson and operational leadership structure. This does not prove that every merger with an agreed chief executive will succeed. However, it demonstrates that **governance uncertainty creates additional transaction risk**. The closer a merger moves toward completion, the more important clarity regarding authority becomes.

7.3 Regulatory Problems Were Manageable

Another important finding is that JioStar's regulatory environment was not necessarily easier.
The combination attracted substantial antitrust scrutiny precisely because of its scale in entertainment and sports. Yet the parties offered modifications that allowed the transaction to proceed. Zee-Sony, meanwhile, had already received important regulatory approvals before collapsing. Thus, regulatory approval did not determine the different outcomes on its own. The stronger explanatory variable is the organisations' ability to solve all major transaction problems simultaneously.

7.4 Financing Differed in Execution

Both transactions contemplated substantial financial resources. The difference lies in implementation.
Sony and Zee announced that their combined organisation was expected to possess approximately US$1.5 billion in cash at closing. Because the transaction never closed, this remained part of the proposed structure. Reliance actually invested ₹11,500 crore as growth capital when the Disney transaction became effective. This demonstrates a broader distinction between **planned resources** and **committed resources**. M&A creates value only when plans become executable.

7.5 Integration Is the Bridge Between Merger and Value

Perhaps the most important difference appears after the legal transaction. JioHotstar demonstrates the movement from potential synergy to realised integration. Before the merger, two separate streaming platforms existed. After integration, a combined platform served the consolidated content ecosystem.
The sports-network restructuring provides a second observable example.
Zee–Sony never reached an equivalent stage. Therefore:
Strategic synergy exists on paper. Operational synergy exists only after integration.

8. Findings and Discussion

The comparative analysis supports the proposed hypothesis and produces six principal findings.

Finding 1: Strategic Compatibility Is Necessary but Insufficient
Both transactions possessed significant strategic logic. Consequently, the failure of Zee–Sony cannot be explained simply by weak synergy. The case supports the argument that companies can identify the “right” strategic partner yet still fail to create a functioning merger.

Finding 2: Governance Risk Can Become Transaction Risk
The Zee- Sony case demonstrates how leadership questions can evolve into broader concerns regarding governance. The identity of the future chief executive became connected with regulatory concerns, corporate control and confidence in the combined organisation. M&A planning should therefore treat governance design as a fundamental part of transaction architecture rather than an administrative issue to be solved later.

Finding 3: Closing Conditions Matter
A merger announcement creates expectations but not certainty. Between agreement and closing, both organisations must continue to satisfy contractual obligations and financial conditions. The Zee–Sony dispute illustrates how disagreement over whether those conditions have been fulfilled can become sufficient to terminate an otherwise strategically attractive combination.

Finding 4: Regulatory Adaptability Can Preserve a Deal
The Reliance–Disney transaction faced serious concerns relating to market concentration and sports broadcasting. The companies nevertheless progressed by offering concessions. This suggests that management should distinguish between the **core economic logic** of a merger and **negotiable structural elements**. If management understands that distinction, it may be able to modify the transaction without destroying its strategic rationale.

Finding 5: Speed and Discipline After Closing Are Important
JioStar’s integration of its digital platforms within approximately three months of completion provides evidence of pre-planned execution. Integration planning was therefore likely not something that began only after the legal transaction closed. This supports academic arguments emphasising the importance of speed and degree of integration in acquisition outcomes (Bauer & Matzler, 2014).

Finding 6: M&A Success Occurs in Stages
Perhaps the most useful conceptual finding of this research is that merger success should not be treated as one event. A company can announce a merger successfully but fail to obtain approval. It can obtain approval but fail to close. It can close but fail to integrate. It can integrate but still fail to produce acceptable financial returns. Therefore, M&A success should be evaluated through the following framework:
Stage 1: Strategic Agreement: The organisations decide that combining creates potential value.
Stage 2: Regulatory Approval: External authorities permit the combination, potentially subject to conditions.
Stage 3: Transaction Completion: Financial, contractual and legal requirements are fulfilled.
Stage 4: Operational Integration: Businesses, platforms, employees, products and systems

begin functioning as a combined organisation.

Stage 5: Sustainable Value Creation: The combination produces durable profitability, competitive advantage or shareholder value.

Zee–Sony progressed significantly through Stages 1 and 2 but failed at Stage 3.

JioStar progressed through Stages 1–4 and has begun producing evidence relevant to Stage 5. That does not guarantee its eventual long-term success, but it makes its execution fundamentally different from Zee–Sony.

9. Managerial Implications

The findings provide several lessons for managers and boards considering future M&A transactions.

First, businesses should conduct **governance due diligence in addition to financial due diligence**. Senior-management responsibilities, board composition and control rights should be sufficiently clear before a merger approaches its closing deadline.

Second, organisations should establish measurable closing conditions. Vague expectations increase the possibility that parties will later disagree about whether contractual obligations have been fulfilled.

Third, merger teams should continuously reassess financial assumptions during long transactions. A deal that made economic sense when announced may require adjustment if profitability, cash balances or market conditions change significantly before closing.

Fourth, regulatory planning should involve scenario analysis. Management should determine in advance which concessions it could accept if competition authorities object to parts of the transaction.

Fifth, post-merger integration should begin as a planning exercise before closing. Technology, brands, organisational structures, employees and customer migration strategies should not be addressed only after ownership formally changes.

Finally, boards should avoid confusing **transaction size with transaction quality**. A large valuation and impressive announcement can attract public attention, but the economic success of M&A ultimately depends on execution.

10. Limitations

This study has several limitations.

First, it relies on publicly available secondary information. Confidential negotiations, internal board discussions and complete merger agreements are unavailable, limiting the ability to determine precisely how individual executives evaluated the transactions.

Second, Zee–Sony and JioStar are similar but not identical transactions. Their ownership structures, financial circumstances and competitive positions differed.

Third, JioStar remains relatively young. The transaction became effective only in November 2024. Long-term measures such as return on invested capital, sustained profitability, cultural integration and shareholder value require a longer observation period.

Finally, some financial data are reported within Reliance's wider Media and Entertainment segment and should not automatically be attributed entirely to JioStar.

Future research could revisit the transaction after five years and examine whether early integration translated into sustained profitability and superior returns.

11. Conclusion

This research examined the determinants of merger and acquisition success through a comparison of two major transactions in India's media and entertainment industry: the failed Zee–Sony merger and the successfully completed Reliance–Disney combination that created JioStar.

The cases initially appear similar as :

Both involved major television businesses.

Both involved valuable streaming platforms.

Both possessed extensive content libraries.

Both offered substantial opportunities for cost and revenue synergy.

Both operated within the same rapidly changing Indian entertainment market.

Yet their outcomes were fundamentally different.

Zee and Sony demonstrated that **strategic compatibility alone does not create a successful merger**. Although the combination appeared commercially attractive and obtained important regulatory approvals, unresolved closing conditions, financial disagreements, leadership uncertainty and governance concerns progressively weakened transaction certainty. When the merger deadline arrived, the parties could not agree on a satisfactory extension. Sony terminated the transaction, legal disputes followed and the parties ultimately settled without completing the merger.

The Reliance–Disney transaction demonstrates a different execution pathway.

The combination also faced complexity, particularly regulatory concerns regarding the concentration of sports and cricket broadcasting rights. However, the parties offered modifications, obtained approval, established clear control and leadership structure and completed the transaction. Reliance committed ₹11,500 crore in growth capital, and operational integration followed rapidly. The subsequent creation of JioHotstar and integration of Sports18 into the Star Sports network provide tangible evidence that strategic synergies moved beyond presentation slides and merger agreements into operating assets.

This distinction is central to the study. **Zee–Sony possessed potential synergy but never reached realised merger synergy. JioStar possessed potential synergy and has already realised important operational integration, although its long-term economic success remains under observation.**

The research therefore supports the original hypothesis that M&A success depends on an interconnected group of factors: strategic compatibility, financial preparedness, corporate governance, leadership alignment, regulatory management, fulfilment of closing conditions and effective post-merger integration.

The broader lesson extends beyond the Indian media industry. Companies frequently devote enormous attention to identifying acquisition targets, estimating synergies and negotiating valuations. However, the comparison between Zee–Sony and JioStar demonstrates that identifying an attractive transaction is only the beginning. Ultimately, **successful M&A is not simply the ability to identify two businesses that should work together. It is the managerial ability to make them work together.**

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