

A Study on Transition in International Mergers

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Abstract – The main objective of this particular paper is to examine the variables facilitating the transfer of expertise on a merger or maybe acquisition scenario with the concentrate on the silent transfer of know-how in brand-new product creation. The statistical findings showed that the suggested item has a significant mediating effect, which adds to the achievements of knowledge transfer using survey information collected from 240 alliance partners. The Partner features and connecting components are the key factors for the success of expertise transmission, which depend on the causal route version. Due to this complicated essence of the process of expert transfer, we were unable to fully verify it and could not generate all the required information. This particular study raises questions as to whether the network company may achieve the efficiency of knowledge transfer as an alliance partnership in the event that it is a single cohesive organization supported by a dominant partner. Rather, it implies that alliances are integrated socially and therefore need to integrate strategic orientation between partners in network interface phrases, institutional support, management mechanisms, management vision and mutual dependence to improve the transmission of knowledge, contain opportunism, and protect against departure from business associations. However, we continue to add new things to the academic community, since past research studies examine the fixed perspective of the transfer of knowledge, and the dynamics of our research rely on it.

Key Words – Transition, International Mergers, Acquisition, Partner Attributes, Partner Complementarities

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1. INTRODUCTION

Competitiveness and competitive advantage are the motto of today's globalized economy worldwide. Corporate companies thrive to achieve the height of prosperity, which seeks to compete against its competitors. The businesses across the globe have been actively striving to build up new skills and capabilities to stay competitive and to expand fast. The function of restructuring, a business strategy for reorganizing and making an enterprise more effective, is thus developed. Many firms restructure in order to concentrate on core enterprises, while divesting non-essential companies. The strategy through which a company alters its business or financial structure called restructuring. Each company nowadays aspires to become a world class company. Therefore, corporate restructuring that delivers excellence is necessary to restore the competitive advantages of the company and react to new possibilities and challenges more rapidly and efficiently.

1.1 Merger and Acquisition

The term merger is usually seen with another word in the business language, that is, 'acquisition.' Because

the 100% takeover of a company is seen as a merger. In various books, thus, both terms are employed as synonyms. The distinction between the two is, however, thin. The meanings of these two words should thus be discussed individually.

Merger is one of the most frequent types of restructuring employed in companies worldwide. It's an inorganic growth approach. The integration of all competences of two businesses on a single Platt form is needed to ensure optimal use of resources. Even in India tens of thousands of businesses have been bought or fused in the past. This is the process of corporate restructuring for Indian enterprises. The idea of fusion is also called fusion in India; fusion is however a wider concept. Fusion and consolidation are included. In general, fusions are absorbed 100% by a business and open the way for the creation of a new company called a consolidation. You should realize that fusion and consolidation in India have the same legal framework. India provides a comprehensive legislation to deal with different problems relating to the merger agreements. The provisions of Chapter XV (Sections 230 to 240) of the Act 2013.

1.2 Types of Mergers

Mergers across the world are not of a single type. It has many variants and types; and companies follow the same to fulfill their objectives. Sometimes the decision is based upon the choice of the company or trends prevailing in the market. The different types of mergers are discussed as follows:

√ **Horizontal Merger:** Those companies which are producing same goods or offering similar services combine in a horizontal way. If two very small companies merge with each other, the results are generally very minimal. When two major companies proceed for the horizontal merger, it leads to the synergies at various levels and results in less competition in the market. It has been observed that this kind of merger is the most common type of corporate restructuring. The first merger wave of 1897-1904 is also known for horizontal mergers and its role for creating huge monopolies. The acquisition of Parle products by Coke and the merger of Brooke Bond India with Lipton India to form Brooke Bond Lipton India Ltd. are the examples of horizontal combinations.

√ **Vertical Merger:** It is a merger of two firms producing and offering same products and services but at different levels. This kind of merger strengthens the supply line. Not only the supply side, where a company merges its supplier with itself, has it also come as forward integration. Under this type of integration, producer integrates with the distribution channel. The period of 1922-1929 (second wave) gained the recognition as vertical integration horizon. The best example in this regard is acquisition of Glass Company, rubber plantation, steel mill, auto ancillary unit by FORD Motors Ltd.

√ **Conglomerate Merger:** This is the merger of companies, producing totally unrelated products. Conglomerate merger can be further divided into two parts, that is, pure and mixed. Pure merger deals purely with two different types of companies. Mixed merger involves companies which are looking for products as well as market extensions. This kind of merger leads the companies for diversifying their business in unrelated products. The basic motive of these mergers is to reduce risk through diversification. The third merger wave of 1965-1969 was devoted to conglomerate mergers. The merger of Alstom Transportation Ltd. and Alstom System Ltd. with Alstom Power India Ltd. is an example of conglomerate merger.

√ **Triangular Merger:** A triangular merger refers to the acquisition of a domestic company through a share swap with a subsidiary which is wholly owned by a parent buyer company. This is a merger through subsidiary. Ultimately by this way, acquisition takes place through the action of subsidiary. In simple words a subsidiary acquires the target company; merges with the same; and finally, becomes the subsidiary of the acquirer. This deal is termed as reverse triangular merger. In case of forward triangular deal, an independent company approaches the subsidiary of another company for M&A.

√ **Accretive Merger:** Accretive merger occur when a company with a high price-to-earnings ratio (P/E) purchases a company with low P/E. As a result, the EPS of the acquirer company increases. Thus, accretion implies 'value creation'. In an all-stock deal, if a company acquires a target with a lower P/E ratio, it must be accretive to earnings. Similarly, when RIL approved the merger with IPCL, the swap-ratio was decided to be one share of RIL for every five shares of IPCL. This was believed to be EPS accretive for the shareholders of RIL.

√ **Dilutive Merger:** The word dilutive implies 'destruction' or 'dilution'. A dilutive is one where the EPS of the acquirer company falls after merger. Since the EPS declines, the acquirer company's share price also declines, as the market expects a decrease in the company's future earnings. The expected decline could be because the market forces feel the merger would destroy value and would not result in synergies post-merger. For example, copper mining company Phelps Dodge International Corporation entered into a dilutive merger with Canadian Nickel Miners Inco and Falconbridge in 2006.

2. REVIEW OF LITERATURE

Fabiano et al., (2013) In the study of innovation, emphasis has been paid to the importance of knowledge and technology transfer between academics and industry. This article examines the science of the transportation of information and describes how the subject has been structured via prior research and the use of terminology. The contents of recent contributions most suited to these intensions were evaluated in a systematic review.

Yeahweh, Amal (2013) The main aim of this document is to explore how the headquarters and

ancillary branches can transfer a variety of knowledge types (procedural, declarative, axiomatic and relation knowledge) from the headquarters to their associates throughout the period as well as through various types of international tasks (short-term expatriation, longer-term expatriation, short-term insurrection).

Mohajan, Haradhan (2015) Knowledge is seen as the basis on which every organization can develop a sustained competitive long-term advantage. Every organization in the 21st century becomes knowledge based on sustainability. The sharing of knowledge is an important tool which transforms individual knowledge into group knowledge. It is one of the major knowledge processes for the development of organizations in a dynamic and competitive era. In many fields of organization, knowledge sharing plays an outstanding role in development and innovation.

David, King. (2014) A multi-year process including the identification and evaluation of the target company, completion of the transaction after negotiations and the announcement, and afterwards integration of the target company following a legal mix is unclear returns. Fusion and acquisition (M&A) research is advancing fast but is divided across various research viewpoints, which mainly investigate distinct acquisition stages that correspond with an emphasis on diverse research factors. Research fragmentation results in a researcher in a field ignorant of potentially important research from adjacent fields. This helps to develop M&A research silos showing various traditions, places of departure, and assumptions.

3. OBJECTIVES OF THE STUDY

- To investigate worldwide fusion knowledge management
- To Demonstrate beneficial impacts for companies on the effectiveness of knowledge transfer process

4. RESEARCH METHODOLOGY

4.1 Research Designs and Sampling Methods

The objective of the qualitative analysis was to find out how the measurements influence the efficiency of knowledge transmission. At the same time it is executed via the use of SPSS programs Version 15.0 and AMOS Program Version 6.0 to evaluate data to validate the results of the qualitative analysis by means of the quantitative approach which is more engaged in the mathematical and statistical analysis.

4.2 Target Population and Units of Analysis

The purpose of this paper was to consolidate and extend the current alliance partners literature and provide a broader contribution to literature on inter-

organisational interactions, based on relevant theories and empirical research. It refers to an equity-based partnership of industrial companies in the technological and electronics sectors, civil engineering, automotive components and accessories, food science, chemical and agricultural technologies.

4.3 Sampling Techniques

Although some kind of sample strategy should be employed to determine the proper sample size, the whole population was utilized instead in this research. This is because of the nature of the investigation issue which information had to be examined by factor analysis and modeling analysis of structural equation. Hair et al. (1995) advise that a sample of less than fifty observations will not usually be analyzed by the researcher and ideally 100 or more.

4.4 Methods of Data Collection

The target population was sent self-administered surveys. The surveys are distributed to cover letters Confirming that the respondents participated in the alliance, emphasizing the significance of the study, highlighting the importance of the respondent's engagement, and providing an incentive to participate (executive summary of final findings). In order to optimize the answer, Dillman's (1978) postal survey techniques are used in the research. A second follow-up letter with a replacement questionnaire is issued to all other non-respondents two Weeks following first distribution.

4.5 Methods of Data Analysis

- Qualitative Analysis
- Questionnaire

4.6 Research Instrument

- Documentary Research and Secondary Data
- Structured Interviews
- Self-Administered Questionnaires

5. DATA ANALYSIS AND INTERPRETATION

5.1 Research Variables

- Partner Complementarities

A scan, 42.8% of the respondents, found that the members of the alliance require the resources of each other to achieve overall objectives and obligations. Roughly 52,0% agree on the strategic significance for the future of the alliance's

collaboration for your organisation. 47.2% may not be established without the knowledge and experience of their partners to expand and enhance the current specialized knowledge of the alliance partnership. About 52,2% and 56,0% of the participants realize that their organization and partners have various resources and skills to offer to each other to increase the breadth and speciality of their current companies. However, 38.1% strongly disagree that the alliance activities have been linked to all partners' overall business strategy and 29.7% strongly disagree that the alliance partners' objectives lack common goals.

Table 1: Resource Contributions between Partners in Terms of Strategic Alignment, Resource and Knowledge Complementarities

Level	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree	x	S.D
-Your organization and your partners need each other's resources to accomplish the overall goals and responsibilities.	(1.7%)	(3.3%)	(9.2%)	(42.8%)	(42.8%)	4.22	0.87
-This cooperation was of strategic importance for our organization and our partner for the future.	(2.1%)	(1.7%)	(12.6%)	(52.1%)	(31.5%)	4.09	0.83
-There is lack of greed up on objectives between your organization and your partners. (reversed code)	(38.1%)	(25.5%)	(23.8%)	(10.0%)	(2.5%)	2.13	1.11
-The alliance activity is not tied to the overall corporate strategy for all partners. (reversed code)	(29.7%)	(21.7%)	(20.9%)	(22.6%)	(5.1%)	2.51	1.27
-The alliance partnership will not able to establish without your partners' knowledge and expertise to help broaden the existing specialized knowledge to be more efficient.	(4.2%)	(6.7%)	(10.5%)	(47.2%)	(31.4%)	3.95	1.03
-Your organization and your partner contribute with different resources and competencies which broaden your knowledge range and resources to be more competitive in terms of the launch of new products or services.	(2.1%)	(3.3%)	(15.5%)	(52.2%)	(26.8%)	3.98	0.86
-Your partner possesses distinctive core competences and the acquired knowledge from them helps increase the scope of your business and specialization.	(3.3%)	(4.6%)	(8.8%)	(56.0%)	(27.2%)	3.99	0.92
Total (Partner Complementarities)						3.60	0.48

5.2 Partner Attributes

Tables show the level of partner qualities assessed by the learning behaviors, collaborative management and structural features of the graduate. The result(s) are all partners who have the qualities of the partnerships at the highest level (Meanscore =3.64), particularly all fields of apprenticeship and ability (mean score = 3.90), common alliance management skills (mean score = 3.52).

► **Staff's Learning Attitudes and Abilities:**

As can be seen, 47.2%of correspondent perspective of alliance partners' organizational culture supports new ideas, concepts and techniques and promotes sharing of ideas of setting.

Furthermore, 42.8% of them estimate that acquiring new skills and knowledge is a vital investment in the future of your company.

The findings also show that more than 50 percent of those reporting the alliance partners can integrate fresh data from different sources and usefully combine knowledge gained from external technologies with the management of new information.

► **The Skills of Joint Alliance Management:**

The findings of the research also indicate that 51.6% of respondents believe that their organizations' approach to the administration of the alliance via past cooperative alliance has been learnt from the outlook for joint alliance management. 39.2% believe their company has competent alliance managers that know very well how to resolve the dispute between partners. In terms of partnership, 42.1 per cent feel that the alliance managers are qualified to handle projects. Approximately 38.4 percent of their company can predict which partners might assist to achieve this innovation, and 43.0 percent of the respondents' perception and identification of prospective partners.

► **Structural Characteristics:**

The structural features of Alliance partners assessed by the levels of for malisation, centralization and complexity are shown in Table.

The alliance partners have obtained structural features at a high level (mean score = 3.50). With regard to centralization, 51.8% of respondents believe that the alliance project managers are approached and moved. 41.7 percent of the mevaluate that all information concerning alliance projects were channeled through designated offices.

Approximately 42.0%is largely subject to contract norms and regulations in managing alliance day-to-day operations. The partners in the Alliance have committed to work to safeguard them from loss of intellectual property or to prepare for comprehensive legal documents for financial concerns and projects. Almost 50 percent of the problem(s) were hierarchically addressed from several management classifications. Nearly 60% believe that their everyday operations in the alliance organization are not complicated since alliance projects have been allocated to a number of departments.

Table 2: Partner Attributes in Terms of Staff's Learning Abilities and Skill of Joint Alliance Management

Level	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree	x	S.D
-The organizational culture of your organization and partners encourages learning new ideas, concepts and methods and promotes the sharing of ideas across different units of functions.	(0.4%)	(1.7%)	(24.9%)	(47.2%)	(25.7%)	3.96	0.78
-Your organization view learning about new skills and knowledge as a key investment in your organization's future.	0	(2.1%)	(10.1%)	45.0%	(42.8%)	4.29	0.73
-Your organization and your partners are capable of managing new information in meaningful way.	(0.8%)	(5.9%)	(29.3%)	52.7%	(11.3%)	3.68	0.78
-Your organization and your partners are capable of integrating new information from various sources.	(2.1%)	(1.7%)	(23.4%)	56.5%	(16.3%)	3.83	0.79
-Your organization technologies into your business activities. Combines knowledge acquired from outside	(1.7%)	(6.3%)	(22.2%)	52.7%	(17.2%)	3.77	0.86
Total (Learning Abilities)						3.90	0.53
-Your organization has learned how to handle alliance through previous cooperative ventures.	0	(7.6%)	(10.9%)	51.6%	(29.8%)	4.04	0.84
-Your organization has capable alliance managers who know how to solve the conflict between partners very well.	(4.6%)	(10.0%)	(36.8%)	39.2%	(9.2%)	3.38	0.95
-The alliance managers are competent in managing the projects in terms of collaboration with the partners.	(1.7%)	(9.4%)	(37.0%)	42.1%	(9.8%)	3.49	0.86
-Your organization can anticipate which partner could help accomplish the innovation.	(3.3%)	(10.5%)	(38.4%)	38.5%	(9.2%)	3.40	0.91
-Your organizations canforandidentifiespotentialpartnersthat have complementary resources that are needed in the alliance project.	(2.1%)	(20.1%)	(28.0%)	43.0%	(6.7%)	3.32	0.94
Total (The Skills of Joint Alliance Management)						3.52	0.68

5.3 Effectiveness of Knowledge Transfer

• Research Outcomes:

The data indicate that the majority of respondents about 87 percent were likely to publish researches and around 54 percent granted certificate guaranteed knowledge and competence rather than patents and licenses.

• Development through Tacit Knowledge Transfer:

In terms of the human capital development through tacit knowledge transfer, 36.7 percent agreed that there was participation between alliance partners in developing the cooperative education programs or research in the alliance projects. About 29 percent of the respondents reported that graduates that had passed on-going personnel exchanges and/or apprenticeships were hired by the focal partner. Also, around 24 percent believed that there were personnel exchanges specifically for developing and commercializing new technologies, whereas about 10.2 percent confirmed that there was participation in new product development or new management systems and procedures.

Table 3: Research Out comes from the Alliance Partnership

Research Outcomes	None	Granted/ Applying
Patents		
1. Copyright	(76.7%)	(22.3%)
2. Invention Patent	(67.3%)	(32.7%)
3. Petty Patent	(66.5%)	(33.6%)
4. Patent for Production Design	(77.1%)	(22.9%)
Average Mean /Standard Deviation	$\bar{x}=0.18$	S.D=0.29
Licenses		
5. Thailand Industrial Standards (TIS) marks	(91.5%)	(8.6%)
6. ISO/IEC Guide 25 (Laboratory accreditation)	(70.8%)	(29.2%)
7. TIS/ISO 9000 (System)	(75.4%)	(24.6%)
8. TIS/ISO 14000 (Environmental Management System)	(83.1%)	(16.9%)
9. TIS 18000 (Occupational Health and Safety Management System)	(86.4%)	(13.6%)
10. Trademarks	(78.6%)	(21.4%)
Average Mean/ Standard Deviation	$\bar{x} = 0.11$	S.D = 0.24
Reward		
11. Grant certificate guaranteed knowledge and competence	(45.8%)	(54.2%)
Average Mean/ Standard Deviation	$\bar{x} = 0.35$	S.D = 0.48
Publications		
12. Research Publication	(12.8%)	(87.2%)
Average Mean/ Standard Deviation	$\bar{x} = 0.71$	S.D = 0.46
Total (Research Outcomes)	$\bar{x} = 0.34$	S.D = 0.26

• Partner Complementarities

A scan, 42.8% of the respondents, found that the members of the alliance require the resources of each other to achieve overall objectives and obligations. Roughly 52.0% agree on the strategic significance for the future of the alliance's collaboration for your organisation. 47.2% may not be established without the knowledge and experience of their partners to expand and enhance the current specialized knowledge of the alliance partnership. About 52.2% and 56.0% of the participants realize that their organization and partners have various resources and skills to offer to each other to increase the breadth and specialty of their current companies. However, 38.1% strongly disagree that the alliance activities have been linked to all partners' overall business strategy and 29.7%

strongly disagree that the alliance partners' objectives lack common goals.

6. CONCLUSION

Through integrating inter-organizational relationships (IORs), knowledge-based perspectives (KBV) and resource-based perspectives (RBVs) this study aim to provide an integrated model for evaluating the efficiency of knowledge transfer in the industrial alliance of companies. This research examines the striking interaction of partner complementarity, partner attributes, coordinating factors, relationship factors and the wider conceptualization of the effectiveness of knowledge transfer consisting of research outcomes, tacit knowledge transfer development, commercialization and effective coordination (RDCE model) not covered in the prior study. The theoretical frameworks that include the features of alliance partners in relation to their variety contribute to their higher explanatory power over current measurements of the results of knowledge transfer. The results of this empirical research show that the suggested model has an important mediating impact contributing to the efficiency of information transmission. Cross-border M&As are key business choices. They vary from domestic M&As, since acquirers may have larger investments, but also greater difficulties. This paper gives fresh evidence as to why acquirers engage into cross-border transactions and how they handle the further difficulties of cross-border transactions. The research demonstrates why enterprises do cross-border M&As rather than domestic M&As and how the method of payment and acquisition form handle the extra risks connected with cross-border dealings.

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