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Research Paper

Mergers and its repercussions on share price and industry competition on Intercontinental scale

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I. INTRODUCTION

Mergers and Acquisitions are considered as one of the important methodologies for the development and expansion of businesses. These strategies have generally been embraced in developed economies because of their quick growth (Alao, 2010). The explanation behind the occurrence of merger and acquisitions incorporates hierarchical synergy of an organization where the merged business attains a higher incentive than every other individual firm does (Georgios and Georgios, 2011). It may diminish costs of the new businesses, expand the wealth of shareholder, survive in the dynamic market conditions, earn increment returns on value, decrease the level of competition, and increase market dominance (Gattoufi et al., 2009). Also, M&As have turned out to be global as a result of the high level of competition, foreign direct investment and globalization of business. Albeit, because of high competition, it's troublesome for nearby firms to attain growth as much as they anticipated.

Further, when a firm profits another venture, there, for the most part, is a predicted transient effect on the stock value of the two associations. Accordingly, the securing company's stock will in general fall while the objective company's stock rises. The reason the objective company's stock, generally, rises is that the securing company conventionally needs to pay a premium for the acquiring: except if the procuring company offers more value per share than the present expense of the objective company's stock, there is negligible impetus for the present owners of the objective to offer their shares to the takeover association (Nagendra, 2018).

Along these lines, a question emerges concerning how recurrence and size of consolidation influence the confidence of investors, employees and subsequently the stock value and competition of the firm. There are far-reaching concerns and repercussions with respect to M&As on the financial performance and its stability on individual firms of the general business on a worldwide scale.

<u>Research Objectives:</u>

The major objectives of the study are:

- To evaluate the impact of industries on shares prices due to mergers at an intercontinental scale
- To study the influence of mergers on stock market fluctuations
- To assess the factors contributing towards rise in competition within industries at an intercontinental scale

Research Hypotheses:
H_1: Mergers intercontinentally impact the share price within the industry.
H_2: There is a significant influence of mergers on stock market fluctuations.
H_3: There are various factors that witnessed a rise in competition within industries post the merger, on an intercontinental basis

II. LITERATURE REVIEW

Bianconi and Tan (2019) describe Merger as a common term for referring to a consolidation or a cluster of companies. It is a conjunction of two or more companies, forming a new company, as opposed to acquisition, where the purchase of one company by another is, and no new company is established. It can cause the economic and financial amalgamation of the two organisational bodies. He also describes merging activity restructuration type of some entity, where reorganisation is done to obtain growth and value. Consolidation of an industry or sector takes place when numerous merging activities accumulate the resources of small scale organisations into larger ones.

Impact of industries on share prices due to mergers:

Vanitha and Selvam (2007) analysed the pre and post-merger financial performance of manufacturing sector during 2000-2002 when the overall financial performance of merged companies in respect of 13 variables was found to be not very different from the expected values. Mantravadi and Reddy (2007, 2008) also researched to study the impact of mergers on the financial performance of the acquiring corporation, by examining some pre- and post-merger financial ratios with chosen sample firms and mergers. Their results suggest that there are minor variations in terms of impact on operating performance following the merger at different intervals of time. Kumar (2009) also examined the post-merger operating performance of 30 acquiring companies involved in merging organisations, where the study attempted to identify synergies, resulting from mergers and found that post-merger profitability, asset turnover and solvency of the acquiring companies that showed no improvement when compared with pre-merger values. Other studies link mergers with and R&D, such as Hall (1990). Hitt et al. (1996) find that alliances seem to shift the innovative strategy more towards external sourcing. Szücs (2013) used different matching techniques to construct separate control groups for acquirers and targets to segregate out the effect of mergers on R&D growth and intensity. Mergers seem to have a direct significant negative impact on internal R&D inputs, as well as ex-post R&D output compared to competitors.

Influence of mergers in stock market fluctuation:

Girma et al. (2006) argue that the act of merging provides information for compensation determination and as such, the way stock market perceives a deal may serve as a signal about mergers and pay variation nexus. They researched African industries where a detailed analysis except for Other African sub-group (possibly due to market inactiveness) revealed that market perception of a merging deal quality could explain the level of an executive pay rise in the year of acquisition.

Factors contributing to the rise in industrial competition:

Chakraborty & Henry (2019) argue that many concurrent policy shocks influence the product variety of a firm. One of them includes tariff liberalisation. This facilitates a firm to either import higher quality intermediate goods (when there is a drop in input tariffs) to produce more products or directly import finished products (with a decrease in output tariffs). To control for such events, measures of input and output tariffs are included. Other types of factors (such as the change in labour policy or availability of more finance, etc.) at the industry-level, which vary over time, have also influenced the product choice of a firm. It impacts the interactions between industry fixed effects and a time trend or interactions of industry and year fixed effects.

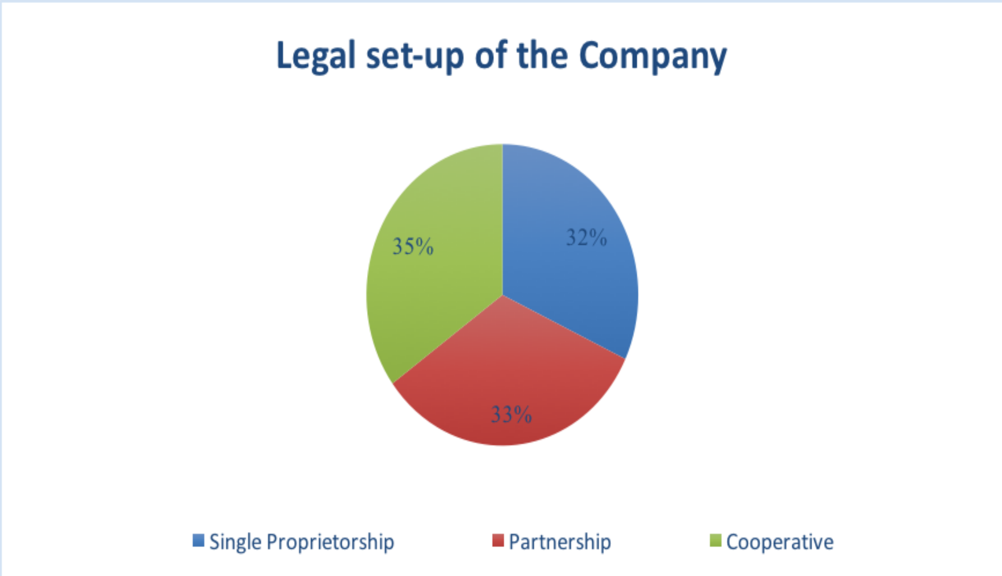
III. RESEARCH METHODOLOGY

Research methodology is the mixture of various research assumptions and philosophies that help the researcher to collect the reliable information in order to solve the research problem and identify the main objective of the study. In order to establish focus on the collection of facts related to the merger and its applications on share price and industry competition on Intercontinental scale, the study mainly adapts quantitative research methodology in order to evaluate the impact of industries on share price due to merger at intercontinental scale and influence of merger on stock market fluctuations (Nagendra, Kumar and Laxon, 2018). In respect to this, descriptive Research Design is also used that helps to assess the factors contributing to the drive in competition within the industry at an Intercontinental scale with the help of visual design. It also helps to make an effective relationship between variables such as merger Intercontinental impact and the share price of industry. It also identifies an importance influence of merger on stock market fluctuations by analysing various factors that witnessed a rise in competition post the merger on Intercontinental basis. In addition to this, the survey method has been conducted to collect the facts and figures, mainly the questionnaire. In this study, the questions are prepared for the study to assess the repercussions of merger and acquisition on share price and industry competitiveness on Intercontinental scale. In addition to this, the questionnaire is divided into two parts. The first part includes the respondent and company information and the second part includes the pre-merger and post-merger acquisition information, which further includes share price, industry competitiveness and effect of employees (Georgios & Georgios, 2011). The researcher also focusses on the various responses collected from the questionnaires because it will be very helpful for the industries to improve merger and acquisition policies and enhance the overall competitiveness on an intercontinental scale. In addition to this, to examine the profile of the respondents, the questionnaire is mainly filled by business owners, business unit heads who are or have participated in merger and acquisition and the filled the survey both by online and by offline mode which require 45 to 60 minute of the responding time. In order to analysis the data, thematic analysis with the help of Pie Chart graph has been used and includes ANOVA table, chi-square test to statistically analyse the facts (Gattoufi, Al-Muharrami & Al-Kiyumi, 2009). As concerns the data analysis, it was examined that 35% of cooperative companies highly adopted legal sector and 34% people highly agree that merger and acquisition in before stage is suitable for the growth of the company. In addition to this, the study includes a sample of 200 to 300 respondents that mainly include business owner, business units which are or have participated in M&A deals or processes. The simple random design is used so that the study can provide valid and reliable facts to analyse the impact of merger to a company on the Intercontinental scale (Alao, 2010).

IV. DATA ANALYSIS

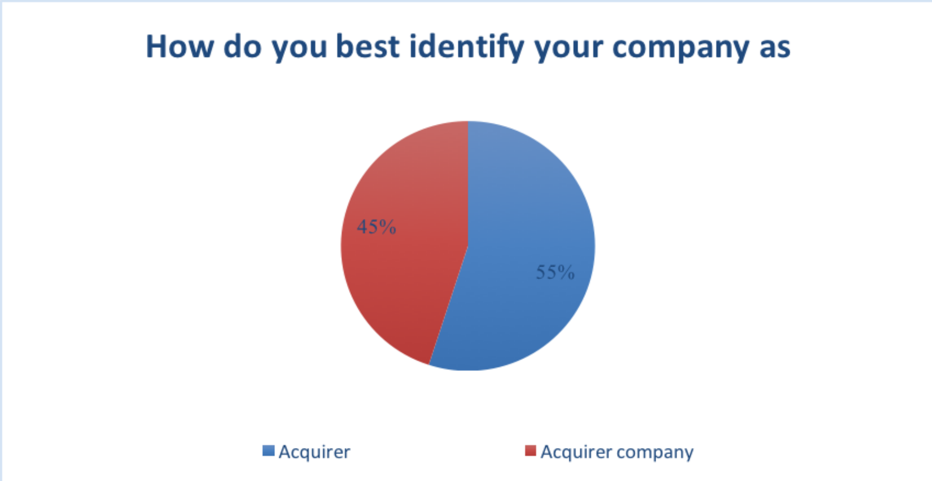
Q1: Legal set-up of the Company, Tick from the option below

Legal set-up of the Company, Tick from the option below					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single Proprietorship	32	32.0	32.0	32.0
	Partnership	33	33.0	33.0	65.0
	Cooperative	35	35.0	35.0	100.0
	Total	100	100.0	100.0	



Q2: How do you best identify your company as

How do you best identify your company as					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Acquirer	55	55.0	55.0	55.0
	Acquirer company	45	45.0	45.0	100.0
	Total	100	100.0	100.0	



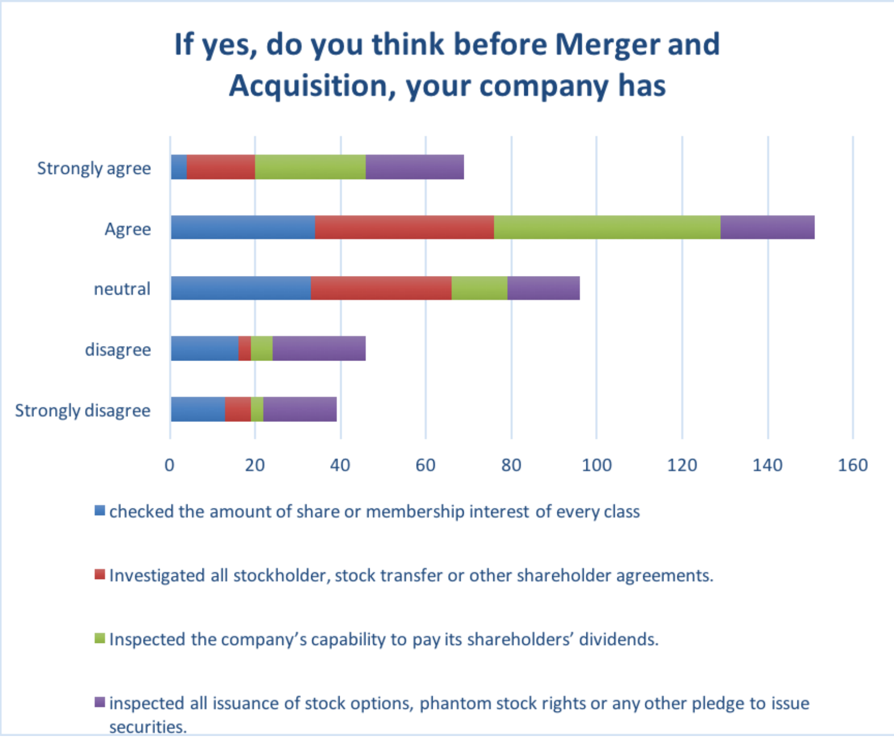
Q3:If yes, do you think before Merger and Acquisition, your company has

checked the amount of share or membership interest of every class					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	13	13.1	13.1	13.1
	disagree	16	16.2	16.2	29.3
	neutral	33	33.3	33.3	62.6
	Agree	34	33.3	33.3	96.0
	Strongly agree	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Investigated all stockholder, stock transfer or other shareholder agreements.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	6	6.0	6.0	6.1
	disagree	3	3.0	3.0	9.1
	neutral	33	33.0	33.0	42.4
	Agree	42	42.0	42.0	84.8
	Strongly agree	16	16.0	16.0	100.0
	Total	99	100.0	100.0	

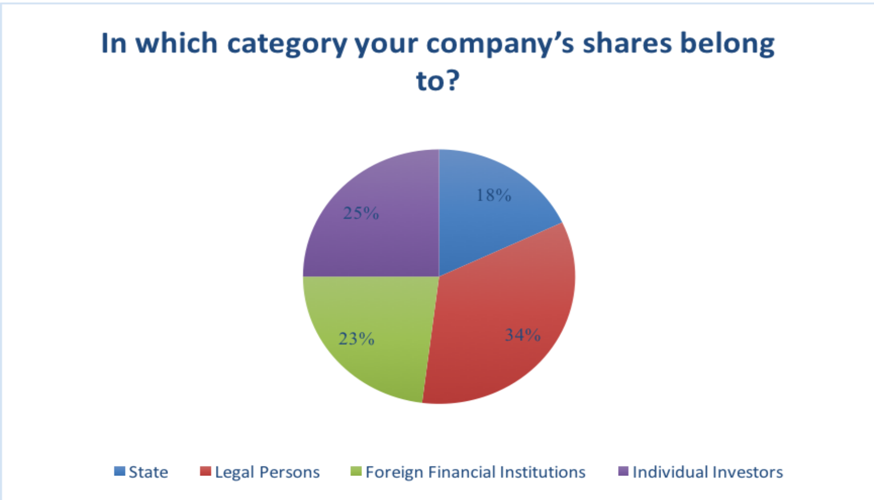
Inspected the company's capability to pay its shareholders' dividends.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	3.0	3.0	3.0
	disagree	5	5.0	5.0	8.0
	neutral	13	13.0	13.0	21.0
	Agree	53	53.0	53.0	74.0
	Strongly agree	26	26.0	26.0	100.0
	Total	100	100.0	100.0	

inspected all issuance of stock options, phantom stock rights or any other pledge to issue securities.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	17	17	17	17
	disagree	22	22	22	39
	neutral	17	17	17	55
	Agree	22	22	22	77
	Strongly agree	23	23	23	100.0
	Total	100	100.0	100.0	



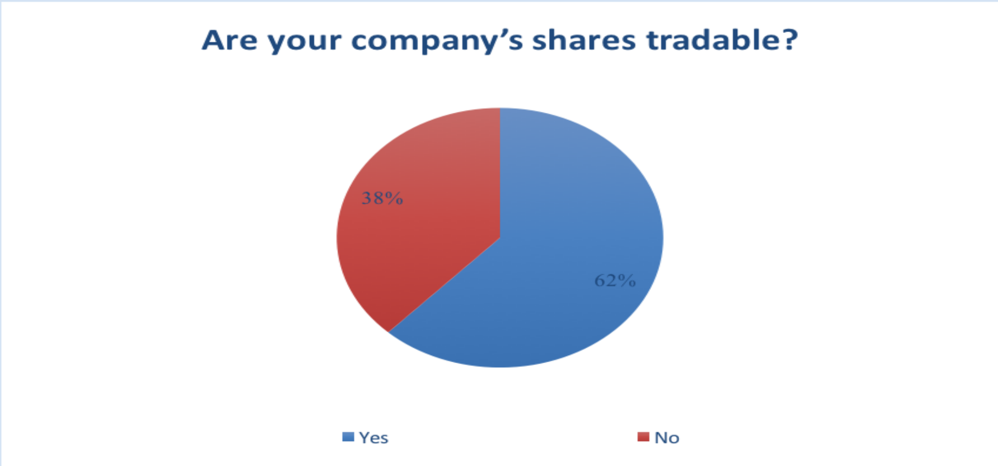
Q3: In which category your company's shares belong to? Check all the boxes that apply to your answer.

In which category your company's shares belong to? Check all the boxes that apply to your answer.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	State	18	18.0	18.0	18.0
	Legal Persons	34	34.0	34.0	52.0
	Foreign Financial Institutions	23	23.0	23.0	75.0
	Individual Investors	25	25.0	25.0	100.0
	Total	100	100.0	100.0	



Q4: Are your company's shares tradable?

Are your company's shares tradable?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	62	62.0	62.0	62.0
	No	38	38.0	38.0	100.0
	Total	100	100.0	100.0	



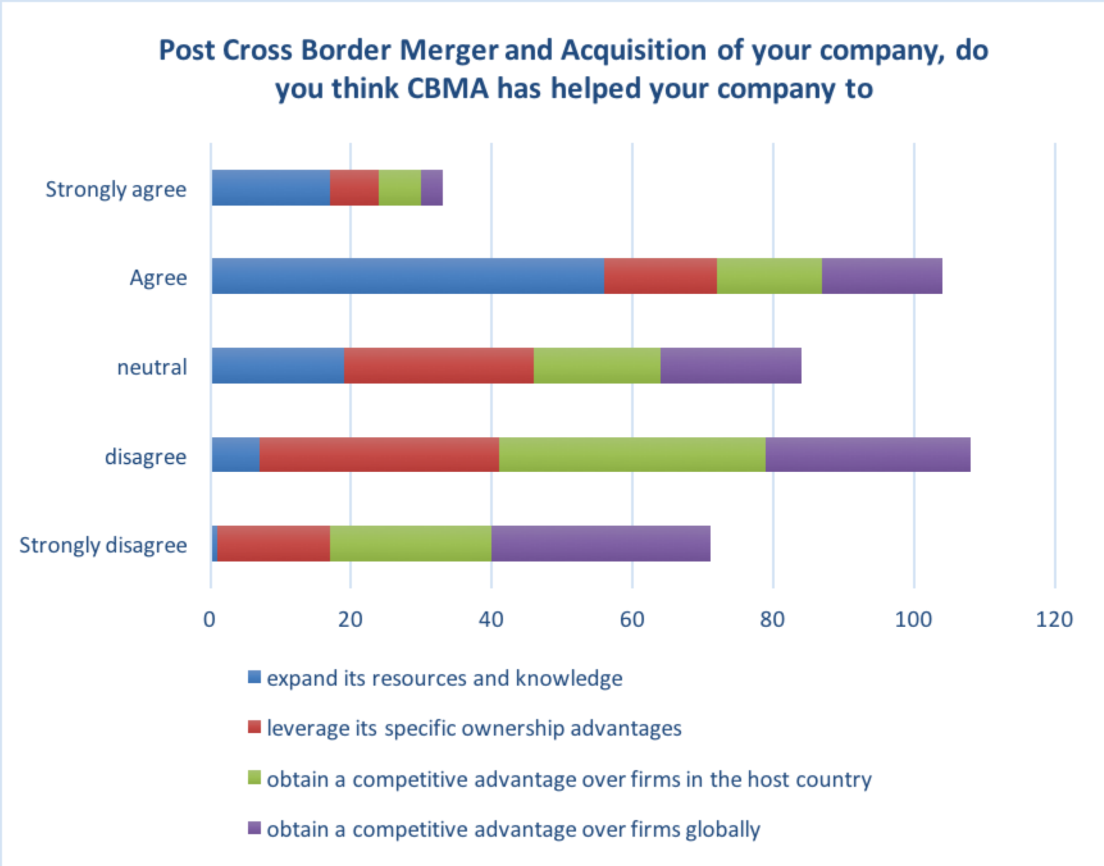
Q5: Post Cross Border Merger and Acquisition of your company, do you think CBMA has helped your company to;

expand its resources and knowledge					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.0	1.0	1.0
	disagree	7	7.0	7.0	8.0
	neutral	19	19.0	19.0	27.0
	Agree	56	56.0	56.0	83.0
	Strongly agree	17	17.0	17.0	100.0
	Total	100	100.0	100.0	

leverage its specific ownership advantages					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	16	16.0	16.0	16.0
	disagree	34	34.0	34.0	50.0
	neutral	27	27.0	27.0	77.0
	Agree	16	16.0	16.0	93.0
	Strongly agree	7	7.0	7.0	100.0
	Total	100	100.0	100.0	

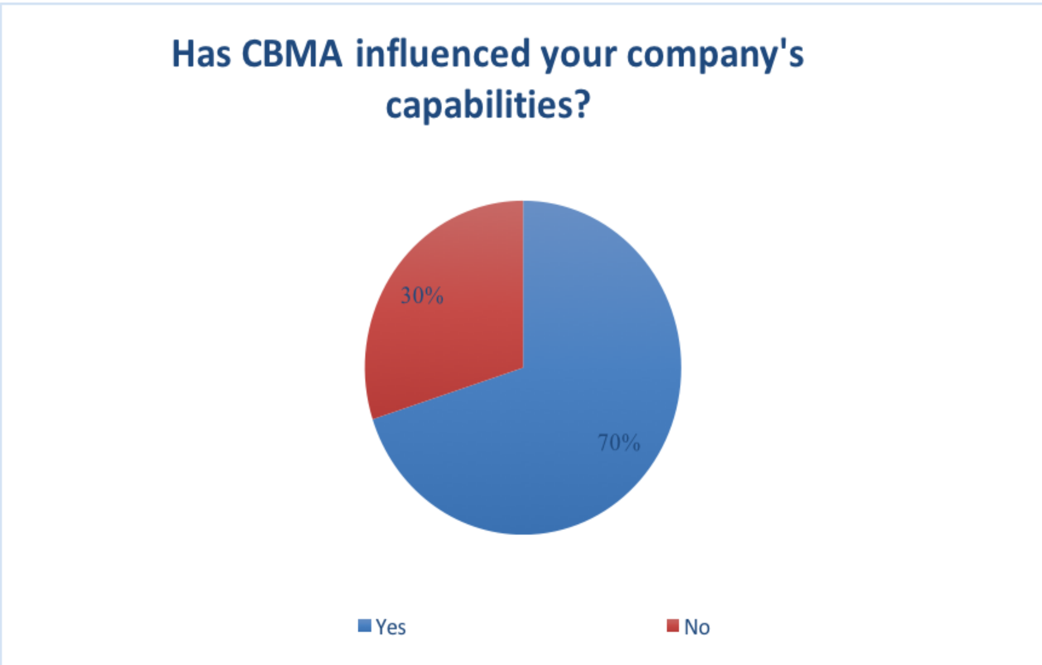
obtain a competitive advantage over firms in the host country					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	23	23.0	23.0	23.0
	disagree	38	38.0	38.0	61.0
	neutral	18	18.0	18.0	79.0
	Agree	15	15.0	15.0	94.0
	Strongly agree	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

obtain a competitive advantage over firms globally					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	31	31.0	31.0	31.0
	disagree	29	29.0	29.0	60.0
	neutral	20	20.0	20.0	80.0
	Agree	17	17.0	17.0	97.0
	Strongly agree	3	3.0	3.0	100.0
	Total	100	100.0	100.0	



Q6: Has CBMA influenced your company's capabilities?

Has CBMA influenced your company's capabilities?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	70	70.0	70.0	70.0
	No	30	30.0	30.0	100.0
	Total	100	100.0	100.0	



Q7: If yes, do you believe that this M&A deal has

Increased the number of employees post merger					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	20	20.0	20.0	20.0
	disagree	36	36.0	36.0	56.0
	neutral	22	22.0	22.0	78.0
	Agree	18	18.0	18.0	96.0
	Strongly agree	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Increased the number of new competitors					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	15	15.0	15.0	15.0
	disagree	42	42.0	42.0	57.0
	neutral	25	25.0	25.0	82.0
	Agree	14	14.0	14.0	96.0
	Strongly agree	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Increased the managerial expertise due to merger					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	24	24.0	24.0	24.0
	disagree	38	38.0	38.0	62.0
	neutral	25	25.0	25.0	87.0
	Agree	8	8.0	8.0	95.0
	Strongly agree	5	5.0	5.0	100.0
	Total	100	100.0	100.0	

Improved company's sales efficiency					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	2.0	2.0	2.0
	disagree	2	2.0	2.0	4.0
	neutral	16	16.0	16.0	20.0
	Agree	54	54.0	54.0	74.0
	Strongly agree	26	26.0	26.0	100.0
	Total	100	100.0	100.0	

Increased availability of inputs like technology, labor and machinery					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	3.0	3.0	3.0
	disagree	8	8.0	8.0	11.0
	neutral	26	26.0	26.0	37.0
	Agree	46	46.0	46.0	83.0
	Strongly agree	17	17.0	17.0	100.0
	Total	100	100.0	100.0	

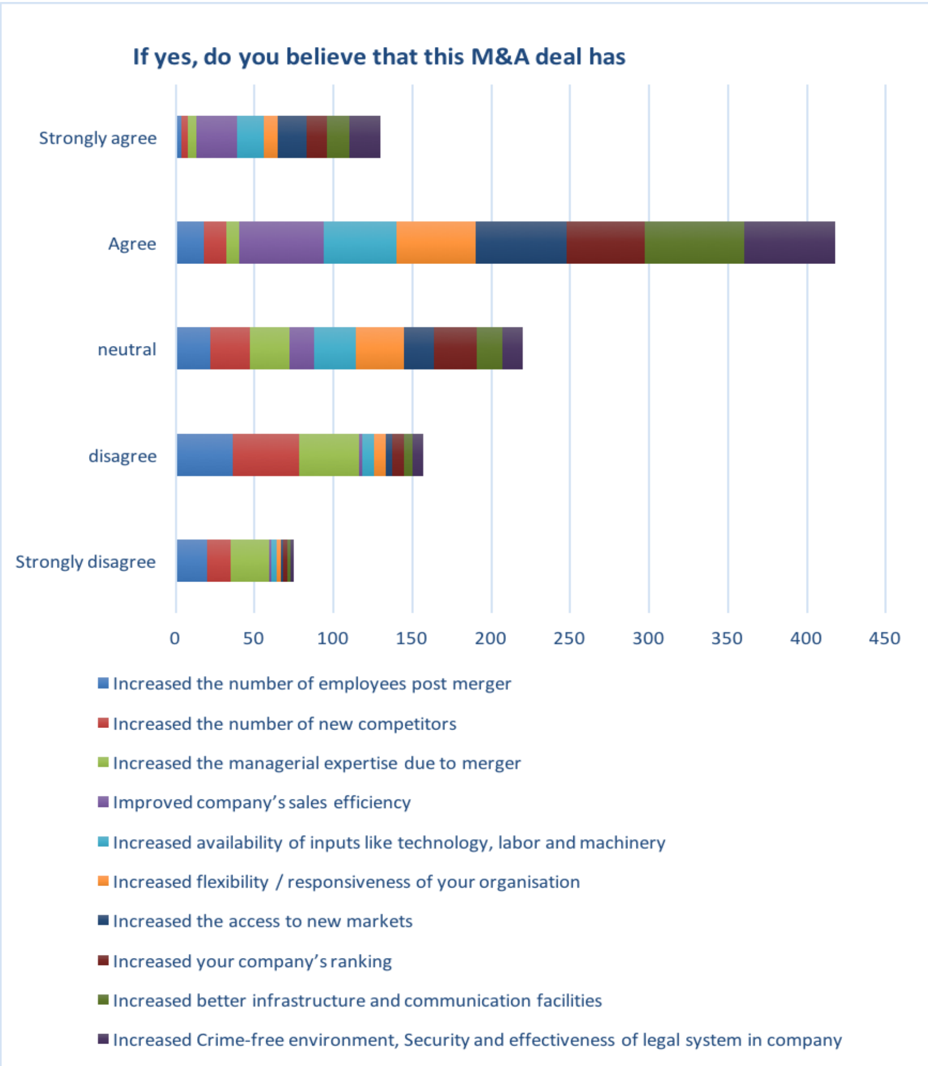
Increased flexibility / responsiveness of your organisation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	3.0	3.0	3.0
	disagree	7	7.0	7.0	10.0
	neutral	31	31.0	31.0	41.0
	Agree	50	50.0	50.0	91.0
	Strongly agree	9	9.0	9.0	100.0
	Total	100	100.0	100.0	

Increased the access to new markets					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.0	1.0	1.0
	disagree	4	4.0	4.0	5.0
	neutral	19	19.0	19.0	24.0
	Agree	58	58.0	58.0	82.0
	Strongly agree	18	18.0	18.0	100.0
	Total	100	100.0	100.0	

Increased your company's ranking					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	3.0	3.0	3.0
	disagree	8	8.0	8.0	11.0
	neutral	27	27.0	27.0	38.0
	Agree	49	49.0	49.0	87.0
	Strongly agree	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

Increased better infrastructure and communication facilities					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	2.0	2.0	2.0
	disagree	5	5.0	5.0	7.0
	neutral	16	16.0	16.0	23.0
	Agree	63	63.0	63.0	86.0
	Strongly agree	14	14.0	14.0	100.0
	Total	100	100.0	100.0	

Increased Crime-free environment, Security and effectiveness of legal system in company					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	2.0	2.0	2.0
	disagree	7	7.0	7.0	9.0
	neutral	13	13.0	13.0	22.0
	Agree	58	58.0	58.0	80.0
	Strongly agree	20	20.0	20.0	100.0
	Total	100	100.0	100.0	



Q8: Do you think that regarding share market, this M&A deal has increased

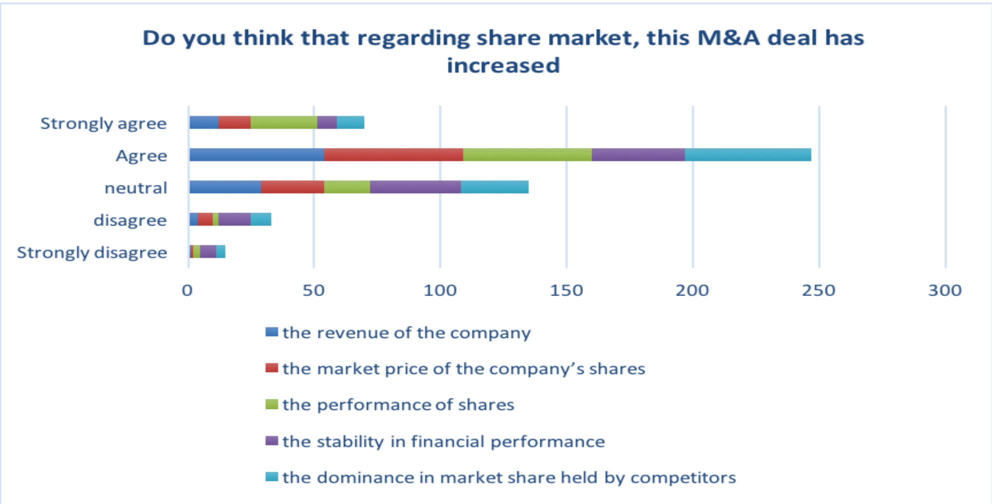
the revenue of the company					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.0	1.0	1.0
	disagree	4	4.0	4.0	5.0
	neutral	29	29.0	29.0	34.0
	Agree	54	54.0	54.0	88.0
	Strongly agree	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

the market price of the company's shares					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.0	1.0	1.0
	disagree	6	6.0	6.0	7.0
	neutral	25	25.0	25.0	32.0
	Agree	55	55.0	55.0	87.0
	Strongly agree	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

the performance of shares					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	3.0	3.0	3.0
	disagree	2	2.0	2.0	5.0
	neutral	18	18.0	18.0	23.0
	Agree	51	51.0	51.0	74.0
	Strongly agree	26	26.0	26.0	100.0
	Total	100	100.0	100.0	

the stability in financial performance					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	6	6.0	6.0	6.0
	disagree	13	13.0	13.0	19.0
	neutral	36	36.0	36.0	55.0
	Agree	37	37.0	37.0	92.0
	Strongly agree	8	8.0	8.0	100.0
	Total	100	100.0	100.0	

the dominance in market share held by competitors					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	4	4.0	4.0	4.0
	disagree	8	8.0	8.0	12.0
	neutral	27	27.0	27.0	39.0
	Agree	50	50.0	50.0	89.0
	Strongly agree	11	11.0	11.0	100.0
	Total	100	100.0	100.0	



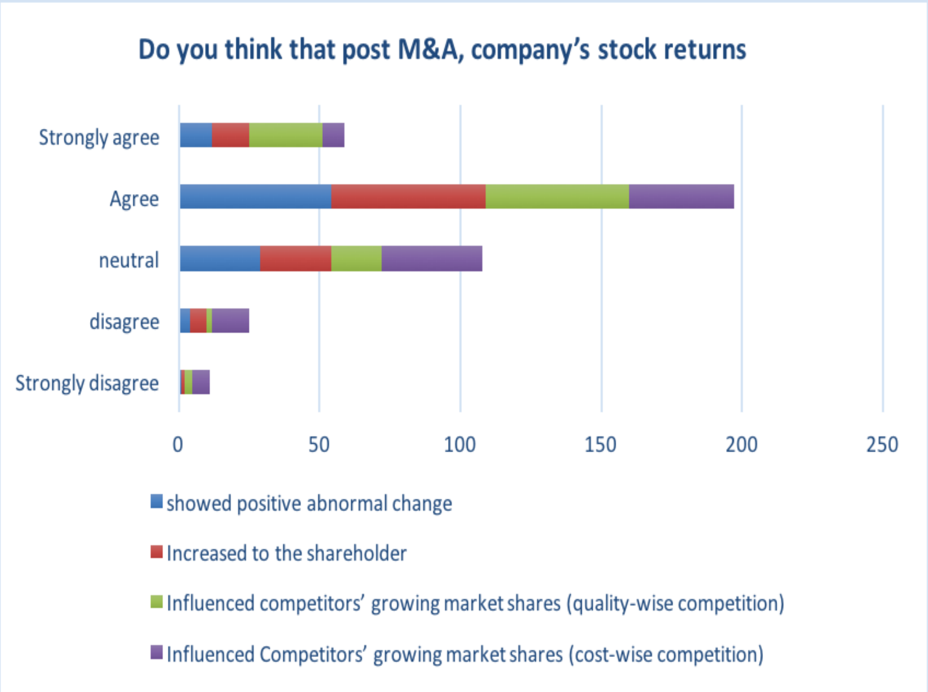
Q9: Do you think that post M&A, company's stock returns

showed positive abnormal change					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.0	1.0	1.0
	disagree	4	4.0	4.0	5.0
	neutral	29	29.0	29.0	34.0
	Agree	54	54.0	54.0	88.0
	Strongly agree	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

Increased to the shareholder					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	1.0	1.0	1.0
	disagree	6	6.0	6.0	7.0
	neutral	25	25.0	25.0	32.0
	Agree	55	55.0	55.0	87.0
	Strongly agree	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

Influenced competitors' growing market shares (quality-wise competition)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	3.0	3.0	3.0
	disagree	2	2.0	2.0	5.0
	neutral	18	18.0	18.0	23.0
	Agree	51	51.0	51.0	74.0
	Strongly agree	26	26.0	26.0	100.0
	Total	100	100.0	100.0	

Influenced Competitors' growing market shares (cost-wise competition)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	6	6.0	6.0	6.0
	disagree	13	13.0	13.0	19.0
	neutral	36	36.0	36.0	55.0
	Agree	37	37.0	37.0	92.0
	Strongly agree	8	8.0	8.0	100.0
	Total	100	100.0	100.0	



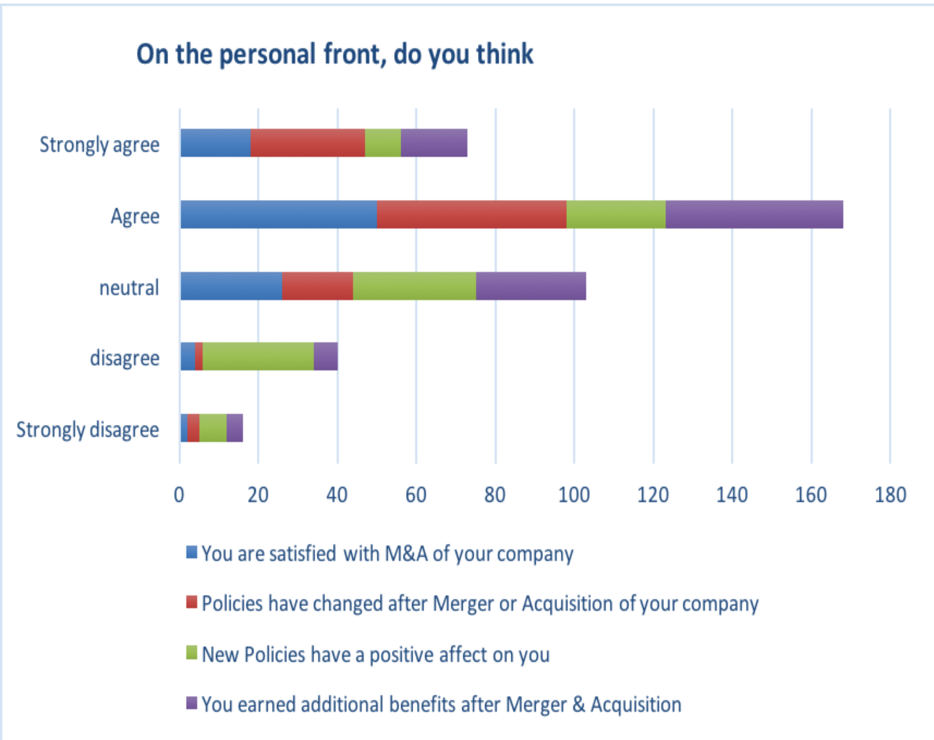
Q10: On the personal front, do you think

You are satisfied with M&A of your company					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	2.0	2.0	2.0
	disagree	4	4.0	4.0	6.0
	neutral	26	26.0	26.0	32.0
	Agree	50	50.0	50.0	82.0
	Strongly agree	18	18.0	18.0	100.0
	Total	100	100.0	100.0	

Policies have changed after Merger or Acquisition of your company					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	3.0	3.0	3.0
	disagree	2	2.0	2.0	5.0
	neutral	18	18.0	18.0	23.0
	Agree	48	48.0	48.0	71.0
	Strongly agree	29	29.0	29.0	100.0
	Total	100	100.0	100.0	

New Policies have a positive affect on you					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	7	7.0	7.0	7.0
	disagree	28	28.0	28.0	35.0
	neutral	31	31.0	31.0	66.0
	Agree	25	25.0	25.0	91.0
	Strongly agree	9	9.0	9.0	100.0
	Total	100	100.0	100.0	

You earned additional benefits after Merger & Acquisition					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	4	4.0	4.0	4.0
	disagree	6	6.0	6.0	10.0
	neutral	28	28.0	28.0	38.0
	Agree	45	45.0	45.0	83.0
	Strongly agree	17	17.0	17.0	100.0
	Total	100	100.0	100.0	



V. DATA INTERPRETATION

From the above frequency tables and pie charts, we infer that out of 100 respondents, maximum respondents are cooperative set up and very few respondents are single proprietary and partnership. Also, maximum respondents (33%) agree and are neutral whether their company has checked the amount of share or membership interest of every class and very few respondents (4%) strongly disagree. Further, maximum respondents agree, having very few respondents disagreeing, with whether their company has investigated all stockholders, stock transfers or other shareholder agreements. Similar results are witnessed when their company has inspected the company's capability to pay its shareholders' dividends. But in the case of inspection of all issuance of stock options and phantom stock rights or any other pledge to issue securities, maximum respondents (23%) strongly agree and very few respondents (17%) strongly disagree. Furthermore, most of the respondents' company's shares are tradable and there is a minute difference in the respondents' responses between agreeing and disagreeing with whether CBMA helped their company in expanding or in obtaining a competitive advantage over firms in the host country as well as at global level. Also, most of the respondents agreed (70%) with the fact that CBMA influenced their company's capabilities and only (30%) of the respondents disagreed. In the context of the impact of M&A deal on the company, many of the respondents agreed that M&A deal has increased the number of employees; further, the competitors also increased the availability of inputs, the flexibility of the organization, company's ranking, better infrastructure and communication facilities, crime-free environment, effectiveness of legal system and access to new markets after the merger and various other factors have improved. Further, regarding the share market, maximum respondents (240) agreed with the conviction that M&A has increased the revenue of the company and market price as well as the performance of the company's shares also provided stability in the financial performance of the company and very few respondents strongly disagree (20) with the same. Furthermore, most of the respondents agreed (190) that post-M&A company's stock returns showed positive abnormal changes and increased shareholders funds also influenced competitors' growing market shares quality wise along with cost wise competition whereas very few of the respondents (20) strongly disagree with post-merger benefit to their company's stock returns. On the personal front maximum respondents (165) agree that they are satisfied with the M&A of their company as they have earned special benefits with the merger also policies have changed after the merger and they had a positive effect on them and only a few of the respondents (16) strongly disagree.

VI. DISCUSSION AND CONCLUSION

The present study attempted to contribute to the existing literature by exploring the repercussions of cross border mergers on company share prices and industry competition, i.e. the likely impact of mergers on company's stock market position and competitiveness aimed at identifying whether mergers are profitable in terms of being able to gain or ensure market dominance and long term survival of their firm. The idea is to study the outcomes of mergers in terms of the stock market and industry position to be able to better explain the reason why the companies are increasingly using this corporate strategy for empire building and best utilization of the available resources. The study used a questionnaire as an instrument for data collection to gather the views of the top management executives of various companies that have experienced a merger in the recent past. The major constructs based on which such evaluation has been made were share prices and industry competition.

Descriptive statistics were performed on the data gathered through the questionnaires to extract meaningful information for this study. Concerning the sample and response statistics, a total of 170 surveys were distributed among the top management executives who were a part of merged companies through social media platforms. Out of the distributed questionnaires, 100 surveys (58.82% response rate) were filled and submitted by the respondents. Out of these, maximum respondents were seen to hail from a cooperative setup which reflects that cooperative setups reorganize most often through mergers when compared to other modes of ownership. The higher number of cooperatives indulging into merger activities could be attributed to the financial constraints faced by them as when more capital cannot come from the members of their own company, mergers become an attractive option for expansion. The same proposition has been supported in the literature by Richards and Manfredo (2003) who established that a cooperative could expand without acquiring additional equity capital by merging with another cooperative.

Any company looking to acquire another organization should attempt to obtain maximum possible information that can reasonably be extracted concerning the target firm and its assets, to envision the profitability of the firm to which the company is intending to allocate its resources. The present study recorded a supportive stance with respect to investigative activities. In this regard, concerning the inspection activities undertaken by the merging firms, it was found that in the majority of the companies the amount of share or membership interest for each class of share is checked before the merger. Also, all stockholders, stock transfers or other shareholder agreements are investigated before the merger. Next, the study also reported that all issuance of stock options, phantom stock rights or any other pledge to issue securities is also acknowledged before the merger along with inspection of the company's capability to pay its shareholders. Hence, the study confirmed a considerable amount of due diligence being undertaken by the acquirer before indulging into any cross border merger activity. Due diligence has been identified as one of the critical factors in enabling a successful merger and acquisition deal in a variety of existing studies (Adolph et al., 2006; Lebedow, 1999; Wangerin, 2010).

Further, concerning the impact of cross border mergers on competitiveness, it was identified that mergers enable a company in expanding and obtaining a competitive advantage over firms in the host country as well as at a global level. Also, it was established in this study that cross-border mergers influence a company's capabilities positively. Also, it enables the expansion of a company's resources and knowledge and helps in leveraging leverage its specific ownership advantages. Moreover, a cross border merger deal was reported to increase the number inputs such as the number of employees, technology, and machinery which are indicators of the expansion of a company. Prior literature also supports the notion of improved efficiency and competitiveness as a result of a merger deal (see, for example, Azhagaiah& Kumar, 2011; Saraswathy, 2018).

Consequently, cross border mergers have led to an increase in the number of competitors, managerial expertise, sales efficiency, flexibility, company's overall ranking, and infrastructure and communication facilities and have also enabled access to new markets. Next, with respect to the stock market position (impact on price), the study identified that a cross border merger has a positive effect on the revenue of the company and the performance of the company's shares in terms of their market price. Further, the companies' stock returns also showed positive abnormal returns and an increase in the shareholders' funds was also recorded. Also, post-merger, the stock market position of the merged entities acted as a roadblock for the growing market shares of the competitors. The results establishing a positive impact of mergers on share prices and shareholders' wealth recorded in this study are consistent with the prior research works (See, Rani et al., 2011; Chowdhury, 2012; Oloye and Osuma, 2015; Bennett and Dam, 2018). There are also certain studies that have reported that there is no role of mergers in influencing stock prices and gaining abnormal returns (See, for example, Arora & Abraham, 2011) and thus, are inconsistent with this study

VII. CONCLUSION

When a firm collaborates with another working entity, a transient impact is anticipated on the stock prices of both the firms. Mergers are being contemporarily used as a corporate strategy by an organization which is aiming for expansion, reduction in the level of competition and augmented profitability. This paper aimed at setting precedence for action by providing meaningful insights on the outcomes of a cross border merger deal in terms of stock market position and competitiveness which can potentially help the firms considering to merge with another entity shortly. The results of this study established that cross border mergers have a positive impact on both share prices and industry competitiveness. The study also reinstituted the importance of due diligence in the success of a merger as it was recognized that most of the firms that have undergone a merger reported a thorough investigation of stockholders, stock transfers and shareholders' information before proceeding for a merger. The purpose of such examination is to give the acquirer, their advisers and banks with an all-inclusive grip on the inherent advantages and risks associated with target organization.

Moreover, in particular, cross border mergers have led to an increase in the number of competitors, managerial expertise, sales efficiency, flexibility, company's overall ranking, infrastructure and communication facilities and have also enabled access to new markets all of which enables the company in expanding and obtaining a competitive advantage over firms in the host country as well as at a global level. On the market price front, post-cross-border merger, the revenue of the company and the market performance of the company's shares improve. The company stock of the merged entity not only records abnormal returns but also negatively affects the market share of the competitors. The results of this research can contribute to the discussions based on related ideas that may be utilized by anybody interested in the information on the impact of the cross-border mergers on business-related outcomes.

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APPENDIX

Questionnaire for Assessment of Mergers and its repercussions on share price and industry competition on Intercontinental scale

About the Questionnaire

This questionnaire is prepared by Institute for a study to assess the repercussions of M&A on Share prince and industry competitiveness on an intercontinental scale. The questionnaire is divided into two parts Part 1.) Respondent and Company Information Section B) Pre M&A and Post M&A information regarding share price, industry competitiveness and effect on employees

The response to the questionnaire will be very helpful for Industries in improving M&A policies and in enhancing the overall competitiveness intercontinentally.

Respondent Profile

This questionnaire is aimed to be filled in by business owners, business units heads, and CEOs who have participated in M&A. The survey will be filled both via online and offline mode.

Time Requirement

This questionnaire will take 45-60 minutes of the respondent's time.

Disclaimer

All the data and entries of the respondent will not be disclosed under any circumstances.

<u>Section A: General Information</u>

1. Name of the Respondent: ____
2. Designation: ____

Company Information

1. Name of Firm or Company: ____

2. City (Location): ____

3. State (Location): ____

4. Country (Location): ____

5. Firm/Company Size (Optional): ____

6. Number of Full time employees: ____

7. Number of part-time employees: ____

8. Year of Establishment: ____

9. Products Manufactured or Services Offered: ____

10. Share of foreign ownership or investment (If any): ____

11. Share or Investment of State or Central Government (If Any in %): ____

12. Total Revenues of the company: ____

13. Legal set-up of the Company, Tick from the option below

1. Single Proprietorship
2. Partnership
3. Cooperative

Section B

1)How do you best identify your company as

1. Acquirer
2. Acquired Company

Indicate your level of Agreement on the following statements by ticking the appropriate number using the key given below: = strongly agree 2= Agree 3=Neutral 4 = Disagree 5= strongly Disagree

2)If yes, do you think before Merger and Acquisition, your company has

S.No.	Statements	Strongly disagree	Disagree	Neither Agree/ disagree	Agree	Strongly agree
1.	checked the amount of share or membership interest of every class					
2.	inspected all issuance of stock options, phantom stock rights or any other pledge to issue securities					
3.	Investigated all stockholder, stock transfer or other shareholder agreements.					
4.	Inspected the company's capability to pay its shareholders' dividends.					

3)In which category your company's shares belong to? Check all the boxes that apply to your answer.

1. State
2. Legal Persons
3. Foreign Financial Institutions
4. Individual Investors

4)Are your company's shares tradable?

1. Yes
2. No

5)Name the country/countries it has been involved with in Cross Border Merger & Acquisition.

____

6)Post Cross Border Merger and Acquisition of your company, do you think CBMA has helped your company to;

S.No.	Statements	Strongly disagree	Disagree	Neither Agree/ disagree	Agree	Strongly agree
1.	expand its resources and knowledge					
2.	leverage its specific ownership advantages					
3.	obtain a competitive advantage over firms in the host country					
4.	obtain a competitive advantage over firms globally					

7)Has CBMA influenced your company's capabilities?

1. Yes
2. No

If yes, do you believe that this M&A deal has

S.No.	Statements	Strongly disagree	Disagree	Neither Agree/ disagree	Agree	Strongly agree
1.	Increased the number of employees post merger					
2.	Increased the number of new competitors					
3.	Increased the managerial expertise due to merger					
4.	Improved company's sales efficiency					
5.	Increased availability of inputs like technology, labor and machinery					
6.	Increased flexibility / responsiveness of your organisation					
7.	Increased the access to new markets					
8.	Increased your company's ranking					
9.	Increased better infrastructure and communication facilities					
10.	Increased Crime-free environment, Security and effectiveness of legal system in company					

Do you think that regarding share market, this M&A deal has increased

S.No.	Statements	Strongly disagree	Disagree	Neither Agree/ disagree	Agree	Strongly agree
1.	the revenue of the company					
2.	the market price of the company's shares					
3.	the performance of shares					
4.	the stability in financial performance					
5.	the dominance in market share held by competitors					

Do you think that post M&A, company's stock returns

Sr.No.	Statements	Strongly disagree	Disagree	Neither Agree/ disagree	Agree	Strongly agree
1.	showed positive abnormal change					
2.	Increased to the shareholder					
3.	Influenced competitors' growing					

	market shares (quality-wise competition)					
4.	Influenced Competitors' growing market shares (cost-wise competition)					

On the personal front, do you think

Sr.No.	Statements	Strongly disagree	Disagree	Neither Agree/ disagree	Agree	Strongly agree
1.	You are satisfied with M&A of your company					
2.	Policies have changed after Merger or Acquisition of your company					
3.	New Policies have a positive affect on you					
4.	You earned additional benefits after Merger & Acquisition					

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