

*1****РОЗВИТОК СИСТЕМИ УПРАВЛІННЯ РОЗВИТКОМ ПІДПРИЄМСТВ В  
КРАЇНАХ ЄС: ДОСВІД ДЛЯ УКРАЇНИ*****A MERGER AND ACQUISITION STRATEGY IN THE FIELD OF  
INTERNATIONAL BUSINESS**

Iarmosh Olena

Cand. of Phys. and Math. (PhD), Docent,

Associate Professor of International Economic Relations Department,

Simon Kuznets Kharkiv National University of Economics

In the conditions of market economy globalization and competition, merger and acquisition strategies (M&A) are becoming more and more popular. Many companies around the world are actively using these processes to win the competition and significantly influence the development of individual industries and branches. Intra-industry competition and external conditions often force companies to acquire or merge with competitors for growth, cost reduction, regional expansion, and other competitive advantages.

According to Dealogic's estimates [1] M&A has taken off this year (2021), reaching its highest Q1 volume on record with \$385.8bn via 779 deals, an increase of 142.9% compared with the same period in 2020. Financial sponsor entries also grew in volume by 85.8% year on year, the same with exits with a year-on-year increase of 119.4%. The high volume has been driven by a plethora of mega deals, such as Ardian and Global Infrastructure Management's acquisition of the Water and Recycling business of Suez for \$18.8bn the largest financial sponsor deal announced in 2021 so far. In total, there were 19 mega deals valued at \$5bn or more announced during Q1 2021 representing total volume of \$161.4bn.

The following definitions of merger and acquisition can be found in the literature "acquisition is a process when a large organization purchases (acquires) a smaller firm; a merger" [2]. Thus, an acquisition strategy should be used only when

the acquiring firm will be able to increase its value through ownership of an acquired firm and the use of its assets. However, evidence suggests that, at least for the acquiring firms, acquisition strategies may not always result in these desirable outcomes. Researchers have found that shareholders of acquired firms often earn above-average returns from an acquisition, while shareholders of acquiring firms are less likely to do so, typically earning returns from the transaction that are close to zero [3].

In Table 1 the differences in M&A in international business are grouped.

Table 1

### The differences in merger and acquisition in international business

Merger	Acquisition
<ul style="list-style-type: none"> <li>- merging two or more companies into one;</li> <li>- joint decision of the company's participants;</li> <li>- more expensive process due to the use of legal analysis;</li> <li>- shareholders may increase the value of shares due to the merger;</li> <li>- takes a long time;</li> <li>- there is a decrease in the value of property.</li> </ul>	<ul style="list-style-type: none"> <li>- acquisition by one company of another;</li> <li>- friendly or hostile takeover;</li> <li>- cheaper process;</li> <li>- buyers can not increase the cost of capital;</li> <li>- faster and easier transaction;</li> <li>- the purchaser does not experience a decrease in the value of the property.</li> </ul>

Table 2 shows the main reasons of M&A in the field of international business, determined on the basis of analysis of literature sources.

Table 2

### Reasons of mergers and acquisitions in the field of international business

Internal	External
<ul style="list-style-type: none"> <li>- the desire to gain new areas of influence and skills (high technology, well-established organizational processes, highly qualified staff);</li> <li>- access to new markets;</li> <li>- search for cheap labor;</li> <li>- business consolidation;</li> <li>- "fight" with a foreign competitor;</li> <li>- reducing costs by increasing the volume of activity;</li> <li>- access to new products and distribution channels, patents;</li> <li>- combining the potential of complementary resources of different companies;</li> <li>- improvement of management technologies;</li> <li>- monopolization and acquisition of competitive advantages;</li> <li>- tax benefits and transfer pricing;</li> <li>- obtaining corporate synergy.</li> </ul>	<ul style="list-style-type: none"> <li>- the company's desire to make the most efficient use of its production capacity;</li> <li>- market reduction;</li> <li>- reduction of consumer demand of the local population;</li> <li>- loss of market position due to an increase in the number of competitors, in particular, from foreign producers;</li> <li>- development and active implementation of innovative technologies;</li> <li>- changes in monetary policy, the general pace of economic activity;</li> <li>- political instability;</li> <li>- "aggressive" government regulation.</li> </ul>

Based on the recommendations of various sources, any company should take a step back before starting an M&A negotiation process and start thinking strategically: evaluate foreign markets, competitors and business units and determine whether M&A play an important role in business growth or in providing strategic opportunities.

The M&A process is preceded by strategic planning to help define the corporate and business goals of the business unit and to determine whether they can be achieved through the merger or acquisition. It is necessary to analyze market opportunities, compare different scenarios of industrial development and identify potential opportunities for takeovers. As part of a deeper study of the business portfolio, strategic merger and acquisition planning may include strategies through direct sales, initial public offerings (IPOs) or spin-offs.

Therefore, the company should take the following steps:

- strategic portfolio planning;
- strategic study;
- readiness analysis (for merger, acquisition or separation);
- analysis of the main activities and industries;
- analysis of competitors and market reaction;
- assessment of the feasibility of forming joint ventures / alliances;
- setting goals;
- tax optimization.

There is no doubts that it is usually easier to analyze companies that have already gone through a merger or acquisition process, to look at their mistakes or achievements, next steps, reshuffles. However, the analysis of companies that have just embarked on the path of merger opens new horizons for prediction.

#### **References:**

1. M&A Highlights: First Quarter 2021. URL : <https://dealogic.com/insight/ma-highlights-first-quarter-2021/>.
2. David, F., & David, F. R. (2017). Strategic management: A competitive advantage approach, concepts and cases. 16th ed. Florence: Pearson–Prentice Hall. 691 p.

3. Strategic Management: Competitiveness and Globalization (Concepts and Cases) (2007). Michael A. Hitt, R. Duane Ireland, and Robert E. Hoskisson. 7th ed. Thomson Learning. 841 p.

### СУЧАСНІ ЗОВНІШНІ УМОВИ РОЗВИТКУ ТНК

Таловер Володимир Адиславович, к.е.н., ст. викладач кафедри економіки, Кременчуцький національний університет імені Михайла Остроградського  
 Алхаліді Муртадха Мухаммед Абдулрідха, викладач, факультет фізики, Науковий коледж, Університет Мейсан, Ірак  
 Яковенко Ярослава Юріївна, PhD, ст. викладач кафедри економіки, Кременчуцький національний університет імені Михайла Остроградського

В умовах глобалізації економіки роль основних стимуляторів міжнародної трудової міграції та розробників сучасних технологій беруть на себе ТНК (транснаціональні корпорації), що зрозуміло з огляду на той факт, що вони виступають не лише структурним елементом економіки більшості країн, а й сприяють розвитку та підвищенню ефективності прямих іноземних інвестицій.

Загалом вплив ТНК на глобальну економіку ілюструє частка валового продукту зарубіжних філій у світовому ВВП. Цей показник не опускався нижче 10-15% протягом 2014-2019 років. Водночас у сучасних умовах пандемії COVID-19 навіть такі потужні гравці міжнародного ринку як ТНК постраждали від загальної соціально-економічної невизначеності, що виявилось у: перегляді прогнозних доходів за 2022 рік у середньому на -25%, посиленні тенденції до регіоналізації та посилення позицій прихильників економічного протекціонізму та обмеження міжнародного руху капіталу.

Крім того, пандемія COVID-19 проявила свій вплив на ТНК у значному падінні обсягів виробництва та доходів, понесених репутаційних втратах, зменшенні обсягів активів та зниженні їх ринкової вартості загалом.

Зрозуміло, що на відновлення основних показників (сюди можна віднести обсяги продажів, величину доданої вартості, обсяг тощо) знадобиться час. Сприятливими умовами могли б стати такі глобальні тенденції як