Chapter 8

*Implications and Conclusions*
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Chapter Objective:
This Chapter seeks to identify the possible applications of this research to other industries and its overall implications. It also explores avenues for further research in related areas. The limitations of this study are explained. The chapter concludes by identifying specific contributions of this study to the field of Management.

8.1 Implications
These research findings, though specific to the electrical equipment industry, can be applicable to any manufacturing industry in a similar stage in the life cycle. The industry, driven entirely by end-user demand for electricity, and investment by electrical utilities, is in a growth phase being an ever-green industry (though temporarily affected by the ongoing recession). The technology, though mature, is not easy to master and is guarded closely through patents. The products which comprise the electrical equipment are not commodities, especially in the medium and high voltage segments.

These research findings can be applied to emerging markets within the electrical equipment industry, where the industry is in a relatively nascent stage. Consolidation will be driven by the global players in these markets depending on their attractiveness. Predominantly local players in these countries will need to expand their geographical reach, or operate in niche markets, or merge with (or acquire) other players to survive and sustain in the industry in the long run.
Other industries where these findings can be applied include the pharmaceutical industry and telecom equipment manufacturing industry. Merger motives, effects of consolidation, etc. would be similar in these industries.

### 8.2 Future Research Possibilities

This research has studied the evolution of the players in the electrical equipment industry. It has also attempted to study the effectiveness of various merger motives on the financial health of the merged firms, and the effects of consolidation on the profitability and R&D intensity of the merged firms.

Future research can focus on the strategies of a few key players in the industry, and study the strategic fit of the acquisitions done by them. The benefits of strategic business fit can be studied in terms of improvement in quantitative measures like market share, customer satisfaction index, sales & profitability; and qualitative measures like employee morale, etc.

Few cases where acquisitions have not been successful can also be studied in detail to find out the reasons of failure. These can be useful to the field of research and future acquirers.

Various models used by top acquirers for post-merger integration can be studied, and successful models can be highlighted. These also could be useful to researchers and future acquirers.

The researcher has studied the impact of industry consolidation on profitability of the players and the amount spent on R&D by them. Since the findings indicate that the profitability has improved and R&D spend has reduced with
consolidation, it would be interesting to research whether the same is detrimental to the suppliers and customers. If the profitability of the companies has increased, it is very likely that either the suppliers and/or the final customers have borne the brunt. It would also be interesting to analyze whether the reduced R&D spend is because of consolidation, or due to the state of the technology. Future research can analyze the effects of consolidation on the stakeholders of the firms.

Another interesting area of research can be to analyze the impact of emergence of alternate energy sources on the electrical equipment industry. Nuclear, wind and solar as energy sources are going to gain momentum in the foreseeable future, and this could have a significant impact on the technology in the electrical industry, and the products. A forward-looking study which can predict the state of the electrical equipment industry with the emergence of these energy sources would be of great use to the industry players and researchers, and a very good contribution to the existing body of knowledge.

8.3 Limitations of the Study
This research study has studied the acquisitions done by firms in the electrical equipment industry throughout the world. Though the research has taken utmost care to ensure that all key acquisitions that have taken place in the industry in the period under question have been recorded, some acquisitions may have inadvertently been missed out. There may have been some gaps in the availability of data from countries such as China and Japan, though the acquirer has studied the websites of big players in China and Japan to get information on the acquisitions done by them.

It is impossible to get data on the amount of sales and profits that would have been generated through every acquisition separately post-acquisition. The situation gets further complicated since the big players acquire multiple
companies in a year, and only the consolidated financials are reported. If the acquired firm is completely merged, post-merger data on its financials is also not available. Hence, it is difficult to calculate the exact revenue and profit that a firm would have derived through acquisitions.

The researcher was interested primarily in analyzing the difference in sales and profit growths between the various merger motives. The financials of only the top 6 acquirers were considered, and it was assumed that the sales and profit growth due to organic means was constant. It was therefore assumed that the differential in the sales and profit growths is due to different merger motives, which was a fair assumption, given all the limitations. The above approach was vetted through external experts that the researcher had interviewed.

8.4 Contribution of this study to the field of research

Thus, this research is a pioneering study in the field of M&As with specific focus on the electrical equipment industry. Many studies, though not related to the electrical equipment industry, have focused either on merger motives, or post-merger integration, or value creation in M&As. But relationship between merger motives and M&A performance has not been studied by previous researchers. Hence this study makes a valuable contribution in the field of M&As by studying the effectiveness of various merger motives. The previous two merger waves have been studied in detail to study distinguishing features. This provides valuable insights about a possible relationship between economic conditions, merger waves and strategies of the key industry players.

This study also touches upon the likely impact of consolidation on the industry players, and its stakeholders. The findings provide a good entry point for further research in the field of industry consolidation and its likely impact on stakeholders and the industry as a whole.