



ABSTRACT

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Title	THE IMPACT OF A CROSS-BORDER ACQUISITION ON THE TARGET COMPANY'S BUSINESS NETWORKS Case Carrus Oy – Turku		
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Abstract

The purpose of the study was *to examine how a cross-border acquisition may change the target company's business networks*. The main object of the study was approached through three areas of interest. Consequently, the aim was to discuss (1) *how company networks are connected to the acquisition process*; (2) *how the customer and supplier relationships of an acquired company change due to a cross-border acquisition*; (3) *why these changes occur and what are the consequences of them to the network*. The interest was especially on acquisitions that involved two manufacturing companies who were exchanging physical products with their connected parties and were before the acquisition located in different geographical areas. Furthermore, the focus of the study was on the purchasing and sales networks of the target company.

The research was conducted as a qualitative case study in a bus body manufacturing company, Carrus Oy, which was acquired in 1998 by the Swedish Volvo Buses. Data for the study was mainly collected through three individual interviews in the case company. This data was further completed by examining the case company's accounts payable and receivable from 1997–2002.

Business networks were in this study examined through a three structural model, and thus the changes in them were observed on the actor, activity and resource levels. The acquisition seemed to cause changes in all of these levels, but the most drastic changes were, however, experienced in the actor structures of the purchasing and sales networks. As a consequence of the acquisition a number of customer and supplier relationships were eliminated, but also some new connections were created. The requirements and control of the acquirer and the internationalization of business were among the reasons that resulted in a considerable decrease in the number of suppliers in the target company. The elimination of customer relationships was, on the other hand, caused by the fact that Carrus Oy's production capacity was used to build bus bodies only on Volvo chassis. In the activity structure the main changes were related to the loss of control to the acquirer, centralization of activities as well as to the quality inspection of Volvo Buses. The termination of relationships was a major change also in the resources structure of the company, but additionally the increased internationality of business created changes among resources.

In addition to the increased control of the acquirer, also the motives of the acquirer, the vertical form of the acquisition as well as the cross-border nature of the acquisition created changes in the target company's purchasing and sales networks. The changes were not only restricted to affect Carrus Oy, but furthermore as a consequence of the acquisition also its connected network experienced changes on the actor, activity and resource levels.

Key words	Cross-border, international, acquisition, business network, change
Further information	

