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CROSS-BORDER MERGERS & ACQUISITIONS AND BUSINESS GROWTH IN NOVARTIS'S VACCINE DIVISION: AN ABSORPTIVE CAPACITY PERSPECTIVE

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ABSTRACT

OBJECTIVE:

This study explores the impact of cross-border mergers and acquisitions (M&As) on the business growth of pharmaceutical companies. Based on evidence from the 2015 acquisition of Novartis's vaccine division by GlaxoSmithKline (GSK) as a paradigmatic case study, we also explore how this M&A led to business growth during the COVID-19 pandemic.

DESIGN:

We employ qualitative analysis of 10 years of executive reports, annual reports, market research, and peer-reviewed journal articles from Business Source Premier. Then, we developed a thematic analysis of this secondary data based on five critical dimensions of post-merger success, including strategic rationale, after-acquisition growth, operational synergies, cultural integration, and competitive positioning.

RESULTS:

Our findings suggest that the acquisition's success was fundamentally driven by its tight strategic alignment with GSK's long-term objectives of specialising in vaccines and innovative healthcare. Operational efficiencies were achieved through phased integration, while proactive leadership and open communication were found to be crucial in reducing cultural challenges.

CONCLUSIONS:

We conclude that in the intricate healthcare ecosystem, carefully planned and executed M&As that prioritise cultural alignment in addition to financial and operational objectives can result in substantial, long-term value. For executives, academics, and policymakers navigating international M&A strategy in the healthcare industry, the paper offers insightful theoretical analysis and useful recommendations.

KEYWORDS

cross-border merger & acquisition, business growth, absorptive capacity, COVID-19 vaccination

INTRODUCTION

Mergers and Acquisitions (M&As) are a corporate strategy with a powerful mechanism to achieve rapid growth, expand market access, and develop novel capabilities [1]. In the pharmaceutical industry, such a strategy enhances research and development (R&D) costs, stringent regulatory hurdles, and intense competition as an indispensable instrument for portfolio expansion and the realisation of economies of scale [2].

Our review of the literature in the healthcare industry shows that when pharmaceuticals take part in cross-border M&As, they often gain more chances to grow into different parts of the world, expand what they offer, and bring together their operations across countries [3].

Right now, the industry's going through a tough time. Patents are running out, costs for R&D keep going up, and there's constant pressure to come up with something new. Because of all this, more companies are turning to M&As as a way to stay ahead. Still, these deals are risky. It's not uncommon to see problems like teams struggling to work together, differences in workplace culture, or even the whole merger falling short of what it was supposed to achieve [4]. There is a gap in knowledge on how pharmaceuticals and regulators of the healthcare industry deal with major integration challenges, cultural clashes, and the potential failure to achieve expected synergies [5] [6].

In this study, we address the long-term consequences of GlaxoSmithKline's 2015 purchase of Novartis's vaccine division and how this led to business growth. We investigate the motives behind this M&A, what changed afterwards, what operational benefits came through, and how well the companies blended culturally, and how it all shaped GSK's place in the market.

LITERATURE REVIEW

This review synthesises key scholarly insights across four central themes: the strategic motivations driving these deals, the critical success factors for post-merger integration, the significant challenges and pitfalls encountered, and the theoretical lenses used to understand value creation.

THE STRATEGIC IMPERATIVE FOR PHARMACEUTICAL M&AS:

The motives for M&As in the pharmaceutical sector have evolved after COVID-19, but there are core strategic objectives that remain fixed, including expanding to new markets, upgrading the R&D capabilities, and acquiring technology developers to innovate new drugs. Expanding to new markets, particularly in emerging economies across Asia, Latin America, and Africa, which offer significant growth potential compared to mature Western markets [7] [8].

Another motive for cross-border M&A is to establish distribution channels and local supply chains to bypass local regulatory barriers in the healthcare industry [9]. Developing a diversified product portfolio and diversification of operations are other motives for M&A in healthcare [10]. Big pharma used to establish 20-year patents, but medium-sized and start-up firms face patent cliffs on blockbuster drugs, and they need to merge with R&D centres to keep innovating pipelines or complementary product lines as a strategy for sustainable growth. Big pharma also faces reform on the drug patents, and they need to acquire smaller, innovative biotech firms to gain expertise in burgeoning fields like biologics and personalised medicine [11]. To face the COVID-19 pandemic, pharmaceuticals and local hospitals had to merge to enhance their mutual R&D operations for effective vaccination development [12]. It also facilitates economies of scale via mass production, and administration remains a fundamental objective, alongside leveraging regulatory expertise to navigate complex international compliance landscapes [13].

CRITICAL SUCCESS FACTORS FOR POST-MERGER INTEGRATION:

The literature highlights three critical success factors for post-merge integration. First is the degree of alignment between the partners' objectives, resources, and business models [14]. The higher the alignment, the higher the firm's ability to capitalise on complementary R&D, market access, and distribution, providing a clear competitive advantage [15].

The second is cultural integration, which is a "*make-or-break*" element in international M&As, particularly in the pharmaceutical industry [14]. Disparities in organisational and national cultures can cause a lot of conflict, which lowers morale and causes operational inefficiencies. Therefore, it is crucial to manage cultural integration proactively through inclusive leadership, transparent communication, and system alignment [4]. As recent research emphasises, a people-centric approach that fosters a shared vision and mutual respect between legacy firms is crucial for retaining key talent and ensuring a smooth transition [16].

Third, long-term alignment depends on leadership stability and management alignment. During the frequently turbulent integration process, disagreements can be avoided, and a consistent strategic direction can be guaranteed with a well-defined decision-making process and a cohesive leadership team [14].

CHALLENGES AND PITFALLS IN CROSS-BORDER M&AS:

Pharmaceutical M&As are often regarded as strategic, but they pose difficulties. Regulatory obstacles are a significant challenge. There are very strict regulations throughout the industry in almost every market, and there can be significant delays and complexity due to various antitrust laws, IP protections, or process differences in drug approval processes across jurisdictions [11]. An exemption was made for Pfizer and AstraZeneca during the COVID-19 Pandemic to speed up production and facilitate local supply and administration of the vaccine [17].

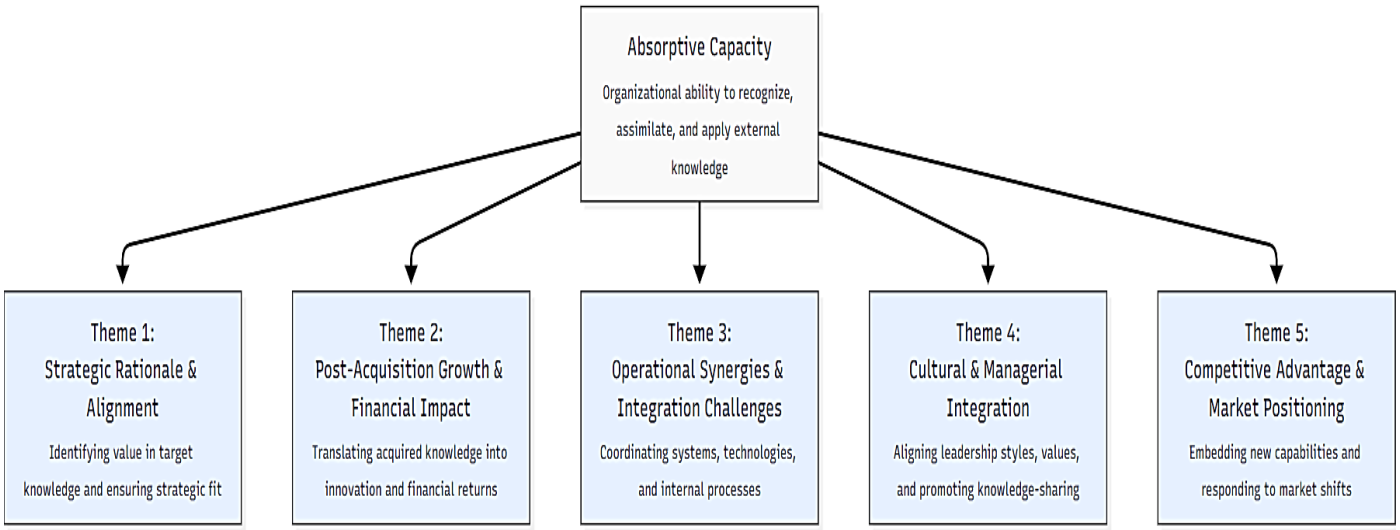
The alignment of various IT systems, manufacturing processes, and supply chains is another challenge in operational integration in the healthcare industry. The absence of effective operational synergy can diminish the projected savings and efficiency [18]. Another important matter is the retention of talent. The long-term innovation capabilities of the merged entity are severely compromised by uncertainty and cultural shifts that can occur when certain scientific and managerial talents leave the merger [19].

THEORETICAL LENSES ON ABSORPTIVE CAPACITY:

Our study adopts the absorptive capacity theory (ACT) to conceptualise the process that GSK followed in making an M&A with Novartis's vaccine [20]. Godfrey et.al. [23] use ACT to explain how drug companies make the most out of new knowledge when they take over or join with another firm. First, they spot and buy companies with valuable drug pipelines or smart research ideas. After the deal, they do not just sit on that knowledge; they change their own systems and bring in new skills to make use of what they've gained. They then pool their resources, creating diverse teams and joint research initiatives. This makes dispersed information more useful. They employ improved business tactics to sell the merged products or broaden their customer base once everything begins to make sense.

ACT provides a practical and insightful framework for examining why some M&As succeed while others struggle or fall short (Figure 1). At its foundation lies the need for strategic clarity and alignment (Theme 1). Companies need to begin by identifying and appreciating the worth of the knowledge held by the target firm, ensuring that this knowledge aligns with their own broader strategic objectives. Absorptive capacity plays a key role here, as it enables firms to evaluate, capture, and prioritise the external knowledge that best serves their long-term vision. When it comes to outcomes after the acquisition, particularly in terms of financial performance and business growth (Theme 2), firms that are skilled at internalising and applying new knowledge tend to fare better. They can turn acquired insights into practical innovations and cost-effective processes, both of which can contribute to increased revenue and a stronger return on investment. This capacity for learning and adapting underpins improved post-merger outcomes.

FIGURE 1: A FRAMEWORK FOR ABSORPTIVE CAPACITY IN PHARMACEUTICALS M&AS



The problem of friction is often caused by differences in systems, tools, and workflows, making operational integration (Theme 3) a difficult area to work with. Better coordination between the merging organisations' operations is facilitated by absorption capacity, which facilitates better coordination across platforms and procedures. Another difficulty lies in achieving cultural and leadership alignment (Theme 4). Changing management styles, workplace values, and communication habits are frequently linked to challenges in mergers. The capacity to absorb energy is strong, which helps firms cope with these tensions by promoting flexible leadership and creating environments that encourage knowledge sharing and mutual understanding. A firm's absorption capability can enhance its market position in the long term (Theme 5). The capacity for learning fosters the integration of novel capabilities, encourages innovation, and enhances organisational resilience by transforming acquired strengths into long-term assets that strengthen competitiveness.

RESEARCH METHODOLOGY

This research employs a qualitative, single-case study methodology to explore the long-term effectiveness of cross-border M&As in the pharmaceutical industry, using the 2015 acquisition of Novartis's vaccine division by GSK as a critical and illustrative case. This approach is particularly well-suited for investigating contemporary, real-life phenomena in-depth and within their specific context [24].

To capture the intricate socio-economic, cultural, and strategic factors that are present in M&A outcomes, the study is situated within an interpretivist research philosophy [25]. An abductive approach is adopted, where initial themes are set based on the theoretical framework presented in Figure 1, and new patterns are allowed to emerge organically from the data rather than being tested against pre-existing hypotheses.

Due to the historical nature of the acquisition and the requirement to examine strategic documents and industry-wide analyses over a ten-year period (2015–2025), data collection is solely dependent on secondary sources. These sources include company annual reports and financial statements, regulatory filings with bodies like the U.S. SEC, peer-reviewed academic articles on M&A strategy, industry reports from market research organisations (e.g., IQVIA, Deloitte), and news coverage from reputable financial media. The primary analytical technique is thematic analysis, a rigorous method for identifying, analysing, and reporting patterns within the qualitative dataset. Trustworthiness of the analysis is ensured through the triangulation of these multiple data sources, which allows for cross-validation and provides a deeper, more reliable contextual understanding of the transaction's evolving narrative.

STAKEHOLDERS OF M&A IN NOVARTIS'S VACCINE DIVISION BY GLAXOSMITHKLINE

The cultural gap between GSK and Novartis will likely be smaller than when there are mergers between companies from institutionally diversified countries such as Africa, Asia, or the Middle East. Novartis is headquartered in Basel, Switzerland,

and is a highly internationalised company with extensive global operations and high American shareholder ownership, making it already consistent with Anglo-American corporate governance practices. Similarly, U.S.-headquartered, London-based GSK has a strong U.S. presence and shares a transatlantic identity shaped by Western financial, regulatory, and market influences. Its mutual exposure mitigates some integration risks generally characteristic of institutionally more distant mergers. Accordingly, we developed a brief stakeholder analysis in Table 1.

TABLE 1: NOVARTIS VACCINES' STAKEHOLDER ANALYSIS

Stakeholder	Origin / Ownership	Role in Merger Context
Novartis	Swiss, global (US shares)	R&D leadership, EU/US market reach
GSK	UK/USA footprint	Vaccine expertise, global supply
Regulators (FDA, EMA)	USA / EU	Market authorisation, compliance
Global Patients	Worldwide	Beneficiaries of the combined portfolio

Organisational dissimilarities between the above-mentioned stakeholders challenge the M&A process. Such differences were represented in the varied governance models adopted by Novartis and GSK, and the decision-making processes. In addition, both are subject to various national health policies, which may impact their international strategy differently. These differences may continue to affect integration outcomes, albeit less significantly than intercontinental mergers. In contrast, Western-to-non-Western mergers are likely to be faced with more complex infrastructure gaps, regulatory environments, and organisational cultures that prevent the achievement of synergy.

RESEARCH FINDINGS & RESULTS

THEME 1: STRATEGIC RATIONALE AND ALIGNMENT

GSK did not buy the company just because it was a good deal; they did it on purpose to strengthen their position as the leader in the global vaccine market [26]. At the time, the company's main strategy was to "*prioritise investment in vaccines and respiratory medicines*," which it saw as the main areas for long-term, sustainable growth [26].

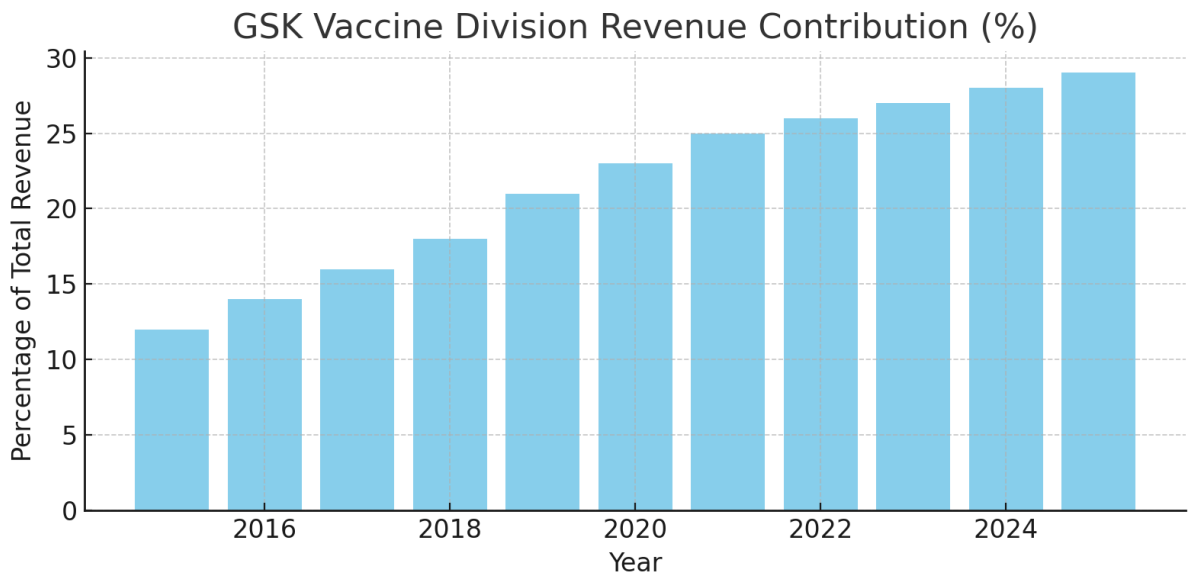
GSK filled important gaps in its product line and made its specialisation even stronger by buying Novartis's non-influenza vaccine portfolio, which included valuable assets like Bexsero for meningitis B. This focused approach is very different from the more varied M&A strategies that are common in the industry. For example, Pfizer's earlier purchase of Wyeth aimed to expand its market rather than deepen its market [17].

The deal's structure, which included selling its oncology business to Novartis and starting a new consumer healthcare joint venture, made this strategy of focusing resources on core, high-potential areas even clearer [27]. In the end, the strict alignment of this deal with a clear corporate mission was a key part of its later success. This is a well-known principle in M&A literature that says that a high strategic fit leads to better performance after the merger [14].

THEME 2: POST-ACQUISITION GROWTH AND FINANCIAL IMPACT

GSK's vaccine division outperformed the company's other business segments in the years after the acquisition, delivering notable and consistent growth. With the vaccine division's revenue contribution gradually rising to roughly 25% of total pharmaceutical revenue by 2021, this strong performance validated the deal's financial justification [28]. The company gained a substantial market share in both developed regions, like North America and Europe, and important emerging markets by successfully positioning key Novartis products like Bexsero and Menveo as market leaders [28].

FIGURE 2: GSK VACCINE DIVISION REVENUE CONTRIBUTION POST-ACQUISITION (%)



The company's overall financial performance managed broader market challenges, such as Brexit-related uncertainties and unfavourable exchange rate fluctuations, which tempered consolidated results, even though the vaccine segment thrived [28]. The strategic use of milestone-based payments was a key component of the deal's architecture. Investor confidence was increased by this contingent consideration structure, which successfully decreased GSK's initial financial risk and demonstrated a dedication to fiscal restraint, a strategy known to align incentives and control post-acquisition uncertainty [13].

THEME 3: OPERATIONAL SYNERGIES & INTEGRATION CHALLENGES

The desire to achieve significant operational synergies, especially in its manufacturing, supply chain, and R&D domains, was the primary motivator behind GSK's decision to pursue this acquisition. The company started an extensive restructuring program in the early phases of integration, which lasted from 2016 to 2018. This included consolidating manufacturing sites and standardising clinical research protocols, strategies that, as [22] suggests, are theoretically sound approaches to value creation in pharmaceutical M&As.

These integration efforts were not merely procedural; they translated into tangible results. Industry analyses indicate that, by 2020, GSK had succeeded in reducing operational costs within its vaccine division by approximately 15% compared to pre-acquisition figures [21]. This achievement was made possible through a series of targeted initiatives: "*supplier contracts were rationalised*", "*manufacturing processes were standardised to capitalise on economies of scale*", and "*previously fragmented IT systems were brought together under a unified framework*".

However, the integration journey was not without its difficulties, echoing the well-documented challenges that often beset post-merger environments. The process of aligning complex technological infrastructures and harmonising clinical trial protocols proved to be more time-consuming and resource-intensive than initially projected. Additionally, the need to ensure regulatory compliance across multiple international jurisdictions introduced another layer of complexity, a challenge frequently encountered in cross-border transactions [18]. In order to reduce the risk of regulatory delays and streamline compliance procedures, GSK relied heavily on the experience of its seasoned international regulatory affairs team.

THEME 4: CULTURAL AND MANAGERIAL INTEGRATION

Harmonising two distinct corporate cultures was a significant hurdle faced by GSK during the integration process, which has been deemed highly challenging. Academic literature consistently highlights the importance of cultural integration, stating that the effective harmonisation of organisational values and practices can significantly impact M&As in the long run [4]. The tradition of consensus-driven, stakeholder-based decision-making was unique to GSK, which had a more

hierarchical structure and greater emphasis on innovation than Novartis. If cultural differences are not acknowledged, it can result in friction, sluggish decision-making, and a reduction in the value of the merger [21].

GSK identified the risks in advance and followed several best practices for cultural integration. This was their response. To address cultural friction, the company established cross-functional teams consisting of employees from both legacy organisations. Through this approach, not only did it encourage dialogue but also a sense of collective responsibility towards the process of integration.

The leadership of GSK in the same period placed a high priority on regular and transparent communication, which is thought to be an essential tactic for reducing uncertainty and boosting trust during organisational disruptions [6]. The appointment of Emma Walmsley as CEO in 2017 was a crucial turning point. Her human-centred management style strengthened the business's dedication to openness and diversity. To promote a unified organisational identity, GSK turned to initiatives like executive town halls and targeted cultural integration workshops as the focal point of efforts to bridge cultural divides.

Notwithstanding their attempts, there was bound to be some employee turnover. In the first year after the merger, about 12% of employees were reported to have lost their jobs. Nevertheless, the amount matches industry norms as post-merger attrition rates frequently surpass 20% [16]. GSK's focus on talent retention is largely due to its deliberate approach of placing emphasis on human interaction. Additionally, internal mobility was implemented, enabling former Novartis staff members to assume leadership positions within the new business.

THEME 5: COMPETITIVE ADVANTAGE AND MARKET POSITIONING

The acquisition represented a transformation for GSK's operations and radically increased the company's global market share in the vaccination manufacturing. By effectively incorporating new resources, GSK joined well-established industry leaders Pfizer and Sanofi to rank among the top three companies in the non-influenza vaccine market [29]. This change was more than just a scale issue; GSK was able to compete more aggressively in important therapeutic areas, such as meningitis and shingles, thanks to its expanded vaccine portfolio, which now includes highly sought-after products [30]. GSK's reputation as a strategic partner for well-known global health organisations was also enhanced by the expanded portfolio. The company became a more valuable partner for organisations like the World Health Organisation (WHO) and Gavi, the Vaccine Alliance, as a result of its improved capabilities and product offerings. In turn, these collaborations increased GSK's participation in crucial international public health programs, with a focus on expanding vaccine access in low- and middle-income nations [12].

In addition to broadening its product line, the acquisition greatly increased GSK's manufacturing and R&D capabilities. During the COVID-19 pandemic, this infrastructure and expertise investment proved particularly significant. In response to the worldwide health crisis, GSK was able to expedite the development of several vaccine candidates by working with other manufacturers and utilising its exclusive adjuvant technology [29].

The deliberate focus on vaccines produced observable financial gains. From 19% of the global vaccine market in 2015, GSK's share grew to an estimated 25% by 2022. In addition to the range of products it offers, the company's increased presence in strategic areas like Asia-Pacific and Sub-Saharan Africa also contributed to this notable growth, highlighting its increasing clout and influence in the global healthcare market [30].

The 2015 Novartis–GSK asset swap offers a clear, human-centred example of how M&A can accelerate vaccine innovation and R&D capacity. By transferring Novartis's vaccine assets and adjuvant capabilities to GSK, the transaction concentrated complementary knowledge and manufacturing scale that later proved valuable during COVID-19 partnerships and adjuvant-enabled vaccine development [28,27]. From an absorptive-capacity perspective, the deal created the structural conditions—overlapping technical bases, dedicated R&D teams, and production infrastructure—that allowed GSK to quickly recognise, assimilate, and exploit external scientific advances under pandemic pressure [33,24]. Empirical and theoretical work on M&A and innovation indicates that such focused transactions increase the

likelihood of successful pipeline advancement when firms realise genuine synergies rather than mere portfolio aggregation [14] [3] [23].

Crucially, absorptive capacity also depends on people and processes: preserving inventor productivity and research continuity mitigates the post-acquisition innovation dip noted in knowledge-intensive sectors [35] [36].

RESEARCH DISCUSSION

Deep insights into the dynamics of successful cross-border M&As in the healthcare industry can be gained from the GSK-Novartis case study. The deal's success stands in stark contrast to other large-scale pharmaceutical mergers, such as the Sanofi-Aventis case, which suffered from a lack of tight strategic alignment and significant cultural friction [22]. GSK's experience strongly validates the theoretical assertion that a clear, focused strategic rationale, in this case, specialisation in vaccines, is a more potent driver of long-term value than broad, unfocused diversification [14]. The significant growth in the vaccine division, even as the company's overall financial performance faced external headwinds, underscores the value of acquiring unique and valuable resources (VRIN), consistent with the Resource-Based View [22].

Our research findings highlight the significance of addressing cultural and human integrations in M&A processes. GSK's emphasis on human orientation and proactive approach aligns with the extensive literature indicating that cultural integration is one of the key factors behind M&A success [16]. Despite the high rates of attrition and productivity loss in these transactions, GSK made significant investments in communication, cross-functional teams, and a commitment to hiring talent from both legacy firms. A crucial message for healthcare management is that in knowledge-intensive industries like pharmaceuticals, where human capital is the primary asset and integration is not optional, it is essential to manage the non-traditional aspects of the process as rigorously as financial and operational ones to preserve or enhance value.

FINAL THEORETICAL FRAMEWORK FOR THE AC CYCLE IN HEALTHCARE M&A

In order to offer a sustainable plan for M&A in healthcare in general and in the case of Novartis's vaccine division by GlaxoSmithKline (GSK), this section presents the final theoretical framework (Figure 3) that could be tested in future research.

Stage 1: At its foundation lies the need for strategic clarity and alignment between the merging parties. Healthcare organisations should begin by identifying and appreciating the value of knowledge owned by the target company so that such knowledge is aligned with their own broader strategic objectives. At this stage, ACT plays a key role in explaining how firms can evaluate, capture, and prioritise the external knowledge that best serves their long-term vision (especially with potential pandemics or times of natural disasters). Harvey et al. (2014) also attest that this phase is imperative for those healthcare organisations possessing a larger AC which exhibits greater sustainable performance with accelerated quality improvement rates.

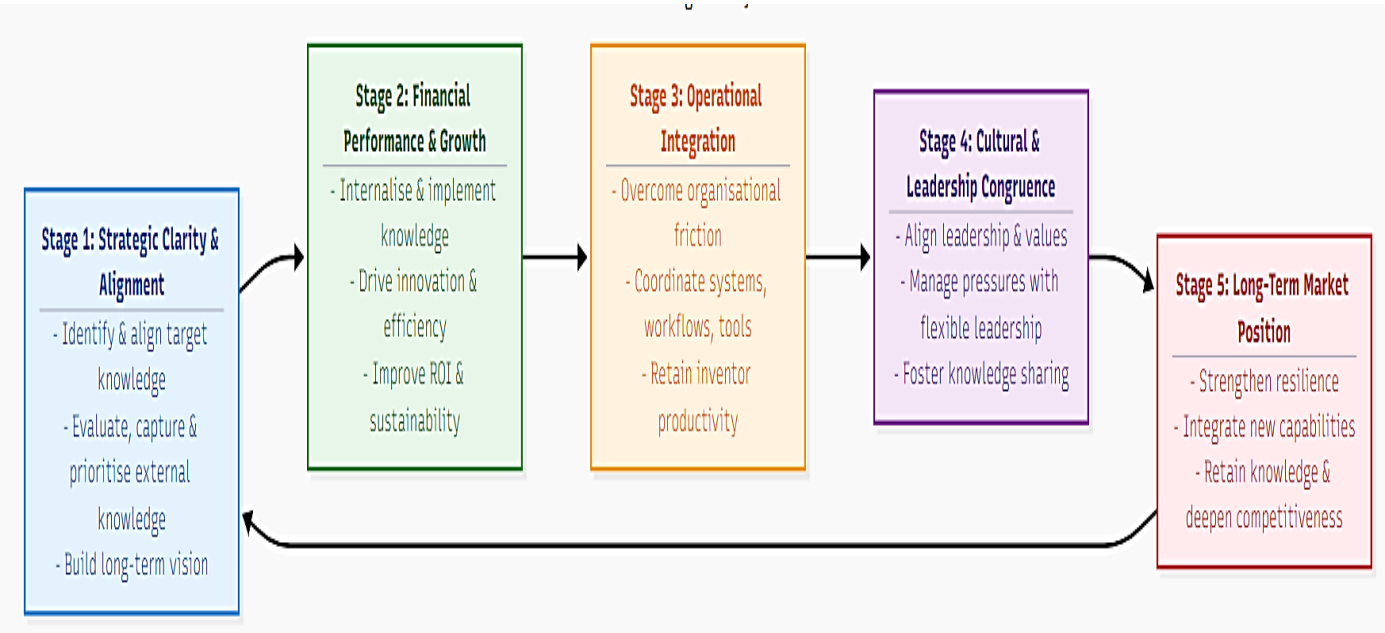
Stage 2: Respond to the post-acquisition, specifically financial performance and business expansion. Here, companies with the ability to internalise and implement new knowledge perform better. We conclude that such companies are able to convert acquired knowledge into practical innovation and efficient processes, which are cost-effective in nature and help in generating more revenue with a better return on investment. This capacity for learning and adapting underpins improved post-merger outcomes such as Financial Performance, Business Growth, and sustainability. These findings support [31] that in innovation-rich industries such as pharmaceuticals, AC serves as a key moderator of post-acquisition performance via turning the acquired knowledge into product and process innovations.

Stage 3: Discuss how organisations are able to overcome organisational friction stemming from variations in systems, tools, and workflows, creating operational integration. Here, our results verify that enhanced coordination of operations between merging organisations is enhanced by AC, which forges improved coordination between platforms and procedures. Paruchuri [32] is an extremely cited paper which tackles post-acquisition inventor productivity and verifies

that those companies which are more AC-oriented are better able to prevent innovation loss by fostering an environment in which acquired talent is able to excel and continues to contribute value. Here, it adds an essential human capital aspect to the model, claiming that AC is not merely a matter of integration of systems.

Stage 4 focuses on cultural and leadership congruence for successful absorption of AC. Management style shifts, workplace values, and communication behaviors are commonly attributed to merger problems. The ability to absorb energy is robust, which assists companies in managing such pressures by fostering flexible leadership and environments for knowledge sharing and common comprehension. Absorption capacity in a company can strengthen its marketplace position in the longer term (Stage 5). Learning capacity creates integration of new capabilities, stimulates innovation, and develops organisational resilience by converting learned strengths into assets for the longer term, which deepens competitive positions. It directly supports Stage 5 (Long-Term Market Position) by outlining a specific mechanism whereby companies innovate. Precisely, robust absorptive capacity allows the acquiring company to retain valuable knowledge possessed by key individuals in the target company.

FIGURE 3: FINAL THEORETICAL FRAMEWORK FOR AC IN HEALTHCARE M&A



Below, we synthesise how AC has been used to understand performance, innovation, and integration in healthcare management and adjacent pharma contexts.

First, Currie et al [33] in BMJ Leader offer a concise, practice-oriented argument that translational health research succeeds when organisations deliberately build AC—linking "what we know" to "what we do." Their contribution is conceptual and managerial: they translate AC's stages (acquire–assimilate–transform–exploit) into leadership routines (boundary spanning, protected time, and feedback loops) that clinicians and managers can enact. While not M&E-specific, it clarifies the governance levers for making research usable in-service redesign.

Second, Harvey et.al [34] provide multi-site NHS case evidence that variation in quality-improvement outcomes is patterned by contextual AC. They show how external ties, slack, and receptive climate enable faster and more durable gains, directly relevant to hospital groups integrating after mergers. Their strength is empirical granularity across organisations; a limitation is that causality remains interpretive rather than experimental.

Third, Godfrey et al. [24] explicitly map how AC is operationalized and conceptualized in health-innovation adoption research. They expose instrument inconsistency and AC dimension under-specification in healthcare, warning against

conceptual agglomeration. This review advances methodology by proposing clearer construct boundaries and more standardised operationalisation for future service-improvement and evaluation studies.

Lastly, pharma/knowledge-intensive setting acquisition studies shed light on AC post-acquisition's role. Hussinger [35] illustrates that purchasing firms with more effective AC more successfully maintain post-takeover inventor productivity, suppressing the innovation trough prevalent following transactions. Supporting this, Kapoor and Lim (2007) illustrate how integration mechanisms that rely on knowledge condition inventor productivity following takeover, providing micro-foundations that accord with AC. Together, these studies sharpen healthcare M&A lessons: beyond financial fit, absorptive structures (overlapping knowledge bases, integrative routines, boundary spanners) are pivotal to protect clinical-scientific innovation and commercialisation capacity.

TABLE 2: THE SIGNIFICANCE OF AC FOR M& A IN THE HEALTHCARE MANAGEMENT INDUSTRY

Study / Setting	Design & Scope	How AC is Framed	What AC Explains for Healthcare Management	Limitations / Gaps
Currie et al [33] / Translational health	Conceptual, leadership focus	Managerial routines enabling acquire–assimilate–exploit	Bridges research–practice; identifies leadership levers for uptake	Not M&A-specific; lacks measurement guidance
Harvey et al. [34] / NHS Improvement	Multiple case studies (England)	Organisational context (ties, slack, climate) as AC enablers	Explains inter-organisational variation in improvement speed and durability	Observational; generalisability beyond NHS uncertain
Godfrey et al. [24] / Health innovation adoption	Scoping review	Constructs and instruments for AC in health studies	Clarifies measurement inconsistencies; agenda for robust AC metrics	Limited outcome synthesis; calls for standardised tools
Hussinger [35] / Post-acquisition innovation (pharma/tech)	Empirical analysis of inventors	Acquirer AC preserves/leverages acquired knowledge	Guidance for hospital/biotech M&A to protect innovation output	Working-paper provenance; sectoral transfer needs care
Kapoor & Lim [36] / Acquisitions & inventor productivity	Archival, AMJ	Knowledge integration mechanisms consistent with AC	Micro-foundations for integrating expert staff post-deal	Not explicitly labelled AC; industry (semiconductors) not health

CONCLUSION

Our study highlights the importance of cross-border M&As, such as Glaxo Smith Kline's acquisition of Novartis' vaccine division, to ensure strategic clarity, operational discipline, and cultural sensitivity in the highly regulated and capital-intensive pharmaceutical industry. The success of this deal was not a fluke; it was the outcome of thorough preparation, clear strategic planning, and long-term integration.

Our study offers practical lessons to healthcare executives based on the case study evidence provided. M&A deals that reinforce a company's core mission are more likely to be successful than those that pursue broad-scale expansion without any specific purpose. Rather than a quick consolidation, operational alignment must be integrated gradually and carefully. How to manage cultural integration through proactive measures is another practical contribution that this research offers by giving a guideline on how to maintain talent retention and operational stability. With the evolving challenges in global health, this research provides a valuable roadmap for how M&As can be utilised to achieve corporate growth goals and broader societal healthcare objectives.

In terms of theoretical contribution, we developed a framework based on the ACT that helps understand how mutual resources and capacities are evolving during and post M&A. Based on our longitudinal analysis of all corporate reports and the literature, we provided thorough narratives of the entire M&A value creation process over tens of years. Pharmaceuticals may face unique integration challenges when compared across different industries. By utilising purpose-driven transformation, this case highlights the effectiveness of M&As in driving growth and evolving healthcare companies.

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