

EMPHASIZING MANAGERIAL VIABILITY OF THE ECONOMIC FORCES CONCENTRATION HELD BY THE ACQUIRING AND THE ACQUIRED COMPANY WITHIN THE MERGER PROCESS

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Abstract:

Emphasizing managerial viability of the economic forces concentration held by the acquiring and the acquired company within the merger process is setting the basis for ensuring future fulfillment of performance metrics. Thus structural and functional parameters must be taken into consideration upon shaping the company's overall strategy within a well analyzed environment.

Moreover, as the main objective of the new created entity, the managerial board will reconsider and act upon achieving an economically successful merger with due results, assessing past and current results and introducing the short-medium-long term objectives, making the company more visible within the specialized market, monitoring results in order to sustain reasonable improvements that will indeed increase productivity and company profits.

Consequently, the merger will affect all of the company's resources and for sure interfere with the organizational culture in its transition from adequacy to excellence. Thus, in order to increase the company's managerial viability it must be taken into account both integrated and interactive modern adequate management tools.

Keywords: managerial viability, economic forces concentration, the merger process, optimal economic cooperation, recovery and revival of companies

JEL Classification: G34, M11, O32

1. INTRODUCTION

Topical subject in the modern economy, especially in the context of global-scale digitization of business, mergers and takeovers tend to become a regular practice, if we consider the urgent need for recovery and revival of companies, due to the powerful striking imbalances generated by current uncertain context, the principal effect of this financial and economic crisis and social norm.

Therefore, the primary objectives of companies accessing procedure for merger and absorption lies in rescue attempts of companies declining alloying of companies to operate on a particular economic segment or geographical area, and why not: increase some market share of particularly companies economically and management viable by acquiring competitors or of companies of various sizes operating in a particular segment or in an area of strategic interest for the absorbent company development.

Taking into account specific cultural elements, global mergers are a focal point in the agenda of governments, focusing on international cooperation and / or intra-regional to generate greater economic benefits.

2. INCORPORATING ENDOGENOUS AND EXOGENOUS VARIABLES OF CORPORATE GOVERNANCE TO RESIZE THE POST-MERGER COMPANY

The latest and greatest interest for European economic resize the post-merger company is also incorporating endogenous and exogenous variables of corporate governance, corporate governance which has been proven effective in bringing benefits to both countries and companies regarding the post-merger activities.

Moreover, the acceleration of globalization has created an urgent need for corporate governance, appropriate governance requires that governments and businesses make important changes, firms must change their mode of operation, the government must establish and specify the appropriate legal framework.

Thus, good governance within a company reduces risk, improves performance, paves the way towards the financial markets, increases marketing ability for goods and services, improves driving style, show management transparency and social responsibility.

In addition, in recent years, international banks and most development banks and national development started or expanded towards the corporate governance program.

Within post-merger activities corporate governance also enjoys attention and in advanced countries generally within advanced industrial communities that have become aware that in order to attract investment and compete internationally they must change.

Moreover, also within the post-merger context, specialized managerial analysis reveals also the fact that the structure of management bodies of companies also vary from country to country. But not related specifically to the mergers, but affecting it some countries, such as Germany and the Netherlands, have developed a two-headed management structure of firms. There is a clear distinction between the Board of Directors which consists of investors, creditors, employees and is responsible for supervising the company and the executive board or management that is responsible for the daily operational activity. In other developed countries, such as England and Canada, there is only one Board, and the independent members without executive tasks, being also significant.

From this point of view, we consider appropriate to promote generalization of external benchmarking activities that involve comparison with other competitors, the remit of the organization, leaders and competitors to organize in other areas, with different profiles.

Of course, in direct correlation with the company's management circumstances that will access external benchmarking benefits that must include the stance that will "dress" external benchmarking according to the internal needs..

Therefore we recommend competitive benchmarking, comparisons with other organizations aimed at competing with an objective: identical or similar. Thus it is recommended the monitoring competition to enroll currently on the agenda of the

management of any organization that is respected. Moreover, nominees that are already members of benchmarking clubs - which are associations in one area or another - should provide a minimum of information on each direct competitor, thereby facilitating the achievement of objectives of common interest. But we mention also the major difficulty faced by competitive makers of benchmarking represents, however, the collection of relevant information and complete practices employed in obtaining performance.

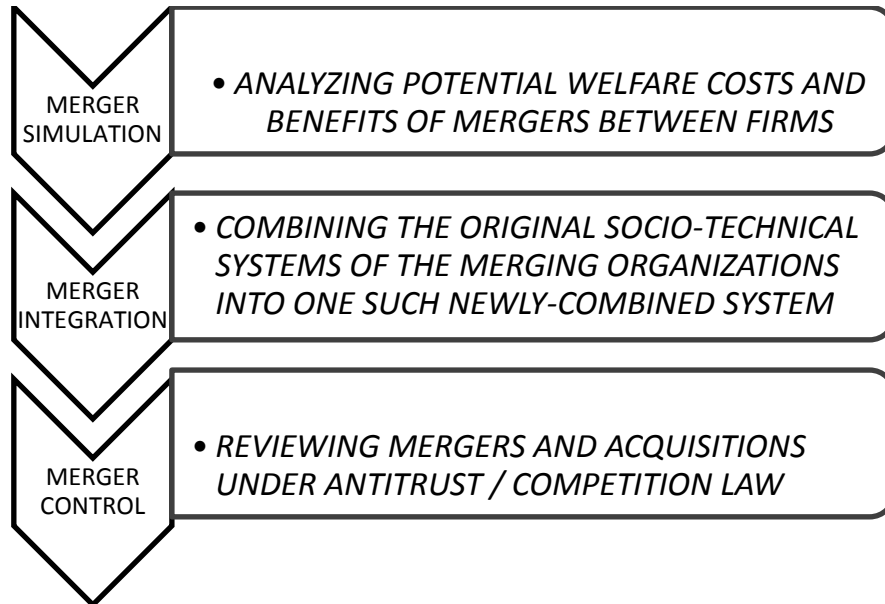


Figure 1. Stages kept into foreplan within merger benchmarking [source for inside information:http://en.wikipedia.org/wiki/Mergers_and_acquisitions]

However, there are various functional benchmarking aimed at comparing with competitors-leading organization in its field of reference, both globally and at the level of functions - research, development, commercial, manufacturing, etc.. Furthermore, specialists consider that it is relatively easy to gather information about the results and how to obtain them from the leaders, their availability is aimed at initiating and developing collaborations with other organizations.

But if it is considered relevant and appropriate one can access a generic benchmarking, which involves comparisons with organizations in other fields, some quite different. Obviously this type of benchmarking is very difficult due to difficult access to relevant data and information, and because the difficulties in finding similarities in a number of areas. Their recovery requires creativity and innovative managerial, technical skills and competencies..

Very important is to note the fact that the economic practice of the last decade has shown that when benchmarking is based on relevant background information and knowledge, which refers to a representative sample of organizations and / or activities in the areas involved and the management respective organizations show discernment, receptivity and capacity to adopt and implement high benchmarking results, competitiveness is significant.

Its foundation is to implement best management practices, financial, technical, commercial, human resources, that is, sets of knowledge with high added value to proven economic and social practice.

3. POST-MERGER ACTIVITIES AND THE ABILITY TO GENERATE PERFORMANCE WITHIN ORGANIZATION'S MANAGEMENT

We believe that management benefit within post-merger activities integration, are highlighting benchmarking outputs, by comparison, the relative, but essentially, the ability to generate organization management performance.

Continuing on the same line, a major aspect of increasing current area on which we consider necessary to point out certain elements refers to sources of scientific opportunities that the current conditions are becoming increasingly important. They enjoy special attention being addressed in the literature as the academic spin-offs.

This premise is the fact that the foundation of the company's strategy, it is necessary to consider some aspects of economic, technical, managerial, social, human, legal, etc., in proportions that reflect their share of the operating mechanism of each organization.

On the basis of the company as a system obviously it cannot be omitted as structural and functional parameters in shaping the overall strategy.

In the current mergers, they tend to be an added-value factor; essentially, they consist in the transfer of knowledge and know-how of the universities and research institutions in economic activity through direct involvement of their employees who participate in entrepreneurial activities. So the specific that the academics, researchers and some students are directly involved in turning into profit the economic opportunities associated with this scientific knowledge they possess. Their work is both in initiating entrepreneurial activities and in providing dc consultancy, training, technical assistance, etc.. for recovery of economic opportunities identified.

Therefore, the cooperation of the academic spin-off tends to occupy a worthy place in the design of effective post merger strategies and absorption as well as post-merger integration reengineering in order to meet the economic and managerial sizing profitability.

In conclusion, we believe that companies will put at the forefront of merger and post-merger activities, complete and consistent management strategies of fundamental managerial circumstances, and being listed for sure in doctrine and practice specialty as examples of successful fusion.

It takes good planning to keep prices, given the synergies and other benefits that are realistically expected from a purchase. Poor planning increases costs for everyone, especially for shareholders entrust their money to managers who, they hope, will work in their interest.

The lack of a logical approach to implementation is also part of the set of generators causing failure of mergers. For strategies to succeed absorption type merger it is required a logical approach to implementation. The importance of this for all strategies was highlighted and is especially valid for merger and absorption strategies. The implementing diversification without having a plan and a well thought out implementation processors is like asking for trouble.

Poor integration is undoubtedly central to the failure of mergers and takeovers worldwide. This is very often due to the failure of large transactions. For a merger to be successful no matter how small, structural integration should be performed, thus if the managerial board is sufficiently aware of the contextual benefits.

4. OBTAINING AN EFFICIENT ACTIVITY AFTER THE MERGER

If we are taking into consideration obtaining an efficient activity, after the merger, it is important to count in merging functions or divisions, of the organization and clarify responsibilities and authority in organizations merged, as per the understanding of the particular guidelines of each department involved.

Even more important to the success of merger and acquisition is cultural integration that is very outspoken in the ultimate period, as being a large cause of merger failure. Audit conducted in the planning stage can prepare acquiring company to cultural conflicts and other problems of the same kind. But even with good planning cultural integration is a formidable challenge which, if done poorly, can impair absorption merger and implementation strategies. Attempts to operate diversification strategy that ignores cultural management and cultural change are doomed to failure, without any doubt or question mark.

Thus, we considered achieving a synoptic interregional the causes generating post-merger failure in conjunction with European experience and an overview of the causes generating interregional the post-merger success in conjunction with European experience.

As an economic and social system, the company absorbent input means groups of employees engaged in work processes generating economic goods products, service. which satisfy the market demands.

Its role in the economic activity of a country is crucial, hence the need to respect the economic dimension into the overall strategy.

Therefore, management focus, to achieve an economically successful post-merger, and technologic world as it is visible and appropriate that reasonable improvements increase productivity and company profits. Also, research has shown the determining role of organizational culture in transition from adequacy to excellence. Thus, modern management must take into account both worlds, in an integrated and interactive pattern.

Moreover, considering the implementation costs, they are the often overlooked implementation costs beyond the obvious expenses, taken into account in implementation strategies. Structural and cultural integration time and require management involvement. If implementation responsibilities are not clear, the decision time increases and frustrations arise. Managers may or may not leave the company "psychological surrender", the frustration is an unclear direction of any change. The support offered within the change segment must be available at any request, for not surrendering to the trap of "it cannot be done".

Thus post-merger implementation activities can generate opportunity costs, since time spent in implementing merger and absorption means less time available for other management tasks. Time dedicated to implementation can distract from other important forces of industry and competitive conditions, adversely affect the organization's performance. Real and opportunity costs, including those associated with management involvement in resolving the implementation issues is certainly a potential problem when trying to implement strategies of post-merger aspect and absorption.

Of course, sometimes the time speed for transactions within merger and absorption and integration activities is predominantly as a good thing. But excessive speed may be dangerous. As heretical as it sounds, speed integration and cultural change can have serious disadvantages. When integrating an acquisition, the time spent for changing the contextual environment and the need to manage many conflicting factors simultaneously may result in a very complex change, with disastrous consequences, if not currently administrated at the needed moment.

Thus, economic practice management supports the results analysis supporting organizational culture as the genetic code of an organization, ruling partly written and partly unwritten, but mandatory. Hence the importance of organizational culture in implementing strategic management is without any doubt vital. It plays a very important role in awareness of the need for change by implementing policies and strategies developed in the contextual merger guidelines. Organizational culture is conservative by nature and therefore will oppose any major change innovations and trends that management wants to do. There is also the option of creating a dynamic corporate culture, but such a strategy is very difficult to implement. When successful, dynamic organizational culture contributes fundamentally to strategic success of the firm, the advantage of such a culture is to promote dynamic and creative thinking patterns, patterns that encourage change, not hinder. Appropriate focusing on innovation and continuous adaptation to their external environment leads post-merger companies to the expected profitability. The managerial board must be aware at any level that change can interfere with the normal managerial thinking as the unknown may stress out situation that have not been met before within the absorbent or absorbed company.

Economic practice, also brings to the fore the need to achieve a comprehensive multidimensional optimization in the context of merger and absorption of the two companies, and access to post-merger success.

5. CONCLUSIONS

In terms of government guidelines, efforts are made to create the legal space for optimal economic cooperation. But, above aligning legal contexts and countries involved in the merger we need to underline the managerial viability concentration of economic forces held by the acquiring and the acquired company.

We make this statement because economic practice brings to the forefront famous failures of economic analysis, bad management attributed to incompatibilities or rather on account of inadequate design and ineffective management plans forward the basic characteristics of companies within the merger process and / or post-merger activities. Although all economic practice, we show that in some cases when the merger failed, there were not even considered managerial circumstances that subsequently proved to be behind the initial merger erosion.

Hence, we must not undermine the basic role of managerial tooling as per considering more vital the short and medium profits.

Thus, basing our statement on the doctrine of specialty, the European experience based on management components failure diagnosis and successful mergers of European renown, and the synthesis and processing of quantitative and qualitative European recent surveys stress the consequences of not taking into account the need to redesign the fundamental management and reengineering circumstances benefits of merger or absorption within optimal management companies concerned.

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