Babes Bolyai University
Faculty of Economics and Business Administration
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Summary of doctoral thesis

STRATEGIES OF MERGERS AND ACQUISITIONS.
PRACTICAL STUDY ON MEASURING THEIR IMPACT ON ROMANIAN ECONOMY

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Cluj-Napoca
-2010-
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Keywords

strategic management, business strategy, enterprise-wide strategy, mergers, acquisitions, globalization, business sectors

Introduction

Due to the competitive environment of increasingly acerbic formulate the best strategies each company has become imperative. Strategic management theorizing began in the '60s through the works of renowned authors such as Peter Drucker or Igor Ansoff, the study on the competitive behavior of firms have defined several strategic directions. From there began the gradual development of strategic management, in a first phase by developing generic strategies (basic) by Michael Porter in 1979 and then by identifying a growing number of private strategies classified according to criteria of various authors. Between these particular strategies include mergers and acquisitions strategy. Studying mergers and acquisitions began to gain interest as the magnitude increased especially in the last decade. In the '80s and '90s, such studies were only at a basic level, and there were no bodies empowered to monitor and quantify this phenomenon. Only in the last decade, when it was realized that mergers and acquisitions are a key component of globalization, they were observed more carefully. Thus more and more researchers began to devote them self to studying this type of strategy, appearing many books and articles covering mergers and acquisitions.

This doctoral thesis entitled Merger and acquisition strategies. Practical study on measuring their impact in the Romanian economy is based on two main objectives:

1. The first objective is to position the merger and acquisition strategy in the vast literature on strategies that a company has on hand;
2. The second objective is to measure the size use this strategy in Romania by the national and international companies.

Following the two purposes, thesis is divided into three parts: Part I Literature study, containing four chapters, Part II The research methodology and analysis, including two chapters, Part III Conclusions including one chapter.
Chapter one begins by identifying two schools of strategic thinking that has defined strategic trends. Each of these schools relies on the strategy known elements: strategic analysis of industries and schools competition focused on the analysis of external environment on the school's resources and strategic skills analysis relies on the internal company environment. Before attempting a definition of the strategy we should start from the foundation of the organization, namely its purpose, because "the role of strategy is to determine, clarify or refine the goal, it could mean creating a new vision for the future to inspire the organization by a broader purpose "(Macmillan & Tampoe, 2000: 22). Although many experts, authors and people management simple to say that an organization is making a profit and maximize it, in my opinion
it should not be the main goal, this approach can damage long term, because a search with any profit price may destroy the entire company. The goal should provide a solid basis on which to achieve development. Seems more correct approach to Peter Drucker, who said that the ultimate goal of an organization must create a client, is a much better fundamental goal then will lead to profit by the fact that a customer is a to repeat the act of purchasing consumer. To achieve the goal requires tracing of lines of action that will enable to fulfill the purpose, and these directions are given in the strategy. If the strategy is "to the existence of an organization" (Lynch, 2002: 7), however, not only for itself only when the strategy is implemented through carefully planned action.

Although there are many definitions given strategy, in this doctoral thesis I tried to capture schools of strategic thinking that is more current, and through these schools to cover the vast territory in defining strategy.

Over time, there have emerged two schools of strategic thinking and have experienced an interesting evolution (Allaire & Firșirotu, 1998: 30). The first one was founded by Michael Porter in the early ‘80s and is known in literature as a school of industries and strategic analysis of competition is perhaps the most popular. The second school, resource and strategic skills gap occurred in a decade and having starring CK Prahalad and Gary Hamel. Although different, we can say that the two schools complement each other. While the former focuses on competition, product and market, the overall activity of companies is seen as a chess game, each depending on what moves are competitors, the second school has a resource center available to companies, and how they combine using their skills. But School of industries and strategic analysis of competition and school resources and strategic skills complement each other for that competitive advantage is achieved Porter speaks on strategic skills highlighted by CK Prahalad and Gary Hamel.

### Chapter 2

**Types of strategies**

Chapter two is a chapter in which the division of strategic options available to companies in two categories: generic competitive strategies (basic strategy) and firm's competitive strategy (particular strategy).
One of the most challenging tasks of professionals in strategic management classification strategies were essentially the choice of criteria on which to succeed in drawing the best types to reflect economic reality.

Since was created a fierce controversy in the literature on classification strategies in this chapter we present the most relevant approach to both the authors of the Romanian and foreign, we analyzed each type in terms of relevance.

Although often criticized Michael Porter is best known specialist in strategic management. How it addresses strategies may seem at first glance quite simple, even superficial. Porter opts for two classifications: the first is a classification of strategies based on strategic advantage and the second is a classification by stage of development the industry is. Because discussions were caused from developing generic strategies typology by Michael Porter, H. Mintzberg has developed a different structure but using generic strategies as differentiation criterion.

Although renowned Harvard University professor Michael Porter offers a simple classification, we believe its main advantage is precisely that it is the basis for a broader classification, enabling each company to make more specific strategies focused solely on situations faced.

Another approach to the classification of strategies is sharing strategies based on the hierarchical level is adopted. It is perhaps the most used classification, enjoying a unanimous acceptance of the specialists.

Such strategies may be used at three levels:

• Strategies in the company (or corporate strategy)
• The business strategies
• Strategies to functional level

The Romanian literature classifications are very different strategies. Like Ovidiu Nicolescu offers 10 types of strategies. Moreover Yvan Allaire and Mihaela Firșirotu classified only in terms of market strategies as firms adopt their strategies depending on how the market evolves. From the two approaches, Anca Borza opts for a more simple classification, dividing
into two types of strategies: competitive strategy and business level competitive strategies at the firm.

Another structure that provides an easy understanding of the nature of strategies is Ruxandra Ciobanu and John Ciulu. And they stop on two types of strategies, of which the first is that of Michael Porter, and the second type is the specific strategies.

Chapter 3
Features of the new trends caused strategic competitive

Chapter 3 presents the latest trends in the choice of strategy and an analysis to see if these trends are also reflected in the Romania.

Many managers are attracted only to improve those activities which can effectively measure the results. Such improvements were made in the sphere of production is more developed many techniques that have increased efficiency: Total Quality Management, Supply Chain Management, Just In Time, Benchmarking. Trapped in operational efficiency managers do not understand why they need strategy. Few companies have managed to successfully compete based only on operational efficiency because of operational management techniques are very easy to copy so that it is a competitive advantage. Another disadvantage would be to use benchmarking site that will lead to increasing similarity of companies. Michael Porter argues that most Japanese companies rely solely on operational efficiency and not strategy. In our opinion such things are not just for an analysis that if we realize that the electronics industry is dominated by Japanese companies: Sony, Panasonic, Samsung, Sanyo, etc.. The auto industry also fell to the largest Japanese company, Toyota, which became the market leader since 2009, at the expense of General Motors. The same situation is found in telecommunications, Samsung has come closer to Nokia. Such strategy often not observed because it is not something immediately tangible, but the results are seen in a broader time horizon less.

Because the strategy is ultimately a fight with an opponent, I think that should be taken into account two fundamental rules of chess. The first would be to not ever underestimate your opponent, and the second involves anticipating movement’s opponent. But how does a company
eventually anticipate competitors’ moves? Overall analysis of competitors’ analysis is based only on resources (human, technological and financial) and is viewed as a threat only those who have a significant amount of resources so they can earn as much a part of the market. But not only is the size of resources that determine the success of a competitor but more strategy it uses. To be able to anticipate a competitor's strategy believes that the state must start from Sun-Tzu (Chinese military strategist) over 3,000 years ago "everyone can see that conquer tactics, but what I see is the strategy by which great victory is obtained. Therefore, observing each other’s company tactics to try to realize what strategy is used and what purposes are intended. And it all chess gives the answer: "what makes great players is not insight but their analytical power under pressure."

There is a continuing temptation for companies to grow rapidly, and this idea extends its product lines, add new features, products, acquisitions or appealing to mimic competitors. Compromises made to generate growth have a devastating effect diminishing competitive advantage. The main mistake many companies make is that launching simultaneous attacks on too many points, markets, the desire to grow. The danger comes in two parts: the probability of success is low because they strike force is smaller (divided into several parts) and can’t provide an adequate response is greater attacking competitors. Be taken into account a basic principle in a battle: attack be given in one hand and there should be hit with full force. Increase system should be based on existing activities, that have found that feature or form of competition may be used using existing complementarily between activities. The new products will be launched in line with the strategy only if it is a single direction, from product strategy, and vice versa for that would mean an attempt by a molding product strategy. All actions must be mules after strategy to deliver growth.

Because more rapid changes occurring in the environment, the time horizon for which it can make a prediction becomes increasingly shorter, and on this basis, the ultimate objective (which is the newest leader of a global industry) can achieved only through a succession of plans by one year. So one can say that disappeared about medium-term planning and short term has become very short (one year). Some authors say that even long-term planning has no meaning in the new conditions but we disagree with such a statement because just a year planning a print company would conduct environmental adaptation with no final target. Such work is beginning to increasingly resemble a marathon, nobody knows how it will look a few miles so that land
managers role is to focus attention on the next 100 meters organization. Changing global economic developments very nature competitive, companies are increasingly hard to find a way to compete as effectively as commercial barriers between countries tend not to exist, information about products and prices are available, and niches market and monopolies tend to disappear (niches are harder to identify because it covered a very broad spectrum of needs and existing niches are not profitable because they attracted big companies, most state monopolies were abolished and the Antitrust law is not more severe enables formation of new monopolies). While lacking a clear growth in demand in developed countries where added and a decrease in fertility. Competition has increasingly tightened because there is no clear means of differentiation, and as the products become more like consumer companies deciding on the purchase price. Also no longer can rely on brand loyalty or because it has disappeared and the consumer.

To that extent the risk that companies should assume and acquires new dimensions. Peter Drucker has identified four categories of risks relating to the activity:

• risks that we must accept them because they are inherent to our business
• risks that we allow ourselves to accept them
• risks that we can’t afford to accept them
• risks that we can’t afford to not accept us

But the biggest risk is not to take a risk.

Chapter 4

Classification conceptual strategy of mergers and acquisitions

Chapter 4 Classification conceptual strategy of mergers and acquisitions, primarily aimed at defining the strategy of mergers and acquisitions and achievement of their classification, followed by a thorough analysis of why such strategies is achieved. Volume and extent of mergers and acquisitions worldwide has increased continuously. During the 80s there were over 55,000 mergers and acquisitions with a total of over 1.3 billion U.S. dollars, but the ensuing period (90 years) led to an explosion of such transactions can be done in
a double issue mergers and acquisitions worth about $11 billion. Not even the beginning of the new millennium has not shown signs that growth would fall, mergers and acquisitions as a preferred strategy of firms. Many of these were made in order to achieve economies of scale and market power to increase of global competitiveness. The big companies wanted to be seen as experiencing rapid growth and being able to dominate markets acting. Despite their popularity many mergers and acquisitions fail to produce financial benefits that are expected. In fact studies show that almost 70% of mergers and acquisitions fail to improve the performance of firms involved.

It seems that creating value in a merger or acquisition is carried out only in the minds of management board and is supported by an increase in the share capital market. Failure of mergers and acquisitions, most times, is due to synergies illusory vanities managerial or slow integration. However not all mergers and acquisitions produce negative results is likely to produce significant positive effects but nevertheless remains one of the strategies with the highest risk. Mergers and acquisitions are a very complex type of strategy while challenging for the top management to solve problems such as integrating two totally different organizational cultures or uniformity of two diametrically different hierarchical structures. Top management role in a transaction is extremely important because if not carried out a proper assessment of the company to be acquired or that will merge, major difficulties may arise after the transaction actually took place.

One of the effects of mergers and acquisitions is to reduce innovation. Companies involved in multiple acquisitions along the time, unable to market due to far fewer new focuses on growth generated by acquisitions. To compensate for this deficiency, they tend to buy companies with high innovation, but the problem arises when these innovative firms are integrated into a structure that no longer practical innovation. Furthermore, when innovative new products of companies that were acquired will be integrated into the portfolio risk is that they are not complementary. Effective procurement always start from a strategic vision. All companies seeking to maximize the effects obtained, and for this have on hand three types of growth:

1. Organic growth - achieved by increasing the number of employees in sales, developing new products or enters new geographic markets
2. Inorganic growth - achieved through merger or acquisition in order to gain access to new product lines or new consumer segments

3. External growth - achieved through franchising, joint ventures or strategic alliances. Of all methods, mergers and acquisitions are one of the most discussed topics of strategic management of the last decade. This is because the scale that took it is overwhelming, and their effects can be observed in each country. Some experts say that mergers and acquisitions are one of the effects of globalization, but we believe that they, rather, is one of the determinants of globalization. Because a large number of companies adopt this type of growth, we can say that mergers and acquisitions strategy is favored, the main element is that they are so often used is that this type of strategy is one that offers the possibility of obtaining fastest growing. But economic reality has shown that mergers and acquisitions often hide negative side effects that may lead to slowdown or even collapse of the merger and the company purchased resale. Many mergers and acquisitions that took place globally were made in order to achieve economies of scale and power in global markets, to enhance competitiveness in a market increasingly dynamic. In the struggle to achieve supremacy on a large number of markets, firms will be seen as very active in achieving rapid growth.

Extent reached by mergers and acquisitions can be seen by the fact that they are limited to a few countries, which are present in most regions, such as for example Europe, Asia or North America. This type of strategy used by companies from developed countries to access markets in developing countries in Eastern Europe, China and Latin America, developing countries have become attractive due to the economic growth rate more large and because the record demand stagnation in developed countries.

Despite the popularity enjoyed by mergers and acquisitions strategy many of them do not produce the expected benefits. Studies show that approximately 70% of mergers and acquisitions worldwide have failed to improve the performance of firms. A study by McKinsey shows that only 37% of U.S. firms that made acquisitions fail to achieve better performance. Cases resulting in failure of mergers and acquisitions are many among them being unable to achieve synergies between the two companies, cultural differences or differences in management.
Chapter 5

Methodological considerations of research

Chapter 5 describes how to chose the type of research used, namely quantitative research and presentation detailing how data processing. In this chapter launched five research hypotheses.

Conducting an analysis on how complex the phenomenon of mergers and acquisitions is in Romania, and a comparison with what happened in the world and European can’t be made only by reference to data provided by agencies or consulting firms specializing in mergers and acquisitions quantification. Given these considerations, the two types of research were chosen for quantitative research to measure the national mergers and acquisitions and then detailed fields.

After studying several types of data on mergers and acquisitions have reached the conclusion that everything that exists on quantifying market mergers and acquisitions database provided by Thomson Reuters, is the most complex. Were studied and data provided by the consulting firm Price Waterhouse Coopers and also those offered by the OECD (Organization for Economic Cooperation and Development), but the database from Thomson One of the Thomson Reuters is the most complex and best structured. Also this database is the most widely used by magazines and journals to achieve economic analysis relating to mergers and acquisitions.

Thomson One database includes mergers and acquisitions with a value of at least one million dollars and a change in the shareholding of at least 3%. To study how it was used for merger and acquisition strategy in Romania, were chosen for review all mergers and acquisitions between 2005 - 2008, was chosen this time because only this time the Romanian data are available.

The first step was selecting data collection. Thomson One comprises seven sections: market awareness, Company Insight watch list views, deals analysis, ownership analysis, private equity funds. Among them was chosen for analysis section that deals here are quantified in all transactions involving mergers or acquisitions. After identifying the best sections that can
provide information on mergers and acquisitions, total values were collected on global mergers and acquisitions and geographic regions, followed by data collection at EU level on each member country, in order to achieve a ranking within the European Union. Then were collected data on the Romanian economy fields.

The database allows saving as Excel table, but this rescue is a crude and contains many types of information that could be used in our analysis, taking into account this followed a filter maintaining data saved only data relevant to the analysis that was to be done. Data were saved on areas and then followed by a rearrangement of their years to make comparisons not only between areas but also between years.

To better understand the phenomenon of mergers and acquisitions, analysis will be conducted at three levels: global, European and National (Romania), by an assertion of five hypotheses.

Given our scientific approach, namely to measure the impact of mergers and acquisitions in the Romanian economy, we used to establish the following empirical hypotheses:

Hypothesis 1: Change the number of mergers and acquisitions worldwide and Europe is influenced by major economic phenomena.
Hypothesis 2: Given that Romania is not yet a stable country (in terms of economic, political and social) did not follow the same pattern of increase and decrease in global and European registered.
Hypothesis 3: The share of mergers and acquisitions in each area of the Romanian economy is influenced by the annual share of each global domain.
Hypothesis 4: The largest numbers of companies that have used the strategy of mergers and acquisitions in Romania have chosen to diversify correlated.
Hypothesis 5: Romanian companies have succeeded in the greatest proportion of the expansion only to attract international companies, rather than to start them growing.

Merger and acquisition strategy, besides giving the possibility that corporate strategy to achieve the fastest growth in the volume of business by winning new markets or new areas of development, is the strategy which has the largest effect on national economies and regional economy is affecting the structure of a country where she analyzes single country or an
economic region as European Union. The effects are also have an impact on lenders to fund transactions will be increasingly larger while exposing to risks. Another group of stakeholders who are affected by mergers and acquisitions are employed, in most cases after a merger or acquisition followed reductions in staff costs trying to resize. After completion of the merger or acquisition, the company made a takeover has access to some information that before the transaction was not, because such considerations often occurs labor restructuring, although the close transaction was not such a thing.

Chapter 6

Analysis of the use of mergers and acquisitions strategy in Romania

Chapter 6 is the chapter in which the actual analysis of data from the general (analysis of global mergers and acquisitions) in particular (the analysis of mergers and acquisitions in the Romania), Romanian economy impact of this strategy is revealed by analyzing each area of national economy.

Increasing the number of transactions that relate to the acquisition or merger of companies is a phenomenon becoming increasingly clear, present in every national economy. One thing that stood out in recent years but has been making mega-deals, namely acquisitions or mergers between large companies that have given rise to new massive structures. Justification for carrying out these mega-deals is this: to succeed in conquering a huge market as the global market requires huge companies, i.e. companies that have the power to supply a huge market. Such examples are found in almost all areas: merger DaimlerChrysler cars, Procter & Gamble and Gillette in care products, AT & T and CBS communications, Saint-Gobain and BPB Construction, Mittal and Arcelor in metallurgical, Unicredit and HBV in the banking system, and numerous examples.

Globally there is a gradual increase in mergers and acquisitions, growth stopped in 2008, when the economic crisis began to unfold. Thus is demonstrated the growing appetite of companies for this strategy, but it is directly influenced by the lack of liquidity and credit restrictions, which are the result of economic crisis, thus explaining the decrease recorded in 2008.
In the figure below you can see how the trend evolved to use the strategy of global merger and acquisition within the years 2004-2008.

![Number of global mergers and acquisitions](image.png)

Figure 6.1 Number of global mergers and acquisitions  
Source: Figure constructed using data from Thomson ONE - analysis deals

As the chart above shows that since 2005 the number of mergers and acquisitions increased gradually until 2007 after which followed a decline in 2008 amid the global economic crisis. After analyzing the graph it can be concluded that the success rate of mergers and acquisitions revolves around 70%, which is a relatively high value.

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>success rate</td>
<td>71.87%</td>
<td>70.63%</td>
<td>71.44%</td>
<td>72.88%</td>
</tr>
</tbody>
</table>

Table 6.1 Success rate of global mergers and acquisitions  
Source: Table constructed using data from Thomson ONE - analysis deals

The highest value was registered in 2008 and is due to increased caution from companies in times of crisis, although the difference from other years is not significant.

Of the five geographical areas, Europe is second in importance in terms of number of transactions. The figure below shows that even in Europe has followed the same upward trend between 2005-2007 and in 2008 drop.
Regarding the success rate of transactions, Europe is little more vigilant, giving somewhat higher values than the global rate.

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success rate</td>
<td>79.40%</td>
<td>75.96%</td>
<td>70.23%</td>
<td>72.79%</td>
</tr>
</tbody>
</table>

Table 6.2 Success rate of European mergers and acquisitions
Source: Table constructed using data from Thomson ONE - analysis deals

Within Europe was conducted and an analysis of mergers and acquisitions in the European Union;
For a better understanding of the structure of European Union countries on the number of mergers and acquisitions that took place within each country, we made a table in which EU countries are grouped according to the number of mergers and purchases.

<table>
<thead>
<tr>
<th>Number of transactions</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-3000</td>
<td>Marea Britanie</td>
</tr>
<tr>
<td>800-1999</td>
<td>Franta, Germania</td>
</tr>
<tr>
<td>500-799</td>
<td>Italia, Olanda, Spania, Suedia</td>
</tr>
<tr>
<td>100-499</td>
<td>Austria, Cipru, Belgia, Danemarca, Finlanda, Irlanda, Luxemburg, Polonia, Portugalia, Cehia</td>
</tr>
<tr>
<td>1-99</td>
<td>Bulgaria, Cipru, Estonia, Grecia, Letonia, Lituanua, Malta, Slovacia, Romania, Slovenia, Ungaria</td>
</tr>
</tbody>
</table>
In this hierarchy clearly emerges UK with over 2,000 mergers and acquisitions, followed by France and Germany with over 1,000 mergers and acquisitions. The three countries are those which have the largest contribution to the development of the European Union. Romania, like other small countries, is made in the last category with a very small number of mergers and acquisitions, 78 in 2007 and 74 in 2008.

In Romania, the use of mergers and acquisitions and strategy that has grown particularly, following the entry on the Romanian market of many foreign companies. They preferred this strategy over the implementation strategy of its own subsidiary in Romania for several reasons: entry is much faster because the acquired company has already established a customer is unable to adapt more rapidly to economic environment and benefit from transfer of know-how. Following processing can say that 2006 was most favorable for achieving mergers and acquisitions, recorded the highest number of mergers and acquisitions, namely 83.

The only increase was recorded in 2006 compared to 2005 growth was quite substantial, namely a rate of 43.10% but then followed a decrease in each of the next two years. To reveal much more fluctuation in this case we calculate the annual change in the index number of transactions that actually took place in Romania.
But unlike global index register and European decline began in Romania in 2007. Differences can be seen by direct comparison of the development indices.

Due to the nature of mergers and acquisitions are observed three categories of transactions that took place in Romania:

• Companies acquired national companies in other countries
• National companies acquired by other domestic companies
• Companies purchased by companies from other countries national

To obtain an image as detailed on mergers and acquisitions in Romania the situation should be monitored yearly progress and according to these three categories of transactions. As mergers
and acquisitions are strategies for expansion, we chose to divide those three categories depending on the type of expansion:

1. Initiated national expansion - Romanian companies are initiating the expansion through merger and acquisition, in which case national expansion can take two forms:
   a. Domestic mergers and acquisitions (domestic companies acquired by other domestic companies)
   b. Foreign mergers and acquisitions (acquired by companies from other countries national companies)

2. Attracted international expansion - expansion of Romanian companies attracted by merger and acquisition by foreign companies (domestic companies acquired by companies from other countries).

Foreign purchases made by a company are very important because the national economy as it contributes to increased country presence in foreign markets. In the context of EU membership, this thing is very important but unfortunately Romania's presence in foreign markets through foreign acquisitions is very small. In order to realize the extent to which our country should be compared with other countries, to obtain as detailed a comparison can be achieved only by making it the country with the same level, so I made the comparison with all countries in the EU mergers and acquisitions the number was between 1 and 99 (see Table 5.3). Figure 6.11 is apparent that Romania is among the last places, with eight others before our country from 11 countries that have higher values.

Figure 6.11 Comparison of EU countries on number of foreign acquisitions in 2007 and 2008
Source: Figure constructed using data from Thomson ONE - analysis deals
Chapter 7 Testing hypotheses based on data processed and formulating proposals

Chapter 7 is launched to test hypotheses in Chapter 5, and based on their confirmation or refutations of a number of proposals were formulated.

In this chapter tested the validity of each hypothesis set out in Chapter 5, testing was done mainly with figures and graphs in the previous chapter.

*Hypothesis 1: Change the number of mergers and acquisitions worldwide and Europe is influenced by major economic phenomena.*

Study how companies choose their strategy is very difficult because it requires detailed knowledge of the company to have an overview of the strategy they use. Merger and acquisition strategy is one of the most visible strategies, the most easily observed and quantified for each merger or acquisition should be reported to the competent bodies in the country occurs, there is also consulting firms specializing in this type of strategy that in addition to their actual implementation consultancy merger or acquisition offers analysis on the extent of this phenomenon both nationally and globally.

Increasing the growing number of global mergers and acquisitions shows that the strategy companies fail to participate in global markets over the last decade took a shape more clearly. Becoming more analysis and study talk about the global economy, on global price increases of certain resources such as oil and metals or about global labor migration. Even if annual growth is evident and the merger or acquisition is a preferred strategy of companies, is invulnerable at times of economic crisis precisely because its implementation requires considerable resources. Therefore the upward trend in the number of mergers and acquisitions has been a setback in 2008 when the economic crisis began to unfold.

![Figure 6.1 Number of global mergers and acquisitions](image)

Source: Figure constructed using data from Thomson ONE - analysis deals
It has become something common to announce that a very large release from a developed
country has acquired a small company located in a developing country. At first glance everything
is very good, even commendable that could cause a small company to acquire a large company
benefiting from a massive infusion of capital will enable them to develop a much stronger pace.
But the negative aspects are not seen until a general review and a little more depth. Take the
example of the automotive industry. Ago with 20 to 30 years there is almost one car
manufacturer in each country or at worst one every two or three countries. Currently there are
about 10 major manufacturers worldwide, which producers have come to be the largest by
successive mergers and acquisitions. From dozens of car manufacturers worldwide now it was
only 10, and is very easy to predict what will happen over the other 20 to 30 years, and such
examples are found in almost every area. State monopolies were dangerous but far worse is a
world monopoly. If we remember what Alvin Toffler said in 1980 in his book The Third Wave,
namely that economic power will pass from hand to hand Member major companies, we realize
that what he has achieved through this strategy. In addition to economic impact and social impact
should be noted that controls who hold economic power, whether presidents and heads of
government may be stepping down from office at least once every 4-5 years when the population
finds abuse, the same can’t said about the shareholders of large companies.
In terms of geographical distribution, as expected the highest levels of mergers and acquisitions
took place in America and Europe. Differences between the two areas are not significant, in
America the number of transactions is higher by about 10%, so it can be said that the two areas
are roughly equal. If we compare America and Europe to Asia Pacific and Japan regions are
essential differences, about 50% in Asia Pacific and 85% for Japan, but given the fact that Japan
is part of Asia geographically should collect values in Asia Pacific with Japan, such amount will
be much closer to the mergers and acquisitions in America and Europe.
So it can be said that differences between the three major geographical areas (America, Europe and Asia) are not significant, but to Africa and the Middle East the gap is huge and is due to low population level of economic development and very weak. As a conclusion the geographical distribution of mergers and acquisitions, we can say this strategy has succeeded in penetrating all areas and that in Asia there was a decrease in 2008 can give us a clue that will be linked to the will pull the global economy in crisis.

If you look at data at European level and in this case we see an increase in the 2005-2007 period and decrease in 2008 followed the pattern of evolution in the number of mergers and acquisitions was the same.
Hypothesis 1 is confirmed that, although the range from 2005 to 2007 there were increases in both overall and on each individual area in 2008 was a decrease in the number of mergers and acquisitions due to economic crisis.

Proposal
There should be bodies in each country to monitor the way in which the mergers and acquisitions in order not to allow monopolies to form, and even if monopoly is formed to monitor and intervene where companies take measures that can create social disturbances such as mass redundancies. Problems created by large multinational companies which have incurred through the completion of several mergers and acquisitions may occur both in times of economic prosperity, especially in times of economic crisis when many companies can’t cope with economic decline, thereby affecting a few great people and national economies.

Hypothesis 2: Given that Romania is not yet a stable country (in terms of economic, political and social) did not follow the same pattern of growth and decline recorded worldwide and European. How evolved the number of transactions involving mergers or acquisitions, is very similar to global and European developments but differs in Romania. Between 2006 and 2007 world and European have been moderate, while in Romania the increase took place only in 2006.

![Figure 6.5 Evolution of mergers and acquisitions in Romania](source: Figure constructed using data from Thomson ONE - analysis deals)

Unlike developments in global and European mergers and acquisitions, the drop in Romania begun from 2007 and it seems that Romania failed to capitalize on this growth trend. But another
factor is that the decline began in 2007 Romania. These two conclusions are best seen by comparing the relative change in global annual change in the Romania.

Unlike developments in global mergers and acquisitions and where most European mergers and acquisitions took place in 2007, it seems that Romania failed to capitalize on this growth trend. But another factor is that the decline began in 2007 Romania. These two conclusions can be seen best by comparing annual global indices change with changes in the Romania. Hypothesis 2 is confirmed because the decline in mergers and acquisitions globally and in Europe began only in 2008 and in Romania started in 2007.

Proposal
Political and social instability causes economic instability. How to solve problems of any kind would be them (political, social or economic) take each individual structure of society, how it relates to its peers. Change starts from the bottom up, just as a country becomes more stable and able to capitalize on emerging opportunities.

Hypothesis 3: The share of mergers and acquisitions in each area of the Romanian economy is influenced by the annual share of each global domain.
To test this hypothesis we constructed a second series of figures which show the distribution in the areas of mergers and acquisitions. Between 2005-2008, global distinguish five areas account for over 10% of the total number of mergers and acquisitions. Both global and Romania are the five main areas that account for at least 10% each. But if there is a global consistency of the five areas each year (in all years examined, the global top five areas were the same), our country level is observed in the four years that there is consistency of first five areas. To confirm or refute the hypothesis requires a direct comparison of the top five areas for years. Thus in 2005 the global top five areas have been leading technology, industry, finance, services and materials when Romania were the finance, high technology, media and entertainment materials and services, so four of the five areas were also found in the Romania. In 2006 global fields were the same leading technology, industry, finance, services and materials while Romania was the energy, high technology, materials, finance, media and entertainment, so three of the five areas were recovered and the Romanian. In 2007 the structure was kept the same world leading
technology, industry, finance, services and materials when Romania were the finance, consumer products, technologies, services and energy, so three of the five areas were also found in the Romania. In 2008 the world was again the same structure leading technology, industry, finance, services and materials while Romania was the finance, industry, real estate, energy and high technology, so only two of five areas have were recovered and the Romanian.

Hypothesis 3 is partially confirmed the hypothesis that the main areas for Romania are not entirely the same as in the global market and also not have an annual constancy. The conclusion is that Romania has managed to attract investment in a given individual relative attractiveness of national economy was attractive in other areas than those who gave the tone worldwide.

Proposal
There must be sought to obtain the same structure attractive sectors of national economy in the world but rather the development of strategic sectors that can compete globally in terms of mergers and acquisitions.

**Hypothesis 4**: The largest shares of companies that have used the strategy of mergers and acquisitions in Romania have chosen to diversify correlated.

After analyzing data from four years show that 76.45% of companies chose to diversify correlated, so it appears that their share is much higher than those that were unrelated diversified. Hypothesis 4 is confirmed.

Proposal
Related diversification requires less effort from the companies but they offer stability and especially in turbulent periods is lower. Taking into account that companies should weigh their options and review the best type of diversification strategy that I use.

**Hypothesis 5**: Romanian companies have succeeded in the greatest proportion of the expansion only to attract international companies, rather than expanding them to initiate.

After analyzing data from four years show that in 71% of transactions was an expansion by attracting international companies.

Hypothesis 5 is confirmed
Proposal

National presence in the initiation of mergers and acquisitions has been very low but this can be remedied by increasing the competitiveness of Romanian companies, which will be competitive once the domestic market must fall into place convenience of being purchased but want an increase deeper by entering foreign markets, where entry can be obtained by initiating mergers and acquisitions.

Of the five cases, four of them are fully confirmed and one is partially confirmed.
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