The Role and Impact of Human Resources within Developing Post-Merger Competitive Strategies

Gheorghe POPESCU
Dimitrie Cantemir Christian University
Faculty of Finance, Banking and Accounting
Bucharest, Romania

Elvira NICA
Academy of Economic Studies
Faculty of Administration and Public Management
Bucharest, Romania
Email: Elvira.nica@man.ase.ro

ABSTRACT
The current working paper focuses on the created context within post-merger companies provides the scope to develop new types of business, to increase the competitiveness of active companies with the economic sphere, offering new opportunities to increase productivity and efficiency of all activities. New perspectives generate significant changes for the human resources involved in the designing new strategies for work improvement. Considering the perpetual development of human capital in this new economic context we can say that using fusion strategies is an evolutionary process, which can improve business processes, the primary condition to be an ongoing review of strategies, techniques and tools companies who choose the path to this new digital economy. Failures or problems do not only belong to the past, certainly in the future will be more mergers and acquisitions will fail. Fusion and absorption difficulties will not disappear in the future, despite the terribly poor performance and errors of the past. Post merger, must bear in mind that endogenous parameters that generate highly qualified human capital migration to other companies of the human factor materializes need to resize their quality of living environment, social, economic, and those connected with company policy a major impact on the decision to leave the parent company.

KEY WORDS
Human intelligence, post-merger solutions, benchmarking, failure to launch, perpetual development

JEL CODES
G34, L24, L25

1. Introduction
Topical subject in the modern economy, and within the causes for human resources management reengineering, especially in the context of digitization global business, mergers and takeovers tend to become a regular practice, taking into account the urgent need of recovery and revival of companies as a result of marked imbalances generated by the powerful current uncertain context, considering the principal effect, this economic and financial crisis and social widespread.

Therefore, the primary aims of companies accessing and absorbing fusion procedure, lies in attempts to rescue the companies declining alloying companies to work on a particular economic
segment or geographical area and why not: increase market share companies particularly in economically viable and management 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 and takeovers are s a focal point in the agenda of governments, focusing on international cooperation and/or intra-regional generate increased economic benefits by offering improved quality of professional life and employment.

The latest and up to resize economic interest in Europe of post-merger companies is the endogenous and exogenous variable embedding corporate governance, corporate governance which has been proved effective in bringing benefits to both countries and post-merger companies. Human resources strategies can benefit a lot from this outlines. Moreover, the acceleration of globalization has created an urgent need for corporate governance; appropriate governance requires that governments and companies to make significant changes, firms must change their mode of operation, human capital managing, but also the government must establish and specify the appropriate legal.

Thus, good governance within the company reduce risk, improve performance, open the way for financial markets, increase the ability of marketing goods and services, improves leadership style, showing transparency and social responsibility management.

2. Failure to internal resources accomodation

Such forays into legal provisions of Law 31/1990 and the literature shows that the merger – stands for the concentration process whereby two or more companies disappear from the legal point of view to unite in one and the new business - does not lead effectively in a capital, but the concentration of capital from companies that have merged.

Furthermore, consulting economics dictionaries it has been highlightened that a specific company takeover by another company, all companies first became active in the capital of his contribution of the two. Therefore absorption is, in fact, a form of concentration of production and management. Confirmed and encyclopedias for confirmation absorption specialties supporting the way companies merge, one of these companies maintaining their identity, including the others, which ceases to exist, this effect of transfer of the entire property with units of absorbed by absorbing unit.

It is significant and very important study by Mercer Management Consulting, a period of 10 years and attended by 340 major acquisitions, as it confirms the fact that most business alliances fail. From the study in question shows that 57% of the companies resulting from mergers sector recorded lower than average performance, three years after closing. Many such mergers have not only served to allay investors' wealth. They have failed and wasted valuable resources, creating real and opportunity costs for investors.

There is strong evidence that mergers and acquisitions for the last 30 years, made worse rather than helping companies and shareholders. A study by Boston Consulting showed that, of the 277 transactions between 1985 and 2000, 64% resulted in a decrease in value for investors. While large companies such as ITT and Litton Industries have been discredited and failed, many companies are still struggling to break free from the burden of merger and absorption-type activities, weak and expensive.
However, merger and absorption problems will not disappear: they will continue to exist for a long time. Failures or problems do not only belong to the past, certainly in the future will be more mergers and acquisitions will fail. Fusion and absorption difficulties will not disappear in the future, despite the terribly poor performance and errors of the past.

Benchmark, the failure rate of mergers in the world is closely monitored by competent bodies. Thus, using the services ThomsonONE, we had the opportunity to extract some information of interest to our statistic subject.

Thus, we can present situation worldwide completed mergers in recent years, the period of analysis is considered between 2005-2008.

Table 1. Highlighting the proportion of failed mergers and acquisitions worldwide

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Period</th>
<th>Mergers and acquisitions worldwide - number -</th>
<th>Failure rate - percent -</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2005</td>
<td>-24129-</td>
<td>-28,13-</td>
<td></td>
</tr>
<tr>
<td>31.12.2006</td>
<td>-27250-</td>
<td>-29,37-</td>
<td></td>
</tr>
<tr>
<td>31.12.2007</td>
<td>-31303-</td>
<td>-28,56-</td>
<td></td>
</tr>
<tr>
<td>31.12.2008</td>
<td>-28861-</td>
<td>-27,12-</td>
<td></td>
</tr>
</tbody>
</table>

Therefore, quantification of global media mergers bring forward a figure of 27 886 M quite significant, but more relevant is that there is an average of 29% of failure among these companies, the top being found in 2006 where percentage failure rate reaches 29.37%.

Of course, economic practice focuses on the debate the causes of failure, but the significant percentage of recent years.

The occurrence of financial and economic disruption and major disorders within the economic activities generated within the labor market a major unemployment rate sizing, effect which requires finding new solutions in order to restore the economic equilibrium.

Therefore the European strategies to develop a knowledge-based economy promote the work-integrated learning policy that acts in synergy with the financial-economic cohesion policy and with the information society development initiative in order to highly capitalize new informational technologies, action, that can create the socio-economic progress preconditions.

On the light of volume and structure of work-integrated learning, that management can generate an important precondition that represents the optimal dimensions of the economic system involved - company, post-merger companies.

The created context within post-merger companies provides the scope to develop new types of business, to increase the competitiveness of active companies with the economic sphere, offering new opportunities to increase productivity and efficiency of all activities. New perspectives generate significant changes for the human resources involved in the designing new strategies for work improvement.
3. Benchmarking for intelligent solutions

Thus we recommend competitive benchmarking, comparisons with other organizations aimed at competing with identical or similar object of activity. It is recommended that this monitoring competition to enroll currently on the agenda of management to any organization that is respected. Moreover, already nominalization benchmarking clubs - which are associations from one area or another - should provide a minimum of information on each of the direct competitors, thus making it easier to achieve objectives of common interest.

But we mention that the major difficulty faced by filmmakers in a competitive benchmarking is still relevant and comprehensive collection of information on practices used to obtain performance.

However, there are alternative functional benchmarking aimed at comparing the organization's leading competitors in its field of reference, both global and level functions - research and development, commercial production, etc. Furthermore, specialists consider it relatively easy to collect information on the results and how to obtain them from the leaders; their availability is oriented towards the initiation and development of collaborations with other organizations.

But, if considered relevant and appropriate can be accessed and generic benchmarking, which involves comparisons with organizations in other industries, some totally different. It is obvious that this type of benchmarking is very difficult because access to relevant data and information difficult and because of difficulties encountered in finding similarities in various areas. Their recovery requires creativity and innovative managerial, technical etc.

Very important is to mention 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 organizations that exhibit sound judgment, responsiveness and high capacity to adopt and implement the results of benchmarking competitiveness is significant.

Its foundation is to implement best management practices, financial, technical, commercial, human resources to, or knowledge of sets of high capacity to generate added value, as demonstrated by economic and social practice.

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

To justify a strategy of merger and absorption type requires a logical and compelling strategic rationale. If the argument is clear and convincing stakeholders will be co-opted and implementation will be more difficult and problematic.

Planning and audit role is to prepare the merger for the need to manage and integrate hard and soft measures such as merger and absorption strategy to work. An audit failure often leads to bad results of the implementation.

To obtain an efficient activity after the merger is important merging functions or divisions of the organization and clarification of responsibilities and authority in organizations that have merged.

Therefore, the merger should be taken in turning human and material resources of both companies and better use and management of income by making profitable investments.
Process synchronization policies and human resource systems and organizational cultures of companies should be given increased importance. Following the experience of other companies, have worked in parallel on three areas of change - the human resources policy, the organizational structure and Staffing's and the organizational culture.

The hardest part, however, will be to manage synchronization of the changes on the three plans, especially as they have been implemented in parallel.

Specialized management analysis reveals also a weak management of change, as the generating element failure. Implementation strategies involving mergers and acquisitions typically change and inefficient management of change will seriously damage will prevent or implementation. Among the important questions and issues include those related to the rate change. Such changes are made quickly or sequentially, over longer periods of time? Decisions must obviously take into account the speed of change, the benefits and costs of alternative approaches to change the implementation of the merger and absorption.

Another critical factor is leadership, because managers at all levels of an organization to manage change and overcome resistance to change.

But trust issue remains a center axis. We can not mention the issue of trust, mutual trust of parties involved in an acquisition may influence the planning and implementation.

Lack of confidence can affect the distribution of information and data validity audit.

It is clear that reliability can favorably influence cultural integration, setting performance objectives and integration of a new corporate business structure.

Managers of both parties involved in merger and absorption type strategy must be open and honest with each other to facilitate implementation.

That is why, in terms of ensuring the success of a merger should be paid attention to human capital development strategies focus on the size of human capital resources according to strategic and operational needs of the national economy and ensuring efficient use of these resources.

They will help in formulating economic development strategies by establishing future human capital requirements by identifying ways to use top of this capital, human capital available which will support the implementation of economic development plans.

But we have shown that there are restrictive limits on the use of human capital, such as: shortage of qualified staff, difficulties in recruiting labor, low labor productivity, flexibility and adaptability insufficient or climate that discourages cooperation and personal commitment.

4. Conclusions

Considering the perpetual development of human capital in this new economic context we can say that using fusion strategies is an evolutionary process, which can improve business processes, the primary condition to be an ongoing review of strategies, techniques and tools companies who choose the path to this new digital economy.

A special role is played, of course, and globalization through technological changes creating a generalized sizing substantial competitiveness of firms. At the same time, in this context can be achieved sustainable competitive advantages in the long run, and examples of the global market, demonstrates the validity of this concept.

I refer, first, the characteristics reformatting training modules, which include organizational integration of new employees and continuous improvement of existing employees, is also a form of non-financial motivation of subordinates, as part of the variable components of the post merger,
often proving to be a valuable opportunity for corporations to maintain a high profit rates. A key factor in a company's prosperity is the degree of employee satisfaction.

Because a company's activities have a high degree of monotony, a growing number of large employers trying to provide professional development opportunities thereby increasing employee satisfaction, giving them the opportunity to complete the work, opening new perspectives and new responsibilities eliminating tension.

Post merger, must bear in mind that endogenous parameters that generate highly qualified human capital migration to other companies of the human factor materialize need to resize their quality of living environment, social, economic, and those connected with company policy a major impact on the decision to leave the parent company.

In parallel exogenous parameters, resulted in the idea of a better life insured by another company, advertising solidified economic paradise beyond the limits of its parent company, works to promote the intention of moving towards a more profitable job.

References