

POST-MERGER INTEGRATION AS IMPORTANT ELEMENT OF VALUE CREATION OF COMPANY IN M&A DEALS

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Abstract

Unstable economic and political situation in the world is on the one hand the chance for the companies to increase the size of its business at the expense of the acquisition of less successful competitors but on the other hand on the one hand poor state of affairs is the barrier for deals of this kind, because the expediency of carrying out M&A deals (M&A) is contradictory on the background of the uncertainty of achieving results that were planned

An activity on the M&A market in a period of uncertainty, as a rule, is reduced, but, nevertheless, M&A deals continue to be. Deep understanding of the motives of M&A deals allows to explain the desire of shareholders and management to continue running risks.

In the article the theories explaining motives of M&A deals are analyzed: theory of synergy, agency theory of free cash flow, hubris theory, Q-theory. Analysis of the main provisions of motivational theories of M&A deals leads to the conclusion that the company's value growth is possible, first of all, by means of the synergetic effect implementation, which is often considered by researchers and practitioners as the main driver of value growth. The calculation of the synergy effect is produced at the stage of decision making while achieving a synergetic effect occurs at the post-merger integration stage of the companies. Since synergetic effect achievement takes place directly in the process of integration of the companies, the process of integration, its main characteristics, such as the extent and duration of integration, methods of integration and estimation of its results. are considered in the article. The article also considered the basic possible levels of integration of the companies: "zero" integration, partial integration, full integration. The determination of integration level implies the choice of spheres of companies' activities, which have to be integrated on the basis principle of synergy maximization. It allows to create integration plan, according to which will be determined duration of the integration, methods and instruments of achieving synergies, and consequently the conditions for creation of value added.

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Key words: mergers and acquisitions, post-merger integration (PMI), level of integration, motivational theory, synergy effect, company value

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