

# FEATURES AND CHARACTERISTICS OF MERGERS AND ACQUISITIONS WAVES - OVERVIEW AND THE EUROPEAN EXPERIENCE

Vancea Mariana

*University of Oradea Faculty of Economics*

*This paper analyses the mergers and acquisitions waves that took place in history, emphasizing the generating factors of each wave of operations, as well as the particularities specific to each period. Systematically, these growth and development instruments have become very attractive for the firms in the entire Europe and, in the present, the phenomenon of mergers and acquisitions represents a reality having a major impact on national economies and also on the world economy. This research is based on a systematic, logical and comparative analysis of scientific literature and statistical data regarding mergers and acquisitions.*

*Key words: external growth, mergers, acquisitions, waves, Europe*

*JEL Codes: M10, M20*

## **1. Introduction**

The phenomenon of mergers and acquisitions appeared long time ago in the United States, yet at the European level this phenomenon is relatively new, mainly presenting a strategic dimension. The appearance and generalization of waves of mergers and acquisitions in the European countries, following the American model, emphasize the necessity of a vision on this phenomenon over a longer period of time. The mergers and the acquisitions take place most often in waves which affect mainly certain activity sectors. Since the end of the 19th century, the United States have experienced six waves. In Europe, they were less emphasized until the '60s since the increasing interdependence of economies has favoured a convergence of the concentration movements.

## **2. Research methodology**

This paper is based on a systematic, logical, and comparative analysis of scientific literature and of the statistic data referring to the waves of mergers and acquisitions. Thus, we used as a research method the qualitative approach in order to analyse the waves of mergers and acquisitions which took place one after another in history and to emphasize the factors generating each wave of operations, as well as the particularities specific to each period.

## **3. The waves of mergers and acquisitions – particularities and characteristics**

The first waves of mergers and acquisitions took place between 1897 and 1904, 1916 and 1929, 1965 and 1969, 1984 and 1989. At the end of the '80s the merger and acquisition activity recorded a decline, but it was resumed at the beginning of the '90s, giving the start to the fifth wave. We have to mention the fact that only in the '90s, the mergers and acquisitions present, for the first time, similar characteristics in the assembly of developed countries, reflecting the increasing globalization of economies and market deregulation. A relatively short yet intense period of mergers and acquisitions took place between 2003 and 2007, which made several researchers (Gaughan, 2011:35; Ceddaha, 2007:20) consider it as the sixth wave of mergers and acquisitions.

### ***3.1. The first wave of mergers and acquisitions: the wave of horizontal operations***

Regarding the first wave of mergers and acquisitions taking place in 1897-1904, Gregoriou and Renneboog (2007:2) maintain the fact that it was generated by the economic recession (that of 1883) and it was impelled by the legislation regulating these operations, by the increase of

industrial stocks and also by the enterprises 'desire to obtain efficiency revenues (DePamphilis, 2010:17). The greatest majority of operations targeted industrial enterprises belonging to the same sector, thus being horizontal operations (Bancel and Duval-Hamel, 2008:19; Lees, 2003:47).

Scherer and Ross (1990, quoted by Coutinet and Sagot-Duvauroux, 2003:20) shows that the main characteristic of the first wave of mergers and acquisitions in the United States is represented by the horizontal operations simultaneously involving more than two firms. Practically, the main purpose of this wave consisted in the consolidation of industrial production and in the reduction of competition (Lamoreaux, 1985 quoted by Gregoriou Renneboog, 2007:2). Therefore, Stigler (1950) considers that the main motivation for mergers and acquisitions was to obtain a monopoly position ("*mergers for monopoly*"), the consolidation taking place in main branches such as transports, oil industry or steel industry.

At Europe's level, only Great Britain was touched by this phenomenon of corporate concentrations. Thus, Vieillard (1990, quoted by Briciu and Nivoix, 2009) maintains that this country has experienced, in the same time with the United States, numerous merger and acquisition operations, which has led to the formation of some large national groups in sectors such as textiles, tobacco etc. On the other side, Ceddaha (2007:17) considers that the first wave of mergers and acquisitions affected especially the hard industry, allowing the formation of real empires such as US Steel, General Electric, DuPont, Standard Oil or Rockefeller. This first wave of mergers and acquisitions was stopped by the great recession in 1940, the fraudulent financing and by the first refusal of a merger by Northern Security company by reason of applying the antitrust laws (The Sherman Antitrust Act) (Coutinet and Sagot-Duvauroux, 2003:20).

### ***3.2. The second wave of mergers and acquisitions: the emergence of vertical operations***

After the end of the second wave of operations, around 1950, the merger and acquisition activity remained at a relatively low level until the end of 1910. Yet, during the '10s the antitrust legislation started to get roots, both in the United States and in Europe, most probably as a result of the previous monopolization attempts (Gregoriou and Renneboog, 2007:2), which has significantly changed the rules of the game, during the second wave of mergers and acquisitions. The diminution of the opportunities to make horizontal operations within certain sectors and the strengthening of the antitrust legislation in the United States (the Clayton Act of 1914 which forbids mergers and acquisitions reducing significantly the competition in a sector of economy) have allowed the emergence of new types of operations during the second wave of mergers and acquisitions (between 1916 and 1929) that is the vertical operations (Kleinert and Klodt, 2002; Javidan et al., 2004:246, Lees, 2003:47). The enterprises' concentration movements have as objective the consolidation of the position of firms within the oligopolistic markets (Bancel and Duval-Hamel, 2008:19). For this, Stigler (1950) has qualified the operations of the second wave as "*mergers for oligopoly*".

In Europe, only Great Britain had, in the same time, another wave of mergers and acquisitions, even though the other countries, too, experienced at the beginning of the century concentration operations (Morvan, 1972, quoted by Coutinet and Sagot-Duvauroux, 2003:21). According to Ceddaha (2007:17), the phenomenon of mergers and acquisitions reached, for the first time outside the American continent, British economy, too. Thus, the second wave of mergers and acquisitions in Great Britain mainly reached the alimentary sectors, electricity and chemical products. The wave of concentrations in Great Britain coincided, as in the case of the United States, with changes occurred industrially and technologically and also the emergence of new sectors (for example, the car sector). The development of mass production techniques has encouraged the growth in the size of enterprises, this being achieved simultaneously both by internal growth and by mergers and acquisitions (Coutinet and Sagot-Duvauroux, 2003:21).

The great depression started in 1929 represented the event marking the end of the second wave of mergers and acquisitions (Coutinet and Sagot-Duvaouroux, 2003:21).

### ***3.3. The third wave of mergers and acquisitions: the implication of European continental countries in the merger and acquisition operations***

The third wave of mergers and acquisitions took place between 1965 and 1969. This wave was characterized by conglomerate type operations, being known in the literature as the “*wave of conglomerates*” (Bancel and Duval-Hamel, 2008:19). Ceddaha (2007:18) considers that the development of the antitrust laws incited the large groups adopt a diversification strategy. Thus, enterprises developed external growth strategies based on conglomerated mergers, in order to diversify the risks and make synergies (Coutinet and Sagot-Duvaouroux, 2003:21; Javidan et al., 2004:246).

The engines of this wave were the growth of the capital markets and the sustained economic *boom* (DePamphilis, 2010:17). The main countries of continental Europe, Germany and France, experienced only after the Second World War, at the end of the ‘60s, the first wave of mergers and acquisitions, while the United States and Great Britain were facing the third wave. This wave of operations reached the highest level and was initiated on the background of an economic *boom*. Gregoriou and Renneboog (2007:2) consider that the operations of this wave can be attributed to some multiple causes such as: stricter antitrust regulations, less developed external capital markets and, also, economic, social, and technological changes.

Europe experienced in the same time the first wave of mergers and acquisitions which involved other European countries, too, outside Great Britain. Ceddaha (2007:18) and Coutinet and Sagot-Duvaouroux (2003:22) consider that these operations had as motivation, mainly, the desire of industrial groups to reach a dimension called critical, in order to cope with the competitors. Practically, this was the time when large industrial groups were formed such as British Leyland (formed by grouping the national car producers), ICL (a company which became leader in the IT sector after the merger between English Electric and ICT), GEC (General Electric Company, which acquired several firms in the electricity sector) in Great Britain or Saint Gobain-Pont à Mousson, Usinor-Sacilor, Péchiney-Ugine-Kullman in France (Coutinet and Sagot-Duvaouroux, 2003:22, Ceddaha, 2007:18). During the period analyzed, in Europe the horizontal mergers and acquisition flourished (Coutinet and Sagot-Duvaouroux, 2003:22). The oil shock of 1973, succeeded by a serious stock exchange crisis, ended this wave of mergers and acquisitions.

### ***3.4. The fourth wave of mergers and acquisitions: community scale and amiable character***

The fourth wave of mergers and acquisitions, which took place between 1981 and 1989, belonged to an increasing globalization movement which involved a stronger and stronger dependence among the biggest industrialized countries and also a deregulation within different regulating sectors of developed countries (especially the United States and Western Europe countries). DePamphilis (2010:17) considers that the engines of this wave were represented by the growth of the capital markets, the economic *boom*, the conglomerates’ weak performances (which mainly targeted USA and were formed during the ‘60s), the favorable regulating (legislative) environment and favoring accounting practices. Practically, generally, this wave was characterized by operations generated by conglomerate’s split (*split* and *spin off*), Leverage-Buy-Out operations, the use of *junk bonds* (indeed, at a much higher level in USA than Europe, which experienced a much more modest activity of corporate takeovers), hostile takeovers (more in USA and less in Europe), the appearance of corporate raiders and financial investors using the lever effect in transactions (Bancel and Duval-Hamel, 2008:19; DePamphilis, 2010:17, Javidan et al., 2004:246).

As a result of research, Briciu and Nivoix (2009) states that more than 95% of the number of operations recorded during this European wave was amiable. The proportion is small if we take

into consideration the value of the operations (75%), which shows that hostility targeted especially operations involving large firms. Regarding the financing of merger and acquisition operations involving quoted European firms, 44% of the operations of this wave were financed wholly with money. These operations represented 42% of the total value of operations announced. The researchers also noticed that the percentage of the operations partially financed with money is of 80% of the total and in more than 40% of the operations made in 1987-1991, the payment was made in bonds exchange.

European countries started preparing themselves for the formation of Single Market by transforming some national champions into international champions or at least European champions. In the perspective of Single Market formation, the antitrust policies adopted at the level of European Union were materialized in the EU Directive regarding the control of concentrations, adopted in 1989 and entered into force on 21 September 1990 (Kleinert and Klodt, 2002).

After analyzing the reports of European Commission, we can notice that the percentage of mergers and acquisitions among enterprises belonging to different member states of European Economic Community and also the acquisitions of European firms by foreign firms, especially American, increased at the end of the '80s, as it can be seen in the following table.

**Table 1. The evolution of national community, and international mergers and acquisitions in 1987-1993**

Year	National operations (in % of the total number of operations)	Community operations (in % of the total number of operations)	International operations (in % of the total number of operations)	Unknown acquirer (in % of the total number of operations)	Total number of operations
1987	71.6	9.6	18.9	-	2775
1988	65.9	13.5	20.5	-	4242
1989	63.2	19.1	17.7	-	6945
1990	60.7	21.5	17.8	-	7003
1991	54.3	11.9	14.5	19.3%	10657
1992	58.1	11.6	14.2	16.1%	10074
1993	57.4	11.7	18.8	12.1%	8759

Source: Adapted from: European Commission. "Fusions et acquisitions". *Economie Européenne, Supplément A*, DGAEF, no 2, 1999:4-5. [http://ec.europa.eu/economy\\_finance/publications/publication2894\\_fr.pdf](http://ec.europa.eu/economy_finance/publications/publication2894_fr.pdf).

European Commission. "Fusions et acquisitions". *Economie Européenne, Supplément A*, DGAEF, no 5/6, 2000:8, [http://ec.europa.eu/economy\\_finance/publications/publication2673\\_fr.pdf](http://ec.europa.eu/economy_finance/publications/publication2673_fr.pdf).

European Commission . "Fusions et acquisitions", *Economie Européenne, Supplément A*, DGAEF, no 12, 2001:3. [http://ec.europa.eu/economy\\_finance/publications/publication2404\\_fr.pdf](http://ec.europa.eu/economy_finance/publications/publication2404_fr.pdf).

Note: for the years 1987, 1988, 1989 and 1990, European Commission does not provide data referring to the percentage of the operations in which the acquirer is unknown, of the total of operations made

It can be noticed that the percentage of national operations in the total of merger and acquisition operations is in majority. Yet, the increase of the number of community operations as compared to international operations is due to the fact that European enterprises, especially the British and French ones, more and more oriented towards Europe, in what cross-border acquisitions are concerned. Regarding cross-border operations, it can be noticed that European firms have become active on the much more developed American market of takeovers. Actually, considering the creation of the Single Market as an integrant part of a larger internationalization process, European enterprises developed, also, acquisitions outside the European space, too, especially in the United States.

This wave of operations was interrupted at the end of the '80s under the conjugated effect of such factors as: the crash of the *junk bonds* market, which ensured the financing in many of the Leverage-Buy-Out operations of this period, as well as different unfavorable conjuncture changes (Coutinet and Sagot-Duvaurox, 2003:23; Ceddaha, 2007:18; Gaughan, 2011:63).

### ***3.5. The fifth wave of mergers and acquisitions: the internationalization and the use of share exchange – this wave’s defining particularities***

After a short break, the merger and acquisition market had an ascending evolution, during the ‘90s, reaching a historical peak in 2001. All the opinions expressed in the literature (Ceddaha, 2007:19; Gregoriou and Renneboog, 2007:3; Gouali, 2009:88) indicate the fact that the fifth wave of mergers and acquisitions started in 1993. It is the first truly world wave, both in the United States and in Europe or Asia, the wave presenting in all the areas the same characteristics and resulting from the same causes. Moreover, Europe reached a number of transactions comparable to that obtained in the United States. Thus, during this wave there were approximately 119,000 recorded transactions and in Europe there were approximately 117,000. Gregoriou and Renneboog (2007:4), making a comparison with the previous wave, noticed a significant increase in the number of transactions recorded (during the ‘80s there had been approximately 34,000 transactions recorded in the United States and 13,000 in Europe). The firms of continental Europe were as eager to participate to the merger and acquisition activity as their homologues in the United States and Great Britain. Also, many of the operations made during this wave were international operations, reflecting a growth of the capital markets’ globalization. The mega-transactions, which represented another characteristic of this wave, require considerable financial resources, so that the main financing manner of the operations was represented by bonds, respectively a combination between bonds and the appeal for indebtedness. Except for an especially favorable macroeconomic context, three forces have mainly contributed to the creation of this euphoria: the globalization, the deregulation in all the sectors (energy, banking, telecommunications, and aerial transports) and especially the technological transformations which affected numerous sectors. Moreover, the appearance of the “new economy” transformed this strategic maneuver into a development model (Kleinert and Klodt, 2002; Coutinet and Sagot-Duvauroux, 2003:23-24; Ceddaha, 2007:19; Martin, 2008:177; Gouali, 2009:88-89).

During the fifth wave, European Union recorded a significant growth of the merger and acquisition activity, especially of the cross-border operations. In spite of all these, the large majority of transactions were national transactions. In 1990-1995, according to the European Commission’s report (1996:6), more than 70% of all the operations recorded in the EU-15 countries were national transactions, a percentage approximately the same with the percentage of the 1986-1990 period. Countries like Germany, Spain or Italy cumulated most of the national transactions, while smaller countries like Austria or Ireland recorded several cross-border operations. In 1990-1995, according to the same report, the community cross-border operations increased, cumulating 18.7%. The firms in Great Britain, Ireland, Sweden, or Austria got involved in several operations targeting firms outside the community. Companies in countries like Holland, France, or Great Britain took over mainly the role of acquirers, while companies in countries like Italy, Spain, or Germany have often been targets of the merger and acquisition operations.

If in 1985-1987 the value of the mergers and acquisitions involving European enterprises represented 20% of the world total, the percentage increased to 43% in 1991-1993 (European Commission, 1996:115). At the European Union level, the total value of the operations culminated in 1999, even though the number of operations grew until 2000. The data provided by the European Commission (2001) allow the emphasis of the trends manifested during the fifth wave of operations. Thus, during this wave, the number of mergers and acquisitions recoded a constant growth, reaching a peak in 2000, when there were 16750 operations recorded. 2001 marked the end of the wave, the merger and acquisition activity entering a descending path. Obviously, the evolution of the number of mergers and acquisitions is correlated with the evolution of economy. Thus, the low rates of economic growth recorded at the European Union

level in 1992-1993, in 1996 and 2001 were reflected in the decrease of the merger and acquisition activity during these years.

**Table 2. The evolution of national, community, and international mergers and acquisitions in 1991-2001**

Year	National operations (in % of the total number of operations)	Community operations (in % of the total number of operations)	International operations (in % of the total number of operations)	Unknown acquirer (in % of the total number of operations)	Total number of operations	The variation of the number of operations
1991	54.3	11.9	14.5	19.3	10657	...
1992	58.1	11.6	14.2	16.1	10074	-5.5%
1993	57.4	11.7	18.8	12.1	8759	-13.1%
1994	58.7	12.9	20.5	7.9	9050	3.3%
1995	57.4	12.9	22.8	6.9	9854	8.9%
1996	54.8	12.6	26	6.6	8975	-8.9%
1997	56	14	26	4	9784	9%
1998	53.5	14.1	28.4	4	11300	15.5%
1999	55.7	14.2	26.4	3.7	14335	26.9%
2000	54.7	15.2	25.4	4.7	16750	16.8%
2001	54.1	14.9	24.1	6.9	12557	-25%

Source: Adapted from: European Commission. "Fusions et acquisitions", *Economie Européenne, Supplément A*, DGAEF, no12, 2001: 4,5. [http://ec.europa.eu/economy\\_finance/publications/publication2404\\_fr.pdf](http://ec.europa.eu/economy_finance/publications/publication2404_fr.pdf).

Several papers of European Commission (1999, 2000) emphasized the development of international mergers and acquisitions, intra and extra-community, this represented one of the main characteristics of the operations of this wave in Europe. Thus, it seems that the tendency of internationalization increased as compared to the previous European wave. Indeed, the percentage of the European firms' international operations overcame, at the end of the '90s, the percentage of 30% of the total value of the recorded operations.

The European firms were active in the activity of cross-border mergers and acquisitions both from the perspective of acquirers and that of sellers. They engaged not only in intra-European operations, so that, the intensification of the merger and acquisition activity cannot be explained strictly through the creation of the Single Market. The percentage of intra-European remained relatively stable during the 1990's, while the operations in these countries increased.

Regarding the distribution of the merger and acquisition activity between the member states, in 1991-2001, according to the data provided by the European Commission (2001:4), we infer that Great Britain was the most active country, followed by Germany, France, Holland, and Italy.

After a fluctuation during the first half of the '90s, the number of community operations increased regularly, starting with 1996, to culminate in 2000 with 2500 operations. The following year marked the decline of the merger and acquisition activity, recording a decrease of 27% in the number of community operations. Practically, the fifth wave of mergers and acquisitions, without precedent regarding the volume of operations, ended in 2001 when the global economy entered the recession.

### ***3.6. The sixth wave of mergers and acquisitions: the strengthening of Europe's position in the global activity of mergers and acquisitions***

The sixth wave of mergers and acquisitions started in 2003, three years after the technological bubble went flat. DePamphilis (2010:17) considers that the engines of this wave of mergers and acquisitions were represented by the interest low rates, the increase of the capital markets, the boom recorded by the world economy, the globalization, or the high raw material prices. Ceddaha (2007:20) or Marks and Mirvis (2010:33-34) outlined a few characteristics afferent to the sixth wave of mergers and acquisitions. This wave is characterized by very ambitious Leverage-Buy-Aut operations, a consequence of a high appetite for investment funds, in a context marked by

interest rates which became very attractive and by stock exchange euphoria. Thus, during this wave, the world's greatest companies continued their projects of expansion through mergers and acquisitions. Another characteristic refers to the intensification of the operations made by private funds which, in 2007, the peak year of this wave, cumulated 20% of the total value of operations made. Practically, the sixth wave of cross-border transactions, of cross border megamergers, of the increase of the influence of the *private equity* investors (DePamphilis, 2010:17) and of the global expansion of the acquirer originating in the emerging countries (especially China and India) (Bancel and Duval-Hamel, 2008:20).

At the European level, the introduction of Euro (according to the European Commission's report, 2007:14, the percentage of cross-border mergers and acquisitions among the EU12 countries in the total of operations made by the euro zone companies increased from 34% in 1999 to 42% in 2004), the process of globalization, technological innovations, the deregulation and privatization (especially Central and Eastern Europe countries) and, also, by the financial markets *boom* and the existing liquidity gave an impulse to the merger and acquisition activity.

Regarding European Union, this wave of operations manifested in an intensification of the merger and acquisition activity, especially in the EU-15 countries. Yet, in the period analyzed, we could notice an increase in the number and value of the operations recorded in the new member states of European Union. Starting with 2004, Europe has become more and more an opportunity creating area. European enterprises seemed more offensive than during the previous waves, especially under the impulse of English, French, and German enterprises. Parallel with the acquisitions made in the USA, favored by the decrease of dollar as compared to Euro, the dynamics that these had generated actually represented an intra-European market.

Based on data provided by the European Commission (2009), the analysis of the evolution of mergers and acquisitions in which the companies in the old, new member states respectively were targets of the operations, shows that, starting with 2004 both their number and their value increased.

**Table 3. Mergers and acquisitions in the new member states, made in 2000-2007, according to the region of the acquirer**

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Number of transactions out of which:</b>	<b>1487</b>	<b>1131</b>	<b>828</b>	<b>821</b>	<b>561</b>	<b>687</b>	<b>746</b>	<b>895</b>
National (in % of the total number)	48.6	52.3	47.5	50.5	41.5	36.7	36.1	39.0
New member states (in % of the total number)	3.2	2.6	5.7	4.8	8.0	5.7	5.6	8.7
Old member states (in % of the total number)	33.8	34.8	32.7	29.6	30.8	40.8	42.0	35.2
USA (in % of the total number)	6.3	4.6	4.5	4.5	6.4	7.6	6.3	7.4
Asia (in % of the total number)	0.2	0.2	1.0	0.4	0.9	1.0	1.3	1.3
The rest of the world (in % of the total number)	7.9	5.5	8.7	10.2	12.3	8.3	8.7	8.4
<b>Value (in billions of Euro)</b>	<b>19.3</b>	<b>19.5</b>	<b>16.2</b>	<b>7.4</b>	<b>15.3</b>	<b>28.4</b>	<b>20.7</b>	<b>36.1</b>

Source: Adapted from: European Commission . *Five years of an enlarged EU Economic achievements and challenges*. Directorate General for Economic and Financial Affairs, European Economy No1, 2009:167. [http://ec.europa.eu/economy\\_finance/publications/publication14078\\_en.pdf](http://ec.europa.eu/economy_finance/publications/publication14078_en.pdf)

Obviously, there are differences between the merger and acquisition activity at the level of old member states as compared to that of the new members. If at the level of old member states, approximately two thirds of the operations were national, in the new member states, the majority of the operations were made by foreign investors. In 2007, the peak year of this wave, 35% of the transactions were made by the acquirers from EU-15, while only 9% of the acquirers originated

in the new member states. According to the European Commission's report (2009:167), of the new member states, most of the target companies were located in Poland, The Czech Republic, Hungary, and Romania.

**Table 4. Mergers and acquisitions in the old member states, made in 2000-2007, according to the region of the acquirer**

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Number of transactions out of which:</b>	<b>13208</b>	<b>10148</b>	<b>7837</b>	<b>8083</b>	<b>8527</b>	<b>8937</b>	<b>10283</b>	<b>10887</b>
National (in % of the total number)	68.9	69.0	70.5	70.5	69.2	65.8	66.3	64.6
New member states (in % of the total number)	0.1	20.3	0.2	0.1	0.3	0.2	0.3	0.4
Old member states (in % of the total number)	19.2	18.5	16.5	15.0	15.0	17.2	16.7	18.5
USA (in % of the total number)	6.5	5.9	6.1	6.8	8.0	7.7	7.5	7.3
Asia (in % of the total number)	0.6	0.8	1.0	0.9	1.1	1.7	1.4	1.5
The rest of the world (in % of the total number)	4.6	5.5	5.7	6.6	6.4	7.4	7.8	7.7
<b>Value (in billions of Euro)</b>	<b>1072.7</b>	<b>561.8</b>	<b>452.4</b>	<b>390.2</b>	<b>537.9</b>	<b>696.7</b>	<b>873.5</b>	<b>1127.0</b>

Source: Adapted after: European Commission. *Five years of an enlarged EU Economic achievements and challenges*. Directorate General for Economic and Financial Affairs, European Economy No1, 2009:167. [http://ec.europa.eu/economy\\_finance/publications/publication14078\\_en.pdf](http://ec.europa.eu/economy_finance/publications/publication14078_en.pdf)

This wave of mergers and acquisitions was relatively short, yet intense and ended rapidly when the financial-economic crisis, which started in 2007, enclosed the firms' access to the facile and cheap lending. Thus, if in the United States the merger and acquisition market started decreasing even in 2007, in Europe, 2008 marked the beginning of the decline, as the recession started to encompass the economies of many countries.

#### 4. Conclusions

Since the end of the 19<sup>th</sup> century, the chronicle of enterprises' lifecycle has been marked by successive waves of mergers and acquisitions, amiable or hostile, national or international. The greatest majority of countries, different sectors have been massively restructured through mergers and acquisitions. Taking into consideration the increased internationalization of economies, we can state that the merger and acquisition operations more and more present similarities forma geographical area to another. We consider that the merger and acquisition operations are far from overcoming the peak times. Certainly, the merger and acquisition activity may know a period of regression when the national economies or the world economy is in recession, when the financial markets are experiencing turbulences and the capital markets are characterized by volatility, yet, once the critical situation is over, the merger and acquisition market can retake its rhythm, reaching new peaks.

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Table 3.

**Respondents' assessment concerning the quality characteristics of the offered services**

-%-

No. crt.	Assessed aspects	marks					Total
		Very good (5)	Good (4)	Indi-ferent (3)	Satisfying (2)	Unsatisfying (1)	
1	How do you appreciate the global quality of the performed service?	<b>64,18</b>	35,82	-	-	-	100
2	How do you appreciate the time frame necessary to deliver the solicited service?	<b>61,19</b>	38,81	-	-	-	100
3	How do you appreciate the quality/price report for the delivered service?	<b>58,21</b>	31,34	10,45	-	-	100
4	How do you appreciate the cleanliness in the car repair shop?	28,36	<b>50,75</b>	20,89	-	-	100
5	How do you appreciate the information/ consultancy received from the car repair shop?	23,87	<b>58,21</b>	11,94	4,48	1,5	100
6	How do you appreciate the communication channels offered by our (fax, tel., e-mail, etc)?	35,82	<b>47,76</b>	-	16,42	-	100
7	How do you appreciate the diversity of services offered by our garage?	37,39	4,41	-	<b>55,22</b>	2,98	100
8	How do you appreciate the professionalism degree of our employees?	16,42	<b>83,58</b>	-	-	-	100
9	How do you appreciate the repair warranties?	<b>59,70</b>	37,32	-	2,98	-	100
10	How were the complaints about the services offered by our garage dealt with?	<b>56,72</b>	38,80	-	4,48	-	100
11	How do you appreciate the company's image advertising campaign (as it is reflected in the media, on the internet, etc)?	1,5	13,43	28,36	-	<b>56,71</b>	100

If most of them appreciate as 'good' and 'very good' the overall quality of services, the time necessary for service to be delivered, the quality / price ratio, the cleanliness, the

professionalism of the staff, the warranty offered for repairs, the treatment of complaints – there is an obvious need for framing and profoundly understanding the reasons why the following aspects were recorded:

- 55.22%, which is 37 of the respondents are satisfied only by the diversity of the services offered in the car repair shop, while 37.39% (25 respondents) values the diversity of services as being very good. These answers lead us to wonder whether there are services that customers would appreciate but are not provided by the car repair shop
- 56.71% of the respondents (38 people) appreciate the company’s promotional activity with its services as being absolutely unsatisfactory – which proves once again, the negative effect of the fact that the garage has no website and it does not assign a budget for various promotional activities. Interesting is the opinion of 28.36% of respondents (19 people) stating that it is all the same for them, if they read, hear or see something about this car repair shop in the media, on the internet etc. They are the ones who have become loyal customers in time and are only influenced by the quality of the services they have already received?! Here's a question that needs an answer!

The marks obtained for each of the evaluated characteristics were:

Table 4.

**Respondents ratings concerning the quality characteristics of the offered services**

No. crt.	Evaluated aspects	marks					Mark
		Very good (5)	Good (4)	Indi-ferent (3)	Satis-faying (2)	Unsatisfying (1)	
1	How do you appreciate the global quality of the performed service?	43	24	-	-	-	4,64
2	How do you appreciate the time frame necessary to deliver the solicited service?	41	26	-	-	-	4,61
3	How do you appreciate the quality/price report for the delivered service?	39	21	7	-	-	4,47
4	How do you appreciate the cleanliness in the car repair shop?	19	34	14	-	-	4,07
5	How do you appreciate the information/ consultancy received from the car repair shop ?	16	39	8	3	1	3,98
6	How do you appreciate the communication channels offered by our (fax, tel., e-mail, etc)?	24	32	-	11	-	4,02
7	How do you appreciate the diversity of services offered by	25	3	-	37	2	3,17

No. crt.	Evaluated aspects	marks					Mark
		Very good (5)	Good (4)	Indifferent (3)	Satisfying (2)	Unsatisfying (1)	
	our garage?						
8	How do you appreciate the professionalism degree of our employees?	11	56	-	-	-	4,16
9	How do you appreciate the repair warranties?	40	25	-	3	-	4,56
10	How were the complaints about the services offered by our garage dealt with?	38	26	-	3	-	4,47
11	How do you appreciate the company's image advertising campaign (as it is reflected in the media, on the internet, etc)?	1	9	19	-	38	2,03

If we consider the characteristics assessment scale starting with 1 - for the minimum grade, 5 - the maximum grade, knowing that the differences between the maximum score and the evaluation's results that exceed 1.5 points are critical in the provider's activity, we can highlight the following:

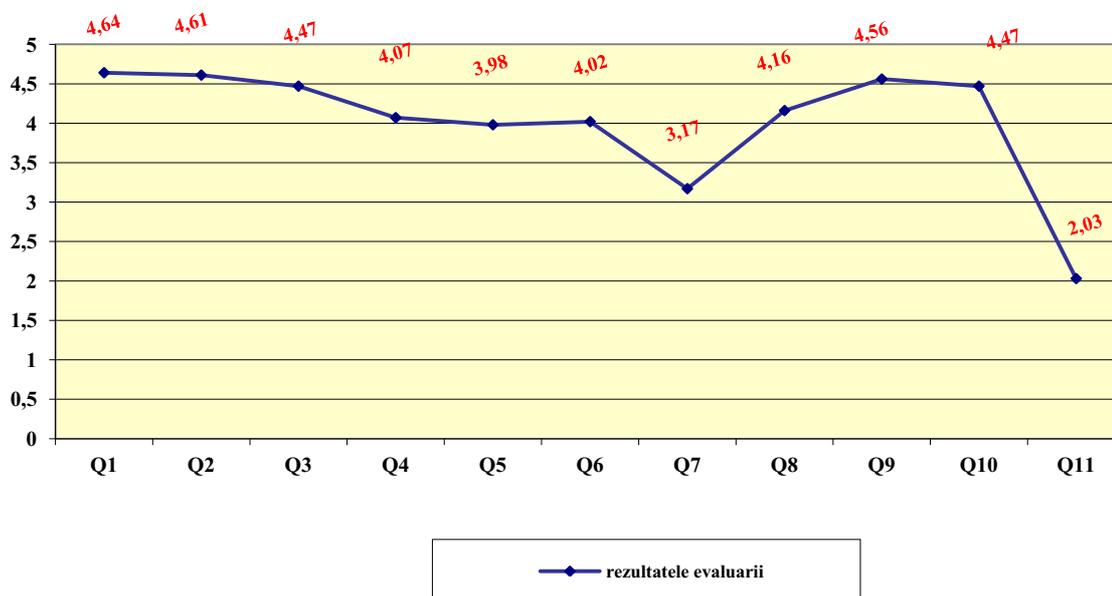


Fig.no.1. The marks obtained by respondents evaluation

The graphical representation of the evaluation results shows that the provider company's manager must take very quick measures, in terms of:

- first of all the company's promotion activity and its services - and here perhaps the creation of a website with contact data (the ability to contact the staff via e-mail) would be the first necessary step;

- then, efforts should focus on the range of offered services, which refers to their diversification;
- and last but not least, it should turn its attention to the relationship between customers and staff, to identify the reasons for dissatisfaction concerning the information, the specialty consultancy, provided by the garage's employees.

The 4<sup>th</sup> **question** seeks to identify elements that are important to the respondents (customers or potential customers) about the quality of services, so that they can be used later to improve the quality of the company's offered service or even to diversify them. Thus between the elements stated by respondents as being able to determine an increased in the quality of the offered services, the following emerged:

- bringing the car repair shop up to date and improving the training of the staff (28.45%);
- other issues (8.37%) such as:
  - diversifying the range of offered services;
  - faster solving of minor technical problems;
  - creating a waiting are;
  - the possibility of paying with credit card;
  - a website should be available to offer information about tariffs and services;
  - extending of the opening hours and work on Saturdays;
  - a stock of items necessary for "minor" interventions should be available

*Issues affecting the service quality assessment:*

The 5<sup>th</sup> question sought to determine the important elements that have an overwhelming influence in assessing the quality of services offered by a car repair shop, by giving marks from 1 to 10 and ranking some items according to their importance for the respondent. Thus, we determined a mark for each hierarchy's element, producing a score for each item by summing the grades given by respondents and dividing by the number of analyzed questionnaires (which is the number of respondents) we obtained the following results:

Table 5.

The answers to the 5<sup>th</sup> question

The element	Number of answers for each mark										Final mark
	10	9	8	7	6	5	4	3	2	1	
Service tariffs	41	17	8	-	-	-	-	-	-	-	<b>9.36</b>
Repair warranty	48	15	4	-	-	-	-	-	-	-	<b>9.66</b>
The diversity of service range	11	15	21	23	7	-	-	-	-	-	<b>8.57</b>
Garage's equipments	10	21	35	1	-	-	-	-	-	-	<b>8.60</b>
Employees professionalism/technical abilities	12	21	33	1	-	-	-	-	-	-	<b>8.66</b>
Promptitude/honouring the deadlines	26	35	6	-	-	-	-	-	-	-	<b>9.30</b>
The space fitted for the working area, and the waiting area	10	14	37	6	-	-	-	-	-	-	<b>8.42</b>
Received consultancy/information	12	28	26	1	-	-	-	-	-	-	<b>8.76</b>

The element	Number of answers for each mark										Final mark
	10	9	8	7	6	5	4	3	2	1	
Credibility	29	13	19	6	-	-	-	-	-	-	8.97
The garage's working hours/schedule	16	18	23	10							8.60

According to the assessments made by respondents we have acquired the following classification of elements having an influence on quality:

Table 6.  
Hierarchy of elements that influence a car repair shop quality assessment of services

Rank	The respondents drafted hierarchy
1	Repair warranty
2	Service tariffs
3	Promptitude/honouring the deadlines
4	Credibility
5	Received consultancy/information
6	Employees professionalism/technical abilities
7	Garage's equipments
7	The garage's working hours/schedule
9	The diversity of service range
10	The space fitted for the working area, and the waiting area

The most important element in assessing the quality of services was the warranty granted for the repairs, followed in order by service fees, promptness / timeliness and the credibility of employees and the company in general.

Equally important for the respondents are the garage's equipments and its working hours and almost insignificant is the space fitted for service and waiting are.

The information obtained by the instrumentality of this question is particularly valuable for the company because in the future they will understand better what elements they need to use as background for their offering strategy and for establishing the services with their related tariffs (for example, they will not insist too much on highlighting potential investment in spatial arrangements, as long as the majority does not care about this aspect, but certainly they will be very careful in highlighting the warranties granted for the performed services or in informing the customers about tariffs and generally about the practiced discounts) understanding now, that these elements and the care for their judicious settlement, come to meet the wishes of the customers and to increase their satisfaction.

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