

Financial implications of mergers and acquisitions: a literature review

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Abstract

In the context of economic globalization with increasingly competitive financial markets, companies are constantly applying efficient methods of development and diversification of operations. External growth through mergers and acquisitions is considered a quick way to acquire these skills, as it provides the necessary surplus of resources, which allows the immediate transposition of the action plan into concrete results. The purpose of the paper is to review the 12 most relevant articles published in 2024 regarding Romania and to establish the general trends and guidelines. The results show distinct opinions on mergers and acquisitions operations and a diversity of areas and methods used. Mainly positive influences are found such as obtaining the desired synergy effect, generating the financial resources necessary for the development and stimulation of investments, increasing turnover, increasing the number of employees and the customer base, as well as disadvantages related to the size of bonuses, uncertainty of personnel and company performance or loss of organizational identity.

Keywords: external growth, mergers and acquisitions; Romania; company performance

Introduction

In a globalized economy, there is a tendency for companies to develop continuously and sustainably, which will allow them to consolidate their position on domestic and international markets. Development can be achieved both quantitatively and qualitatively, the former involving operations such as increasing current production and diversifying the product range, while qualitative growth focuses on improving quality across the business, such as continuously optimizing the company's products and assets. Enterprise development can be achieved both internally and externally. Internal development involves diversifying and improving the activities already carried out by the company, while external development involves creating strategic alliances such as mergers, acquisitions, and licenses. External growth through mergers and acquisitions is considered the fastest way to acquire skills in new areas, as it offers mechanical growth through the surplus of resources acquired instantly, which allows for an increase in employees, turnover, and market shares.

1. Theoretical Foundation

External growth practices through mergers and acquisitions represent company development strategies, addressed both domestically and internationally.

According to the specialized literature, an acquisition (also known as a takeover) describes the way in which a company obtains majority control over another company or over a part of a company, indicating that the companies involved continue as (separate) legal units after the acquisition (Hagedoorn & Duysters, 2002).

Haleblian & colab. (2009) delimit mergers and acquisitions, the former being defined as processes by which two companies combine their operations into a new entity by mutual agreement between companies similar in status and size so that the integration process is more balanced. In general, the objective of mergers is to obtain synergies by combining resources, technology and market presence, which determines increased efficiencies and competitive advantages for the created entity, aspects also supported in recent studies such as Anton (2023), Bîlteanu & Stancu (2024).

Unlike mergers, acquisitions involve the purchase of a company, with the acquiring company taking control of the acquired company, which can, however, continue its activity as a subsidiary or be fully integrated into the acquirer's operations. The main objective of acquisitions is considered to be rapid growth with access to new markets and the acquisition of specific assets. As a typology, acquisitions can be both friendly and hostile, when they involve resistance from the target company's management. Although distinct, both strategies are used to achieve similar objectives, such as growth, diversification or obtaining a dominant position in the market (Carney, 2009; Carbonara & Caiazza, 2009). Later, Dorata (2012) divides the motivations of transactions into three categories, namely resource-based strategies, market-based strategies or risk-based strategies.

The delimitation made by Gaughan (2010) classifies acquisitions and mergers as two distinct types of corporate operations, even if in most cases they are treated together based on common objectives. According to him, merger is the process of combining companies to form a new entity, the original ones ceasing to exist separately. Characteristic of mergers is the relative equality of the parties involved, there being no dominant company that takes control, uniting resources so that both companies have equal benefits. On the other hand, acquisitions involve the purchase of a company, becoming definitely dominant. Again, the typology of acquisitions is emphasized, namely friendly and hostile when the acquiring company finds ways to take control without the full consent of the target company's management. De Bodt & colab. (2014) add the willingness of shareholders to sell as a decisive factor in the implementation of mergers and acquisitions transactions.

In many situations, the terms are used interchangeably, but in practice, acquisitions are more common than mergers, due to the direct nature and clear control obtained by the buyer.

Ehiedu & Peter (2014) approach mergers and acquisitions as a necessary pillar for the survival of a business. They are also a way of economic development because they contribute to the expansion of businesses and the maintenance or multiplication of jobs. The authors also

draw a distinction between the two operations, with a merger being defined as a reunification of businesses to operate under a single framework, while an acquisition involves a change in the management of the acquired company with that of the acquirer.

More recent studies such as that carried out by Maha et al. (2023) emphasizes the idea that there is no distinction between mergers and acquisitions, being treated together from a macroeconomic point of view, the only distinction between the two transactions being made only in accounting. The authors consider mergers and acquisitions to be a generic term used when two organizations merge into one and share their assets.

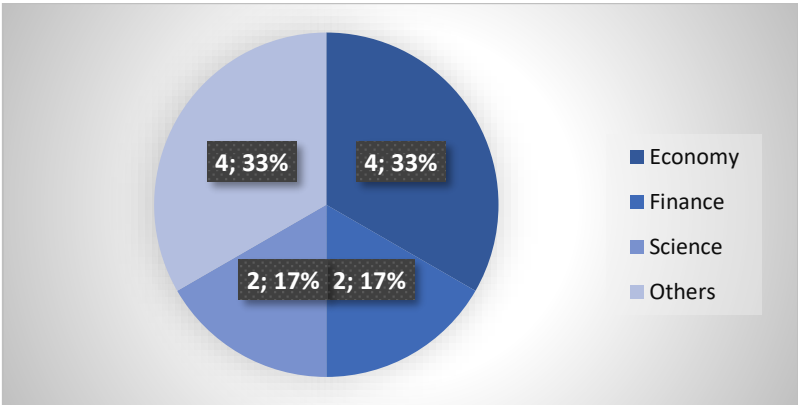
Mergers and acquisitions offer the opportunity to quickly expand companies' capabilities through the synergies created, but they implicitly determine both advantages and disadvantages, requiring a clearly defined action plan.

2. Descriptive statistics of the literature sample and methodology used

The present study aims to carry out a systematic review of the specialized literature regarding mergers and acquisitions (M&A) operations carried out in Romania. To identify the studies, the Google Academic database was used. The keywords used in the search were mergers and acquisitions, and Romania, with the year 2024 as the year of publication being used as restrictions. From the 4,125 resulting studies, the twelve most relevant specialized articles published in 2024 on mergers and acquisitions in Romania were selected.

The allocation of studies is made according to the context addressed, the methodology and the result obtained. In the case of articles that address several different perspectives, their cataloging will be done in several categories, the number of findings being higher than the number of articles.

Figure 2.1. Distribution of articles according to the area of journals



Source: Own elaboration

Depending on the Journals in which they are published, also shown in Figure 2.1, four articles are published in Economic Journals (Bîlteanu & Stancu (2024a); Bîlteanu & Stancu (2024b); Chiriac & colab. (2024); Ulian (2024)), two each published in financial journals (Aevoae (2024); Akgün (2024)) and science journals (Manole & colab. (2024); Sîrbulescu & colab. (2024)) and four articles in other types of journals.

The utility databases are diverse: Thomson One and Bankscope (Akgün, 2024), Institute for Mergers, Acquisitions and Alliances (Ulian, 2024), Refinitiv/ MSCI (Kayser & Zülch, 2024); Bloomberg (Verma & Kumar, 2024); Zephyr (Herghiligiu & colab., 2024).

From a methodological point of view, four out of twelve articles used qualitative methods, three of which used comparative documentary surveys and one used a literature review.

The comparative surveys were conducted by Sîrbulescu & colab. (2024) which included documentary and comparative analysis, information synthesis, classification and investigation of reports, specialized articles and information provided by the National Bank of Romania, following which a trend of improvement of the banking system was found in 2023 and by Bîlteanu & Stancu (2024a) who conducted a scientific survey conducted to establish the existence of corporate financial and operational synergy and its extent on the combined value following mergers and acquisitions. As a first step, the companies involved in M&A were independently evaluated in terms of the present value of cash flows, then comparing the value obtained by simply joining the companies with the synergistic value of the new merged entity. Ulian (2024) also used the critical analysis method but on documents such as EU legislation on the tax regime of mergers and acquisitions, scientific articles and various reports prepared by consulting firms.

The research carried out by Kayser & Zülch (2024) is the only one based on a systematic review of the literature on the major implications of sustainability at different stages of mergers and acquisitions using two different perspectives, the first of the acquirer and the second, from the perspective of the target company. The analyzed sample consists of 52 archival studies published in 33 different journals in the research field of Business and Economics, the oldest being from 2011.

Of the eight articles that approach quantitative methods, two are based on questionnaires and six on econometric models based on different samples and different models. Questionnaires were used by Ilea & colab. (2024), respectively 1750 questionnaires distributed to employees of the new entity, the Bihor County Emergency Clinical Hospital, in two installments, the first ten months after the merger and the second one year and four months later. The second study based on questionnaires is conducted by Manole & colab. (2024) who conducted two sets of questionnaires distributed online by the company to employees. The first set was completed at the beginning of the transition by 240 participants and the second seven months after the acquisition by 209 employees.

Among the studies based on econometric models, Akgün (2024) investigates the changes produced as a result of the global crisis based on a sample of 3,178 merger observations made in a sampling period, namely the years 2002-2012, with data obtained from the Thomson One Banker M&As and Bankscope databases. The condition for participating in the sample was that the acquirer was a bank from the European Union, the target bank could operate in any other country in the European Union or in the world. The methodology used involved the analysis of panel data, including descriptive statistics ANOVA or the t-test.

Bîlteanu & Stancu (2024b) use the Capital Asset Pricing Model (CAPM) and find the impact on the day of the transaction announcement as follows: the day before there is an observable change in prices that will evolve in the opposite direction after the official announcement. The fluctuation is around 11% in 10 calendar days.

The methodology used by Chiriac & colab. (2024) consisted of applying Ordinary Least Squares regression on panel data. The factors taken into account were the Ease of Doing Business Index which included institutional regulations, sustainability and economic regulations, Carbon Emissions per capita and Global Governance Indicators. The sample was made up of 243 observations from the period 2012-2020.

The study by Herghiligiu & colab. (2024) develops for the target companies how the capital market impacts accounting practices and vice versa through two models, structural equations, the first focused on value relevance and the second on accounting conservatism. The first model, of value relevance, illustrates the influence of factors such as prices and return on equity on the capital market. These in turn influence the accounting figures. The second model, which takes into account conservatism, emphasizes the dependence of earnings on the financial leverage of the company.

The methodology of the study conducted by Verma & Kumar (2024) aims to discover the factors that contribute to the influence of the financial performance obtained by companies, then integrating them into regression models in order to outline the conditions of mergers and acquisitions.

The research orientation is carried out in two directions, either studying a specific merger and acquisition operation, or on a larger number of transactions in a certain period of time. Of the twelve studies, four analyze individual companies involved in mergers and acquisitions in the banking, medical, teleworking and paper fields.

Bîlteanu & Stancu (2024a) define corporate synergy as the new company resulting from the combination of two other companies, whose value is much higher than the sum of the individual values. The purpose of the research was to quantify the synergy effect achieved at the level of the combination between Romanian companies in the paper industry, namely the purchasing company Vrancart (VNC), which deals with the production of corrugated cardboard paper and the manufacture of personal hygiene paper, and the acquired company Rom Paper

(RP), which is both a competitor of the buyer and a complement to the products offered by the buyer through its diversified range of products, such as napkins and paper towels, professional rolls.

Bîlteanu & Stancu (2024b) analyze the market reaction, namely the changes in share prices as a result of mergers and acquisitions. The study focuses on the acquisition by Transilvania Bank of Volksbank Romania and Bancpost, followed by an analysis of the merger between the Bucharest Stock Exchange and SIBEX Sibiu.

Ilea & colab. (2024) aim to evaluate how the merger of two hospitals in Oradea, namely the Municipal Clinical Hospital "Dr. Gavril Curteanu" Oradea with the County Clinical Emergency Hospital Oradea influences the job satisfaction of medical and non-medical personnel. Manole & colab. (2024) analyze how individual performance, identity and organizational culture are influenced by positive beliefs and reactions following an acquisition within a teleworking organization in Romania.

For the second category of studies, namely those aimed at analyzing a larger number of transactions, there is interest in the impact on performance, sustainability and carbon dioxide reduction, the Due Diligence procedure and the influence of International Financial Reporting Standards.

The only study that addresses the pre-merger and acquisition issue is that conducted by Ulian (2024) who focuses his research on the stage preceding mergers and acquisitions, namely the Due Diligence procedure and its connection with the risk and performance of the companies involved in the transaction. Due Diligence is considered by the author as the tool for identifying factors influencing the performance of transactions as well as the associated risks. At the same time, during the Due Diligence stage, companies have a clearer picture of the potential evolution of the company, being a decisive factor for concluding M&A transactions but also for guiding companies towards optimization.

The impact on performance is presented by Aevoae (2024) who aims through his study to evaluate the stakes acquired by companies between 2010-2018, more precisely a sample of 2,565 transactions in which one of the participating companies is Romanian. The information analyzed includes data on the size of the companies and the premium paid in the transaction. Verma & Kumar (2024) focus their research on the impact of mergers and acquisitions on the financial performance resulting after the conclusion of the transactions. The sample consists of mergers and acquisitions carried out between 2016-2018, for which the data available in the Bloomberg database four years before and after the transactions are analyzed. However, the influence can also be achieved in two directions, as noted by Herghiligiu & colab. (2024) who analyze the circular causality existing between the financial performance and the market value of the companies involved in M&A, respectively on a sample of 5,387 transactions carried out between 2011-2018 at the EU-28 level.

Environmental concerns are noted in two studies, the first conducted by Chiriac & colab. (2024) who focus their study on mergers and acquisitions that are carried out with the aim of reducing carbon dioxide in business environments with high environmental performance and sustainable practices. The research focuses on European countries, respectively on the impact of the business climate on the implementation of mergers and acquisitions. The aim is to investigate the reasons behind entrepreneurs' decisions to invest predominantly in certain European countries, so that the study can contribute to informing governments on the increase in the volume of mergers and acquisitions. The second study, conducted by Kayser & Zülch (2024) focuses its research on the increasing importance of sustainability and its role in mergers and acquisitions transactions, considering it a condition for the success of operations, essential also in the orientation of activities towards a sustainable economy.

Two studies take into account legislative and banking aspects. Akgün (2024) analyzes mergers and acquisitions operations referring to International Financial Reporting Standards (IFRS) but also focusing on Local Generally Accepted Accounting Principles (GAAP). Specifically, the study aims to discover the impact of the governance mechanism regarding financial reporting on mergers and acquisitions in the banking sector, focusing on periods of economic crises. Sîrbulescu & colab. (2024) conducted an X-ray of the Romanian banking system consisting of 32 credit institutions with net assets in 2023 located at 803.4 billion RON.

3. Results

A first analysis of the selected articles, although all include aspects related to mergers and acquisitions, only half, or six out of twelve articles, start from defining the concepts of mergers and acquisitions, and even in these cases, contrary opinions are found.

Bîlteanu & Stancu (2024a) define mergers and acquisitions as those operations through which the assets of one company are transferred to another, with distribution of shares to the shareholders of the target company. Synergy occurs when the overall performance of the new company is superior to the separate individual performances. Chiriac & colab. (2024) consider mergers and acquisitions a rapid reorganization strategy in order to acquire superior management to enter new markets, to acquire already trained employees, to share risks and to reduce financial effort. In line with this perspective, the approach to mergers and acquisitions in the study conducted by Herghiligiu & colab. (2024) who also add that mergers and acquisitions strengthen the financial position and determine the amplification of the company's value in order to correct the negative results obtained at a given time. Thus, the reasons for mergers and acquisitions appear to be the need for survival, protection, diversification of activity and increased sales. At the same time, Verma & Kumar (2024) argue that mergers and acquisitions are a normal phenomenon for developing countries and for large companies open to global trade to expand their business.

Opinions contrary to the above are found in the study by Ilea & colab. (2024) who consider mergers as phenomena that create severe traumas leading to behavioral and psychological problems of the staff, and to problems related to the adaptation of both the staff and the two companies. The complexity of transactions stems from the difficulties regarding the different perception of organizational culture and the takeover process, which limits the communication and sharing of valuable information for organizations. Similarly, Manole & colab. (2024) consider that organizations undergo mergers and acquisitions that cause vulnerability and insecurity, threatening the identity of employees and their organizational belonging by changing values and organizational culture, while at the same time creating uncertainty related to achieving the company's well-being and performance.

The gaps identified by the authors, mentioned in only three studies, refer to the insufficiency of the pre-investment stage assessment (Ulian, 2024), of studies on banking mergers and acquisitions taking into account International Financial Reporting Standards and Local Accounting Principles (Akgün, 2024) or gaps regarding studies that emphasize the pillars of sustainability and their implications for company performance (Kayser & Zülch, 2024).

The results obtained from the research conducted on a single company have illustrated distinct aspects depending on the particularities of the industry. The results obtained in the studies focused on a company, the studies focused on the stage preceding operations, the studies that analyze the impact on performance, those related to the environment and those that take into account legislative and banking aspects are developed below.

The study conducted in the paper industry by Bîlteanu & Stancu (2024a) found from an operational point of view, the vertical consolidation of the activities of the acquiring companies, with an improvement in the coverage of both new and existing customers, while generating economies of scope and scale that allow product diversification and access to new markets and segments. Empirically, the measurable effect of synergy was found, by comparing the value of the simple combination of companies with the synergistic one, resulting in a favorable difference from the operational and financial integration. The results were also validated by the Monte Carlo method that confirmed by the 10,000 iterations the individual post-integration values, but also the additional component of synergy, which creates valuable post-merger opportunities.

The integration of companies is considered to have a strong operational and financial sense since through the merger a successful company is acquired but at the same time post-integration synergy is also created. The success of the operation was also favored by the same industry of activity of the companies, the product portfolio becoming more complex and more profitable, being favorable at the operational level.

A subsequent study by the authors, Bîlteanu & Stancu (2024b), with the objective of identifying in the banking field the implications of M&A announcements from an economic point

of view, found at the microeconomic level the impact on investors, and at the macroeconomic level the impact on general market conditions.

In terms of the economic advantages gained by the shareholders of the acquired companies, abnormal positive returns were recorded. However, the results are contrary to most of the results in the existing literature, for which companies record losses, sometimes statistically insignificant.

The results of the study conducted in the medical field by Ilea & colab. (2024) showed 10 months after the merger a percentage of 86.14% of employees who were satisfied with their duties after the merger, a percentage that decreased to 80.14% in the second round of questionnaires, respectively after one year and four months after the merger. A similar decrease is also recorded for the career prospects of employees, which were at 81.49% after the first questionnaire and at 74.73% after the second. The most unsatisfactory aspects resulting from the merger were related to the possibility of promotion at work and to job security and stability. The overall level of satisfaction was at a good level, obtaining 4.07 points out of a maximum of 5 points. The differences in the level of satisfaction of the staff of the two companies are very small, respectively 4.06 recorded in the unit resulting from the merger and 4.09 at the level of the absorbing unit.

The teleworking software company analyzed in the study by Manole & colab. (2024), following the acquisition by an American organization, underwent changes in organizational culture, reorganization of the team and management, but also of the physical appearance of the offices in the colors of the acquirer. It was mainly noted that the visualization of the change contributed to organizational identification and individual performance, the efficient management of changing processes playing a crucial role in the success of the organizational integration post M&A.

The majority of participants (79%) considered a university degree as the highest form of education, while 9.1% considered a high school diploma as the appropriate alternative, or a doctoral degree (1.8%). The results highlighted that the perspective of change in a positive light determines the improvement of the perception of the post-acquisition value system, but also influenced by leadership practices due to the direct impact on the readiness of employees for change.

Another finding refers to identification as a key to achieving the success of mergers and acquisitions operations, since changing beliefs act as a catalyst for positive effects when organizational change occurs. However, for employees to identify with the new company, individual adaptation time is necessary, since the additional effort invested is a factor of stress, exhaustion and even withdrawal, which determines the decrease in results. Demographic characteristics such as age or education did not predict organizational identification or ethical perceptions in the results, the effect being reduced and moderated by other contextual factors.

The results of the only study addressing the pre-merger and acquisition issue conducted by Ulian (2024) concluded the particular importance of Due Diligence in analyzing tax implications since the new jurisdiction created after the merger generates financial benefits such as tax savings. Another finding of the study notes the involvement of the Due Diligence procedure in clarifying the impact of the new circumstances through detailed analysis of performance indicators from a qualitative and sustainable point of view so as to establish how past trends will manifest themselves in the future.

In the preparation stage of the transaction, Fiscal Due Diligence is used to evaluate tax costs so that unfavorable consequences are avoided. The procedure thoroughly evaluates both the risks and the benefits resulting from the transaction, the M&A decision being made in an informed manner, in favor of the company's success.

The results of studies that analyze the implications on the obtained performances begin with the research of Aevoae (2024) which illustrates the advantages obtained by acquirers such as the use of the resources of the acquired companies with the aim of increasing profitability and technological innovation and for the purpose of obtaining dividends or developing new services and products. Romania is considered an emerging country due to the rapid and high-volume changes in the business environment, which boosts the Gross Domestic Product or the Human Development Index by the need for compatibility with developed countries.

In the evolutionary process, mergers and acquisitions, as external growth practices, play an important role through the potential to amplify investments. Acquirers resort to these operations with the aim of amplifying wealth, while reducing costs, but at the same time they aim to expand their businesses to other growing markets. Also, the access that can be obtained to the production of the acquired companies and to the technologies used by them is taken into account, which allow acquirers to diversify the range of products, clientele and market share. All these characteristics finalize both the value of the premiums and the final transaction.

A positive influence is noted in the case of the size of the target companies as total assets that exerts influence on the choice of the type of acquisitions, minority or participations. Premiums are influenced only in the case of minority acquisitions, while premiums for investment in associates are not influenced, the first hypothesis being thus partially validated.

The second hypothesis of the study is validated, with a negative influence of the company size and the level of the premium on the acquired shares. More precisely, in small entities, the premiums paid by acquirers are higher for the acquired stakes with control over small local companies. Hypotheses three and four are also validated, since most target companies also report the negative value recorded at the equity level, which determines the cancellation of the premium payment for about 63% of mergers and acquisitions transactions. The particularities of Romanian companies are created by the state of the institutions, the

economic level of the country, the volatility of the legislation but also by the characteristics of the political environment.

According to the results obtained by Verma & Kumar (2024) depending on the level of post-transaction financial performance, the resulting synergy between companies can be appreciated. An increase in net income, a stagnation of earnings before tax, a decrease in return on capital and return on assets were mainly found. The analysis using the fractal interpolation function revealed a positive impact in the case of companies resulting from mergers and acquisitions. The impact of firm expansion was also positive based on the perspective of the companies' core investors and the maintenance of their investments in the new entity; it was also found that the objectives of the companies before the mergers and acquisitions were no longer met.

The decision to invest by investors is made according to the research conducted by Herghiligi & colab. (2024) taking into account the characteristics of the target companies for mergers and acquisitions, namely their financial performance or the company's position on the market, but at the same time it is also oriented towards the trends existing on the capital market. The study thus aims to establish the extent to which accounting figures or information circulated on the capital markets have a greater impact on the acquisition or merger decision.

The performance of companies is represented by the return on equity and the market reaction is reflected through price and book value, considering the examination of causality through value at risk (VAR) and structural equation models (SEM). Through VAR, the impact of the market on the financial performance obtained by companies in the period 2017-2018 was confirmed. The first structural equation based on conservatism, with the dependent variable ROE, identified a direct influence on the accounting figures, thus influencing the financial performance of the company, but especially the decision to engage in mergers and acquisitions.

The second equation, of value relevance, foregrounds performance-based regulation as the dependent variable, with ROE becoming the independent variable in this case. The results identify in the pricing relationship a significant influence of past accounting information, especially from the year prior to the merger or acquisition.

The financial market is thus shaped by the figures presented by the target companies publicly, with a strong interest in the yields obtained and the leverage effect for a certain period before the transaction is completed.

The two studies focused on environmental concerns conclude according to Chiriac & colab. (2024) and in line with the specialized literature, the importance of sustainability criteria in investment decisions. The orientation of entrepreneurs is directed both towards friendly business environments, with low carbon emissions and towards the completion of transactions in developed countries. Sustainable behavior in developed countries represents an example

for the emerging ones that follow them with obstacles related to infrastructure, higher public debt and a higher level of corruption. The second study, conducted by Kayser & Zülch (2024), highlights that in all the assumed stages both before and after the completion of mergers and acquisitions, the influence on the level of sustainability of the companies was found, being necessary to pay special attention to this aspect in order to maximize the performance of the transactions.

The current trend is towards sustainable development and taking actions to prevent the potential impact generated by climate change, thus forming new concepts related to sustainability that must be integrated into the investment process. The majority of mergers and acquisitions transactions that take into account the sustainability component are geographically located in the USA and China.

At a global level, a diversity of the perception of performance in terms of sustainability is noted, but a heterogeneity is found in the assessment of sustainability. Target companies are selected based on their sustainability level as follows: for companies with higher sustainability, acquirers are more likely to close the deal, while high sustainability of acquirers reduces the likelihood of closing the deal with companies with limited liquidity. Only in the case of strategic acquisitions is the decision-making orientation based on the size of the target company.

Regarding the environmental pillar, M&A is considered to reduce carbon emissions constrained by the environmental policies of the country of operation. Recourse under these conditions to mergers and acquisitions can also be carried out for fraudulent purposes so that a company operating in an environment with strict regulations can outsource its carbon emissions risks to foreign companies whose business environment does not impose the same strictness in environmental regulations. Thus, a target company can be important for the acquirer both in order to improve the company's own sustainability policy and in order to outsource non-compliant parts of its own business.

Analyzed from the other direction, namely from the point of view of the sustainability held by the acquirer, this plays an important role in establishing premiums. A high level of sustainability of the acquirer also determines a higher level of premium transactions. High sustainability also leads to a more favorable return on acquisition announcements, and a greater predisposition towards cash offers.

Consistent findings are noted in the case of the impact of sustainability on post-transaction performance, with a beneficial outcome expected for the company's long-term financial performance. Post-M&A sustainability is expected to improve considerably due to the knowledge transfer process from the entity with high sustainability to the one with lower performance, from acquirers to objectives or from strong sustainability objectives or the pre-transaction social pillar of the companies.

Assessed also from the point of view of the industry of activity, M&A operations that pay particular attention to sustainability operate in the energy sector or other sectors whose carbon emissions are at high levels.

The legislative aspects highlighted by Akgün (2024) find that during the 2007-2008 crisis, Local Generally Accepted Accounting Principles have a higher quality than International Financial Reporting Standards. Mergers and acquisitions monitored based on IFRS regarding financial reporting negatively influence bank performance, while for GAAP a positive influence on accounting performance is found.

IFRS group banks tend to pay more to increase their size than bidders offer, which may be an explanation for the better performance of these banks post-crisis. Before the 2008 crisis mergers, capital structure enhances performance, while after the crisis, bank performance decreased. Bidders' returns are on average negative, with a higher average of GAAP compared to IFRS both before and after the financial crisis.

Conclusions of the study on the banking sector conducted by Sîrbulescu & colab. (2024) highlighted through solvency and liquidity indicators the positioning of the Romanian banking system among the most consistent systems at EU level. However, bank revenues increased as a result of higher interest rates and the number of loans granted. The diversity of loans contributes to generating the financial resources necessary for the development and stimulation of investments and engagement in mergers and acquisitions. However, these determine the dissolution of some banks in 2024, namely the acquisition of First Bank by the Intesa San Paolo Bank Group, as well as the acquisition of OTP Bank by Banca Transilvania. At the level of mergers, the merger between Alpha Bank and UniCredit Bank Romania will be carried out.

A summary of the purpose of each study, the sample used and the results obtained is given in table 3.1.

Table 3.1. Purpose and results of the studies

Author	Study purpose	Sample	Result
Aevoae (2024)	Evaluation of stakes acquired by companies according to company size and premium paid	2,565 transactions	In small entities, the premiums paid by acquirers are higher. The value of the premiums and the final transaction is determined by the access obtained to the production of the acquired companies and the technologies used by them.
Akgün (2024)	Analysis of M&A operations by reference to International Financial Reporting Standards and Local Generally	3,178 transactions	Mergers and acquisitions operations monitored based on IFRS regarding financial reporting negatively influence the performance of banks, while for GAAP a positive influence of accounting performance is found.

	Accepted Accounting Principles		
Bîlteanu & Stancu (2024a)	Synergy impact on post-M&A combined value	Acquisition of Rom Paper by Vrancart	Vertical consolidation of the activities of the acquiring companies and the measurable effect of synergy.
Bîlteanu & Stancu (2024b)	Analysis of market reaction, namely changes in share prices as a result of mergers and acquisitions operations	Acquisition of Volksbank and Bancpost by Transilvania Bank Merger of BVB with SIBEX Sibiu	Economic impact of M&A announcements on investors, and abnormal positive returns for shareholders of the acquired companies.
Chiriac & colab. (2024)	Analysis of mergers and acquisitions that are carried out with the aim of reducing carbon dioxide	243 observations in EU-27	Entrepreneurs' orientation is directed both towards friendly business environments, with low carbon emissions and towards carrying out transactions in developed countries.
Herghiligiu & colab. (2024)	Analysis of circular causality between financial-accounting performance and market value of companies involved in mergers and acquisitions,	5,387 transactions	A direct influence on accounting figures, influencing the decision to engage in mergers and acquisitions and the financial performance of the company. Pricing is influenced by accounting information from the year before the transaction.
Ilea & colab. (2024)	Evaluation of how the merger between two hospitals in Oradea influences job satisfaction	1,750 questionnaires	86.14% of employees were satisfied with their post-merger responsibilities. Dissatisfactory aspects are promotion opportunities and job security and stability
Kayser & Zülch (2024)	Investigation of the increasingly emphasized importance of sustainability and its role in mergers and acquisitions transactions	52 archival studies	Target companies are selected based on their level of sustainability: for more pronounced sustainability, acquirers are more likely to complete the transaction, while high sustainability of acquirers reduces the completion of the transaction with companies whose liquidity is limited.
Manole & colab. (2024)	Establishment of the influence of individual performance, identity and organizational culture on positive beliefs and post-reactions M&A	418 questionnaires	Effective management of changing processes plays a crucial role in the success of post-M&A organizational integration. The perspective of change in a positive light determines the improvement of the perception of the post-acquisition value system.
Sîrbulescu & colab. (2024)	Carrying out an X-ray of the Romanian banking system	32 credit institutions	Diversity of credits contributes to the generation of financial resources necessary for the development and stimulation of investments and engagement in mergers and acquisitions operations.

Ulian (2024)	Investigating the Due Diligence procedure and its connection with the risk and performance of the companies involved in the transactions	Scientific articles, analytical reports of consulting firms	Post-M&A jurisdiction generates financial benefits such as tax savings. The Due Diligence procedure thoroughly evaluates both the risks and the resulting benefits, the M&A decision being made informed, in favor of the company's success.
Verma & Kumar (2024)	Evaluating the impact of mergers and acquisitions on the financial performance resulting from the conclusion of the transactions.	Mergers and acquisitions from 2016-17 and 2017-18	There is an increase in net income, a stagnation in pre-tax earnings, a decrease in return on capital and return on assets. The objectives before the M&A were no longer met.

Source: Elaboration according to the specialized literature

Regarding the limitations faced by the authors in their studies, only eight out of the twelve articles specified what these were. The main ones are the limited samples (Akgün, 2024), the unavailable financial data and the small number of companies listed on the BVB (Aevoae, 2024), the exclusion of some companies from the sample due to insufficient data and the limitation of the sample to 458 companies (Verma & Kumar, 2024), the consideration of a single sustainable development indicator for analysis (Chiriac & colab., 2024) when several indicators could have been used, including those related to environmental regulations; the reduced publication of small and medium-sized companies in particular, as well as the inclusion in the analysis of influences only on certain characteristics of mergers and acquisitions (Herghiligiu & colab., 2024); the possibility of missing important studies when conducting a literature review using Web of Science, some studies not including the search terms used, or the fact that unpublished studies are not taken into account (Kayser & Zülch, 2024).

For studies that included questionnaires in the analysis, the limitations were that the questionnaire questions did not explicitly target the transaction at the level of the surveyed company, the influence of the merger on the change in workplace stress, insecurity or intention to leave the employer was not included. Also, the threshold of job satisfaction after the merger was not identified, and the interviewees could have changed their perception between the two times they were interviewed (Ilea & colab., 2024). Other limitations (Manole & colab., 2024) refer to the research being conducted at the level of a single organization, and the questions did not directly refer to the organization's M&A process, using a general framework instead. The initial values of organizational identification could not be measured, as the questionnaires were distributed after the actual changes when the employees' reactions do not fully reflect the real beliefs, and may be influenced by the common bias of the method.

4. Conclusions

External growth operations through mergers and acquisitions represent ways of rapid development of companies that present both advantages such as obtaining the necessary surplus of resources, increasing turnover, increasing the number of employees and the customer base (Chiriac & colab., 2024; Herghiligiu & colab., 2024), as well as disadvantages related to the uncertainty of personnel and company performance or the loss of organizational identity (Ilea & colab., 2024; Manole & colab., 2024).

Analyzing the impact on companies involved in transactions can be analyzed both with reporting on a company (Bîlteanu & Stancu, 2024a; Bîlteanu & Stancu, 2024b; Ilea & colab., 2024; Manole & colab., 2024); and on an extended sample (Herghiligiu & colab., 2024; Verma & Kumar, 2024; Ulian, 2024), both qualitative analysis (Kayser & Zülch, 2024; Sîrbulescu & colab., 2024) and quantitative (Akgün, 2024; Chiriac & colab., 2024).

The results of the studies are varied but mainly positive influences and less favorable influences are found. A beneficial impact on companies consists in obtaining the desired synergy effect (Bîlteanu & Stancu, 2024a), abnormal positive returns (Bîlteanu & Stancu, 2024b), generating the financial resources necessary for development and stimulating investments (Sîrbulescu & colab., 2024). The negative aspects refer to the premiums paid, more precisely, in small entities, the premiums paid by acquirers are higher for the acquired stakes (Aevoae, 2024) and a high level of acquirer sustainability also determines a higher level of first transactions (Kayser & Zülch, 2024). Both positive and negative effects have also been found, such as an increase in net income, but a stagnation of pre-tax earnings and a decrease in return on capital (Verma & Kumar, 2024).

The limitations of the study consist in examining a limited number of studies, namely twelve, published in a single calendar year. Another limitation of the study can be mentioned as the analysis of mergers and acquisitions only with a focus on Romania or in some cases in the EU. Future research directions are considered to expand the number of articles analyzed, the reference period and the region of M&A transactions.

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