

Year: 2009
Volume: 54
Issue: 1

STUDIA
Universitatis Babeș-Bolyai
OECONOMICA

VALUE CREATION CHAIN IN MERGERS AND ACQUISITIONS

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Abstract. The aim of this paper is to investigate the value creation chain and key value drivers in mergers and acquisitions (M&A). The proposed conceptual framework follows the logic of value chain based on the premise that both financial and human characteristics have an impact on value creation in M&A. Added value potentials and value drivers in both companies, acquiring and target, should be carefully analyzed as only integrative synergies create value for shareholders by harvesting added value in post-merger integration. Therefore, value creation has to be measured in free cash flow increments and its influence on corporate performance should be the centerpiece of M&A activity.

JEL Classification: G12, G32, G34

Keywords: mergers and acquisitions; value chain; corporate performance.

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