

Effects of Acquisitions and Mergers on Supply Chain Structure and Strategy – Case Study Approach

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Abstract— Empowerment of enterprises through mergers and acquisition is ubiquitous trend in all industries and economies, regardless of their current state. Motivation for concentration comes from different objectives that encompass increasing revenues, penetration to new markets, overall costs reduction, and protection of market from new arrivals etc. When considering mergers and acquisitions, companies sometimes neglect supply chain consequences, although they can be significant - both in terms of cost and in terms of service levels. The purpose of this article is to investigate the consequences of acquisitions and mergers in the new structure of the supply chain, and to compare its advantages and disadvantages compared to existing supply chain (before the mergers and acquisitions). Furthermore, the article discusses the strategic decisions that may precede the acquisition and merger, which should take into account the issues of creating new value for all stakeholders of the new supply chain, efficiency of the new compared to the current supply chain, as well as potential problems in the optimization of new supply chains and newly formed system.

Methodology used in research is comparative literature review that resulted in list of supply chain factors to take into consideration when deciding about vertical or horizontal mergers and acquisitions. Theoretical positive and negative supply chain effects have been verified through the case study method analysis of one regional food supply chain in which they are implemented vertical and horizontal mergers and acquisitions.

Findings showed that the supply chain perspective is often crucial in the decisions on mergers and acquisitions, especially for retailers. Supply chain factors can provide significant market advantages that are reflected not only in the expansion of the market, but primarily in the rationalization of operations. At the same time they can be very aggravating factors when it comes to excess capacity or an inadequate organization and business culture.

Research limitations arise from the fact that it is analyzed only one supply chain from the point of retail companies, and only in the food sector.

The paper gives insights into supply chain perspective of contemporary mergers and acquisitions, and discuss their consequences on supply chain.

Key words— mergers and acquisitions, supply chain structure, supply chain strategy, food supply chain.

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