

ABSTRACT

Business firms engage in a broad range of activities including restructuring assets, expanding and shrinking. Under expansion, mergers are like marriage, leading to the joining of two or more separate entities into one, after which parties hope to live happily. Is this a manipulation of financial resources, by creating monopoly? How is this good or bad for the nation? These restructuring possibilities are a kind of strategic realignment of business firm in a changing environment.

This topic covers the theories behind Restructuring of business firms, motives and strategies, Financial Synergies (cash flow correlation between two firms), Principles of valuation and how to increase the value of organization, reasons for joint ventures, and internal & external control mechanisms.

Problems lie less in planning and implementing, but the most critical part is Post-Merger or Post-Restructuring period. How firms behave, and in which direction it turns, all depend on the culture and management efficiency these restructuring which need a thorough understanding, and a global overview of firm diversification program. Both failures and success case study will be presented in order to conclude.