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The Recovery of Companies

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Abstract. The transmission of an enterprise faces different forms which are the recovery, indeed whether it's about a sale or a succession the transmission often puts in danger the existence of an enterprise.

An enterprise can be taken over by another enterprise as part of its external growth strategy or by an individual who can be an heir, a former employee of the enterprise, a commercial or financial partner or a foreign buyer for the firm, but whatever his prior knowledge of the target enterprise the individual buyer holds the position of a new manager and fits into a functioning structure and leads a staff that he did not recruit.

As part of our article, we have been interested in the study of the recovery of enterprises and its various aspects, in the first part the general case we discussed the resumption namely the transfer of businesses and through the brakes related to the transmission and the process of transmission. The second part is dedicated to the recovery and its integration in the fields of entrepreneurship, as well as the different forms that can take the recovery of a company namely: the external growth and the recovery of enterprises by individuals.

Keywords: transmission, recovery, enterprise, entrepreneur, seller, buyer.

Jel Codes: O35, O2

1. Introduction

Corporate recovery is a situation which falls within the entrepreneurial spirit, but researchers opposed to its integration in the fields of entrepreneurship, in definitive recovery was likened to a process by which a physical or moral person acquires the property of an enterprise.

The recovery of an existing enterprise is often considered by researchers in entrepreneurship as a recreation.

In some ways, there are common features between the resumption of business and creation *ex nihilo*.

The recovery is a special case of the phenomenon of transmission by the fact that it is in both cases a sale of a business, indeed, the business can be transferred to a family member or an heir, so we talk of the succession this topic will not be discussed in what follows as seen various aspects it deserves to be treated separately, also we see the transmission from one company to another as part of its external growth strategy and at the end to the sale of the business to another person which is the main pane in this article.

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In this article we will make a presentation of the themes in a funnel approach from general to particular. The first part will focus on the phenomenon of transmission and the second part will focus on the recovery of enterprises, with both types namely the external growth and recovery by the individual.

2. The Transmission of Companies

According to Lehmann (1993) 2000 SMEs are disappearing every year in France for the reason of not having a buyer and 2,000 others declare bankruptcy for a problem generated by a transmission.

Neglecting the issues of transmission, can engender to significant consequences in particular on the macroeconomic plan: the impact on the environment, the number and quality of jobs saved, the additional wealth generated, the renewed resources for local communities, changes in the competitive balance within the sector and the possible renewal of management methods.

2.1. The Definitions of the Transmission in the Literature:

(Haddadj and D'Andria, 2001) consider that the two million SMEs account the French economic fabric, nearly a contractor on two has over fifty years and one-third of business leaders will retire in the next ten years hence the possible transmission of 600 000 companies and it takes about ten years to ensure transmission in good conditions, reflecting an idea of the importance of this issue and the problems it raises. Therefore, these authors define the transmission as a fundamental aspect in management because the question of change of the leader arises at a particular time in the history of the company, the decision of its implementation will be difficult to reverse and will influence all other decisions that will initiate the company.

The transmission of the enterprise is a major step in the company's life and it remains a first class operation because all companies fail all their transmission on the other hand (Lansberg and Astrachan, 1994) see that the transmission discharges from the desire of the leader and the actions that he takes.

(Donckels, 1996) defines the transmission as the transfer of ownership and / or the management to a family member or a third party.

In general, an enterprise can be transmitted to a firm, a legal person, an individual who may be an individual or a legal person or an heir, and in that same order of ideas (Esteve, 1997) launched a legal connotation, noting that the transfer of a business is materialized in legal acts that see the transfer of ownership and responsibility.

(Chaput, 1993) on the other hand associates, the sale at break regarding from him rather troubled companies while transmission implies the continuity and extension and therefore involve healthy companies.

Since it can transmit a business to a firm, to an individual or to an heir, we approach the last group the problem of family business that is not the object of our study, but it is still important to distinguish between the two concepts: The transmission concerning the transfer of the business to a third party and succession which involves only the heirs in the transfer of the firm.



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Indeed, the legacy reveals other perspectives of analysis on which we will not dwell but they deserve to be addressed.

In the same context (Bourdieu,1964) states that the heirs do not want to reproduce the pattern of their parents, therefore, the various reasons pushing them to turn to other jobs and usually the seller who is often the company's founder wants in most cases the continuation of his business, Indeed, the emotional dimension is very important in this context considered particularly of the transmission of the company, hence the necessity to seek a buyer who is close to him in his motivations, his experience which would allow him to ensure the sustainability of the company and not its eventual disappearance, this step takes us to study the recovery of a company by a natural person as a solution to various problems of disappearance of firms before and after transmission.

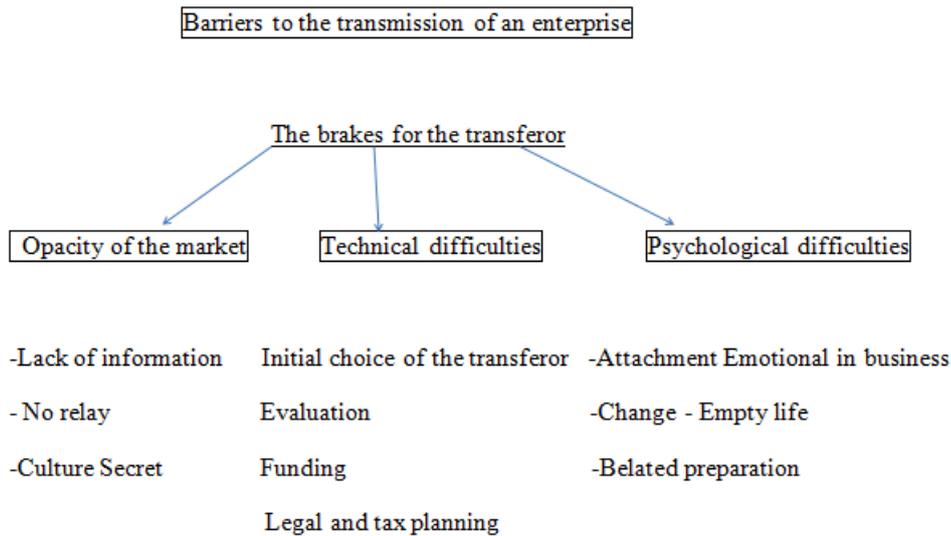
In this same line of thought (Cheneau, 1989) advances that we must prevent companies from dying, and that we must remove the causes of their disappearance and especially the causes of their deaths not resulting from normal operation and adds that corporate history and even if it is healthy becomes dangerous when it changes the owner whether as a result of their sale or the death of leader or effect the simple discontinuity of their appropriation made their cover of major risks.

(Donckels, 1989) considered the transfer of a business as a dynamic process is based on three phases: preparation, organization and realization.

Indeed the first two phases involve only a single seller, however the step of realization result in the signing of the contract of sale, involves two protagonists parties, the transferor and the buyer, the latter and from this step takes only definitively company's management after a transitional period which means that the recovery begins at the signing of the sale agreement but becomes effective only from the transferor.

3. Difficulties in Transmission

The implementation of the transmission process has overcome difficulties identified by it as being brake transmission, and has summarized as follows:



Source: author's personal approach and contribution

Fig. 1: Barriers to the transmission of an enterprise.

In the same context, many researchers were interested in the last two decades to identify the factors hindering the transmission of SMEs, indeed, it is important to review and even briefly the main results which they have reached.

(Cheneau, 1989) worked on the opacity and confidentiality of the transmission market, (Paillot, 1998) has highlighted the absence of the transmission preparation and finally (Donckels, 1996) showed the importance of affective aspects.

3.1. The Opacity of the Market

(Deschamps,2002) considers that there are many opportunities for what she called "buyers candidates", who would save time and avoid the risk of the creation *ex nihilo* to acquire business for amounts lower to those they committed to creating a similar size unit, but there is no lack of opportunity but rather it is the lack of information which is a problem, indeed several types of entities can be bought by healthy companies buyers or they may be in trouble SME, TPE or PE or groups of branches encountered on their core business.

According to Larrera and Morel (1996), the institutions in charge to establish contacts between the buyers and the sellers are numerous, but their informative role deserves to be developed on the another side and, referring to the France, we note that healthy companies are rarely listed and there is about them a real network consisting of multiple sources where the price and the quality of information vary in a very wide range, which means that several authors have described the transmission market / the recovery of opaque and poorly organized and difficult of access.



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So we notice from this paragraph that the difficulty of finding a reliable buyer is a significant factor for breaking a transmission more starting from a cultural aspect, the entrepreneur does not disclose his intention on his business, therefore, declare that he wishes to transmit his enterprise inspires distrust of different partners.

3.2. Brakes Caused by Technical Difficulties

Generally, the problem of succession it happens only once in the life of a business manager therefore he has no expertise in this field. Among the main issues that could generally affect the transferor we quote:

- The determination of goods to be sold
- The achievement of the operation
- The negotiation
- Take inventory of its own objectives.

On the other hand, the transferor must evaluate his enterprise and fix his real prize, according to Donckels (1996), the transferor must ask the question of the evaluation of the company that he sells and the funding of recovery and legal provisions.

(Deigne, 1994) and (Marie, 1992) emphasize that the transferor is responsible for managing by setting a real price, based on a balance between his normal emotional attitude and the rational behaviour of the buyer.

After advancing the main technical problems that might inhibit the transmission, we note that it is obvious that all these decisions have significant tax implication, so in front of these technical difficulties the entrepreneur must be surrounded by independent advisors as mentioned (Donckels, 1995) that help the transferor to be placed in a less emotional context and brings to him the fruit of their experiences.

From what has just introduced we notice that the emotional side represents a significant variable in the transmission, which brings us to identify another obstacle is that linked to psychological difficulties.

3.3. The Psychological and Emotional Difficulties

De Vries (1986) says some accept with difficulty another way to manage an enterprise than their own and therefore tend to create around them an atmosphere that makes any evolution difficult.

On the other hand (Esteve, 1997) adds that the fact to consider transmitting its enterprise reveals an unpleasant idea is that of the inevitability of death.

(Pailot, 1998) suggests that transmission usually corresponds the outcome of a life story which is accompanied by a loss of identity and a lessening of social recognition sometimes speaking in a painful crisis experience.



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Therefore, the transferor of a company must indeed relinquish control which gives a feeling of having lost its identity and social status. This explains the fact that most leaders postpone the time of preparation for the transmission of their firm.

To better put through psychological and emotional difficulties of transmission, adding the work of (Pailot,2000) on the difficulty of the entrepreneur to leave his company, indeed, the psychological crisis experienced by the transferor requires the mobilization of mourning theory advanced by Freud and he justifies the invention of this theory that *the theory of mourning* does not apply exclusively to the loss of loved ones, but also to forms of breakdown, abandonment, and renunciation that require adjustment and adaptation to a new reality. This term may be explained as follows:

The mourning theory is a psychological theory that the first development date back to the work of Freud, Abraham, Klein and Lagache Indeed, among psychoanalysts, the term of mourning is often used to describe the irreversible loss of a loved one, later this theory was formulated in a process to facilitate the empirical validation, this process is a phase enchainment which all constitute the approach of change.

(Bowlby, 1984) to this fact retains four steps:

The Phase of Numbness:

In fact, this phase consists of a refusal to accept the loss in one way or another.

The Phase of Length and Research:

This phase is the beginning of awareness of the reality of the loss, it is accompanied by intense emotional expressions such as distress, nostalgia, anger and guilt.

The Phase of Disorganization and Despair:

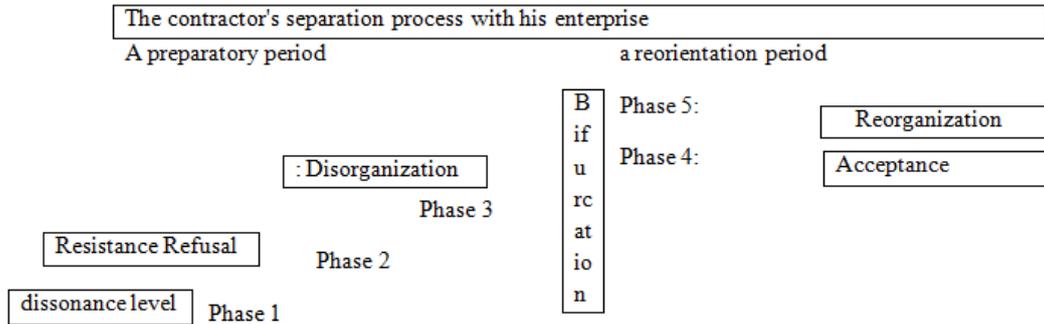
This is a step that generates a state of deregulation and confusion, these effects are the expression and the result of the work of disinvestment of property lost, they mark the recognition of the finality of the loss and dedicate a working progressive detachment of the lost property.

The Reorganization Phase:

Marks reconstruction of the subject on other bases. This personal redefinition is as painful as crucial as it involves the recognition and acceptance of the irreversibility of the loss. This phase is essential to reactivate the driving orientation to the future and other links.

To illustrate the fruitfulness of *mourning theory* in analyzing the separation between the entrepreneur and his enterprise.

We propose the following process which is spread over two separate periods: a preparatory period and a reorientation period.



Source: author's personal approach and contribution

Fig. 2: The contractor's separation process with his enterprise.

The same author in his works tried to highlight the first disappointment of the transferor when he does not find a solution for transmission within the family because he sees his company out of the family fold.

After presenting the main obstacles to the transmission it is still necessary to give the process of advanced transmission in the literature which is the subject of several works, including those of (Dechamps, 2000) as a basis in this paragraph.

4. The Transmission Process

De Ven (1992) calls a process a sequence of events describing the change of events through time . We can therefore be adopted as the following scheme summarizes the steps of the transmission.

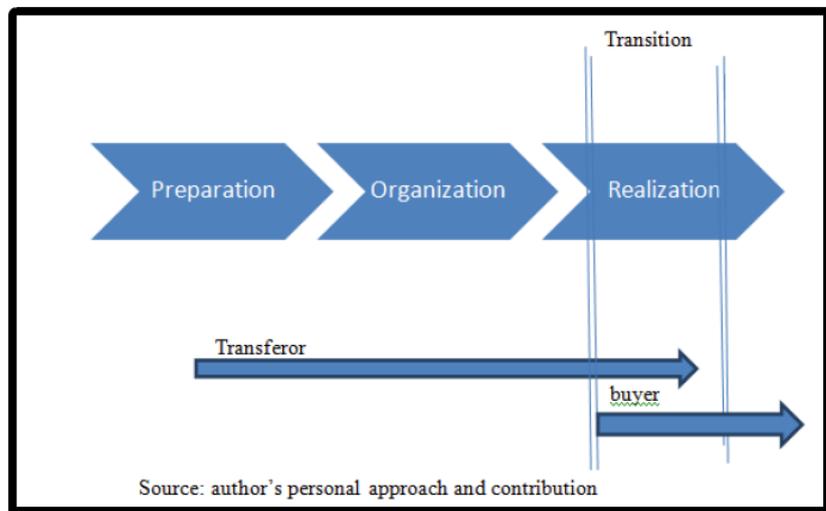


Fig. 3: Transmission process of an enterprise.



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4.1. The Preparation of the Transmission

The preparation step involves the transferor as unique actor. According to his health, his age and his personality, the transferor has a state of preparation which varies from one person to another.

Indeed, a study by (Trigano and La Fougere,1986) whose results were later confirmed by another study (Donckels,1989) showed that two-thirds of respondents have not yet concerned about their succession as they feel too young, the others had either thought about it either organized or not thinking at all. And thus, a very small part that includes leaders who had organized the sale of their enterprises.

The Company in 1987 argues that in France 10% of business failures are caused by the death or the disease of the contractor, these disappearances have not been provided is put the company in a critical situation where it no longer has a leader.

In most cases of transmission leaders in late career hardly consider their replacement and the transmission of their companies often represents a loss factor. So, therefore, do not provide their departures.

For Donckels "managing is foreseeing", therefore, he believed that the entrepreneur who created his firm should consider its transmission, this is an operation that requires time, determined by (Barnes and Hershon, 1995) from 7 to 8 years.

Indeed, the preparation of the transmission is a particularly sensitive phenomenon, unfortunately, according to (Brown, 1993) reflection comes too late in the management of the firm, (Welsh,1993) recommends on his side to prepare the transmission at the individual, organizational and financial level, he supposes that the transmission does not concern only the leader but also the staff and the sustainability of the company.

4.2. Organizing the Transmission

(Deschamps, 1999) considers that to try to minimize the emotional aspects related to the transmission of the enterprise we have to think a long time to this operation on the other hand

(Barah and Gavitsky,1995) stand portraits of sellers that are crucial to the success of their firm transmission each transmission a single operation, therefore, follow the example of other sales is not enough, in contrast, the researchers advise surrounding specialized firm (Donckels,1989) and (APCE ,1997).

4.3. Realization of the Transmission

The realization of the transmission includes three main phases that start with the signing of the agreement the first step is informing stakeholders such as partners, customers, suppliers, and bankers being stakeholders in the proper functioning of the company and employees and the second step is the transition between the seller and the buyer and finally the management of the transmission.



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4.3.1 The Information of Actors:

1- The information of partners:

(Bares and Herschon, 1994) insist that transmission does not only concern the members of the company, but also all those around the transferor, professional and private persons.

Indeed, all partners should be informed and presented by the transferor to the new leader.

2- The information of employees:

As just mentioned in the previous paragraph information is one of the most important problems of transmission.

In this context (Delfosse, 1988) considers it vital to make a cultural awareness of business leaders. He adds that it is necessary to change the mentality of leaders and treat them of the disease of secrecy.

Indeed, to avoid the perception of the psychological difficulties studies have shown that the preparatory phase for the sale of an enterprise takes place most often in a context of absolute secrecy, which harms a good flow of transactions.

(Deschamps, 2000) considers that the employees of a company can know in their turn emotional problems being physically present in the company for sale can sometimes react in a negative way.

The reactions of employees can be diverse as well to the transferor to that direction of buyer more analysis showed that employees react in two different ways: they suffer culture shock and oppose to him a resistance to change.

Resistance to change is a serious problem to the extent that the buyer firstly may be delayed in the implementation of the essential reforms to the company's survival and secondly that resistance to change can lead to a general decrease of the "moral" of the company.

4.3.2 Transition From the Transferor to the Buyer:

The transmission of the assignor's powers to the buyer is done gradually, to this effect sometimes the seller wants to help the buyer in his new role during a transitional phase.

This progressive transmission of power that results must also be lived proactively by the former leader.

Sharing decisions can be a source of conflict of methods between the old and the new leader that can create a sense of "fuzzy" in the usual partners of the company and the staff.

It should not be that partners and employees are faced with the ambiguity of a double even provisional leadership because for them it is the former leader who premium.

The transferor must, therefore, agree to let the authority and the power to his successor ensure the smooth progress of the recovery.



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The transition period is important for all actors in the transmission (transferor, buyer, employees, and partners).

4.3.3 The Management of the Transmission:

Feigener, Brown, and File (1994) believe that transmission is an opportunity to revive a company and give it new strategic directions once the transmission between the two parties is done the buyer is alone with an enterprise already in operation according to (Dechamps,1998), this buyer will necessarily inspire changes in the firm that he resumed.

To ensure continuity of the business you must be taken into account of the time factor and approach the problem from several angles, psychological or economic or fiscal.

However, it is important to have a very accurate view of the expectations of all concerned because the main obstacle is psychological.

(Estève, 1997) considers that the social leverage is the key to the most important success in the transmission of the enterprise.

(Welsh, 1993), on the other hand, he distinguishes four factors necessary for a good transmission: manage behaviours, respect for individuals, understand the needs of others and understand the organizational structure.

For Foster (1995), the best way to capture an organization's culture is "to learn from others" but according to Reix (1995), individual's members of the organization have specific knowledge and shared knowledge that evolves inside of the social community that represents the organization.

To conclude this part of the article on the transmission, we draw the attention to the fact that transmit an enterprise is a difficult operation and that the effects of a transmission can be beneficial for the company following the contribution of a new blood, of ideas and additional trade relations and apart from the acceptance problem of divergent strategic options from that of the former leader by the actors involved, it is the recognition of the new leadership and its legitimacy within an economic unit which determines the operation.

The objective is the sustainability of the company; cooperation is needed between the seller and the buyer, as well as between the buyer and employees once the latter has entered the phase of "takeover entrepreneurship" of the transmission.

In order to remedy the brakes associated with the transmission, Dechamps (2001) proposed a diagram showing the optimal gear of the transmission of an enterprise in order to highlight the importance of respecting the phases of a process transmission/ recovery.



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5. The Recovery of Companies

5.1. The Definitions of Recovery and the Debates on Integration into Entrepreneurship

Paturel (2001) considers that doesn't mean only in the creation of an enterprise but also it is a field that refers to several other components and in the same vein he affirms that the statistics refer to the recovery of existing companies as an aspect of the entrepreneurial.

Gartner (1990) by the Delphi method interviewed the field of entrepreneurship experts to try to identify a common definition of entrepreneurship.

Gartner (1990) by the Delphi method interviewed specialists in the field of entrepreneurship to try to highlight a common definition of entrepreneurship. The attributes that best describe entrepreneurship for the creation of organization and innovation. Buy an existing business or LBO (leveraged buyout) is included in the most significant characteristics of survey participants.

On the other hand, in the entrepreneurial literature, the recovery of an enterprise has a place at once modest and ambiguous we can however afford to advance some academic findings in an attempt to highlight the attachment of the recovery of enterprises to the entrepreneurship.

Siegel (1989) does not seek through the delimitation of the concept to get closer to entrepreneurship; at most he compared the operation to the creation of an enterprise especially since he adds that only the acquisition of the property allows qualifying a recovery operation.

Sharma and Chrisman (1999) consider that entrepreneurship includes acts of organizational creation, of recovery or innovation in, or outside, of an existing organization.

Fayolle on his side assimilates entrepreneurial behaviors to all the variables describing an orientation, a decision, an action that leads an actor to engage in a creative approach, recovery of an enterprise or business development by investing individually.

Varlet (1996) traces the historical semantics of the word "undertake" and gives as a definition: "to become a master of" the buyer then undertake when he acquires an enterprise as becoming the owner, he "becomes the master" that is to say, he is considered like the leader.

Deschamp (2003) thinks that the recovery is an entrepreneurial phenomenon that nevertheless manifested in very different situations; it is an integral part of the field of entrepreneurship if it is considered as the acquisition of a business or if it is studied from the actor.

Bruyat (1993) considers that the recovery involves an individual living an important change, in other words, an individual will be considered as a contractor since he lives a change compared to its previous situation.

Vigoureux (1997) defines two principles of private property:



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- Absolute exclusivity of the use of the property: this principle encourages whoever controls a resource to devote the maximum personal effort to exploit it the most efficient way, considering his personal skills;

- The free transferability of this right: this principle guides the control of its resources to those who are likely to make the best use.

As part of the recovery, with regard to these two principles, decision functions (management), of control (Monitoring) and assumption of risk are the act of a single individual: the buyer. By combining the property in case of RPP we finally approach a resolutely entrepreneurial phenomenon.

(Donckels, 1995) treats difficulties of the operation and focuses on the recovery of family affairs.

He uses the term "take-over" which actually corresponds to the external growth. It seems that this type of operation does not exist in the United States where an entrepreneur multiplies his efforts to boost his activity and providing him an important growth in view of the resell quickly to another enterprise.

US buyers according to him associate with major investors and their mission is to progress enterprises to generate added value for their partners.

These buyers are not, therefore, neither the owners of companies that they buy, neither free in their management.

Birley (1997) confirmed this verdict showing that american vendors which seek to sell to another company, to an investor or to a "business angel".

Therefore, the definition of the recovery proves tricky insofar several notions attached to it: those of property and therefore of power, rescuing enterprises in difficulties, repurchase of all or part of the capital of the target or all or part of its operation.

5.2. Forms of Recoveries

For several years, more and more manager wish realize their dream of investing their experience in their own business citing, for example, the artisans who wish to fly with their own wings, or yet frames in wage rupture who have the ambition to rebuy an SME, however, many are the separations performed by firms in the course of their growth policy.

In both types of operations: the recovery of a company by a legal or natural person, the result of the approach is the repurchase of a firm.

Deschamps (2001) argues that in addition the variety of companies included entails a great diversity in terms of impacts of the recovery on the environment, in terms of numbers and quality of saved jobs, additional wealth generated, renewed resources for local communities, balance changes and finally the possible renewal of management methods.

It is, therefore, interesting to present the external growth policy as an alternative to acquiring a business, it should be noted that this concept has been in a very rich theoretical debate in academic



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research that will be useful in this paragraph, to define the operation and present its particularities compared with the recovery by individuals who represents for the buyer a succession of four phases:

- The birth of the idea.
- Detection of the potential enterprise.
- Its evaluation.
- The negotiation phase.

5.2.1 External Growth

In 1993, Paturel has realized the status of places restrictions by the external growth in France he has therefore insisted on their importance, they represent according to him 47% of operations; also on their international character and on the objective sought by companies.

Indeed the managerial and socioeconomic literature offers a multiplicity of definitions of growth, it was noted that at least theoretically one of them was admitted by most specialists it is there advanced by Paturel (1978) who defines external growth as a growth strategy in terms of research ,however, externals definitions will change according to the researcher's objective in question.

According to Gourvi l(1994), despite the undeniable similarities, it appears that they differ in term of objective, of content, of form and degree of precision, on the other hand Paturel (1993) adds that sometimes the researcher is interested at all takeovers carried through the OPA, sometimes he will focus on external growth visible from the outside observer, or he will include in the external growth all repurchases, all the absorptions ,fusions, without troubles of the existing relationship between integrated entities and the company which develops.

To advance specific academic definitions of external growth we can retain that of Paturel (1978) and that defines external growth as a growth strategy through acquisition or taking control of all means of production already combined, in operating and we mean by acquisition, buying the entire of the enterprise, healthy or not that is to say of the economic entity on the whole.

Perez (1973) uses in a study on the international dimension of growth strategies and according to his external growth as opposed to internal growth is a way of internal growth involving transfers of assets from other companies (fusion, absorptions, partial disposals ...) or comparable results as the OPA, and he adds that external growth explicates strategies of large companies.

Legally, it is traditional to distinguish fusion, acquisition, disposal and partial contribution of an asset.

The management research procedures , establish that the growth modalities are studied from different angles: the growth directions such as horizontal and conglomerate growth in the words of (Paturel, 1978).

Labroudette (1989) talks about the decision of the operation and (Marck, Shleifer, and Vishny, 1988) studied the nature of the operation.



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The Horizontal External Growth:

According to Paturel (1978), it manifests by a strengthening of functions of existing production within the enterprise, this strengthening is obtained through the acquisition of sets similar production function.

The Vertical External Growth:

This is a growth in complementary production functions to existing ones; we obtained it by adding new means of production of output, acquired separately and to combine in complementary activities to those present.

The Conglomerate External Growth:

Consists in the heterogeneity of outputs of the firm, and adds that these three directions present all advantages and disadvantages for growing firms and therefore send back to why companies realize growth operations.

For Labroudette (1989), some forms of external growth resulting from the initiative of directors of companies that agree to make preliminary contacts, then discuss their solutions, finally return in question the distribution of property and that of managerial control. These variants according to him are qualified friendly variants.

Mack, Schleifer and Vishny (1988) show that acquisitions motivated by the search for synergy are considered like friendly "friendly acquisitions" as they named while the "Disciplinary acquisitions" are qualified as hostile.

So we notice from these academic findings that the logic of the recovery is associated with the external growth of enterprises in fact (Senicourt,1985) shows that the recovery of an enterprise represents a strategic option for the buyer in the same way that external growth is part of choices of an enterprise.

Siegal (1989) nuances this point of view on perceiving that the recovery of an enterprise by a person remains a phenomenon resulting from the meeting of an opportunity than a choice made from a pre-existing idea, the existence of a structure ready for use and a knowledge some have provided to any other argument in favor of creation.

In fact, we talked about before starting this paragraph of the recovery in general and we evoke the existence of a process to four sentences.

Bruyat(1992) considers that the term process involves several notions: the time, the organized or the system, the activity and the regulation and therefore the action oriented to one or more goals.

The goal is the recovery of the target firm, it is necessary to take the following steps: the determination of the enterprise to buy, its evaluation, the negotiation and finally "the entry in the walls" or the operationalization of the acquisition.



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By analogy, Guieu (1995) breaks down the process of takeover a firm by another in four phases.

The search for the target, the analysis and the evaluation of the target, the negotiation, and the fence, we assist so to a process of preparation for the recovery, the execution occurs at the time of the entry into the walls this is what he called the fence in the case of external growth.

Thus, the preparation of an acquisition should not be neglected and it consists in a methodical and rigorous diagnosis and constitutes one of the operations success factors.

Paturel (1991) confirms this, by reporting that a diagnosis of the partners is needed to avoid any subsequent surprise and thoroughly check the accountability of organizations, he adds that too many failures are due to the defect of preparation on the diffusion plans of the information, the reorganization and the elimination of the unprofitable and of profitable activities, methods of managements to remember and the absence of research on staff participation to succeed the operation and research the motivations of seller because they play much in negotiating the price and also to understand his reactions.

Being, therefore, the result of a strategy, the external growth of a company involves two protagonists parts whose identification should not be neglected include the determination of motivations of the buyer firm.

Indeed, external growth is often recommended to remedy a weakness in particular areas such as knowledge, the technology, and to replace quickly a phase of decline in an activity by a new strategic business area in which the company is not competent.

So the acquiring of the firm has clearly identified the growth like a strategy will look for an enterprise which it will be able to develop synergies has much of chances of success than one that achieves an acquisition by opportunity.

Evrard (1996) argues that the strategy of external growth presents significant advantages especially for SMEs as it allows to quickly acquire the skills of a new sector mature.

According to (Deschamps, 2000) the big enterprise on the other hand benefits of special facilities in the integration of the absorbed entities and the financing of the operation it added that the operations of external growth leading to assemble all or part of the two organizations always entail rejection phenomena that the big enterprise can minimize given the relative masses that they represent.

The acquiring firm usually has motivations that push it to lead an external growth strategy. Indeed Marck, Schleifer and Vishny (1988) identify two types of motivations: the correction of practices of not maximizing profits of the target company and the possibility of earnings by combining the activities of both Companies. Gouvril (1994) goes in the same direction by stating that an external growth operation is destined to all logic to bring to actors in present better financial results or others, hence the maintenance and further the development of the level of the performance of the new entity are as initiators of such an operation, necessary conditions.



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However, it risks entailing a discontinuous evolution in the growing enterprise that will be a source of disorganization at all levels of decision, causing conflicts and effects of negative synergies.

Besides, Labroudette (1993) notes that whatever the situation, we must not omit the presence of diseconomies of organization related to absorptions and to fusions. On their side, Jénisson and Sitkin (1989) trump this idea by speaking of “fractionated and the discontinuous process of the acquisition”.

Following our review of the literature, we have been noted that the external growth of big enterprises is well marked through the studies developed in the management literature.

5.3. The Recovery of Enterprises by Individuals (RPP)

Deschamps, (2003) considers that the recovery of an enterprise by individuals (RPP) is a difficult object of study and paradoxical to identify from it, it is about entrepreneurial practice little known outside the journalist of the press, indeed, the RPP is neglected by academic research as well in French than in English, including the field of entrepreneurship that focuses on business creation.

A. Fayolle (2003) argues that the RPP is a situation which belongs to the fields of entrepreneurship, and simply defined as a process by which a natural person, the buyer acquires the property of an enterprise or an existing activity and holds the executive management.

Gay (2000) insists that healthy enterprise or it may be in trouble, the key success factors of a recovery operation are quite similar he cites the motivation of the buyer, his skills and his professionalism, his realism and his strategic capacity.

In an RPP operation, the main actors are the seller and the buyer, but it must not be neglected the role of professionals in the recovery as consultants, lawyers, accountants without whom the business would probably have a hard time materialize.

In order to give a clear definition of the RPP or proposes that advanced by Dechamps (2000) and he defines the RPP as the process which by an operation of repurchase led to the continuation of the life of a company in difficulty or not and all that it contains (structure, human resources, financial, technical and commercial. Therefore, the individual who takes a firm acquired it in front of the owner and the manager.

Dechamps (2002) considers that it is possible to characterize the RPP as a thought by an individual acting to emerge the structure of his enterprise in its environment and make it conform with the representation that he makes.

However, the RPP is not studied by Siegel and Donckels under its entrepreneurial angle but rather as a strategic operation. There are several methods to restart a firm.

ANCE (1996) distinguishes between the recovery of assets with especially the purchase of the business assets, the lease agreement, the partial repurchase in total assets and the takeovers by the repurchase of actions or social parts or capital augmentation.



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We assist also to the repurchase of the enterprise by employee's current known LMBO Anglo-Saxon (Leverage Management Buyout).

This method dictates that a triple system of the lever (financial, legal and fiscal), the entrepreneurs employees can, borrowing while a minimum holds a maximum of shares in the company.

In the case of recovery by the individual, the researchers emphasize the notions of power and property of the entrepreneur, to this effect (Siegel, 1989) believes that only the acquisition of the property allows qualifying a recovery operation and that ultimately the supreme power is held by the owners.

Based on this idea we depart the case of asset recovery, especially that of the management lease for the simple reason that it only transfers the only enjoyment of an asset and not the property of the latter, and the repurchase of the business continues to take profit from its assets ...is only a partial recovery of assets or it is only interested in recovery of enterprises in their entirety.

The recovery of an enterprise by a particular is mainly based on the intervention of two protagonists as main actors of the operation, in other words, the seller and the buyer.

The transferor seeks to transmit his enterprise and manifests different expectations. Indeed, he searches to sell his enterprise that represents an asset refers often most of his heritage.

Socially, the transferor has a turning point in his career selling the enterprise that he manages for years, so that he has created is an important social act in this sense. Fayolle (1997) argues that, in some cases, transfer his enterprise means the loss of social status and professional identity, unless the entrepreneur transfers his business to resume his retirement or for other difficult reasons to live like disease or professional failure.

Personally, the transferor wants to ensure that his company will be between "good hands" for this reason the buyer must satisfy professional and human criteria.

The close link between the recovery and the transmission allow us to assimilate the profile of the transferor through a transmission to the transferor in a recovery process. We discussed in the first section of the first two phases of the transmission process involving only the transferor remains the transition phase that involves both actors.

6. Conclusion

Taking over an enterprise appears to be a solution to remedy the disappearance of healthy or failing firms, indeed, business leaders assimilate bad their separations with their firms so the preparation and the organization of the transmission are operations usually postponed, resulting in difficulties to transfer the entity, especially in the absence of heirs.

For these reasons candidates to the recovery or the buyers must ensure well to seize opportunities and present themselves at the right time. On the other hand, the act of undertaking is not related only to



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the characteristics of an individual, but is also determined by contextual factors and, more than take over a company, seems to be one of the solutions to find its identity and its reason to work.

Indeed, a buyer must answer to a definite profile and must have motivations to succeed the operation of recovery and be able to respect all phases to a specific process to this action.

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