

Business University Turība

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SYNOPSIS OF THE DOCTORAL THESIS

**REORGANIZATIONAL BUSINESS MANAGEMENT
MODEL FOR INCREASING THE COMPETITIVENESS
OF REAL ESTATE MANAGEMENT COMPANIES IN
LATVIA**

**Developed for obtaining scientific doctor`s degree
in the field of Social Science**

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With the doctoral thesis and its summary can be found at Business University Turība, Riga, Graudu Street 68.

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ANNOTATION

The topicality of the topic of the doctoral thesis **Reorganization business management model for increasing the competitiveness of medium and large real estate management companies in Latvia** is related to the impact of geopolitical conditions on entrepreneurship, the rapid rise in inflation, the rapid development of technologies and digital solutions, the changing conditions that exacerbate competition between companies, as well as the limited local market opportunities of medium and large real estate management companies in Latvia, as well as the lack of knowledge and experience of companies in expanding their services.

The purpose of the thesis is to develop and approve a reorganization business management model of merger and acquisition transactions for medium and large real estate management companies in Latvia to increase their competitiveness.

To achieve the goal of the doctoral thesis, **several tasks** have been set: 1) to study and analyse the legal aspects of the reorganization process, reorganization process management, increasing the competitiveness of companies, product market expansion strategy, business models, and theoretical aspects of business management models; 2) to study the real estate management industry and review of reorganization transactions in Lithuania and Estonia; 3) to study the real estate management industry and review of reorganization transactions in Latvia, the opportunities for real estate management companies to increase their competitiveness through reorganization; 4) to develop and test a reorganization business management model for managing acquisitions and mergers for medium-sized and large real estate management companies in Latvia to increase their competitiveness.

Research methods used in the work: 1) research methodology of scientific works, 2) methods of analysis and deduction, synthesis and induction, 3) graphic methods are used in the study of the dynamic trends and changes of indicators included in the study of company reorganization transactions, 4) quantitative research methods together with sociological research methods are used to obtain important data from experts on the problems of the implementation of company reorganization and the necessary improvements in the implementation of reorganization. The following primary data acquisition methods are used in the work: 1) expert interview and 2) survey.

The thesis consists of an introduction, **4 chapters**, conclusions and proposals, a list of used bibliographic units and other data sources. The main text of the thesis is presented in **197** pages and illustrated with **82** figures and **18** tables. The work has **5** appendices. The literature list includes **318** bibliographic and data units.

Keywords: reorganization, reorganization business management model, product market expansion strategy, competitiveness.

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INTRODUCTION

Companies experience situations in their development when existing services or goods have exhausted their development and the company has no more opportunities to expand its market share. Much depends on the type of company's product or service and whether the product and service can be developed or tried to be distributed in other markets. Since this is not always possible, companies may need to think about a different type of strategy - product or service diversification, new product development or one of the following types of reorganization¹: selling part or all of the company, dividing the company, separating companies or independent business units or purchasing part or all of the company and adding it to their own company.

Several strategy² and business consultants, theorists, and scholars (David, 2021; Craven, 2008; Kaplan & Norton, 2008; Godins, 2010; Gruning, 2011; Kaplan & Norton, 2001; Kim & Mabours, 2007; Porter, 1980; Robbins, 2001; Rodger & Hunter, 1991; Stahl & Grigsby, 1992; Storey, 1992) have recognized that no core business is eternal, or that every product³ and company⁴ has its own life cycle.

In business, various matrices or tools are used to measure a company's strategy, based on assessing the company's product (service) life cycle or market expansion opportunities, and the matrix that most accurately describes the product and company life cycle is the Boston matrix, the McKinsey matrix, and Ansoff's "product - market" matrix (Ansoff, 1965; Kotler, & Keller, 2016; Grant, 2019; Johnson, Scholes & Whittington, 2020).

Research of scientific articles on aspects of corporate reorganization, incl. M&A transactions have been conducted by several authors (Conceição, Faria & Machado, 2022; Speitmann, 2023; Huang & Xie, 2023; Adhikari, Kavanagh & Hampson, 2023; Pandey, Steigner & Sutton, 2023; Abulikemu, Xu, Wang, Ding, Zhang & Shen, 2016; Boyson, Gantchev, Shivdasani, 2017; Hsu, Humphery, 2020; Nguyen, Ho, Nie, 2022; Tarantino, 2023). The following authors have conducted research on scientific articles on aspects of corporate reorganization such as spin-offs: Conceição, Faria & Machado, 2022; Chemmanur, Luu, Uhlaner, West, 2021; Chemmanur, Jordan, Liu, Wu, 2010; Fasano, La Rocca, Cariola, Passarelli, 2023; Choi, 2020).

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¹ Reorganization, transformation, creation according to other principles (e.g., reorganization of the management structure of a company, reducing the number of employees or changing their composition). (Explanatory Dictionary of Economics, 2000).

² A comprehensive, complex action plan, a program, intended for a longer period of time, in which the main goals are set and the main means of achieving them are indicated. (Economics Explanatory Dictionary, 2000).

³ A material or intangible result of human activity (e.g., an object, service, scientific discovery, idea. (Economics Explanatory Dictionary, 2000).

⁴ A part of the property of an entrepreneur, separated for the purpose of conducting business as a single set of tangible and intangible elements. Enterprises usually have the status of a legal entity. The enterprise must be registered in the Register of Enterprises of the Republic of Latvia (Economics Explanatory Dictionary, 2000).

& Sutton, 2023; Abulikemu, Xu, Wang, Ding, Zhang & Shen, 2016; Boyson, Gantchev, Shivdasani, 2017; Hsu, Humphery, 2020; Nguyen, Ho, Nie, 2022; Tarantino, 2023).

Scientific research on aspects of corporate reorganization such as spin-offs has been conducted by the following authors: Conceição, Faria & Machado, 2022; Chemmanur, Luu, Uhlaner, West, 2021; Chemmanur, Jordan, Liu, Wu, 2010; Fasano, La Rocca, Cariola, Passarelli, 2023; Choi, 2020).

Kim (2018) conducted a study on the differences between equity and stock purchases, while friendly and hostile takeovers were studied by the authors: Ebina, Kumakura & Nishide, (2022).

Many authors have conducted research on the aspects of corporate reorganization, including the advantages of reorganization, mergers and acquisitions for companies, increasing their competitiveness, expanding product markets, opportunities to enter new product or geographic markets, as well as opportunities to gain advantages in terms of better price offers (Pandey, Steigner & Sutton, 2023; Huang & Xie, 2023; Putra, Windasari, Hindrawati & Belgiawan, 2021; Shane, 2004; Vincett, 2010; Hunady, Orviska & Pizar, 2019; Moog & Soost, 2021; Rashid, Naeem, 2017; Johanssona, Waldaub & Åhlströmc, 2022; Hossain, 2021; Kadner-Graziano, 2023).

Scientific studies on the reorganization process and the management of mergers and acquisitions have been studied by Lajoux, 2019, Ganti, 2023; Majaski, 2021; Twin, 2023; Savovič, 2017; Mikesy, 2022; Chen, 2023; Uludag, 2013; Ahmed & Meehan, 2012; Vochozka, Máška, & Kovač, 2023; Burnazi, 2023; Lessambo, 2021; Ollino, 2022; Blumrosen & Mizrahi, 2023; Brendan, Geelen & Green, 2024; Gokkaya, Liu & Stulz, 2023; Kennedy, Xavier & Rabelo, 2023; Barao, 2025; Howson, 2017; Maksimovic & Phillips, 2008; Lajoux & Elson, 2010; Kirkulak-Uludag, 2013.

Scientific studies on business models have been conducted, their concept and role explained by authors such as Osterwalder & Pigneur 2010; Anthony, Gilbert, & Johnson, 2017; Wirtz, 2020; Zott, Amit & Massa 2011; Magretta, 2002; Ogunmola; 2024; Teece 2010; Chesbrough, 2007; Adewumi, Ewim, Sam-Bulya, & Ajani, 2024; Casadesus-Masanell, Ricart, 2010.

Several scholars and researchers have described the concept of a business model and the process of business modeling (Zott, Amit & Massa 2011, 496; Hawkins, 2015; Magretta, 2002; Osterwalder & Pigneur, 2010; Pateli & Giaglis, 2004, 303-307; Rappa, 2004).

Theoretical aspects of business model management are discussed by authors such as Kaplan & Norton, 1996; Waterman, Peters, Phillips, 1980; Olson & Wu, 2023; Wirtz, 2020; Kotter, 1996; Cameron & Green, 2015; Hiatt, 2006.

Topic relevance. The topicality of the topic of the doctoral thesis **Reorganization business management model for increasing the competitiveness of medium and large real estate management companies in Latvia** is closely related to the intensification of globalization processes in the world and its impact on the Latvian business and the global economic

environment, the current economic crisis, the rapid rise in inflation, the rise in energy prices, which significantly affects every merchant in Latvia and beyond. The topic is relevant for the development of the Latvian economy, increasing the competitiveness of medium and large real estate management companies in Latvia, if they choose to implement acquisitions and mergers with the aim of expanding their range of services and products.

Specifics of the development opportunities of Latvian companies:

- limited expansion in the local market;
- insufficient knowledge in expanding services and improving competitiveness;
- lack of experience in implementing reorganization.

Geopolitical and economic aspects:

- increasing geopolitical influence on business;
- rapid increase in inflation;
- rapid development of digitalization⁵ and robotization;
- aging and shortage of labour force.

Therefore, it is important for companies to:

- changes, expanding their range of products or services;
- reorganization:
 - acquisition or merger of companies;
 - division or separation of the company;
 - change in the type of business of companies or other transactions, including restructuring

of the company's operations.

Mergers and acquisitions are complex and, if mismanaged, may not deliver the expected benefits. McKinsey research shows that 80% of mergers fail and approximately 10% cause serious damage to the company (Heidari-Robinson & Heywood, 2016; Gleeson, 2017; Beauchamp, Heidari-Robinson & Heywood, 2016; Becdach, Hennessy & Ratner, 2016; Strunk, b.g). Likewise, several authors (Laitinen, 1991; Laitinen, 1992; Laitinen, 1993; Laitinen, 2000; Laitinen, 2008; Laitinen, 2009; Laitinen, 2011; Laitinen, 2013; Balcaen & Ooghe, 2006; Weitzel & Jonsson, 1989; D'Aveni, 1989; Ooghe & De Prijcker, 2014; Laitinen, 2017; Kärkinen, 2017; Ansoorge, 2015. 2016; Drescher, 2016; Maurer, 2010; Strunk, b.g.; Kallu, 2020; Becdach, Hennessy & Ratner, 2016; Gleeson, 2017) indicate that a large number of reorganization transactions fail and companies do not expect to achieve the expected benefits.

The above means that the topic of the study is relevant not only to show companies their opportunities to expand their product market through reorganization transactions, but the aforementioned data on the high (80%) number of unsuccessful reorganizations (Heidari-Robinson & Heywood, 2016; Gleeson, 2017; Beauchamp, Heidari-Robinson & Heywood, 2016;

⁵ The conversion, storage, and transmission of information, such as data, signals, images, etc., into a digital environment in a digital code, i.e., converted into a binary system – zero and one. In the educational process, digitalization is associated with the integration of technology into everyday learning in order to make education accessible to everyone. (Online dictionary of educational terms)

Beccadach, Hennessy & Ratner, 2016; Strunk, b.g) prove that companies, their managers and executives lack knowledge, professional reorganization transaction managers, lack a strong team and there are many other factors why they need a reorganization business management model for managing acquisitions and mergers, suitable for both reorganization and post-reorganization – management of the integration, change and restructuring stages of companies.

One of the most common failures after reorganizations is that employees involved in the reorganization, including managers and executives, begin to deal with urgent operational issues. It is clear that each reorganization will show that various unforeseen problems begin to appear in the acquired company, which must be solved immediately. This is more often the case when the acquired company has worked according to other principles, has not had sufficient administrative and legal support, and therefore long-standing problems appear that must be solved (Reorganization rules that work, 2016).

The economic crisis caused by the Covid-19 pandemic, rising energy prices, supply chain disruptions, and the financial crisis threaten the continuity of companies' operations, so in such circumstances, companies are forced to think even more about survival (Do, Budhwar, Shipton, Nguyen & Nguyen, 2022), and the strength of a company's survival does not only mean being able to return to normal after the crises have passed, but much more important is the ability to adapt and transform to change (Wieland & Durach, 2021).

Nowadays, when digital transformation is taking place rapidly, the introduction of artificial intelligence can have both positive and negative impacts on companies' international activities at both the company and macro levels (Feliciano-Cestero, Ameen, Kotabe, Paul & Signoret, 2023). Digital transformation is putting enormous pressure on traditional companies and disrupting many markets (Verhoef, Broekhuizen, Bartb, Bhattacharyaa, Donga, Fabiana & Haenleinc, 2021). Digitalization has transformed the competitive landscape of entire industries (Jafari-Sadeghi, Mahdiraji, Alam & Mazzoleni, 2023), and digital transformation is a multidimensional challenge that requires changing consolidated approaches and management models (Caputo, Cillo, Fiano, Pironti, Romano & Building, 2023). Due to all these aspects brought about by the rapid development of digitalization, companies must think about expanding their market as part of a product market expansion strategy, using acquisitions and mergers as a means of expanding their range of products or services in order to survive in competitive conditions.

The rapid digital development, technologies, the transition to the use of environmentally friendly materials, raw materials and tools, make every company constantly think about its development, because the company that will be the first to implement a new digital solution will be more competitive and more in demand from customers. Undoubtedly, digitalization requires companies to invest large amounts of money in development, so companies cannot continue their activities in the same way as they were implemented, for example, 10 years ago. Modern consumers and society in general want the service and product to be appropriately designed,

packaged, equipped with various technologies and digital solutions, so companies are forced to keep up with the trends and current events of the time, which require large financial investments.

Due to increasing competition, the complexity of customer requirements and the impact of market economic shocks pose a threat to the sustainability of established buyer-seller relationships (Cortez, Johnston & Ehret, 2023), which affects the relationship between the service provider and the customer in service, therefore, such challenges and product market competition for companies can be dramatic and have far-reaching consequences (Jaroenjitrkam, Mihaylov, Yu & Zurbruegg, 2023).

The existence of companies is unthinkable without change and without choosing one of the company's development strategies, namely, product or service expansion strategy, diversification, mastering new markets. Another type of change can be a merger of companies with the aim of combining operating companies, thereby increasing their competitiveness and financial performance, or the takeover of an existing company or business, assuming the management and administration of the acquired company, or the restructuring of the company, which can be expressed in the abandonment of unprofitable services or restructuring internal processes or structure.

Changes in companies are relevant at a time when the company's further growth is not potentially large and significant or when the company is not developing, its operations are not profitable or it is on the verge of declining solvency, which leads to the fact that the company has to think about further development or its liquidation.

Expanding the range of services is relevant in every business and every industry, taking into account the fact that each industry develops over time, new regulations are adopted that may affect the relevant industry and which means that companies are constantly forced to adapt to changing business, economic and political conditions.

If a company has successfully developed, has found its market share and is working with good results, this does not mean that the company can relax and not think about its development. Since there is constant competition in the market from both existing market participants and new competitors may enter the market, continuous development is important for companies, as well as expanding the range of products or services they offer.

Competition does not only occur in the form of competitors offering something new, unique or wanting to surprise customers with new opportunities. Especially in the state and local government sector, where services are provided in the form of public procurement, everything is determined by the principle of the lowest price, therefore there is fierce competition between market participants, so that the service provider with the lowest price wins, which negatively affects other market participants with actions that distort competition - an unreasonably cheap offer.

Increasing competitiveness can be implemented through a product market expansion strategy, which means that medium and large real estate management companies in Latvia must

offer additional services - engineering communications maintenance, repair work, design and coordination services, cleaning services, moving and property transportation services, and such additional services cannot always be provided by the company itself with its own resources, therefore reorganization through acquisitions and mergers is one of the means of implementing the product expansion strategy, which updates the development of a reorganization business management model for acquisition and merger management for medium and large real estate management companies in Latvia to increase their competitiveness, within the framework of this study.

Considering that the market situation and competitive conditions are constantly changing, this certainly affects the company's specific service or product, therefore, a successful product or service created by a company must be improved, supplemented and expanded over time in order not to lose the company's competitiveness in the market and continue the company's growth.

Several authors (Liu & Wang, 2025; Muradoglu, Peng, Qin & Xia, 2024; Wu, Jiao, Wang & Wu, 2024; Laitinen, 1991; Laitinen, 1992; Laitinen, 1993; Laitinen, 2000; Laitinen, 2008; Laitinen, 2009; Laitinen, 2011; Laitinen, 2013; Balcaen & Ooghe, 1989; Laitinen, 2014; Laitinen, 2015; Kärkinen & Sormunen, 2017; Rogers, 2021; Ansorge, 2015; Beauchamp, Heidari-Robinson & Heywood, 2016; Drescher, 2016; Maurer, 2010; Strunk, b.g.; Kallo, 2020; Becdach, Hennessy & Ratner, 2016; Heidari-Robinson & Heywood, 2016) emphasize the large number of failed reorganizations worldwide, and the fact that reorganization processes have been ineffective, which can lead to stable companies getting into major economic and social difficulties due to incorrectly and ineffectively conducted reorganizations. Increasing the competitiveness of companies through a reorganization business management model is a topical topic that can help companies predict and prevent reorganization-related failures in a timely manner.

Mergers, acquisitions, spin-offs, or split-offs have always been important, but they may be even more so now, given the rapid restructuring of the market to new conditions.

Company managers, owners, and executives often lack the knowledge, resources, and experience to skilfully manage mergers, acquisitions, restructurings, and partnerships.

Corporate reorganizations can make the companies involved stronger or weaker, depending on the implementation of the merger, acquisition, restructuring, and partnership, which can be successful or completely unsuccessful, which can further worsen the company's financial situation.

Corporate reorganization and restructuring aspects have been studied in several studies conducted in Latvia, as well as in foreign studies.

Among the studies conducted by Latvian authors on the topics of reorganization and corporate mergers, the following studies have been conducted:

1. Vanags A. has conducted research and written a doctoral dissertation “**Opportunities for increasing the competitiveness of small and medium-sized enterprises using the partnership improvement model**” (Vanags, 2019).

Getting acquainted with Vanags' (2019) research, the author concludes that the topic of the research is similar to the author's topic, since the common theme is the possibilities for increasing competitiveness, which is also the subject of the author's research and its purpose, however, the differences are that Vanags (2019) has studied the partnership improvement model directly, not the reorganization model. Partnership models and transactions can also be formed as large-scale transactions or temporary cooperation, as well as a partnership can be concluded with a reorganization transaction, however, there are differences in Vanags' (2019) research from the author's research, which is conducted specifically on M & A transactions, explaining various types of acquisition and merger transactions and various reorganization models, as well as the author has used the practical experience of experts in implementing reorganization transactions in the study.

2. Mucenieks K. has conducted research and written a doctoral dissertation **“Restructuring Management for Increasing Competitiveness of Trading Companies in Latvia”** (Mucenieks, 2020).

It is important for companies to choose the appropriate merger or acquisition model (Mucenieks, 2020, 39). Equally important are company analysis, evaluation, decision-making on merger or acquisition, selection of financing, definition of goals and development of an integration plan (Mucenieks, 2020, 40-41).

This study investigates the restructuring of companies, as well as its impact on improving the financial indicators of trading companies, which increases the competitiveness of these companies, however, Mucenieks K.'s study does not address aspects of restructuring management models.

3. Mucenieks K. has conducted research and written a monograph **“The Secret of Successful Mergers and Acquisitions Integration”** (Mucenieks, 2022),

Mucenieks (2022) has clarified and defined the distinctive features and characteristics of mergers and acquisitions, improved the process of managing mergers and acquisitions, and created a model for determining the company's performance, the MA index.

Also, in Mucenieks K.'s research, it is mentioned as a hypothesis that by improving the management of company restructuring, which provides for a specific action plan, it is possible to ensure an increase in the company's profitability, which indicates that Mucenieks K. has conducted research on restructuring or reorganization of company operations and is developing a methodology for improving the financial performance of companies after restructuring.

The study conducted by the author differs from both studies by K. Mucenieks in that the author has included in the study an analysis of the regulatory framework that determines the reorganization procedure, the author has studied the activity of merger transactions in the Baltic States, comparing the differences in each country, the author has analysed in the theoretical part the problems that exist in practice that prevent companies from successfully implementing reorganization transactions, and the author's novelty, unlike the study by K. Mucenieks, is the

developed reorganization business management model for increasing the competitiveness of medium and large real estate management companies in Latvia.

Although the above-mentioned studies are related to increasing the competitiveness of companies, using both partnerships and restructuring and merger opportunities, the study conducted by the author provides an idea of the types of reorganization transactions, their characteristics and aspects, provides an explanation of the difference between restructuring and reorganization, as well as describes the stages of implementing reorganization transactions, starting from the need for in-depth research of companies and giving an idea of how detailed it should be, studying the legal and tax aspects of choosing the type of transaction, choosing the type of transaction and its characteristics, to implementing the transaction and as a result of the study, the author offers her own model of corporate reorganization management, the novelty of which is that the author describes reorganization not only as a successfully completed transaction, but also includes a post-reorganization stage in the model, which, depending on the characteristics and individual needs of each company, may differ and sometimes may mean carrying out restructuring, as well as integrating companies and applying change management.

Among the foreign doctoral dissertations on corporate reorganizations, the following studies have been conducted:

1. Kärkinen, Eija-Leena (2018) doctoral dissertation Essays on Efficiency of Reorganization Process – A Life Cycle Approach.

Kärkinen (2018) examines the Finnish corporate reorganization system, analyzes the Finnish regulatory framework regarding corporate reorganizations, and examines small businesses in Finland and failures related to reorganizations - reorganizations annulled by Finnish courts, and discusses other issues. Kärkinen (2018) in her doctoral dissertation has developed a corporate reorganization model that is based on two important evaluation criteria - non-financial criteria and financial information.

The evaluation criteria for the Kärkinen (2018) reorganization model are similar to the findings given in the author's study on the importance of in-depth research from both financial and commercial aspects, as well as tax and legal aspects. The reorganization business management model developed by the author for managing acquisitions and mergers for medium and large real estate management companies in Latvia differs in that the emphasis is on a broader stage – both before the reorganization, during the reorganization, and after the reorganization, on the issues of company integration and their solutions.

2. Lu, L (2018). The impact of pre-merger disclosure and acquisition experience on mergers and acquisitions.

Lu (2018) study focuses on the impact of factors on M&A results before the planning stage of the acquisition of companies, pre-acquisition factors are related to the success of the M&A transaction, for example, motivation and incentives to carry out the M&A transaction, and they play an important role in transaction negotiations and integration after the acquisition.

The author's study also analyses the factors influencing the reorganization, including negative factors, such as the insights gained from expert interviews during the practical research. However, the author's study and the developed reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia differ in that the emphasis is not only on identifying factors, but also provides real advice and recommendations for the successful management of the reorganization process.

3. Xi, L. (2018). Mergers and acquisitions: takeover efficiency, social connection and acquisition performance.

In the author's doctoral thesis, a reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia has been developed and tested in practice to assess the efficiency of takeovers and the quality of transactions, and then the impact of social connections on the takeover process and takeover results is studied

4. Zhiwei, H. (2021) Three essays in corporate finance: the determinants of mergers and acquisitions.

In Zhiwei (2021) doctoral thesis the main focus is on the determinants of mergers and acquisitions (M&A) in the US and international markets. The research is conducted on large or mega mergers in the context of whether mega-mergers tend to occur at a specific time, whether they occur in specific industries and what is the main reason for mega-mergers. This work also examines political influence, for example, whether there is a connection between visits by heads of state and representatives and whether they promote cross-border mergers and acquisitions (M&A).

The author's research is not about the political influence on reorganization transactions and the reasons for their implementation.

4. Alon, B.J. (2020). Leadership Strategies for Improving Mergers and Acquisitions Performance, which focuses on research questions such as leadership focus, merger integration strategy, relationship development, organizational management, impact on social change

The main findings of Alon (2020) work are that mergers and acquisitions (M&A) are an essential process that business leaders use to increase profitability and develop their businesses, however, most M&As do not deliver the expected value to the acquirers.

Alon's (2020) study further identifies the main factors (profitability and development) why companies choose M&A transactions and the reasons for transaction failure.

After conducting an analysis of Latvian and foreign studies on reorganizations and reorganization management and its impact on the competitiveness of enterprises, the author defines a research gap in this issue, which justifies the author's contribution to the study of the problem, taking into account that the author's contribution to the study is the study of theoretical aspects of reorganization management from the point of view of increasing competitiveness, the methodology for managing the reorganization process and practical recommendations for

company managers and owners, as well as the development of a reorganization business management model that can be useful in practice for medium and large real estate management companies in Latvia, and, taking into account the applicability of the reorganization business management model to any company, it can also be used by companies in other sectors when implementing acquisitions and mergers.

Other studies on reorganization management have not been conducted either in Latvia or abroad. The author's study is significant for the national economy, because an important aspect is that it specifically studies reorganization management, which is important for acquisitions and mergers and increasing the competitiveness of enterprises.

The author's developed reorganization business management model for acquisition and merger management for medium and large real estate management companies in Latvia is based on recommendations tested in practice, as well as insights gained during expert interviews, which can be used by any company, its management, board, owners and potential business acquisition intermediaries.

The object of the doctoral thesis research is the reorganization management of medium and large real estate management companies in Latvia.

The subject of the doctoral thesis research is the reorganization business management model for acquisition and merger management for medium and large real estate management companies in Latvia.

Research questions of the doctoral thesis:

1. Why is the further development and competitiveness of medium and large real estate management companies in Latvia impossible without a product market expansion strategy?
2. How can be increased the competitiveness of medium and large real estate management companies in Latvia by using a reorganization business management model for managing acquisitions and mergers for medium and large real estate management companies in Latvia?

The aim of the doctoral thesis research is to develop and approve a reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia in order to increase their competitiveness.

In order to achieve the goal set in the doctoral thesis, the author set the **following tasks**:

1. To study and analyse the theoretical aspects of reorganization, reorganization management, increasing the competitiveness of enterprises and expanding the product and service market as a possibility of increasing the competitiveness of enterprises.
2. To study the real estate management industry and reorganization transactions in Lithuania and Estonia.
3. To study the real estate management company industry, reorganization transactions and the largest reorganization transactions in the environment of medium and large real estate

management companies in Latvia, including the conclusions obtained during the research on the nature of reorganization in the development of the competitiveness of enterprises.

4. To develop a business management model for the reorganization of medium and large real estate management companies in Latvia, including the insights and conclusions gained from interviews with experts in the real estate management industry, as well as those related to reorganization and change management, applying them to processes characterizing the operations of real estate management companies, as a result of which to approve the reorganization business management model and describe the practical application possibilities of the reorganization business management model.

Research methods used in the doctoral thesis:

The author uses a set of methods appropriate to the object and subject of the research, as well as the purpose and tasks of the doctoral thesis:

- **Research methodology for scientific works**, which includes:

- the critical creative method;
- the logical approach method to analyse and evaluate the results of scientific research on the object and subject of the research and the content of the most significant concepts for the topic of the doctoral thesis.

The theoretical part of the doctoral thesis includes an analysis of scientific literature, within which the author studies the theoretical aspects of competitiveness, reorganization, as well as product market expansion strategies, characterizes the concept of a reorganization business management model and its importance in entrepreneurship. In the theoretical part of the doctoral thesis, the author explains the business modelling environment and the significance of its influence in managing reorganization.

The interpretive paradigm applied in the doctoral thesis, which the author used when conducting empirical research during expert interviews, is important in the context of the study to explain the subjective meanings assigned to expert responses and analyse the subjective reasons for the actions of the interviewed experts. The aim of the interpretive paradigm is to improve the effectiveness and efficiency of practice, the understanding of practitioners and the change of consciousness. This paradigm assumes that both deduction and induction are used to conduct the research (Gill & Johnson, 2010, 270), because the object of the research is not viewed remotely, but is related to the research question (Walliman, 2006, 224).

- **Analysis and deduction, synthesis and induction methods** have been used to clarify the most important aspects of corporate reorganization and M&A transactions, as well as to reveal the most significant obstacles that limit and deter companies from implementing corporate reorganization and M&A transactions;

- Graphical methods have been used to study the dynamic trends and nature of changes in the indicators included in the corporate reorganization and M&A transaction study and to

determine trends, as well as to develop a business management model for corporate reorganization and M&A transactions included in the doctoral thesis;

- **Quantitative research methods** together with **sociological research methods** were used to obtain data from respondents that are significant for achieving the goal of the doctoral thesis on the issues of corporate reorganization management and the necessary improvements in the implementation of reorganization and acquisition and merger transactions, and based on the obtained results, the obtained survey results were processed.

With qualitative research methods used to study knowledge gained as a result of experience, the author uses qualitative research methods in the doctoral thesis.

With qualitative research methods, the author studied the object of the study (Denzin & Ryan, 2007, 580), interpreting the results according to their meaning.

- Using **qualitative research methods**, the author, using the breadth of the topic, theoretical selection and set of concepts, came to the results of the qualitative analysis. Using qualitative research methods, the author generalizes the obtained interpretations, applying them to practical problems.

The author used the following two primary data collection methods:

1) expert interviews;

2) survey - a survey of apartment owners in apartment buildings according to survey questions prepared by the author, and also analysed the data obtained as a result of the survey.

The author uses primary data collection methods for the approbation of her developed reorganization business management model.

In Chapter 2 of the doctoral thesis, analysing the real estate management service provider industry in Estonia and Lithuania, as well as in Chapter 3 of the thesis, conducting an analysis of the real estate management service provider industry and analysing companies for the purpose of creating a business management model, the author used secondary data.

When describing and analysing the most characteristic features of the reorganization and M&A transactions of real estate management companies, the author used tertiary data with the aim of emphasizing the development trends and market sizes of real estate management companies in Latvia.

When analysing the most characteristic features of the reorganization and M&A transactions of real estate management companies, the author used an expert interview, which is a one-sided questioning or dialogue between the interviewer and one or more interviewees, which can take place both in person and through other means of communication.

In the expert interviews, the author used both open-ended questions to obtain broad information and closed-ended questions to obtain factual information (Collis & Hussey, 2009, 145).

The author used structured expert interviews with standardized questions (Saunders, Lewis & Thornhill, 2009).

The expert interviews were analysed using continuous comparative analysis, thematic and qualitative content analysis, creating categories, finding and analysing indicators and concepts. The text of the interviews was summarized, because summarization involves the delimitation or separation of irrelevant material from the text.

The author selected experts according to the following criteria: 1) level of expertise of experts; 2) experience of experts in reorganization transactions, 3) orientation of experts in scientific achievements, 4) specialization of experts in their field and broad horizons on reorganization transactions in general, 5) information synthesis and analysis abilities of experts, 6) mutual compatibility of experts.

- **Statistical methods** are used in the processing of data used in the study of corporate reorganization and M&A transactions.

For data analysis and interpretation, the author used the following visual representation of the results: 1) tables, 2) graphs, 3) text, 4) statistical analysis, 5) content analysis, 6) diagrams.

To validate the data quality, the author made notes and data retention, which includes the research design, the choice of strategies and research methods, and the data obtained during expert interviews. The author ensured that any conflict of interest between the interviewer and the interviewees was excluded, as well as recording contextual data – the place and time of the interview, background information about the participants, the interviewer's immediate opinions on the course of the interview, and also generalizing the data and information obtained when the study was related to theoretical aspects. (Saunders, Lewis & Thornhill, 2009).

Research limitations:

- The study limits the companies by their size - the study uses data on medium and large real estate management companies in Latvia, which are members of the Latvian Professional Cleaning and Maintenance Association, which is an association of employers, manufacturers, suppliers, research institutions and professionals operating in the field of professional cleaning and maintenance;

- The study period is limited from 2012 to 2025;

- The study is limited in geographical terms - the author conducted a comparative review of company reorganization transactions in Latvia, compared to Estonia and Lithuania;

- The study is limited in the analysis of M&A transactions in the Baltic States, deeper analysing M&A transactions in the Baltic States implemented in the period until 2022, as well as this study limits transactions where the transaction amount exceeds 1 million Euros;

- The study is limited in examining reorganization transactions in the Baltic States, limiting it to providing only an overview of reorganization transactions, characterizing transaction values, number of transactions and trends in number changes, as well as comparing data in terms of the number of reorganization transactions in the Baltic States. Since there is no data available on the management of reorganization transactions and its impact on the competitiveness of companies

in reorganization transactions in the Baltic States, since such information is internal information of companies that is not publicly available, the study is limited in this aspect;

- The study is limited in conducting a survey of apartment co-owners of apartment buildings, not including questions on the business management of reorganization transactions in the survey, since such questions are not within the competence of apartment co-owners of apartment buildings and they do not have such information, taking into account that the management of reorganization business and its impact on the competitiveness of companies are internal issues of the companies themselves, which are not publicly available data. When conducting a survey of apartment co-owners of apartment buildings, the main goal was to determine the co-owners' satisfaction with their building manager, as well as to obtain information on whether co-owners expect additional services from the building manager, which are not only mandatory building management services, and the answers about the relevance of additional services gave the author the opportunity to conclude the possibilities of building management service providers to expand their range of services, which updates the possibilities of companies to implement reorganization transactions in order to make company acquisitions (with the aim of expanding their range of services);

- The study is limited in that the author analyses the product market expansion strategy on the basis of which medium and large real estate building management companies in Latvia implement reorganization through acquisitions and mergers. There are also other strategies - entering a new market, offering new products to customers in an existing market, but the author has limited the study specifically to the product market expansion strategy, which is suitable for medium and large real estate management companies in Latvia from the point of view of expanding the range of services, therefore, in Chapter 3 of the work, some examples are shown of how, using the product market expansion strategy, competitiveness can be increased. The developed Reorganization Business Management Model is universal and can also be applied if the company implements another type of strategy or other type of reorganization transaction;

- The reorganization business management model developed as a result of the study is limited in that it applies to types of business acquisitions and mergers.

Theoretical and methodological basis of the study:

In the context of the research topic, scientific literature on individual issues related to the research topic, definitions, and methods used to conduct the research has been analysed and summarized.

The various aspects of the need for companies to reorganize and develop a product market strategy have been studied in the doctoral thesis based on the findings of such international researchers as (Wu, Jiao, Wang, Wu & 2024; Liu, Wang, 2025; Verma & Kumar, 2024; Muradoglu, Peng, Qin & Xia, 2024; David, 2021; Craven, 2008; Kaplan & Norton, 2008; Godins, 2010; Gruning, 2011; Kaplan & Norton, 2001; Kim & Mabors, 2007; Porter, 1980; Robbins, 2001; Rodger & Hunter, 1991; Stahl & Grigsby, 1992; Storey, 1992).

The following authors' studies have been used to characterize the failures of corporate reorganization (Liu, Wang, 2025; Muradoglu, Peng, Qin & Xia, 2024; Wu, Jiao, Wang & Wu, 2024; Laitinen, 1991; Laitinen, 1992; Laitinen, 1993; Laitinen, 2000; Laitinen, 2008; Laitinen, 2009; Laitinen, 2011; Laitinen, 2006; Laitinen, 2009; Laitinen, 2014; 2017; Kärkinen, 2018; Kärkinen, Laitinen, 2015; Kärkinen & Sormunen, 2017; Rogers, 2021; Ansorge, 2015; Beauchamp, Heidari-Robinson & Heywood, 2016; Drescher, 2016; Heidari-Robinson & Heywood, 2016).

The various aspects of corporate reorganization have been studied in the doctoral thesis based on the findings of international researchers such as: Wu, Jiao, Wang & Wu, 2024; Muradoglu, Peng, Qin, Xia, 2024; Liu & Wang, 2025; Muradoglu, Peng, Qin & Xia, 2024; Rekhem, 2017, while the findings of Latvian researchers have been used: Bergs, 2010; Mucenieks, 2020; Vanags, 2019.

Scientific research on aspects of corporate reorganization, including the benefits of reorganization, mergers and acquisitions for companies, increasing their competitiveness, expanding product markets, opportunities to enter new product or geographic markets, as well as opportunities to gain advantages in terms of better price offers, has been conducted by many authors (Pandey, Steigner & Sutton, 2023; Huang & Xie, 2023; Putra, Windasari, Hindrawati & Belgiawan, 2021; Shane, 2004; Vincett, 2010; Hunady, Orviska & Pisar, 2019; Moog & Soost, 2021; Rashid, Naeem, 2017; Johanssona, Waldaub & Åhlströmc, 2022; Hossain, 2021; Kadner-Graziano, 2023).

The reorganization process and the management of mergers and acquisitions have been studied based on the works of such authors as: Lajoux, 2019, Ganti, 2023; Majaski, 2021; Twin, 2023; Savovič, 2017; Mikesy, 2022; Chen, 2023; Uludag, 2013; Ahmed & Meehan, 2012; Vochozka, Máška, & Kovač, 2023; Burnazi, 2023; Lessambo, 2021; Ollino, 2022; Blumrosen & Mizrahi, 2023; Brendan, Geelen & Green, 2024; Gokkaya, Liu & Stulz, 2023; Kennedy, Xavier & Rabelo, 2023; Barao, 2025; Howson, 2017; Maksimovic & Phillips, 2008; Lajoux & Elson, 2010; Kirkulak-Uludag, 2013.

The concept of a reorganization business management model has been studied and developed based on authors who have studied the concept of a business model (Osterwalder & Pigneur 2010; Anthony, Gilbert, & Johnson, 2017; Wirtz, 2020; Zott, Amit & Massa 2011; Magretta, 2002; Ogunmola; 2024; Teece 2010; Chesbrough, 2007; Adewumi, Ewim, Sam-Bulya & Ajani, 2024; Casadesus-Masanell & Ricart, 2010), on authors who have studied the concept of a business model and the business modelling process (Zott, Amit & Massa 2011, 496; Hawkins, 2015; Magretta, 2002; Osterwalder & Pigneur, 2010; Pateli & Giaglis, 2004, 303-307; Rappa, 2004), as well as based on authors who have studied the theoretical aspects of business model management (Kaplan & Norton, 1996; Waterman, Peters & Phillips, 1980; Olson & Wu, 2023; Wirtz, 2020; Kotter, 1996; Cameron & Green, 2015; Hiatt, 2006).

The empirical part of the study used the results of special studies, such as: Merger Market, Sorainen, Ellex, Cobalt, Prudentia, Globalma.com, Auctus Capital, PricewaterhouseCoopers,

Baltcap Latvija data, data from the Central Statistical Office of Latvia, studies published by international institutions, statistical data from international institutions, data from the informative database Lursoft, information from databases and Internet resources.

The empirical part of the study used the regulatory enactments of the Republic of Latvia and the results of the author's own research, as well as practical experience and conclusions drawn.

Theses to be defended in the doctoral thesis:

1. With reorganizations implemented as acquisitions and mergers, companies can implement changes – expand their business, implement a product market expansion strategy, improve financial indicators, including – medium and large real estate management companies in Latvia can start providing additional services, increasing their competitiveness,
2. By examining the opinions of apartment co-owners of apartment buildings, as well as the range of services offered by medium and large house management service providers, an understanding of the situation is obtained, which indicates consumer demands for additional services that they want to receive from a house management service provider, as well as the lack of additional service offers in house management service providers,
3. By examining the opinions of industry experts, an understanding of the situation is obtained, which indicates the relevance and importance of the reorganization business management model for the management of acquisitions and mergers,
4. The reorganization business management model developed by the author is a suitable tool for medium and large real estate management companies in Latvia, implementing company acquisitions and mergers transactions to increase their competitiveness.

Research period:

The study was conducted in the period from 2012 to 2025.

Scientific novelty of the study:

- 1) a reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia has been developed and empirically validated;
- 2) theoretical aspects of corporate reorganizations and acquisitions and mergers, business models and business management models have been studied and the practical problems of corporate reorganizations and acquisitions and mergers have been analysed;
- 3) methodological guidelines have been developed for the process of mergers and acquisitions and its management for medium and large real estate management companies in Latvia;
- 4) opportunities have been opened for medium and large real estate management companies in Latvia to expand their product and service markets in order to increase their competitiveness, using a product market expansion strategy to be implemented through mergers and acquisitions, using a reorganization business management model;

5) definitions of the most important concepts for the topic and purpose of the study have been developed: **reorganization, restructuring and reorganization business management model:**

Reorganization – a set of actions within the framework of merger, division, transformation or investment attraction transactions, which is implemented between two or more merchants, within which changes may be made in the share capital or share capital, assets, property composition, the amount of liabilities, with the aim of the merchant gaining economic benefit, increasing operational efficiency and profit, or implementing other goals of its business activities

Restructuring – a set of actions that is implemented within the framework of change management with changes in the structure, operations and processes of the merchant, with the aim of improving the efficiency of the merchant's operations and reducing costs.

Reorganization business management model - a complex organizational change management tool that determines how and by what means the strategic goals set in the reorganization strategy will be implemented, and which is implemented within the framework of a business acquisition and merger transaction, with the aim of integrating two or more companies by restructuring the existing company structure, processes, systems or business model in order to increase the competitiveness of the company.

The practical significance of the research results:

- the developed reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia can be used so that company managers, owners and senior employees increase their competence in the implementation of appropriate reorganizations and M&A transactions and are able to make correct, evaluated decisions for the improvement of the implementation of reorganizations and M&A transactions;
- the most significant obstacles to the failure of planned reorganizations have been identified, which medium and large real estate management companies in Latvia can take note of in the future;
- opportunities have been opened for medium and large real estate management companies in Latvia to expand their product and service market by using the reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia;
- opportunities have been opened for higher education institutions to include a course in their curricula on the management of reorganization processes and on the reorganization business management model for the management of acquisitions and mergers for various companies in Latvia;
- the developed reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia, as well as the insights offered by the author in the course of the doctoral thesis, can be used to supplement the knowledge of company managers, owners and senior employees, so that companies and

potential participants in acquisition transactions can make decisions for the implementation of company reorganizations and M&A transactions in order to increase the company's range of goods and services and its competitiveness.

The results of the study have been approved at several local, international scientific conferences and other events:

1. Paper: **Šakena, D., Zvirgzdiņa, R. (2023). Challenges for Latvian apartment building management companies regarding with the performance of their services on the way to maintain sustainable housing fund**, XXIV international scientific conference "Changes - the foundation of a sustainable society", organized by the Turība University of Business, 19.03.2023.
2. Paper: **Zvirgzdiņa, R., Šakena, D., Liniņa I. (2023). Product Market expansion strategy for business development of the companies operating in the field of premises cleaning**, 14th international scientific and practical conference "Environment. Technology. Resources", organized by the Rezekne University of Technology, 15-16. June 2023.
3. Paper: **Zvirgzdiņa, R., Šakena, D., Liniņa I. (2024). The importance of the product market expansion strategy for the development of Latvian premises cleaning companies due to the impact of globalization processes**, international scientific conference "Globalization and its socio-economic consequences", held in Rajecké Teplice, Slovakia, October 11-12, 2023.
4. Paper: **Zvirgzdiņa, R., Šakena, D., Liniņa I. (2024). Reorganization business management model for increasing the competitiveness of Real Estate management companies in Latvia through merger and acquisition transactions. ENVIRONMENT. TECHNOLOGY. RESOURCES. 15th International Scientific and Practical Conference., "Vasil Levski" National Military University, Veliko Tarnovo, Bulgaria, June 27-28, 2024.**
5. Prepared and submitted paper: **Zvirgzdiņa, R., Šakena, D., Liniņa I. (2025). The main aspects of successful management of reorganization and restructuring processes for real estate management companies in Latvia.** International scientific conference ENVIRONMENT. TECHNOLOGY. RESOURCES 2025. 16th international scientific conference, which will be held on June 19-20, 2025 at the Rezekne University of Technology, Rezekne.

The results of the study are presented in several scientific articles, scientific journals and other publications:

1. **Zvirgzdiņa, R., Šakena, D., Liniņa I. (2024). Reorganization business management model for increasing the competitiveness of Real Estate Management companies in Latvia through merger and acquisition transactions. Vol. 1 (2024): Environment. Technology. Resources. Proceedings of the 15th International Scientific and Practical Conference. Volume 1 / Environment and Resources. DOI: <https://doi.org/10.17770/etr2024vol1.7956>.**
2. **Zvirgzdiņa, R., Šakena, D., Liniņa I. (2023). Product Market expansion strategy for business development of the companies operating in the field of premises cleaning**, ISSN 1691-5402, Online ISSN 2256- 070X. <https://doi.org/10.17770/etr2023vol1.7209>.

3. Šakena, D., Zvirgzdiņa, R. (2023). **Challenges for Latvian apartment building management companies regarding with performance of their services on the way to maintain sustainable housing fund.** Acta Prosperitatis, 14(1), September 2023, 49-58. DOI:10.37804/1691-6077-2023-14-49-58 (available at Sciendo).

The author has participated in the work of the State Examination Commission in the defences of master's theses in the business management program.

1. CHARACTERIZATION OF THE THEORETICAL ASPECTS OF INCREASING COMPETITIVENESS OF ENTERPRISES, REORGANIZATION PROCESS, BUSINESS MODEL AND BUSINESS MANAGEMENT MODEL

In order to develop a reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia to increase their competitiveness, the author clarifies the theoretical aspects of the competitiveness of companies.

In the Explanatory Dictionary of Economics, the concept of competitiveness is explained as the degree of conformity of a product to the requirements of the selected market according to technical, economic, etc. indicators. The expertise of a company and its management in creating a good market for goods and services, solving issues of technology, production, services, personnel, practical skills and knowledge, strategic and calendar planning, as well as ensuring the correct sales policy, good quality of products and services, and a high level of co-services (Explanatory Dictionary of Economics, 2000).

Michael Porter (1990) created the foundations of modern competition theory and the concept of competitiveness - the well-being of a country depends on its competitiveness, which is based on the productivity with which it produces goods and services.

Companies gain advantages over the world's strongest competitors due to pressure and challenges. Companies benefit from strong local competitors, aggressive local suppliers and demanding local customers (Porters, 1990).

Pukas (2023) points out that in today's hyper-competitive conditions, companies critically need to understand the dynamics of external conditions and their impact on the opportunities for increasing competitiveness. Fierce competitive conditions can lead companies to liquidation, therefore, company managers must direct companies to improve efficiency and financial performance (Cao & Chen, 2023).

Several authors (Girod & Whittington, 2017; Girod & Karim, 2017) point out that companies need to reorganize in order to better adapt to change.

The strategy of corporate reorganization, mergers and acquisitions can be an opportunity for companies to increase competitive advantages, improve their position in relation to customers and suppliers (Lluch, 2021).

Aspects of corporate competitiveness are essential in today's economic and globalization conditions, therefore, according to Wu, Jiao, Wang & Wu (2024), in the era of fierce market competition, mergers and acquisitions have become the main strategy for companies that want to grow and strengthen their market competitiveness.

For large and medium-sized companies today, mergers and acquisitions help develop and expand their business, without which the continuous development and competitiveness of these

large and medium-sized companies in the global market would not be possible (Verma & Kumar, 2024).

In turn, Muradoglu, Peng, Qin & Xia (2024) evaluate corporate mergers and the increase in corporate value, as well as the increase in competitiveness, from the success factors of post-merger integration, which, in a positive case, increases the value and competitiveness of the company.

One of the ways to increase competition is to expand the product market, which can be implemented in various ways, one of which is the acquisition and merger of companies and the subsequent reorganization of companies, which is discussed below.

As a result of the study, the author developed a reorganization business management model for the management of acquisition and merger transactions for medium and large real estate management companies in Latvia to increase their competitiveness is related to the product market expansion strategy, which can be one of the reasons for implementing a reorganization transaction. Acquisitions and mergers can be implemented for various reasons, but it is characteristic of the real estate management industry that real estate management companies cannot significantly expand the market or increase their profits if they operate only in one or a few service segments.

In 1950, Igor Ansoff came up with the idea that different companies should apply the most suitable product market strategies to them. There are companies that can work on the principle of “Ad hoc”. (Peterdy, w.y.; Ansoff, 1965).

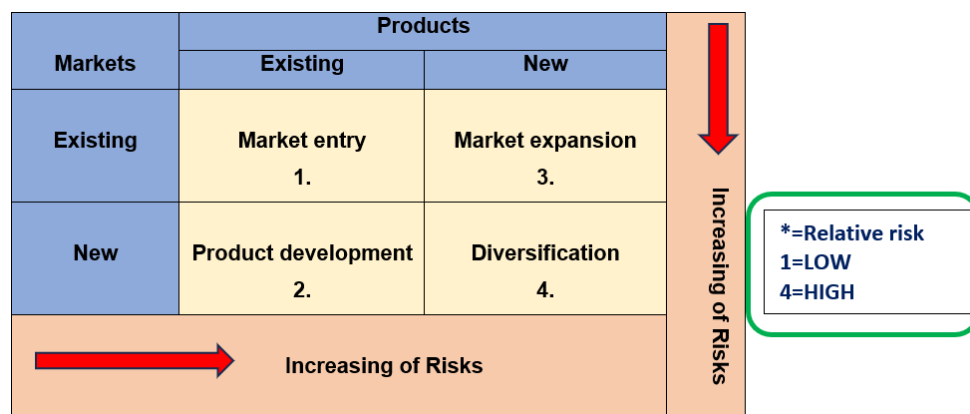


Figure 1. Ansoff's product market expansion model, adapted by the author from Peterdy, w.y; Ansoff, 1965)

Achieving competitive advantage based on a product market development strategy is the main task of any company. Implementing a product market expansion strategy allows the company to achieve competitive advantage (Dąbrowski, 2023), because strategy is the key to corporate competitiveness (Zhou & Qi, 2023).

Choosing a product development strategy by offering new products and services to existing customers, this strategy is less risky and meets customer needs (Zvirgzdiņa, Šakena & Liniņa, 2023). The most suitable strategy for service companies is a product market development

strategy by offering new products and services to existing customers (Zvirgzdiņa, Šakena & Liniņa, 2023).

The product expansion strategy cannot be implemented without a change management system, because companies are interested in increasing the efficiency of production and economic activity (Bartosova, Drobyazko, Bielialov, Nechyporuk & Dzhyhora, 2023).

In order to understand the essence of the reorganization process, it is first important to clarify what reorganization is.

In the explanatory dictionary of economics, the concept of reorganization is explained as reorganization, transformation, creation according to other principles, for example, reorganization of the management structure of a company by reducing the number of employees or changing their composition.

The author evaluates reorganisation explanation as insufficient, which do not characterize the reorganization process from either a legal or practical point of view. Reorganization is not reorganization, it can be agreed that it can be a transformation of two companies, which is described in more detail in this subsection. It is critical to evaluate that the essence of reorganization is not a reduction in the number of employees, but the main goals of reorganization are much broader – increasing the competitiveness of the company, which the company can achieve by various means, for example, improving the quality of services, increasing revenues and profits, increasing turnover, reducing the cost of goods or services, reducing the number or composition of employees.

Robbins & Coulter (2012) believe that reorganization is structural changes in a company, for example, rearranging employee functions or structural units in order to improve efficiency or adapt to market changes.

After examining several literature sources (Robbins & Coulter, 2012; Robbins & Judge, 2017; Burke, 2017; Tuschke, & Sanders, 2018), it can be concluded that the term reorganization is used to describe the processes of restructuring of companies, or that the concept of restructuring is used together with reorganization, and sometimes these two concepts are mixed together or incompletely explained. The explanation of the term restructuring is not found in dictionaries, only the explanation of the term debt restructuring is available, but this is not the same as the restructuring of organizations or companies. Reorganization and restructuring are not the same, the goals and implementation procedures of these two processes differ.

In practice, the explanations, meaning and essence of the two terms - reorganization and restructuring - are mixed.

In practice, reorganization is often explained as restructuring or a combination of both terms. The fact that restructuring can also be implemented together with reorganization is beyond doubt, because in practice, often the company that acquires the acquired company wants to integrate it into its management, therefore, after the acquisition is completed, a restructuring process can be initiated, changing the structure, number of employees, changing the general

operating principles, management, leadership, processes, information technology systems. However, it would not be correct to automatically attribute restructuring to reorganization, which in itself is specific transactions - acquisition, merger, division or attraction of investments.

Restructuring can be implemented for any company at any time, regardless of reorganization. Restructuring is a set of processes implemented within the framework of change management, which is implemented to quickly achieve goals and is basically done to optimize, make the company's operations more efficient, reduce costs, abandon ineffective, uneconomical activities, improve financial indicators. As part of the restructuring process, the number or composition of employees can also change.

Since the acquisition and merger transactions of companies that are implemented within the framework of reorganization must be evaluated much more broadly than just the transaction itself, the author emphasizes that it is important not only to create a definition of reorganization, but also a definition of restructuring, because:

1. This will help merchants better understand the explanation, essence and differences between the two terms;
 2. It will help merchants and business consultants to use precise terms in their commercial activities;
 3. Restructuring may be associated with the stage that follows the conclusion of the reorganization transaction, and which may be as important a stage as the reorganization transaction itself (acquisition, merger, division, investment) and the activities that are carried out before the implementation of the transaction, for example, in-depth research, because the cause of many failures is precisely the incorrectly conducted reorganization and restructuring stage.
- Next, the author offers his definitions of the terms: reorganization and restructuring:

Reorganization – a set of actions within the framework of merger, division, transformation or investment attraction transactions, which is implemented between two or more merchants, within which changes may be made to the share capital or share capital, assets, property composition, the amount of liabilities, with the aim of the merchant gaining economic benefits, increasing operational efficiency and profit, or implementing other goals of its business activities.

Restructuring – a set of actions that is implemented within the framework of change management with changes to the structure, operations and processes of the merchant, with the aim of improving the efficiency of the merchant's operations and reducing costs.

The differences in both authors' definitions are that reorganization is an action that is carried out to make major changes to a company, for example, by selling, acquiring, adding, or merging two or more companies, and the most common goal of these actions is to make a profit and increase market share. However, the goal of reorganization may not be to make a profit directly through reorganization, but reorganization may only be a step that will help the company enter a new market in the future. However, taking into account that entrepreneurship is also risk-

taking, then theoretically reorganization can be implemented without an immediate increase in profit.

In developing a business management model for reorganization, it is essential to clarify the benefits of reorganization for increasing the competitiveness of companies, and then the author examines the insights of various authors on the benefits of reorganization for increasing the competitiveness of companies.

Synergy is an important driving force of mergers and acquisitions (M&A), and one of them is technology complementarity (Huang & Xie, 2023).

In many mergers and acquisitions (M&A) transactions, the opportunity to access the technological assets of the other merging party is important in order to accelerate the company's innovations (Huang & Xie, 2023).

After the implementation of the merger transaction, the acquirer of the company subjects the target or acquired company to its control, and after the merger, the company inherits the knowledge of the acquiring company (Huang & Xie, 2023).

Based on the findings of several authors (Anjali, 2020; Jovanovic & Rousseau, 2002; Jovanovic & Rousseau, 2008; Yang, 2008; Rhodes-Kropf & Robinson, 2008; Levine, 2017; Huang & Xie, 2023), and information obtained during expert interviews, which is described in Chapter 4 of the study, the author has summarized the most common reasons why acquisitions, mergers and transactions are implemented in Figure 2.

1. Increasing turnover and profits	<ul style="list-style-type: none"> • expand market share to increase turnover and profits • good financial performance so that there are no off-balance sheet liabilities
2. Product market expansion	<ul style="list-style-type: none"> • develop a new service as related or synergistic to its existing services
3. Attraction of investments	<ul style="list-style-type: none"> • rapid development of the company, the implementation of which requires significant financial resources • both parties are bound by the terms of the investment agreement
4. Specific market conditions	<ul style="list-style-type: none"> • industry-specific rules or regulations or industry practices • the company acquires a regional, local company only for a specific purpose
5. Exclusion of competitors	<ul style="list-style-type: none"> • buy your direct or indirect competitor to gain an advantage • the acquired business may close or move to another, better retail location in the future
6. Access to suppliers or customers	<ul style="list-style-type: none"> • expand the circle of customers or suppliers • access important customer or supplier data and contracts
7. Entering a new market	<ul style="list-style-type: none"> • the goal is to enter a new geographic market • buying a local business can be one of the means
8. Continuation of the business	<ul style="list-style-type: none"> • it is important who the buyer is, whether the business cultivated over the years can be transferred and entrusted to him • special importance not only to sell and receive a purchase fee

Figure 2. Reasons why companies choose to implement acquisitions and mergers (based on Anjali, 2020; Jovanovic & Rousseau, 2002; Jovanovic & Rousseau, 2008; Yang, 2008; Rhodes-Kropf & Robinson, 2008; Levine, 2017; Huang & Xie, 2023) and information obtained during expert interviews)

Acquisitions and mergers are complex, poorly managed, and may not deliver the expected benefits. Several authors (Liu, Wang, 2025; Muradoglu, Peng, Qin, Xia, 2024; Wu, Jiao, Wang, Wu, 2024; Laitinen, 1991; Laitinen, 1992; Laitinen, 1993; Laitinen, 2000; Laitinen, 2008; Laitinen,

2009; Laitinen, 2011; Laitinen, 2013; Balcaen & Ooghe, 1989; Laitinen, 2014; Laitinen, 2015; Kärkinen, Sormunen, 2017; Rogers, 2021; Ansorge, 2015; Beauchamp, Heidari-Robinson & Heywood, 2016; Drescher, 2016; Maurer, 2010; Strunk, b.g.; Kallo, 2020; Becdach, Hennessy & Ratner, 2016; Gleeson, 2017) indicate that a large number of reorganization transactions fail and companies do not expect the planned benefits, while McKinsey research shows that 80% of reorganizations fail and approximately 10% cause serious damage to the company (Heidari-Robinson & Heywood, 2016; Gleeson, 2017; Beauchamp, Heidari-Robinson & Heywood, 2016; Becdach, Hennessy & Ratner, 2016; Strunk, b.g.).

One of the most common failures after reorganizations is that the employees involved in the reorganization, including senior employees and managers, begin to deal with urgent operational issues. It is clear that each reorganization will show that various unforeseen problems begin to appear in the acquired company, which must be solved immediately and immediately. This is more often the case when the acquired company has worked according to other principles, has not had sufficient administrative and legal support, which is why long-standing problems appear that must be solved.

The author points out, as can be clearly seen in Figure 3, which results from the findings obtained during expert interviews, that in practice, the most common reasons why companies encounter problems after completing an acquisition are:

1. Focusing on acquiring and implementing the deal, rather than on how to manage the company after the acquisition;
2. Insufficient evaluation of the deal;
3. Failure to conduct in-depth due diligence or to conduct it incompletely;
4. Insufficient planning of reorganization and restructuring;
5. Underestimation of the importance of human resources;
6. Problems implementing changes;
7. Lack of knowledge of specific circumstances or the industry of the acquired company.

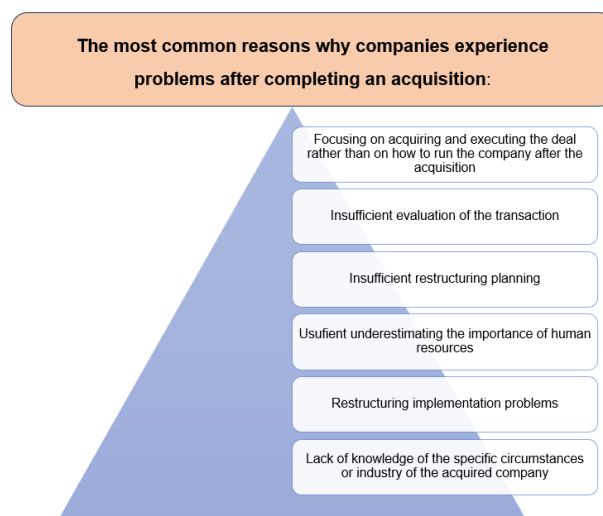


Figure 3. The most common reasons why reorganizations fail (created by the author, based on the results of expert interviews)

Each acquisition and merger transaction may be different, and not all stages of the transaction will be equally necessary for all companies, differences may arise depending on the complexity of the transaction, and in simpler reorganization transactions, some of the stages may be shortened or omitted altogether (Mergers & Acquisitions: The 5 stages of an M&A transaction, 2022).

Lajoux (2019) divides the reorganization management process into 8 phases, where everything starts with strategy, followed by logically subsequent phases - valuation, financing, structuring, due diligence, negotiation of the terms of the transaction, followed sequentially by the closing phase and integration, which is depicted in Figure 4.

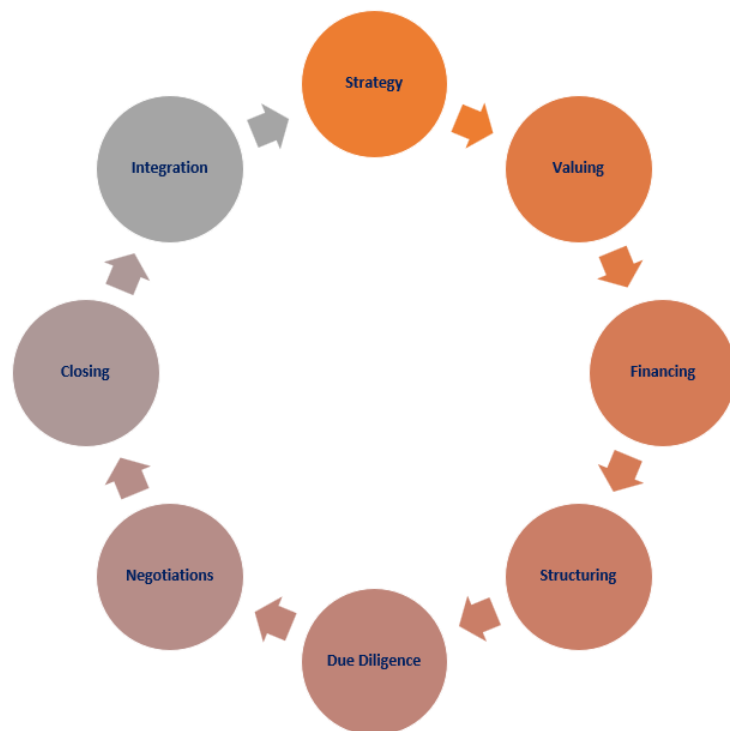


Figure 4. Phases of acquisitions and mergers (adapted by the author from Lajoux, 2019)

As can be seen from Figure 4, the reorganization process begins with the strategy phase, when a decision is made to acquire or sell a company and implement the reorganization, as well as when to implement it and which company.

In the valuation phase, the value of the company or the sale price is determined. The financing phase is relevant for the buyer, who must consider what funds the company will be purchased for - whether they will be internal resources (own funds) or a loan from a credit institution will be taken.

Structuring phase - arranging the company before the sale, which may include arranging accounting, improving financial accounting, arranging legal accounting of transactions.

In the in-depth verification phase, a check is made whether what the company claims is true. During the negotiation phase, both companies negotiate the transaction, and convince each other of the terms and conditions of the transaction.

In the closing phase, the transaction is completed and closing documents are prepared.

In turn, the integration phase can be a long-term process during which companies are integrated, processes are combined and efficiency is increased, employees are replaced and other activities are carried out (Laloux, 2019).

In order to develop a reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia to increase their competitiveness, the author describes the aspects of the management of the reorganization process of companies and their impact on the competitiveness of companies.

Several authors (Kotter, 1995; Armenakis & Bedeian, 1999; By, 2005; Cameron & Quinn, 2006; Balogun & Hope Hailey, 2004) emphasize that the importance of increasing the competitiveness of companies lies precisely in how the reorganization or restructuring process is managed.

Kotter (1995) emphasizes that a large part of reorganizations fail not because of strategy, but because of errors in strategy execution and management, and it is precisely skillful reorganization and change management that can increase the competitiveness of a company.

The outcome of corporate reorganization, as well as the integration and restructuring stages after reorganization, depends on the management approach, communication and employee involvement. A skillfully managed reorganization increases the competitiveness of the company (Armenakis & Bedeian, 1999).

By (2005) emphasizes that the competitiveness of companies can be increased in the long term by a properly implemented change management process.

Cameron & Quinn (2006) emphasize the impact of skilful management of cultural transformation on increasing the competitiveness of companies, and draw attention to the fact that if the company takes into account the aspects of cultural change in the management of reorganization, cultural transformation can help the company become more competitive, flexible and innovative (Cameron & Quinn, 2006).

Balogun, & Hope Hailey (2004) recommend involving managers at all levels in the management of reorganization, change and restructuring, which will ensure the success of these changes if the changes are managed purposefully.

After describing the management of the corporate reorganization process and its impact on increasing the competitiveness of companies, the author further provides an overview and description of what a business model is, what types of business models exist, also provides a description of what a business management model is and what business management models exist, as well as the author describes one of the selected types of business management models, on the basis of which the reorganization business management model is developed, which is described in more detail in Chapter 4 of this study.

In order to develop a reorganization business management model for the implementation of acquisition and merger transactions for medium and large real estate management companies

in Latvia to increase their competitiveness, it is first necessary to clarify the concept, characteristics and impact of a business model and a business management model on the competitiveness of companies.

The concept of a business model is explained by such authors as Osterwalder, 2004, 77, Anthony, Gilbert, & Johnson, 2017; Wirtz, 2020.

Several scholars and researchers have described the concept of a business model and the process of business modelling (Zott, Amit & Massa 2011, 496; Hawkins, 2015; Magretta, 2002, 86-87; Osterwalder & Pigneur, 2010; Pateli & Giaglis, 2004, 303-307; Rappa, 2004).

Theoretical aspects of business model management are discussed by authors such as Kaplan, Norton, 1996; Mintzberg, 1979; Olson & Wu, 2023; Wirtz, 2020; Waterman, Peters, Phillips, 1980.

Business model management is a purposeful process by which a company manages and develops its business model to effectively create, deliver, and capture value in response to market, technological, or internal changes (Osterwalder & Pigneur, 2010; Teece, 2010; Zott, Amit & Massa 2011).

Business management models can be classified by their types depending on the model goals that a particular business management model can achieve, as shown in Figure 5.

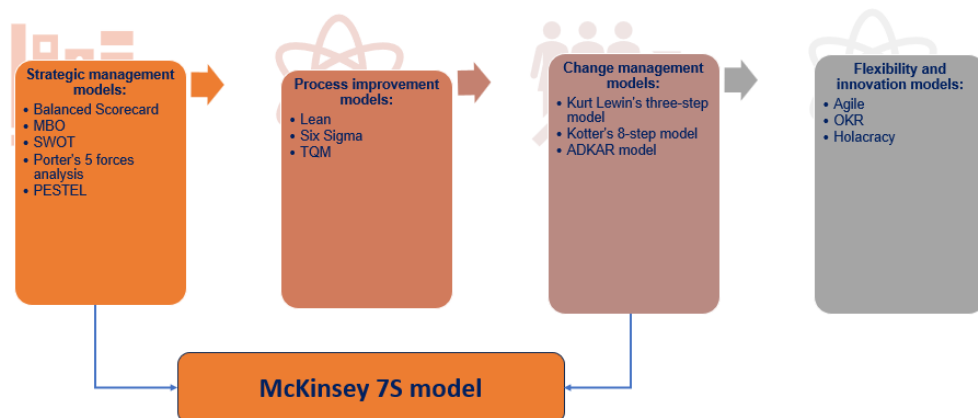


Figure 5. Classification of business management models by their purpose (based on Kaplan & Norton, 1996; Kaplan & Norton, 2004; Drucker, 1954; Kotter, 1996; Womack, & Jones, 1996; Doerr, 2018)

As shown in Figure 5, the McKinsey 7S model is both a strategic management and change management tool. As indicated by several authors (Waterman, Peters & Phillips, 1980; Higgins, 2005; Ravanfar, 2015; Kaplan & Norton, 2004), the McKinsey 7S model is used as a tool that serves the implementation of strategy, the examination of structures and systems, as well as for change management purposes.

In order to develop a definition of the reorganization business management model, the author first defines what type of change is reorganization and which of the types of business management models best corresponds to the reorganization business management model.

Reorganization is related to change management in the company or it can be described as the change management of the company itself, since the reorganization is implemented with the aim of improving the company's financial performance, increasing profits, making company processes more efficient, reducing costs, or expanding its services with existing or new products. One of the elements of reorganization is the acquisition or addition and integration of another company into the company that acquires the other company. So, reorganization, which is implemented through acquisition and merger transactions, is the integration of at least two or more companies, sometimes connecting several completely different companies that differ in organizational structure, team, business processes, systems and values. Among the types of change management, reorganization is organizational change management, although there is also Individual change management, when an individual changes, and there is also project change management, when a specific project is implemented.

Based on the findings obtained during expert interviews, as well as the theoretical findings of several authors (Kotter, 1996; Cameron & Green, 2015; Hiatt, 2006; McKinsey, 2015; McKinsey, 2023), before implementing a reorganization transaction (through acquisition and merger), a company must develop **a reorganization strategy** and **a reorganization business management model**.

Developing a reorganization strategy before reorganization is essential, and it is one of the prerequisites for a successful reorganization. Without a clear strategy, the reorganization process can become a chaotic series of activities without a specific goal and measurable results (Kotter, 1996; Cameron & Green, 2015; Hiatt, 2006; McKinsey, 2015; McKinsey, 2023). Lajoux (2019) also highlights the strategy as the beginning of the reorganization transaction, which is followed by subsequent stages.

Based on the analysis of theoretical literature and scientific articles (Kaplan & Norton; 2004; Kotter, 1996; Cameron & Green, 2015; Lajoux, 2019; McKinsey, 2015; McKinsey, 2023; Hiatt, 2006), as well as the findings obtained during expert interviews, the author offers her own definition, which is a business management model for reorganizations:

The reorganization business management model is a complex organizational change management tool that determines how and by what means the strategic goals set in the reorganization strategy will be implemented, and which is implemented within the framework of a business acquisition and merger transaction, with the aim of integrating two or more companies by restructuring the existing company structure, processes, systems or business model in order to increase the competitiveness of the companies.

2. OVERVIEW OF THE REAL ESTATE MANAGEMENT INDUSTRY AND CORPORATE REORGANIZATION TRANSACTIONS IN THE BALTIC STATES

With the restoration of Estonian independence in 1991, housing cooperatives began to form, which were the first form of private enterprise.

Housing cooperatives grew rapidly due to the extensive privatization program implemented by the state. The privatization program, which was launched in the early 1990s, affected all aspects of the economy. State-owned properties and enterprises were privatized in a very short time.

In 2003, an important housing policy instrument was introduced in Estonia - a state subsidy for the reconstruction and technical expertise of apartment buildings. The subsidy covered 10% of the costs of reconstruction work and 50% of the costs of the technical expertise. In addition, the municipalities of Tallinn, Paide and Rakvere had special credit support systems for housing associations and cooperatives, which allowed them to receive very low-interest (1% to 3.5%) loans from banks (Housing Cooperatives in Estonia, b.g.).

Lithuanian legislation provides that each owner has the right to demand from other owners that:

- 1) the owners establish an association or
- 2) an agreement has been concluded between the owners on joint cooperation on the procedure for managing the apartment building. If the house does not use one of these two options, a representative of the apartment building may be appointed (Apartment Ownership and Mortgage Finance in Lithuania, b.g.).

According to Lithuanian law, the owners have the right to establish internal rules of procedure regarding the proper maintenance of the common property, develop an action plan and a financial plan for the maintenance of the apartment building and the accumulation of funds for the renovation of the common parts (Apartment Ownership and Mortgage Finance in Lithuania, b.g.).

Mergermarket research shows that 117 mergers and acquisitions worth EUR 2.2 billion were completed in the Baltic M&A market in 2022, which is a decrease compared to 2021, when 144 transactions worth EUR 2.4 billion were completed (Baltic M&A shows resilience in challenging dealmaking conditions, 2023).

Meanwhile, the Baltic Private M&A Report 2024, which analyzes 179 private M&A transactions with a transaction value of over EUR 1 million concluded in the Baltics between April 2022 and March 2024, shows that the energy and utilities sector is the most active in the M&A market, which indicates that there is activity among utilities, including building management companies, in implementing acquisitions and mergers (2024 Baltic Private M&A Deal Points Study; 2024).

The Baltic Private M&A Report 2024 shows that the Baltic M&A market has been active, especially in Lithuania (2024 Baltic Private M&A Deal Points Study; 2024).

A study of the sectors with the most M&A deals shows that the energy and utilities sector is in first place in Baltic M&A deals, accounting for 23% of all deals in the period 2022-2024. In second place is the technology sector, which has decreased from 25% in 2022 to 12% in 2024, followed by the construction and real estate (10%), manufacturing and industrial equipment (9%) and retail/wholesale (9%) sectors. During the reporting period, the average value of a Baltic M&A deal was in the range of 1-10 million euros, while large deals above 100 million euros continued to decline (2024 Baltic Private M&A Deal Points Study; 2024).

According to Mergermarket data, the number of announced deals in 2024 increased by 39% compared to 2023, with growth across all Baltic countries, and a significant increase in the number of deals with a value of over EUR 100 million, with 3 such deals in 2023 and 7 in 2024 (2024 Baltic Private M&A Deal Points Study; 2024).

The author further provides deeper overview of the Baltic States mergers and acquisitions market for the period until 2022, where the study uses transactions over 1 million euros.

The study further analyses the number of acquisitions and mergers in the Baltics over a 10-year period, from 2012 to 2022, as shown in Figure 6.

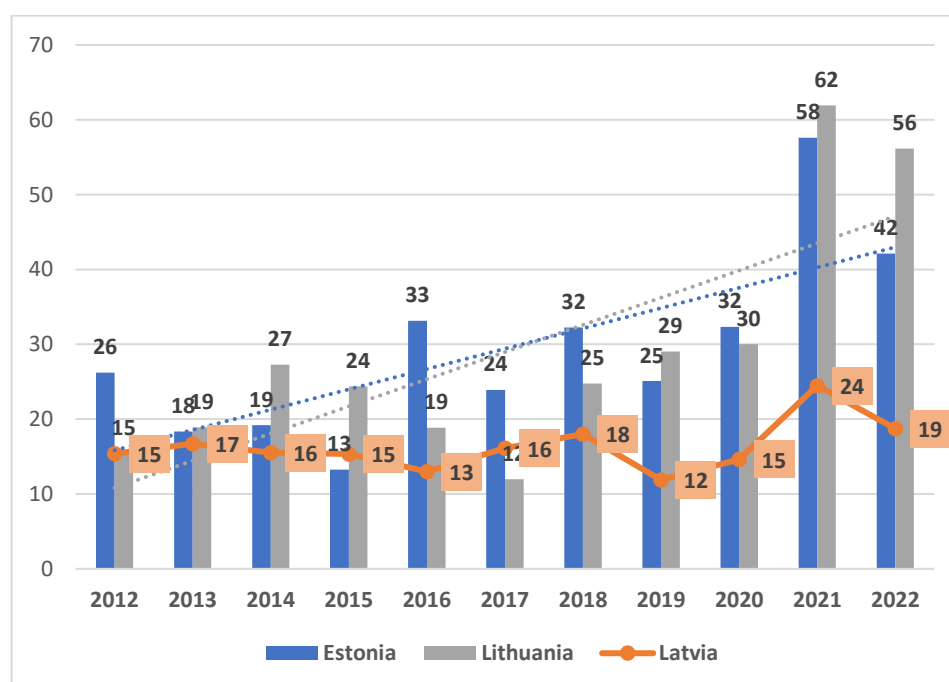


Figure 6. Number of acquisitions and mergers in the Baltic States (authors based on Ellex, Baltic M&A Monitor, 2022)

As shown in Figure 6, the number of acquisitions and mergers in the Baltic States has grown and is on an upward trend over the 10-year period. The years 2021 and 2022 have been the years with the highest number of transactions in Estonia and Lithuania, however, in Latvia the number of transactions has not changed significantly over the 10-year period, where only 2021 had the highest number – 24 transactions.

When comparing the Baltics and Central and Eastern Europe as a whole, the transaction volumes decreased slightly: 16% in 2021 and 14% in 2022 (Ellex, Baltic M&A Monitor, 2022). A comparison of the number of acquisitions and mergers in the Baltic States compared to those in Central and Eastern Europe can be seen in Figure 7.

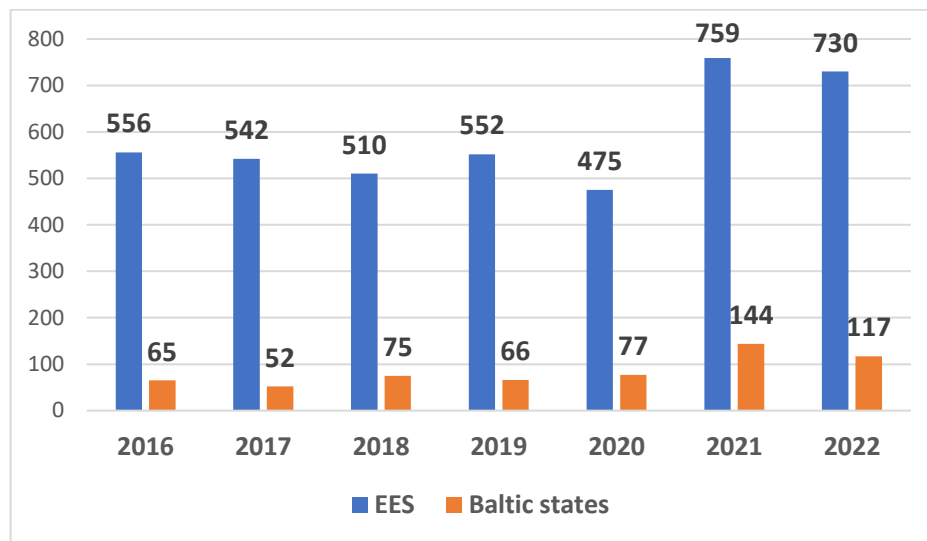


Figure 7. Number of M&A transactions, Baltic States compared to EEA (created by the author, based on Ellex, Baltic M&A Monitor, 2022)

As can be seen in Figure 7, the number of acquisitions and mergers in Central and Eastern European countries has increased specifically in 2021 and 2022, which is the period after the COVID-19 pandemic, and the number of transactions has also increased in the Baltic countries, where the Baltic countries had the largest increase in the number of transactions in 2021 – an increase of almost 50% since 2020 (from 77 to 144 transactions). In Figure 8, the author shows the percentage of acquisitions and mergers in the Baltic countries compared to Central and Eastern European countries.

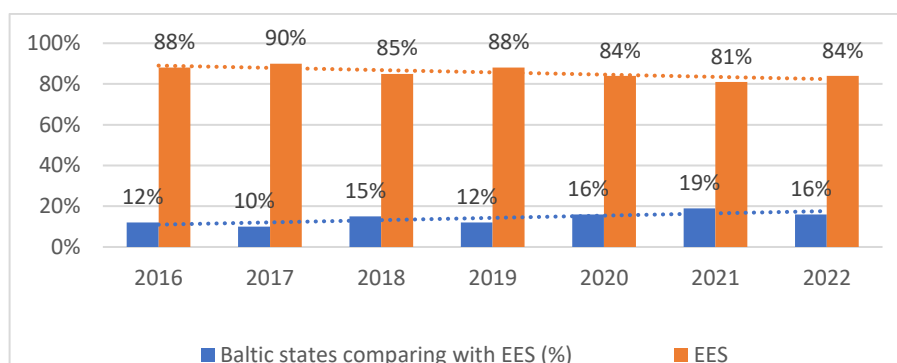


Figure 8. Number of M&A transactions (%) in the Baltic States versus the EEA (Created by the author, based on Ellex, Baltic M&A Monitor, 2022)

As shown in Figure 8, the number of acquisitions and mergers in the Baltic States in 2021 has increased as a percentage of the total number of transactions in Central and Eastern Europe. The percentage trend of acquisitions and mergers in the Baltic States indicates an upward growth.

Comparing all three Baltic States, Figure 9 shows that the percentage of transactions in Estonia and Lithuania is higher than in Latvia. Lithuania accounted for almost ½ of all acquisitions and mergers in the Baltic States in 2022.

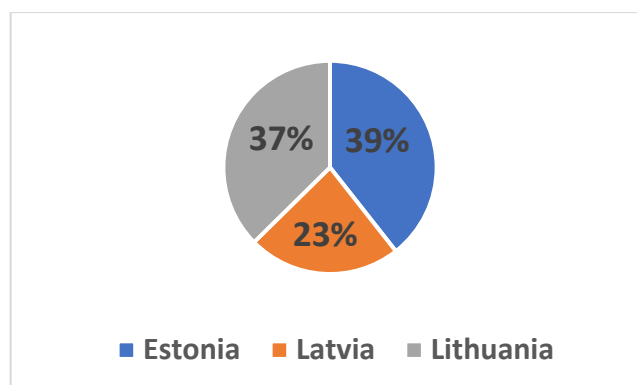


Figure 9. M&A transactions (%) in the Baltic States, 2012-2022 (created by the author, based on Ellex, Baltic M&A Monitor, 2022)

Figure 9 shows that Lithuania and Estonia have had a higher percentage of transactions in the Baltic States in previous years, and Figure 29 shows that this trend has been observed not only in recent years, but in the 10-year period since 2012.

Comparing the last two years – 2021 and 2022, Figure 10 shows the percentage of acquisition and merger transactions in the Baltic States.

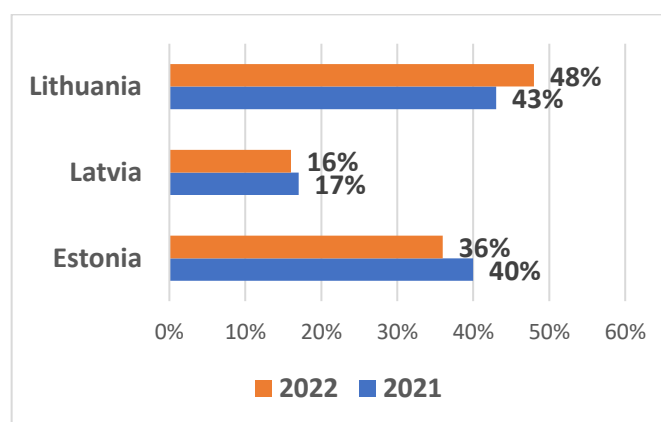


Figure 10. M&A transactions (%) in the Baltic States 2021-2022 (created by the author, based on Ellex, Baltic M&A Monitor, 2022)

As can be seen from Figure 10, there have been no significant changes between Lithuania and Estonia in the last two years, as Lithuania is in first place in terms of the number of transactions, where 2022 shows that there are more transactions from the Baltic countries, while in Estonia it is the opposite – in 2021 there are more transactions than in 2022, where 40% and 36% respectively.

The Baltic countries are active in terms of acquisitions and mergers, as the number of these transactions has increased as a percentage of the total number of transactions in Central and Eastern Europe, and the percentage trend of acquisitions and mergers shows upward growth.

3. OVERVIEW OF THE REAL ESTATE MANAGEMENT INDUSTRY AND REORGANIZATION TRANSACTIONS IN LATVIA, AS WELL AS OPPORTUNITIES FOR INCREASING THE COMPETITIVENESS OF REAL ESTATE MANAGEMENT COMPANIES THROUGH REORGANIZATION

When examining the building management industry in Latvia, 46% are municipal companies, 21% are private management companies, and 33% are others, as seen in Figure 11.

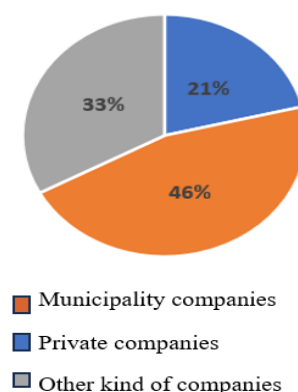


Figure 11. Types of real estate management service providers (created by the author, Lursoft 2023 data)

The data in Figure 11 shows that the majority of real estate management companies are municipal companies that provide apartment building management services to apartment buildings in their region at the local regional level. Municipal functions should not include building management, which indicates that commercial services should be provided by professional building management companies.

Regarding the reorganization process overview specifically for acquisitions and mergers in Latvia, out of all acquisitions and mergers in the Baltic States (Lithuania, Latvia, Estonia), a decrease in transaction volumes was recorded in Latvia, with a slowdown from 24 transactions in 2021 to 19 in 2022, which can be seen in Figure 12. However, this avoided a year-on-year decrease in total value, logging 237 million euros from these 19 transactions, which is 1% more than in 2021, 235 million euros (Ellex, Baltic M&A Monitor, 2022).

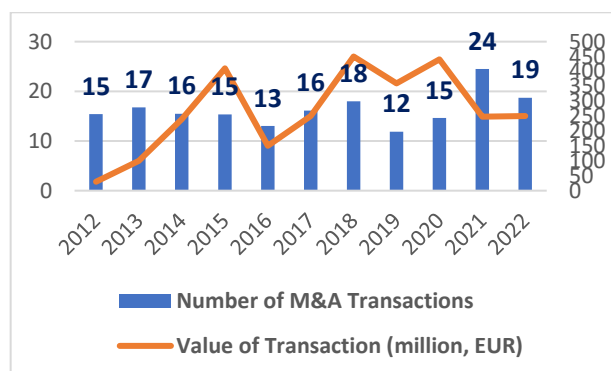


Figure 12. Number and values of M&A transactions (million EUR) in Latvia (created by the author based on Ellex, Baltic M&A Monitor, 2022)

In order to develop a reorganization business management model for acquisition and merger management for medium and large real estate management companies in Latvia to increase their competitiveness, the author clarified the opinion of apartment co-owners of apartment buildings on the range of services they would like to receive in order to prove that apartment co-owners of apartment buildings, as clients of medium and large real estate management companies in Latvia, want to receive a full range of services, which would prove that medium and large property management service providers in Latvia should use a product market expansion strategy to expand their range of services. If the survey proves that clients expect a full range of services from one service provider, it means that a reorganization business management model for acquisition and merger management is applicable to medium and large property management companies in Latvia.

During the survey, 9 questions were asked, among which the author mentions three as the most important questions:

1. To what extent are you satisfied with the management of your house?

[..]

8. What services do apartment owners in apartment buildings receive from their building management service provider?

9. What additional services would apartment owners in apartment buildings like to receive from their building management service provider?

1. To what extent are you satisfied with the management of your home?

The survey results show that respondents are not satisfied, but more than half - 54.5% - admit that the home manager performs minimal actions, as only 24.2% are very satisfied.

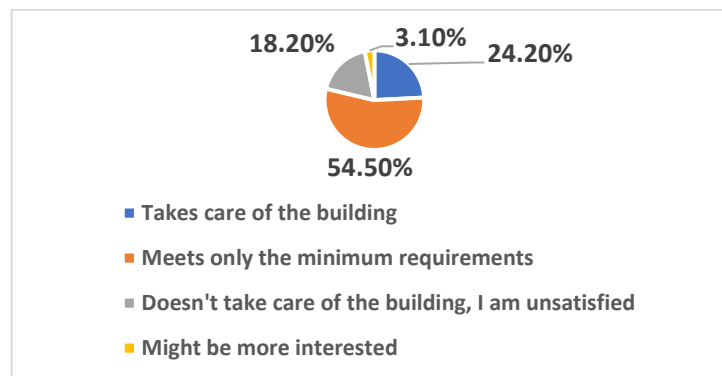


Figure 13. Opinion of apartment building owners in Latvia about their building management service provider, as of 01.05.2024. (created by the author)

As shown in Figure 13, the survey results show that a total of 72.7% of the surveyed apartment owners are not satisfied with the services received, of which 54.5% believe that the building manager meets only the minimum requirements, which is also not a positive assessment, while 18.2% believe that they do not take care of the property and are dissatisfied.

8. What services do apartment owners in apartment buildings receive from their building management service provider?

By asking this question, information was obtained on what services apartment owners in apartment buildings receive from their building management service provider. According to Article 6 of the Residential Building Management Law, the law provides for mandatory management activities and other management activities related to the management of a residential building and are carried out in accordance with the will and solvency of the owner of the residential building. These include activities related to the improvement and development of a residential building and the preparation of a long-term plan of measures necessary for this purpose.

As shown in Figure 14, all respondents or 100% responded that their housing management service provider provides mandatory management activities that result from the requirements of the Residential Building Management Law, while 32% receive other management activities related to the improvement and development of the residential building, but only 9% receive additional services for a separate fee.

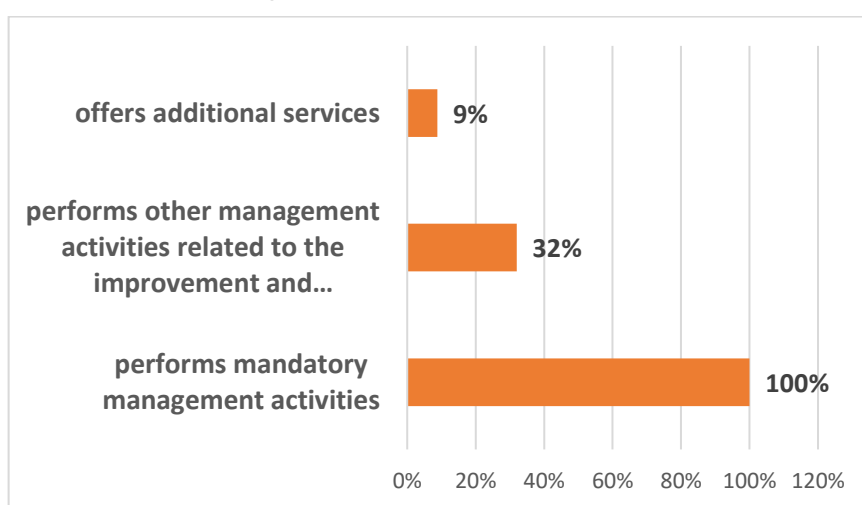


Figure 14. Opinion of apartment owners in apartment buildings in Latvia, what services apartment owners in apartment buildings receive from the management service provider – only mandatory or other or additional services, as of 01.05.2024. (created by the author)

9. What additional services would apartment owners in apartment buildings like to receive from their apartment management service provider?

The Residential Building Management Law does not stipulate that a building management company provides any other services, but since apartment management service providers compete with each other, they have the opportunity to offer their clients various services related to apartment property, for example: cleaning of apartment windows from the outside or inside, window replacement (including design and coordination services), glazing of loggias (including design and coordination services for the entire house), general apartment cleaning, moving services, apartment repairs, general furniture cleaning services, plumbing services in a separate part of the apartment property, legal services for apartment owners, complex services that improve the entire apartment building.

Figure 15 shows what additional services apartment owners in apartment buildings would like to receive in addition. For property management service providers, these additional services

are an opportunity to earn additional income, as well as to attract new apartment owners in apartment buildings as new customers, so that they choose exactly such a property management service provider.

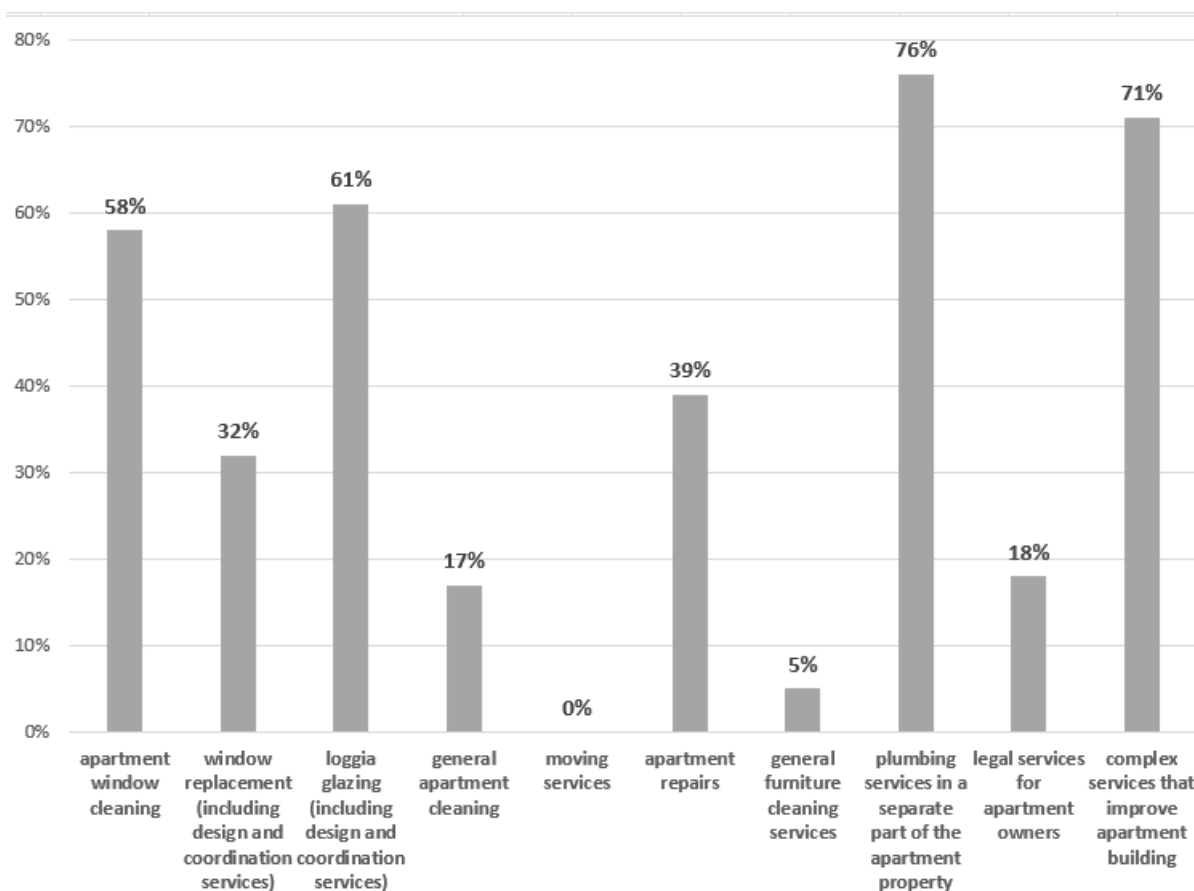


Figure 15. Opinion of apartment owners in apartment buildings in Latvia, whether apartment owners in apartment buildings would like to receive additional services from their building manager, as of 01.05.2024. (created by the author)

As shown in Figure 15, apartment owners in apartment buildings would like to receive additional services, such as: plumbing services in the apartment, replacement of windows and loggias, including coordination and design, as well as various cleaning services, such as window and furniture cleaning, as well as moving services.

The survey data of apartment owners in apartment buildings show that it is the product market expansion strategy in the building management services sector that is important, therefore the reorganization business management model developed by the author can help medium and large companies operating in the real estate management sector in Latvia.

In Latvia, mergers in the real estate sector do not occur often, however, the greatest interest is for real estate management companies themselves, which have a large customer database (both a customer database of individuals and a database of commercial customers), to expand their range of services with engineering communications services, which is the most direct strategy for expanding the product market – offering new types of services to existing customers, including also thinking about expanding energy efficiency and building renovation services in both the residential segment and commercial buildings.

One of the largest reorganization transactions of medium and large real estate management companies in Latvia is the merger transaction carried out in 2023, which involved the merger of SIA TERMEX with SIA HAGBERG (SIA TERMEX joins HAGBERG, 2023), while on 20.06.2024. the reorganization by merger was completed and two capital companies were merged with SIA HAGBERG: SIA TERMEX and SIA HAGBERG Construction (Lursoft, 2024).

As stated in the announcement on the website of SIA Termex: “SIA TERMEX has joined the HAGBERG group of companies and will continue to represent and develop its engineering services. SIA TERMEX, with its experience in the maintenance, servicing and construction of engineering systems, will allow HAGBERG to strengthen its position in the market, offering not only real estate management and cleaning services, but also full-service property care, including solutions for increasing the energy efficiency of buildings, renovation and construction of buildings, as well as territory improvement” (SIA TERMEX joins HAGBERG, 2023).

Financial data for the 2023 reporting year (Lursoft, 2024) show that SIA HAGBERG has completed 2023 with a turnover increase of 36%, as it had already planned when initiating the merger transactions.

The turnover of SIA HAGBERG in 2023 should be assessed together with the turnover of the group companies: SIA TERMEX and SIA HAGBERG Construction, as these mergers were completed on 20.06.2024, and Figure 18 shows the turnover of the HAGBERG group companies in 2023.

Lursoft data (2024) shows that the acquisition of the company SIA TERMEX by HAGBERG in 2023 and the merger of the existing business line implemented by the company SIA HAGBERG Construction provides a significant increase in turnover, which proves that competitiveness in the building management industry can be increased and turnover indicators can be improved if the company acquires and adds a company that provides related services in order to offer customers the widest possible range of services.

After the description of the real estate management industry and company reorganization processes in Latvia, the following chapter 4 reflects the findings obtained during the expert interviews, as well as, based on the results of this study and the findings obtained as a result of the study of theoretical aspects, chapter 4 explains the reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia, which can be used not only by companies in the real estate management industry, but also by companies in any other industry that wish to implement company reorganization transactions.

4. REORGANIZATION BUSINESS MANAGEMENT MODEL FOR THE MANAGEMENT OF ACQUISITIONS AND MERGER TRANSACTIONS TO INCREASE THE COMPETITIVENESS OF MEDIUM AND LARGE REAL ESTATE MANAGEMENT COMPANIES IN LATVIA

To develop a reorganization business management model, the author conducted 6 expert interviews. Experts who have experience in reorganization management, development of reorganization business models, who have strategic management skills and who have experience in organizational change management were selected for the expert interviews.

The questions for the experts were designed so that the author could use the experts' answers as a basis for developing a reorganization business management model.

Based on the findings obtained during the study, on the study of theoretical literature (Kaplan & Norton; 2004; Kotter, 1996; Cameron & Green, 2015), as well as on the results of expert interviews and the findings obtained, the author develops a reorganization business management model.

The reorganization business management model developed by the author is schematically depicted in several figures and tables, and is also described further in the study. See Figure 16 for a schematic image of the reorganization strategy and reorganization business management model when implementing a reorganization transaction with acquisition and merger.

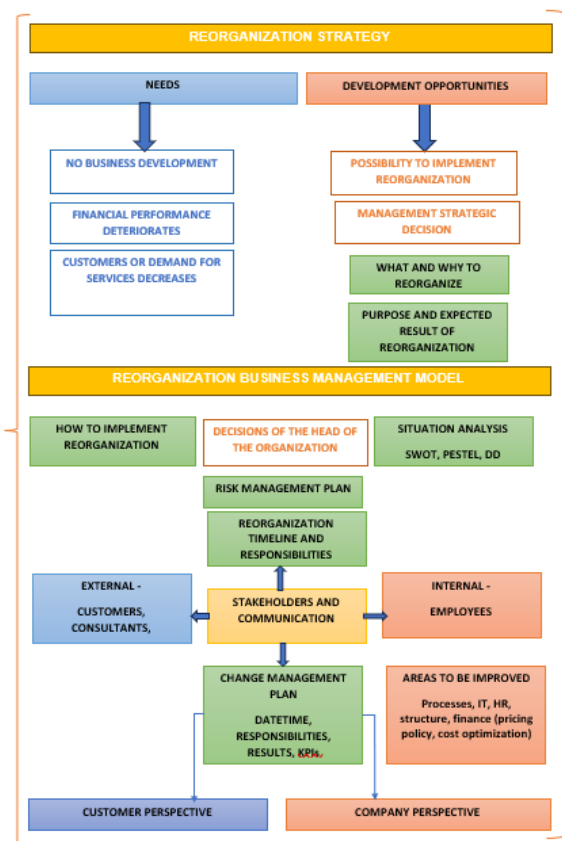


Figure 16. Reorganization strategy and reorganization business management model (adapted by the authors from Kaplan & Norton; 2004; Kotter, 1996; Cameron & Green, 2015).

As can be seen from Figure 16, the author shows that the company first identifies needs or problems, which may be a deterioration in the financial situation, the company is not developing, customers or their demand for the service is decreasing, while the company has opportunities to develop. The entire reorganization process is based on a strategy that must identify all factors, from the existing problem to its solution, which the company solves through an acquisition and merger transaction. The reorganization strategy involves both external parties - customers, state institutions, external consultants, and employees involved in the reorganization. Everything together provides benefits from the perspective of customers and the company. Changes occur within the framework of the company's reorganization, and change management identifies areas that need to be organized or even transformed, which must be measurable with specific measurements (KPIs, results).

The reorganization business management model developed by the author is a complex, multi-event project led by a reorganization manager (leader), who determines how the reorganization will be implemented, who organizes research from various aspects – SWOT, analysis, PESTEL analysis, DD (In-depth research), who manages the reorganization process as a whole, develops a structured plan, integrates the teams of both companies, skilfully redistributes functions, responsibilities, gets acquainted with company processes, manages new system and process implementation projects, uses employee skills and experience most effectively, and brings common values to life. The entire project is managed not in an authoritarian manner, but the reorganization manager is a leader who is an authority, but at the same time respects and honours every employee.

The reorganization business management model developed by the author is based on the following basic aspects: the company needs to develop, the reasons for which can be various – the need for growth, expanding the product market, offering new services, strengthening competitiveness in its industry. Once a company has defined that there is a need to develop, it is necessary to develop a strategy that provides for long-term growth goals for the coming years, as well as possible alternatives for achieving these goals.

As follows from the findings obtained during the expert interviews, experts argue that developing a strategy before reorganization is essential, and it is one of the prerequisites for a successful reorganization. Without a clear strategy, the reorganization process can become a chaotic event without a specific goal and measurable results.

The author summarizes the most important aspects mentioned by experts in the interviews as to why developing a strategy before reorganization is important in Table 1.

Table 1.

The importance of strategy in the reorganization business management model (created by the author based on the results of expert interviews)

What does strategy development before reorganization provide?	Impact on the management of the reorganization process
Provides a clear vision	Helps to understand why the reorganization is necessary and what it will bring to the company
Sets specific goals for reorganization	Determines the goal and measurable results of the reorganization (for example, cost reduction, profit increase, competitiveness increase)
Coordinated decisions are made based on strategy	Promotes a unified vision and consistency of decisions
Reduces risks	Ensures better preparedness for risk management
Provides for due diligence	Reorganization is implemented based on the facts revealed during in-depth research
Promotes team cohesion	A clear strategic direction unites the team, promotes employee involvement
Provides for the development of a reorganization plan	The strategy helps to develop a detailed plan for the implementation of the reorganization and the integration of the companies being reorganized

As can be seen from the data in Table 1, developing a strategy before reorganization is not only desirable, but mandatory if the company wants the reorganization to be implemented in a structured manner and with measurable results.

The strategy aims to increase the company's competitiveness, improve efficiency, or expand its range of services with new services by acquiring a company that already provides such services, and in this case, the acquisition and merger transaction is a means of implementing the strategy, which the author has depicted in Figure 17.

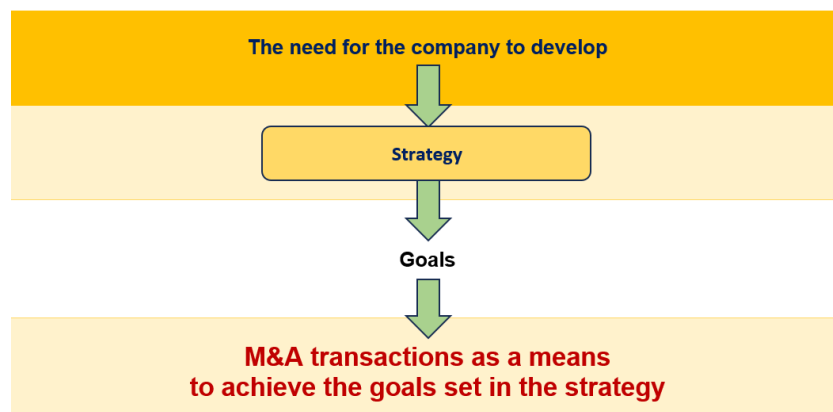


Figure 17. The importance of strategy in the reorganization business management model (created by the author)

The reorganization business management model developed by the author for the management of acquisitions and mergers for medium and large real estate management companies in Latvia provides for the existence of one main manager – the reorganization transaction or project manager, who must have strategic thinking and leadership skills. In order to implement the planned reorganization of the company, a reorganization plan must be developed before any actions are taken, which is based on the strategy and the goal set in it – what the company wants to achieve through the reorganization transaction.

The reorganization business management model developed by the author consists of 2 parts – the pre-reorganization stage and the post-reorganization stage. The pre-reorganization stage of the reorganization business management model is shown in Figure 18.

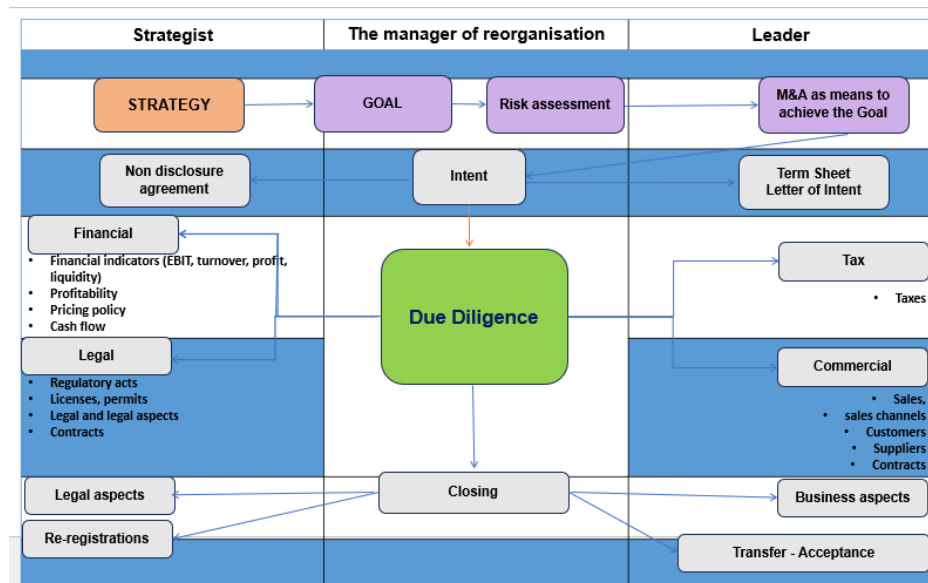


Figure 18. Pre-reorganization stage of the reorganization business management model (created by the author)

As can be seen from Figure 18, in the reorganization business management model developed by the author, the first stage of the reorganization requires that there must be one main manager – the reorganization transaction or project manager, who must have strategic thinking and leadership skills. In order to implement the planned reorganization of the company, a reorganization plan must be developed before any actions are taken, based on the strategy and the goal set in it – what the company wants to achieve through the reorganization transaction.

In the second stage, which is after the reorganization transaction, in-depth research must be carried out again. The question may arise – what is the point of repeatedly conducting in-depth research if the company has already implemented in-depth research before the acquisition. The author's reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia is based on the fact that there are differences between what in-depth research is before the transaction and after.

The second stage of the reorganization business management model, or the post-reorganization stage, is depicted in Figure 19.

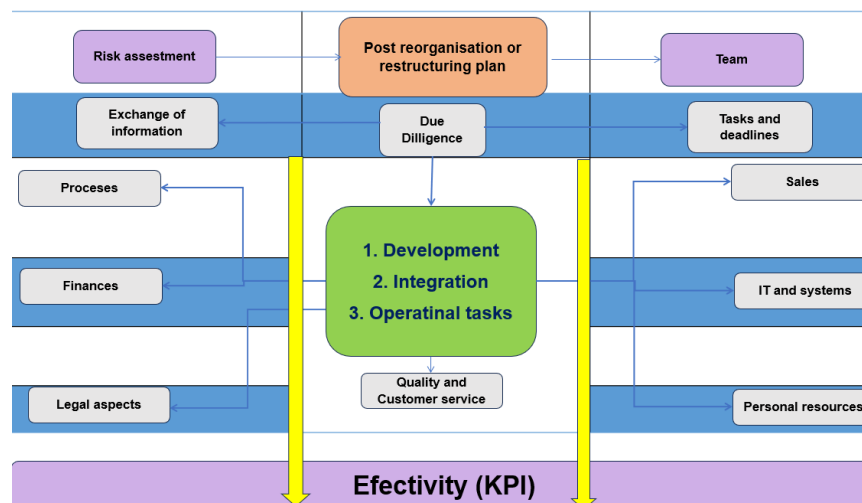


Figure 19. Post-reorganization stage of the reorganization business management model (created by the author)

As we can see from Figure 19, the second stage is important and follows sequentially after the first stage of the reorganization transaction.

The reorganization business management model developed by the author for the management of acquisitions and mergers for medium and large real estate management companies in Latvia, after the reorganization stage during which the integration or restructuring of companies is implemented, includes the importance of financial, commercial information and integration, which is characterized by the following 5 most important factors, which can be seen in Figure 20:

1. Finance;
2. Sales;
3. Processes;
4. Customer service;
5. Increasing operational efficiency.

Finances	Sales	Quality and proceses	Clients` relationship	Effectivity
<ul style="list-style-type: none"> * Increase of EBITDA and EBITDA % * Rentability of services * Additional income and profit 	<ul style="list-style-type: none"> * Sales strategy * CRM 	<ul style="list-style-type: none"> * Proceses of Services * Standards of quality * Measures of quality 	<ul style="list-style-type: none"> * Client relationship standard * Clients Aplication * Call Center 	<ul style="list-style-type: none"> *Organisational structure and team * Efectivisation of functions * Centralization of administrative functions * IT systems

Figure 20. 5 most important factors within the framework of the reorganization business management model after the reorganization stage (created by the author)

The second stage of the author's Reorganization Business Management Model, which is the post-reorganization stage, is based on the company's operational efficiency, which is the main

reason for the company's restructuring and changes. Efficiency is measured by specific KPIs or in English - "Key Performance Indicators".

The implementation of any strategic goal must be carried out in order to improve the company's operational efficiency, which would be measurable and which affects all company processes, not only financial or business, but also the quality of the company, personnel, legal aspects and others.

The author's reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia after - in the reorganization section provides for an important factor that should be paid attention to after reorganization - the company's financial management, where one of the aspects to be improved is profitability or service pricing policy. Since companies are different, they have had different financial management policies, management styles differ, in practice there are many examples that new managers after reorganization have to arrange the profitability of the acquired company.

The author's reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia was tested in building management companies, of which: 1 company operates in Riga and Jurmala, and 4 regional companies, hereinafter referred to as the Research Companies.

All building management companies were integrated under one new owner (participant), who became the leading administrative and management company, the building management companies had to be introduced, integrated into a single group of companies and further develop the business of building management companies, increase market share, profit and turnover.

The reorganization process of the research companies in which the Reorganization Business Management Model was tested took place from July 1, 2022 to September 30, 2023.

Having approved the reorganization business management model in practice, a budget for 2023-2026 was developed for building management companies in Latvia - Research companies, anticipating an EBITDA increase of no less than 1% each year, as a result of which an increase in EBITDA (+ EUR 40,000 each year) and an improvement in EBITDA % (EBITDA / net turnover) were planned for the next 4 years, increasing it by no less than 1% each year, and it was concluded that the reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia helped achieve the set goals.

In order to improve the EBITDA indicators, EBITDA % and the result of the reporting year (profit) of building management companies, many significant measures were taken within the framework of the reorganization business management model developed by the Author, the most important of which are:

- A decision was made to raise the price of the service to customers in order to stop the company's operations at a loss;

- The profitability of the managed facilities was improved;
- A new debtor control and debt collection policy was developed;
- Service pricing was identified – how much each service costs, whether the service fee corresponds to real expenses and whether the services bring profit.

In order to improve the processes, sales, and efficiency of building management companies, many significant measures were taken within the framework of the reorganization business management model developed by the author, the most important of which are:

- A new building management service contract was developed that meets the company's interests, as well as a schedule for the gradual switching of management contracts;
- A facility inspection schedule and a plan for its implementation were created;
- A technical department was created, which was responsible for unified accounting of technical work, repair work, work implementation, and technical personnel selection;
- A unified customer call centre, complaint and application register, and quality control were introduced;
- A new accounting IT program was introduced and a new financial accounting system was created.

The reorganization business management model developed by the author for the management of acquisitions and mergers for medium and large real estate management companies in Latvia was tested in building management companies, implementing complex company restructuring measures, with the aim of improving the efficiency of company operations, which was measured from all company processes: financial, business, company quality, personnel, legal aspects.

By approving the reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia, the practical significance of this model for successful reorganization business management has been proven, as well as the fact that successful management of reorganization could take place using the developed reorganization business management model.

The aim of the study is to develop and approve the reorganization business management model for medium and large real estate management companies in Latvia, which has been achieved, because this chapter describes the reorganization business management model developed by the author for the management of acquisitions and mergers for medium and large real estate management companies in Latvia and its approbation in medium and large real estate management companies in Latvia, proving that companies can increase their competitiveness and the model is appropriate for the specifics of the industry.

The author's reorganization business management model for the management of acquisitions and mergers for medium and large real estate management companies in Latvia was tested in building management companies both during the reorganization stage, when carrying out legal mergers of companies, and after the reorganization stage, when carrying out integration

and restructuring of companies, and it was tested by implementing complex measures, which are described in detail earlier in this chapter.

Answers are provided to the research questions of the thesis.

1. Why is the further development and competitiveness of medium and large real estate management companies in Latvia impossible without a product market expansion strategy?

A detailed answer to this question can be found throughout the thesis, namely that medium and large real estate management companies in Latvia are faced with the conditions created by the influence of globalization and geopolitical circumstances - lack of labour force, market restrictions to expand. The results of the survey of apartment co-owners of apartment buildings show that apartment co-owners want to receive from their building manager not only mandatory services, but also other, paid additional services, so that it would be more convenient for them to maintain their property, receiving a wide range of services. The development of building management companies is not possible without a product and market expansion strategy, which is also proven by the findings provided during the study, evaluating several real estate management companies in Latvia, their turnover and profit growth opportunities depending on the number of services provided by the companies.

2. How can be increased the competitiveness of medium and large real estate management companies in Latvia by using a reorganization business management model for managing acquisitions and mergers for medium and large real estate management companies in Latvia?

The answer to this question can be found in chapters 1, 2 and 4 of the work, namely, real estate management companies in Latvia are faced with the conditions created by the impact of globalization and geopolitical circumstances - a shortage of labour, a restriction on market expansion, as well as the results of surveys of apartment co-owners of apartment buildings show that apartment co-owners want to receive from their building manager not only mandatory services, but also other, paid additional services, so that it would be more convenient for them to maintain their property, receiving a wide range of services. The approbation of the reorganization business management model in real estate management companies, described in this chapter, proves that by integrating companies after reorganization, as well as by carrying out complex restructuring measures after reorganization, it is possible to improve the financial performance of companies, increase efficiency and improve the quality of services, therefore, the competitiveness of these companies can be increased by using a developed reorganization business management model, by carrying out reorganization with acquisition transactions, which are based on a strategy.

Based on the findings obtained during the research, the study and analysis of the theoretical aspects of enterprise competitiveness, factors influencing competition, enterprise product market expansion strategies, reorganization, as well as after conducting research on the types of reorganization transactions, their most important differences, the essence of the reorganization process management and the importance of in-depth research on theoretical

factors, taking into account the characteristics of the real estate management industry and enterprise reorganization processes in the Baltic States - Estonia and Lithuania, Latvia, based on the findings obtained during expert interviews, and taking into account the developed business management model for reorganization of real estate management companies and its approbation, the author further presents his conclusions, based on which proposals are offered.

CONCLUSIONS AND PROPOSALS

Conclusions

The results obtained in the study, based on theoretical findings and empirical research, allow us to express the following conclusions:

1. Real estate management companies in Latvia are faced with the conditions created by the impact of globalization and geopolitical conditions – lack of labour, market restrictions to expand, therefore, the development of these companies is impossible without a product and market expansion strategy, which is also proven by the findings provided during the study, evaluating several real estate management companies in Latvia, their turnover and profit growth opportunities depending on the number of services provided by the companies.
2. The specifics of the real estate management industry are: 1) lack of employees, 2) customer requirements based on historical experience, 3) lack of customer education, as a result of which customers do not understand their obligations, 4) customer distrust of new real estate management companies due to negative experience with municipal real estate management companies.
3. When studying the housing management sector in Latvia, almost ½ half or 46% are municipal companies that provide housing management services, which is not a satisfactory indicator, because municipal companies should not be engaged in the management of apartment buildings, but should open the free market - hand over to private management service providers.
4. When conducting a survey of apartment owners in apartment buildings, it can be concluded that in general, apartment owners are not particularly satisfied with the management of apartment buildings, believing that the management company performs minimal duties, but is not proactive, as well as apartment owners in apartment buildings believe that they do not have sufficient knowledge of all issues related to house management, technical nuances and do not have sufficient knowledge of regulatory enactments, as well as do not have time to get involved in the management of their apartment building, therefore they expect a full range of services from their house manager.
5. Acquisitions and mergers are an opportunity for the implementation of a company's product development strategy, where the theoretical aspects of reorganization are important, as well as the study of financial indicators, in-depth research, as well as consideration of personnel cultural differences.
6. Building management companies that have chosen the strategy of providing a wide range of services, which have carried out and are implementing a product market expansion strategy through acquisitions and mergers, show better financial indicators (turnover and profit).

7. The number of acquisitions and mergers transactions in percentage terms in the Baltic States is increasing, compared to the number of acquisitions and mergers transactions in percentage terms in Eastern and Central Europe, and in just 2 years (2021 and 2022) there has been a large increase in the number of transactions in the Baltic States as a whole, which shows that, despite the decrease in the total population of the Baltic States, the Baltic region is grateful for the activities of companies, the implementation of transactions, also thanks to the development of IT technologies, because IT technologies can also attract foreign labour.
8. Latvia has been experiencing a trend of population decline over the past 10 years, and data shows that the trend is not upward, but only downward. When assessing the housing management industry, which is a service industry, these factors, along with the decline in population, are not favourable for service industries.
9. Real estate management companies in Latvia are successfully implementing a product market expansion strategy, expanding the product market with new services, as well as attracting new clients on the basis of reorganization transactions, without changing the existing range of services, and whose turnover and profit growth indicators show that the chosen product market expansion strategy is able to increase competitiveness.
10. The results of the study, within the framework of information obtained during expert interviews, show that internal, disorganized management problems of companies can prevent managers from successfully implementing reorganization and company restructuring plans, and as a result, they fail to improve financial results and profitability.
11. Reorganization transactions can help a company diversify its business risks, enter new markets, ensure the continuity of the company's operations or expand the range of products with new services.
12. The reorganization business management model can be used by managers of medium and large real estate management companies to make decisions on increasing the efficiency of their company's operations and increasing competitiveness by implementing reorganization transactions.
13. The developed reorganization business management model for managing acquisitions and mergers for medium and large real estate management companies in Latvia has been tested and approved in practice, therefore it is suitable for real estate management companies to increase their competitiveness by using a product market expansion strategy with the help of a reorganization transaction.

Proposals

The results obtained in the study, based on theoretical findings and conclusions drawn, provide the opportunity to make the following proposals:

1. For real estate company industry associations:

1.1. Develop recommendations for amendments to regulatory enactments, providing that the obligation to manage buildings is transferred only to private, licensed building management companies, removing this obligation from municipal companies, and submit proposals to the government;

1.2. Develop recommendations for amendments to regulatory enactments, providing that building management companies have greater powers, reducing the obligation of apartment owners of apartment buildings to be responsible for resolving all issues related to the management of an apartment building;

1.3. using the results of the study, promote the knowledge of owners and managers of large and medium-sized real estate management companies in implementing successful reorganization and restructuring activities, by organizing seminars and trainings in which to use the reorganization business management model developed as a result of the study.

2. For Medium and large real estate management companies in Latvia to review and evaluate the developed reorganization business management model and use it in managing reorganization transactions.

3. For Higher education institutions that offer business management study programs: recommend supplementing the content of study programs with research results on the reorganization management model and its possibilities for increasing the competitiveness of companies, as well as including the subject - reorganization business management model and reorganization management aspects.

4. For Doctoral students and researchers to continue conducting research on the possibilities of increasing the competitiveness of medium and large real estate management companies in Latvia, also using other strategies and using other types of reorganization transactions.

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