

SUPPLY CHAIN RISK MANAGEMENT OF LOGISTICS COMPANIES THROUGH MERGERS AND ACQUISITIONS

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Purpose: The paper aims to determine the factors determining the development of mergers and acquisitions in the logistics sector, but also the resulting dependencies related to difficulties in managing the risk of a combined enterprise under the influence of adverse economic events, such as the COVID-19 pandemic or the conflict in Ukraine.

Design/methodology/approach: The paper was divided into two parts, consisting of a source literature of mergers and acquisitions, logistics, risk management and global supply chain, and a part devoted to the analysis of trends in the logistics sector in 2018-2022. The research took into account data from the reports of recognized audit firms.

Findings: Based on the trends, the authors observed a connection between the risk resulting from adverse economic events, e.g. the COVID-19 pandemic and the conflict in Ukraine, on the degree of merger decision-making, in particular in the context of supply chain management, which is important for the functioning of a logistics company.

Practical implications: The experience of logistics companies in recent years shows that the issue of supply chain risk management is an important criterion when making decisions about merging with another company. Moreover, unfavorable economic events that affect supply chain management also determine mergers and acquisitions.

Originality: The paper is an interdisciplinary analysis of the M&A market in the field of supply chain risk management in logistics companies during COVID-19 and the conflict in Ukraine, which has not been subject to in-depth verification in the studies of other authors. The paper is a result of the authors' research that was partially presented at the 3rd International Conference "Logistics challenges in the modern world" organized by the Warsaw University of Life Sciences on January 19, 2023.

Keywords: risk management, logistics, mergers and acquisitions, COVID-19, conflict in Ukraine, supply chain.

Category of the paper: case study.

1. Introduction

One of the fundamental elements of the global economy is the global supply chain in which three basic entities participate: supplier, recipient and enterprise. Its purpose is to meet the demand for specific goods and products, so any disruptions in its functioning affect both the global economic situation and individual entities. The outbreak of COVID-19 pandemic and the conflict in Ukraine significantly remodeled the current way of managing the supply chain. The greatest effects of these events include change in consumer habits through the development of e-commerce, volatility of raw material prices and uncertainties related to the timeliness of orders, or the search for alternative sources of supplies and communication with contractors. All these changes can be treated as both a potential opportunity and a threat.

Since supply chain is a system of flow of raw materials, materials, subassemblies or finished products, its efficiency depends on the degree of integrity of individual links, which are often other companies, as well as the customer himself (logistics customer services). Enterprises striving to improve efficiency and reduce operating costs must look for new solutions that, on the one hand, will ensure development and, on the other hand, will be a reaction to adverse economic events. One of the ways to respond to these expectations is long-term investment through mergers and acquisitions.

The paper aim is to determine the factors affecting decision-making in logistics in the area of mergers and acquisitions in the face of the effects of COVID-19 pandemic and the conflict in Ukraine, and also to indicate the impact of these events on risk management in selected enterprises that have merged in recent years. The authors reviewed the theoretical foundations explaining the phenomena occurring on the mergers and acquisitions market in the context of the logistics. Additionally, they conducted an analysis of the entity structure of logistics, taking into account the directions of its development and strategy formulation, as well as assessing the impact of risk management in the supply chain of the merging enterprises.

2. Literature review and research in the field of mergers and acquisitions

Logistics companies become participants in the control market through mergers and acquisitions. It is a result of increasing benefits that the M&A deals may bring to the companies. They include e.g. diversification of the production range, entering new markets, acquiring a unique production and manufacturing technology. If these objectives are considered as benefits of the merger or acquisition, their reverse will potentially threaten them. It involves risk because it is the probability of a hazard occurring. If it is assumed that the inverse of the typical benefits of a merger or acquisition is the lack of diversification of products or services,

a reduction in production capacity, sales and market share, decrease in cost optimization and, consequently, a lack of synergy, it means that the effects expected from the transaction have not been obtained. Failure to achieve them determines failure to meet the goals set in the strategy and merger plan, and thus constitutes a failure for a company.

The purpose of business combinations is long-term development, when entities are unable or unwilling to use other means of external development. However, due to the time horizon, legal implications and organizational consequences, planned mergers and acquisitions entail a number of potential risk areas that should be diagnosed in advanced.

It is worth emphasizing that risk is an indispensable element of a market economy. As an objective and at the same time common phenomenon, it is taken into account in every type of activity, constituting its integral part (Kulińska, 2011). This is due to the fact that each activity is undertaken under conditions of uncertainty, in the absence of all information and predictable variables. Among the potential risk areas, the theory and practice of management point to problems related to the diversity of the workforce, social responsibility and issues of ownership and ethics, but also to areas related to globalization, ensuring the expected level of quality and production efficiency, and difficulties in adjusting production volumes to expectations and abilities of the employed staff (Drucker, 2009). Factors shaping the phenomenon of risk in an enterprise may come from the competitiveness of domestic companies, instability of regulations, volatility of customer preferences, management system inadequate to current challenges, lack of employee competence, unpredictability in terms of exchange rates and behavior of the stock exchange as well as forces and natural phenomena, as well as unreliability of technology and social and financial system (Ciekanowski, Wyrębek, 2016).

The multiplicity of various reasons for the occurrence of risk in an enterprise translates into its existence and financial condition (Kwiecień, Wójcik-Jurkiewicz, 2022). This phrase is important in the perspective of supply chain management in enterprises covered by mergers and acquisitions, where risk identification at a relatively early stage allows you to avoid threats to its further functioning. In order to understand the essence of merger processes, it should be noted that although both forms of mergers - mergers and acquisitions - are of a long-term nature, their purpose, and therefore the degree of risk can be different.

The merger is carried out by way of consolidation or incorporation. Consolidation is defined as a merger of at least two enterprises, as a result of which a new enterprise is created (Korpus, 2014, p. 30). As a result of this process, the merging entities lose their legal personality. Incorporation occurs when, as a result of a merger, one of the enterprises retains its legal personality, and the enterprise incorporated (incorporated) into the buyer loses its legal personality.

A takeover process is different, it entails the loss of control to the acquiring company (acquired company to the acquiring company), which does not lead to the loss of legal personality, and thus does not lead to the cessation of the acquired legal entity. A special

relationship arises which is used by the buyer (acquiring company). Acquisition most often takes place as a result of the direct acquisition of such a number of shares (shares) of a given enterprise that allows it to be controlled. It may also occur as a result of the purchase of assets, obtaining a power of attorney with majority voting rights at the general meeting, privatization of an enterprise, joint venture or lease with the right to exercise voting rights at the general meeting. Figure 1 presents the forms of business combinations.

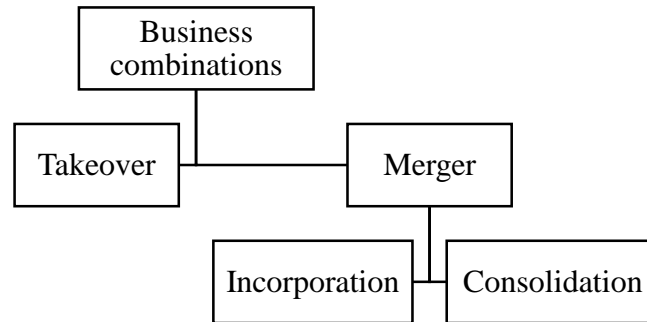


Figure 1. Business combinations scheme.

Source: author's own studies.

Takeovers can be done by both purchasing an entire enterprise and its separated part or even selected assets. It is most often due to the acquisition of intangible resources, e.g. production technology, licenses or know-how, which will allow it to achieve a better position on the market. In practice, it happens that it is a stage preceding a merger, which is a tighter form of cooperation.

The pressure of development in the face of market constraints, in particular in hermetic sectors where there are high barriers to entering the market, result in a high level of activity in the field of business combinations. As a result, the findings of the merged enterprise after the integration period are lower than expected. It increases with growing business dependencies between entities and in such organizational structures where transaction costs (due to technological conditions) are high, e.g. in tech industry.

Nevertheless, it is also visible in logistics companies that base their operations on the supply chain in which various entities participate - suppliers, recipients, secondary or incidental contractors, and even competitors. A simplified model of the supply chain, taking into account three entities: supplier, intermediary company and recipient is presented in Figure 2.

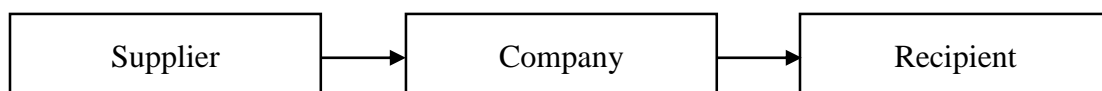


Figure 2. Simplified model of supply chain.

Source: author's own studies.

Among the three basic features that characterize the supply chain, source literature indicates: subjective structure, understood as separate entities that cooperate with each other. In turn, the object structure is a set of products, goods and materials that are transferred through subsequent links of the supply chain to the final recipient and additional intermediary elements.

The last group mainly includes goals, scope of activities and areas of cooperation between the participating entities (Zbroja, Marel, 2020). As indicated by M. Romanowska: “Striving to reduce transaction costs and improve the competitive position in relation to other entities, rationally operating enterprises will limit competition, developing cooperation with both suppliers and customers. And in justified cases, with its competitors” (Romanowska, 1997, p. 16). According to the authors, this thesis is consistent with the transaction costs theory and, apart from the contractual theory or the network approach, it indicates the dependencies that arise between the company and its environment. They highlight the links in the supplier-recipient relationship, as well as between competing entities. This is due to the fact that logistics service operators create the supply side, which, thanks to appropriate connections, enables the functioning of the communication channel in market conditions.

The creation of global supply chains is the result of the impact of connection processes, but also other processes related to the need to reduce risk in global logistics management by taking actions aimed at:

1. expanding the links between the degree of product service at individual stages, combined with continuous analysis of the demand for products and services,
2. improving the means of monitoring the handling of products or services for the development of world trade,
3. developing theoretical concepts of logistics, production and marketing management (Dyczkowska, 2012, p. 422).

Mergers and acquisitions in logistics companies may additionally require an analysis of the profitability of investments and ways of organizing management in the combined company, e.g. integration of positions or division of tasks (Jeszka, 2013, p. 30).

3. Risk areas of companies merging in the logistics during COVID-19 and the conflict in Ukraine

Large enterprises striving to develop their activities to mergers. This is also visible in the logistics sector, in which entities involved in various activities in the supply chain participate. The structure of the logistics services market is mainly changed by network, transnational connections, the purpose of which is to concentrate technical and organizational solutions, in which, together with the development of IT systems, they create new development opportunities. The COVID-19 pandemic and the conflict in Ukraine, as well as the resulting consequences in the form of high inflation in many countries, restrictions on energy supplies from Russia, changes in adopted climate policies and instability of consumer demand, forced an urgent revision of the current direction of logistics risk management. At that time, the demand for transport services collapsed, and the pandemic weakened the flexibility of

transport and the timeliness of orders (Ziółkowska, 2021). The dependence of the global industry on suppliers located in Asia has led to many problems that the COVID-19 pandemic has highlighted. Delays in deliveries, increasing costs of transport and storage of goods, congestion in transshipment ports, difficulties in timely execution of orders have shown how excessive reliance on foreign production can be a threat to the entire supply system. The supplier-entrepreneur-recipient model was shaken, because a supplier who was unable to accept an order for product supply could not transfer it to an intermediate entrepreneur, who could not transfer it to the final recipient.

The supply chain before the COVID-19 pandemic was based on sourcing raw materials at the lowest possible cost, regardless of the country of origin, while applying the JIT (Just-In-Time) strategy. It is based on the delivery of materials and goods before the very moment of reporting the demand for them, which did not contribute to the creation of high stock levels, and thus did not generate high storage costs. The COVID-19 pandemic, followed by the outbreak of the conflict in Ukraine, forced a revision of this direction. It should be mentioned that globalization, which has been progressing for many years, has begun to give way to partial deglobalization. Recently, friendshoring or mutual trade with friendly countries has become popular (especially after the outbreak of the US-China trade war in 2018). The determinant of the choice, taking into account this approach, is not only the need to reduce costs, but also the emphasis on interdependence with trading partners. This action has consequences both internationally and nationally. An insufficiently diversified supplier base has a negative impact on the production capacity of enterprises, and thus on the flow of goods in the supply chain. Before the pandemic, many enterprises, especially smaller ones, used only a few suppliers and service providers, who in turn based their activities on selected customers. For both sides of the supplier and the recipient, this solution was beneficial, as it did not generate expenditures, and as a result of serial production and certainty of business relations, it ensured a relatively predictable profit.

During the COVID-19 pandemic and after the outbreak of the conflict in Ukraine, such an approach began to involve risks. The risk of the global supply chain in logistics companies has an internal basis (within a given distribution channel) and external (resulting from macroeconomic dependencies). In a Deloitte report *The Ripple Effect. How manufacturing and retail executives view the growing challenge of supply chain risk* the authors classified the risk into four related categories:

1. operations carried out within the distribution channel - from the production design process, through transport, distribution and return logistics,
2. extending the standard supply chain with cooperation with business partners in the field of supplying logistics services and distribution,
3. macro-environment, i.e. based on phenomena resulting from unforeseen economic, political, social and economic events that will force a revision of the directions of

- distribution channels and their preferences among interested parties (suppliers, recipients), e.g. in connection with the COVID-19 pandemic or the conflict in Ukraine,
- 4. the scope of functional support, covering areas of the company not directly related to logistics, forwarding and distribution, e.g. finances, human resources, payroll, legal and IT departments, the limitations of which may lead to problems with the flow of key operational data, e.g. waybills, accounting documentation, lists orders, etc.

Figure 3 shows the most important risk areas in mergers and acquisitions, taking into account the protection of the interests of the buyer and seller.

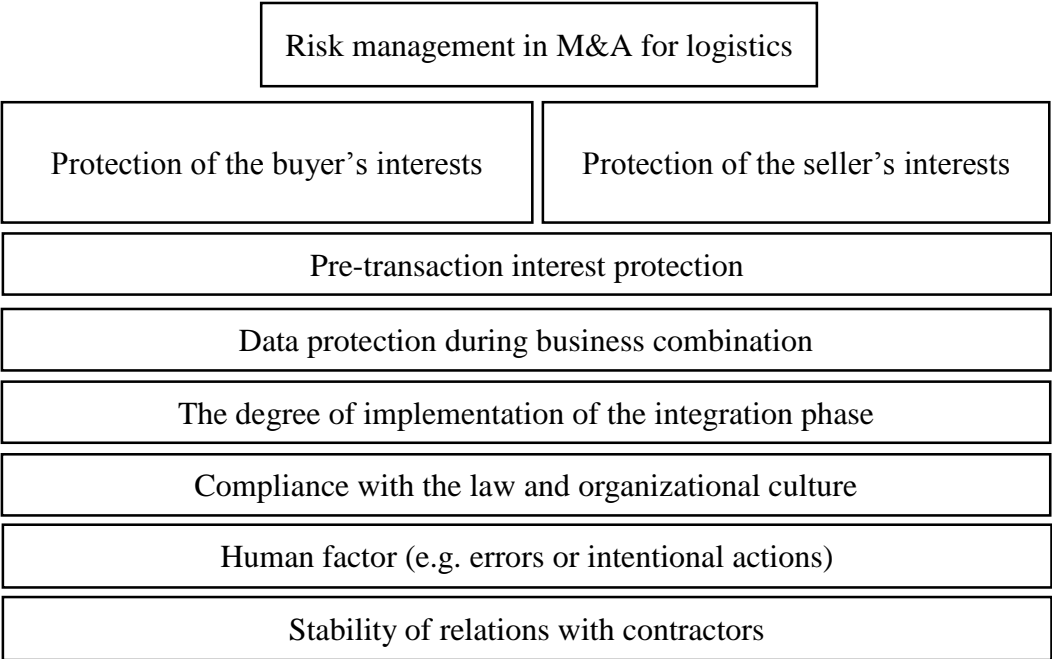


Figure 3. Risk areas in mergers and acquisitions in the logistics

Source: author's own studies.

The correctness of the merger depends on both the phases preceding the merger (preparation and planning), in which analyzes and studies of investment profitability and potential effects on the financial condition are carried out, and the integration phase, in which the adopted solutions are implemented (but also to capture anticipated value and moderate risk). Due diligence plays a key role in the risk analysis of mergers and acquisitions. Its role is to identify and eliminate risk. A successful transaction depends to a large extent on the proper preparation of both parties for the merger

Identification of risk areas that may arise during the merger of entities relates in particular to differences of a financial, organizational, legal and cultural nature (organizational culture). Risks may relate to irregularities (mistakes made at the integration stage), fraud, criminal acts (corruption), trade restrictions (export and import), conflict of interest or loss of credibility (both on the part of the buyer and the seller), both as a result of intentional and unintentional activity (human factor). Therefore, attention is drawn to the need to secure the interests of the merging enterprises before the transaction is made. This applies in particular to the protection

of digital data, including accounting and employee documentation. A common problem faced by enterprises before a merger is the risk of incurring excessive expenditures that will not be compensated by a transaction premium. It results from the limited access to reliable financial data before the merger (Partacz, 2022).

4. Challenges resulting from the COVID-19 pandemic and the conflict in Ukraine for the logistics sector

The development of logistics services is the result of the growing demand for them, which is met by logistics operators. The logistics services sector brings together a group of enterprises diversified in terms of services offered, but also the range and scale of operations. In the logistics sector, there are both small, local and large, international enterprises, offering logistics services at various levels of execution, from logistics management, through transport, storage, packaging, forwarding services, to reverse logistics or comprehensive supply chain service. The development of this sector is supported by modern technical and organizational solutions supported by ICT systems (Janczewska, Janczewski, 2021).

The most important benefits of mergers and acquisitions for the logistics sector in 2018-2023 include: increasing market share and access to new markets (mainly for international enterprises); increase in competitive position; concentration of capital, which is conducive to the use of solutions using IT systems based on optimization; expansion of the portfolio and diversification (extending the range of services offered); synergy and technological exchange (Toborek-Mazur, Wójcik-Jurkiewicz, 2022).

Table 1 contains a summary of the number and value of mergers and acquisitions in 2019-2021 and in the first half of 2022, based on the PwC Transport & Logistics Barometer report.

Table 1.

M&A transactions before, during and in the post-pandemic time

| | 2018 | 2019 | | 2020 | | 2021 | | 2022 | |
|--------------------------------------|-----------------|-------|-------|----------------|-------|-------|-------|---------------------|-------|
| Time | Before pandemic | | | Pandemic times | | | | Conflict in Ukraine | |
| Period of the year (half-year) | I + II | I | II | I | II | I | II | I | II |
| Number of deals | 223 | 138 | 123 | 103 | 150 | 148 | 175 | 144 | 117 |
| Total transaction value (in \$bn) | 113,8 | 68,4 | 74,3 | 37,1 | 62,8 | 94,5 | 119,7 | 131,3 | 50 |
| Average transaction value (in \$mln) | 510,8 | 495,9 | 604,1 | 359,7 | 418,4 | 638,3 | 683,8 | 911,7 | 427,5 |

Source: author's own studies based on (PwC, 2022).

Table 1 contains the number and value of M&A transactions broken down by the period before the pandemic (2018 and 2019), the pandemic (2020-2021) and the year 2022, when the conflict in Ukraine broke out. The data shows that the pandemic period did not significantly

affect the trends in the merger and acquisition market in the logistics sector. The data from 2020 are different. They result from the then sanitary restrictions and restrictions on mobility introduced in many countries around the world. The visible decrease in the value and number of transactions in 2020 compared to the previous year is not significant. Although the time of the pandemic influenced the merger decisions and thus the development of the global economy. In 2021, 323 transactions with a total value of over USD 214 billion were carried out, which is the highest result among all the years surveyed. In 2022, the number of mergers and acquisitions in the logistics sector decreased by about 19% compared to the previous year, which is due to the disruption of the global supply chain as a result of the conflict in Ukraine (Toborek-Mazur, Partacz, Surówka, 2022). Figure 4 contains a graphical presentation of the presented analysis.

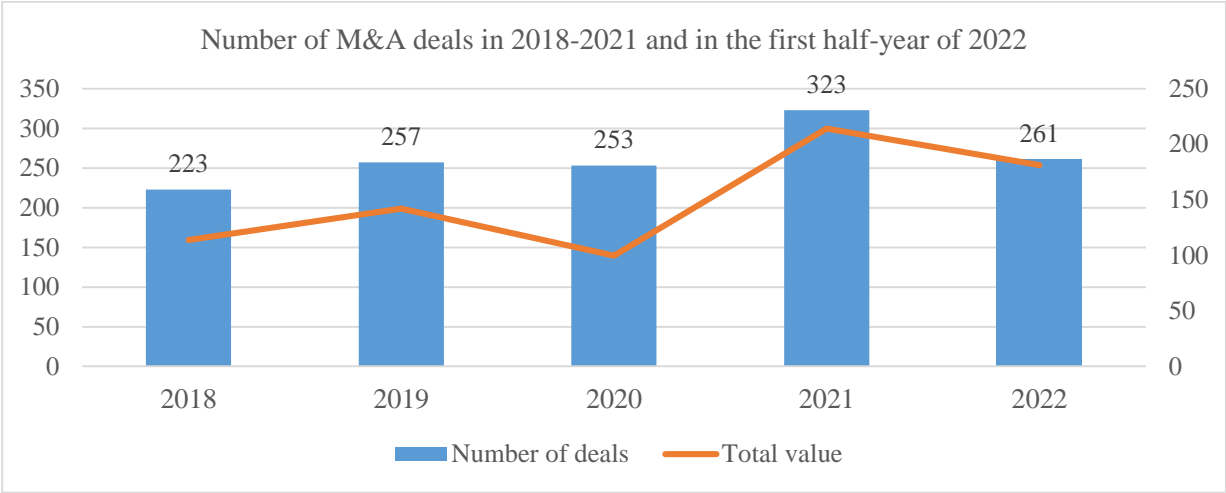


Figure 4. M&A transactions before, during and in the post-pandemic time.

Source: author’s own studies based on Table 1.

Figure 5 presents a graphical structure of M&A transactions in the logistics sector.

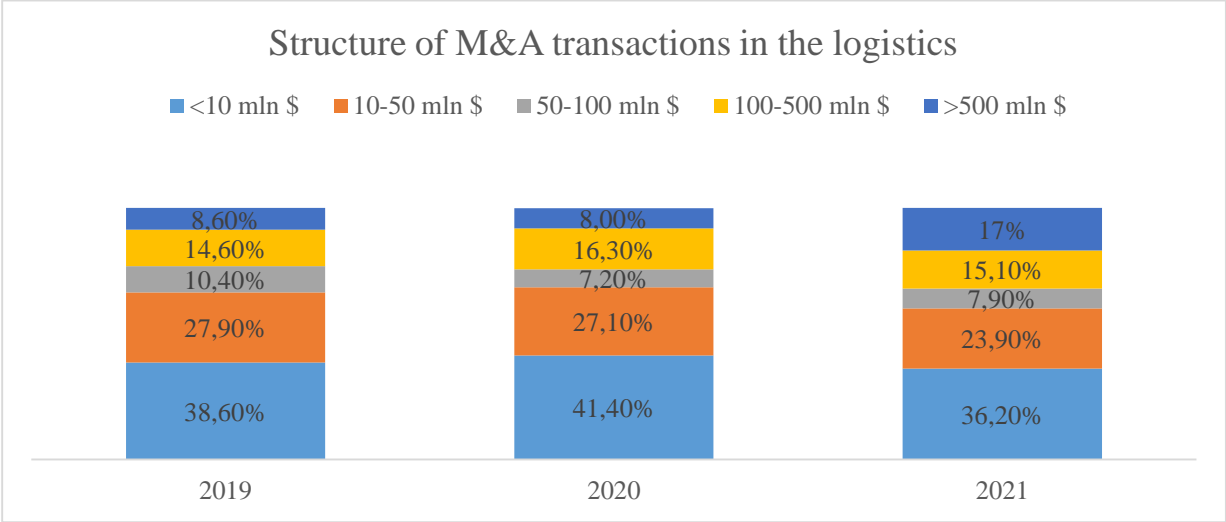


Figure 5. Structure of M&A transactions in the logistics sector in 2019-2021.

Source: author’s own studies based on table 1.

Analyzing figure 5, it can be seen that the structure of M&A transactions in the logistics sector is similar. The largest share in the analyzed years was attributed to transactions not exceeding USD 10 million, values between 36.2% in 2021 and 41.40% in 2020. Transactions between USD 10-50 million were followed in terms of the size of M&A transactions. Transactions above USD 500 million and between USD 50-100 million participated the least. The indicated data suggest that mergers and acquisitions in the logistics sector are not among the most expensive, which may result from the high degree of diversification of logistics activities, but also from the high costs incurred by enterprises for operating activities. The year 2021 was exceptional in this respect, as a 17% share of transactions exceeding USD 500 million was recorded, with a relatively low (compared to previous years) transaction volume of up to USD 10 million.

Initially, the outbreak of the COVID-19 pandemic disrupted the global supply chain (Toborek-Mazur, 2022). This problem was particularly visible in manufacturing companies, which, due to the nature of work involving many processes, starting from the acquisition of the necessary elements and components, through production, transport, loading and distribution, led to temporary shortages on the market. An example of the problems that logistics companies had to face at that time were the difficulties in accepting goods at the warehouse on the basis of notifications (the value of delays in the second quarter of 2020 ranged from 37-40% (Marel, Zbroja, 2022)). The notification is based on a declaration made by the owner as to the quantity of goods that will be delivered to the warehouse and the time of arrival to the destination. The declared value of the goods is not verified and the goods are not additionally recalculated. The advantage of such a solution is speed and low cost, and the disadvantage - the lack of information on potential discrepancies between the declared and actually delivered to the warehouse. This also applies to discrepancies between the actual arrival at the destination and the time of notification, which affects the formation of queues of transport waiting for unloading. Advice is therefore important in manufacturing companies because it can ensure smooth operation, which allows you to generate higher profits.

Logistics companies either opted for long-term contracts with partners or looked for alternative suppliers who would be able to fill stock shortages if necessary. The conclusions contained in the report of the American investment bank Houlihan Lokey can be presented as confirmation of the analyzed data. The authors found that the trend resulting from the first years of the pandemic continues. It is additionally updated with other macroeconomic phenomena, e.g. the increase in the US Federal Reserve rates, inflation and the volatility of M&A development in Europe. In addition, it results from the adaptation of the global economy to the distribution trends of nearshoring, i.e. a variant of outsourcing focused on the development of local partnership, without the need to adapt to differences, e.g. cultural ones. Finally, the authors of the report point to the potentially negative effects of the conflict in Ukraine (decrease in exports to the Ukrainian market). Table 2 contains data of the Houlihan Lokey in 2020-2022 divided into quarters.

Table 2.*M&A transactions before, during and in the post-pandemic time*

| | 2020 | | | | 2021 | | | | 2022 | | |
|------------------------------|----------|----|-----|-----|---------------------|-----|-----|-----|------|-----|-----|
| | Pandemic | | | | Conflict in Ukraine | | | | | | |
| Period of the year (quarter) | I | II | III | IV | I | II | III | IV | I | II | III |
| Number of deals | 117 | 80 | 113 | 149 | 138 | 146 | 155 | 161 | 151 | 124 | 106 |

Source: author's own studies based on (Houlihan Lokey, 2022).

Although the data presented by PwC and Houlihan Lokey differ from each other in terms of the recorded number of mergers and acquisitions, they indicate a trend in which the COVID-19 pandemic and the conflict in Ukraine influenced the development of the logistics sector in terms of management decisions connection decisions. This is partly related to the presented factors shaping the M&A market, but also to the directions of development of logistics companies in recent years. These studies confirm the trend for 2022, in which a slight decrease, by approximately 20%, in the global volume of mergers and acquisitions is noticeable. The period following the COVID-19 pandemic and the events resulting from the conflict in Ukraine trigger the lipstick effect. In times of economic downturn and increased uncertainty in business judgment, buyers are more likely to focus on smaller deals that are more affordable than opting for spectacular call costs. In Q3 2022, for the first time in three years, no transactions exceeding USD 10 billion were made (WTW, 2023).

A significant merger and acquisition transaction in the logistics sector in 2021 was the signing by the CMA CGM Group (a global logistics operator in the field of contract logistics and air and sea freight) a share purchase agreement with Ingram Micro Commerce & Lifecycle Services (CLS). The acquisition was based on the acquisition of a significant portion of Ingram Micro's North America, Europe, Latin America and Asia-Pacific businesses. This allowed CMA CGM to strengthen its position in the segment of services for contract logistics and e-commerce, in particular in the management of reverse logistics and same-day delivery services. The transaction was finalized, making the subsidiary (CEVA Logistics) the fourth largest contract logistics provider in the world. The value of the transaction was estimated at USD 3 billion. In addition, in 2022, CMA CGM acquired 100% of GEFCO's capital. GEFCO is the European leader in contract logistics in the automotive segment. It plays an important role in maintaining the continuity of European production lines.

The causes and effects of the development of the M&A market in the logistics sector in recent years should be divided into those resulting from the COVID-19 pandemic and the conflict in Ukraine. The effects of the COVID-19 pandemic include an increase in consumer demand, which has accelerated the development of e-commerce. There are at least two reasons for this event. First of all, it results from the change in consumer habits - the growing importance of online shopping, the development of the e-commerce market and electronic payments, a process that began years before the pandemic, and the direction of which the pandemic only exacerbated. Secondly, from the limitation of mobility during the COVID-19 pandemic.

Sanitary restrictions and restrictions introduced by the governments of many countries, including Poland, have reduced the migration of people and goods. In March 2020 (at the time of the significant spread of the virus), car traffic decreased by 50% compared to the averages from previous months (Paprocki, 2020). In addition, the effects also include disruptions in the supply chain - the search for alternative sources of supply and the increase in raw material prices in the world.

The outbreak of the conflict in Ukraine, which intensified in early 2022, affected the global supply chain. Ukraine is one of the world's largest grain exporters, mainly corn, wheat and barley. According to data published by APK-Inform, in 2021, 86 million tons of cereals were exported from Ukraine. Forecasts for 2022 indicated a decrease oscillating around 54.1 million to 55.7 million tonnes due to harvest reduction. According to research, the greatest fears related to the conflict in Ukraine are recorded by the TSL sector (transport, forwarding, logistics) - (54% of respondents), of which as many as 72% of respondents consider it to be at least moderate (PIE, 2022).

In enterprises (not only logistics) it can be seen that the risks arising from the initial and final phases are interrelated. They result from the ambiguity of the goals formulated at the stage of developing the strategy, which is implemented in the integration phase (after the actual merger). Most often, it manifests itself in the desire to achieve too high a level of synergy, which is associated with the involvement of funds in transactions of inadequate value or lack of understanding of the prospects of the acquired party, but also the issues of cultural assimilation and communication and organizational policy, e.g. in the field of changing positions.

5. Summary

In the conditions of high product competition, both in terms of quality, prices or access to the market, logistics is one of the most important spheres of activity of production and commercial enterprises. Achieving efficiency in service is possible thanks to integrated logistics activities within the supply chain. Integration of processes is possible both thanks to cooperation with various logistics operators, as well as thanks to the acquisitions carried out within the company's own communication and distribution channel.

Supply chain management of logistics companies that have decided to merge is associated with a number of changes of a strategic nature. Demand for individual goods and services decreased or changed during COVID-19 and the conflict in Ukraine, which forced many logistics companies to change their strategy and verify their current supply channels. These events have an impact on determining the directions of development of logistics companies, also in the context of making decisions about the connection process. Based on the

observations, it was noticed that both the COVID-19 pandemic and the conflict in Ukraine affected the number of mergers and acquisitions. Although these values do not differ significantly from data from other periods, the results suggest that, in order to protect the capital, assessments of the economic feasibility of the merger should be made. In the analyzed period, buyers in the logistics sector focused more often on making smaller transactions than they decided on costly transactions with large entities on the market. While it may be an element of a defensive strategy in an unstable competitive environment, in the future it may turn into an offensive strategy that will use new communication and distribution channels to win new markets.

A changed structure of trade, which was undermined by the pandemic and then the conflict in Ukraine, will most likely not lead to the end of the globalization trend, but at most, according to the authors, to its partial transformation, which will be based on a revision of the current direction of supply chain development through local mergers and acquisitions, mainly of a vertical nature. An additional variable that should be taken into account is the progressing process of automation and digitization, which will only intensify in the coming years. Enterprises interested in long-term growth must skillfully adapt to market expectations so that the effort put into merging enterprises for diversification in the supply chain is not wasted. This is also important so that in the future economic operators can react to similar threats in a no less decisive way. The faster the adaptation to changing market conditions, the more effective the protection of assets.

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