Holding Companies and Their Strategies

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ABSTRACT

Today, unlike traditional methods, many organizations and enterprises in order to survive in the global competitive environment, they should know, all the resources that they need, not provide in one location, because one part is able to cheap access to sources and other part have cheap workers. Also, create Holding firms provide this operation that firms distribute self firm activities by equipments in different areas and by uniform management, create necessary stability. Holding companies to create strategic management creates synergy among its subsidiaries. In this research projection, we are using different information sources and trying to use the newest information sources, and collect necessary information. Result of this research projection state that with create complicity in relationship and transportation nets and various needs for consumers and desire them to buy quality good and suitable price creation Holding firms changed to necessity for all countries and also Iran is in this part and applying Holding strategies and processes can operate such as good guidance.

KEY WORD

Holding companies, Holding strategies, Holding companies in Iran, General Motors Company

INTRODUCTION

In connection with the Holding Company we can say, companies are more popular than their countries. For example, Nokia, which is popular than Finland. With the industrialization of societies, more complex communications and transportation networks, more than ever the need for a Holding Company. In developed countries more than in developing countries, this has been achieved, but developing countries also have taken good steps in this direction that its place is remarkable. In the definition of Holding companies can say that, “Parent company or holding company that aims to exercise control and management over subsidiaries, taking majority or minority shares in one or more of the company’s.” The main effect of such firms is in the economy, and in downsizing in firms in public and private can also be considered as an effective solution. The main objective, researcher in this study was that According to a study of more than 30 titles of article and three book titles in this field and also given the task of the word of holding, can help the more dynamic economic environment and the impact on job creation. The more important issue, is in a variety of industries and companies And according to its different benefits for companies, such as reducing costs, accelerating in the transport and delivery of any goods faster and better into the hands of the ultimate consumer and several other cases managers to create to encourage such companies.

2. Define the problem and research objectives:
The holding companies Means companies that owned and operated the company. The Holding company, is presentation a model that by it, advantages of large companies such as access to the extensive capabilities, resource sharing, save to scale, and etc with features of small companies such as creativity, ownership interest, speed, flexibility and etc, simultaneously are creating. [2] Among the benefits are the main, synergies and profits, division of power and authority between subordinate units, and use of small assets that maybe each of these funds alone cannot useful for doing a work or solve a problem, but collecting it, can help to doing a big works. And downsizing of companies, and delete posts and jobs, that will not only play a positive role in the organization, imposes heavy costs to the company.

And besides these advantages, must be considered the Disadvantages of Holding Company. Disadvantages include the lack of culture, lack of specific legislation in this area (which is the case in Iran due to some influence of specialization is considered less) as well as holding companies, due to the span of control activities is a difficult task. For this reason, the perfect dating services with managers can help them to benefit from the use of these companies ultimately created and to increase their awareness and knowledge of the disadvantages of adopting the necessary measures to prevent and protect it from threats that exist. In the present study, the goal was to using various resources in this area and there are a variety of resources

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with key subjects in order to study the best way, in the new format will be provided. The main objective of this research and this is due to the positive results suggest creating services, in Iran, funding for this important and trying to create and expand businesses in all industries and holding companies is a necessity or not?

3. THE FIRST HOLDING COMPANY

In the 1920s the companies General Motors, Do pan, Jersey standard and Sears No longer able to manage their company in the form of a previous task structures were not aimed at the use of the opportunities arising in order to produce a wide range of products and activities in multiple markets, the move for the first time a decentralized structure to work. [7] Until 1960 all American companies were busy working on their routine reigned. Good growth companies, their activities are more extensive and more complex and it is positive for all firms were estimated. But in 1960 the situation changed. Some companies have already faced the situation is much better, in front of others company was much worse than before. Here are a few reasons for it and transition effects include: 1. Saturation of demand for some products, while demand for other products. 2. Changes in the geographic, economic and social. 3. Increased competition and changes in technology too.

To resolve the problem, the first word was brought multiple businesses. In 1970 General Electric Company, the largest Multi-product firm and non-cluster had to deal with growing unprofitable, despite plans for companies with multiple problems faced had they tried to solve these problems in a manner new innovation. General Electric Company has 170 companies, which was governed directly by the central office. They classified the company found that price stocks are a group of companies both high and low. So have a certain correlation between these companies exist for the industry. The concept of time and consequently holding SBU was born.

4. DEFINITION OF SBU

Split the job into smaller jobs that are independent of the function and optimal profit, but also have to say SBU or strategic business units. These units have the following benefits for enterprises; can be pointed to improve organizational performance, control and supervision within organizational units, create a dynamic atmosphere within the organization and more detailed division of tasks and responsibilities accountable of relevant persons in connection with the duties. With dividing organizational units into smaller units more accurate planning and power of competitive are increases. And can be finding because it in better understanding of the problems, and use the professionals individuals in each of the key areas is required.

5. DEFINITION OF HOLDING

Corporate holding synonymous with English language and the Persian language, it may be synonymous with the acquisition or cooperative agreement. Occasionally agency holding companies, groups and companies that surround it. In English, the central holding company has been synonymous with the Parent and the Persian language became synonymous with a parent or perhaps the original contract. Occasionally the central holding company headquarters, headquarters, major companies, holding companies, investment companies, controlling companies, holding companies, business owners say. [1] The holding of a central headquarters through the creation of a special type of connection between subsets of its subsidiary, thereby increasing the efficiency of their increased mass. [9] The parent company or the owner or the owner of the company's share of the company, a company that shares that carry a subset of companies or company enough (over 50 percent) to control management and operations by assessing and selecting the Board of Directors will be considered. The holding company is a company that a preferred stock or other major companies, this means that on a Board that has at least one representative of the Member companies and therefore have the right to vote and can make it through the management and control of companies and profit from the benefits of the different businesses as well. [3] The parent company in addition to influencing the following companies combined companies and business units on the Board will determine the portfolio and can buy, sell, and merge the companies to action. The parent companies can identify profitable opportunities through growth in the future and redefine or combine enterprise businesses in order to increase the strength of competition in the market, the value of their creations. [8]

6. THE NEED FOR ESTABLISHMENT OF HOLDING COMPANIES IN IRAN

According to tax laws, the stock market and uncertainty of the position of the private sector in the short term may form a holding company in Iran does not need much. However, in the long term given that the holding of an instrument to achieve their future goals will be more urgent. Even though the category large companies holding off a new phenomenon for many years and that this contraption as industrial conferences a corporate bureaucracy reduction solution and accelerate to meet market demand is common, in recent decades, pay special attention to this issue has taken place. Intense competition and rapid technological changes in domestic and global markets, much of the vertical arrangement of things, the dynamic nature of the industry makes more urgent the necessity of forming a holding company. Companies with small capitalization and limited resources, Exercise power and influence weakened, while the accumulation of resources in a complex holding structure can have decision-making power in economic activity and increased risk appetite and the share of the market will attract. In General, organizational structures of the process review with analysis in Iran, large companies can be viewed in terms of the structural and administrative problems, one reason for this is e management of company is daily and is less strategically. According to Alfred Chandler if we refer to the structure of the firm's general
strategy, it is necessary to explain the formation of the holding in two steps:

6-1 First Stage

The role of corporate strategy in this regard is holding a strategy that managers should think about it. This strategy is essential in many organizations today. Many of the existing structures are not optimal, and control costs, general administrative and planning to impose a high, especially since our headquarters are somewhat authoritarian, however, holding as a form of organizational structure can be efficient and effective.

6-2 Second Stage

The holding pattern right now in Iran, which was adopted after holding the structure, should be noted that the holding structure must be designed according to what criteria. Since the holding structure, whereby the distribution of risk, strengthening the company’s strategy, effectively manages a range of activities and facilities of losing the compensation, it is essential for our companies is very high. But as mentioned its original condition, holding strategic analysis of the situation and informed choice as an operational structure.

Operational requirements and policy development in the formation of holding companies in every country companies will become necessary. In the case of Iranian companies, according to the law on amendment to the law is explicitly stated in the subject of trade, foreign capital investment law and other existing laws, allow capital investment in other companies and holding companies created as a result of potentially has been recognized. Therefore, given the facts above, necessitates the formation of holding companies in Iran as a decision is not independent. Why would a company invest in making decision investment in other companies with the purpose of development, investment strategy and policy of the Board of the holding company to create a subset will result.

7. HOLDING STRATEGIC PROCESSES IN ORGANIZATIONS

Since holding organizations are active in various fields of business and dealing with a variety of units and processes, planning, control, guidance, this component aims at challenging the holding of those organizations is very important. The essence holding organizations create value in excess of the total value of individual units and processes (synergy) is. Because otherwise, by liquidation of the subsidiary holding the expected performance improvement. Accordingly, we can design and implement strategic processes as a key step in modern office holding organizations.

8. TYPES OF STRATEGIC PROCESSES IN AN ORGANIZATION HOLDING

Holding strategic processes in an organization, including 4 groups:
1. Areas of Business  2. The financial sphere  3. Support
4. The customer area

8-1 scope between these business processes are modeled, strengthening collaboration in the supply chain, selling unit, knowledge management, brand management, management of the integration and management of information and communication technology. Continue this process to describe each of you, however.

8-1-1 Bench marking holding organization due to the existence of several strands of activity and a large number of business units, you must successful actions identified in each group and the best known is sharing the experiences. This tool is an efficient way to spread successful experiences and criteria for targeting can be compared. Bench marking process consists of the following steps:
• Identify successful domestic companies;
• Sharing best practices of successful companies;
• Analysis of the existing situation between the ideal situations (gap analysis) [4]

8-1-2 knowledge management since holding a subset of companies relative to the opportunities, threats, strengths and weaknesses are more aware of holding managers, managers of these units feature better for deciding on their own unit. So we have the personnel, knowledge extraction and efficient decision-making is transferred to holding managers. [5]

8-1-3 brand management basic items in brand management include:
• strengthen the companies under the brand names;
• develop and supply products under prestigious brand names;
• Buy the brand; [4]

8-1-4 Supply chain management the main objective of supply chain management is coordinating the flow of materials and information between existing units.

8-1-5 unit sales, unit sales holding in a company can be considered as a strategy to cover all the units. In this way, they will be required to this to other products in the company's units alongside their products as well as the possibility to supply to the customer by the cost of the basket and share of the increase. This process consists of two basic components: 1. introducing other products beside main product unit; 2. Introduce customers a subsidiary unit to another unit. The introduction of main products beside the product means that the product can be offered at a subsidiary unit of the other units also offer related products to be. For example, in addition to selling motorcycle helmets can be supplied as well as other company’s product. Introduce customers to other companies in order to provide a single customer lists to other units would be increased share buy any of them. For example, sales unit sales of food products can customers identify and to send their product catalog is also introduced.

8-1-6 management of information and communication technology services, including sharing the information needed in between holding organization units as one of the most important measures to reduce the cost of access to information is discussed. As part of a portfolio of strategic IT management services expressed.ICT Manager consists of the following components: 1. Preparation and processing of data and providing needed information, 2. developing information systems and support of information systems and networks. [6]

8-1-7 Integration Management: The major advantages of integrated management of shared interests through synergies
and reduce business risk named. The importance of this objective since it is clear that a lot of mergers and consolidation in line due to the lack of management, culture, strategy and information systems fail. In this regard, during 1990 and 2000 following Mackenzie studies show that: Only 11 percent of 193 acquisitions during 1990 and 1997 managed to grow its revenues are realized in less than one year. Integration with an average 12% reduction in income faced. Only 12 percent of mergers in 1995 and 1996, our revenue growth could not sustain three years later. The merger has grown by an average 4% below the industry average. The main reason for these failures, customer dissatisfaction and employees after the merger was made. Thus it is clear that integration management is a critical component of Holding Units to effectively integrate synergies in order to.

8-2 area monetary financial issues, financial management and financial engineering are included.

8-3 field support, support units and processes of the organization is responsible.

8.4 The scope of the customer value creation for customers to follow. And consists of four items: a .Select b .Maintaining c .D absorption .Development

9. THE STRATEGY OF THE HOLDING

After the disintegration and decomposition analyzes, portfolio analyzes were native. Holding portfolio managers can obtain an overall direction and guidance to work through strategies more tangible form, marked. In fact matrix analysis Mother holding managers that are the basis of the growth, stabilization or shrinkage of its subsidiaries make decisions. In general, directional strategies (general orientation), performed in three groups, each of which concepts will be discussed briefly:* Strategies contractile * Growth Strategies * Strategies consolidation

9.1 Growth strategies, growth strategies can be classified into four groups.

9.1-1 vertical integration strategy , in this case, holding in its value chain , companies, suppliers or suppliers of raw materials to final product takes its acquisition .Companies acquiring raw materials suppliers , distributors or manufacturers acquisition strategy and integration into the final product integration strategy referred to earlier.

9.1.2 Carry out horizontal growth strategy This strategy involves the development of existing products to other market segments or increase the variety of products related to the previous products to current markets or a combination of both. In fact this strategy, market development or product development is emphasized. An example of horizontal growth strategy is to acquire competitors.

9.1-3 strategy of diversification, In this strategy, industrial growth is in line with the company in which it is active and your activities related to the development of the industries of technology, customers, distribution channels and active public policies governing the use of the current industry.

9-1-4 Strategy unrelated diversification, In implementing this strategy, the Company entered}

Into businesses that are unrelated to current businesses, the current industry slowdown and the end of the current product life cycles, and also the motivation to reduce risk, uncorrelated businesses, and the reasons for entering administrators attractive. Companies or establish new lines of business through internal resources or through external resources and creating partnerships, mergers and acquisitions of shares in other companies, their business into new areas.

9.2 Strategies consolidation in some circumstances, maintaining the current position to adopt appropriate growth strategy for the Trust. Generally there are three types of consolidation strategies.  

9-2-1 strategy of move and stopping the operating environment is turbulent and changing environment is anticipated, therefore, requires a motion FS Khraman -. In this case it is better to be cautious and observe the holding pattern conservatism has preserved or Clarity about future environmental changes occur.

9-2-2 strategy unchanged In this case, the company is stable and does not seem necessary changes in Portfolio Company's. In fact, the existing business portfolio satisfying.

9-2-3 strategy caustic soda Generally, this strategy is not recommended because this strategy is trying to be a bad situation businesses and dark future affiliated companies through artificial profits, well be given effect. On the strategy of managers who understand the reality and an eye on the numerous strategies and accounting tricks to create profits, invent. This strategy is the Organization of temporary work and finally to the vanishing frontier and the destruction of all of the company's bankruptcy will take as a result of Enron in the United States. The adoption of the strategy was the company profit by its managers. It should be noted that the rotational trading on the TSE by holding subsidiary companies can be a good example of the strategy to be caustic soda.

9.3 Strategies contractile, Strategies to eliminate or reduce the portfolio business activities of the four types are:

9-3-1 strategy revived when sales decline during the acting director of downsizing and cutbacks are trying to make the process positive and negative sales and profitability. This strategy has two phases: first, try downsizing and contracting companies reduce costs, and secondly, the small company was established to stabilize the growth path again.

9-3-2 strategy captivity Holding managers cannot be expected to function in a business or company in a declining industry with little charm is active, use the strategy of revitalizing full. But if this position is to manage the business in his hands his hands, with declining sales, will face losses and eventual bankruptcy. Industries with slow growth, no growth or negative growth faced, and continues to save lives and brings to any breakouts, reduce the scope of the functional units such as marketing operations ( to cut costs ) can escape to the company and try to find appropriate breakouts , it puts the agent in the custody of one or two clients . The company has a weak dependence on a limited buyout price 70-80Drsd , self assurance business is to survive .Simon Company , a manufacturer ‘s motor car can
be in America as an example of companies that have adopted this type of strategy, he noted.

9.3.3 Maintain Buy The Company that two of the previous strategy, as well as for the life of the instrument is not working probably only option would be to find that he bought all or part of your business and sell your business makes out.

9-3-4 liquidation and bankruptcy A company that continues through Tuesday previous strategy failed, the only option for the liquidation and bankruptcy. Strategy bankruptcy, assets are sold by regulatory authorities, who may be compared with the interests of shareholders in liquidation strategy due to an emergency, do not adhere well.

CONCLUSION

According to the hypothesis of the research that has been considered from the outset, the following conclusions can be inferred:

1. The formation of holding companies has a positive effect on cost reduction.
2. Establish holding companies increase efficiency and effectiveness of the companies and the subsidiary units.
3. Holding companies have a positive role in increasing revenues and profitability.
4. Holding companies to increase labor productivity has a positive effect.
5. There is a positive and significant relationship between establish of the holding company and satisfaction employee of his job.
6. If companies have a single management (holding companies) the consistency of performance is better than companies that each of them has a separate administrative unit.
7. Dynamic corporate environment in holding companies is much better and stronger than other companies.

REFERENCES

[2] Anonymous, the parent company (Holding) is required or optional, Tadbir Magazine, 1383, No 147.