Morelia Pena

Prof. Richard

Merger and Acquisitions

A merger is a process in which two separate companies of the same niche merge and form a company of large-scale e.g. two steel companies merges to form a single large company. Acquisitions is another process that occurs when a company manages to get the whole or most of the shares of another company of relevant niche. Acquisitions are common in the world of business. The reason for merging and acquisitions of companies is to boost the efficiency of both companies and synergies with each other.

The mergers contribute towards the company which is acquired. It helps the companies to grow their share values in the business market without much effort. Acquiring company purchase another company of small scale to increase their growth rate. If we take an example of a company of brewery that is on a smaller scale and another beer industry select it to purchase, it will surely boost the sales of that acquiring beer company and grab customers. These terms also help to reduce the level of competition. They also enhance the pricing power of supply.

The merger results in a lack of job opportunities and reduces communication between companies. Due to lower competition and a higher share of the market, other companies raise the prices of the products. Acquisitions encourage buying another company without consideration of cultural differences which results in major clashes between acquiring companies. When two companies of the same niche acquire, it results in duplication of many employees. It results in the loss of jobs for many people. Acquisitions may result in negative objectives.

Key factors that can play an important role in the success of acquiring and merging companies are:

significant experience

* Trusted environment
* Better quality plan and management
* Positive and professional communication
* Implementation of the project according to plan.