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[Linguistics](#), [English](#)



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RESPONSE WRITING Outline Alliance agreements Meaning and benefits 2.

Mergers and benefits References Alliance agreements

1. Meaning and benefits

These are the agreements that any two given organizations can agree to engage into most so after they have carefully scrutinized and assessed their benefits and disadvantages. In the airline industries alliance agreement were formed by airlines for airlines. The airlines claimed they provided the travelers the world on a silver spring; in addition alliances at the time were the order of the day for frequent fliers. The agreements were formed worldwide given the range of benefits it accorded the parties. They helped the airlines expand their coverage through network sharing. These arrangements help the airlines save on cost of operations as and essential in such a market place, they as a result maximize the returns given the ease in which it is able to enhance the movement of its passengers from one network to another. Alliance also extends the benefits they derive to customers in form of low fares and more departure times. Others are easier access to more destinations and shared airport lounges, optimized connections and ability to earn mileage rewards from multiple carriers for a single account (Airline Alliances, 2010).

2. Mergers and benefits

Mergers are arrangements when two firms come together to form one which helps the new firm have a wider market share hence reduced competition.

This reduction in competition can be a menace to the publics due to creation

of monopoly but is quite a bust on the firms' side due to profit maximization. However, they still benefit the consumer in a big way like economies of scale given that larger firms with increased outputs have reduced average costs which reduce prices in favor of the consumers. Mergers helps firms compete fairly in the international platforms like in airlines where as a result customers reap from low fares and frequent departure times. Mergers allow fro diversification hence providing variety to the consumer. Such arrangements allow for greater investment in research and development due to more profits made by firms hence investments in risky venture, such translates into quality and quantity provision to customers. Mergers helps prevent closure of industries due to decline in operations which help protect jobs for the consumers.

According to my opinion merged companies are automatically big since factors such as scope of economies of scale and fixed cost factor have been considered. Other considerations for the suitability of a merger are whether as a result of the merger there will be an increase in monopoly power and whether there is still free entry and exit of the market. It is therefore quite prudent to conclude that global conglomeration of business is vital, as it can be witnessed in the airlines alliance agreements, star Alliance the largest ever with 28 members is able to ferry over 500 million passengers annually. Conglomerations have also made it easier through the obstacles of business penetration as indicated by the governments. Through conglomeration and alliances members are able to share facilities alike sales offices, maintenance, catering and IT facilities not forgetting operational staff and purchasing programs. This has relived organization of unnecessary costs

(Airline Alliances, 2010).

References

Airline Alliances: High on Hype or Valuable Perk? (2010, July 19). Macleans, 10, 1-1.