Good example of report on merger

Business, Company

A merger in the simplest and most basic sense refers to the aspect where two or more independent business entities combine together to form a single venture. There are several reasons that lead or make firm and companies to merge and form single entities. One of the most common reasons is for the companies to merge so that they could increase they market share and power, so that they would increase their monopoly and strength in the market. In other instances, firm merge so that they could evade the rigorous tax regimes and systems that would, on the contrary, hurt a business. In the recent past, the New Times recorded that Walgreens and Alliance Boots were to merge in a strategic move and style.

It is to say and imply that the new entity would then move to a country where the tax rates are fairly reasonable and lower. The management of Walgreen Company, through its Chief executive admitted that there was immense pressure, and tension from the shareholders of the company for it close the deal with Alliance. It is worth to note that the newly formed merger was intended to have its operational base outside the United States of America to another country with a favorable tax perspective.

In retrospect and principle, these two companies were merged so as to share their natural strengths that the two companies possess. Similarly, was to lower their competitiveness, enter into newer markets, learn new capabilities, tax inversion and lower the joint operation cost while at the same time improve the value of the products that they offer. Upon the completion of the merger between Walgreen and Alliance Boots, the management of the merger announced that they were seeking and considering the chances and possibilities of moving the headquarters outside

the United States of America. Specifically, the merger announced that it was considering Ireland and Netherlands as the best possible destinations, due to their friendly tax regimes. This move meets the basic reasons stipulated above as to why companies merge. Specifically that the companies have sought newer markets, have consolidated and strengthened their abilities and have to some extent reduced the competition that they would have melted on one another.

It is important and imperative to note and record that this move attracted some negative effects and ripples on the shareholders of both companies. It is apparent that shareholder value is usually destroyed or diminished whenever there is a merger between two companies because acquire of the merge happens to be a big gainer. The above is the reason as to why the share value of Walgreen as a corporation fell by close to four percent when the details emerged that there was a prospective and possible merger between Alliance Boots and Walgreens.

Conclusion

The above essay has articulated and explained in details as to why the companies merge in the business realms and perspective. In most cases, it is because of a strategic reason that requires the joint and mutual prospects of the two companies merging and coming together. The above is an example drawn from an article in the New York Times. Where the report on the merger between Walgreen, which is a United States of America company and Alliance Boots a retail company from the United Kingdom. There are a functional relationship and sufficient reason as to why the deal between these two companies was aimed at venturing into newer markets.

References

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Free Merger With Alliance Boots. Retrieved from http://dealbook. nytimes. com/2014/08/05/walgreen-is-said-to-near-a-deal-to-buy-out-british-drugstore-chain-but-without-an-inversion/? _php= true&_type= blogs&_r= 0