

# The dominant arguments and debates about mega-mergers in the world of business

[Business](#)



Introduction The 1990s marked a boom in international business and financial integration. A substantial number of nations signed different treaties and agreements that were meant to promote business in different parts of the world. In reaction to this, many businesses also went international. In order to enter and compete in a foreign market, it was better for businesses to align themselves with local players in the industry. There are many views and opinion about mergers. Different mergers come up with different results to the parties involved. Some companies mergers end up being broken up. Other mergers leads to successful results. There are various debates about mega-mergers which involves mergers of businesses worth above \$20 billion. Mega-mergers have people who are sceptical about it whilst others are very positive about it.

This paper examines the dominant arguments and debates about mega-mergers in the world of business today. It would involve a critique of the different arguments for and against the practice of mega-mergers in the current dispensation. The report would contrast various debates and ideas relating to them.

Business Mergers and Mega-mergers

Advantages of Mega-mergers

Disadvantages of Mega-mergers

BMKT617 INTERNATIONAL BUSINESS

ASSIGNMENT 2 (PART 1)

This section is compulsory

Format: Business Essay

Word count: 2000-2500 words

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“ Most deals in 2013 will probably be fairly small, designed to strengthen or fill a gap in the buyer’s existing operations. These are known as “ plug and play”. Transformational megamergers grew rarer in 2012, with only four deals topping \$20 billion. That was the same as in 2011, and fewer than in each of the three previous years.” (The Economist 09/02/13)

AT Kearney argue in the seminal article ‘ Merger Endgames’ that global level mega-mergers are inevitable as part of the cycle of consolidation and concentration in globalising industries where firms seek to gain leverage and accelerate their presence. In contrast Ghemawat & Ghadar (2000) take the position that business leaders need to look away from mergers and be more innovative in their approach to international business.

As seen from the cases in seminars, cross-border mega-mergers can be very successful or unsuccessful. Research consistently shows that the majority either fall short of their initial aspirations, lead to reduction in total shareholder value post-merger or even demerge and divest in extreme cases. Despite this, there has been a merger wave on an unprecedented scale up to 2007 and it isn’t as if the emergence of global industries and corporations is at an end.

“ To merge or not to merge, that is the question. Whether it is nobler in the mind to suffer the pains of negotiation & integration or to defy global trends and find alternatives.”

You are required to critically evaluate the arguments of the pro-merger and anti-merger schools and take a conclusive position on whether global mega-mergers are a good or bad policy to undertake in international business practice.

### Important things to note

1. The business essay format was discussed in detail in the lectures. You are NOT required to follow report format with contents, executive summary and appendices. You are simply required to use headings, proper extended critical discussion with minimal use of bullet points and proper use of paragraphs. Business essay format should still use main headings & occasional tables, diagrams and charts where deemed necessary but they should not crowd out the discussion and be properly integrated.
2. It is essential to use the Harvard style referencing system. There should be a references list at the back to support this.
3. It is essential that you paraphrase and show originality. See [http://wps.prenhall.com/hss\\_understand\\_plagiarism\\_1/6/1668/427107.cw/index.html](http://wps.prenhall.com/hss_understand_plagiarism_1/6/1668/427107.cw/index.html) regarding paraphrasing or search Google for further guidance available from numerous academic sources. Do not cut and paste or use excessive quotes. We are looking for your originality.
4. You should start with the 2 articles from ATK & G&G and then build up a suitable portfolio of secondary sources to compare and contrast in your debate.
5. You will eventually be expected to merge both essays into one document and submit them as one file via Turnitin by 12: 00 noon on Thursday 4th April 2013.

### Marking Scheme

40% for quality of research and paraphrasing of secondary sources within the critical debate.

There should be a balance of academic journals, quality periodicals,

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practitioner sources and web-based sources. Do not rely on or allow web-based sources to dominate your research. It is essential to follow the Harvard style referencing system and not use footnotes. Ensure your final references list is accurate. Try to compare and contrast the different sources on both sides of the debate.

40% for quality of critical debate and concluding arguments.

This is where you demonstrate your ability to progress from descriptive narrative to critical debate and discussion. You should weigh up both sides of the argument before taking a pro-merger or anti-merger stance in the conclusions. The conclusions must have a rationale with supporting evidence.

20% for structure, clarity of writing and presentation.

Do you merely spellcheck or actually proofread and edit? Does your critical discussion flow well or is it all over the place? Is the document clearly laid out and well formatted