Advantages:

- Risks can be spread, so impact of a failure will reduce
- Ideas can be transferred across the industries

General Advantages of M&As

- Greater market share
- **Economies of Scale**
- Synergy (access to more resources and ideas when joining two businesses)
- Survival (to compete with competitors more easily)
- Diversification (wider customer base and spread risks)

General Disadvantages of M&As

- Redundancies (surplus of workers result in unemployment)
- Conflicts due to potential disagreements
- Culture clash
- Loss of control
- **Diseconomies of Scale**
- Regulatory problems (Govts want to prevent monopolies from occurring)

Joint Ventures

Occurs when two or more businesses split the costs, risks, control, and rewards of a business project. This means that the businesses come together to create a new legal entity. To clarify, if Business A creates a joint venture with Business B, then they would create a new Business C, while the other two exist as well.

Advantages

- Synergy (sharing of resources and ideas)
- Spreading of costs *and* risks
- Enable easier entry to foreign markets
- Relatively cheap (compared to takeovers)
- Competitive advantages (reduced competition , increased competitiveness)
- Exploitation of local knowledge
- High success rate

Strategic Alliances