Objectives

It encourages

* Critical reading of peer reviewed academic articles;
* Developing and demonstrating an understanding of the topic area of merger and acquisition decisions
* Applying theoretical understanding to the analysis of such decisions in the context of a real company.

question

In orthodox finance theory it is accepted that managers should maximize shareholders’ wealth. Research indicates that many mergers and acquisitions do not achieve an increase in the shareholders’ wealth in acquiring company (Conn et al., 2005)

Paradoxically, many companies still undertake what appears to be risky strategy for growth. In 2012, pharmaceutical companies engaged in a spate of acquisition activity, with April 2012 seeing $33bn worth of deals alone (Gelles and Jack, 2012). Significant deals in this period were GlaxoSmithklein’s acquisition of Human Genome Science and Astrazeneca’s acquisition of Ardea.

Required:

1. Prepare a critical literature review of the factors which are seen to be influential in the success or failure of corporate acquisitions.
2. With respect to pharmaceutical companies, identify why acquisition is important as a means of growing and developing as a business.
3. Discuss how a researcher might identify whether the GlaxoSmithklein and Astrazenca acquisitions eventually prove to be successful in increasing their shareholders’ wealth.

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| Discussion of corporate strategy to maximize shareholder wealth | * Merger and acquisition activity is analyzed as part of company strategy to deliver shareholder value using features of specific companies and their acquisitions. * The understanding gained from the literature review is applied to the case study companies * Conclusion are made as appropriate from the available evidence, including recognition of limitations of the evidence and method. |
| Discussion of identifying success in acquisitions | * A critical understanding of research method derived from the literature review is demonstrated in the context of the case study companies. |

2000 words