

## A SOAP BUBBLE ANALOGY FOR MERGERS AND ACQUISITIONS

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### Abstract

Analogy as one of the most important forms of human thought is an important means of knowledge of the world and commonly accepted method of scientific research. In this paper analogy as a method was applied to bubbles as a model to describe mergers and acquisitions life span. Mergers and acquisitions (M&A) are transactions in which the ownership of companies, other business organizations, or their operating units are transferred or consolidated with other entities. In these processes there are a lot of elements which influence to the behavior of established connections. These elements are sometimes difficult to describe, therefore any approach including analogy is welcome. This analogy directs us to the field of natural sciences, explaining the processes of emergence, survival and bursting bubbles on the one hand. On the other hand, they are symbolic representatives of organizational processes and changes in the management of new business combinations, representing new approach applying physical and chemical phenomena in the field of economics. Following these principles and identifying analogies with M&A, we provide signposts according to physical parameters of soap bubbles, such as surface tension / internal pressure, viscosity, gravity, diffusivity, humidity, elasticity, density of the dispersed phase, deformity and bursting of bubbles in a turbulent flow in order to determine their effects and analogies with business alliances such as M&A.

*Key words: mergers and acquisitions (M&A), analogy, soap bubbles*