

## 5. Organizational Revolution

The growth of joint stock companies has also facilitated combinations. Basically the company form of organization itself is a type of combination. Large companies with huge capital were able to control comparatively small companies by subscribing to their shares. Hence, holding companies came into being.

## 6. Control of the Market

Another important cause for the rise of the combination movement was the desire to control the market by regulating the output. This goal could be achieved only through business combination.

## 7. Trade Cycles

The tendency of business activities to fluctuate regularly between booms and depressions gave a fillip to business combinations. Particularly during the periods of depression, new units cannot enter into the industry and even the existing small and inefficient units cannot survive.

During 1930, when the Great Depression occurred, the situation became very awkward and the industrialists began to adopt the technique of business combination.

## 8. Technological Factors

The technological development also paved way for large-scale operations. Small units with limited financial resources were found unable to compete with bigger ones. Hence, they realized the need for business combination.

Moreover, the adoption of modern techniques required huge capital investments, which small units could not provide. Therefore, they were forced to combine themselves to get the benefits of modernization.

## 9. Patent Laws

Business Combination has also been fostered by patent laws. The inventors were given exclusive right of the use of their inventions. This statutory right also furthered the combination movement.

## 10. Individual Ability

Men of technical skill of a superior order are less in number. The scarcity of business talent is also a cause for the centralization of powers in the hands of a few. Many combines have common directors, managers, which in effect would mean their common control.

## 11. Policies of the Government

The labour, fiscal, industrial and taxation policies of the Governments also influenced the formation of business combinations. The Government may even exert pressure on weaker units to merge with bigger ones.