TPM Vol. 32, No. S7, 2025
ISSN: 1972-6325
https://www.tpmap.org/

Open Access

THE FUTURE OF ROLL-UPS: BUSINESS INNOVATION, ETHICS, AND SUSTAINABLE GROWTH IN FRAGMENTED INDUSTRIES

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Abstract
This article explores the ethical and sustainability-related risks and opportunities associated with the roll-up business model: a model where private investors acquire small firms in fragmented markets, consolidate operations, and leverage technology and capital market access to rapidly scale. Roll-ups have been associated with efficiency, cost savings, and shareholder value creation; but there is less research on their wider societal impacts related to ethics, community, and sustainability. We review cross-industry and cross-country cases, including in craft breweries (US/Europe), funeral services (North America), edtech (India), and waste management (Latin America) to analyze both opportunities and risks. Roll-ups can enable resource and capital efficiency, bring professionalization to fragmented markets, and accelerate digital adoption, but also present challenges related to equity, labor practices, and consumer welfare. The article presents a "responsible consolidation" framework with a focus on ethical leadership, transparent reporting, and alignment with the UN Sustainable Development Goals (SDGs).
Keywords: Business ethics, roll-up strategy, responsible consolidation, sustainability, UN SDG

I. INTRODUCTION

Roll-up strategy (sometimes referred to as "buy-and-build") has long been a popular route to growth in fragmented, under-optimized sectors. The business model's basic premise is acquiring several smaller firms, consolidating shared services, and generating scale to unlock benefits such as operational efficiencies and market power. Roll-ups have long been studied in the context of finance and strategy, and they have been a popular choice of growth for businesses in industries such as healthcare, consumer services, and technology. However, less research and conversation has been had concerning the ethical and sustainability implications of this strategy.
This paper explores how, if done right, roll-ups can not only create value but also be a positive force for long-term sustainable development.

II. Procedure For Analysis

A. Review Stage

We reviewed global examples of roll-up strategies across industries, focusing on both positive and negative outcomes. Sources included financial reports, academic literature, and international case studies.

B. Final Stage

The case evidence was synthesized into an ethical evaluation framework that incorporates efficiency, stakeholder impacts, and alignment with sustainability goals.

C. Case Examples

- Craft Breweries (US/Europe): Large brewers acquired smaller brands, improving distribution but raising ethical concerns about authenticity and consumer choice (The Guardian, 2019).
- Funeral Services (US/Canada): Roll-ups in this sector saw Service Corporation International consolidate thousands of funeral homes, leading to operational efficiency but also higher prices and a perceived loss of community orientation (U.S. Senate Special Committee on Aging, 2016).
- EdTech (India)**:** EdTech company Byju's grew through a series of acquisitions, rapidly scaling access to digital learning solutions in India, yet facing scrutiny over sales practices and data privacy concerns (Financial Times, 2021).
- Waste Management (Brazil/Mexico)**:** Roll-ups in the waste management sector in Brazil and Mexico have allowed for better recycling and landfill management, though these moves often bring governance and community accountability issues to light (World Bank, 2020).

III. Ethical and Sustainability Dimensions

Roll-ups can generate both opportunities and risks:

- **Opportunities:** Economies of scale, resource efficiency, professionalization, improved technology adoption, and standardized ethical practices.
- **Risks:** Loss of small business autonomy, labor displacement, consumer harm through reduced competition, and cultural homogenization (OECD, 2022).

Embedding ethical governance structures can turn roll-ups into sustainability engines. For example, centralized organizations can set industry-wide environmental standards, invest in digital efficiency, and create transparent supply chains.

Table 1. Comparative Case Analysis of Roll-Up Strategies Across Industries

Industry / Region	Case Example	Opportunities	Ethical & Sustainability Risks
Craft Breweries (US/Europe)	AB InBev, Heineken acquisitions of small breweries	- Greater distribution efficiency- Standardized quality- Market expansion	- Loss of authenticity & local identity- Reduced consumer choice- Pressure on small brewers
Funeral Services (US/Canada)	Service Corporation International (SCI)	- Professionalization of operations- Economies of scale- Broader service coverage	- Higher costs for families- Loss of community-oriented services- Ethical concerns in the sensitive sector
EdTech (India)	Byju's acquisitions (Aakash, WhiteHat Jr, others)	- Digital access to millions of students- Integration of learning platforms- Investment in educational technology	- Aggressive sales practices- Equity and affordability issues- Student data governance concerns
Waste Management (Brazil/Mexico)	Estre Ambiental and regional consolidations	- Improved recycling and landfill management- Resource efficiency- Standardized compliance	- Governance gaps- Weak community accountability- Risk of environmental justice concerns

IV. Framework for Responsible Consolidation

This framework for sustainable roll-ups measures performance against the following three criteria: Governance, Stakeholder Engagement, and Sustainability Alignment, illustrated with evidence from recent studies and business practices.

A. Governance: Ethical Leadership, Compliance, and Transparency

Solid governance is essential for sustainable roll-ups. Without it, the consolidation process risks becoming more susceptible to oversight fragmentation, insufficient reporting, and lax accountability measures. Hybrid governance models that couple external compliance requirements with internal, goal-oriented accountability mechanisms can fortify transparency and ethical performance (Wörner et al., 2025). Findings from Chinese M&A consolidation cases show that consolidation, particularly cross-border M&A, can lead to improved corporate governance practices, which are then linked to positive environmental performance (Zheng et al., 2021).

B. Stakeholder Engagement: Protecting Employees, Communities, and Consumers

Roll-ups can often cause adverse local ownership, employment relationships, and local community disruptions. A more formalized approach to stakeholder engagement can reduce the risk of such unsustainable outcomes. According to the UN Global Compact Network Netherlands (2020), a robust structured stakeholder inclusion is one of the most important success factors for SDG-aligned growth strategies. In line with this finding, a recent CSR meta-study found that firms that embed the "voice of stakeholders" in their practices generate better reputational and legitimacy outcomes (Cicia et al., 2025).

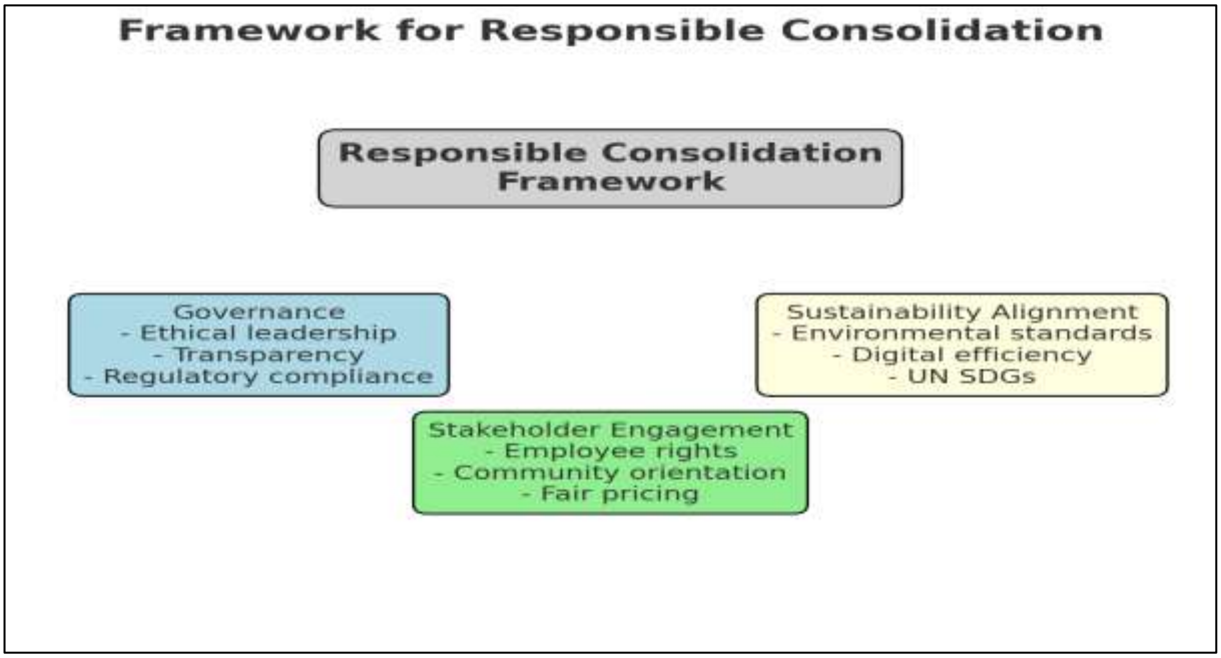
C. Sustainability Alignment: Measuring Outcomes Against the SDGs

A systematic literature review found that sustainability considerations can and do impact various stages of mergers and acquisitions, including pre-deal screening, deal negotiations, and post-deal value creation integration (Kayser & Zülch, 2024). Recent evidence from investor engagement efforts also suggests that active engagement by equity funds (e.g., filing dialogues, reporting requests) is associated with better sustainability disclosure and adoption among portfolio firms (Hermes Investment, 2022).

Taken together, these examples illustrate three pillars of our "responsible consolidation" framework. Governance provides the backbone of accountability, stakeholder engagement is the heart of fairness and inclusion, and sustainability alignment is the foundation of rolling up in global development priorities.

V. DISCUSSION

As we analyze across the five industries of interest, the contrast of what is possible, both on the negative and positive sides, could not be more compelling. We have identified international cases from across the globe on both ends of the continuum.



A. Troubling Consolidation Cases

● Valeant Pharmaceuticals (2008–2016). Valeant implemented a roll-up strategy of acquiring pharmaceutical companies with little to no oversight. The strategy used a typical private equity playbook, often tripling or quadrupling the prices of acquired drugs. An inquiry by the U.S. Senate identified numerous governance failures and harms to all stakeholders, including patients and the public, leading to lower affordability and trust (U.S. Senate Special Committee on Aging, 2016).

● Envision Healthcare (U.S., ER staffing roll-up by KKR). Envision Healthcare aggressively expanded the U.S. ER staffing market through consolidation. The model made money by "triangulating" on health systems with its out-of-network status. This was a case of weak governance and poor stakeholder engagement, which prompted consumer outrage and U.S. government probes. In 2023, the business failed and declared bankruptcy, which essentially put an end to that roll-up attempt.

● Live Nation–Ticketmaster (U.S.). In this music and events industry example, the U.S. Department of Justice (DOJ) initiated an antitrust lawsuit to break up the combined entity in 2024. The complaint detailed the lack of competition in the market for live events and the harm to consumers in the form of high fees and exclusionary business practices. The government used a typical vertical or horizontal integration (consolidation) antitrust case playbook, with some novel aspects of innovation and sustainability after the merger was completed.

● Veterinary Clinic Roll-Ups (U.K. and Finland). In the pet care industry, roll-ups of veterinarian groups (multiple clinics) backed by private equity were investigated in Finland and the U.K. Regulators determined that the consolidation would cause a loss of transparency and increased prices for consumers. In the U.K., the Competition and Markets Authority announced remedies to restore transparency and accountability for pet owners.

The above cases also signal how aggressively engineered roll-ups, especially with weak governance or short-term capital, can turn into a financially engineered unethical project. A common thread of ethically challenged behavior and sometimes deliberate obfuscation and greed from top management results in damaged or lost reputations, increased regulatory intervention, and harm to all stakeholders and communities.

B. Positive Consolidation Cases

● Danaher Corporation. The Washington, D.C.–based industrial and medical products conglomerate has, over decades, developed a sustainable roll-up model through a disciplined system for acquisitions and integration known as the

"Danaher Business System." This system includes continuous improvement in both operating and financial results and is highlighted by a culture of leadership development. Further, Danaher has consistently invested in ethical and transparent governance as well as its reporting processes (Gadiesh & MacArthur, 2015).

● Constellation Software (Canada). Constellation has grown from dozens to hundreds of software companies acquired in vertical markets (public safety, insurance, transportation, etc.). The board's approach to applying capital allocation principles across the entire business and maintaining a light touch with respect to acquired companies' autonomy has shown that growth without compromising trust and stakeholder interests is possible.

● Halma (U.K.). A FTSE-100 (U.K.) safety, health, and environmental technology company, Halma, acquired similar types of companies for decades. Halma has also clearly stated that it aims to measure its progress in an expanded business via sustainability reporting, aligning with relevant UN Sustainable Development Goals (SDGs) to advance social impact and community benefit.

All three of these positive examples show that a values-based approach to growth through consolidation, through purposeful design and execution of the three RICLAVE principles, can transform fragmented industries into long-lasting global businesses with an enduring reputation.

C. Implications for Responsible Consolidation

As is evident in these examples, the Responsible Consolidation Framework is validated: where governance is not designed and enacted, stakeholder engagement is not present, and sustainability is not designed into the strategy, roll-ups will result in troubling cases such as Valeant, Envision, and Ticketmaster. By contrast, where roll-ups have transparent governance, treat employees and communities as important stakeholders, and explicitly align on sustainability as a significant part of the strategy, the roll-ups can be positive, as in the cases of Danaher, Constellation, and Halma, as well as other profitable, ethically built, and socially resilient businesses.

It is this transformational journey from "troubling" to "positive" roll-ups that is the key learning for all stakeholders, including investors, entrepreneurs, employees, and communities.

VI. CONCLUSION

The roll-up strategy has emerged as a powerful tool for growth in fragmented industries. Operating in some of the most fragmented sectors, roll-ups can significantly boost resource efficiency, broaden market coverage, and establish quality standards. Yet, if not guided by ethical and responsible principles, this strategy of consolidation can damage healthy competition, community trust, and long-term viability. Our work has found that with the right approach anchored in governance, stakeholder engagement, and SDG alignment, roll-ups can become a mechanism for long-term value creation for investors and society.

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