

Mergers and Acquisitions in a Transition Economy: Recent Experiences of China and India

Mamoru Nagano[†]

ABSTRACT

This paper examines the causes and consequences of mergers and acquisitions in a transition economy using the 1998-2005 deal data for targeted Chinese and Indian firms. Our empirical analysis resulted in three important findings. First, firms with high cash reserve ratio are likely to be targeted in the recent cross-border acquisition trends in China and India. Second, cross-border acquisitions brought higher shareholders' values than those made by domestic acquirers. Third, own industry acquisitions also brought higher shareholders' values in these countries.

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[†] Professor, Nagoya City University, Correspondence: Yamanohata 1, Mizuho, Nagoya 467-8501 Japan, Tel/Fax : +81-52-872-5736, Email: mnagano@econ.nagoya-cu.ac.jp