

M&A Market in Transition Economies: Evidence from Romania

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Abstract

This study sheds light on a new facet of the financial architecture of transition economies by focusing on the original experience of the Romanian acquisition market. Our findings do not corroborate those provided by the extensive acquisition literature: on average, the target abnormal returns are not statistically different from zero. The shareholders short-term reaction carries information about the economic perspectives of target companies, as well as the effectiveness of the legal protection before and after this specific firm episode.

JEL classification: G14; G18; G34

Keywords: Event study; Corporate governance; Emerging market; Takeovers

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