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DO MERGERS AND ACQUISITIONS CREATE VALUE FOR TURKISH TARGET FIRMS? AN EVENT STUDY ANALYSIS

Abstract:

The objective of this study is to investigate shareholder wealth effects of mergers and acquisitions for an emerging market, namely Turkey. Specifically, we assess the impact of the M&A announcements on the stock price performance of Turkish target firms involved by using a dataset comprising 67 deals announced between 2000 and 2014. Stock price reaction is analyzed over a period of 21 days around the announcement by using standard event study methodology. Results indicate that shareholders of Turkish target firms involved in M&A activities enjoy positive and significant cumulative abnormal returns ranging from 5.25 percent to 8.53 percent depending on the event window analyzed. This finding is consistent with previous studies which show that most of the benefits from M&As accrue to target companies and that acquirers pay a premium to control the rights in these targets.

Keywords:

Acquisitions; wealth effect; stock price performance; target company shareholders; Turkey.

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