

# POST CRISIS MEGA MERGERS AND THEIR EFFECT ON SHAREHOLDERS' VALUE

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## Abstract

The current study examined the effect of post crisis mega mergers on shareholders' value of the acquiring company. Twenty mergers have been evaluated covering all types of deals, vertical, horizontal as well as conglomerate mergers. The findings, in line with the relevant literature, indicate that the abnormal returns for the shareholders of the acquiring company are negative or neutral but in most case not statistically significant. Plausible explanation for the insignificance of the abnormal returns is the possibility of prior ownership of the purchased firm from the acquired one, or the differences in size between the two firms.

In terms of the proposition that changes in the regulatory environment together with the more qualitative corporate governance generate value creation for shareholders after an M&A transaction, the result do not support this hypothesis. Having set that, the results do not suggests that the changes in corporate practice and regulatory framework in recent years do not have positive impact. Those benefits might come forth with a different long-term examination of the performance of the entity created. Finally this may suggests the existence of efficiency in the market denoting that prices do actually follow random walk and that new practices and regulations are incorporated in the price almost immediately without creating any room for excess return either positive or negative.