

THE IMPACT OF MERGERS AND ACQUISITIONS ON THE OPERATIONAL PERFORMANCE OF COMPANIES IN EMERGING CAPITAL MARKETS

Arzu Hajiyeva¹

Abstract

Modern trends in economic development, characterized by increased competition and globalization of markets, lead to a significant increase in mergers and acquisitions (M&A). Companies from emerging capital markets are beginning to play an increasingly significant role in these processes. It is very necessary to identify whether M&A deals create value for companies or are they just a convenient way for management to expand and strengthen its position. The article presents the results of a study of the effectiveness of transactions for the transfer of corporate control on a sample of companies from the BRICS countries in the period from 2009 to 2012. Based on the method of analysis of financial statements, we found an increase in the operating indicators of companies (EBITDA / Sales) as a result of mergers and acquisitions two years after their completion. The main determinants of the effectiveness of transactions initiated by companies from the BRICS countries are: deal size of acquiring company, friendly focus of the transaction and the stake share.

Keywords: Mergers and acquisitions, BRICS, capital movement, emerging markets.

JEL Codes: G34, F21.

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¹Ph.D in World Economy, Azerbaijan State Economics University, Baku, Azerbaijan
ORCHID ID: 0000-0002-7413-9959
E-mail: arzu.hajiyeva@yahoo.com