

# EVENT STUDY METHODOLOGY IN M&A RESEARCH: EVIDENCE FROM DEVELOPED AND EMERGING CAPITAL MARKETS

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## Abstract

The current article contains a review of contemporary empirical studies which examine efficiency of mergers and acquisitions through event studies. The article contains analysis of developed and emerging capital markets. The major approaches to assess the impact of mergers and acquisitions on the company value are envisaged in the context of target firms and acquiring firms, as well as the combined impact. The article shows that the studies based on the data from developed and emerging capital markets tend to use primarily short-term event studies.

The analysis performed gives evidence that in the academic literature there is still no definite answer whether mergers and acquisitions create value for the firm's shareholders or not. The results obtained by the researchers vary not only for developed or emerging capital markets but also for different time periods. Potential reasons for this fact may be found in differences in the samples to be examined, geographies of mergers and acquisitions deals, industries where the companies engaged in mergers and acquisitions operate, windows which are used to calculate implied and generated abnormal return, as well as differences in time periods (short-term or long-term event studies).

The analysis performed on the basis of emerging capital markets demonstrates that the obtained results are very close to those obtained on the basis of firms from developed capital markets when they were at the same period of their development.

**Key words:** mergers and acquisitions, M&A efficiency, company value, cumulative abnormal return (CAR), target company, acquiring company

**JEL:** G14, G30, G34

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