Proposal of the book

Strategic Deals in Emerging Capital Markets.


Title: Strategic Deals in Emerging Capital Markets.
Subtitle: Are There Efficiency Gains for Firms in BRIC Countries?

Editors: Irina Ivashkovskaya, Professor, National research university Higher school of economics, Head of School of Finance, Head of Corporate Finance Center, Moscow, Russia; Eugene Nivorozhkin, Professor, University College London, London, United Kingdom; Svetlana Grigorieva, Associate Professor, National research university Higher school of economics, Research Fellow, Corporate Finance Center.

List of authors: Prof. Irina Ivashkovskaya (HSE, Russia), Prof. Eugene Nivorozhkin (UCL, United Kingdom), Prof. Ivan Rodionov (HSE, Russia), Associate Prof. Svetlana Grigorieva (HSE, Russia), Prof. Karla Motta Kiffer de Moraes (Arcadis NV, Brasil), Prof. Luiz F. Autran M. Gomes (Ibmec School of Business and Economics, Brasil), Prof. Rajesh Chakrabarti (Jindal Global Business School, India), Research Fellow Irina Skvortsova (HSE, Russia), Research Fellow Deng Junzhi (HSE, Russia), Research Fellow Pavel Yakovenko (HSE, Russia), Vitaly Mikhal’chuk (ROSCEO, Russia), Research Fellow Anna Baranovskaya (HSE, Mobile TeleSystems, Russia), Research Fellow Margarita Stemasova (Deloitte, Russia), Svetlana Kuzmina (HSE, Russia); Dmitry Scherbakov (Bain&Co, Russia).

Brief Description: We study the M&A deals and their role in value creation for shareholders in the largest emerging capital markets where institutional and competitive frameworks still differ from the developed ones. We look across various dimensions of M&A deals in such an environment to summarize the main trends of corporate control market in the largest emerging countries and their distinctions from the developed ones, to identify deal-performance relationship and the determinants success or failure, to learn the drivers of the premium in M&As, to capture market reaction to different M&A strategies. By doing so, we fill the gap in the existing literature which is still devoted mostly to strategic deals in developed markets.

Full Description: The industrial development of emerging markets has been a powerful driver of mergers and acquisitions. Past decades show an increase in M&A activity, both in terms of the number of deals and the market value involved in these deals. The permanent increase in the number of M&A deals, both in developed and emerging markets, has led to growing interest of researchers in M&As performance. Numerous empirical studies have investigated the influence of corporate acquisitions on performance improvements and also have tried to reveal the main determinants of M&A performance. Nevertheless, there is still
no consensus on their contribution to the value creation. Moreover, academic papers mainly concentrate on the effects of these deals in developed countries, while M&A strategies within emerging capital markets are much less explored. Given the specificity of macroeconomic and institutional environment of emerging capital markets, the value creation process and effects of M&A strategies may substantially differ.

The book aims to contribute to the identification of the shareholder value creation through M&A strategies and the drivers behind the success and failures of these deals in specific business environment of emerging capital markets. The book provides several extensions to the literature. First, based on the same time period, methodology and sample selection procedure we analyze the performance of M&As in developed markets and emerging capital markets to compare the impact over value creation. We demonstrate the differences in deal-performance relationship. Moreover, we also compare the drivers behind M&A premium in developed and emerging capital markets. Second, along with the application of traditional methods of M&A studies (event study, accounting studies) we introduce the new model of performance, namely economic profit (residual income) which incorporates the cost of capital and economic spread and therefore, better captures the drivers behind fundamental value changes. Third, we identify the difference in the impact of horizontal, vertical and conglomerate deals on shareholder’s value in emerging markets for both domestic and cross border M&A. Forth, we reveal success factors in M&A for knowledge intensive firms based on the evidence from Brazil. Finally, we analyze the impact of the economic crisis of 2008-2009 on the performance of M&A in emerging markets.

Abstracts

Proposed Chapter Outline:

Preface (by professor Irina Ivashkovskaya, by professor Joseph McCahery, Editor of the Series)

Acknowledgements (by professor Irina Ivashkovskaya, by associate Prof. Svetlana Grigorieva)

Part I. Strategic deals and value creation: the lessons from previous research


Research Fellow Irina Skvotsova (HSE, Russia), Research Fellow Deng Junzhi (HSE, Russia), Prof. Rajesh Chakrabarti (Jindal Global Business School, India), Prof. Karla Motta Kiffer de Moraes (Arcadis NV, Brasil), Prof. Luiz F. Autran M. Gomes (Ibmec School of Business and Economics, Brasil).

1.1. Introduction
1.2. M&A in China: Trends and Evidence
1.3. M&As in India: Trends and Evidence
1.4. M&A in Brazil
1.5. The M&A Market in Russia
1.6. Conclusion

Chapter 2. How M&A deals influence corporate performance in developed and emerging capital markets: a review of empirical results in the literature

Associate Prof. Svetlana Grigorieva (HSE, Russia).
2.1 Introduction

2.2. Stock market reactions to the announcements of M&A deals in developed and emerging capital markets

2.3. Long-term operating performance of M&A deals in developed and emerging capital markets

2.4. Relationship between different methods in measurement of M&A deals performance

2.5. Conclusion


Prof. Eugene Nivorozhkin (UCL, United Kingdom).

3.1. Introduction

3.2. Determinants of Cross-Border M&A

3.3. Determinants of M&A value creation for shareholders

3.4. Conclusions

Chapter 4. Meta-analysis of M&A studies in emerging markets

Research Fellow Anna Baranovskaya (HSE, Mobile TeleSystems, Russia), Research Fellow Margarita Stemasova (Deloitte, Russia).

4.1. Introduction

4.2. Literature review

4.3. Sample

4.4. The methodology

4.5. Results of the meta-analysis

4.6. Conclusion


Chapter 5. Post-acquisition Value Effects of M&A deals: A Comparative Analysis in Developed and Emerging Capital Markets

Associate Prof. Svetlana Grigorieva (HSE, Russia), Svetlana Kuzmina (HSE, Russia).

5.1. Introduction

5.2. Literature review and hypotheses development

5.3. Methodology and data

5.4. Results and discussion

5.5. Concluding remarks

Chapter 6. What Drives the Control Premium? Evidence from BRIC Countries

Prof. Irina Ivashkovskaya (HSE, Russia).

6.1. Introduction

6.2. Premiums in M&A Deals: Results in Empirical Studies in Developed and Emerging Markets
Chapter 7. Success factors in M&A of knowledge intensive firms in Brazil: evidence from consulting engineering companies

Prof. Karla Motta Kiffer de Moraes (Arcadis NV, Brasil), Prof. Luiz F. Autran M. Gomes (Ibmec School of Business and Economics, Brasil).

7.1. Introduction
7.2. Critical Success Factors (CSF)
7.3. Ordinal Ranking Methods
7.4. Consulting Engineering
7.5. Research Methodology
7.6. Practical Application
7.7. Final considerations

Chapter 8. Domestic M&A in Russia: performance and success factors

Prof. Ivan Rodionov (HSE, Russia), Vitaly Mikhal’chuk (ROSCEO, Russia).

8.1. Introduction
8.2. Derivation of Hypotheses for Russian Companies
8.3. Hypotheses
8.4. Methodology
8.5. Sample
8.6. Synergy valuation
8.7. Analysis of synergy structure
8.8. Synergy success factors
8.9. Application of the Methodology to the Major Domestic Russian M&A Deals
8.10. Conclusion

Part 3. Diversification strategies via M&A. New Evidence from BRIC.

Chapter 9. Corporate Diversification-Performance Puzzle in BRIC

Associate Prof. Svetlana Grigorieva (HSE, Russia)

9.1. Introduction
9.2. Literature review
9.3. Methodology
9.4. Sample characteristics
9.5. Empirical findings and results
9.6. Conclusion

Chapter 10. Corporate international diversification and performance – an economic profit viewpoint: evidence from BRIC companies

Prof. Irina Ivashkovskaya (HSE, Russia), Dmitry Scherbakov (Bain&Co, Russia), Research Fellow Pavel Yakovenko (HSE, Russia).

10.1. Introduction
10.2 Theoretical Background and Hypotheses
10.3. The methods
10.4. Findings
10.5. Conclusion

Conclusion (by professor Eugene Nivorozhkin, by professor Irina Ivashkovskaya)

Appendices

All Chapters of the book are original and haven’t been published yet.

Market and Competition: This book will be interesting for professors, researchers, graduate students and practitioners due to empirical evidence on strategic deals at corporate assets markets in emerging markets. Different M&A strategies including vertical, horizontal, conglomerate diversification, internalization via cross-border deals of the firms from the largest emerging markets and their impact over performance are empirically examined. The study of divestitures adds to the whole picture of corporate assets markets and their value impact in emerging markets. The reader will learn not only from the comparison of emerging markets and developed markets within the same period of study, but also within emerging market’s group drawing from the different national empirical pictures. It may be useful for readers to download different chapters of the book separately, as each of them may have its own value added for potential audience.

Alternative / competing books on the market

There are no books available on the market which refer directly to the overall corporate assets market topic of the book. A search at Amazon online catalogue and Google books library identified 3 books which come more or less close to the intended book, but they are focused on Asian capital markets thus not providing comprehensive empirical analysis with comparison of various emerging capital markets in the present context.

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<th>Alternative reading</th>
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• We provide empirical evidence whether corporate acquisitions deals create value for shareholders while this book is devoted only to Asian markets.  
• We also demonstrate results of the recent research on diversification and firm performance in emerging markets compared to developed ones. |
| P.J. Williamson, R. Ramamurti, A. Fleury, M.T. LemeFleury "The Competitive Advantage of Emerging Market Multinationals", Cambridge | • The analysis of emerging capital markets in the intended book is extended to South Africa which is not covered in this book.  
• We empirically investigate and analyze mergers and acquisitions performance in emerging and developed capital markets while this book is focused exclusively on |
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<td>University Press, 2013</td>
<td>emerging markets.</td>
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<td>• This book covers mainly managerial aspects of corporate acquisitions deals while we analyze M&amp;As from managerial and financial points of view.</td>
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<td>• As a separate chapter of the book we analyze international diversification in emerging markets.</td>
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<td>• The intended book provides analysis of mergers and acquisitions performance not only in developed capital markets but also emerging markets which are not covered in this book.</td>
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<td>L. Chalençon “Location Strategies and Value Creation of International Mergers and Acquisitions (Innovation, Entrepreneurship and Management)”. Willey, 2017</td>
<td>• The Book gives the answer to the following question “What are the determinants of the location and value creation in mergers and acquisitions?”</td>
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<td>• The first part of the Book is devoted to literature review of (1) characteristics and location of M&amp;As, and (2) performance of M&amp;As. The second part discusses the methodological issues. The third part presents the results of empirical study devoted to value creation in M&amp;As initiated by French companies.</td>
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In the Springer library there are 4 books which have been recently published in 2011-2017 and which are close to some topics of the proposed book. Three of them are focused primarily on managerial aspects of mergers and acquisitions in Asian capital markets, namely Japan, China, India. The forth book draws on the international business.

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<td>C. Devonshire-Ellis, A. Scott, S. Woollard “Mergers &amp; Acquisitions in China”, Springer, 2011</td>
<td>• While compared to this book which serves a guide for those investors who consider purchasing business in China we analyze mergers and acquisitions in emerging capital markets as a whole.</td>
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<td>• Besides managerial aspects we also cover financial aspects of mergers and acquisitions and compare them with those in developed capital markets.</td>
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<tr>
<td>R. Bebenroth “International Business Mergers and Acquisitions in Japan”, Springer, 2015</td>
<td>• The intended book covers not only managerial but also financial aspects of mergers and acquisitions while this book focuses primarily on the specificities of international business in the Japanese context from the managerial point of view.</td>
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<tr>
<td>• We analyze various types of M&amp;A activities in developed and emerging capital markets including cross-border mergers and acquisitions and international diversification.</td>
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<td>• The Book presents a research work relating to the impact of M&amp;As on the returns in short and long terms. Authors used event study methodology and experimental designs.</td>
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<td>• Two surveys have also been conducted for top-level Indian corporate managers of the organizations that</td>
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<td>2016</td>
<td>adopted the strategy of M&amp;A. The surveys aim to gauge the managerial views about the corporate governance practices and the motives of M&amp;A deals respectively.</td>
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| S. Marinova, J. Larimo, N. Nummela (Eds.) “Value Creation in International Business” Volume 1 and 2. Springer, 2017 | • This edited collection brings into focus the meanings, interpretations and the process of value creation in international business.  
• Exploring value creation in the context of emerging and developed economies, **Volume 1** takes the perspective of multinational firms and examines various modes of foreign market servicing varying from exporting to joint venture, mergers and acquisition and strategic alliances. Providing theoretical and practical insights, the authors open an intellectual debate into what value is, and how it is created through the internationalization activities of firms.  
• **Volume 2** takes the perspective of small and medium sized enterprises and examines various approaches to value creation in the process of firm internationalization. |

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