

**A STUDY OF THE FINANCIAL CHARACTERISTICS OF U.S. TARGET COMPANIES ACQUIRED BY U.S. AND FOREIGN BUYERS BEFORE, DURING, AND AFTER THE 2008 FINANCIAL CRISIS**

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**ABSTRACT**

Mergers and acquisitions (M&A) is one of the most popular research topics in finance. The synergistic benefits of and market reaction to mergers have been studied extensively. Most merger studies deal with specific countries. Cross-country mergers and acquisitions have not received sufficient attention. The impact of financial crises on M&A activities has not been studied sufficiently. In this empirical study, we make a contribution on these subjects by comparing the financial characteristics of U.S. target companies acquired by U.S. companies with the financial characteristics of U.S. target companies acquired by foreign companies before, during, and after the 2008 financial crisis. We find that the overall financial characteristics of the two groups of targets were significantly different before the crisis. However, the financial characteristics of the target companies have become quite similar during and after the crisis. Before the crisis, U.S. acquirers preferred smaller size targets with greater liquidity, higher profit margins, and lower debt ratios compared with foreign acquirers. Our MANOVA test statistics indicate that the overall financial characteristics of the two target groups were not significantly different during and after the 2008 crisis. Our univariate test statistics show that U.S. acquirers preferred smaller size targets during the crisis and targets with a greater total assets turnover both during and after the crisis.

Keywords: *mergers, acquisition, fiannce, crisis*