Abstract

In the last two decades Merger & Acquisition (M&A) activities worldwide rose to an unprecedented level mainly due to two factors: globalization and technological progress. M&A transactions, whatever is their motivation, generate potential knowledge flows between bidder and target firms that happen before, during and after the deal in the form of: information exchange in the due diligence phase and among managers; access to new technologies and organizational competencies; task and human integration; interaction of different organizational cultures; transfers of capabilities and resource sharing. Consequently, M&A transactions represent a valuable proxy for the exchange of knowledge across the geographical areas where companies are located offering therefore the opportunity to investigate into the knowledge flows between the European Union and its neighboring countries.

The aim of the paper is to analyse in details the M&A deals in the European Neighboring Countries (ENC) in order to explore the knowledge flows between firms in those areas and external firms. More specifically, we will examine the geographical directions of M&As and their sectoral scope. Data on M&A deals are retrieved from the SDC Platinum database (Thomson Financial) considering the period 2000-2011. Taken together, M&A data provide interesting evidence on the overall market-level impact of M&A on ENC and thus on the knowledge links that have been generated.