The Post-Merger Accounting Performance of Greek Acquiring Listed Firms in Domestic vs. International M&As at South-East Europe

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Abstract
This study examines the impact of mergers and acquisitions (M&As) on the post-merger operating performance of merger-involved firms in Greece at domestic and international M&As transactions using accounting data (financial ratios). The post-merger performance of a sample of Greek firms, listed on the Athens Stock Exchange that executed one domestic merger or acquisition in the period from 1998 to 2002 as acquirers, is compared with an equivalent sample of listed firms with similar characteristics involved in international M&As. In order to measure firms' post-merger performance fifteen financial ratios are employed and selected accounting data from 1999 to 2005 are compared for the post-merger operating performance of the two groups at three years after the M&As announcements, as well for the cases of two and one year after M&As respectively. The results revealed, in general, that the international M&As have provided a better post-merger operating performance for the acquiring firms than the domestic M&As.

Key Words: mergers, acquisitions, financial ratios, post-merger operating performance

JEL Classification: G34, F23, M40

Introduction

Nowadays, the realisation of mergers and acquisitions (M&As) is one of the main elements of contemporary corporate restructuring (Ramaswamy & Salatka, 1996; Pazarskis & Alexandrakis, 2009; Pazarskis et al., 2010). Notwithstanding, the process of internationalisation and the expansion of the European Union has fostered the whole activity in recent years: foreign direct investment by multinational companies has grown rapidly, international trade increases faster than the rate of growth of national economies, and supra-national institutions, such as the EU and the WTO, promoted ever more inter-linked economies over national governments, which evolve an international perspective of

M&As and an increasingly competitive business environment (Pazarskis, 2008).

In order to examine the success of merger decision within a domestic and an international context of Greek firms, the study proceeds to an extensive accounting comparative analysis of the post-merger performance of a sample of Greek firms, listed on the Athens Stock Exchange (ASE), using accounting data (financial ratios) from 1999 to 2005. The sample firms are a group of Greek listed firms that executed one domestic merger or acquisition in the period from 1998 to 2002 as acquirers and a group with the similar possible characteristic listed firms involved in international M&As in South-Eastern European Countries at Bulgaria, Romania, and Albania, the first three Balkan countries with the larger Greek investments in this period (1998-2002) (Agorastos et al., 2006).

The originality of this study is that firms' post-merger operating performance is measured with the use of fifteen ratios. Also, the accounting data are compared for post-merger performance of the two groups at three years after the M&As announcements, as well for the cases of two and one year after M&As respectively. Furthermore, in order to examine the existence of a better operating performance or not of the sample listed firms for each type of M&As activities in contrast to all listed Greek firms (or this period's market performance in Greece), the post-merger performance of each from the two samples according to M&As' types (domestic or international) is compared and evaluated with the general performance of all listed firms in this period.

As in the Greek market there is a scarcity of post-merger operating performance studies with ratio analysis regarding firms involved in M&A activities, especially within domestic and international ones, the scope of this study, focusing on the latter issue, tries to obtain new insights examining the success of merger decision in Greece. Furthermore, investigating listed firms' post-merger operating performance, through extensive accounting analysis for the majority of all listed firms over a five-year-period (from 1998 to 2002) and their international transactions with selected data analysis for the period 1999 to 2005, this paper present a recent final status of successful merger activities, domestic or international, for a potential investor at the Greek market.

The structure of the paper is as follows: the next section presents the differences of domestic and international M&As. The following section analyse the research design of this study (related past accounting studies with ratios, sample and data, selected accounting variables, research methodology and hypothesis). The next one presents and analyses the results (comparison of the operating performance for the post-merger period); also, presents data comparisons of each type of M&As (domestic and international) with the general market performance of all listed firms in this period at the ASE. Finally, the last section concludes the paper.

Differences of domestic and international M&As

As the strategy literature commonly argues, mergers and acquisitions are one of the mechanisms by which, firms gain access to new resources, reducing costs and increasing revenues via resource redeployment. International business researchers have extended the concept of resource opportunities to include a geographic component

(Agorastos et al., 2006). Furthermore, transactions of international M&As are considered for the acquiring firm as higher risk investments in a new environment, but also provide opportunities for higher profitability with the development of economies of scale at the hosting country of the investment (Hymer, 1976).

Thus, international M&As are considered diachronically a special category of merger activities and present special peculiarities than the domestic ones for post-merger performance (Michel & Shaked, 1986; Doukas & Travlos, 1988, Harris & Ravenscraft, 1991; Healy & Palepu, 1993; Markides & Ittner, 1994; Eun et al., 1996; Cakici et al., 1991, Markides & Oyon, 1998; Lyroudi et al., 1999; Seth et al., 2000; Rossi & Volpin, 2004; Danbolt, 2004; and many others).

This view is fully analyzed by Weston Fr., Chung K. and Hoag S. (1990) as they described that many of the motives for international mergers and acquisitions are similar to those for purely domestic transactions[1], while others are unique to the international arena. On the whole, these "international" motives include the following: (A) Growth: (i) to achieve long-run strategic goals, (ii) for growth beyond the capacity of saturated domestic market, (iii) market extension abroad and protection of market share at home, (iv) size and economies of scale required for effective global competition, (B) Technology: (i) to exploit technological knowledge advantage, (ii) to acquire technology where it is lacking, (C) Extend advantages in differentiated products: strong correlation between multinationalization and product differentiation (Caves, 1986); this may indicate an application of the parent's (acquirer's) good reputation, (D) Government policy: (i) to circumvent protective tariffs, quotas, etc., (ii) to reduce dependence on exports, (E) Exchange rates: (i) impact on relative costs of foreign versus domestic acquisitions, (ii) impact on value of repatriated profits, (F) Political and economic stability: to invest in a safe, predictable environment, (G) Differential labor costs, productivity of labor: to follow clients (especially for banks), (H) Diversification: (i) by product line, (ii) geographically, (iii) to reduce systematic risk, (I) Resource-poor domestic economy: to obtain assured sources of supply.

Research design

Related past accounting studies with ratios

Many past studies on accounting and finance, conducted with data of four decades ago or more, revealed that, in general, M&As transactions have resulted in poor performance of their involved firms (for the US cases with these results, see: Kelly, 1967; Reid, 1968; Monroe & Simkowitz, 1971; Stevens, 1973; and others; for the UK cases, see: Newbould, 1970; Singh, 1971; Tzoannos & Samuels, 1972; Buckley, 1972; Kuehn, 1975; Firth, 1976; and others).

More recent studies on M&As performance, that employed accounting data or ratios, were conducted during the last three decades and concluded on ambiguous results (Pazarskis, 2008). Many of them supported an

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[1] For an extensive literature review about the motives for M&As, in general, see: Jensen, 1986; Ravenscraft & Scherer, 1987; Ravenscraft, 1988; Pazarskis et al., 2010.

improvement in the post-merger performance after the M&As action (Cosh et al., 1980; Parrino & Harris, 1999; and others), while others claimed that there was a deterioration in the post-merger firm performance (Meeks, 1977; Salter & Weinhold, 1979; Mueller, 1980; Kusewitt, 1985; Neely & Rochester, 1987; Ravenscraft & Scherer, 1987; Dickerson et al., 1997; Sharma & Ho, 2002; and others). Other researchers concluded in confronting results or simply, a "zero" result from the M&As action (Kumar, 1984; Healy et al., 1992; Chatterjee & Meeks, 1996; Ghosh, 2001; and others).

Concerning the case of Greek firms, Mylonidis & Kelnikola (2005) examined the post-merger performance of five merger bank deals in Greece, employing conventional pre- vs. post-merger accounting ratio comparisons; they concluded that merger activity had finally a positive impact on banks' post-merger performance. Pazarskis, Lyroudi and Christodoulou (2008) have evaluated the impact of mergers and acquisitions on the post-merger performance of merger-involved firms in Greece in the long-run perspective with a set of twenty-six financial ratios; their results revealed that six out of the twenty-six ratios had decreased and only one was improved from the M&As events. Pazarskis, Karagiorgos, Christodoulou and Eleftheriadis (2011a) have analysed the impact of mergers and acquisitions on the post-merger performance of forty listed M&As involved Greek firms; their results revealed that none of all the examined profitability ratios did not change significantly due to the M&A event.

Sample and data

In the period from 1998 to 2002, firstly, all the international M&As activities from firms of Greek interests, listed in the Main market of the Athens Exchange, that have invested in the three selected research sample countries with the larger Greek investments in the South-East Europe (Bulgaria, Romania, and Albania), are tracked, excluding from them the actions of their subsidiaries, as only a parent's M&As action is examined. This sample consists of twenty-one firms. Secondly, from them for further analysis, are excluded the firms that performed bank activities, which present special peculiarities in their accounting evaluation of the international M&As transactions, and these are two firms. Thus, the final research sample with international M&As for examination consists from nineteen firms, listed in Greece at the Athens Exchange.

The study considers that the sample firms performed one merger or acquisition in a five-year-period (from 1998 to 2002) and have not had done any other important M&As action from 1999 to 2005, and more exactly for the period of three years after their examined M&As transaction, and their merger activity have consisted of an important investment that assure the acquired firm management. Respectively, nineteen Greek listed firms that have performed domestic M&As in the same period and with relevant business activities are tracked and consists the second group sample of examined firms, which present the most possible similarities with the first one, as in the Greek market for this period there is a limited number of M&As transactions from listed firms in the Main market of the ASE. The M&As events per category and by year are presented at Table 1.

Table 1: M&As transactions by year

Year	Domestic M&As	International M&As	All Events by Year
2002	1	4	5
2001	8	5	13
2000	6	5	11
1999	4	3	7
1998	0	2	2
Total	19	19	38

The final sample with nineteen M&As events for each M&As category (international and domestic) and 38 firms for the whole sample is satisfying as it includes all the international M&As events of listed firms in the Greek market at the above referred period (according to the sample criteria of this study) and reliable in comparison to prior accounting studies conducted in significantly larger markets such as US and UK (Sharma & Ho, 2002), with similar sample firms, as: Healy et al., 1992 : $n = 50$, Cornett & Tehranian, 1992 : $n = 30$, Clark & Ofek, 1994 : $n = 38$, Manson et al., 1995 : $n = 38$, etc.

Last, the study proceeds to an analysis only of listed firms as their financial statements are published and it is easy to find them and evaluate from them the firm post-merger accounting performance. The M&As activities of the listed Greek firms have been tracked from their announcements on the web sites of the ASE. The data of this study (accounting ratios) are computed from the financial statements of the M&As-involved firms and the databank of the Library of the University of Macedonia (Thessaloniki, Greece).

Selected accounting variables

Financial ratios are widely used for modelling purposes both by practitioners and researchers, as their analysis is one of the most valuable tools for the decision-making of many interested parties, stakeholders: owners, management, personnel, competitors, academics, etc. Their analysis facilitates inter-company as well as intra-company comparisons beyond various argumentations (Pazarskis, 2008).

The post-merger operating performance of a firm is evaluated with its performance at some accounting ratios. For the purpose of this study, after the analysis of accounting data (financial statements) fifteen financial ratios are employed, which are the following ratios (see, Table 2).

There are many other approaches for accounting evaluation performance, different from the above. Return on investment (ROI) type of measures are considered as the most popular and the most frequently used when accounting variables are utilised to determine performance. However, in considering Kaplan's (1983) arguments against excessive use of ROI types of measurements, the above referred ratio selection of this study is confirmed as better, as:

> "…any single measurement will have myopic properties that will enable managers to increase their score on this measure without necessarily contributing to the long-run profits of the firm" (Kaplan, 1983, p. 699).

Thus, an adoption of additional and combined measures is believed to be necessary in order to provide a holistic view of the long-term profitability and performance of a firm, in accordance with the short-term one (Pazarskis et al., 2008; Pazarskis, 2008).

Table 2. Classification of financial ratios

Code	*Variable Name*	*Description*
V01	Operating profit margin	Operating Profit/ Sales
V02	Net profit margin (before taxes)	EBT/Sales
V03	Capital employed turnover	Sales/ Capital Employed
V04	Invested capital turnover	Sales/ Invested Capital
V05	Capital employed to fixed assets	Equity+Long Term Debt/Fixed Assets
V06	Total Debt to equity	Total Debt/ Equity
V07	Times interest earned (earnings based)	EBIT/Interest Expense
V08	Equity to total assets	Equity/ Total Assets
V09	Current ratio	Current Assets/Current Liabilities
V10	Acid test ratio	(Current Assets - Inventory)/Current Liabilities
V11	Working capital	Current Assets-Current Liabilities
V12	Capital employed	Long-term Debt+ Equity
V13	Days sales in receivables	Accounts Receivable/ (Sales/365)
V14	Days purchases in accounts payable	Accounts Payable/(Cost of Goods Sold/365)
V15	Days to sell inventory	Inventory/(Cost of Goods Sold/365)

Methodology and hypothesis

The M&As action of each acquiring company from the sample is considered as an investment that is evaluated by the Net Present Value (NPV) criterion (if NPV≥0, the investment is accepted). Based on this viewpoint, the study proceeds to its analysis and regards the impact of an M&A action similar to the impact of any other positive NPV investment of the firm to its ratios over a specific period of time (Healy et al., 1992; Pazarskis, 2008).

In this study the following case and sub-cases have been considered for the sample:

α: the case of the comparison of acquiring firms with international M&As compared with the firms with domestic ones for three years after the M&As event
β: the sub-case of the comparison of acquiring firms with international M&As compared with the firms with domestic ones for two years after the M&As event
γ: the sub-case of the comparison of acquiring firms with international M&As compared with the firms with domestic ones for one year after the M&As event

In order to evaluate the difference with ratio analysis of the sample of the Greek firms that executed international M&As actions with the sample of domestic M&As, the general form of the hypothesis that is examined for each accounting ratio separately (ratios: V1, V2, …, V15) and for the above case and sub-cases (*α*, *β*, *γ*, respectively) is the following:

H_{0ij}: *There is **no** significant difference of the financial ratio **i** in post-merger period of (sub-)case **j** between international and domestic M&As for the acquiring firms.*
H_{1ij}: *There is significant difference of the financial ratio **i** in post-merger period of (sub-)case **j** between international and domestic M&As for the acquiring firms.*

where,

i = {V1, V2, …, V15}
j = {α, β, γ}

The crucial research question that is investigated by examining the above mentioned ratios is the following: "Post-merger accounting performance in the post-merger period is greater for the acquiring firm involved in international M&As than domestic ones?".

In this context, the study, compares the differences in firms' post-merger operating performance among the two groups for three years after the M&A announcements, in order to measure the changes in post-merger performance from this business transaction (Sharma & Ho, 2002; Pramod Mantravadi & A. Vidyadhar Reddy, 2007; 2008).

Analytically, the selected financial ratios for each company of the sample over a three-year period after (year *T*+1, *T*+2, *T*+3) the M&As event are calculated, and the mean from the sum of each company ratio with an international merger for the years *T*+1, *T*+2 and *T*+3 is compared with the equivalent mean from the years *T*+1, *T*+2 and *T*+3 of a company with a domestic merger, respectively[2]. In similar process, the sub-cases *β* and *γ*, for two years and one after, respectively, are evaluated.

To test this hypothesis two independent sample mean t-tests for unequal variances are applied, which are calculated as follows:

[2] In this study, the mean from the sum of each accounting ratio is computed than the median, as this could lead to more accurate research results (Pazarskis, 2008), as the median is only a point of time in the post-merger period for firm performance without reflecting the midterm of the post-merger performance. This argument is consistent with many other researchers diachronically (Philippatos et al., 1985; Neely & Rochester, 1987; Cornett & Tehnarian, 1992; Sharma & Ho, 2002; Pramod Mantravadi & A. Vidyadhar Reddy, 2007; 2008; Pazarskis et al, 2008, 2011a; 2011b; and others).

$$t = \frac{\overline{X}_1 - \overline{X}_2}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}}$$

where,

n = number of examined ratios
$\overline{X}_1$ = mean of post-merger ratios for domestic M&As
$\overline{X}_2$ = mean of post-merger ratios for international M&As
s = standard deviation
1 = group of post-merger ratios for domestic M&As
2 = group of post-merger ratios for international M&As

Last, the study does not include in the comparisons the year of M&A event (T=0) because this usually includes a number of events which influence firm's post-merger operating performance in this period, as one-time M&As transaction costs, necessary for the deal, etc. (Healy et al., 1992; Pazarskis et al., 2008; Pazarskis, 2008).

Finally, the research results are presented in the next section.

Analysis of results

Comparison of International vs. Domestic M&As

The received results, after the two sample t-tests, over a three-year period after the M&As event for domestic and international M&As presents that out of fifteen accounting ratios (V01: operating profit margin, V02: net profit margin (before taxes), V03: capital employed turnover, V04: invested capital turnover, V05: capital employed to fixed assets, V06: total debt to equity, V07: times interest earned(earnings based), V08: equity to total assets, V09: current ratio, V10: acid test ratio, V11: working capital, V12: capital employed, V13: days sales in receivables, V14: days purchases in accounts payable, V15: days to sell inventory) four ratios had changed significantly due to the M&As events (see, Table 3).

This clearly reveals that international M&As have a better post-merger economic performance than the domestic ones within a three-year-period after their M&As transactions (for international M&As: three ratios increased and one decreased). These results at their performance may be attributed to some external influences from the firms' different business environment, which means that, for international M&As, was more favourable than for domestic events. Also, the results could support the theory of Hymer (1976), as this higher post-merger performance of international M&As could be due to the development of economies of scale at the hosting country of the investment from the sample firms.

Table 3: Mean post-merger ratios for International & Domestic M&As

Code	Mean Post-merger Domestic M&As				Mean Post-merger International M&As		
	From +1 to +3	From +1 to +2	From +1 to +1		From +1 to +1	From +1 to +2	From +1 to +3
V01	8,6	7,6	10,1		8,1	9,2	10,6
V02	6,54	6,52	8,8		6,8	8,6	10,3
V03	1,13	1,059	1,034		0,877	0,869	0,909
V04	1,48	1,46	1,4		2,66	2,54	2,16
V05	3,29*	3,29	3,38	T = 0	6,4	6,3	5,67*
V06	0,924	0,904	0,848		0,805	0,831	0,927
V07	11,6	9,5	10,8		14,6	14,3	18,9
V08	0,828	0,82	0,829		0,832	0,818	0,788
V09	1,76	1,85	1,91		1,612	1,569	1,70
V10	1,221	1,286	1,296		1,126	1,072	1,161
V11	0,037**	0,037*	0,033		0,104	0,091*	0,095**
V12	0,126***	0,12***	0,133*		0,507*	0,51***	0,487***
V13	175,4	172,4	170,6		171	155	149
V14	76,3	74,4	71,0		78,7	69,1	71,9
V15	106,4	101***	101,5*		68,6*	68,3***	122

Notes:

1. ***, **, * indicate that the mean change is significantly different from zero at the 0.01, 0.05, and 0.10 probability level, respectively, as measured by two independent sample mean t-tests.
   More analytically, the P-value interpretation levels for the above referred three cases are described below:
   $p<0.01$ strong evidence against Ho (see, ***)
   $0.01\leq p<0.05$ moderate evidence against Ho (see, **)
   $0.05\leq p<0.10$ little evidence against Ho (see, *)
   $0.10\leq p$ no real evidence against Ho
2. At the variables V11 and V12, the amounts are in millions euro.

Comparison of Domestic M&As and market control sample

In order to examine the existence of a better performance or not of the sample listed firms for domestic M&As activities in contrast to all listed Greek firms (or this period's market performance in Greece), the post-merger operating performance of domestic transactions is compared with the general performance of all listed firms in this period (market control sample).

Comparing with t-tests the means from the two sample of domestic M&As and market control sample for three years after the M&As event, there is a significant change at eleven accounting ratios, which reveals mixed results concerning firms with domestic M&As and the general performance of all listed firms within a three-year-period after their merger transaction (see, Table 4), as six ratios (V03, V05, V07, V08, V09, V10) increased and five (V02, V11, V12, V13 V15) decreased (for domestic M&As). Similar mixed results of firms with domestic M&As than all listed firms exists for the sub-cases of two years and one year after the M&As event.

Table 4: Mean post-merger ratios for Dom. M&As & market control sample

Code	Mean in the Post-merger Period for Domestic M&As				Mean in the Post-merger Period for Market Control Sample		
	From +1 to +3	From +1 to +2	From +1 to +1	T = 0	From +1 to +1	From +1 to +2	From +1 to +3
V01	8,6	7,6	10,1		11,12	10,76	10,446
V02	6,54**	6,52**	8,8		10,19	9,96**	9,76**
V03	1,13**	1,059*	1,034		0,7632	0,7689*	0,776**
V04	1,48	1,46	1,40		1,0405	1,0589	1,0818
V05	3,29***	3,29***	3,38**		2,080**	2,018***	1,95***
V06	0,924	0,904	0,848		0,8268	0,8537	0,8775
V07	11,6**	9,5	10,8		4,77	4,84	4,856**
V08	0,828***	0,82***	0,829**		0,733**	0,726***	0,71***
V09	1,76***	1,85**	1,91		1,437	1,401**	1,38***
V10	1,221***	1,28***	1,296*		0,989*	0,949***	0,92***
V11	0,037***	0,03***	0,03***		6,03***	5,926***	5,89***
V12	0,126***	0,12***	0,13***		42,9***	44,51***	46,0***
V13	175,4***	172***	170***		102,9***	102,5***	101,7***
V14	76,3	74,4	71,0		70,00	70,35	70,40
V15	106,4***	101***	101,5**		62,83**	62,28***	61,89***

Notes:

1. ***, **, * indicate that the means are significantly different from zero at the 0.01, 0.05, and 0.10 probability level, respectively.
2. At the variables V11 and V12, the amounts are in millions euro.

Comparison of International M&As and market control sample

In order to examine the existence of a better performance or not of the sample listed firms for international M&As activities in contrast to all listed Greek firms, the post-merger operating performance of international transactions is compared with the general performance of all listed firms in this period.

Table 5: Mean post-merger ratios of Intern. M&As & market control sample

Code	Mean in the Post-merger Period for International M&As				Mean in the Post-merger Period for Market Control Sample		
	From +1 to +3	From +1 to +2	From +1 to +1	T = 0	From +1 to +1	From +1 to +2	From +1 to +3
V01	10,6	9,2	8,1		11	10	10
V02	10,3	8,6	6,8		10	9,9	9,7
V03	0,909	0,869	0,877		0,76	0,76	0,77
V04	2,16	2,54	2,66		1,04	1,06	1,08
V05	5,67**	6,3**	6,4		2,0	2**	1,9**
V06	0,927	0,831	0,805		0,83	0,85	0,87
V07	18,9***	14,3**	14,6		4,7	4,8**	4,8***
V08	0,78***	0,81***	0,83***		0,73***	0,72***	0,71***
V09	1,70**	1,569	1,612		1,4	1,4	1,3**
V10	1,161*	1,072	1,126		0,9	0,9	0,9*
V11	0,09***	0,091**	0,104**		6,3***	5,9***	5,9***
V12	0,48***	0,51***	0,507**		42***	44***	46,0***
V13	149**	155**	171		102	102**	101,7**
V14	71,9	69,1	78,7		70	70	70
V15	122	68,3	68,6		62,83	62	61

Notes:

1. ***, **, * indicate that the means are significantly different from zero at the 0.01, 0.05, and 0.10 probability level, respectively.
2. At the variables V11 and V12, the amounts are in millions euro.

Comparing with t-tests the means from the two sample of international M&As and market control sample for three years after the M&As event, there is a significant change at eight accounting ratios, which reveals mixed results concerning firms with international M&As and the general performance of all listed firms within a three-year-period after their merger transaction (see, Table 5), as five ratios (V05, V07, V08, V09, V10) increased and three (V11, V12, V13) decreased (for international M&As). Similar mixed results of firms with international M&As than all listed firms exists for the sub-cases of two years and one year after the M&As event.

Summary and Conclusions

International M&As are considered diachronically a special category of merger activities and present special peculiarities than the domestic ones for the post-merger operating performance. This study examines the impact of mergers and acquisitions (M&As) on the operating performance of merger-involved Greek firms using accounting data (financial ratios) at domestic and international M&As transactions in South-Eastern European Countries: at the first three Balkan countries with the larger Greek investments (Bulgaria, Romania, and Albania) within a five-year-period.

In order to evaluate that the post-merger performance of a sample of Greek firms, listed on the Athens Stock Exchange that executed one domestic merger or acquisition in the period from 1998 to 2002 as acquirers, is compared with an equivalent sample of listed firms with similar characteristics involved in international M&As. The crucial research question that is investigated by examining the above mentioned ratios is the following: "Post-merger operating performance in the post-merger period is greater for the acquiring firm involved in international M&As than domestic ones?".

For the purpose of the study and to measure firms' operating performance fifteen ratios are employed and selected accounting data from 1999 to 2005 are compared for the post-merger operating performance of the two groups at three years after the M&As announcements, as well for the cases of two and one year after M&As respectively. To test this hypothesis two independent sample mean t-tests for unequal variances are applied.

The results revealed, in general, that the international M&As have provided a better post-merger operating performance at all cases (three years; two years; one year after the transaction) for the acquiring firms than the domestic M&As (even though there was not a clear superiority in contrast to the general performance of all listed firms in this period). Thus, the external growth with international M&As of Greek firms is presented very attractive as an option for Greek business, managers, shareholders, etc. and with special peculiarities.

Future extensions of this study could examine the effects of the type of M&As transaction (domestic and international) to a larger sample that could include not only M&As-involved Greek firms listed in the ASE, but also non-listed firms and within other time periods.

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