
The targets of State Capitalism: international firm-level evidence (2005-2012)

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Abstract

As the result of an increasing trend over the Great Recession, currently more than one out of five companies in the top Fortune 500 list is controlled by a government. We study the performance of contemporary State-owned enterprises (SOEs) by looking at a unique sample of more than 25,000 M&A deals. For the first time, we find evidence that SOEs acquire less performing targets, similarly to private firms. We also discover that the relative performance of the target is inversely correlated to the government share in the acquirer's equity and that financial SOEs buy relatively lower performing targets relative to their private benchmarks.

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