

Investors preference in Telangana State towards different types of Mergers

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Abstract

Mergers play a critical role in Corporate Strategic decision making. This study concentrates on the most popular types of mergers such as horizontal mergers, conglomerate mergers, vertical mergers, reverse mergers, downstream mergers and upstream mergers. This study analyses the investors preference towards different types of mergers. This present study is based on primary data. The statistical tools of simple mean, cluster analysis, discriminant analysis, chi-square test, correspondence analysis, ANOVA, post-hoc analysis and canonical correlation have been used in this study. This study finds that the investors prefer to purchase the shares of the company which is merging with a company in different industry group. This study also finds that the profile characteristics of education, family members, savings and period of investments are casting the maximum influence on investor's preference towards type of merger.

I. Introduction

BUSINESS ENTITIES MAY formulate attacking and defensive strategies to tide over their competitors and shine distinctly in the market. Entities are in need of effective strategies to solve their immediate and routine problems and challenges. The most important attacking and defensive strategy used by the business entities is mergers. Mergers may be of various kinds such as horizontal, vertical, conglomerate, downstream, upstream and reverse mergers. Merger deal between two or more entities engaged in similar business is termed as "Horizontal Mergers". Companies engaged in same business may feel it effective to join together to avoid competition among themselves and strike a horizontal merger deal. Merger deals effected between companies which are complementary to each other is referred to as "Vertical

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