is quite different. These transactions are typically conducted outside the public market arena and are usually monopsonistic in nature, involving a single buyer negotiating the purchase of a divested asset. Additionally, sell-offs are motivated in some instances by the seller's need to raise cash[3]. These factors in combination would predict that both the acquiring firm as well as the selling/divesting firm would share in the gains from transactions involving acquisitions of business units. This is in contrast to whole-firm mergers where the open auction process typically drives target prices up to where they represent zero net present value (NPV) investments for buyers. Studies of mergers as profiled in Jensen and Ruback (1983), Jarrell, Brickley and Netter (1988), and Black (1989) have found that on average, buyers experience small (if any) gain in value from the transactions.[4]

In recent years a literature examining cross-border whole-firm acquisitions has developed. For example, a number of studies have examined the effect of U.S. firms acquiring foreign domiciled target (whole) firms. Doukas and Travlos (1989) found that the majority of these transactions did not result in significant valuation changes for the acquiring firms, with the exception of positive returns from acquisitions representing the first entry of the U.S. firm into the target firm's economy. Along similar lines, Lin, Madura and Picou (1994) found substantial variations in acquirer firms' abnormal returns according to the domicile of the foreign target firm. For example, acquisition of German

[3] See Lang, Poulsen, and Stultz (1995) for a discussion and examination of the liquidity motive for sell-offs.

[4] Bradley, Desai, and Kim (1988) found losses to acquirers in multiple bidder acquisitions. More recently, Banerjee and Owers (1992) found evidence of prevailing negative consequences for "white knight" acquirers.