higher valued uses, thus creating synergy. If this is the case, the sell-off will result in a gain in the combined value of both firms involved in the transaction[2].

In contrast to the results for divestors, the existing evidence on the gains to acquirers of divested units in sell-offs is inconclusive. Hite, Owers and Rogers (1987) found that buyers gain, but with gains of smaller magnitudes than those to sellers. The gains over the immediate announcement window (-1,0) were 1.66% for sellers in transactions which were completed, and 1.41% for sellers when the transactions was subsequently terminated. For buyers, the (-1,0) announcement abnormal returns were 0.83% (completed transactions) and 0.36% (subsequently terminated transactions).

Jain (1985) found positive but statistically insignificant returns to buyers. In contrast to these studies, Rosenfeld (1984) found an equal division of gains over various subintervals during the (-30, +30) announcement window. Sicherman and Pettway (1987) found significant gains for buyers which acquired related units in divestitures, but no significant gains for buyers of unrelated units. Sicherman and Pettway (1992) examined matched pairs of buyers and sellers in divestitures, and found that on average, both parties gained. Their average (-1,0) abnormal returns were 0.92% for sellers and 0.50% for buyers.

Sell-offs can also be viewed as partial acquisitions from the buyer's perspective, subject to several important differences. In the market for entire firms, there is the potential (and often the actuality) of a competitive auction market for the target firm. The market for parts of firms (i.e. divisions, subsidiaries, or Strategic Business Units [SBUs])

[2] Empirical support for this hypothesis may be found in Sicherman and Pettway (1992).