

The Internationalization of State-Owned Enterprises: An Analysis of cross-border M&As

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We study the internationalization of State-owned Enterprises (SOEs) in the 21st century and its underlying firm-level and country-level drivers. Using a global database of more than 100,000 M&As over the period 2005-2012 (a 10% having a State-owned acquirer), we empirically investigate differences between traditional (listed or majority-owned) SOEs and modern reformed (listed or minority-owned) SOEs. We show that the degree of control is associated with a diverging behaviour at home and abroad as compared to private firms. Reformed SOEs are more outward-oriented, tend to purchase better performing targets, concentrate their investments towards less risky countries that are geographically closer, with better institutional quality and with a more central position in the trade network. Our findings are consistent with the view that reformed SOEs, like private firms, are increasingly adopting market-oriented strategies thus differing from traditional SOEs in their objective functions.