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Abstract

This research concentrates on the merger development of electronic contract manufacturing industry. The objective of the study is to find out if there are any economical indicator(s) that would signal a company to be a possible target in a merger in the near coming future.

In chapter two, a theoretical background of mergers and acquisitions is being presented. It summarizes the different motives for companies to merge. Also the two different dimensions of the merger process, the human and task integration are being discussed.

In chapter three a concept of productivity is being introduced. The different concepts of productivity, the total productivity and partial productivity are presented. A link between productivity and profitability of companies is also being demonstrated.

In the empirical section of this research a sample of top electronic contract manufacturing companies of the world is being examined. The sample is examined by forming two groups, the target group and the acquiring group. These groups are analyzed, and compared with each other by calculating some key values, such as total productivity, labour productivity, return on investment and a number of other figures based on publicly available data. The mean values of the groups are compared with each other. This is done to find out if the performances of the groups differ from each other and if that difference can be an indicator for a company to become a target in a merger.

A major part of the mergers in the industry have taken place between 1999 and 2001, at the time when the growth of the industry has stopped completely. The declined growth has caused the industry to seek ways to adjust its capacity through mergers and acquisitions.

The key finding of this study is that the target companies seem to be performing poorly, when compared to the acquiring part of the merger. This would indicate a higher possibility for a poor performing company to become a target of an acquisition in the near coming future.

Key words	Mergers and Acquisitions, Productivity, Electronic Contract Manufacturing
Further information	

