PRESENTS

Research Seminar by:

JEFFREY J. REUER *

"SEQUENTIAL DIVESTITURE THROUGH INITIAL PUBLIC OFFERINGS"

1:30 – 3:00 PM, Friday October 11, 2002
336 North Business College Complex

Please visit http://ciber.bus.msu.edu/newsandevents/ for details

Attendance is free of charge for all MSU Students, Faculty, and Staff.

*An abstract of the research and bio for Jeffrey Reuer is on the following/reverse page.
ABSTRACT

“SEQUENTIAL DIVESTITURE THROUGH INITIAL PUBLIC OFFERINGS”

By Jeffrey J. Reuer and Jung-Chin Shen, INSEAD

An initial public offering (IPO) is often seen as a natural end state in a firm’s development, whereby ownership rights are reallocated to accomplish a financing objective. However, the decision to go public is also an important corporate strategy choice that can have implications for the transfer of control rights. The analysis situates IPOs within an extended M&A process and considers private firms’ decisions to undertake an IPO prior to divestiture rather than undergo an outright sale. We develop the argument that IPOs can ameliorate ex ante transaction costs in the market for corporate control when search costs are nontrivial and when information asymmetries increase the risk of adverse selection. The empirical evidence suggests that sequential divestiture is more likely in industries with spatially-dispersed firms and for firms with significant intangible resources. Investments in strategic alliances attenuate the impact of intangibles on the propensity of firms to divest sequentially through IPOs.

BIOGRAPHY FOR JEFFREY J. REUER

Jeffrey J. Reuer is an Associate Professor of Strategy at the Fisher College of Business at Ohio State University. He joined the OSU faculty in 2000 after serving for several years as a professor in the strategy group at INSEAD, the European Institute of Business Administration in Fontainebleau, France. He received a Ph.D. in Management from Purdue University. Before pursuing an academic career, he worked in the Office of Strategic Alliances at the Mayo Foundation and as a systems engineer at Electronic Data Systems.

Dr. Reuer has led courses and seminars on strategy and corporate development in MBA and Ph.D. programs as well as for various organizations such as 3I Group PLC, Ernst and Young, Euroforum, KLM Royal Dutch Airlines, Owens Corning, Packard Bell - NEC, Pfizer, Philips International BV, and the World Bank. He has also taught in executive education programs at the Harvard Business School and at INSEAD.

Professor Reuer’s research focuses on corporate strategy and uses economic theories to examine the dynamics and implications of strategic alliances, acquisitions, and foreign direct investment. This work has appeared in various academic journals such as the Strategic Management Journal, the Academy of Management Journal, Organization Science, the Journal of International Business Studies, the Journal of Management, and the Journal of Business Venturing. The results of this research have also appeared in a number of practice-oriented articles and interviews for the Harvard Business Review, the Wall Street Journal, the Financial Times, BBC World News, Les Echos, het Financieele Dagblad, Kathimerini, Børsens Nyhedsmagasin, Long Range Planning, and Business Horizons.

Professor Reuer serves on the editorial and advisory boards of the Strategic Management Journal, the Journal of International Business Studies, the Journal of Management, and the European Management Journal. He is a member of the Strategic Management Society, the Academy of Management, and the Academy of International Business.