We investigate relationships between the industry relatedness of venture capital-backed companies and their strategic acquirer in trade sales and the achieved investment returns of venture capitalists. Using a proprietary data set of 716 trade sales, we analyze return differences between lateral and synergetic trade sales, as well as between horizontal and vertical trade sales. We find that venture capitalists achieve higher returns with lateral rather than synergetic trade sales, and that the difference is greater for deals involving early stage companies characterized by strong information asymmetries. In addition, horizontal trade sales yield higher returns than vertical trade sales; however, in boom phases of the venture capital market, this effect reverses. Finally, we find that experienced venture capitalists are able to overcome disadvantageous situations in trade sales, resulting in comparable returns across all trade sale categories.
Journal gelistet in FT45 Ranking: 
nein

Jahr: 
2014

Band: 
43

Heft / Issue: 
3

Seiten: 
621-637

Urteilsanmerkung / Urteilsbesprechung: 
0

Key publication: 
Ja

Peer reviewed: 
Ja

International: 
Ja

Book review: 
Nein

commissioned: 
not commissioned

Professional Journal: 
Nein

Interdisziplinarität: 
Nein

Leitbild: 
;

Ethics & Sustainability: 
Nein

Occurences:

- Einrichtungen > Fakultäten > Fakultät für Wirtschaftswissenschaften > Kompetenzfelder > Finance & Accounting > Lehrstuhl für Entrepreneurial Finance 2 (Prof. Braun) > Key Publications

entries: