The Institutional Change in China after its Reform in 1979

An Institutional Analysis with a Focus on Mergers and Acquisitions
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An Institutional Analysis with a Focus on Mergers and Acquisitions

Institutionele verandering in China na de hervorming van 1979
Een institutionele analyse met een focus op fusies en overnames

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Preface

When packing my suitcases for the trip to Rotterdam once again, I realised that this would be the last trip for my doctoral research abroad. After participating in the Ph.D. Masterclass, which was organised by the China-Holland Education & Research Centre (CHERC) at Erasmus University Rotterdam in July and August 1999, I won the position of Ph.D. candidate in the school of economics, Erasmus University Rotterdam. Since then I have been flying between Shanghai and Rotterdam from time to time.

Pursuing a PhD study abroad is not an easy task. In writing this dissertation, I encountered a lot of difficulties. Fortunately, many persons kindly helped me to finish this programme. My thanks go to all of them.

My dissertation is a combination of theoretical research and empirical study. I owe my thanks to my supervisors. Without their help, my dissertation would never have been finished. First of all, I would like to express my sincere gratitude to my promoter, Prof.dr. J.P.M. Groenewegen. Prior to my entrance to EUR, I always wondered: why China cannot be listed as one of the most wealthy and powerful countries in the world though she has the most diligent people. It is John who led me into the world of Institutional Economics. “Institutions do matter.” I still remember that we discussed from sunrise till sunset at his home in Delft. And, he was so kind to offer me his own office in Erasmus University. Especially for the final touches of my dissertation, John spent an enormous amount of time reading the draft one after another and correcting it word by word.

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Though the completion of my PhD program is approaching, I hope the cooperation with John and Onno in the academic field will continue. Moreover, I hope to see more educational communication between China and the Netherlands and will do whatever I can to support this.

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I am very grateful to my parents for their care and love that enabled me to pursue a PhD study abroad. They encouraged me to work hard. Otherwise I would not have been able to finish this programme in 4 years and get the PhD degree overseas.

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Yiwen Fei

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Abbreviations

ACC    American Chamber of Commerce
ADB    Asian Development Bank
AMC    Asset Management Company
BSAM   The Bureau of State-owned Asset Management
CAR    Cumulative Abnormal Returns
CBRC   China Banking Regulatory Commission
CCP    Chinese Communist Party
CEEFSU Central and Eastern Europe and the Former Soviet Union
CIRC   China Insurance Regulatory Commission
CPE    Centrally Planned Economy
CSRC   China Securities Regulatory Commission
EV     Excess Volume
FDI    Foreign Direct Investment
GDP    Gross Domestic Product
IMF    International Monetary Fund
IPO    Initial Public Offering
M&A    Merger and Acquisition
MOF    Ministry of Finance
NCE    Neoclassical Economics
NIE    New Institutional Economics
NPL    Non-performing Loan
OIE    Original Institutional Economics
PBOC   People’s Bank of China
PPP    Purchasing Power Parity
PRC    People’s Republic of China
ROE    Return on Equity
SASAC  State-owned Assets Supervision and Administration Commission of the State Council
SSE    Shanghai Stock Exchange
SZSE   Shenzhen Stock Exchange
SOEs   State-owned Enterprises
SSB    China State Statistics Bureau
TCE    Transaction Cost Economics
TVE    Town and Village-owned Enterprise
UNDP   United Nations Development Programme
WTO    World Trade Organization