

SIMILARITY AND CORPORATE ACQUISITIONS:  
A TEXT-BASED ANALYSIS

By YUKITO KOMURO, NAOSHI IKEDA and KOTARO INOUE

《SUMMARY》

We use text-based analysis of annual reports of Japanese listed firms to examine relationship between similarity among firms and probability of occurrence of mergers and acquisitions. In particular, we measure business similarity and technological similarity among listed companies from the texts. We show that higher similarities between two firms increase the probability of acquisition between the two. This paper shows that text data in annual reports is informative to predict corporate behavior in Japan.

(Tokyo Institute of Technology, Nihon University and Tokyo Institute of Technology)