



# APO

Asian Productivity Organization

## P-Glossary



### Acquisition

An acquisition is a corporate action in which a company buys most, if not all, of the target company's ownership stakes to assume control of the target firm. Acquisitions are often made as part of a company's growth strategy whereby it is more beneficial to take over an existing firm's operations and niche compared with expanding on its own. Acquisitions are often paid for in cash, in acquiring company stock, or a combination of both.

Acquisitions can be either friendly or hostile. Friendly acquisitions occur when the target firm expresses its agreement to be acquired, whereas hostile acquisitions do not have the same agreement from the target firm and the acquiring firm needs to purchase large stakes of the target company to gain a majority stake. In either case, the acquiring company often offers a premium on the market price of the target company's shares to entice shareholders to sell. In an acquisition, after the purchase of one company by another, often no new company is formed.

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