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Learning in Serial Mergers: Evidence from a Global Sample

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Learning in Serial Mergers: Evidence from a Global Sample

Abstract

Do frequent acquirers learn from their experience in serial mergers? A recent stream of literature has proposed that the generally observed declining investor response (*CARs*) to successive acquisitions by frequent acquirers may be evidence of learning, rather than the result of commonly attributed causes such as managerial hubris or empire-building. We examine the learning hypothesis on a global scale, using a sample of 13,326 publicly listed acquiring firms representing 72 nations conducting 27,305 acquisitions over the period 1984 through 2014. Our results provide evidence of acquirer learning on a global scale in the valuation of private targets. In contrast, we find evidence of hubris in takeovers of public targets, especially in the U.S., and other competitive takeover markets, where acquirers experience persistent, significant losses over successive acquisitions, while targets continue to reap significant gains throughout the acquisition sequence.

Keywords: mergers and acquisitions, frequent acquirers; serial mergers; learning hypothesis; acquirer learning; acquirer returns; target returns; cross-border mergers; unlisted targets; competitive takeover markets

JEL Classification: G14; G15; G30; G34

Data Sharing Statement: The data used in this study are available from Refinitiv SDC Platinum and Datastream as well as Standard & Poor's Execucomp databases. Restrictions apply to the availability of these data, which were used under license for this study.

Learning in Serial Mergers: Evidence from a Global Sample

1. Introduction

Acquirers' motivations in mergers and acquisitions activity have puzzled many researchers, mainly because the cumulative abnormal returns (*CAR*) for acquirers around the merger announcement date tend to be small, insignificant, or even negative (e.g., Jensen and Ruback, 1983; Jarrell and Poulsen, 1989; Masulis et al., 2007). Some initial explanations of this phenomenon highlighted the hubris hypothesis (Roll, 1986), supported by later observations that the *CARs* of serial acquirers decline with every subsequent deal (e.g., Billet and Qian, 2008). Using an alternative perspective, Aktas et al. (2009) theorize that declining acquirer *CAR* with subsequent acquisitions should be expected if acquirers learn from the market feedback from their earlier acquisitions. That is, acquiring firms learn from their earlier experience, value targets more accurately, and bid more aggressively in subsequent acquisitions, thereby increasing the probability of completing the subsequent acquisition. Aktas et al. (2011) provide empirical evidence to support this hypothesis for 315 CEO-firm pairings in acquisitions of U.S. public targets over the period 1992 through 2007. Aktas et al. (2013) use a global sample to demonstrate that another metric of interest, the time elapsed between successive deal announcements, can also be used to demonstrate learning behavior.

This study aims to provide global evidence of acquirer learning using a large sample of domestic and foreign takeovers. A scant few previous studies have focused on serial acquirers from the U.K. (Conn et al., 2004; Antoniou et al., 2007) and the U.S. (Billet and Qian, 2008; Collins et al., 2009; Aktas et al., 2011) studying, for the most part, domestic mergers and acquisitions. Aktas et al. (2013) provide evidence on a global scale, examining the time elapsed between successive deals (*TBD*), and demonstrating that this simple measure can be used to

provide evidence for the learning hypothesis. To expand the current literature, this study contributes to the global evidence on the learning hypothesis by examining both the cumulative abnormal return (*CAR*) surrounding the deal announcement as well as the time between deals (*TBD*). We use a large global sample of 27,305 acquisitions by 13,326 publicly listed acquirers representing 72 nations from 1984 through 2014. Furthermore, we glean additional evidence of acquirer learning by examining the target cumulative abnormal returns (*TCAR*) surrounding acquisitions of 7,955 publicly traded targets. Our findings provide evidence of acquirer learning in acquisitions of private and public targets from less competitive takeover markets. In observing the series of deals made by acquirers, we discover that the well-documented positive acquirer *CAR* associated with private target acquisitions (e.g., Ang and Kohers, 2001; Conn et al., 2005) holds only for the first acquisition made. Beyond the first deal, the subsequent private target deals produce significantly negative acquirer *CARs*, a result that has not been highlighted in previous literature. However, this negative acquirer *CAR* in private target acquisitions is not as persistent as that in public target acquisitions. In public target deals, it appears that learning is hampered in competitive takeover markets, where the acquirer's *CAR* is increasingly significantly negative in successive acquisitions through the 7th acquisition. Examining target *CARs* in successive acquisitions made by acquirers shows that targets benefit from acquisition sequences, especially if the target is purchased later in the sequence.

2. Multiple acquisitions and learning

A cursory examination of the evidence on the takeover performance of multiple acquirers generally reveals lackluster outcomes for these acquirers. Early studies find positive gains for multiple bidders (e.g., see Asquith et al., 1983; Loderer and Martin, 1990). However, later

studies suggest that multiple acquirers generate insignificant or negative abnormal returns upon announcement of their first acquisition; further, these *CARs* become more negative with subsequent deal announcements (e.g., see Fuller et al., 2002; Billet and Qian, 2008).

The decline in acquirer gains with multiple acquisitions could be due to overconfidence or hubris. For example, examining domestic M&A involving U.S. public firms from 1985 through 2002, Billett and Qian (2008) find that a CEO's first deal generally exhibits insignificant wealth effects while their subsequent deals tend to elicit negative reactions. Examining CEOs' subsequent acquisitions activity, and their legal insider trading activity, demonstrates that CEOs exhibit overconfidence and self-attribution from successful deals. These traits increase their likelihood of making subsequent acquisitions, even though the later acquisitions are value destructive to the firm. However, other studies examining frequent acquirers do not find pervasive evidence of acquirer hubris. In particular, Ahern (2010) studies a large sample of U.S. multiple acquirers and presents evidence of the q-theory. He finds that as acquirers become larger, their optimal targets also become larger in absolute terms, but smaller relative to the acquirers.

Other studies suggest that declining acquirer gains in serial acquisitions may be driven by managerial or institutional learning from experience and market feedback. In their examination of multiple acquisitions in the U.K., Conn et al. (2004) observe that for acquirers whose first acquisitions are successful, short and long-run performance declines significantly with each subsequent acquisition. On the other hand, acquirers with unsuccessful first attempts performed better with subsequent acquisitions. They attribute these findings to the learning effects based on the success of the first bid.

In developing a theory of acquirer learning, Aktas et al. (2009) hypothesize that both rational and hubristic CEOs learn from the investors' reactions to their previous deals and adjust their subsequent bidding behavior accordingly. More specifically, hubristic bidders overbid for their targets in their initial acquisition attempt. This tendency leads the acquiring firm to experience insignificant or negative investor reaction (*CARs*) to the deal's announcement. These hubristic bidders then learn from their initial experience and exhibit more rational behavior in subsequent bids, eliciting less negative (or even positive) reaction from their subsequent acquisition announcement. On the other hand, rational bidders may be too cautious in their first bid, underbidding for their targets. If they succeed, the announcement effect to the acquiring firm is large and positive. These rational bidders then take their cue from investor reactions to their initial bids and may bid more aggressively the next time, thereby increasing the probability of completing the deal. The acquirer *CARs* during the next acquisition announcement is then somewhat subdued, but still positive.

While prior studies have attempted to assess acquirer learning in domestic acquisitions, our study provides a more comprehensive examination of acquirer learning on a global scale. Why would acquirer learning be different in international cross-border mergers? A number of factors could potentially influence acquirer learning in a global context. The previous literature suggests several advantages of cross-border deals over domestic ones. For example, international mergers may provide better investment opportunities for acquirers, who can choose from a wider selection of diverse targets, which in turn may lead to higher synergy and efficiency gains (Moeller and Schlingemann, 2005). Foreign takeovers could also benefit acquirers from competitive takeover markets (i.e., U.S., U.K., and Canada) by providing potentially valuable, but less expensive, target firms in less competitive takeover markets (see Alexandridis et al.,

2010, and Meng and Sutton, 2017). At the same time, learning may be more difficult in cross-border acquisitions, given the potential diversity of targets and the potentially severe information asymmetry in foreign takeovers. Specifically, this asymmetric information in cross-border deals can increase the acquirer's likelihood of valuation error. This risk is compounded in some countries where accurate financial information for companies is not the norm, especially for privately-held firms. In addition to the heightened asymmetric information in cross-border takeovers, the diversity of transactions in different countries may not be conducive to acquirer learning. That is, one foreign acquisition may look very different from another foreign acquisition, so the potential for learning from one acquisition to the next may be more limited.

Another metric of interest, theorized by Aktas et al. (2009) and empirically examined in Aktas et al. (2013), is the time between deals, or *TBD*. *TBD* is an observable proxy for the unobservable probability of completing the next deal. Hubristic CEOs, after their initial disappointing market feedback (*CAR*), will make less hubristic bids in successive attempts. As a result, they lower the probability of completing the next deal. On the other hand, after their initial encouraging investor feedback, rational CEOs bid more aggressively on successive attempts, thereby increasing the probability of completing the next deal. Empirically, we can observe this with less time elapsing between two successive deals (*TBD*) for rational managers compared to initially hubristic managers. Using a global sample, Aktas et al. (2013) evaluate *TBD* and its normalized counterpart, abnormal *TBD* or *ATBD*, and demonstrate that this simple metric is a useful means to infer learning in acquisitions.

Extending Aktas et al. (2011), who study CEO learning behavior in a select sample of 164 U.S. bidders, our study contributes to the literature by examining acquirer learning in the global takeover market based on over 13,000 acquirers involved in more than 27,000 mergers

and acquisitions in 72 countries. We also extend the global evidence from the time between deals (*TBD*) presented in Aktas et al. (2013) by examining patterns in acquirer abnormal returns (*CAR*), which were not previously explored at the international level. In addition, we analyze public target abnormal returns (*TCAR*) in successive deals worldwide, which has been overlooked in the prior literature. Thus, our results provide a comprehensive investigation of acquirer learning in worldwide M&A.

3. Hypotheses examined in this study

While Aktas et al. (2009, 2011) theorize and study learning by CEOs in sequential acquisitions, we examine the impact of learning at the firm level with a comprehensive global sample. Our focus on institutional learning is relevant as we posit that institutional decisions are seldom decisions made by an individual manager. Rather, institutional decisions such as M&As are conducted by a managerial team (e.g., Nielsen and Nielsen, 2011), often involving corporate boards, especially in large publicly held corporations. As such, even after an individual manager's departure, institutional memory will remain with the acquiring firm and impact its performance in subsequent acquisitions. Others (e.g., Hayward, 2002; Collins et al., 2009) have also drawn inferences of learning behavior by examining firm-level metrics. This theory of institutional memory and organizational learning has been developed extensively in the strategic management literature (e.g., Nelson and Winter, 1982; Levitt and March, 1988; Amburgey and Miner, 1992; Haleblan et al., 2006) as well as in the context of mergers and acquisitions (Finkelstein and Haleblan, 2002; Hitt et al., 2001; Hayward, 2002; Zollo and Singh, 2004; and Vermeulen and Barkema, 2001). With repeated acquisitions, firms develop knowledge and expertise regarding target selection, valuation assessment, negotiation strategy, and integration

(Collins et al., 2009). This knowledge may develop into routines and procedures over time that can serve as a type of codified playbook for future M&A (Zollo and Singh, 2004). Thus, this type of learning transcends an individual CEO and exists at the organizational level over longer periods, beyond the CEO's tenure.

Building on the learning theory developed in Aktas et al. (2009), we have two main hypotheses. Aktas et al. (2009) posit that both rational and hubristic acquirers will learn from prior acquisition experience and adjust their behavior during subsequent acquisitions. A strong positive investor response (*CAR*) to the initial merger announcement will encourage the rational bidder to bid more aggressively during the subsequent acquisition, thereby increasing the likelihood of bidders to complete a subsequent acquisition successfully. On the other hand, a disappointing initial response will cause a hubristic bidder to become more cautious during a subsequent acquisition attempt, decreasing the likelihood of completing the next deal. Since prior probabilities of making a subsequent acquisition are unobservable, we can use the time elapsed before a subsequent deal announcement as its proxy. Hence, along with the observed *CARs*, we use the time between deals (*TBD*) as a test for learning in serial mergers. In our analysis, we use a normalized measure of time between deals (*ATBD*). Multiple acquisitions by the same acquirer are numbered to enumerate the deal sequence in a measure labeled deal order number (*DON*). Therefore, we test the following hypotheses:

H1: If the acquirer *CAR* during the first merger announcement is positive (negative), the subsequent announcement *CAR* will be lower (higher), reflecting learning demonstrated by rational (hubristic) bidder. Overall, we expect the correlation between CAR_d and DON_d to be negative.

H2: If the acquirer *CAR* during the first merger announcement is positive (negative), the time elapsing before the subsequent deal (*TBD*) will decline (rise), reflecting a greater (lesser) probability of completing a subsequent deal. Overall, we expect the correlation between $ATBD_{d,d-1}$ and DON_d to be negative.

Additionally, we examine the target's abnormal return focusing on the acquirer's deal experience. As learning occurs, we expect evidence of better target valuation by bidders to materialize in higher target abnormal return (*TCAR*) with subsequent deal announcements. Aktas et al. (2009) theorize that acquirers can value targets more accurately and bid more aggressively in subsequent acquisitions by learning from earlier acquisitions.

Therefore, we also examine the following additional hypothesis:

H3: Reflecting a greater accuracy in valuing targets and more aggressive bidding as acquirers gain experience with sequential acquisitions, we expect the correlation between $TCAR_d$ and DON_d to be positive.

4. Data and Methodology

Our primary sample of global mergers and acquisitions is extracted from the Refinitiv Securities Data Company's (SDC) Mergers & Acquisitions database. We include all completed majority stake mergers involving both U.S. and non-U.S. acquirers with acquisition values exceeding 10 million U.S. dollars. Since we need equity returns for our analysis, we eliminate unlisted acquirers (i.e., private acquirers and acquirers that are subsidiaries) from the sample. Former joint ventures between an acquirer and a target, which lead to later acquisitions, are also removed from the sample. Then, we extract equity prices for acquirers and publicly listed targets from the Refinitiv Datastream database. Market returns for acquirer and target nations are

measured by returns from that country's Datastream Total Market Return Index.¹ Using a similarly-constructed market index for each country provides some consistency in measured abnormal returns. To mitigate confounding investor reactions and obtain relatively clean windows for calculating cumulative abnormal returns, merger announcements by a single company made within five days of a prior merger announcement are eliminated from our sample. Finally, following prior studies, we eliminate financial companies (Fama-French industry codes 44-47) from the sample. Our final sample includes 13,326 publicly listed acquirers from 72 nations with 27,305 merger announcements over the sample period from 1984 through 2014. While most targets are private companies or subsidiaries, our sample does include equity returns for 7,955 publicly listed targets.

In calculating abnormal returns, we use a simple market-adjusted model following several recent studies. As explained succinctly in Cai et al. (2011), firms with significant recent stock price appreciation are more likely to make acquisition bids. Hence, conditioning event period abnormal returns on an atypical estimation period, as in a market model *CAR* estimation, can introduce significant bias.² Therefore, we define cumulative abnormal return for firm i over the event window w in market m as:

$$CAR_{iw} = \sum_{t=1}^w (R_{it} - R_{mt}) \quad (1)$$

CARs are winsorized (0.01, 0.99) to minimize the impact of outliers. In our analysis, we examine cumulative abnormal returns using a 3-day window *CAR* (-1,+1).³ While acquirer cumulative abnormal returns are referenced as *CAR* in this manuscript, target cumulative abnormal returns are labeled as *TCAR*.

Another variable of interest is the time elapsing between deals (*TBD*). *TBD* represents the number of days elapsing between an acquirer's two successive deals. *TBD* is an important

metric that proxies the unobservable *a priori* probability of an acquirer making a subsequent acquisition (Aktas et al., 2009). M&A activity has been shown to occur in waves following global economic and industry cycles. Hence, we use a normalized metric *ATBD*, or abnormal *TBD*, in our empirical examinations. Following Aktas et al. (2013), we compute *ATBD* as the difference between *TBD* and the median *TBD* of all deals in our sample occurring during the same year within the same industry.

$$ATBD_{d,d-1} = TBD_{d,d-1} - Median(TBD_{i,t}) \quad (2)$$

In the multivariate analysis, we test for institutional learning from one deal to the next by examining the impact of the deal order number (*DON*) on the *CAR* generated upon an acquisition announcement. Among the empirical implications of the learning hypothesis, theorized in Aktas et al. (2009), is the contention that both rational and hubristic bidders will learn from the investors' response to their acquisition announcement. Hubristic bidders will receive disappointing or negative feedback, learn from it, and adjust their bidding behavior, leading to less disappointing results in their subsequent bids. Rational bidders will find reassurance in the positive market reaction to their first bid and bid more aggressively during the next bid, generating somewhat lower returns. Therefore, overall, we expect a negative correlation between *CAR* and *DON*. Figure 1, Panel A, displays the dispersion of *CARs* across the deal sequence (*DON*). We use a quadratic term to capture the evident nonlinearity and examine the coefficients of the following multivariate regression.

$$CAR_d = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon \quad (3)$$

Control variables employed are ones that are typically expected to have an impact on acquirer *CAR* during merger announcements. In addition, we use fixed effects regressions to

control for unobservable traits unique to the acquiring firm, announcement year, and target country. These controls are discussed in the next section.

With regards to the time elapsing between sequential deals (*ATBD*), the empirical implication of the learning hypothesis is that time between deals will decline as the deal order number increases. A visual representation provided in Figure 1, Panel B, hints that this relationship is nonlinear. Aktas et al. (2013) find a similar nonlinear association between *ATBD* and *DON*. Hence, we examine the influence of DON_d on $ATBD_{d,d-1}$ for multiple acquirers using the following regression:

$$ATBD_{d,d-1} = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon \quad (4)$$

Next, we look at the relationship between the cumulative abnormal returns accruing to the target (*TCAR*) and the sequence of acquirer's deals (*DON*). If acquirers learn from their acquisition experience and value their targets more accurately with subsequent acquisitions, then we would expect the relationship between *TCAR* and *DON* to be positive. With more accurate bidding from acquirers, target CARs should be higher in subsequent acquisitions. We test this hypothesis with our next set of regressions.

$$TCAR_d = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon \quad (5)$$

5. Control Variables and Fixed Effects Estimation

We include a number of common control variables used in cross-sectional analysis of mergers and acquisitions. We classify them into three categories: deal characteristics, acquirer characteristics, and country characteristics.

Deal characteristics: Following prior literature, we use a dummy variable '*Industry Focus*,' which equals 1 when the acquirer and the target belong to the same Fama-French industry group, and 0 otherwise.⁴ Further, we control for tender offers using the variable '*Tender Offer*,' contested mergers with a variable '*Challenged*,' and 100% cash transactions using the variable '*Cash Transaction*.' All of these are dummy variables that equal 1 when the particular condition is satisfied, and 0 otherwise. Additionally, '*Transaction Value*,' the natural logarithm of the transaction value expressed in U.S. dollars, controls for the size of the transaction. '*Public Target*' is a dummy variable equal to 1 if the target firm is publicly traded, and 0 otherwise. Since we examine a global sample of acquiring firms, we can expect acquirer returns to be impacted by differences in business practices, law, and culture between the acquirer's and the target's nation. Therefore, we include an indicator variable for '*Cross-Border*' acquisitions, which equals 1 when both target and acquirer come from different countries, and 0 otherwise. Mergers and acquisitions tend to occur in waves in calendar time. For example, merger activity is high in times of high market valuation (Rhodes-Kropf and Viswanathan, 2004). Hence, we employ a '*Merger Wave*' dummy equal to 1 when the acquisition was announced during a global merger wave year as identified by Ahmad et al. (2020), and 0 otherwise.

Acquirer characteristics: In order to control for differences in characteristics of acquiring firms, we use firm size, valuation, cash flow availability, and profitability at the end of the fiscal year ending prior to the bid announcement. '*Firm Size*' is the natural log of a firm's total assets expressed in U.S. dollars, '*Return on Assets*' is the acquiring firm's net income expressed as a proportion of total assets, '*Free Cash Flow / Total Assets*' is the acquiring firm's free cash flows as a proportion of total assets, '*Capital Expenditure / Total Assets*' is the acquirer's

capital expenditures as a proportion of total assets, while '*Market to Book Value*' is the market value of the company's common equity over its book value.

Country characteristics: Several country-specific factors are likely to have a significant impact on acquisition behavior. Urban (2019) argues that hierarchical countries are less likely to fire their CEOs. We expect CEO learning to be more aligned with institutional learning in more hierarchical countries. Hence we control for hierarchy in the acquiring firm with Hofstede's (Hofstede et al., 2010) power distance index for the bidder's country. Higher scores of '*Bidder Power Distance Index*' indicate higher levels of hierarchy. To control for varying legal structures between the bidder and the target nation, we employ a dummy variable '*Same legal structure*,' which equals 1 when both the bidder and the target are from common law or civil law countries, and 0 otherwise. We also expect differences in the governance culture between bidder and target nations to influence investor reactions and time required to complete a deal. Hence, we examine the various worldwide governance indicators available from the World Bank and use the difference between control of corruption scores.⁵ '*Differences in Corruption Control*' is the difference in the World Bank's control of corruption scores between the acquirer and the target nation. A higher difference indicates migration of the target from a more to a less corrupt environment.

In addition to estimating regression models using the control variables listed above, we also employ *fixed effects* estimation to control for unobservable traits unique to the acquiring firm, year of the merger announcement, and the target country. Year fixed effects are useful in endogenizing the effects of merger waves and any other year specific influence. Therefore, while estimating the fixed effects models, we do not employ the merger wave dummy and any

firm-specific or country-specific control variables used in the regression models which do not employ fixed effects estimation.⁶

6. Results

Univariate Analysis

We explore our global sample of acquirers in Table I. Our sample represents acquirers from 72 nations who made a total of 27,305 acquisitions, of which 19,214 were domestic, and 8,091 were cross-border acquisitions. As is evident from the distribution in Table I, U.S. acquirers dominate, comprising nearly 38% of the sample, while acquirers from the U.K. account for nearly 11% of the sample. Canada comprises another 7.5% of the sample. Taken together, these three markets are considered to be the most competitive M&A markets (Alexandridis et al., 2010) and account for more than half (56.43%) of our overall acquirer sample. Other major players in M&A activity are acquirers from Australia, China, and Japan, together representing more than 18% of acquisitions. Other Western European nations, aside from the U.K., account for another 11% of the sample. Among the remaining acquirer nations, Brazil, Hong Kong, Israel, India, Malaysia, Russia, Singapore, South Africa, South Korea, and Taiwan are also well represented in the sample, each with more than 100 acquisitions. An examination of the relative frequency of domestic versus cross-border mergers reveals that acquirers in countries such as China, the U.S., Japan, South Korea, and Australia focus more on domestic mergers. For example, 94% of Chinese acquisitions and 82% of U.S. acquisitions are domestic. On the other hand, acquirers in some developing nations, as well as some nations in Europe, rely more on cross-border acquisitions. For example, 59% of the acquisitions in Mexico and 84% of the acquisitions in Sweden are cross-border.

We begin our analysis with an overview of the acquirers' cumulative abnormal returns (*CAR*) and abnormal time between deals (*ATBD*) for the full sample, as well as for the public target and private target subsamples in Panel A of Table II. If learning takes place, we expect a reversal of *CAR* between the first and subsequent acquisitions with steady convergence toward zero, and a reduction in *ATBD*. For the overall sample, we note that the average acquirer *CAR* on the first acquisition is positive and significant, turning negative and significant with the second acquisition. In line with the learning hypothesis, we find evidence of a rational acquirer who initially might undervalue and underpay for the target in the first acquisition, thereby creating a positive shareholder response. The acquirer learns from this acquisition, the uncertainty of evaluating the next target declines, and bidding for the next acquisition becomes more aggressive, possibly resulting in overpayment, which can explain the negative *CAR* for the second acquisition. However, instead of continuous learning, as evidenced by *CARs* converging toward zero, we find for the overall sample that the acquirer *CAR* remains significantly negative through the 8th acquisition. The persistence of significantly negative *CARs* over such an extended period might be more consistent with a hubris explanation, as documented in the M&A literature. On the other hand, as predicted by the learning hypothesis, the abnormal time between deals (*ATBD*) does fall consistently over subsequent acquisitions. Hence, the full sample provides mixed support for the learning hypothesis. We now turn our attention to subsamples.

Examining public and private (unlisted) targets separately in the same table shows that the observed significant and positive *CAR* earned by acquirers in the overall sample is mainly driven by acquisitions of private (unlisted) firms, consistent with Fuller et al. (2002), Ang and Kohers (2001), and Antoniou et al. (2007). In the case of public targets, acquirers elicit insignificant *CARs* during their first acquisitions, indicating accurate bidding. Subsequent

acquisitions elicit significant and negative *CARs*. Again, this trend persists through several consecutive acquisitions without clearly tending towards zero, which is more consistent with a hubris hypothesis. In contrast, the *CAR* for the first acquisition of private targets is positive and significant, which reverses to significantly negative with the second acquisition. Acquirer *CARs* then trend more quickly towards zero over the next four acquisitions. Hence, the *CAR* behavior for private target acquisitions is more consistent with the learning hypothesis. A notable finding in the sequence of unlisted target acquisitions is that the commonly observed positive acquirer *CAR* is only evident in the first acquisition made. After the first acquisition, the acquirer *CAR* in acquisitions of unlisted targets is negative or insignificant. To our knowledge, this reversal in acquirer *CAR* has not been clearly documented in previous literature examining acquisitions of unlisted targets. In a similar examination of U.K. bidders of private targets, Antoniou et al. (2007) find more persistent positive acquirer *CARs*, which extend until the 4th deal. Looking at time between deals, we see that *ATBDs* decline again consistently for both subsamples. If we assume that time between deals is an indication of learning, as in Aktas et al. (2013), *ATBDs* remain more consistent with predictions of the learning hypothesis.

Much of the extant literature examining acquirer *CARs* in multiple acquisitions has focused on U.S. acquirers. In Table II, we further examine the sequence of acquirer *CAR* and *ATBD* separately for Non-U.S. acquirers (Panel B) and U.S. acquirers (Panel C). A notable difference between the two groups reveals that hubris appears to set in early and lasts longer for acquisitions of public targets by U.S. acquirers (Panel C). Acquirer *CAR* is negative and highly significant in the first acquisition and remains so with increasing magnitude for several subsequent acquisitions. Non-U.S. acquirers (Panel B) appear to learn in the beginning, even in acquisitions of public targets, where a positive *CAR* in the first acquisition reverses sign and

decays to zero within a very few subsequent acquisitions. Once again, the evidence of learning is clearer in the sequence of *CARs* for private targets in both groups. As before, the sequence of *ATBDs* provides stronger evidence of learning in either case.

Table II thus provides support for learning of rational acquirers of private targets, and mixed support for learning of rational acquirers of public targets. One explanation for the persistence of negative *CARs* in the acquisition of public targets might be due to competitive markets in the home country. Hence, we examine domestic vs. cross-border acquisitions next, followed by competitive vs. non-competitive markets.

Panel A of Table III presents *CARs* and *ATBDs* for domestic acquisitions only, while similar information is shown for cross-border acquisitions in Panel B. Both panels examine the overall sample as well as public and private (unlisted) target acquisitions separately. The domestic subsample (Panel A) closely mirrors the results presented in Panel A of the previous table. Again, the full sample indicates that the significant and positive acquirer *CAR* garnered during the first acquisition is driven by acquisitions of private targets. The full sample *CAR* becomes significantly negative with the second acquisition and remains significantly negative through the 8th acquisition.⁷ With public targets, even the first acquisition *CAR* is significantly negative, with an increase in announcement return losses for several subsequent acquisitions. *CARs* do not converge to zero until the 8th acquisition. On the other hand, and in line with the prior table and the learning hypothesis, *CARs* for unlisted targets reverse from significantly positive to significantly negative between the first and second acquisition, and convergence toward zero is reached after the 4th acquisition. The time elapsing between acquisitions (*ATBD*) does behave consistently with the predictions of the learning hypothesis, declining with subsequent acquisitions for both subsamples.

When we turn our attention to cross-border acquisitions in Panel B of Table III, one startling point of departure emerges with acquisitions of public targets. Whereas acquirer *CARs* for public acquisitions in domestic mergers are significant and negative for the first seven acquisitions (as shown in Panel A), they are mainly insignificant for public acquisitions in cross-border mergers (displayed in Panel B).⁸ This suggests that cross-border acquirers use more caution and engage in more deliberative bidding when acquiring public targets compared to domestic targets. More deliberative bidding would make sense considering the additional risk and uncertainty of entering a foreign market. In this case, we should expect a similar behavior for acquisitions of unlisted targets. Alternatively, we might observe less aggressive bidding if the foreign market is less competitive than the home market. In the case of acquisitions of private (unlisted) targets, acquirer *CARs* show a reversal from significantly positive to significantly negative, and very quickly trend to zero (by the 4th acquisition), remaining so for subsequent acquisitions. This evidence is largely consistent with the learning hypothesis. Once again, the time elapsing between acquisitions (*ATBD*) declines with subsequent acquisitions, remaining consistent with the learning hypothesis.

Some prior research suggests that acquirers fare worse in the most competitive M&A markets of the U.S., U.K., and Canada, where they are forced to pay larger premiums for their targets (e.g., Alexandridis et al., 2010; Meng and Sutton, 2017).⁹ In such cases, the acquirer *CARs* should be lower in these markets than the rest of the world. Table IV presents *CARs* and *ATBDs* by *DON* for acquirers acquiring targets from the U.S., U.K., and Canada in Panel A, and targets from other countries in Panel B. This breakdown between competitive versus less competitive takeover markets yields notable findings. In the most competitive takeover markets (Panel A), acquirer *CARs* for acquisitions with public targets remain significant and negative for

the initial deal and several subsequent deals. The average acquirer *CAR* from the 2nd through the 7th deal ranges between -1.56% to -2.00%, significant each time at the 1% level. In contrast, acquirers with public targets from less competitive markets (Panel B) earn a significant and positive *CAR* at their first acquisition, which reverses to significantly negative (-0.53%), but quickly converges to zero by the 3rd acquisition. In the case of private (unlisted) targets, acquirer *CARs* from all markets (in both Panels A and B) are significantly positive at first, reverse to significantly negative, and converge to zero by the 5th (competitive takeover market) or 4th (non-competitive takeover market) acquisition. Therefore, the pattern of acquirer *CARs* for acquisitions of public targets displays competitive hubris in the M&A markets of the U.S., U.K., and Canada. On the other hand, acquirer *CARs* of private (unlisted) targets in all markets, as well as public targets in less competitive markets, display a pattern more consistent with the learning hypothesis. The abnormal time between deals (*ATBD*) declines with sequential deals in all of these markets, in a manner consistent with the learning hypothesis.

Our analysis focuses on institutional memory and organizational learning in M&A as firms develop knowledge and expertise with repeated acquisitions that develop into routines and procedures over time. This type of organizational learning would extend beyond an individual CEO's tenure. Nevertheless, it is difficult to disentangle CEO learning from firm learning in our current analysis. We attempt to address this issue by separating the sample into acquirers which experienced a CEO change during the acquisition sequence and those which kept the same CEO. This analysis focuses on U.S. acquirers only since we must match with the S&P Execucomp database to obtain CEO turnover information. The acquirer *CARs* are shown by deal sequence number for the overall sample and both of the subsamples mentioned above in Table V. We note that the pattern of acquirer cumulative abnormal returns (*CAR*) with successive acquisitions is

similar for firms with no CEO change as compared to firms with CEO changes during its sequence of acquisitions. Specifically, acquirer *CARs* are not significantly different from zero during the first acquisition and then turn significantly negative for the next few acquisitions. This is indicative of hubris and remains true whether or not there was a CEO turnover. This evidence suggests that these M&A patterns exist at the organizational level as opposed to the individual CEO level.

Multivariate Analysis

The multivariate analysis draws its motivation from Aktas et al. (2013). The added contribution of this study is its examination of the acquirer *CAR* along with *ATBD* to draw a more conclusive inference of learning behavior and to explore learning in subsamples commonly examined in the literature. Further, when targets are publicly listed companies, we also examine target abnormal returns, *TCAR*, to glean additional insights into acquirers' learning behavior. Table VI (Panel A) displays the impact of deal sequence (*DON*) on acquirer *CAR* for the overall sample, acquisitions with public targets only, and acquisitions with unlisted (private) targets only. In each case, we estimate two models, Model 1 employs control variables for the merger deal, acquiring firm, country characteristics, while Model 2 uses control variables for deal characteristics along with fixed effects estimation employing acquiring firm, year, and target country fixed effects.

From Table VI (Panel A), we note that the coefficient for *DON* is negative and statistically significant at the 1% level for the overall sample, as well as for the subsamples of public and private (unlisted) targets. This significantly negative association between acquirer *CAR* and *DON* is consistent with the univariate evidence. Given that the average acquiring firm

in our sample has a market value of USD 5.323 billion, the negative coefficient of -0.244% translates to approximately a USD 13 million in lowered acquirer gains from one acquisition to the next.¹⁰ Furthermore, a significant and positive coefficient for $(DON)^2$ confirms that this relationship is nonlinear, suggesting a steep learning curve with initial acquisitions, which moderates with later acquisitions. Hence, the difference in *CARs* is greater between the 1st and 2nd than between the 2nd and the 3rd announcement, and so on. These effects are robust to all controls employed in Model 1, the fixed effects employed in Model 2, and each subsample. Looking at the coefficients for control variables in the overall sample, we find that acquirer *CARs* are significantly lower when targets are publicly traded, consistent with prior studies (e.g., Fuller et al., 2002). Also, *CARs* tend to be lower during merger waves, an effect which is mainly driven by acquisitions of public targets. When the acquirer and the target hail from nations of similar legal structures, the observed *CAR* is higher. This time, this effect is mainly dominated by acquisitions of unlisted targets. Other variables of interest include the method of payment indicator variable, transaction value, and acquirer hierarchy, which have the opposite influence on public versus private target deals. In particular, the coefficient for the dummy for all cash transactions is significantly negative in acquisitions of private (unlisted) targets, but significantly positive in the case of public target acquisitions. Larger transactions appear to lower acquirer *CARs*, but only in the case of acquisitions of public targets. Cross-border transactions enhance acquirer *CARs* when targets are public but are insignificant when targets are private.

We observe the effect of deal sequence (*DON*) on the abnormal time elapsing between two subsequent acquisition announcements (*ATBD*) in Table VI (Panel B), using the same set of control variables and fixed effects estimation presented for *CAR* regressions in Panel A.

Consistent with Aktas et al. (2013), we find a significant negative coefficient for *DON* and a significant positive coefficient for $(DON)^2$. In general, the time between successive deal announcements shrinks as the firm gains more acquisition experience. Although we are unable to quantify the economic gains to acquirers in this case, the significantly faster execution of a subsequent deal may translate into significant savings for the acquiring firm if they are able to avoid a bidding war with potential competing bidders. This effect remains significant and robust even in the presence of control variables and fixed effects employed in models 1 and 2 for each subsample. A look at the coefficients for control variables indicates that acquisitions of public targets, acquisitions of larger targets, and acquisitions conducted by larger firms and firms with relatively higher free cash flows take longer. On the other hand, firms with higher capital expenditures and lower market to book value tend to take less time with acquisitions. Firms hailing from more hierarchical countries tend to accomplish acquisitions faster, whether targets are public or private (unlisted). In the case of private (unlisted) targets, acquisitions can be completed significantly faster when the bidder and the target are from countries with similar legal structure. This latter result is likely due to greater opacity and higher risk associated with private target acquisitions in markets with dissimilar legal structures.

Next, we examine regression results for subsamples of U.S. and non-U.S. acquirers separately in Table VII. Panel A reveals that acquisitions of public targets by U.S. acquirers do not produce significant coefficients for *DON* and $(DON)^2$. In contrast, for subsamples of U.S. bidders of unlisted targets and non-U.S. bidders of both, public and unlisted targets, these coefficients are significant and carry a sign consistent with the learning hypothesis. Given the average market values of the sample firms, these coefficients translate into an economic significance between USD 25 million and USD 48 million in investor response as acquirers learn

from one experience and move to the next. Examining the control variables, we find that cash transactions elicit higher bidder *CARs* when targets are public, and lower *CARs* for non-U.S. bidders when targets are unlisted. Larger transactions elicit higher investor gains when targets are private (unlisted), and lower investor gains when targets are public. Cross-border acquisitions elicit higher gains only for non-U.S. bidders acquiring public targets. Larger firms generate lower *CARs* when they acquire unlisted targets. Greater capital expenditures appear to matter more for enhancing the gains of U.S. acquirers only. The migration of targets to acquirer countries with better corruption control appears to bring significant positive gains to non-U.S. acquiring firms. In Panel B of Table VII, we examine the coefficients for regressions using the abnormal time between deals (*ATBD*) as the dependent variable. Once again, as we have noted in earlier tables for *ATBD*, the coefficients for *DON* and $(DON)^2$ are highly significant and carry the expected signs, consistent with the learning hypothesis, for all of the subsamples examined. Examining the coefficients of control variables does not reveal much consistency across various subsamples.

In Table VIII, we examine domestic acquisitions separately from cross-border acquisitions. Panel A shows that, in the case of domestic target acquisitions, the negative association between *DON* and acquirer *CAR* is present and significant, both for acquisitions of public and private (unlisted) targets. The economic significance is also relatively large, with a reduction of USD 43 million from one acquisition to the next for public targets, and a nearly USD 26 million decrease during the acquisition of a subsequent unlisted target. Also, the significant and positive coefficient on $(DON)^2$ confirms that this relationship is nonlinear. However, in the case of cross-border transactions, the negative coefficient on *DON*, as well as the positive coefficient on $(DON)^2$, is only statistically significant when targets are private

(unlisted) but not when they are publicly traded. Given the average market value of the acquiring firm and the large magnitude of the negative coefficient for cross-border acquisitions of private targets, the acquiring firm witnesses a lowered investor reaction to the tune of nearly USD 62 million during the subsequent acquisition. However, as noted above, this is only true for cross-border acquisitions of private targets. The coefficient for DON during cross-border acquisitions of public targets is not statistically significant. Therefore, our examination of the effect of deal sequence on acquirer *CAR* cannot confirm that learning with respect to rational payment for targets occurs in sequential cross-border acquisitions of public targets in general. This finding is in line with Collins et al. (2009), who state that learning is more likely to take place when the bidder can utilize experience about the local environment in future mergers. Naturally, bidders are most experienced in their home country. On the other hand, the experience from a cross-border transaction in Country A cannot be readily transferred to a cross-country transaction in Country B; hence, learning in cross-border transactions is less apparent (e.g., see Finkelstein and Halebian (2002)).

The most influential control variables are the method of payment indicator, the transaction size, size of the acquiring firm, and bidder hierarchy (proxied by the power distance index of the bidder's country). Cash-only transactions result in higher acquirer *CARs* when targets are public, and lower *CARs* when targets are private, consistent with previous evidence. Also, larger transactions result in smaller acquirer wealth effects only when targets are publicly traded. Merger waves tend to lower bidder gains for public targets during domestic acquisitions. In the case of cross-border mergers, migration of targets to a less corrupt environment also provides greater gains to the bidder. Table VIII, Panel B provides evidence of learning based on the abnormal time between deals for all of the subsamples examined. The relationship between

deal sequence (*DON*) and the time elapsing between subsequent deals (*ATBD*) remains significantly negative and nonlinear. An examination of the control variables reveals that, as one would expect, larger transactions take longer to complete. Larger acquirers also take longer to complete an acquisition. In domestic acquisitions, acquirers with more free cash flows appear to take longer, while acquirers from more hierarchical countries complete acquisitions faster.

Next, we attempt to see if there is a detectable difference in learning via serial acquisitions of targets from the competitive merger markets of the U.S., U.K., and Canada, as opposed to targets from the rest of the world. Prior literature (e.g., Alexandridis et al., 2010; and Meng and Sutton, 2017) has documented a difference in premiums paid and realized gains to targets from these countries versus the rest. Table IX (Panel A) appears to indicate that there may not be much difference between the two groups. The impact of deal sequence (*DON*) on acquirer *CAR* is high in magnitude and statistically significant for private (unlisted) targets, translating into an average tempering of acquirer gains of USD 26 million for private targets in competitive markets and USD 85 million for private targets in less competitive markets. However, the coefficients for *DON* are generally not significant for public targets in either market, suggesting that no learning occurs. Viewed by itself, this result may not be concerning because publicly listed targets are more transparent than private targets. If acquirers can bid accurately for their first acquisition, there may be no learning which needs to occur. However, as we had noted earlier from our examination of Table IV (Panel A), the subsample of public targets from competitive markets generates significantly negative *CAR* even in the first acquisition. The *CAR* becomes even more negative for the second acquisition and remains significantly negative for several subsequent acquisitions. This outcome may indicate that the competitive pressures in these markets lead acquirers to focus more on other priorities, such as

increasing the probability of completing the deal. For less competitive markets from other nations, we had observed from Table IV (Panel B) that *CARs* turn from significantly positive in the first acquisition to significantly negative in the second acquisition before becoming insignificant. This is consistent with learning behavior. However, the coefficient for *DON* is not statistically significant in our multivariate regressions (Table IX, Panel A) to support the learning hypothesis for this subsample. In contrast to acquisitions of public targets, the coefficient of *DON* is significantly negative in acquisitions of unlisted targets in both competitive markets and less competitive markets. In Panel B of Table IX, *DON* shows a robust, negative relationship with the time elapsed between subsequent deals (*ATBD*) for all subsamples, even for public target acquisitions. This result could indicate that these acquirers do learn about the acquisition process and can complete subsequent deals faster. On the other hand, in conjunction with the acquirer *CAR* findings, this result might reflect that these bidders learn to bid more aggressively in competitive takeover markets.

Lastly, we turn our attention to abnormal returns earned by acquisition targets. Since we are interested in observing investor reactions to acquisition announcements, we can only examine publicly traded targets. As we have noted while examining Table II (Panel A), acquirer *CAR* for mergers with public targets in our sample is statistically insignificant at the first acquisition. However, it then turns negative and significant for the next several sequential acquisitions. Table IV confirms that the M&A market for publicly traded targets, especially when they are from highly competitive markets, is quite unique. In these cases, competitive pressures necessitate that acquirers continue to pay high premiums. Even if acquirers must continue to pay high premiums, the question remains whether they get better at valuing their targets and adjust their bidding over subsequent acquisitions. An examination of target abnormal

returns *TCARs* in Table X shows that target shareholder wealth gains appear to increase over sequential acquisitions. For the overall sample, the mean target abnormal return (*TCAR*) in the first acquisition is 13.35%. This wealth gain steadily increases to 28.72% for the average target that is 10th in the sequence. Overall, for all public acquisitions, mean target gains are 15.84%. Given that the average public target in our sample has a market capitalization of USD 786.69 million, this translates into an average target gain of USD 124.6 million. An examination of the subsamples reveals that target shareholder wealth gains are much larger when targets are from U.S. markets and competitive M&A markets, in general, as compared to other less competitive markets.

We further examine the target abnormal returns in multivariate regression models that control for other relevant factors, as shown in Table XI. Examining the results in Panel A, we find that the relationship between *TCAR* and *DON* is indeed positive and significant, but only for the regressions with control variables (Model 1), not for our fixed effects models (Model 2). It appears that along with some deal-specific control variables, acquiring firm and year fixed effects can explain all of the increases in the target *CARs* along with the deal sequence, which we had observed in Table X. Table XI, Panel B further demonstrates this lack of association between *DON* and *TCAR* across other subsamples of U.S. versus non-U.S., and competitive versus less competitive market targets. Insignificant coefficients for *DON* indicate that the change in *CAR* from one acquisition to the next is not statistically significant. However, as noted in our examination of Table X, target *CARs* remain statistically significant and relatively large in magnitude throughout the acquisition sequence.¹¹ Examining the control variables in the regression results presented in Table XI, we find that tender offers, all-cash transactions, and size of the acquiring firm contribute positively to target shareholder wealth gains. On the other hand,

a challenged deal, larger transaction, and a transaction conducted during a merger wave have a negative effect on target gains. Bidders from more hierarchical countries generate lower gains for targets. Also, when targets are acquired by bidders with a greater degree of corruption control, target gains are lower. Overall, the regression findings indicate that while public target shareholders clearly benefit from acquisitions, the gains come from merger, bidder, and country characteristics, but not from the merger-related “experience” of active acquirers.

7. Conclusion

We examine a large global sample of more than 13,000 acquirers from 72 countries to test for evidence of their learning behavior over successive acquisitions. Using acquirer cumulative abnormal returns (*CAR*), abnormal time between deals (*ATBD*), and target cumulative abnormal returns (*TCAR*), our empirical results lend credence to the learning hypothesis in serial mergers. However, we find some limitations when it comes to acquisitions of public targets, especially when they are from competitive markets. For public targets, acquirer *CARs* remain significantly negative, while target abnormal returns (*TCARs*) remain significantly positive over several sequential acquisitions. These findings suggest that takeover market competitiveness disrupts learning in that acquirers are unable to bid more accurately for subsequent targets due to competitive market pressures. This observation can be a result of competitive hubris in these markets. However, consistent with observations from Aktas et al. (2013), the time elapsing between deals (*ATBD*) by acquirers does tend to decrease with successive deals for this latter subsample too, likely suggesting that these bidders learn to bid more aggressively but not more accurately. We also document a newly observed pattern in sequential acquisitions of private targets. In particular, we find that the previously documented

positive acquirer CAR in private target deals appears only in the first acquisition. This observation holds for U.S. acquirers as well as non-U.S. acquirers and in both domestic and cross-border deals. The acquirer CAR for subsequent private target acquisitions is significantly negative for the next few deals until it converges upon zero. Overall, our analysis provides important global insights on the wealth gains to frequent acquirers and their targets.

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Figure 1: The behavior of 3-day cumulative abnormal announcement returns (*CAR*) and abnormal time between deal announcements (*ATBD*) over a sequence of successive deals by public acquirers.

Panel A: Cumulative abnormal returns (*CAR*) over successive deals ($n = 27,305$). *CAR*s are winsorized at .01 and .99.

Panel B: Abnormal time between deals (*ATBD*) over successive deals ($n = 13,978$), winsorized at .01 and .99.

Table I: Nationality of publicly traded non-financial multiple acquirers over the sample period (1984 – 2014). The sample consists of public firms conducting acquisitions valued at a minimum of \$10 million USD.

Acquiring firm's nationality	Number of domestic acquisitions	Number of cross-border acquisitions	Total number of acquisitions	Relative frequency
Argentina	9	9	18	0.07%
Australia	727	293	1,020	3.74%
Austria	11	24	35	0.13%
Bahamas	0	8	8	0.03%
Belgium	13	63	76	0.28%
Belize	0	2	2	0.01%
Bermuda	5	45	50	0.18%
Brazil	169	56	225	0.82%
British Virgin Islands	0	3	3	0.01%
Cambodia	1	0	1	< 0.01%
Canada	1,264	792	2,056	7.53%
Cayman Islands	0	1	1	< 0.01%
Chile	31	26	57	0.21%
China	1,926	125	2,051	7.51%
Colombia	14	17	31	0.11%
Cyprus	4	4	8	0.03%
Czech Republic	2	0	2	0.01%
Denmark	26	59	85	0.31%
Faroe Islands	1	1	2	0.01%
Finland	70	101	171	0.63%
France	200	340	540	1.98%
Germany	108	168	276	1.01%
Gibraltar	1	4	5	0.02%
Greece	39	41	80	0.29%
Guernsey	0	4	4	0.01%
Hong Kong	314	284	598	2.19%
Hungary	1	8	9	0.03%
Iceland	0	1	1	< 0.01%
India	173	133	306	1.12%
Indonesia	62	13	75	0.27%
Ireland-Rep	26	133	159	0.58%
Isle of Man	0	8	8	0.03%
Israel	47	61	108	0.40%
Italy	126	142	268	0.98%
Japan	1,465	414	1,879	6.88%
Jersey	1	8	9	0.03%
Luxembourg	0	26	26	0.10%
Malaysia	365	75	440	1.61%
Malta	1	1	2	0.01%

Acquiring firm's nationality	Number of domestic acquisitions	Number of cross-border acquisitions	Total number of acquisitions	Relative frequency
Mexico	35	50	85	0.31%
Neth Antilles	0	2	2	0.01%
Netherlands	66	175	241	0.88%
New Zealand	34	20	54	0.20%
Norway	111	107	208	0.80%
Pakistan	3	1	4	0.01%
Panama	0	2	2	0.01%
Papua N Guinea	2	3	5	0.02%
Peru	13	9	22	0.08%
Philippines	53	22	75	0.27%
Poland	81	37	118	0.43%
Portugal	25	15	40	0.15%
Puerto Rico	0	1	1	< 0.00%
Romania	1	1	2	0.01%
Russian Fed	101	50	151	0.55%
Singapore	170	203	373	1.37%
Slovak Rep	0	2	2	0.01%
Slovenia	11	4	15	0.05%
South Africa	167	87	254	0.93%
South Korea	315	97	412	1.51%
Spain	101	102	203	0.74%
Sri Lanka	4	0	4	0.01%
Sweden	127	236	363	1.33%
Switzerland	36	191	227	0.83%
Taiwan	165	52	217	0.79%
Tanzania	1	0	1	< 0.01%
Thailand	79	20	99	0.36%
Turkey	44	11	55	0.20%
Ukraine	5	2	7	0.03%
United Arab Emirates	1	1	2	0.01%
United Kingdom	1,807	1,226	3,033	11.11%
United States	8,451	1,868	10,319	37.79%
Venezuela	3	1	4	0.01%
Total	19,214	8,091	27,305	100.00%

Table II: Average cumulative abnormal return (*CAR*) to acquirers and abnormal time between deals (*ATBD*) by deal sequence (*DON*), between 1984 – 2014, for the overall sample and separated by acquirers acquiring public versus private (unlisted) targets. For better readability of results, *CARs* are displayed as percent values, and *ATBDs* are rounded to the nearest whole number.

Panel A: Worldwide Sample

DON	Overall Sample			Public Targets			Unlisted Targets		
	n	CAR	ATBD	n	CAR	ATBD	n	CAR	ATBD
1	13326	2.16***	NA	5313	-0.11	NA	10473	2.66***	NA
2	5546	-1.01***	529***	1818	-1.66***	494***	3484	-1.06***	515***
3	2816	-0.94***	312***	864	-1.15***	236***	1409	-0.77**	293***
4	1621	-0.61***	220***	498	-1.48***	130***	714	-0.55***	136***
5	1045	-0.65***	181***	304	-1.15***	52	376	-0.47*	13
6	733	-0.82***	79***	194	-1.30***	-53	213	-0.41	-15
7	514	-1.20***	26	130	-1.42***	-8	137	0.02	-47
8	383	-0.86***	7	94	-0.40	-227***	82	-0.85*	-94
9	303	-0.09	36	67	-0.22	-169**	61	-0.03	-2
10	218	-0.56*	-23	47	0.59	-252***	29	-1.49**	47
> 10	800	-0.25*	-146***	135	-0.51	-301***	121	-0.16	-263***
Overall	27305 (CAR) 6635 (ATBD)	0.62***	309***	9464 (CAR) 4151 (ATBD)	-0.66***	262***	17099 (CAR) 6625 (ATBD)	1.30***	341***

***, **, * Significantly different from zero with *p-value* < 0.01, < 0.05, and < 0.10 respectively

Panel B: Non-US Acquirers

DON	Overall			Public Targets			Unlisted Targets		
	n	CAR	ATBD	n	CAR	ATBD	n	CAR	ATBD
1	8827	2.20***	NA	3124	0.23*	NA	7033	2.63***	NA
2	3482	-0.75***	471***	972	-1.08***	396***	2294	-0.97***	421***
3	1669	-0.49***	235***	433	-1.18***	144***	898	-0.54***	199***
4	942	-0.31*	119***	239	-1.09***	35	448	-0.19	61
5	585	-0.39*	121***	135	-0.45	12	238	-0.02	1
6	404	-0.48**	5	79	-0.68	-22	136	-0.33	10
7	271	-0.66***	-49	50	-1.35	117	79	0.51	-58
8	201	-0.25	-47	32	-0.35	-83	49	-0.12	-120
9	161	0.31	-47	31	-1.27	-218	38	-0.03	-106
10	112	-0.55*	-17	14	-0.37	-398*	19	-1.50*	129
> 10	332	-0.09	-173	32	-0.91	-96*	48	0.02	-249***
Overall	16986 (CAR) 8158 (ATBD)	0.88**	261**	5131 (CAR) 2007 (ATBD)	-0.26***	222***	11280 (CAR) 4246 (ATBD)	1.39***	271***

***, **, * Significantly different from zero with *p-value* < 0.01, < 0.05, and < 0.10 respectively

Table II (continued)

Panel C: Acquirers from the United States

DON	<i>Overall</i>			<i>Public Targets</i>			<i>Unlisted Targets</i>		
	n	CAR	ATBD	n	CAR	ATBD	n	CAR	ATBD
1	4499	2.08***	NA	2199	-0.62***	NA	3455	2.72***	NA
2	2064	-1.45***	629***	841	-2.32***	414***	1185	-1.26***	399***
3	1147	-1.60***	423***	429	-1.10***	172***	506	-1.24***	171***
4	679	-1.03***	360***	258	-1.81***	36	265	-1.14***	-27
5	460	-0.98***	259***	169	-1.71***	61	135	-1.16**	-90
6	329	-1.23***	169***	115	-1.71***	-62	76	-0.61	-73
7	243	-1.81***	108**	79	-1.53**	-143**	58	-0.65	-160
8	182	-1.53***	67	61	-0.24	-298**	33	-1.94**	-259**
9	142	-0.54	129**	46	0.26	-25	23	-0.04	52
10	106	-0.56	-30	33	1.00	-94	10	-1.48**	33
> 10	468	-0.36**	-127***	103	-0.39	-265***	73	-0.28	-189***
Overall	10319			4333			5819		
	(CAR)			(CAR)			(CAR)		
	5820	0.19**	377***	2134	-1.1***	175***	2364	1.14***	213***
	(ATBD)			(ATBD)			(ATBD)		

***, **, * Significantly different from zero with *p-value* < 0.01, < 0.05, and < 0.10 respectively

Table III: Average cumulative abnormal return (*CAR*) to acquirers and abnormal time between deals (*ATBD*) by deal sequence (*DON*), between 1984 – 2014, separated by acquirers seeking acquisitions of Domestic versus Cross-border targets. For better readability of results, *CARs* are displayed as percent values, and *ATBDs* are rounded to the nearest whole number.

Panel A: Domestic Acquisitions

DON	Overall Sample			Public Targets			Unlisted Targets		
	n	CAR	ATBD	n	CAR	ATBD	n	CAR	ATBD
1	9947	2.16***	NA	4335	-0.37***	NA	5092	2.29***	NA
2	3947	-1.06***	515***	1313	-1.96***	390***	1503	-1.05***	406***
3	1922	-1.05***	292***	572	-1.64***	162***	596	-1.03***	187***
4	1068	-0.82***	199***	301	-2.06***	34	282	-0.77**	44
5	660	-0.87***	160***	163	-0.89**	99	134	-0.75	-55
6	438	-1.10***	72**	99	-1.68***	-165**	78	-0.54	-65
7	295	-1.62***	56	64	-1.63**	-103	52	-0.30	-4
8	206	-1.39***	-74*	43	-0.01	-127	31	-0.27	14
9	148	-0.48	61	30	0.18	-205**	15	-1.07	139
10	108	-0.71	-32	23	0.41	-312**	10	-0.45	-23
> 10	448	-0.38**	-126***	75	-0.54	-341***	70	0.06	-251***
Overall	19214 (CAR) 9266 (ATBD)	0.64**	314**	7018 (CAR) 2683 (ATBD)	-0.88***	210***	7863 (CAR) 2770 (ATBD)	1.15***	255***

Panel B: Cross-Border Acquisitions

DON	Overall Sample			Public Targets			Unlisted Targets		
	n	CAR	ATBD	n	CAR	ATBD	n	CAR	ATBD
1	3379	2.14***	NA	1602	0.24	NA	3666	1.47***	NA
2	1572	-0.89***	565***	446	-0.61**	268***	894	-0.77***	325***
3	894	-0.71***	355***	176	-0.48	145**	354	-0.64***	248***
4	553	-0.21	262***	92	-0.43	-86	164	-0.42	25
5	385	0.28	217***	49	0.60	-4	92	0.11	81
6	295	-0.39	88**	24	-0.93	33	49	0.00	-298***
7	219	-0.64***	-15	18	-0.71	-259**	27	0.27	-245
8	177	-0.24	101	11	-0.49	-171*	19	-0.66	-192
9	155	-0.29	12	6	-2.51	-407	14	13.61	-100
10	110	-0.40	-14	2	1.01	-13	5	-2.83	-61
> 10	352	-0.08	-172***	20	-0.44	-153	14	-0.14	-120
Overall	8091 (CAR) 4712 (ATBD)	0.57***	300***	2446 (CAR) 844 (ATBD)	-0.02	149***	5298 (CAR) 1632 (ATBD)	0.83***	222***

***, **, * Significantly different from zero with *p-value* < 0.01, < 0.05, and < 0.10 respectively

Table IV: Average cumulative abnormal return (*CAR*) to acquirers and abnormal time between deals (*ATBD*) by deal sequence (*DON*), between 1984 – 2014, separated by U.S. versus non-U.S. markets and highly competitive (where targets are from the U.S., U.K., and Canada) versus other, less competitive, markets. For better readability of results, *CARs* are displayed as percent values, and *ATBDs* are rounded to the nearest whole number.

Panel A: Competitive market targets (from the U.S., U.K. and Canada)

DON	Overall Sample			Public Targets			Unlisted Targets		
	n	CAR	ATBD	n	CAR	ATBD	n	CAR	ATBD
1	7135	1.53***	NA	3549	-0.72***	NA	5092	2.29***	NA
2	2913	-1.42***	499***	1255	-2.00***	447***	1503	-1.05***	406***
3	1506	-1.46***	288***	601	-1.62***	208***	596	-1.03***	187***
4	877	-0.75***	203***	344	-1.69***	169***	282	-0.77**	44
5	570	-1.17***	152***	211	-1.56***	48	134	-0.75	-55
6	390	-1.01***	1	133	-1.70***	-128**	78	-0.54	-65
7	258	-1.19***	-21	98	-1.85***	-138**	52	-0.30	-4
8	191	-1.26***	-1	66	-0.35	-128	31	-0.27	14
9	140	-0.82**	-13	44	0.78	-31	15	-1.07	139
10	103	-0.43	10	31	0.94	-234**	10	-0.45	-23
> 10	390	-0.27	-	106	-0.41	-273***	70	0.06	-251***
			201***						
Overall	14473 (CAR) 7337 (ATBD)	0.14**	282**	6438 (CAR) 2889 (ATBD)	-1.14***	235***	7863 (CAR) 2770 (ATBD)	1.15***	255***

Panel B: When targets are NOT from the U.S., U.K. and Canada

DON	Overall Sample			Public Targets			Unlisted Targets		
	n	CAR	ATBD	n	CAR	ATBD	n	CAR	ATBD
1	7563	2.20***	NA	2178	0.70***	NA	6140	2.51***	NA
2	2616	-0.46***	460***	522	-0.53**	250***	1820	-0.94***	402***
3	1132	-0.25	230***	190	-0.57	-31	661	-0.51**	135***
4	594	-0.14	113***	82	-0.02	-163*	307	-0.22	32
5	355	-0.06	73*	30	0.53	-234	153	-0.20	58
6	220	-0.37	-3	9	-1.27	164	78	-0.38	-56
7	123	-0.25	0	4	-0.32	-220	36	0.11	-195*
8	83	-0.34	-154**	3	0.28	-212	19	-0.60	-287**
9	53	0.18	-40	3	-1.46	-303	10	-0.05	-138
10	30	-0.99	-78	2	-3.39	-438	5	-2.64	38
> 10	63	0.02	-114	3	-2.80	-236	7	-0.46	-173
Overall	12832 (CAR) 5269 (ATBD)	1.16***	291***	3026 (CAR) 848 (ATBD)	0.37***	120***	9236 (CAR) 3096 (ATBD)	1.43***	265***

***, **, * Significantly different from zero with *p-value* < 0.01, < 0.05, and < 0.10 respectively

Table V: Average cumulative abnormal return (*CAR*) to acquirers by deal sequence (*DON*), between 1992 – 2014, for U.S. acquirers where CEO data could be matched from S&P’s Execucomp database. Results are presented for the overall sample and subsamples where there was no CEO change during the acquiring firm’s sequence of acquisitions and where there was at least one CEO change during its acquisitions sequence. For better readability of results, *CARs* are displayed as percent values.

Deal Sequence (DON)	Overall Sample		No change in CEO		One or more CEO changes	
	n	CAR	n	CAR	n	CAR
1	1,327	-0.09	954	-0.09	373	-0.10
2	767	-1.45***	394	-1.79***	373	-1.09***
3	460	-1.39***	182	-0.89***	278	-1.72***
4	282	-1.32***	89	-1.80***	193	-1.09***
5	199	-0.99**	45	-1.91**	154	-0.72*
6	144	-0.72	31	0.26	113	-0.99*
7	102	-1.18**	19	-1.91	83	-1.00**
8	80	-0.32	13	0.45	67	-0.47
9	63	0.07	10	-0.37	53	0.15
10	46	-0.09	6	-1.05	40	0.05
> 10	243	-0.46*	3	0.54	240	-0.47**
Overall	3,714	-0.76***	1,746	-0.71***	1,967	-0.80***

***, **, * Significantly different from zero with *p-value* < 0.01, < 0.05, < 0.10 respectively.

Table VI (Panel A): GLM estimates of the acquirer's cumulative abnormal return (CAR_d), as a function of the acquirer's acquisition experience, measured by the deal order number (DON_d). Model 1 shows coefficient estimates with various controls for deal, acquiring firm, and country characteristics, while Model 2 shows coefficient estimates of a Fixed Effects model using acquiring firm, announcement year, and target country fixed effects. For better readability of results, CARs are reported as percentages.

$$CAR_d = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon$$

Independent Variable	Overall Sample		Public Targets Only		Unlisted Targets Only	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
	n=16,865	n=27,158	n=5,167	n=9,464	n=11,290	n=17,099
Intercept	3.292***	10.234**	-2.512***	-5.438	4.953***	21.533***
DON	-0.155***	-0.244***	-0.256***	-0.405***	-0.510***	-0.58***
$(DON)^2$	0.004***	0.004***	0.014**	0.015***	0.012***	0.011***
Deal Characteristics:						
<i>Industry Focus</i>	-0.288**	0.236*	-0.130	0.381	-0.156	0.213
<i>Tender Offer</i>	0.635***	0.222	0.030	-0.200	-0.485	0.231
<i>Challenged</i>	-0.588	-0.644**	-0.396	-0.579*	-0.054	-0.952
<i>Cash Transaction</i>	-0.120	-0.039	1.449***	0.653***	-0.856***	-0.431**
<i>Transaction Value</i>	0.192***	-0.185***	-0.319***	-0.468***	0.421***	0.079
<i>Public Target</i>	-1.432***	-0.566***				
<i>Cross-Border</i>	0.284*	0.351***	0.723***	0.878***	0.020	0.064
<i>Merger-Wave</i>	-0.295*		-0.552***		-0.206	
Acquirer Characteristics:						
<i>Firm Size</i>	-0.320***		0.094		-0.434***	
<i>Return on Assets</i>	-0.004		-0.004		-0.001	
<i>FCF / Total Assets</i>	0.004		0.009		0.004	
<i>Capex / Total Assets</i>	0.0002		0.003		-0.002	
<i>Market to Book Value</i>	-0.0003		0.005		-0.003	
Country Characteristics:						
<i>Acquiror Power Distance Index</i>	0.025***		-0.036***		0.020***	
<i>Same legal structure</i>	0.466**		0.621		0.456*	
<i>Difference in Corruption Control</i>	0.330***		0.393**		0.344***	
Regression R ²	0.029	0.735	0.031	0.731	0.040	0.828
Regression F	27.81***	2.82***	9.65***	2.02***	27.45***	2.91***
Acquiring Firm, Year & Target Country Fixed Effects	No	Yes	No	Yes	No	Yes

***, **, * Significantly different from zero with p -value < 0.01, < 0.05, < 0.10 respectively.

Table VI (Panel B): GLM estimates of the acquirer's abnormal time between deals ($ATBD_{d,d-1}$), as a function of the acquirer's acquisition experience, measured by the deal order number (DON_d). Model 1 shows coefficient estimates with various controls for deal, acquiring firm, and country characteristics, while Model 2 shows coefficient estimates of a Fixed Effects model using acquiring firm, announcement year, and target country fixed effects.

$$ATBD_{d,d-1} = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon$$

Independent Variable	Overall Sample		Public Targets Only		Unlisted Targets Only	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
	n=9,485	n=13,894	n=2,566	n=4,151	n=4,979	n=6,625
Intercept	540.5***	5287***	646.9**	3627***	347.1**	7813***
DON	-116.9***	-219.2***	-226.7***	-480.5***	-181.3***	-257.6***
$(DON)^2$	1.7***	2.7***	7.2***	13.6***	3.3***	3.6***
Deal Characteristics:						
<i>Industry Focus</i>	-17.1	10.6	-53.9	-69.5	3.0	-10.0
<i>Tender Offer</i>	-61.1*	-53.4*	-33.0	-102.4**	-250.9	73.9
<i>Challenged</i>	-60.4	37.2	-60.4	3.6	329.1	-125.6
<i>Cash Transaction</i>	-33.9	2.4	-52.3	18.0	-14.8	109.8***
<i>Transaction Value</i>	49.3***	16.3**	46.7***	0.2	44.2***	38.1**
<i>Public Target</i>	50.8*	-3.0				
<i>Cross-Border</i>	9.5	-29.9	74.1	83.1	13.7	-72.4
<i>Merger-Wave</i>	-6.2		-73.2		-8.0	
Acquirer Characteristics:						
<i>Firm Size</i>	31.1***		23.2		74.7***	
<i>Return on Assets</i>	-0.8		-0.8		-0.7	
<i>Free Cash Flow / Total Assets</i>	6.0***		14.3***		3.6	
<i>Capital Expenditure / Total Assets</i>	-6.0***		-3.8		-5.8***	
<i>Market to Book Value</i>	-8.1***		-9.4		-2.5	
Country Characteristics:						
<i>Acquiror Power Distance Index</i>	-6.5***		-6.3***		-8.8***	
<i>Same legal structure</i>	-37.9		94.9		-144.8**	
<i>Difference in Corruption Control</i>	14.6		1.1		-12.1	
Regression R ²	0.079	0.630	0.075	0.678	0.079	0.741
Regression F	45.21***	2.44***	12.16***	2.46***	24.92***	2.35***
Acquiring Firm, Year & Target Country Fixed Effects	No	Yes	No	Yes	No	Yes

***, **, * Significantly different from zero with p -value < 0.01, < 0.05, < 0.10 respectively.

Table VII (Panel A): GLM estimates of the acquirer's cumulative abnormal return (CAR_d), as a function of the acquirer's acquisition experience, measured by the deal order number (DON_d). Model 1 shows coefficient estimates with various controls for deal, acquiring firm, and country characteristics, while Model 2 shows coefficient estimates of a Fixed Effects model using acquiring firm, announcement year, and target country fixed effects. For better readability of results, CARs are reported as percentages.

$$CAR_d = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon$$

Independent Variable	U.S. Acquirers Only				Non-U.S. Acquirers			
	Public Targets		Unlisted Targets		Public Targets		Unlisted Targets	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
	n=2,132	n=4,333	n=3,108	n=5,819	n=3,035	n=5,131	n=8,182	n=11,280
Intercept	-3.197*	7.606	5.413***	22.153*	-1.100	-3.736	6.066***	22.519***
DON	-0.168	-0.307*	-0.352***	-0.543***	-0.379***	-0.439***	-1.347***	-1.510***
$(DON)^2$	0.009	0.011	0.009***	0.010***	0.016***	0.015**	0.096***	0.096***
Deal Characteristics:								
Industry Focus	0.171	0.593*	0.341	0.266	-0.359	0.128	-0.272	0.088
Tender Offer	-0.116	0.301	-0.304	1.884	-0.162	-0.508*	-1.113	0.199
Challenged	-0.300	-0.388	1.343	-0.650	-0.412	-0.774*	-0.551	-0.952
Cash Transaction	2.389***	0.705**	-0.070	-0.195	0.805***	0.320	-1.164***	-0.526**
Transaction Value	-0.428***	-0.591***	0.285**	0.159	-0.207**	-0.374***	0.546***	0.046
Cross Border	-0.048	-1.461	0.110	-15.980***	0.997***	0.737*	-0.395*	0.087
Merger Wave	-1.039***		-0.321		-0.090		-0.112	
Acquirer Characteristics:								
Firm Size	0.252*		-0.464***		0.032		-0.361***	
Return on Assets	-0.004		-0.008		-0.015*		-0.002	
FCF / Total Assets	0.030		0.012		-0.017		-0.001	
Capex / Total Assets	0.049***		0.025***		-0.017**		-0.007	
Market to Book Value	0.047		0.007		-0.040		0.002	
Country Characteristics:								
Bidder Power Distance Index					0.034***		0.006	
Same legal structure	-0.014		-0.077		0.666		0.469	
Difference in Corruption Control	-0.086		0.440		0.394**		0.322***	
Regression R ²	0.045	0.716	0.032	0.824	0.033	0.765	0.054	0.840
Regression F	6.27***	2.27***	6.36***	2.97***	5.98***	1.91***	27.46***	2.96***
Acquiring Firm, Year & Target Country Fixed Effects	No	Yes	No	Yes	No	Yes	No	Yes

***, **, * Significantly different from zero with p -value < 0.01, < 0.05, < 0.10 respectively.

Table VII (Panel B): GLM estimates of the acquirer's abnormal time between deals ($ATBD_{d,d-1}$), as a function of the acquirer's acquisition experience, measured by the deal order number (DON_d). Model 1 shows coefficient estimates with various controls for deal, acquiring firm, and country characteristics, while Model 2 shows coefficient estimates of a Fixed Effects model using acquiring firm, announcement year, and target country fixed effects.

$$ATBD_{d,d-1} = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon$$

Independent Variable	U.S. Acquirers Only				Non-U.S. Acquirers			
	Public Targets		Unlisted Targets		Public Targets		Unlisted Targets	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
	n=1,238	n=2,134	n=1,568	n=2,364	n=1,322	n=2,007	n=3,402	n=4,246
Intercept	487.8	1770	-82.9	6527***	419.0	3721***	290.6*	2339
DON	-189.6***	-375.1***	-124.2***	-160.5***	-193.4***	-453.6***	-299.1***	-548.0***
$(DON)^2$	6.1***	11.1***	2.3***	2.2***	5.8***	12.4***	13.6***	20.0***
Deal Characteristics:								
<i>Industry Focus</i>	-68.0	-47.5	131.3**	-22.8	24.4	-18.1	-30.2	-23.0
<i>Tender Offer</i>	87.7	-94.8	-1330.5	-459.9	-92.3	-120.1*	1.4	-122.5
<i>Challenged</i>	-171.6	-17.7	-217.3	169.8	-26.6	27.2	676.3*	22.6
<i>Cash Transaction</i>	11.3	41.3	-27.8	143.6	-126.0*	-47.3	-101.3***	79.6
<i>Transaction Value</i>	27.0	-12.1	0.2	6.6	33.9	22.2	19.1	58.1***
<i>Cross Border</i>	103.7	-435.9	204.5**	-524.2	63.6	98.2	17.4	-111.2*
<i>Merger Wave</i>	-59.9		63.2		62.7		20.7	
Acquirer Characteristics:								
<i>Firm Size</i>	20.9		42.6*		20.4		83.7***	
<i>Return on Assets</i>	1.6		-0.5		-3.6		0.4	
<i>FCF / Total Assets</i>	5.2		7.0*		16.0***		0.7	
<i>Capex / Total Assets</i>	-9.7**		-1.4		-1.9		-5.6***	
<i>Market to Book Value</i>	-6.1		-1.8		-9.0		-0.6	
Country Characteristics:								
<i>Bidder Power Distance Index</i>					-3.3		-4.7***	
<i>Same legal structure</i>	-21.1		-34.0		7.4		-113.1*	
<i>Difference in Corruption Control</i>	-125.2		-52.3		55.5		31.1	
Regression R ²	0.079	0.623	0.046	0.724	0.055	0.692	0.075	0.755
Regression F	6.52***	2.20***	4.68***	2.24***	4.48***	1.97***	16.20***	2.29***
Acquiring Firm, Year & Target Country Fixed Effects	No	Yes	No	Yes	No	Yes	No	Yes

***, **, * Significantly different from zero with p -value < 0.01, < 0.05, < 0.10 respectively.

Table VIII (Panel A): GLM estimates of the acquirer's cumulative abnormal return (CAR_d), as a function of the acquirer's acquisition experience, measured by the deal order number (DON_d). Model 1 shows coefficient estimates with various controls for deal, acquiring firm, and country characteristics, while Model 2 shows coefficient estimates of a Fixed Effects model using acquiring firm, announcement year, and target country fixed effects. For better readability of results, CARs are reported as percentages.

$$CAR_d = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon$$

Independent Variable	Domestic Acquisitions Only				Cross-Border Acquisitions Only			
	Public Targets Only		Unlisted Targets Only		Public Targets Only		Unlisted Targets Only	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
	n=5,050	n=7,018	n=9,211	n=11,801	n=1,409	n=2,446	n=3,471	n=5,298
Intercept	-3.144***	13.056***	5.833***	20.815***	0.820	-2.942	5.580***	14.445**
DON	-0.388**	-0.653***	-0.793***	-0.887***	-0.084	-0.323	-0.569***	-1.14***
$(DON)^2$	0.024**	0.032***	0.022***	0.019***	0.005	0.011	0.047**	0.080***
Deal Characteristics:								
Industry Focus	-0.337	0.245	0.025	0.174	-0.023	0.651	-0.351	0.122
Tender Offer	0.115	-0.241	-0.367	0.034	0.148	-0.437	-1.631	-0.736
Challenged	0.10	-0.559	-0.129	-1.418	-1.117**	-0.644	-0.319	-0.159
Cash Transaction	1.561***	0.716**	-1.044***	-0.625**	0.758*	0.544	0.033	-0.559*
Transaction Value	-0.390***	-0.532***	0.476***	0.115	-0.318**	-0.336**	0.247	0.094
Merger Wave	-0.722***		-0.209		-0.105		-0.191	
Acquirer Characteristics:								
Firm Size	0.234***		-0.509***		-0.091		-0.360***	
Return on Assets	0.006		0.003		-0.015		-0.014**	
FCF / Total Assets	-0.02588		0.006		0.076***		-0.004	
Capex / Total Assets	-0.001		0.005		0.017		0.003	
Market to Book Value	0.051**		-0.009		-0.020		-0.007	
Country Characteristics:								
Bidder Power Distance Index	0.038***		0.032***		0.026**		-0.010	
Same legal structure					0.321		0.270	
Difference in Corruption Control					0.371**		0.262***	
Regression R ²	0.035	0.759	0.041	0.855	0.035	0.822	0.042	0.879
Regression F	13.17***	1.91***	27.89***	2.77***	3.15***	2.02***	9.58***	2.79***
Acquiring Firm, Year & Target Country Fixed Effects	No	Yes	No	Yes	No	Yes	No	Yes

***, **, * Significantly different from zero with p -value < 0.01, < 0.05, < 0.10 respectively.

Table VIII (Panel B): GLM estimates of the acquirer's abnormal time between deals ($ATBD_{d,d-1}$), as a function of the acquirer's acquisition experience, measured by the deal order number (DON_d). Model 1 shows coefficient estimates with various controls for deal, acquiring firm, and country characteristics, while Model 2 shows coefficient estimates of a Fixed Effects model using acquiring firm, announcement year, and target country fixed effects.

$$ATBD_{d,d-1} = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon$$

Independent Variable	Domestic Acquisitions Only				Cross-Border Acquisitions Only			
	Public Targets Only		Unlisted Targets Only		Public Targets Only		Unlisted Targets Only	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
	n=2,190	n=2,683	n=3,379	n=3,814	n=550	n=844	n=1,217	n=1,632
Intercept	521.3**	3308***	36.2	2475***	-373.6	1580	-251.5	2072
DON	-248.6***	-491.4***	-155.0***	-247.6***	-191.4***	-312.1***	-313.6***	-613.4***
$(DON)^2$	9.2***	15.8***	3.0***	3.5***	5.4**	8.4***	16.2***	25.3***
Deal Characteristics:								
<i>Industry Focus</i>	-26.3	-131.1**	-29.6	-30.7	-102.8	-37.8	48.9	-91.2
<i>Tender Offer</i>	-84.2	-148.9**	-170.3	-17.7	22.6	-34.1	-227.2	-61.0
<i>Challenged</i>	-92.5	-1.1	-154.1	-152.6	-5.5	-71.5	123.4	-461.2
<i>Cash Transaction</i>	9.2	44.1	22.2	80.6	133.2	-59.8	-29.7	35.3
<i>Transaction Value</i>	40.6**	18.7	64.8***	40.7*	49.5	-20.9	32.5	70.0**
<i>Merger Wave</i>	-14.7		54.9		-43.5		-27.9	
Acquirer Characteristics:								
<i>Firm Size</i>	42.3**		61.5***		36.2		96.8***	
<i>Return on Assets</i>	-1.4		-1.3		-3.7		1.0	
<i>FCF / Total Assets</i>	14.6***		7.0***		14.0		-3.7	
<i>Capex / Total Assets</i>	-1.8		-5.2***		0.6		-3.2	
<i>Market to Book Value</i>	-4.7		-6.7		-11.3		6.3	
Country Characteristics:								
<i>Bidder Power Distance Index</i>	-10.5***		-7.2***		2.0		-4.2*	
<i>Same legal structure</i>					41.6		-73.7	
<i>Difference in Corruption Control</i>					-3.6		18.0	
Regression R ²	0.072	0.654	0.066	0.782	0.051	0.783	0.061	0.793
Regression F	12.00***	1.87***	16.89***	2.32***	1.81***	2.07***	4.84***	2.26***
Acquiring Firm, Year & Target Country Fixed Effects	No	Yes	No	Yes	No	Yes	No	Yes

***, **, * Significantly different from zero with p -value < 0.01, < 0.05, < 0.10 respectively.

Table IX (Panel A): GLM estimates of the acquirer's cumulative abnormal return (CAR_d), as a function of the acquirer's acquisition experience, measured by the deal order number (DON_d). Model 1 shows coefficient estimates with various controls for deal, acquiring firm, and country characteristics, while Model 2 shows coefficient estimates of a Fixed Effects model using acquiring firm, announcement year, and target country fixed effects. For better readability of results, CARs are reported as percentages.

$$CAR_d = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon$$

Independent Variable	Competitive Market Targets (U.S., U.K., & Canada)				Targets from Other Markets			
	Public Targets		Unlisted Targets		Public Targets		Unlisted Targets	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
	n=3,181	n=6,437	n=4,316	n=7,863	n=1,986	n=3,026	n=6,974	n=9,236
Intercept	-2.585	-6.547	4.703***	8.651	0.982	9.238	8.189***	26.328***
DON	-0.202	-0.438***	-0.434***	-0.704***	-0.532	-0.700	-2.067***	-2.283***
$(DON)^2$	0.013	0.019***	0.011***	0.014***	0.027	0.029	0.208***	0.218***
Deal Characteristics:								
<i>Industry Focus</i>	-0.029	0.557*	-0.099	0.335	-0.204	-0.034	-0.009	0.027
<i>Tender Offer</i>	-0.022	-0.176	0.666	0.383	-0.282	-0.536	-2.153	-0.676
<i>Challenged</i>	-0.286	-0.321	1.474	0.223	-0.391	-1.152	-0.892	-2.307
<i>Cash Transaction</i>	2.290***	0.845***	-0.122	-0.317	0.291	-0.147	-1.381***	-0.606**
<i>Transaction Value</i>	-0.412***	-0.599***	0.180	0.119	-0.087	-0.216	0.560***	0.080
<i>Cross-Border</i>	0.833**	0.885**	0.658*	0.397	0.352	1.035	-0.904***	0.078
<i>Merger Wave</i>	-0.647**		-0.530*		-0.168		0.092	
Acquirer Characteristics:								
<i>Firm Size</i>	0.215**		-0.335***		-0.081		-0.449***	
<i>Return on Assets</i>	-0.001		-0.007		-0.020*		< 0.001	
<i>FCF / Total Assets</i>	0.001		0.016		0.018		-0.003	
<i>Capex / Total Assets</i>	0.018**		0.024***		-0.020*		-0.016**	
<i>Market to Book Value</i>	0.040		-0.008		-0.076*		0.004	
Country Characteristics:								
<i>Bidder Power Distance Index</i>	-0.022		-0.016		0.038***		0.003	
<i>Same legal structure</i>	0.929		0.738		0.088		0.456	
<i>Difference in Corruption Control</i>	0.213		0.337		0.214		0.299**	
Regression R ²	0.040	0.723	0.026	0.841	0.022	0.849	0.071	0.849
Regression F	7.68***	2.07***	6.66***	2.81***	2.62***	1.84***	31.10***	2.61***
Acquiring Firm, Year & Target Country Fixed Effects	No	Yes	No	Yes	No	Yes	No	Yes

***, **, * Significantly different from zero with p -value < 0.01, < 0.05, < 0.10 respectively.

Table IX (Panel B): GLM estimates of the acquirer's abnormal time between deals ($ATBD_{d,d-1}$), as a function of the acquirer's acquisition experience, measured by the deal order number (DON_d). Model 1 shows coefficient estimates with various controls for deal, acquiring firm, and country characteristics, while Model 2 shows coefficient estimates of a Fixed Effects model using acquiring firm, announcement year, and target country fixed effects.

$$ATBD_{d,d-1} = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon$$

Independent Variable	Competitive Market Targets (U.S., U.K., & Canada)				Targets from Other Markets			
	Public Targets Only		Unlisted Targets Only		Public Targets Only		Unlisted Targets Only	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
	n=1,655	n=2,889	n=1,870	n=2,770	n=639	n=848	n=2,569	n=3,096
Intercept	27.0	3214***	-714.0	6445***	481.4	3203**	462.8**	2369**
DON	-255.9***	-462.6***	-136.1***	-182.3***	-348.8***	-977.4***	-432.0***	-660.0***
$(DON)^2$	9.2***	14.5***	2.6***	2.7***	23.2***	53.9***	27.8***	33.5***
Deal Characteristics:								
<i>Industry Focus</i>	-35.6	-60.9	112.2*	7.7	-68.8	63.6	-33.3	-18.8
<i>Tender Offer</i>	67.9	-106.2*	877.5**	559.8**	-120.0	-92.2	-407.7	-225.8
<i>Challenged</i>	-30.3	-23.1	-308.8	247.0	42.2	178.6	381.8	-56.5
<i>Cash Transaction</i>	-2.1	83.9	16.1	83.2	-85.2	-104.4	-113.2**	62.0
<i>Transaction Value</i>	25.7	4.8	33.1	2.3	-1.9	-23.4	-2.7	33.4
<i>Cross-Border</i>	110.2	103.6	48.4	86.8	89.6	-209.9	18.0	-104.8
<i>Merger Wave</i>	-52.2		103.9*		5.5		-9.7	
Acquirer Characteristics:								
<i>Firm Size</i>	52.9**		61.4***		26.9		91.6***	
<i>Return on Assets</i>	-2.1		-2.1		3.7		0.7	
<i>FCF / Total Assets</i>	17.4***		8.7**		4.6		1.3	
<i>Capex / Total Assets</i>	-1.1		-1.9		-1.7		-5.0**	
<i>Market to Book Value</i>	-12.2		-4.4		-30.9**		2.6	
Country Characteristics:								
<i>Bidder Power Distance Index</i>	-1.7		2.7		2.9		-3.1**	
<i>Same legal structure</i>	144.8		199.1		-48.3		-229.3***	
<i>Difference in Corruption Control</i>	71.5		15.8		100.7*		20.1	
Regression R ²	0.080	0.649	0.051	0.732	0.064	0.764	0.080	0.790
Regression F	8.43***	2.27***	5.84***	2.19***	2.50***	1.29**	13.03***	2.96***
Acquiring Firm, Year & Target Country Fixed Effects	No	Yes	No	Yes	No	Yes	No	Yes

***, **, * Significantly different from zero with p -value < 0.01, < 0.05, < 0.10 respectively.

Table X: Average target cumulative abnormal return (TCAR) by acquirers' acquisition experience as measured by the deal order number (*DON*), between 1984 – 2014, for the overall sample and separated by acquirers acquiring domestic versus cross-border targets, U.S. versus non-U.S. targets, and competitive versus less competitive markets. For better readability of results, CARs are displayed as percent values.

Target CARs from Public Targets Only

DON	<i>Overall</i>		<i>Domestic Targets</i>		<i>Cross-Border Targets</i>		<i>U.S. Targets</i>		<i>Non-U.S. Targets</i>		<i>Competitive Market Targets (from US, UK and Canada)</i>		<i>Targets from other countries</i>	
	n	TCAR	n	TCAR	n	TCAR	n	TCAR	N	TCAR	n	TCAR	n	TCAR
1	4337	13.35***	3601	13.11***	1241	15.82***	2054	19.93***	2673	11.66***	2728	15.56***	1333	9.34***
2	1546	17.14***	1138	16.74***	376	19.34***	757	19.26***	794	15.49***	1349	17.77***	480	11.72***
3	735	17.76***	502	18.39***	150	18.02***	347	20.89***	342	14.95***	742	18.56***	260	11.11***
4	445	19.68***	282	20.43***	81	22.10***	213	22.87***	173	15.34***	454	21.25***	153	14.05***
5	278	20.58***	151	19.27***	44	23.05***	128	21.40***	79	15.24***	309	21.03***	91	10.31***
6	176	19.36***	90	21.63***	23	21.59***	80	22.28***	44	16.41***	224	21.08***	45	13.51***
7	115	21.86***	58	23.49***	17	24.27***	54	21.07***	19	16.83***	136	21.89***	38	14.14***
8	82	24.96***	40	23.93***	11	27.82***	36	27.32***	11	26.06**	117	22.35***	16	11.86***
9	67	22.41***	29	24.49***	4	19.01**	27	27.40***	6	12.79**	87	24.85**	15	8.10***
10	44	28.72***	23	30.04***	2	17.66	22	27.91***	4	28.52	67	26.52***	6	15.77*
>10	130	25.43***	74	27.62***	18	21.87***	89	26.73***	3	3.05	225	25.54***	22	11.62***
Overall	7955	15.84***	5988	15.34***	1967	17.35***	3807	18.92***	4148	13.01***	5496	18.22***	2459	10.52***

***, **, * Significantly different from zero with *p-value* < 0.01, < 0.05, and < 0.10 respectively

Table XI (Panel A): GLM estimates of the target cumulative abnormal return ($TCAR_d$) as a function of the acquirer's acquisition experience as measured by the deal order number (DON_d). Model 1 shows coefficient estimates with various controls for deal, acquiring firm, and country characteristics, while Model 2 shows coefficient estimates of a Fixed Effects model using acquiring firm and announcement year fixed effects. For better readability of results, CARs are reported as percentages.

$$TCAR_d = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon$$

Independent Variable	Overall Sample		Domestic Targets Only		Cross Border Targets Only	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
	n=4,683	n=7,955	n=4,580	n=5,988	n=1,223	n=1,967
Intercept	22.423***	3.507	23.345***	17.231	22.041***	7.403
DON	1.184***	0.310	1.354***	0.275	0.996*	0.084
$(DON)^2$	-0.040***	-0.022	-0.052***	-0.026	-0.025	0.000
Deal Characteristics:						
<i>Industry Focus</i>	0.427	0.508	0.449	0.051	0.549	1.579
<i>Tender Offer</i>	2.335***	5.266***	2.609***	5.061***	3.418***	6.021***
<i>Challenged</i>	-2.565***	-3.986***	-2.748***	-3.773***	-3.832**	-6.088***
<i>Cash Transaction</i>	3.009***	1.983**	4.076***	2.349**	0.980	1.616
<i>Transaction Value</i>	-0.602***	-1.017***	-0.673***	-1.358***	-0.459	-1.165**
<i>Cross-Border</i>	0.786	-1.722*				
<i>Merger-Wave</i>	-3.719***		-3.366***		-4.213***	
Acquirer Characteristics:						
<i>Firm Size</i>	0.466***		0.666***		0.222	
<i>Return on Assets</i>	0.009		0.010		-0.037	
<i>FCF / Total Assets</i>	0.109***		0.060*		0.244***	
<i>Capex / Total Assets</i>	-0.157		0.014		-0.135***	
<i>Market to Book Value</i>	0.252***		0.253***		0.048	
Country Characteristics:						
<i>Acquiror Power Distance Index</i>	-0.298***		-0.384***		-0.135***	
<i>Same legal structure</i>	-0.671				0.450	
<i>Difference in Corruption Control</i>	-3.610***				-2.669***	
Regression R ²	0.093	0.653	0.101	0.706	0.075	0.785
Regression F	28.16***	1.29***	36.88***	1.31***	6.10***	1.41***
Acquiring Firm & Year Fixed Effects	No	Yes	No	Yes	No	Yes

***, **, * Significantly different from zero with p -value < 0.01, < 0.05, < 0.10 respectively.

Table XI (Panel B): GLM estimates of the target cumulative abnormal return ($TCAR_d$) as a function of the acquirer's acquisition experience as measured by the deal order number (DON_d). Model 1 shows coefficient estimates with various controls for deal, acquiring firm, and country characteristics, while Model 2 shows coefficient estimates of a Fixed Effects model using acquiring firm and announcement year fixed effects. For better readability of results, CARs are reported as percentages.

$$TCAR_d = \alpha + \beta_1(DON_d) + \beta_2(DON_d)^2 + \gamma'(Control\ Variables) + \varepsilon$$

Independent Variable	Targets from U.S.		Non-U.S. Targets		Targets from Competitive Markets (U.S., U.K., & Canada)		Targets from Other (less competitive) nations	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
	n=1,981	n=3,807	n=2,720	n=4,148	n=2,974	n=5,496	n=1,727	n=2,459
Intercept	17.206	11.921	14.041	0.593	8.382	3.140	10.712	9.657
DON	0.625	0.042	0.813	0.254	0.597*	0.503	1.118	-0.386
$(DON)^2$	-0.027	-0.005	-0.069	-0.092	-0.021	-0.023	-0.130	-0.026
Deal Characteristics:								
Industry Focus	0.336	-0.448	0.319	3.355***	0.425	0.705	-0.192	1.103
Tender Offer	4.761***	6.187***	3.387***	4.257***	2.216***	5.133***	4.863***	3.577***
Challenged	-4.842***	-5.576***	-0.514	-1.800	-2.737**	-4.114***	-2.171	-2.145
Cash Transaction	4.118***	2.284*	0.245	2.327**	4.044***	2.262**	0.316	2.010
Transaction Value	-2.091***	-1.397***	-0.567**	-0.879**	-1.845***	-1.506***	-0.069	-0.922**
Cross-Border	0.176	-9.558	4.016***	0.620	1.608	-1.337	3.322***	1.068
Merger Wave	-5.010***		-3.082***		-4.754***		-1.934***	
Acquirer Characteristics:								
Firm Size	1.214***		0.660***		1.338***		0.403*	
Return on Assets	0.021		-0.010		0.024		-0.039	
FCF / Total Assets	0.081		0.107***		0.069*		0.138***	
Capex / Total Assets	-0.023		0.024		-0.025		0.028	
Market Value / Book Value	0.288***		0.058		0.280***		-0.016	
Country Characteristics:								
Bidder Power Distance Index	-0.052		-0.238***		0.018		-0.187***	
Same legal structure	-1.277		1.460		0.920		1.175	
Difference in Corruption Control	0.298		-4.093***		1.354		-3.593***	
Regression R ²	0.110	0.664	0.099	0.752	0.094	0.659	0.114	0.812
Regression F	14.34***	1.38***	17.48***	1.30***	18.07***	1.37***	12.89***	1.33***
Acquiring Firm & Year Fixed Effects	No	Yes	No	Yes	No	Yes	No	Yes

***, **, * Significantly different from zero with p -value < 0.01, < 0.05, < 0.10 respectively.

Footnotes

¹ In rare cases, such as for British Crown dependencies of Jersey and Guernsey, acquirer countries lack their own stock exchanges. Shares of these public acquirers trade elsewhere. In these cases, the appropriate market index is used to compute acquirer abnormal returns. In the instances mentioned above, acquirer shares trade in the London Stock Exchange - AIM. Hence, we use the U.K. total market return index.

² As a robustness check, we also use market model *CARs* in our initial univariate analysis and find qualitatively similar results.

³ Once again, as a robustness check, we also examine an 11-day window *CAR* (-5,+5) surrounding the event. The 11-day *CARs* are generally larger than the 3-day *CARs*, but both deliver results consistent with one another in our univariate examination.

⁴ We employ the most recent definitions of Fama and French 48 industry groups available from the website maintained by Professor Ken French, currently at Dartmouth.

⁵ The World Bank estimates Worldwide Governance Indicators for various countries. There are six such indicators, Control of Corruption, Government Effectiveness, Political Stability, Regulatory Quality, Rule of Law, and Voice & Accountability. These scores are available at www.govindicators.org. We tried using some or all of these indicators in our regression models, but they present a severe multicollinearity problem when used together. Used independently, each provided the same type of information in our overall model. Hence, we decided to use only the first, Control of Corruption, as a control variable in our models.

⁶ In our fixed effects modeling, we tried varying combinations using firm fixed effects, firm and year and firm, year and target country fixed effects. The results from these variations were not materially different from each other. Hence, in the interest of brevity, we chose to show results of models with all three fixed effects, or less if applicable. For example, when we focus on targets from the U.S., target country fixed effects become redundant and are not employed.

⁷ Both Antoniou et al. (2007) and Ekkayokkaya et al. (2009) find positive initial reactions to private target acquisitions made by U.K. acquirers, but negative long-run returns. Their findings suggest that, faced with the information asymmetry associated with private targets, investors are overly optimistic about acquisitions of private targets.

⁸ While this finding is generally in line with Conn et al. (2005), who find non-significant announcement returns in cross-border acquisitions of public targets, the trend of *CARs* during the sequence of merger announcements by a firm has not been examined for this large and important set of observations. Nor has the literature examined learning in cross-border acquisitions based on the target type.

⁹ Takeover market competitiveness is generally measured as the number of public targets within a country, divided by the total number of public firms in that country in a given year.

¹⁰ We use the coefficients from Model 2 regressions in our discussions of economic impact because the sample sizes of the fixed effects regressions in Model 2 are more representative of the actual sample. Availability of control variables restricts the sample sizes of Model 1 regressions, making them less representative of our actual samples.

¹¹ The fixed effects model used here only employs acquiring firm and year fixed effects, leaving out target country fixed effects because, by construction, the subsamples for U.S. targets and Competitive M&A markets are based on targets from specific countries.