Repetitive Cross-border Mergers and Acquisitions

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ABSTRACT

This paper examines repetitive deals in the same target country. We find that as acquirers repeat cross-border deals in the same country, (i) the time between successive deals declines, (ii) the percentage of ownership stake acquired increases, and (iii) the percentage of consideration paid in cash increases. To further distinguish whether such patterns are consistent with learning or hubris, we examine repetitive cross-border deals at two different stages of learning: experience-building versus memory-loss periods (as in Hayward (2002)). We find that as the acquirer makes more deals in the country, the time between deals decreases and the abnormal announcement return increases in experience-building periods, whereas such patterns do not exist or are reversed in memory-loss periods. Our results suggest that firms gain by learning as they repeat acquisitions in the same country.

1. Introduction

A significant fraction of mergers and acquisitions (M&A) activity is conducted by repeat acquirers. Ahern (2008) finds that only 38% of M&A deals are made by first-time acquirers. Existing research on repeat acquirers finds that returns to acquisition announcements by repeat acquirers declines with successive deals (see, e.g., Fuller et al. (2002), Conn et al. (2004), Croci (2005), Ahern (2008), Ismail (2008), Aktas et al. (2009), and Billet and Qian (2008)). Many of these studies attribute the declining returns over the deal sequence to growing hubris. In contrast, the management literature argues that with repeat acquisitions, firms gain experience on how to select the right acquisitions (see, e.g., Hayward (2002), Barkema and Schijven (2008) and Harding and Rovit (2004)).

Large-sample empirical research on repeat acquirers and their ability to learn from acquisition is scarce. Aktas et al. ((2011), (2013)) look at the bidding behavior of repeat acquirers, their CARs and the time between successive deals and conclude that, over time, acquirers learn to value targets more accurately. Their results provide an alternative to the prevalent hubris argument and open up avenues for further research on learning in acquisitions. For example, the nascent empirical literature on learning does not account for the complex nature of acquisitions. Acquisitions involve several interdependent but distinct subactivities - due diligence, negotiations during the bidding process, merger financing, and, critically, post-merger integration. As pointed out by Barkema and Schijven (2008), no two deals are the same. Sometimes the only common element between two successive acquisitions is the acquirer itself. This heterogeneity can make it difficult for the acquiring firm's management to detect a causal relation between an action taken and the performance outcomes obtained. In the absence of common features between successive acquisitions, learning can be difficult. It is not surprising then that in the literature some studies find evidence of learning and others do not.

In this paper, we examine whether serial acquirers learn from past acquisitions by focusing on successive acquisitions that have a common recurring feature. Specifically, we focus on repeat cross-border acquisitions where the targeted country is the same. Cross-border acquisitions provide many challenges and opportunities for learning. Cross-border acquisitions encounter national cultural barriers, institutional differences, differences in governance, and corporate culture as well as political uncertainty and red tape (see, e.g., Rossi and Volpin (2004), Dinc and Erel (2013), Lee (2013), and Ahern et al. (2014)). Repeat acquisitions in the same country allow acquirers to become familiar with a country's political and institutional framework and corporate culture, possibly improving their ability to surmount these challenges.

Using a sample of 53,940 cross-border acquisitions announced between the years 1990 and 2010, we examine whether acquirers learn from repeat acquisitions in the same country. Summary statistics indicate that as an acquirer makes more acquisitions in the same country, the time between successive deals declines, the percentage of ownership stake acquired increases, and the percentage of consideration paid in cash increases. These patterns could be indicative of improved knowledge of and commitment to conducting business in the target country, but may also be indicative of growing hubris. To determine whether learning occurs, we use the arguments of Hayward (2002) and Aktas et al. (2013) regarding the time between deals (TBD). Acquirers are expected to be able to learn effectively if the time between actions taken and results observed, but not so long that their

memory fades and learning dissipates. We find that for the low-TBD sample, which Hayward refers to as the experience-building situation, TBD is a decreasing function of the deal order number, the number of deals made by an acquirer. Thus, when acquirers are learning from acquisitions, they increase the frequency of their acquisitions. In the high-TBD sample, the memory-loss situation, there is no significant link between the TBD and the deal order number. These findings appear to be supportive of the learning hypothesis. To test whether the acquirer's learning is specific to the country in which the successive deals occur, we conduct a similar test in which we do not condition on the target country. We look at all successive cross-border deals undertaken by an acquirer and divide these deals into experience-building and memory-loss subsamples. In this test, we do not find a decline in the TBD in the experience-building subsample. Our finding that the TBD declines with the deal order number in the same country, but not across all countries suggests that learning is specific to the country in which repeat deals occur.

We also look at the acquirer announcement returns for successive deals in the same target country. We find that announcement returns of the acquirer decline with successive deals in the same country. This pattern of declining CARs may seem inconsistent with learning, but it is not. As argued by previous papers, if targets are being valued more precisely, more of the value may be passed on to the targets in the bidding process, thus leading to lower acquirer returns. Again, to test for learning, we divide the sample into experience-building (low-TBD) and memory-loss (high-TBD) subsamples. In the low-TBD sample, acquirer CARs increase with the TBD, indicating that learning occurs during the experience-building situation. In the high-TBD sample, acquirer CARs are not related to the TBD.

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Our paper contributes to the growing literature on learning in mergers and acquisitions. Previous papers on learning do not identify common features across successive acquisitions that can facilitate learning. We focus on cross-border acquisitions and examine whether acquirers learn from making successive acquisitions in the same country. Our results are broadly supportive of learning in M&As.

Our paper also contributes to the cross-border acquisition literature. Prior studies in the literature primarily focus on frictions in the cross-border M&A market (e.g., differences in culture and institutional quality) and time-varying macroeconomic conditions (e.g., economic development and currency appreciation/depreciation) to explain how firms choose a target country to make a deal. The literature, however, has been silent about the fact that many firms repeat deals in the same target country, despite the aforementioned challenges and changing economic conditions, which make it more attractive to switch to another country. We provide an explanation: firms gain by learning through repetitive deals in the same country.

Lastly, our study advances our understanding of the means of payment to finance cross-border transactions. We show that a bidder's financing choices depends on its prior deal experience in the country.

The rest of the paper is organized as follows. Section 2 presents the data and variable construction. Section 3 discusses the results and Section 4 concludes.

2. Data

Our sample begins with all cross-border mergers and acquisitions among 48 countries reported by Thompson's Securities Data Corporation (SDC), announced during 1990 and 2010, and completed by the end of 2013. To be considered as a cross-border transaction, we require that neither the acquirer firm nor its ultimate parent be domiciled in the same country as the target firm, in which the information on the country of domicile is from SDC. We exclude deals in which the acquirer or the target is a government agency. We further exclude leverage buyouts, spin-offs, recapitalizations, self-tender offers, exchange offers, repurchases, minority stake purchases, acquisitions of minority interest, and privatizations. We also require that the acquirer and the target not be from a financial or utilities industry. The final sample consists of 53,940 cross-border mergers and acquisitions. A cross-country matrix is formed in Table 1, showing the number of cross-border deals, as well as domestic deals, undertaken by firms in a certain country.

We obtain further information on deal characteristics from SDC, including transaction value in U.S. dollars, bid premium, the percentage purchased by the acquirer, and payment method. In addition, SDC provides information on the acquirer and target companies, such as the name, ultimate parent, and industry classification (2-digit SIC code).

Our analysis controls for several country-level variables known to influence crossborder M&As. We collect annual GDP (in U.S. dollars) and annual GDP per capita (in U.S. dollars) from the World Development Indicator from the World Bank. Country-level stock market return data in U.S. dollars are from Datastream. Real exchange rate returns in U.S. dollars are obtained from Penn World Table. Later, we examine the acquirer and the target's stock returns around the announcement date. To perform such an examination, we obtain stock returns data from the Center for Research in Security Prices (CRSP) for U.S. companies, and from Datastream for non-U.S. companies. We collect accounting information from the Compustat database for U.S. firms and from Datastream for non-U.S. firms.

Table 2 presents summary statistics of the key variables of the paper. The average time between deals is 778 days. The mean percentage of target shares acquired is 93%, and the average percentage cash payment is 69.6%. The high percentage of cash payment is also found in previous cross-border merger papers. For example, Moeller and Schlingemann (2005) document that, on average, 78% of consideration is paid in cash in their cross-border merger sample. Starks and Wei (2013) document an average cash payment of 72%.

All variables are described in the appendix. Table 3 presents correlations between the main variables used in our analysis.

3. Results

3.1. Main results

We begin by examining how the time between deals (TBD), percentage of shares acquired, and percentage paid in cash change with the deal order number. Table 4 Panel A and Figure 1 show that the time between deals declines with progressive acquisitions in the same country. The mean TBD is 835 days for the first five acquisitions in a country. The mean TBD is 385 days for the 6th through 10th acquisitions in the same country and

continues to fall with successive deals in the same country. Although the number of observations is small for deal order numbers greater than 16, we see that the mean TBD falls to 263 days in this category. Table 4 also shows that the percentage stake acquired rises from 93% for the first five deals to 100% for deal order numbers greater than 16. Similarly, the percentage paid in cash increases from 69% to 80%.

Since the deal order number increases with the passage of time, it is possible that these patterns reflect time trends and are not characteristic of repeat acquisitions in the same country. In Panel B of Table 4, we present the following regression framework that controls for the time trend (Trend), year fixed-effects (τ), and country fixed-effects (δ and θ):

$$y_{i,j,n,t} = \alpha_{i,j,n,t} + \beta * DONC_{i,j,n,t} + \gamma * X_{i,j,t} + Trend_t + \delta_i + \theta_j + \tau_t + \varepsilon_{i,j,n,t}$$
(1)

In equation (1), *i* represents the acquirer country, *j* represents the target country, and *t* represents the announcement year of a given deal *n*. We regress the TBD, percentage acquired, and percentage paid in cash on the deal order number in the same country (DONC), which is the variable of our primary interest. Since economic conditions can affect how quickly an acquirer returns to the same country, we control for macro-economic/financial variables (\mathbf{X}), such as GDP per capita, GDP growth, stock market returns, and currency exchange rates. Our findings hold in the multivariate analysis. The coefficient on the deal order number is negative for the TBD and positive for the percentage acquired and the percentage paid in cash.

So far we have assumed that the relation between the dependent variable and the DONC is linear. In Panel C, we relax this assumption by re-estimating the regression

models in Panel B with the squared term, DONC². The coefficient on DONC² is significant across all dependent variables, which suggests non-linear relations. More importantly, we continue to find that the DONC is significantly and negatively associated with the TBD, and is positively associated with the percentage stake acquired and the percentage of cash payment.

3.2. TBD in experience building versus memory loss periods

One possible explanation for these patterns is that repeat acquisitions in the same country help an acquirer value business opportunities in that country more accurately and enable the acquirer to navigate the legal and political environment more quickly. The greater precision with which firms can be valued can encourage the acquirer to commit to 100% ownership and a higher cash payment. However, these patterns could also be consistent with growing managerial overconfidence. To distinguish between the two, we use the arguments proposed by Hayward (2002). Learning is expected to be a concave function of the TBD. When the TBD is very small, there is very little time between deals for effective learning. As the TBD rises, the amount of learning occurring between deals also increases, but only up to a point. After a threshold value of the TBD is crossed, memory loss kicks in. When deals are too far apart, acquisition expertise wanes. Aktas et al. (2013) argue that below a threshold value of the TBD (experience-building situation), a declining TBD through successive acquisition is indicative of learning, while above the threshold value (memory-loss situation), an increase in TBD is indicative of learning. Following Aktas et al. (2013), we calculate the abnormal TBD as the TBD less the median TBD in the acquirer's industry, the same acquirer country and the same target country.

Then we examine the link between the abnormal TBD and the deal order number in the same country (DONC) for two subsamples – those with the TBD in the bottom quartile and those with the TBD in the top quartile. Columns 1 and 2 in Table 5 present the results. Consistent with Aktas et al. (2013), we find a negative and significant relation between the TBD and the DONC in the low-TBD subsample. The relation between the TBD and the DONC in the high-TBD sample is positive but statistically insignificant.

While our results thus far support country-specific learning, it is possible that our results are driven by the acquirer's learning from deal experience in other countries rather than learning through repeat deals in the same country. This is because, by construction, our DONC measure (i.e., deal experience in a given country) is positively correlated with the acquirer's acquisition experience in all countries. To examine whether the acquirer's learning is country-specific, we re-estimate the models with the deal order number not conditioning on the target country (DON). Columns 3 and 4 in Table 5 present the results. We do not find any significant association between the DON and the TBD, neither in the experience-building nor the memory-loss periods. The results here lend further support to country-specific learning through repetitive acquisitions.

3.3. Acquirer abnormal announcement returns (CARs)

Next, we examine cumulative abnormal returns (CARs) of the acquiring firm to obtain a better understanding of an acquirer's experience with repeat acquisitions in the same country. We calculate CARs for acquirers using three different event windows surrounding a merger announcement: (-1, +1), (-2, +2), and (-3, +3). CARs are calculated as market model adjusted stock returns around the acquisition announcement date. To

estimate abnormal returns, we use a two-factor market model with the equity market index for each country and the MSCI world index (Griffin, 2002). For each deal, we estimate the following market model during the period (d-280, d-30), in which day d is the announcement day:

$$r_{i,t} = \alpha_i + \beta_{i,1} r_{acquirer\ country,t} + \beta_{i,1} r_{world,t} + \varepsilon_t \tag{2}$$

The cumulative abnormal returns (CARs) are estimated by summing up the abnormal return for each day over different event windows.

Table 6 provides summary statistics for acquirer CARs across different event windows. Panel A reports that acquirers, on average, have positive CARs of 1%. Panel B reports CARs for the first deal in the country (DONC = 1). The average CAR is approximately 1.2%. Panel C reports CARs for repeat deals in the country (DONC > 1). The average CAR is about 8%, lower than the first deal.

In Table 7, we present multivariate regressions of acquirer CARs on the deal order number in the country (DONC). The coefficient on the DONC is negative, indicating that acquirer CARs decline with successive acquisitions in the same country. We investigate when the underperformance begins by creating four dummy variables to capture the first five deals, deals 6 through 10, deals 11 through 15, and so on. The first three dummy variables are included in the regression, while the last one is subsumed by the intercept.¹

Column 4 in Table 7 shows that acquirer CARs are persistently negative for all the dummy variables. As pointed out by previous literature, this is not proof that learning is not occurring. If acquirers are learning to value targets more precisely, a larger fraction of the gains from learning may accrue to targets, leaving less for acquiring shareholders. To

¹ We estimate the regression without an intercept and find that the coefficient on the last dummy (16^{th} deal or more) is almost identical to the third dummy ($11^{th} - 15^{th}$ deals).

test whether learning is occurring, we turn again to Aktas et al.'s method of dividing the sample into experience-building and memory-loss situations. In the experience-building subsample (low-TBD), acquirers are learning from making more acquisitions, so there should be a positive link between acquirer CARs and DONC. In the memory-loss situation (high-TBD), too much time elapses between successive deals and any experience gained from a merger is reset. With each merger, the acquirer is effectively beginning from scratch. Therefore, there is no predictable link between the CAR and the DONC when the TBD is high. In Table 8 Panel A, we divide the subsample into deals with the TBD in the bottom quartile and the TBD in the top quartile. We find that the link between acquirer CARs and DONC is positive in the low-TBD subsample, but insignificant in the high-TBD sample. This result is consistent with the hypothesis that learning is occurring due to successive deals in the same country, provided that the TBD is not too high.

To ensure that our results support country-specific learning, we re-estimate the regression with the acquirer's cross-border deal experience, not conditioning on the target country (DON). Panel B presents the estimation results. We do not find any significant association between the DON and CAR in either of the subsamples. The results suggest that the acquirers' merger gain is limited to country specific learning.

4. Conclusion

In this study, we show that a significant portion of cross-border merger deals is undertaken by firms repeating deals in the same target country. Given that cross-border acquisitions involve many challenges compared to domestic deals, we examine whether those serial acquirers learn from prior deal experience in the country.

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Using a large sample of cross-border M&A deals, we find that as the acquirer repeats deals in the same target country, time between successive deals declines, the percentage of ownership acquired increases, and the percentage of consideration paid in cash increases. To distinguish whether the results are driven by learning or growing hubris, we look at two different stages of learning (Hayward, 2002): experience building and memory loss. We find a negative association between the time between deals and the number of deals the acquirer has made in the same country only during the experience-building periods. We also find that as the acquirer makes more deals in the country, the acquirer announcement returns are higher during the experience-building periods. We do not find such patterns in the memory-loss periods. Furthermore, we do not find such results when we use the acquirers' prior cross-border deal experience in other countries, which suggests that learning is country-specific.

Overall, our evidence suggests that by repeating acquisitions in the same country, the acquirer learns more about the country's economic and political environment. Such learning-by-doing leads to value creation, depending on the timing of learning.

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Appendix: Description of variables

Variable	Description
	Panel A Country-level variables
Δ GDP per capita (t)	Difference between acquirer and target countries' annual Gross Domestic Product per capita in year t. (Source: World Bank)
Δ GDP growth rate (t)	Difference between acquirer and target countries' annual growth rate of the Gross Domestic Product (GDP) from year t-1 to year t. (Source: World Bank)
Δ Stock market returns (t)	Difference between acquirer and target countries' stock market index returns from year t-1 to year t. (Source: Datastream)
Δ Currency valuation (t)	Difference in real bilateral U.S. dollar exchange rates from year t-1 to year t between acquirer and target countries. (Source: Penn World Table)
	Panel B Deal-level variables
Deal order number in the country (DONC)	The number of cross-border deals (including the current deal) made by the acquirer i in the country j .(Source: SDC)
Time between deals (TBD)	The number of days between the announcement date of the current deal and the completion date of the previous deal in the same country. (Source: SDC).
Related M&A	A target firm is in the same SIC-2 digit industry as an acquirer.
% stake acquired	The percentage of stake acquired. (Source: SDC)
% cash (stock) payment	The percentage of cash (stock) payment. (Source: SDC)
Stock deal	Dummy equal to one if a deal is financed at least partially by stock. (Source: SDC)
Acquirer (target) size (t)	The natural logarithm of an acquirer's (target's) market capitalization in US dollars in year t. (Source: Datastream item 08001)
Acquirer (target) M/B (t)	Acquirer's (target's) market value of equity (Datastream item 08001) divided by book value of equity (Datastream item 03501) in year t. (Source: Datastream)
Acquirer CAR (-n,+n)	Acquirer cumulative abnormal stock return from n days before to n days after the announcement.

Table 1Number of mergers and acquisitions by country pair

This table presents the number of mergers by 48 sample countries. The columns represent acquiring countries. The rows represent target countries. The numbers of cross-border mergers are reported in the off-diagonal entries. The numbers of domestic mergers are reported in the diagonal entries.

Nation	AR	AS	AU	BL	BR	CA	CC	CE	СН	co	СТ	CY	DN	FN	FR	GR	нк	HU	ID	IN	IR	IS	IT	JP	LX	MA	МΧ	NO	NT	NZ	PE	РН	PL	PO	RU	SA	SG	SK	SP	SW	SZ	тн	тк	тw	UK	US	VE	WG	Total
Argentina(AR)	231	2	10	2	43	53	0	25	2	1	0	0	6	2	63	2	1	0	0	4	7	1	19	5	4	0	20	1	23	4	2	0	0	0	1	4	1	1	70	9	17	1	0	0	70	272	4	23	775
Austria(AS)	0	473	5	9	0	17	1	0	2	0	0	0	14	- 12	34	3	0	3	0	3	8	2	32	12	7	0	1	10	28	0	0	0	3	1	3	4	1	0	5	24	58	0	1	2	54	91	0	297	747
Australia(ALI)	1	5	6563	8	6	175	0	2	36	0	0	0	16	<u>د</u>	85	0	51	0	10	42	26	6	17	103	0	43	2	15	76	150	0	8	0	2	1	. 71	109	4	8	44	74	6	1	3	401	959	0	86	2760
Belgium(BL)	0	12	12	631	4	25	0	1	1	0	0	0	15	21	240	4	1	0	0	12	20	6	22	20	7	1	0	8	247	1	0	0	1	3	3	6	5	0	12	43	30	0	1	1	152	222	0	102	1261
Brazil(BR)	38	4	29	13	1091	76	0	19	11	7	0	0	16	8	137	0	5	0	0	8	9	8	43	29	7	2	33	14	39	4	2	0	0	43	1	9	6	0	73	12	30	0	1	1	65	466	2	75	1345
Canada(CA)	1	11	94	21	13	8790	0	0	29	0	0	1	17	23	182	3	16	2	4	34	17	17	23	81	5	8	7	22	75	7	1	3	1	1	10	17	7	9	12	44	79	1	0	7	371	3070	0	91	4437
Czech Rep. (CC)	0	30	1	15	2	5	236	0	0	0	1	2	13	10	64	1	1	6	0	8	6	3	14	7	5	0	0	11	44	0	0	0	10	0	10	1	0	3	11	30	38	0	0	2	49	97	0	121	630
Chile(CE)	8	0	25	2	10	57	0	151	1	4	0	0	0	1	18	0	0	1	0	2	1	1	9	4	2	0	12	7	14	8	5	0	1	1	0	2	1	0	39	6	2	0	0	0	17	105	1	9	376
China(CH)	0	2	47	- 15	1	69	0	1	2026	0	0	0	9	10	64	1	378	0	5	10	3	3	17	81	0	59	2	4	27	4	0	6	0	2	1	2	110	57	9	- 15	13	8	1	43	82	442	0	38	1641
Columbia(CO)	2	0	3	~ 1	9	33	0	7	1	68	0	0	0	1	12	0	0	0	0	3	1	0	1	5	2	1	22	0	3	1	4	1	0	0	0	3	0	0	22	3	8	0	0	0	11	59	4	2	225
Croatia(CT)	0	15	0	0	0	0	1	0	0	0	38	0	3	1	10	1	0	3	0	1	0	0	5	1	0	0	0	0	5	0	0	0	4	1	3	0	0	0	1	2	4	0	1	0	6	5	0	14	87
Cvorus(CY)	0	0	0	0	0	2	0	0	0	0	0	48	1	0	2	13	1	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	2	0	11	0	2	0	0	0	1	0	1	0	5	5	0	0	48
Denmark(DN)	0	7	4	12	0	13	0	1	2	0	1	1	1187	57	49	1	2	0	0	4	11	3	11	16	4	2	0	140	51	1	0	0	4	0	1	3	5	0	5	245	34	0	0	1	140	210	0	123	1182
Einland(EN)	0	8	7	7	0	22	0	0	1	1	0	1	96	2087	38	1	5	2	0	5	24	3	12	28	6	0	0	64	40	0	0	0	0	0	7	1	5	0	14	340	35	1	1	4	68	178	0	63	1002
France(FR)	3	34	28	269	5	14.4	0	1	11	0	0	0	59	51	6301	8	10	3	1	22	32	10	212	108	26	2	3	33	231	3	0	0	1	11	3	8	4	3	125	133	101	4	2	2	722	1121	0	400	4156
Grace(GR)	0	2	1	203	0	3	0	0	0	0	0	8	3	3	0.000	151	0	0	0	0	0	10	10	1	1	2	0	1	0	0	0	0	0	1	3	0	4	1	20	5	5	4	2	2	15	20	0	433	400
Hong Kong(HK)	0	2	21	2	2	33	0	0	08	0	0	0	0	3	10	3	591	0	2	6	0	3	2	41	1	83	0	1	7	1	0	3	0	0	1	3	76	0	4	5	1/1	5	1	10	74	19.4	0	10	754
Hungap (HLI)	0	30	0	5	0	1	4	0	2	0	1	0	4	0	34	3	0	191	2	1	3	1	1/	7	1	00	0	6	46	0	0	0	7	0	4	3	3	0	2	0	12	0	0	1	25	71	0	79	404
Indoposia(ID)	0	0	27	1	0	4 17	4	0	6	0	0	0	4	2	6	1	0	0	274	16	0	4	0	26	1	55	0	3	40	0	0	3	0	0	4	2	57	15	0	1	5	11	1	1	20	28	0	70	345
India(IN)	0	5	10	6	0	10	0	0	5	0	0	0	7	5	66	0	5 11	0	2/4	1260	2	4	11	20	0	25	0	4	24	0	0	2	1	1	6	6	19	0	7	19	40	3	0	1	101	322	0	50	951
India(IN)	1	2	7	6	0	15	0	0	1	0	0	0	11	1	32	2	2	0	0	3	469	1	5	5	0	20	1	9	19	1	0	2	1	1	2	5	4	0	1	7	7	1	1	0	302	216	0	22	607
leroal(IS)	0	2	3	3	1	17	0	0	2	0	0	0	3	0	12	2	2	0	0	2	400	220	2	2	0	4	0	0	4	0	0	0	0	0	2	2	1	1	4	4	3	0	2	1	28	210	0	17	340
Isreal(IS)	0	37	10	33	8	28	0	0	6	0	0	0	27	22	201	1/1	4	2	0	27	10	10	2254	44	10	3	1	0	122	1	1	0	2	5	16	4	2	2	57	4 68	08	1	1	0	20	488	0	228	1076
lanan(IP)	0	0	10	7	2	10	0	0	19	0	0	0	21	3	40	5	12	2	2	21	2	3	5	0273	0	5	0	0	21	0	0	1	-	0	1	2	2 0	26	1	12	15	3	0	19	57	248	0	220	596
Japan(Jr)	0	0	4	16	2	2	0	0	0	0	0	0	1	0	140	2	0	0	2	4	0	0	2	2213	11	0	0	0	7	1	0	0	0	0	0	4	0	1	0	5	2	0	0	0	1/	17	0	16	10.4
Malaunia(MA)	0	0	24	0	0	2	0	0	1	0	0	0	6	2	0	2	14	0	6	7	0	1	4	20	0	2422	1	2	7	2	0	5	0	0	1	2	100		4	2	40	5	0	5	22	64	0	10	450
Maxiaa (MX)	2	0	24 E	2	10	222	0	5	0	2	0	0	5	2	27	2	0	0	0	2	6	4	7	11	1	2 102	247	1	10	4	1	1	0	0	0	2	2	1	42	0	0	0	0	1	24	260	1	20	950
	0	6	7	2	5	19	0	0	3	0	1	2	12/	3 73	37	3	9	0	0	3	5	4	7	0	2	1	241	11/17	13	4	0	1	2	1	1	1	2	3	43	265	9	1	0	0	34 1/15	178	0	29	1070
Nothorlands(NT)	0	21	27	125	4	50	1	2	10	0	0	4	40	13	175	6	6	1	0	11	67	4	10	52	10	7	4	25	4J 2110	3	0	0	4	3	4	10	5	1	30	67	71	3	3	5	469	501	1	204	2227
New Zoolond(NZ)	0	1	3/6	2	4	48	0	0	4	0	0	0	40	40	12	0	0	0	1	1	5	1	40	22	0	10	4	20	10	773	0	0	4	1	4	11	10	2	0	5	0	3	0	1	77	19/1	0	10	807
Poru(PE)	2	1	940	4	5	40	0	10	4	1	0	0	0	0	3	0	0	0	0	0	0	0	1	1	0	2	10	2	2	0	72	0	0	1	1	0	0	2	12	1	4	0	0	0	11	58	0	2	235
Philippings(PH)	0	0	10	1	0	12	0	0	0	0	0	0	1	0	7	0	7	0	0	3	0	0	0	1/	0	4	2	2	1	0	0	166	0	0	0	1	17	2	1	1	2	6	0	1	1/	/1	0	3	156
Poland/PL)	0	17	2	7	0	12	0	0	0	0	1	1	31	10	60	4	0	4	1	10	0	4	24	0	12	0	2	17	51	0	0	0	523	5	1	4	1	4	20	31	10	1	0	1	64	84	0	0/	634
Polariu(PL)	1	0	2	10	5	0	9	1	1	0	0	1	0	0	60 E1	4	1	4	0	2	3	4	40	9	0	0	1	7	11	0	0	0	023	330	0	4	0	4	20	0	10 17	0	0	0	40	46	0	94	272
Pussion End(PLI)	0	6	3	10	0	28	3	0	2	0	0	10	8	46	37	6	1	2	0	1	2	2	10	10	8	0	0	10	45	1	0	0	12	0	17/18	2	0	5	2	20	24	0	3	0	93	110	0	50	501
South Africa(SA)	0	1	50	2	0	49	0	0	2	0	0	0	5	40	20	2	3	2	0	12	4	4	6	10	0	4	0	2	40	1	0	1	0	0	2	- 090	4	6	5	10	24	0	0	1	165	109	0	41	611
Singapore(SC)	0	0	46	1	0	7	0	0	22	0	0	0	7	3	16	2	30	1	15	21	4	2	5	12	0	12/	0	15	5	0	0	1	1	0	0	505	4 667	3	2	0	20	16	0	0	56	120	0	10	650
South Koroa(SK)	0	1	40	4	0	10	0	0	6	0	0	0	2	3	20	0	7	0	0	2	0	5	1	37	0	0	1	2	7	0	0	0	0	0	1	3	7	1261	4	11	0	0	0	3	32	121	0	26	351
Spin(SP)	2	10	19	32	7	32	2	2	1	1	2	0	12	19	376	11	5	1	0	10	11	11	122	34	1	0	10	10	165	0	1	0	0	60	2	2	1	2	7836	50	51	0	0	1	207	210	0	102	1072
Sweden(SW)	0	17	15	10	0	46	0	0	1	0	0	2	222	283	0/	3	6	0	0	8	10	4	10	27	0	1	0	270	70	0	0	0	1	0.0	2	2	5	1	6	2252	44	0	0	2	265	355	2	125	1067
Swizerland(S7)	0	54	10	21	0	25	0	0	3	0	1	0	223	19	150	0	0	1	0	10	14	-4 17	45	2/	9	4	0	0	60	1	0	1	2	1	10	10	7	0	0	10	1179	0	0	2	1200	313	0	/15	1/192
Thailand(TH)	0	0	5	3	0	20	0	0	0	0	0	0	30	2	0	0	0	0	2	0	0	1	40	49	0	-4 26	0	1	11	2	0	1	1	0	0	4	40	2	0	43	2	285	0	6	26	42	0	40	269
Turkov(TK)	0	12	4	0	3	- 1/	4	0	0	0	0	1	3	5	37	10	2	3	2	3	3	5	12	40	0	20	0	2	11	2	0	0	2	3	8	3	2	2	4	4	2 0	205	195	0	20	42	0	35	200
Tuikey(TK)	0	0	2	0	0	0	4	0	0	0	0	0	0	2	6	0	40	0	0	0	0	1	0		0	6	0	2	1	0	0	2	2	0	0	0	47	5	4	4	2	2	0	220	10	43	0	14	222
Lipited Kingdom (LIK)	0	46	222	105	6	206	2	0	10	0	2	2	140	70	660	17	50	2	2	100	477	25	100	204	41	25	5	100	252	16	1	2	2	4	10	116	44	12	07	222	105	27	2	200	10067	2600	1	F60	0.055
United States (US)	16	-+0	500	12.9	56	2380	4	7	76	0	4	4	112	165	1010	" 33	102	5	2 9	208	374	210	170	1061	17	20	08	112	562	24	3	∠ 11	2	-+ 9	28	07	120	70	115	401	450	41	6	03	3607	79512	1/1	052	1/760
Venezuela(VF)	2	0	0	1	4	24	0	1	0	2	0	0	2	0	13	0	0	0	0	1	0	210	4	0	1	0	2	0	2	0	0	0	0	0	0	1	0	0	8	1		0	0	0	8	54	49	2	136
Germany(WG)	0	307	43	120	5	93	5	2	11	0	2	0	129	160	539	13	23	4	2	57	36	23	14.4	151	46	16	5	46	474	5	0	1	16	9	15	31	17	16	55	203	472	2	12	7	775	1711	1	- 7147	5804
Total	80	782	1753	1104	216	5439	33	87	400	29	- 13	47	1285	1199	4955	180	861	49	61	843	1211	436	1283	2491	225	558	254	1040	3100	266	21	54	104	178	193	470	 926	294	1013	2500	2244	125	42	247	9581	17810	31	5039	71152
· • • • • • • • • • • • • • • • • • • •	~~				~~~	2.00	~~	. .		~~	~								. .	J . U						200		~	2.00		<u> </u>	···			~~				~ ~						2001		<u> </u>	2000	· · · · · · · · · · · · · · · · · · ·

Table 2Descriptive statistics

This table reports summary statistics for the main sample. The sample consists of 53,940 completed cross-border mergers and acquisitions among 48 countries in the period 1990-2010. *Deal order number in the country (DONC)* is the total number of cross-border deals from acquirer *i* into the same target country *j*. *Time between deals (TBD)* is the number of days between the announcement date of the current deal and the completion date of the previous deal in the same country. *% stake acquired* is the percentage of stake acquired. *% cash (stock) payment* is the percentage of cash (stock) payment. *Related M&A* is a dummy equal to one if the target firm is in the same SIC-2 digit industry as the acquirer. *Acquirer (target) size* is the natural logarithm of an acquirer's (target's) market capitalization in U.S. dollars in the prior year. *Acquirer (target) M/B* is acquirer's (target's) market value of equity divided by book value of equity in the prior year. All variables are winsorized at the 1st and 99th percentile levels within year. We present the number of observations, the overall sample mean, median, standard deviation, 25th percentile, 75th percentile, minimum, and maximum.

Variable	Obs.	Mean	Median	Std. Dev.	Q25	Q75	Min.	Max.
Deal order number in the country	53,940	1.50	1.00	1.54	1.00	1.00	1.00	30.00
Time between deals	11,300	778.19	387.00	1013.46	118.00	1047.50	-3065.00	7217.00
% stake acquired	51,099	93.25	100.00	16.82	100.00	100.00	0.00	100.00
% cash payment	11,655	69.66	100.00	40.12	36.65	100.00	0.00	100.00
% stock payment	11,838	21.36	0.00	37.48	0.00	28.73	0.00	534.64
Related M&A	53,940	1.50	1.00	1.54	1.00	1.00	1.00	30.00
Acquirer Size	23,746	13.73	13.86	3.19	12.09	15.60	2.17	21.04
Target Size	1,747	12.04	12.15	2.93	10.58	13.77	1.90	19.36
Acquirer M/B	23,716	3.60	2.38	4.86	1.48	4.02	-7.30	33.11
Target M/B	1,746	2.51	1.71	3.75	0.91	3.04	-8.96	23.47

Table 3Correlation table

This table presents correlations among the main variables. *Deal order number in the country (DONC)* is the total number of cross-border deals from acquirer *i* into the same target country *j*. *Time between deals (TBD)* is the number of days between the announcement date of the current deal and the completion date of the previous deal in the same country. % stake acquired is the percentage of stake acquired. % cash (stock) payment is the percentage of cash (stock) payment. Related M&A is a dummy equal to one if the target firm is in the same SIC-2 digit industry as the acquirer. Acquirer (target) size is the natural logarithm of an acquirer's (target's) market capitalization in U.S. dollars in the prior year. *Acquirer (target) M/B* is acquirer's (target's) market value of equity divided by book value of equity in the prior year. All variables are winsorized at the 1st and 99th percentile levels within year.

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
[1]	Deal order number	1									
[2]	Time between deals	-0.174	1								
		0.00									
[3]	% stake acquired	0.074	0.012	1							
		0.00	0.23								
[4]	% cash payment	0.060	0.119	-0.079	1						
		0.00	0.00	0.00							
[5]	% stock payment	-0.056	-0.122	0.057	-0.833	1					
		0.00	0.00	0.00	0.00						
[6]	Related M&A	-0.028	-0.007	0.004	-0.037	0.034	1				
		0.00	0.49	0.39	0.00	0.00					
[7]	Acquirer Size	0.076	0.096	-0.082	0.235	-0.201	-0.045	1			
		0.00	0.00	0.00	0.00	0.00	0.00				
[8]	Target Size	0.066	0.036	-0.179	0.031	-0.014	0.046	0.281	1		
		0.01	0.42	0.00	0.28	0.63	0.05	0.00			
[9]	Acquirer M/B	0.035	-0.094	0.022	-0.119	0.133	0.046	0.132	0.033	1	
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.29		
[10]	Target M/B	0.079	-0.015	0.068	-0.055	0.082	0.043	0.027	0.179	0.122	1
		0.00	0.74	0.01	0.05	0.00	0.07	0.38	0.00	0.00	

Table 4 Deal order number, TBD, % acquired, and payment method

This table presents the time between deals (TBD), % acquired, % cash and % stock by the different deal order number in the country (DONC). Panel A reports the average values of the variables for each group categorized based on deal order number: (1) 1st – 5th deals, (2) 6th-10th deals, (3) 11th-15th deals, (4) 16th-20th deals, and (5) 20th deals or more. Panel B reports the estimates of OLS regression coefficients and associated t-statistics, in which the dependent variables are *TBD*, % acquired, % cash, and % stock. Deal order number in the country (DONC) is the total number of cross-border deals from acquirer i into the same target country j. *Time between deals (TBD)* is the number of days between the announcement date of the current deal and the completion date of the previous deal in the same country. % stake acquired is the percentage of stake acquired. % cash (stock) payment is the percentage of cash (stock) payment. Trend equals one in 1990 and increases by one for each year afterwards. ΔGDP per capita is the difference between acquirer and target countries' annual Gross Domestic Product per capita in the prior year. ΔGDP growth rate is the difference between acquirer and target countries annual Gross Domestic Product (GDP) from the year before the prior year to the prior year. $\Delta Stock$ market returns is the difference in real bilateral U.S. dollar exchange rates from the prior year to the current year between acquirer and target countries. All variables are winsorized at the 1st and 99th percentile levels within year. All regressions include acquire country, target country, and year fixed effects. We report *t-statistics* in parentheses below parameter estimates which are computed using robust standard errors clustered by target country. We use ***, **, to denote significance at the 1%, 5%, and 10% levels, respectively.

Deal order number in the country (DONC)	Obs.	TBD	% Acquired	%Cash pmt.	%Stock pmt.
1st - 5th deals	52,590	835.17	93.11	69.30	21.66
6th - 10th deals	1,021	384.67	97.98	77.81	15.01
11th - 15th deals	229	280.17	99.41	81.44	10.13
16th deal or more	100	262.60	100.00	79.61	12.33

Panel A. TBD, %Acquired, and %Cash (Stock) payment across different DONC intervals

Table 4 - Continued

Panel B. Baseline regression model

			Dependent	t variable		
	TBI	D	%Acq	uired	%Cash p	ayment
	[1]]	[2	2]	[3]
Independent variable	Coeff.	t-stat	Coeff.	t-stat	Coeff.	t-stat
DONC	-76.560***	-5.46	0.206***	4.54	1.429***	11.55
Trend	73.627***	8.46	0.099***	2.62	-0.199	-1.22
Δ GDP per capita	0.031	0.16	0.009***	2.75	-0.011	-1.23
Δ GDP growth rate	1.063	0.53	0.019	0.86	0.177*	1.80
Δ Stock market returns	-0.521***	-2.65	-0.001	-1.54	0.001	0.24
Δ Currency valuation	-6.068**	-2.38	-0.062**	-2.12	-0.153	-1.60
Acquirer country fixed effects	Yes	S	Ye	es	Ye	es
Target country fixed effects	Yes	S	Ye	28	Ye	es
Year fixed effects	Yes	Yes		es	Ye	es
Standard error clustering	Target co	ountry	Target c	country	Target c	country
Obs.	11,20	60	50,5	544	11,5	535
R ²	0.15	52	0.10	02	0.1	06

Panel C. Non-linearity

			Dependent	t variable		
	TBI)	%Acq	uired	%Cash p	ayment
	[1]	l	[2	2]	[3]
Independent variable	Coeff.	t-stat	Coeff.	t-stat	Coeff.	t-stat
DONC	-282.453***	-7.35	0.807***	3.50	4.893***	4.49
DONC ²	16.580***	5.30	-0.066***	-2.81	-0.350***	-3.85
Trend	75.088***	10.46	0.094**	2.46	-0.241	-1.47
∆GDP per capita	-0.018	-0.11	0.009***	2.82	-0.010	-1.09
Δ GDP growth rate	1.920	1.01	0.019	0.84	0.173*	1.76
∆Stock market returns	-0.511***	-2.73	-0.001	-1.54	0.001	0.26
Δ Currency valuation	-6.618***	-2.76	-0.062**	-2.10	-0.144	-1.51
Acquirer country fixed effects	Yes	5	Ye	es	Ye	s
Target country fixed effects	Yes	3	Ye	es	Ye	S
Year fixed effects	Yes	8	Ye	es	Ye	S
Standard error clustering	Target co	ountry	Target c	country	Target c	ountry
Obs.	11,20	50	50,5	544	11,5	35
R ²	0.16	6	0.10	02	0.10	06

Table 5Experience building versus memory loss – TBD

This table presents the relation between the abnormal time between deals (TBD) and the deal order number in the country (DONC) in the experiencebuilding periods (1st quartile of TBD) and the memory-loss periods (4th quartile of TBD). The table reports the estimates of OLS regression coefficients and associated t-statistics. The dependent variable is *abnormal TBD* defined as the TBD minus the median TBD of its industry, in which three-digit SIC codes are used for industry classification. *Time between deals (TBD)* is the number of days between the announcement date of the current deal and the completion date of the previous deal in the same country. *Deal order number in the country (DONC)* is the total number of cross-border deals from acquirer i into the same target country j. *Deal order number (DON)* is the total number of cross-border deals from acquirers into any target country. *Trend* equals one in 1990 and increases by one for each year afterwards. *AGDP per capita* is the difference between acquirer and target countries' annual Gross Domestic Product per capita in the prior year. *AGDP growth rate* is the difference between acquirer and target countries' annual growth rate of the Gross Domestic Product (GDP) from the year before the prior year to the prior year. *AStock market returns* is the difference between acquirer and target countries' stock market index returns from the prior year to the current year. *ACurrency valuation* is the difference in real bilateral U.S. dollar exchange rates from the prior year to the current year fixed effects. We report *t-statistics* in parentheses below parameter estimates which are computed using robust standard errors clustered by target country. We use ***, **, * to denote significance at the 1%, 5%, and 10% levels, respectively.

			De	ependent variabl	e = Abnormal TB	D			
-	Short TBD (1	st quartile)	Long TBD (4	4th quartile)	Short TBD (lst quartile)	Long TBD (4	4th quartile)	
Independent variable	Coeff.	t-stat	Coeff.	t-stat	Coeff.	t-stat	Coeff.	t-stat	
DONC	-66.540**	-2.48	106.509	1.05					
DONC ²	7.056***	2.75	-7.405	-0.88					
Deal order number (DON)					-3.265	-0.99	18.775*	1.91	
DON ²					0.056	0.57	-0.407	-1.37	
Trend	2.823	0.83	-36.983	-0.44	3.372	1.02	-33.460	-0.39	
Δ GDP per capita	0.037	0.22	-0.110	-0.25	0.035	0.21	-0.108	-0.25	
Δ GDP growth rate	-0.183	-0.13	3.144	0.78	-0.339	-0.25	3.243	0.78	
Δ Stock market returns	0.396**	2.06	0.272	0.35	0.395**	2.07	0.306	0.39	
Δ Currency valuation	-0.097	-0.07	-6.631*	-1.79	0.236	0.17	-6.473*	-1.69	
Acquirer country fixed effects	Ye	s	Ye	28	Ye	es	Ye	es	
Target country fixed effects	Ye	s	Ye	28	Ye	es	Ye	es	
Year fixed effects	Yes		Ye	es	Ye	es	Ye	es	
Standard error clustering	Target country		Target c	country	Target c	country	Target country		
Obs.	2,80)1	2,8	21	5,6	21	5,6	39	
R ²	0.12	23	0.1	87	0.1	14	0.1	87	

 Table 5 – Continued

Table 6Summary statistics for merger performance

This table presents summary statistics for the acquirer abnormal announcement returns. *CAR* (-n,+n) is acquirer cumulative abnormal stock return from *n* days before to *n* days after the announcement. All variables are winsorized at the 1st and 99th percentile levels within year. We use ***, **, * to denote significance at the 1%, 5%, and 10% levels, respectively.

Variable	Obs.	Mean	Median	Std. Dev.	Q25	Q75	Min.	Max.
Panel A. All sample								
Bidder CAR (-1,+1)	26,002	0.876***	0.217***	5.489	-14.616	-1.466	2.385	26.238
Bidder CAR (-2, +2)	26,002	1.130***	0.359***	6.991	-18.440	-2.016	3.397	31.467
Bidder CAR (-3, +3)	26,002	1.279***	0.426***	8.141	-21.103	-2.481	4.063	36.783
Panel B. DONC = 1								
Bidder CAR (-1,+1)	17,945	0.985***	0.235***	5.782	-14.616	-1.513	2.561	26.238
Bidder CAR (-2, +2)	17,945	1.248***	0.382***	7.332	-18.440	-2.077	3.599	31.467
Bidder CAR (-3, +3)	17,945	1.416***	0.454***	8.540	-21.103	-2.557	4.255	36.783
Panel C. DONC > 1								
Bidder CAR (-1,+1)	8,057	0.635***	0.190**	4.765	-14.616	-1.353	2.084	26.238
Bidder CAR (-2, +2)	8,057	0.868***	0.304***	6.159	-18.440	-1.911	2.983	31.467
Bidder CAR (-3, +3)	8,057	0.975***	0.374***	7.165	-21.103	-2.318	3.695	36.783

Table 7 Acquirer abnormal announcement returns (CARs)

This table reports the estimates of OLS regression coefficients and associated t-statistics, in which the dependent variable is *bidder CAR* (-n, +n). CAR(-n,+n) is acquirer cumulative abnormal stock return from n days before to n days after the announcement. Deal order number in the country (DONC) is the total number of cross-border deals from acquirer i into the same target country j. Dummy (1st - 5th deals) equals one if a given deal is one of the acquirer's 1st to 5th deals in the target country. Dummy ($6^{th} - 10^{th}$ deals) equals one if a given deal is one of the acquirer's 6th to 10th deals in the target country. Dummy $(11^{th} - 15^{th} deals)$ equals one if a given deal is one of the acquirer's 11^{th} to 15^{th} deals in the target country. Acquirer size is the natural logarithm of an acquirer's market capitalization in U.S. dollars in the prior year. Acquirer M/B is acquirer's market value of equity divided by book value of equity in the prior year. Public target is a dummy equal to one if the target is a public company. Related M&A is a dummy equal to one if the target firm is in the same SIC-2 digit industry as the acquirer. Stock deal is a dummy equal to one if a deal is financed at least partially by stock. Trend equals one in 1990 and increases by one for each year afterwards. *AGDP per capita* is the difference between acquirer and target countries' annual Gross Domestic Product per capita in the prior year. ΔGDP growth rate is the difference between acquirer and target countries' annual growth rate of the Gross Domestic Product (GDP) from the year before the prior year to the prior year. *AStock market returns* is the difference between acquirer and target countries' stock market index returns from the prior year to the current year. *ACurrency valuation* is the difference in real bilateral U.S. dollar exchange rates from the prior year to the current year between acquirer and target countries. All variables except dummy variables are winsorized at the 1st and 99th percentile levels within year. All regressions include acquire country, target country, and year fixed effects. We report *t-statistics* in parentheses below parameter estimates which are computed using robust standard errors clustered by target country. We use ***, **, * to denote significance at the 1%, 5%, and 10% levels, respectively.

	CAR(-	1, +1)	CAR(-2	2, +2)	CAR(-	3, +3)	CAR(-	3 +3)
	[1]	[2]	[3]	[4]
Independent variable	Coeff.	t-stat	Coeff.	t-stat	Coeff.	t-stat	Coeff.	t-stat
DONC	-0.146**	-2.39	-0.212**	-2.05	-0.295***	-4.36		
DONC ²	0.010**	2.36	0.019*	1.69	0.023***	4.12		
Dummy (1st - 5th deals)							-0.270	-0.92
Dummy (6th - 10th deals)							-0.782*	-1.78
Dummy (11th - 15th deals)							-0.884***	-3.10
Acqurier size	-0.088***	-2.73	-0.098**	-2.56	-0.238***	-10.03	-0.247***	-10.79
Acquirer M/B	0.001	0.05	-0.007	-0.40	0.023	1.50	0.023	1.54
Public target	-0.230	-1.52	-0.355	-1.53	-0.436*	-1.80	-0.421*	-1.74
Related M&A	0.017	0.26	0.074	0.75	0.076	0.90	0.080	0.97
Stock deal	0.237	0.98	0.432	1.56	0.212	0.69	0.232	0.76
Trend	0.059***	4.25	0.064***	3.83	0.071***	2.58	0.065**	2.44
∆GDP per capita	-0.001	-1.14	-0.001	-0.61	0.0001	0.11	0.0001	0.12
Δ GDP growth rate	-0.004	-0.77	-0.009	-1.60	0.003	0.53	0.003	0.52
Δ stock market returns	-0.002	-0.44	0.008	1.38	0.007	1.23	0.007	1.28
∆currency valuation	0.007	1.37	0.020***	3.21	0.005	0.07	0.001	0.11
Acquirer country F.E.	Ye	S	Ye	es	Ye	es	Ye	es
Target country F.E.	Ye	s	Ye	es	Ye	es	Ye	es
Year F.E.	Ye	s	Ye	es	Ye	es	Ye	es
Standard error clustering	Target c	ountry	Target c	country	Target c	country	Target c	ountry
Obs.	22,0	36	22,0)36	22,0)36	22,0	36
R ²	0.0	57	0.0	67	0.0	67	0.0	22

 Table 7 – Continued

Table 8Experience building versus memory loss – CAR

This table presents the relation between the acquirer abnormal announcement returns (CAR) and the deal order number in the country (DONC) in the experience building periods (1st quartile of TBD) and the memory loss periods (4th quartile of TBD). The table reports the estimates of OLS regression coefficients and associated *t-statistics*, in which the dependent variable is CAR. Deal order number in the country (DONC) is the total number of cross-border deals from acquirer i into the same target country j. Time between deals (TBD) is the number of days between the announcement date of the current deal and the completion date of the previous deal in the same country. Acquirer size is the natural logarithm of an acquirer's market capitalization in U.S. dollars in the prior year. Acquirer M/B is acquirer's market value of equity divided by book value of equity in the prior year. Public target is a dummy equal to one if the target is a public company. Related M&A is a dummy equal to one if the target firm is in the same SIC-2 digit industry as the acquirer. Stock deal is a dummy equal to one if a deal is financed at least partially by stock. Trend equals one in 1990 and increases by one for each year afterwards. Trend equals one in 1990 and increases by one for each year afterwards. ΔGDP per capita is the difference between acquirer and target countries' annual Gross Domestic Product per capita in the prior year. *AGDP growth rate* is the difference between acquirer and target countries' annual growth rate of the Gross Domestic Product (GDP) from the year before the prior year to the prior year. *AStock market returns* is the difference between acquirer and target countries' stock market index returns from the prior year to the current year. $\Delta Currency valuation$ is the difference in real bilateral U.S. dollar exchange rates from the prior year to the current year between acquirer and target countries. All variables except dummy variables are winsorized at the 1st and 99th percentile levels within year. All regressions include acquire country, target country, and year fixed effects. We report *t-statistics* in parentheses below parameter estimates which are computed using robust standard errors clustered by target country. We use ***, **, * to denote significance at the 1%, 5%, and 10% levels, respectively.

		CAR	(-1, +1)			CAR	(-2, +2)			CAR	.(-3,+3)	
	Short	TBD	Long	TBD	Short	TBD	Long	TBD	Short	TBD	Long	TBD
	[1]		[2]		[3]		[4]		[5]		[6	j]
Independent variable	Coeff.	t-stat	Coeff.	t-stat								
DONC	0.759**	2.46	0.199	0.69	0.692*	1.84	0.265	0.77	0.796**	1.98	0.057	0.12
DONC ²	-0.072***	-2.64	-0.035	-1.27	-0.062*	-1.84	-0.043	-1.31	-0.077**	-2.06	-0.025	-0.60
Acqurier size	-0.121***	-2.71	-0.132***	-4.43	-0.184***	-2.99	-0.181***	-4.39	-0.192***	-4.06	-0.094**	-2.36
Acqurier M/B	0.040	1.01	-0.025	-0.95	0.056	1.44	0.000	-0.01	0.065	1.58	0.012	0.45
Public target	-0.310	-0.42	-0.615	-1.24	-0.286	-0.25	-0.717	-1.33	0.114	0.09	-0.555	-0.94
Related M&A	-0.225	-0.90	0.339**	2.23	-0.170	-0.63	-0.060	-0.2	-0.242	-0.86	-0.143	-0.43
Stock deal	0.010	0.02	0.716	1.07	0.648	0.51	1.741**	2.19	0.511	0.45	1.545*	1.95
Trend	0.024	0.45	0.125	0.22	-0.012	-0.25	0.819	1.14	0.052	0.87	0.444	0.42
Δ GDP per capita	0.000	0.05	-0.0009	-0.37	0.000	0.09	-0.0013	-0.53	-0.001	-0.27	-0.0004	-0.21
Δ GDP growth rate	-0.008	-0.33	0.007	0.21	-0.031	-1.21	0.024	0.70	0.014	0.47	0.015	0.37
Δ Stock market returns	0.000	-0.01	-0.001	-0.15	0.002	0.91	-0.003	-0.71	-0.003	-0.97	-0.002	-0.39
Δ Currency valuation	-0.003	-0.11	-0.033	-1.14	0.040	1.40	-0.038	-1.05	-0.005	-0.15	-0.032	-0.79
Acquirer country F.E.	Ye	s	Ye	es								
Target country F.E.	Ye	s	Ye	es								
Year F.E.	Ye	S	Ye	es								
Standard error clustering	Target c	ountry	Target o	country								
Obs.	1,64	48	1,93	38	1,64	18	1,93	38	1,64	48	1,9	38
R ²	0.06	54	0.00	57	0.06	55	0.08	30	0.06	55	0.0	73

Table 8 – Continued

Panel A. CAR and DONC

Table 8 –	Continued
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	CAR(-1, +1)				CAR(-2, +2)				CAR(-3,+3)			
	Short TBD		Long TBD		Short TBD		Long TBD		Short TBD		Long TBD	
	[1]		[2]		[3]		[4]		[5]		[6]	
Independent variable	Coeff.	t-stat										
DON	-0.010	-0.18	0.027	0.64	0.052	0.82	0.016	0.39	0.007	0.10	0.050	1.01
DON ²	0.000	-0.06	-0.001	-0.81	-0.001	-0.67	-0.001	-0.50	0.000	-0.08	-0.002	-1.40
Acqurier size	-0.113***	-2.76	-0.143***	-5.86	-0.197***	-2.97	-0.193***	-5.07	-0.200***	-3.56	-0.109***	-2.58
Acqurier M/B	0.037	0.99	-0.023	-0.87	0.056	1.49	0.002	0.07	0.063	1.58	0.015	0.58
Public target	-0.368	-0.51	-0.594	-1.20	-0.313	-0.28	-0.692	-1.28	0.070	0.06	-0.531	-0.90
Related M&A	-0.215	-0.88	0.343**	2.18	-0.165	-0.61	-0.056	-0.19	-0.236	-0.83	-0.134	-0.43
Stock deal	-0.031	-0.06	0.737	1.11	0.657	0.52	1.754**	2.19	0.508	0.46	1.591**	2.00
Trend	0.040	0.77	0.083	0.15	-0.007	-0.15	0.770	1.09	0.060	0.99	0.387	0.38
∆GDP per capita	0.000	-0.01	-0.001	-0.41	0.000	0.03	-0.001	-0.56	-0.001	-0.31	-0.001	-0.29
Δ GDP growth rate	-0.004	-0.17	0.008	0.26	-0.028	-1.05	0.025	0.77	0.017	0.56	0.017	0.42
Δ Stock market returns	0.000	-0.08	-0.001	-0.23	0.002	0.81	-0.003	-0.79	-0.003	-1.01	-0.002	-0.45
Δ Currency valuation	-0.009	-0.29	-0.035	-1.26	0.035	1.20	-0.041	-1.14	-0.010	-0.30	-0.035	-0.87
Acquirer country F.E.	Yes											
Target country F.E.	Yes											
Year F.E.	Yes											
Standard error clustering	Target country											
Obs.	1,648		1,938		1,648		1,938		1,648		1,938	
R ²	0.06		0.066		0.063		0.079		0.063		0.077	

Figure 1 Deal order number in the country and TBD, % acquired, and payment method



Panel B. % stake acquired



Figure 1 – *Continued*



