

Accepted Manuscript

Do Financial Analysts Play a Role in Shaping the Rival Response of Target Firms? International Evidence

Donghui Li, Zhian Chen, Zhe An, Michael Murong

PII: S0929-1199(17)30235-3
DOI: doi: [10.1016/j.jcorpfin.2017.04.011](https://doi.org/10.1016/j.jcorpfin.2017.04.011)
Reference: CORFIN 1188

To appear in: *Journal of Corporate Finance*

Received date: 10 May 2015
Revised date: 15 April 2017
Accepted date: 18 April 2017



Please cite this article as: Li, Donghui, Chen, Zhian, An, Zhe, Murong, Michael, Do Financial Analysts Play a Role in Shaping the Rival Response of Target Firms? International Evidence, *Journal of Corporate Finance* (2017), doi: [10.1016/j.jcorpfin.2017.04.011](https://doi.org/10.1016/j.jcorpfin.2017.04.011)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Do Financial Analysts Play a Role in Shaping the Rival Response of Target Firms? International Evidence

Donghui Li,^{*} Zhian Chen[†] Zhe An[‡] Michael Murong[§]

Abstract

Employing a sample of 4271 initial-industry acquisitions across 34 countries from 1989 to 2013, we show that the rival firms which are in the same industry as the target firms exhibit positive cumulative abnormal returns (CARs). In addition, those rivals with higher analyst coverage are associated with higher CARs. The results are robust to the natural experiment based on the exogenous decrease in analyst coverage (i.e., brokerage closure and merger). Careful comparisons of the results show dramatic differences between the United States (U.S.) and non-U.S. subsamples. We further show that a more transparent macro information environment can substitute for the role of financial analysts in determining the rival response. Overall, our findings support the *Acquisition Probability Hypothesis*.

JEL Classifications: G30; G34; G38.

Keywords: M&A, Rival Response, Analyst Coverage, Information Environment.

^{*}Management School, Jinan University, Guangzhou, China.

[†]UNSW Business School, The University of New South Wales, NSW, Australia.

[‡]Corresponding author. Monash Business School, Monash University; *Tel.:* +61 (03) 9903 4878; *E-mail:* zhe.an@monash.edu; *Address:* 900 Dandenong Road, Caulfield East, Melbourne, VIC, Australia, 3145.

[§]UNSW Business School, The University of New South Wales, NSW, Australia.

Download English Version:

<https://daneshyari.com/en/article/5093033>

Download Persian Version:

<https://daneshyari.com/article/5093033>

[Daneshyari.com](https://daneshyari.com)