M&A Impetus: Analyzing Motivation and Synergy Determinants
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ABSTRACT
We focus on two issues related to the US M&As from 1990 to 2014. First, we investigate the motivation of acquirers concerning different firm characteristics, operational performances, and corporate governance. Second, we analyze the long-term market performance after M&As and find factors affecting its long-term performance. The empirical results show that the acquirer’s capital expenditure significantly affects the decision positively. In addition, we also find evidence that horizontal M&As positively impact acquiring firms’ long-term performance significantly. This evidence implies that business-related M&As can create synergy. Finally, we find that the higher the major institutional shareholder’s holding percentage, the better its long-term abnormal performance after M&As. In contrast, the higher the major institutional shareholder’s holding density, the worse its long-term abnormal performance after the M&As.

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