

The Economic Consequences of Financial Restatements: Evidence from the Market for Corporate Control

Amir Amel-Zadeh; Yuan Zhang

+ Author & Article Information

The Accounting Review (2015) 90 (1): 1-29.

<https://doi.org/10.2308/accr-50869>

Share ▾

Tools ▾

Cite ▾

ABSTRACT

This paper investigates whether and how financial restatements affect the market for corporate control. We show that firms that recently filed financial restatements are significantly less likely to become takeover targets than a propensity score matched sample of non-restating firms. For those restating firms that do receive takeover bids, the bids are more likely to be withdrawn or take longer to complete than those made to non-restating firms. Finally, there is some evidence that deal value multiples are significantly lower for restating targets than for non-restating targets. Our analyses suggest that the information risk associated with restating firms is the main driver of these results. Overall, this study finds that financial restatements have profound consequences for the allocation of economic resources in the market for corporate control.

JEL Classifications: *D82; G14; G34; M41.*

Data Availability: *Data are available from sources identified in the paper.*

Keywords: [financial restatements](#), [market for corporate control](#), [mergers and acquisitions](#), [information risk](#), [corporate governance](#)

You do not currently have access to this content.

Sign in

Don't already have an account? [Register](#)

[Skip to Main Content](#) **Member Login**

Log in

Pay-Per-View Access

\$25.00

AAA Members: Please log in for free access to content. Note, Teaching Notes are a full member benefit and are not available to student members.

 [Buy This Article](#)



[View Metrics](#)

Citing Articles Via

Web Of Science (57)

Google Scholar

CrossRef (85)

Email Alerts

Article Activity Alert

Publish Ahead of Print Alert

New Issue Alert

[Information for Authors](#)

[Authorship Policy](#)

[Plagiarism Policy](#)

[Data Integrity Policy](#)

[Citing Corrected Articles Policy](#)

[Minimizing Overlapping Decision Rights Policy](#)

[Prior Publication Policy](#)



[Cookie Policy](#) [Accessibility](#) [Terms & Conditions](#) [Get Adobe Acrobat Reader](#)

© Copyright 1998 - 2025 American Accounting Association. All rights reserved.