







Q

Home ► All Journals ► Humanities ► Journal of Media Economics ► List of Issues ► Volume 20, Issue 2 ► Completion or Abandonment of Mergers and ....

### Journal of Media Economics >

Volume 20, 2007 - <u>Issue 2</u>

1,191 46 0 Altmetric

**Original Articles** 

# Completion or Abandonment of Mergers and Acquisitions: Evidence from the Newspaper Industry, 1981–2000

Katrin Muehlfeld, Padma Rao Sahib & Arjen van Witteloostuijn

Pages 107-137 | Published online: 05 Dec 2007

Figures & data



➡ Reprints & Permissions

Read this article

Share

## **Abstract**

Full Article

Regulatory and technological changes have resulted in a surge in merger and acquisition (M&A) activity in the newspaper industry since the 1980s. This study investigates the "success" of these activities focusing on a particular facet of acquisition performance. We study the completion likelihood of an announced transaction, using a sample of M&A announcements from the newspaper industry (1981–2000). Results show that although firm-level characteristics are relevant, transaction-specific and regulatory factors are even more important. Not surprisingly, the attitude of the transaction—whether hostile or friendly—is a key factor, as are the method of payment and the percentage of control sought by the acquirer. The latter in particular reaffirms the prevailing view on the importance of regulatory influences on media M&As.

## **ACKNOWLEDGMENTS**

We thank Valerie Feldmann, Noriko Ozawa, seminar participants at the 2006 Canadian Economics Association Meeting and at the 2006 EARIE Conference, as well as three anonymous reviewers and the editor for helpful comments on earlier drafts. All remaining errors and omissions are our own.

## Notes

<sup>1</sup>We use the terms acquisition(s), merger(s), and M&A(s) interchangeably.

<sup>2</sup>The majority of these studies have employed performance measures based on stock market data such as abnormal announcement returns (Moeller, Schlingemann, & Stulz, 2005) or accounting-based measures such as return on assets (Peltier, 2004; Ravenscraft & Scherer, 1987). Some studies have used subjective measures, such as satisfaction or goal contribution, based on survey data of executives about perceived M&A outcomes (Saxton & Dollinger, 2004; for an overview of the methodological approaches, see Bruner, 2002).

<sup>3</sup>Thomson began collecting data in the early 1980s, yet is confident about completeness only for records after 1990; M&As in the 1980s should be treated more as a sample than as a complete record of all M&As (<u>Pryor, 2001</u>).

<sup>4</sup>M&As recorded as intent withdrawn, withdrawn, or rumored (but not completed) make up the abandoned category.

<sup>5</sup>Offers that were not friendly could receive other classifications: (a) hostile, if the board officially rejected the offer but the acquirer persisted with the takeover; (b) neutral, if the management of the target was not involved with the transaction; and (c) unsolicited, if the offer is a surprise to the target's board, implying they had not given a recommendation.

<sup>6</sup>There is a small chance that the firm we take to be a "one-timer" has actually attempted other transactions before the start of our sample period, but this is unlikely because our sample period spans the 1981–2000 period.

<sup>a</sup>Dependent variable is 1 if merger was completed, and 0 if abandoned.

 $^{7}$ An odds ratio of 1 implies that changing the independent variable does not change the odds of the completion of an M&A transaction. An odds ratio of less than 1 implies that increasing the independent variable reduces the odds of completion, whereas an odds ratio greater than 1 implies that increasing the independent variable increases the odds of completion. Odds are defined to be p/1 - p, where p is the probability of an event.

#### Related Research Data

Hostility in Takeovers: In the Eyes of the Beholder?

Source: The Journal of Finance

A Structural Analysis of Media Convergence: Cross-Industry Mergers and Acquisitions

in the Information Industries

Source: Journal of Media Economics

Wealth creation versus wealth redistributions in pure stock-for-stock mergers1We are grateful to Tom Arnold, Sanjai Bhagat, James Bicksler, David Blackwell, Ekkehart Boehmer, Ted Bos, Robert Brokaw, Bill Carleton, Bob Comment, Chris Cornwell, Mary Dehner, Bob Eisenbeis, Jimmy Hilliard, Randy Howard, Steve Jones, Ed Kane, Josef Lakonishok, Larry Lang, Bill Lewellen, Marc Lipson, Paul Malatesta, Jeff Netter, Cathy Niden, Volker Pollmann, Annette Poulsen, Jay Ritter, Richard Ruback, Louis Scott, Joe Sinkey, Bill Schwert (the editor), Ralph Walkling (the referee), Ron Warren, J. Fred Weston, Karen Wruck, and seminar participants at the University of Arizona, the University of Delaware, the University of Illinois, the University of Georgia, the University of Miami, Seattle University, the 1995 European Finance Association, the

# Related research 1

earch •

People also read

Recommended articles

Cited by 46 Information for

**Authors** 

R&D professionals

**Editors** 

Librarians

**Societies** 

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

**Open Select** 

**Dove Medical Press** 

F1000Research

Help and information

Help and contact

Newsroom

All journals

**Books** 

#### Keep up to date

Register to receive personalised research and resources by email



Sign me up











Accessibility



Copyright © 2025 Informa UK Limited Privacy policy Cookies Terms & conditions



Registered in England & Wales No. 01072954 5 Howick Place | London | SW1P 1WG