



University of Sussex

Business & Management

# Seminar series

**Date:** Wednesday 13 March

**Speaker:** Alfred Yawson (University of Adelaide Business School)

**Title:** Extraordinary acquirers

**Abstract:** We examine acquirers that persistently generate positive announcement returns in takeovers (extraordinary acquirers). The conditional probability of observing an extraordinary acquirer from a takeover announcement is 16.73% whereas the actual probability is 2.41%. Extraordinary acquirers prefer subsidiary targets and cash deals but avoid using stocks to finance acquisitions. When they bid for public firms, they appropriate a larger share of the synergy gain. Consistent with the efficiency based theory of sustainable economic rent, we find strong evidence that the attainment and preservation of extraordinary acquirer status depend on team tenure and tenure heterogeneity. Ordinary acquirers can achieve extraordinary status by improving their top team talent. Compensation heterogeneity does not change after the transaction suggesting individual top team members contribute more equally to the persistent acquisition gain. Overall, the results suggest that extraordinary acquirers win by top team talent rather than by chance.