Why do some merger and acquisitions deals fail? A global perspective

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Abstract

We analyze why some merger and acquisitions (M&A) deals are withdrawn paying particular attention to the economic freedom and legal environment of countries. We use a large dataset based on deals worldwide from over 140 countries during the period 1977 to 2014. Our core finding is that the likelihood of a deal's withdrawal tends to increase if the economic freedom/ quality of legal environment of the acquiring (target) firm's country is higher (lower). These core findings matter more for the non-financial sector, during non-crisis years, and in developed financial markets. We also report that the deals have higher tendency to be withdrawn if the target firm's size is larger or its profitability is lower; and the acquiring firm's size is smaller. Furthermore, our analyses reveal that deal characteristics (i.e., deal attitude, means of payment, deal size, ownership sought) also matter in affecting the outcome of announced M&A deals.

Keywords:

Mergers and acquisitions; Deal failure; Economic freedom; Institutional environment; Firm size and profitability.

1. INTRODUCTION

The business world witnessed over 50 thousand mergers and acquisitions (M&A) transactions worldwide only in 2018, with the total value of over 3.9 trillion US dollars (The Institute of Mergers, Acquisitions and Alliances). A burgeoning academic literature highlights the importance of deciding on M&As in affecting corporate restructuring, efficiency, performance, and growth (see e.g., Caiazza and Pozzolo, 2016; Liu, 2019; Renneboog and Vansteenkiste, 2019). The decision makers in these M&A deals assess substantial information (e.g., financial recommendations, sunk costs, revaluations, country characteristics, termination fee, negotiation criteria, and expected synergies) either to complete or withdraw a deal during the negotiation process. This set of information allows them to balance potential risks and assess the costs and benefits of M&A deals.

Junni et al. (2015) emphasize that the main factors affecting the outcome of acquisitions can be attributed to the characteristics of firms' tangible resources and their intangible assets such as managerial skills and capabilities and knowledge base. M&A activities involve a lot of scrutiny during the due diligence process (involving M&A advisors, consultants, analysts, and decision makers) and their completion is an indicator that both the bidder and the target are satisfied with the inputs, process, and outputs of the M&As transactions. However, it is not clear why some decision makers withdraw an announced deal by exercising the exit option. Consequently, we investigates the various factors behind this exit option of rejecting a deal announced: this angle is important because the M&A literature typically focused on the accounting and market performance of completed deals (see e.g., Amewu and Alagidede, 2018; Ferreira et al., 2014 and Lebedev et al., 2015) but understudied the determining factors affecting the success rates of the M&As deal announcements (see e.g., Ahammad et al., 2016; Caiazza and Pozzolo, 2016; Friedman et al., 2016 and Zhou et al., 2016 acknowledging this gap in the literature).

Institutional theory conjectures that, similar to their effects on the survival of corporations, the failure and success of M&A deals are directly influenced by the institutional environment of the home and host

countries (see North, 1990; Scott, 1995 and the discussion in Zhang et al., 2011). This theory also highlights the motivating factors for acquiring firms via institutional pressures and the norms of their business environments as well as the regulatory barriers (Oliver, 1990; Zucker, 1977).

According to Tirole (2006), M&A deals are likely to be withdrawn when companies perceive that they cannot move assets from low to high productivity (efficiency theory). The higher the degrees of freedom in terms of assets efficiency and the better the competitive advantages, the more value an M&As deal can create for shareholders. Nevertheless, there are other perspectives that might affect deals' withdrawal; for instance, when an acquirer reveals managerial entrenchment (agency theory) (Ambrose & Megginson, 1992; Jensen, 1988), misvaluation problems (hubris theory) (Roll, 1986), managers conduct value-destroying acquisitions to extract private benefits (Masulis et al., 2009) or a target becomes better positioned during a negotiation (Weston et al., 2004).

The literature approached the deal completions issue at different angles. For example, Kau et al. (2008) focus on companies' market returns; Barros & Dominguez (2013) and Dauber (2012) assess post-merger synergies; Pablo (2009), Rossi & Volpin (2004), Teerikangas (2012) and Wang & Wang (2012) analyze cross-border determinants; Faccio & Masulis (2005), Gorbenko & Malenko (2013) and Ismail (2011) study the means of payments; Jandik et al. (2017) examine the value-return relevance of debt issuance for failed takeovers; Branch et al. (2008) focus on the estimation methods; Phalippou et al. (2015) examine the US M&As with the perspective of neo-agency theory of takeovers; and Liu (2016) shows that failed takeover attempts in the USA could be 'wake-up calls' for the underperforming managers of target firms. On the other hand, Reddy et al.'s (2016) case study analysis shows that the institutional and political background factors exert considerable influence on the completion rates of cross-border M&As. When firms' prospects are unclear, information is incomplete, expectations do not match, and high negotiation power around targets influencing the acquisition premium, a deal announced is susceptible to a withdrawal. Indeed, Puranam et al. (2006) stress that a deal withdrawal uncovers problems faced

during the due diligence. Bearing the efficiency theory in mind, this study assesses how target- and acquirer-specific characteristics, exposed during the due diligence or negotiation process, might exert influence on decision makers to withdraw a deal announced.

Given the critical roles of country-characteristics (Caiazza and Pozzolo, 2016), our main research question is: *are the cross-border M&A deals' withdrawals related to the quality of the economic freedom and legal environment of the related countries?* Capron & Guillén (2009) relate the economic freedom to country perceptions (e.g., regulation, property rights, and investor protection), which matters for assets restructuring, deals transactions, and growth strategies.[1] Despite the multiple approaches to analyze a given country, aggregate indices help to identify the quality of a country in terms of its economic freedom (Feito-Ruiz & Menéndez-Requejo, 2011; Gwartney et al., 2015; Spamann, 2009).

To our best knowledge, there has been no discussion about the economic freedom and the legal aspects in the M&As literature as a central aspect for calling off the announced deals. Furthermore, the recent research has approached bid failures analyzing only market price information, particularly in the USA. Namely, Kau et al. (2008) investigate whether decision makers learn from stock prices to call off investments, and Jacobsen (2014) assesses deals where the purchase price of a target becomes too high and scrutinizes on different types of deals' withdrawal (i.e., "restrains withdrawal" due to market influence, or "other withdrawal" due to regulatory, judicial and material changes) to evaluate CEOs' quality. Dutordoir et al. (2014) and Zaheer et al. (2013) also evaluate deal failures focusing on the expected realization of synergies on deals completed. Caiazza and Pozzolo (2016) focus on the banking sector only when they examine deal failures. Ahammad et al. (2017) discuss the level of equity ownership sought by the British firms in the cross-border M&As, and they imply that a feasible level

[1] China has attempts to tighten the cross-border M&As rules regarding deal approval process following renminbi's recent depreciation and fall in their forex reserves (Financial Times, 29th November 2016); and Fujian Grand Chip Investment Fund of China had to drop its bid to acquire Aixtron (chip equipment maker) of Germany after it failed to obtain the required approvals from the U.S. due to security grounds (Reuters, 8th December 2016).

can mitigate the intricacies that would reduce the chance of a successful deal. Further, Zhou et al. (2016) examine the completion likelihood of cross-border M&As from/to Brazil, Russia, India and China.

Our paper reports two key findings. First, an increase in the target firm's country economic freedom index and the legal environment quality tends to reduce the probability of M&A deals being withdrawn. Second, if this index or the quality of legal aspects increases for the acquiring firm's country, then the propensity of cancelling the deal goes up. We also provide analyses across various sub-samples. Following Pablo (2009) and Di Guardo et al. (2016), our evidence suggests that the acquirers are more aware of M&As risks, information asymmetries, and economic conditions to evaluate takeover strategies. Our analyses further show that if the deal attitude is classified as friendly, hostile, or neutral, then the odds of a failed M&As deal would be reduced. However, the marginal effects calculations show that the lowest magnitude of odds of a deal's withdrawal is associated with a hostile attitude. This is aligned with Sudarsanam & Mahate (2006), among others, who found that friendly bidders, using high share-market ratings, destroyed more value than unfriendly bidders. Moreover, this study observes that the size and profitability of the target and acquiring firms exert some influence on the withdrawal decisions. Finally, we report that the tendency to withdraw the M&A deals increases if the deal is large in size, if it is offered to be financed through stocks, or if the ownership sought by the acquirer is high.

Therefore, our contributions are briefly as follows: *i*) we extend the M&As literature by focusing on the failed deals; *ii*) we examine not only the role of deal characteristics (i.e., deal attitude, means of payments, deal size, capital structure, and ownership) but also the different proxies of firm size and financial performance and effects of economic freedom level of countries as well as the legal aspects; and *iii*) additional to the institutional theory aspects, our results are also related to the resource-based (Barney, 1991) and knowledge-based (Kogut and Zander, 1992) views via human and social capital.

The paper proceeds as follows. Section 2 reviews the literature. Section 3 formulates the hypotheses. In section 4, we provide the methodology, and in Section 5, empirical results are discussed. Section 6 provides conclusions and implications of the empirical findings for both theory and practice.

2. THEORETICAL FRAMEWORK ON DEALS' WITHDRAWALS

Withdrawing a deal is an exit option where either an acquirer or a target refuses to go ahead with a bid announced. Some researchers attempted to figure out directly (i.e., prices and valuations) or indirectly (i.e., preferences and expectations) as to why some M&A deals fail. Directly, deals could fail by unsatisfactory price offers from a bidder to a target, which can also be associated with CEOs' lacks of experience in takeover strategies (Jacobsen, 2014), under-confidence about a target's valuations (Roll, 1986), and negative reactions to stock prices movements of the incumbent companies (Kau et al., 2008). Indirectly, deals could be withdrawn because of dissimilar means of payments preferences among decision makers (Faccio & Masulis, 2005; Gorbenko & Malenko, 2013; Walter & Barney, 1990), mismatch on the ownership structure sought between buyers and large targets' shareholders (Bajo et al., 2013), and large deviations between expected and realized synergies (Garzella & Fiorentino, 2014). Therefore, we argue that under the theory of efficiency (Tirole, 2006)- by which takeover strategies help companies to add new technologies, improve their corporate governance mechanisms, and become more efficient and effective in managing their resources- decision makers can abandon them if they perceive that the assets' movement from low to high productivity is not feasible. Namely, the M&As costs surpass the benefits, especially when acquirers pay higher premia to convince target shareholders.

Faccio & Masulis (2005) acknowledge the influence of financial choices (i.e., mean of payments) and firm size, mentioning that large acquirers have more degree of diversification and less insolvency problems; consequently, they can complete their bids straightforwardly (i.e., lower tendency for withdrawals). However, does this outcome hold for larger targets? In fact, Gorbenko & Malenko (2013)

argue that large targets require mostly cash deals to avoid acquirers' shares misvaluation, and the acquirers do not have sufficient cash to finance large cash payments. Then, large targets are more problematic to be acquired, and M&A deals are more likely to be withdrawn.

Behr & Heid (2011) found for the banking sector that small targets are more likely to be acquired because of the easy realization of scale economies. Nevertheless, Baker & Wurgler (2006) and McNichols & Stubben (2015) mention that small targets are challenging to value because of their irregular cash flows, sales volatility, high weight on intangibles assets, among other aspects. It thus emerges that the nexus on target firms' size and deal withdrawal propensity remains a puzzle.

Other studies argue that deals can also be cancelled because of external factors (e.g., level of regulation, property rights, and government intervention) (Moschieri & Campa, 2014; Pablo, 2009), or weak financial figures observed during the due diligence in terms of revenues enhancements, accounting returns, among other aspects (Adolph et al., 2006; Mukherjee et al., 2004). Di Guardo et al. (2016), on the other hand, relate the country-level corruption to the mode of cross-border M&As.

The literature uses firm size either as a primary or control variable and defines it differently and reports conflicting results.[2] Despite this, it is argued that larger acquirers tend to withdraw less often because of their inherent level of diversification (Faccio & Masulis, 2005), economies of scale (Behr & Heid, 2011), and partnering experience (Duysters & Hagedoorn, 1995). On the other hand, Gorbenko & Malenko (2013) argue that large target firms require mostly cash deals, which may be problematic because of the acquirers' potential cash constraints. Rossi & Volpin (2004) also identify that target firms with larger size have a negative impact on M&As activity because their size diminishes the takeover premium. Bajo et al. (2013) state that managers and shareholders of such firms are concerned about losing ownership

[2] See Amihud et al. (1990), Hagedoorn & Sadowski (1999), Faccio & Masulis (2005), Buehler et al. (2006), Capron & Guillén (2009), Pablo (2009), Behr & Heid (2011), Erel et al. (2012), Martin & Shalev (2017) and McNichols & Stubben (2015), among others. Chikhouni et al. (2017) use 'acquirer size' as a factor in explaining the acquired ownership.

and control, which would make deals more likely to fail. Dietrich & Sorensen (1984) and Beitel et al. (2004) state that small targets can reduce acquisition costs and are less complex to capture the potential synergies, which implies that such aspects facilitate takeovers. Nevertheless, smaller targets can be exposed to valuation problems (Baker & Wurgler, 2006; McNichols & Stubben, 2015) because there is less information access and more adverse selection on company valuations (Feito-Ruiz & Menéndez-Requejo, 2011). Overall, the literature emphasizes the difficulties of working with large targets mainly because of the high takeover premium required and the concerns about ownership and control.

During due diligence, decision makers gather operational, financial, and market information about the incumbent firms. While they review the companies' resources, revenues, costs and expenses, the scrutiny of the financial records are the first steps to align decision makers' expectations and visualize the likely synergies (Epstein, 2005). According to Garzella & Fiorentino (2014), synergies, expectations and realizations play an important role in M&As studies. Consequently, the higher the synergies, the higher the shareholder value due to assets productivity (Tirole, 2006).

Martin & Shalev (2015) indicate that the announced returns (operating performance) of both the acquirer and the target can serve as indicators of acquisition efficiency, assuming that they could capture the expected surplus of deals. Consequently, corporate profitability should also provide information for the optimality of exit options. Dietrich & Sorensen (1984) argue that positive company prospects enhance future cash flows through synergies. Hence, acquirers might be willing to look for combined synergies through M&As to improve their financial prospects. Rossi & Volpin (2004) consider that target firms' size has adverse effects on M&As activities because of lower takeover premia. Further, when targets show higher profitability, this might not only increase their negotiation power but also reduces expected synergies through the takeover premia.

The resource-based and knowledge-based views are relevant to our research objectives in the following way: cross-boarder acquisition entails complex strategic endeavours that require combinations of unique knowledge, skills-sets and experience (Dikova et al., 2010; Nadolska and Harry, 2014). Nadolska and Harry (2014) argue that executives develop these unique sets of expertise and capabilities as they learn the optimal type and the number of firms to acquire and how to time each individual acquisition. The capabilities, skills and experience require managing acquisition programs are governed by knowledge sharing among the top management team (TMT). The authors further argue that firms that are successful in their acquisition projects usually have TMTs that mainly draw from their unique, rare expertise and experience. Thus, the best acquirers appear to apply their skills and expertise from organizational learning (Dikova et al., 2010; Jandik et al., 2017). However, the extent of their learning is influenced by combinations of knowledge base (TMT unique skills and experience) and the resources capabilities of the firms, which directly affects the decision making process of the target and acquirer TMTs.

The completion rates of M&A deals can also be attributed to the role of managerial opportunism and information asymmetries (Feito-Ruiz et al., 2014). The related literature suggests that if the stock ownership concentration of the acquiring firms is low, it would be an opportunity for the incumbent managers to extract private benefits via new acquisitions (see Chang, 1998; Chen et al., 2007; Officer, 2007; Officer et al., 2009). For the agency conflicts perspective (see e.g., Chen and Young, 2010 and Kroll et al., 1997), managerial opportunism would not be a significant concern for the target shareholders as long as the acquiring firms adopt effective corporate governance mechanisms. Cuypers et al. (2017) raise a similar issue when they study the importance of information asymmetry between acquirers and targets in value creation through M&As. Cheng and Yang (2017) as well emphasize the relevance of uncertainty and environmental turbulence in the performance of cross-border M&As. Moreover, Kang (2006) highlights the importance of effective monitoring during the acquisition process, especially in cases of unstable and dynamic environmental complexity stemming from severe competition and

symbiotic interdependence. This occurs because in these situations both the information asymmetry and conflicts between TMTs and outside investors heighten, which has direct implications on assessing the value of announced M&A deals. Our empirical analyses consider this important dimension by using some country-specific factors such as economic freedom index, underdeveloped financial markets, quality of institutions, legal protection and property rights (see e.g., Feito-Ruiz et al., 2014, La Porta et al., 1998). It is important to note that Feito-Ruiz et al. (2014) clearly explain and hypothesize the association between managerial opportunism and decisions on M&A deals within the framework of the rule of law, investor protection, and the level of financial markets' development.

3. HYPOTHESIS DEVELOPMENT

The location of the target and acquiring firms matters for assets restructuring, deals transactions, and growth strategies, and hence for the completion of deals (Chikhouni et al., 2017; Yang and Hyland, 2017; Yildiz, 2014; Capron & Guillén, 2009). These issues are related to factors associated with economic freedom and country-level considerations (e.g., cultural distance, regulations, property rights, the rule of law, government intervention, and investor protection). Further, Tunyi and Ntim (2016) highlight the importance of the institutional environment regarding the M&As deals in Africa. This suggests that some locations are more attractive than others for the M&As deals and growth opportunities (Moschieri & Campa, 2014), and the efficient movement of corporate resources (Rossi & Volpin, 2004). Similarly, cultural differences, institutional heterogeneities and clashes between countries can be important challenges for the completion of cross-border deals or post-acquisition performance (Weber et al., 2009; Huang et al., 2017).

There are some indicators that help decision makers to assess the quality of countries: anti-director rights index (Spamann, 2009), corruption index (Mauro, 1998), Dow Jones economic freedom (Pablo, 2009), economic freedom index of the world (EWF) (Gwartney et al., 2015), among others. EWF relies

on four pillars: freedom regarding personal choices, exchange coordination across markets, free entrance and competition, and people protection and property rights. According to Gwartney et al. (2015), countries enhancing the mentioned pillars are more open to engage in voluntarily transactions (e.g., M&As deals). In fact, when analysing takeover strategies, some studies have evaluated the effect of some country level factors on incumbents' decisions. For instance, Moschieri & Campa (2014) and Rossi & Volpin (2004) claim that regulatory boundaries affects negatively M&As activities; and particularly, Pablo (2009), evaluating cross-border deals in Latin-American countries, finds that: 1) targets' government intervention, regulation, property rights, and foreign investment, and 2) acquirers' property rights, reduces the likelihood of cross-border transactions.

The evidence shows that the acquiring country's low level property rights negatively impact cross-border completions (Pablo, 2009). However, when their shareholder rights are stronger, then the post-acquisition reorganizations weaken (Capron & Guillén, 2009). We argue that the economic freedom level of the acquirers' country can be considered as a risk if it is deemed as too high depending on whether countries have strict legal systems in terms of property rights, bureaucracy, sound money, international trade and other corporate sector regulations. Nyström (2008) also refers to the political and economic prerequisites to obtain high scores and argues that these macro environments would exert influence on micro environments (such as firms' decisions). Further, Levie and Autio (2011) highlight the impact of institutions and burdensome business regulations on strategic entrepreneurial behaviours. This aspect is relevant because acquirers tend to be more constrained by the home-country regulations and stricter due diligence to complete M&A deals and information disclosure to shareholders, authorities and public, in contrast to the targets' institutional background. Our first hypothesis is thus as follows:

Hypothesis 1: The higher the acquirer's country economic freedom, the more likely is the deal's withdrawal.

Regarding the target firms' country factors and M&As deals, Pablo (2009), assessing 835 cross-border transactions in Latin America (1998-2004), finds that government intervention and regulations affect the likelihood of cross-border deals negatively. Hijzen et al. (2008), analysing 23 OECD countries and 21,234 cross-border deals (1990-2001), reveal that multilateral trade costs functioning as barriers between an acquirer and a target reduce the number of completed cross-border mergers. In addition, Feito-Ruiz & Menéndez-Requejo (2011), including 469 M&As of European listed firms (2002-2006), emphasize that less economic freedom and law enforcement in the targets' countries increase acquirers' business risk and reduce their potential gains, providing early warnings to withdraw the announced transactions. Hence, we formulate the next hypothesis:

Hypothesis 2: The higher the target's economic freedom, the less likely is the deal's withdrawal.

4. METHODOLOGY

4.1. Sample background

To introduce the relevance of deal withdrawals, Figure 1 shows the worldwide trend of M&As activities. It illustrates the average value of completed or withdrawn deals, and the percentage of deals withdrawn across the years. This figure reveals that although the proportion of withdrawals over total deals announced has decreased, their average value has been higher than the value of completed deals and the gap is widening (see also Table 3).

[Please insert Figure 1 here]

A synopsis in Table 1 reveals that the underlying reasons for the failed M&As deals are unsettled. This table further shows that some transactions are based on cash or cash and stocks combined as payment methods with deals quantified by monetary units or percentage of shares sought, and involve domestic or cross-border negotiations under different economic and regulations perspectives. Moreover, there are deals with a friendly or a hostile attitude that consist of either large acquirers or large targets.

[Please insert Table 1 here]

Unlike the previous studies related to M&As deals (Bajo et al., 2013; Garzella & Fiorentino, 2014; Jacobsen, 2014; Pablo, 2009), we take into consideration the full perspective and classification of the M&As activities provided by Thomson Reuters One Banker. Table 2 and notes therein show the information about the number of deals disclosed and classified according to their status and types.

[Please insert Table 2 &3 here]

4.2. Data

Our paper takes into account a large number of deals and firm-specific information such as deal attitude, means of payments, country-and industry-specific differences, and the method of integration. The nature of our dataset is in line with Tunyi and Ntim's (2016) suggestion that M&As studies with both firm-and country-level data can have more robust results. The original sample available contains 186,640 deals disclosed on 147 countries and across 137 criteria related to deal status, year of announcement, legal aspects, mean of payments, deal attitude, deal values, regions, and financial attributes. The deals take into account bidders from both public and private targeting listed companies and transactions with status completed or withdrawn. The timeframe includes bids that took place from January 1977 to December 2014 obtained from Thomson One Banker. After correcting the sample from data anomalies on the deal status (i.e., missing, null, blanks, duplicates, and unavailable information), the dataset with further filtering includes 137,116 deals.[3] Although our univariate analyses are based on this final dataset, for the regression analyses the sample size (9,812 deals) is much smaller due to the non-overlapping missing data pertaining to either firm or deal characteristics (i.e., the number of observations is different for each variable) and ensuring that the target firm and the acquirer are not from the same country. From the total

[3] Additionally, in the Appendix, Table A2 (panel A) discloses the distribution of deals' status across targets' and acquirers' industry and across regions; Table A2 (panel B) displays the deals' status between domestic and cross-borders transactions, means of payments, and deals attitude; and Table A3 lists acquirers' and targets' deals for each country.

deals announced (Table 2), note that more than 82% of the transactions are associated with acquisitions of partial interest, acquisition of assets, and mergers.

4.3. Variables

4.3.1. Economic freedom index

There are different approaches relating economic freedom perspectives to the likelihood of making strategic investments but they differ in terms of the criteria used (e.g., protection, law enforcement, investor rights) and locations assessed. For instance, La Porta et al. (1998, 2000) evaluate legal systems for studying dividends and depth of capital markets; Martynova and Renneboog (2008) link the shareholder orientation level differences in the bidder's and target's county to the value of expected synergy. Rossi & Volpin (2004) analyse the role of shareholder protections in M&As deals for the U.S. and U.K.; and Pablo (2009) considers government intervention, regulation, property rights, among others aspects for cross-border deals in Latin America.

Certainly, the country aspects mentioned in Rossi & Volpin (2004) and Pablo (2009) are only one of the components of the full perspective of economic freedom. However, Spamann (2009) highlights the advantage of working with a composite index that synthesises multiple variables. Using composite indicators combining different criteria would be a more robust way to analyse the likelihood of the withdrawal of M&As deals, especially because they provide a full perspective of the economic stability of a given country (Gwartney et al., 2015).

The literature mentions some indicators like the economic freedom index from the Heritage Foundation (Feito-Ruiz & Menéndez-Requejo, 2011; Liang and Renneboog, 2017) and the Anti-Director Right Index (Spamann, 2009). Similar to Nyström (2008), among others, our paper uses the Economic Freedom of the World index (EFW) from the Fraser Institute, which- according to Gwartney et al. (2015)- EFW mitigates the probable dispersion of interrelated criteria and enhances a full perspective of the economic freedom of a country. Furthermore, it considers a global approach to see when decision

makers (investors, shareholders, and stakeholders) feel more protected by institutions to be able to exercise voluntary transactions without harming others (incumbents or property). EFWconsistently ranks 157 countries and territories, and for over 100 locations tracking back to 1970s.

Another key point is that EWF synthetizes five major country-level perspectives (i.e., size of government, legal system and security of property rights, sound money, freedom to trade internationally, and regulation) across 24 economic freedom criteria (e.g., law enforcement, regulation, inflation, capital convertibility and business perspectives) (Gwartney et al., 2015). The information for EFW is set and contrasted against other sources, such as the International Country Risk Guide, the Global Competitiveness Report, and the World Bank's Doing Business Project, European Values Study, the Policy Research Institute of Market Economy, Institute of Economic Affairs, and other international organizations. Djankov et al. (2008) called for alternative measures for shareholders protection in future studies on M&A deals. The use of the economic freedom index can be a response to this call.

4.3.2. Deal characteristics

The deal characteristics, targets' idiosyncrasies, and control variables used in this paper follow the previous studies on M&As (see e.g., Amewu and Alagidede, 2018; Phalippou et al., 2015; Zhou et al., 2016). We consider deals' attitude (i.e., hostile, friendly or neutral) during negotiations as Moschieri & Campa (2014) state that gentle approaches produce more deal completions. Gorbenko & Malenko (2013) and Moschieri & Campa (2014) contend that stock payments are mostly exposed to probable mispricing and unavoidable shared risks between a target and an acquirer, particularly when stock payments are used during the negotiation. Thus, we employ dummy variables for payment methods (i.e., cash, stock or hybrid payments). Location perspectives allow us not only differentiating domestic (national) deals from transnational (cross-border) counterparts, but also controlling during the estimations when the targets and acquirers are located in the same country (i.e., addressing the likely differential between economic freedom indices across two countries in the regression models). Cross-border deals reveal

more about countries' heterogeneities (i.e., macroeconomic conditions, regulation issues, capital convertibility) (Hijzen et al., 2008; Pablo, 2009). Hence, this study controls these characteristics with a dummy variable. Moreover, we consider whether the M&As deals are related to different (vertical) or similar sectors (horizontal) with another binary dummy variable. We also control for deal size since the larger the deal values; the more complex are the transactions (Grinstein & Hribar, 2004). This study further takes into account the percentage of shares sought by the acquirer (Zhou et al., 2016).

4.3.3. Firm characteristics

We examine whether the profitability levels of target and acquiring firms play a role in affecting the outcome of the intended M&A deals. Decision makers and M&As analysts throughout the due diligence process gather and revise systematically, operational, financial, and accounting information, among other aspects. They are highly concerned about firms' resources, revenues, costs and expenses (Epstein, 2005). For example, firms with very low profitability ratios reveal their vulnerability to the market as this suggests high operating expenses and/or inefficient use of assets, which can make them ideal targets. Similarly, firms with very high profitability might accumulate cash to acquire other companies. Our other consideration is whether it would be too difficult to reject a deal if it is attached to a very large acquirer or the target firm is too large to take over. Berger & Humphrey (1997) raise similar concerns for the banking sector.

Regarding profitability, Dietrich & Sorensen (1984) analyze post-announcement withdrawals; Pablo (2009) assesses the determinants of cross-border deals, and Martin & Shalev (2015) explore the likelihood of mergers, and in so doing they consider corporate-level profitability. Some scholars particularly consider EBITDA (earnings before interest, taxes, depreciation, and amortization) over total

assets as a profitability measure (Feito-Ruiz & Menéndez-Requejo, 2011; Pablo, 2009). Our paper not only uses this definition but also consider the alternative definition of net income over total assets.

Regarding firm size, in M&As studies, size is measured by market value (Martin & Shalev, 2015), number of employees (Buehler et al., 2006), total assets (Barros & Dominguez, 2013; Behr & Heid, 2011; Faccio & Masulis, 2005) or total sales (Amihud et al., 1990; Pablo, 2009). In our study, we adopt the definitions based on total sales and total assets adjusted for inflation.[4] Other firm-level controls are leverage and liquidity of assets as the latter examines the effect of excess liquidity and likely inefficiency of asset allocations (Dietrich & Sorensen, 1984). Also, we control for country-, industry- and time-fixed effects (Faccio & Masulis, 2005; Moschieri & Campa, 2014; Pablo, 2009). Table A1 in the Appendix defines these variables.

4.4. Estimation method

Previous M&As studies used logit/probit analyses for their binary dummy dependent variable: likelihood of cross-border deals (Moschieri & Campa, 2014; Pablo, 2009; Phalippou et al., 2015; Tunyi and Ntim, 2016), causes of domestic vs. international deals (Erel et al., 2012), predictions of merger targets (Dietrich & Sorensen, 1984), determinants of acquisition attempts (Zhang et al., 2011). We employ logit models to explore the determinants of the propensity to withdraw deals as follows:

$$P_i = \frac{e^{\alpha + X_i\beta}}{1 + e^{\alpha + X_i\beta}} \quad (1)$$

where P_i is the probability of a deal i being withdrawn; X_i is the vector of explanatory variables and controls (see section 4.3. for details); α is the constant term and βs are estimable slope coefficients.[5] All the firm-specific factors are lagged by one period. The analyses consider only three attitudes (i.e., *Friendly*, *Hostile* and *Neutral*) among various deal attitudes and only three payments (i.e., *Cash*, *Stock*

[4] We also use the alternative definition based on the number of employees, which is available only for targets, to consider in the regression models. The results (unreported but available on request) are qualitatively the same across the three definitions.
[5] When we use the probit method, the quality of the regression results does not change.

and *Hybrid*) among various payment methods in the same regression models as binary dummy variables without causing any multicollinearity problem. All regression analyses employ time (37) and industry (15) dummy variables to control for year and industry (see Table A2) fixed effects.

5. RESULTS

5.1. Univariate analysis

Table 4 reports two independent panels, i.e., the correlation matrix (Panel A) and summary statistics (Panel B). To have the full picture from 137,116 deals, these panels take into account the available information by pair variables (correlations analysis) or by a single variable (descriptive statistics), noting that the regression analysis considers those completed data points (without missing data) across all variables. The findings show that acquirers are much larger than targets, and this size dispersion is relatively high for the former. When the profitability is based on EBITDA, acquirers are more profitable (8% vs. 7%); when it is based on net income, they are still more profitable but the acquirers' (targets') profitability ratios are down to 0.4% (-117%).[6] On the other hand, the mean values of the economic freedom index of the targets' and acquirers' home countries are very similar (7.7 vs. 7.8). It also appears that the largest proportion of deal perception reported and means of payments considered are friendly attitude (91%) and cash usage (22%), respectively.

[Please insert Table 4 here]

In Table 5, the sample is divided into two groups according to the deal status (completed or withdrawn) to compare the mean and median values of the variables. It is evident that the median differences for most of the variables are statistically significant. As for the mean values, the economic freedom indices,

[6] According to the deals synopsis and decision makers rationale disclosed by the data provider, negative values in profitability can highlight inefficient use of assets; making those companies easy targets, and influencing asset movements and deals' completion or withdrawal. Thus, we do not consider winsorizing or trimming our data in order not to lose important information embedded in such values.

the size of acquirers, and profitability ratios show no statistical significance across the two sub-samples. However, the size of the target firms is significantly smaller for the completed deals compared to the case of withdrawn deals.

[Please insert Table 5 here]

5.2. Likelihood of withdrawal of deals

Table 6 presents the first set of our robust logit results (both the coefficients and marginal effects). The evidence related to the economic freedom index (i.e., *Acquirer freedom*) supports our hypothesis 1 at the 1% significance level. The respective positive marginal effect as a measure for the economic significance- is very high (between 31% - 37%). It is thus suggested that a higher economic freedom index pertaining to an acquiring firm's country increases the tendency to cancel the M&As deals. This finding is consistent with Pablo (2009) who finds a negative link between acquires' property rights on cross-border completions, and with the explanation of Feito-Ruiz & Menéndez-Requejo (2011) who mention that strong protection and information transparency make decision makers more aware about business risks and acquisition costs. Consequently, deals get more sensitive to public scrutiny strengthening the exit option in post-announcement deals. Harford et al. (2012) report that entrenched managers can capitalise on asymmetric information by looking for M&As that offer them greater opportunity for securing their private benefits. We extend their empirical findings by showing that strong protection and information transparency provide decision makers adequate enlightenment regarding business risks and acquisition costs thereby cancelling the deals where appropriate. We also extend La Porta et al.'s (1998, 2000) findings by examining why M&A deals fail from the perspective of both weaker and stronger institutional settings. On the other hand, our analysis fails to confirm hypothesis 2

as the respective coefficient estimates (i.e., *Target freedom*) are all insignificant. However, the signs on the coefficient estimates are as expected.[7]

We further reveal that the probability of a deal's failure increases with the larger size of the target, but it decreases with the smaller size of the acquirer. This evidence is aligned with Faccio & Masulis (2005) who state that larger acquirers are more diversified, and with Behr & Heid (2011) who argue that larger acquirers can exploit better their economies of scale perspectives. These results are also in line with Dietrich & Sorensen (1984) and Beitel et al. (2004) who state that larger targets increase the acquisition costs and the complexity to capture the potential synergies.

[Please insert Table 6 here]

Our results show that the financial performance of the acquirers (i.e., *Acquirer profitability_EBITDA*) exerts no significant influence on the propensity to reject M&As deals. Similarly, our coefficient estimates related to the profitability of the target firms (i.e., *Target profitability_EBITDA*) are negative and significant albeit at the 10% level. An explanation for this is that targets get more attractive when their accounting returns are higher. Indeed, Garzella & Fiorentino (2014) note that synergies expectations and realizations are essential for M&As deals to create value for the shareholder. This approach increases the chance of the deals' completion as decision makers become more aware of the synergies enhancement and more willing to complete the deal announced.

Regarding the other control variables, most of the deal characteristics considered are consistent with previous studies. For instance, as suggested by Gorbenko & Malenko (2013), the usage of shares as a mean of payments (i.e., *Stock*) augments the likelihood of deal withdrawals, as reported by Chang (1998) and Martynova and Renneboog (2009). However, this finding does not support Officer et al. (2009) who imply a negative link because stock-swap mitigates information asymmetries. Observe also that the odds

[7] We also constructed the "differenced" economic freedom index between the target and bidding firms' countries. In untabulated results, we did not find significant regression coefficients for this construct.

of deals withdrawn reduces significantly under a friendly (*Friendly*, high marginal effects around 17%), hostile (*Hostile*, marginal effects around 3%) or neutral (*Neutral*, high marginal effects around 20%) attitude, when they are compared to other unsolicited or unclassified deals. This is partially aligned to Moschieri & Campa (2014) who emphasise that gentle approaches enhance better M&As negotiations. Furthermore, the higher the deal size (*Deal size*) and the higher the percentage of shares sought to purchase by the acquirers (*Ownership*), the higher the likelihood of deal withdrawal, with coefficients consistently significant at the 1% level. These findings are supported by Grinstein & Hribar (2004) who highlight high complexity and more managerial skills and effort in large deals; and by Bajo et al. (2013) who note that changes in ownership and control create distress and uncertainty on the decision makers. Finally, the other controls turn out not to have significant effects on the M&A deals' withdrawal.

5.3. Robustness checks

In this section, we provide some sensitivity analyses by adopting alternative measures of the core explanatory variables and conduct regressions across various sub-samples. First, we consider different definitions of profitability (i.e., operating profits vs. net income), and also control for capital structure (*Leverage*) and the liquidity of company assets (*Liquidity*). We do so as we follow managerial rationales highlighted during the due diligence process (Financier-Worlwide, 2004; Lebedow, 1999; McGrady, 2005), where decision makers revise particularly the bottom line of accounting figures to see how profitable the companies are after debt obligations (interests) and government duties (income taxes) (see e.g., Martin & Shalev, 2015). Moreover, managers would not prefer to see a high proportion of (idle) fixed assets shown on the targets' balance sheet. The results are reported in Table 7 and show that the regression coefficients obtained in Table 6 keep their statistical significance and signs.

[Please insert Table 7 here]

Second, we use alternatives to the economic freedom index. Berggren and Jordahl (2005) and Nyström (2008), among others, mention property rights, and judiciary and courts impartiality to measure

the quality of legal and institutional environment of countries. Feito-Ruiz et al. (2014) refer to the importance of these aspects in M&A deals and in deciding whether to acquire listed or unlisted firms; we extend their work and strengthen their empirical results that reveal the role of various legal and institutional environments. As defined in Table A1 with details, we therefore construct two variables: *Legal protection* and *Property rights*. The corresponding results reported in Table 8 show that our hypothesis 1 continues to hold albeit with statistically less significant coefficients. Further, as the coefficients on *Target legal* are significant, we confirm our Hypothesis 2 that higher economic freedom in the target firm's country reduces the occurrence of cancelled M&A deal announcements.

Third, following the discussion in Martynova and Renneboog (2008), Bris and Cabolis (2008) referring to the shareholder protection and merger premium for cross-border deals, and Feito-Ruiz and Menéndez-Requejo (2011), we run the regressions across the sub-samples of cross-border and domestic M&As. We report these analyses in Table 9. The findings do not support hypothesis 1, which means that analysing the deals separately as cross-border and domestic does not yield supporting results for this hypothesis. For Hypothesis 2, on the other hand, there is mixed evidence as in half of the cases, we report significant and negative coefficients although all the coefficients are associated with negative signs. Our results are consistent with the implications of Bris and Cabolis (2008), and we extend their work based on 39 countries by focusing on the cancelled deals and the economic freedom index associated with legal environment using a much larger sample, and independent and control variables.

Fourth, our paper examines different time-periods. We initially compare the latest global financial crisis years (2007-2009) with non-crisis years (1977-2014). The detailed results based on two sub-samples in Table 10 reveal that we confirm our hypotheses 1 and 2 only during tranquil non-crisis years. Similarly, in Table 11, instead of providing sub-sample analyses, we use the M&A waves' periods (i.e., 1981-1989, 1993-2000 and 2002-2007) (see e.g., Martynova and Renneboog, 2006), and the financial crisis as binary control variables. These results using the full sample generally support both hypotheses 1 and 2.

[Please insert Tables 8-11 here]

Fifth, the sub-sample analyses of financial vs. non-financial firms in Table 12 do not convincingly support our hypotheses although we do not report any finding that is against these hypotheses. In specific, models 7 and 8, and partly models 3 and 4 show that hypotheses 1 and 2 are supported for the non-financial corporate sector only.

Finally, financing M&A deals is an essential aspect of completed deals. Martynova and Renneboog (2009) show that firms tend to use debt financing for takeovers in countries where the cost of equity is substantially higher due to inadequate shareholder protection. For firms operating in countries where financial markets are not developed, liquidity can be a constraint in going ahead with the deal. In other words, in an environment where financial markets are relatively underdeveloped and investors' protection rights are low, external financing can be costly or challenging to obtain. Similar issues are discussed in Feito-Ruiz et al. (2014), Doidge et al. (2007), and Djankov et al. (2003). We extend these studies with a different focus and larger sample size. Following Didier et al. (2015), among others, we split our sample into the countries with underdeveloped vs. developed financial markets depending on the strength of their credit markets and stock markets (see Table A1). Table 13 shows that there is a clear distinction between the two sub-samples: the coefficients regarding the economic freedom or legal aspects are generally insignificant if the announced deal involves countries with underdeveloped financial markets. In one case (columns 5 and 6), the positive coefficient on *Target legal* is significant and positive. However, in the case of the developed financial markets, both hypotheses 1 and 2 are consistently supported. These findings highlight the importance of country characteristics concerning the M&A deals withdrawal. Our findings are parallel to the results of Officer (2007): where the information asymmetry problem is greater, there are higher chances of deal withdrawals. Our study extends Officer's (2007) findings by showing that information transparency rather than profitability is a crucial determinant of M&A deals acceptance.

In Table 14, we use binary controls (i.e., *Acquirer underdeveloped* and t*arget underdeveloped*) for the status of the target and acquirer firm's financial market development using the full sample. These final sets of the results are qualitatively the same as with our main findings and generally support hypotheses 1 and 2.

[Please insert Tables 12-14 here]

6. DISCUSSION AND CONCLUSION

In an effort to introduce other perspectives to the M&As studies, this paper showed a different research framework to investigate the factors causing the withdrawal of the deals from 1977 to 2014 for 147 countries. Overall, we find that the economic freedom index, corporate size, and profitability do affect the propensity not to go ahead with the announced M&As deals.

We find that the acquirer's country economic freedom index is positively associated with the probability of the M&As withdrawal. This finding is in line with Pablo (2009) who finds a negative link between acquires' property rights and cross-border completions, implying that the higher the acquirer's economic freedom index, the higher the likelihood of a deal's withdrawal. This finding suggests that the acquirers are more aware of M&As risks and costs, information asymmetries, and also market and economic environments where companies belong to. Another implication of our key finding would be that the incumbent management of the target firms could assess in advance to what extent the initial offer made by the acquiring firm should be taken seriously depending on their country of origin. Our results further suggest that the economic freedom index for the target's country is generally negatively linked with the probability of the M&As withdrawal.

The robustness analyses (e.g., alternative constructs to the economic freedom index and controlling for the M&A waves) using the full sample confirm the main findings. However, the sub-sample analyses yield alternating results: Our hypotheses are supported *i*) for the non-financial sector only, *ii*) for years

not coinciding with the latest financial crisis times, and *iii*) in environments where there are developed financial markets.

The likelihood of the failure of an M&As deal decreases when the size of the acquiring firm gets larger but it increases when the size of the target firm gets larger. This shows that firm size impacts significantly deal failures, which might be related to assets' movement from low to high productivity level as the efficiency theory professes (Garzella & Fiorentino, 2014; Tirole, 2006), and corporate attributes (target or acquirer) associated with decision makers' skills and capabilities from the knowledge-based perspective (Junni et al., 2015).

Furthermore, M&As deals are less prone to fail if the target firm's profitability is higher. However, our analyses showed that an acquiring firm's profitability exerts no significant influence on this propensity. This aspect is associated with high expected synergies, which are essential for M&As deals as a vehicle to create value for shareholders through assets movements (Garzella & Fiorentino, 2014).

Regarding the deal characteristics, aligned with the previous studies, the results show that using stocks as mean of payments (Gorbenko & Malenko, 2013), unfriendly deals (Moschieri & Campa, 2014), seeking high percentage of targets' shares to purchase (Bajo et al., 2013) or high deal size (Grinstein & Hribar, 2004) increase the probability of having a failed M&As deal. It seems that offering stocks instead of financing the deals via cash or debt does not favour the deal as this might probably satisfies neither bidding nor target firms' shareholders due to the various reasons including uncertainty, loss of control and dilution in ownership if the deal is completed.

The main implication of our study for decision makers is that there are two key firm-specific factors (i.e., size and profitability) and the quality of the countries' economic and legal environment that significantly affect the outcome of an M&A deal. Also, how the bidder approaches the target, the payment method, and the deal size all tend to be significant factors.

Because of lack of information, the current study was unable to analyze whether the role of voting process (Burch et al., 2004), persistence of acquirers role (natural bidders) across time (Coleman et al., 2010), and influence of internal corporate governance mechanisms (Liu et al., 2017; Wang & Xie, 2009) would affect deal failure. Finally, aspects like quality of accounting reports and role of legal and financial advisors would merit further research.

Data availability statement

Data subject to third party restrictions:

The data that support the findings of this study are available from Refinitiv/Thomson Reuters Datastream and Thomson One. Restrictions apply to the availability of these data, which were used under institutional license for this study. Data can be available from the authors conditional upon the permission of Refinitiv/Thomson Reuters.

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APPENDIX

Table A1. Definition of the variables.

Variables	Definitions	Sign
Withdrawn	Dummy variable (dependent variable): 1 if the deal is withdrawn (i.e., the target or acquirer has terminated their agreement, letter of intent, or plans for the acquisition or merger); 0, if the deal is completed and closed.	N/A
Acquirer freedom	The acquirer's economic freedom index. The index, from the Fraser Institute, synthetises different economic freedom perspectives across 24 criteria related to size of government, legal system and security of property rights, sound money, freedom to trade internationally, and regulation. The index ranges from 0 to 10 and higher values indicate higher freedom (http://www.freetheworld.com/).	+
Target freedom	The target's economic freedom index with the range of 0-10; higher values indicate higher freedom (http://www.freetheworld.com/).	-
Legal protection	Proxy for the legal and institutional environment in the acquiring or target firm's country based on the judiciary and courts impartiality reducing regulatory favouritism: the quality legal framework allows private businesses settling disputes and challenges while reducing manipulation and increasing neutrality. This criterion ranges from 0 to 10 and higher values show higher judiciary impartiality and lower regulatory bias (http://www.freetheworld.com/).	+(-) for acquirer (target)
Property rights	Proxy for investors' protection based on the protection of property rights in the acquiring or target firm's country. It provides information on market operations and efficiency where individuals have secured their rights to investment and property. This construct ranges from 0 to 10 and higher values mean higher property rights' protection (http://www.freetheworld.com/).	+(-) for acquirer (target)
Acquirer underdeveloped or *Target underdeveloped*	Dummy variable: 1 if the sum of credit market development (i.e., lending from domestic banks to private non-financial sector over GDP) and stock market development (i.e., stock market capitalization to GDP) is lower than the sample median, and 0 otherwise. Namely, 1 means the country for the acquirer or target has underdeveloped financial markets, and 0 refers to the developed markets.	+(-) for acquirer (target)
Crisis	Dummy variable: 1 for the years between 2007 and 2009; 0, otherwise.	+/-
M&A waves	Dummy variable: 1 for the periods 1981-1989, 1993-2000, 2002-2007; 0, otherwise.	+/-
Firm characteristics:		
Acquirer size_assets	Natural logarithm of the acquirer's deflated total assets in million USD.	-
Target size_assets	Natural logarithm of the target's deflated total assets in million USD.	+
Acquirer size_sales	Natural logarithm of the acquirer's deflated net sales in million USD.	-
Target size_sales	Natural logarithm of the target's deflated net sales in million USD.	+
Acquirer profitability_EBITDA	Acquirer's earnings before interest, taxes, depreciation & amortization (EBITDA) over total assets.	-
Target profitability_EBITDA	Target's earnings before interest, taxes, depreciation & amortization (EBITDA) over total assets.	+
Acquirer profitability_net income	Acquirer's net income from continuing operations, after taxes and minority interest, before extraordinary items and preferred dividends divided by total assets.	-
Target profitability_net income	Target's net income from continuing operations, after taxes and minority interest, before extraordinary items and preferred dividends divided by total assets.	+
Liquidity	Ratio of target's cash and marketable securities to total assets. Information is not available for the acquirer.	+/-
Leverage	Ratio of target's total debt to total assets. Information is not available for the acquirer.	+/-
Deal characteristics:		
Friendly	Dummy variable: 1 if the company's management/directors recommend the offer; 0, otherwise.	-
Hostile	Dummy variable: 1 if the company's management/directors officially reject the offer, but the acquirer continues with the takeover; 0, otherwise.	+
Neutral	Dummy variable: 1 if the company's management/directors have nothing to do with the transaction; 0, otherwise. When constructing this deal attitude measure and the two just above, the other cases such as the attitude of the board is not applicable (e.g., splits and spin offs) and unsolicited (the offer is a surprise to the target's board and has not yet been given a recommendation) are also considered. In the regressions, we are therefore able to use three dummy variables out of five groups regarding deals attitude.	+/-
Cross-border	Dummy variable: 1 if the deal is cross-border (i.e., the target company or assets being sold is not located in the same country as the acquirer's); 0, otherwise.	+
Vertical	Dummy variable: 1 if the acquirer's industry is different from the target's industry, i.e., vertical integration.	+
Deal size	Natural logarithm of deflated deal value, in million USD, paid by the acquirer, excluding fees and expenses. It includes the amount paid for all common stocks and equivalent, preferred stock, debt, options, assets, warrants, and stock purchases made within six months of the announcement date of the transaction.	+
Ownership	Percentage of common stocks and equivalent outstanding of the target sought by the acquirer.	+
Methods of payment:		
Cash	Dummy variable: 1 if the transaction of the deal is via cash only as a payment method (i.e., cash, earn-out or assumption of liabilities, or any combination of the three); 0, otherwise.	-
Stock	Dummy variable: 1 if the transaction of the deal is via stocks only as a payment method; 0, otherwise.	+
Hybrid	Dummy variable: 1 if the transaction of the deal is via cash and stocks as payment methods (i.e., one of either of cash, earn-out, or assumption of liabilities and the other types of stocks); 0, otherwise. When constructing this mean of payment measure and the two just above, the other cases such as 'unknown' (this includes deals where the values for each type of consideration are unknown) and 'others' (any combination excluding cash only, stock only and hybrid) are also considered. In the regressions, we are therefore able to use three dummy variables out of four groups regarding payment methods.	+/-

Table A2. Acquirers' and targets' industries and regions (panel A); and deal activity by cross-border, mean of payments and deal attitude (panel B).

Panel A					*Panel B*				
Deal activity	**TDC**	**TDW**	**TDA**	**%DW**		**TDC**	**TDW**	**TDA**	**%DW**
Acquirer industry:					Domestic	74535	2686	77221	3.5
Consumer Products & Services	7972	148	8120	1.8	*Cross-border*	57899	1998	59897	3.3
Consumer Staples	7743	260	8003	3.2	***Payment methods***				
Energy and Power	11309	407	11716	3.5	Cash	29210	1205	30415	4.0
Financials	33999	1385	35384	3.9	Stock	4178	328	4506	7.3
Government & Agencies	291	15	306	4.9	Hybrid	3069	278	3347	40.6
Healthcare	6209	165	6374	2.6	Other means undisclosed.	95977	2873	98850	5.7
High Technology	13138	255	13393	1.9	***Deals attitude***				
Industrials	16562	617	17179	3.6	Friendly	120506	3559	124065	2.9
Materials	13716	636	14352	4.4	Hostile	154	235	389	60.4
Media and Entertainment	7362	257	7619	3.4	Neutral	8367	241	8608	2.8
Real Estate	5449	131	5580	2.3	Not Applicable	3356	368	3724	9.9
Retail	4140	140	4280	3.3	Unsolicited	51	281	332	84.6
Telecommunications	4544	268	4812	5.6	***Total***	**132432**	**4684**	**137116**	**3.4**
Target industry:									
Consumer Products & Services	10756	173	10929	1.6					
Consumer Staples	8451	280	8731	3.2					
Energy and Power	12551	475	13026	3.6					
Financials	16974	808	17782	4.5					
Government and Agencies	81	3	84	3.6					
Healthcare	7159	192	7351	2.6					
High Technology	16992	344	17336	2.0					
Industrials	18552	703	19255	3.7					
Materials	15737	744	16481	4.5					
Media and Entertainment	8570	329	8899	3.7					
Real Estate	6724	167	6891	2.4					
Retail	5468	178	5646	3.2					
Telecommunications	4419	288	4707	6.1					
Acquirer Region:									
Africa/Middle East/Central Asia	2371	108	2479	4.4					
Americas	54626	2024	56650	3.6					
Asia-Pacific (Ex Central Asia)	15756	884	16640	5.3					
Europe	48174	1442	49616	2.9					
Supranational	19	1	20	5.0					
Unknown	1312	51	1363	3.7					
Target Region:									
Africa/Middle East/Central Asia	2946	128	3074	4.2					
Americas	53504	2010	55514	3.6					
Asia-Pacific (Ex Central Asia)	19498	997	20495	4.9					
Europe	48118	1414	49532	2.9					
Supranational	4	1	5	20.0					

Note: TDC is total number of deals completed; TDW is total number of deals withdrawn; TDA is total number of deals announced; %DW is the proportion of deals withdrawn. We followed the International Standard Industrial Classification (ISIC) in panel A. The deals consider bidders from both public and private targeting listed companies.

Table A3. Acquirers' and targets' deal details across countries

	Target				Acquirer			
	TDC	TDW	TDA	%DW	TDC	TDW	TDA	%DW
Afghanistan	1	1	2	50.0%	3	0	3	0.0%
Albania	8	0	8	0.0%	1	0	1	0.0%
Algeria	20	0	20	0.0%	9	0	9	0.0%
American Samoa	2	0	2	0.0%	0	0	0	0.0%
Andorra	2	0	2	0.0%	1	0	1	0.0%
Angola	20	1	21	4.8%	7	0	7	0.0%
Anguilla	1	0	1	0.0%	0	0	0	0.0%
Argentina	694	22	716	3.1%	221	7	228	3.1%
Armenia	17	0	17	0.0%	2	0	2	0.0%
Aruba	2	1	3	33.3%	0	0	0	0.0%
Australia	5728	340	6068	5.6%	5136	270	5406	5.0%
Austria	672	33	705	4.7%	765	24	789	3.0%
Azerbaijan	12	1	13	7.7%	3	0	3	0.0%
Bahamas	28	1	29	3.4%	29	0	29	0.0%
Bahrain	14	1	15	6.7%	26	2	28	7.1%
Bangladesh	21	0	21	0.0%	4	0	4	0.0%
Barbados	14	1	15	6.7%	11	0	11	0.0%
Belarus	32	1	33	3.0%	6	1	7	14.3%
Belgium	1109	33	1142	2.9%	1079	28	1107	2.5%
Belize	4	0	4	0.0%	0	0	0	0.0%
Benin	2	0	2	0.0%	0	0	0	0.0%
Bermuda	117	4	121	3.3%	181	8	189	4.2%
Bolivia	44	1	45	2.2%	16	0	16	0.0%
Bosnia and Herzegovina	16	0	16	0.0%	2	0	2	0.0%
Botswana	15	0	15	0.0%	6	0	6	0.0%
Brazil	2449	60	2509	2.4%	1504	47	1551	3.0%
British Virgin Islands	31	0	31	0.0%	61	8	69	11.6%
Brunei	7	0	7	0.0%	4	0	4	0.0%
Bulgaria	167	7	174	4.0%	33	1	34	2.9%
Burkina Faso	7	0	7	0.0%	0	0	0	0.0%
Cambodia	18	1	19	5.3%	5	0	5	0.0%
Cameroon	12	0	12	0.0%	0	0	0	0.0%
Canada	5680	282	5962	4.7%	5650	298	5948	5.0%
Cape Verde	1	0	1	0.0%	0	0	0	0.0%
Cayman Islands	44	1	45	2.2%	62	0	62	0.0%
Chad	2	0	2	0.0%	1	0	1	0.0%
Chile	553	26	579	4.5%	307	12	319	3.8%
China	2218	62	2280	2.7%	1185	63	1248	5.0%
Colombia	314	8	322	2.5%	174	0	174	0.0%
Costa Rica	31	1	32	3.1%	4	0	4	0.0%
Croatia	97	2	99	2.0%	29	0	29	0.0%
Cuba	3	0	3	0.0%	2	0	2	0.0%
Cyprus	78	3	81	3.7%	146	7	153	4.6%
Czech Republic	582	10	592	1.7%	229	6	235	2.6%
Czechoslovakia	23	9	32	28.1%	0	0	0	0.0%
Dem Rep of the Congo	7	0	7	0.0%	0	0	0	0.0%
Denmark	886	15	901	1.7%	810	19	829	2.3%
Dominican Republic	32	1	33	3.0%	10	0	10	0.0%
East Germany	5	3	8	37.5%	0	0	0	0.0%
Ecuador	47	1	48	2.1%	8	0	8	0.0%
Egypt	162	6	168	3.6%	73	3	76	3.9%
El Salvador	36	0	36	0.0%	3	0	3	0.0%
Equatorial Guinea	5	0	5	0.0%	0	0	0	0.0%
Eritrea	1	0	1	0.0%	1	0	1	0.0%
Estonia	133	4	137	2.9%	44	2	46	4.3%
Ethiopia	5	0	5	0.0%	1	0	1	0.0%
Falkland Islands	1	0	1	0.0%	0	0	0	0.0%
Faroe Islands	2	0	2	0.0%	2	0	2	0.0%
Federated St. Micronesia	1	0	1	0.0%	0	0	0	0.0%
Fiji	12	1	13	7.7%	2	1	3	33.3%
Finland	1122	25	1147	2.2%	1114	29	1143	2.5%
France	5236	118	5354	2.2%	5886	155	6041	2.6%
French Polynesia	0	0	0	0.0%	2	0	2	0.0%
Gabon	13	1	14	7.1%	2	0	2	0.0%
Georgia	18	0	18	0.0%	5	0	5	0.0%
Germany	6427	167	6594	2.5%	6231	207	6438	3.2%
Ghana	35	2	37	5.4%	15	0	15	0.0%
Gibraltar	9	1	10	10.0%	14	1	15	6.7%
Greece	348	18	366	4.9%	312	18	330	5.5%
Greenland	3	0	3	0.0%	0	0	0	0.0%
Guadeloupe	1	0	1	0.0%	0	0	0	0.0%
Guam	4	0	4	0.0%	0	0	0	0.0%
Guatemala	37	0	37	0.0%	5	0	5	0.0%
Guernsey	19	1	20	5.0%	105	0	105	0.0%
Guinea	8	0	8	0.0%	3	0	3	0.0%
Guyana	11	1	12	8.3%	1	0	1	0.0%
Haiti	1	0	1	0.0%	0	0	0	0.0%

Honduras	7	0	7	0.0%	1	0	1	0.0%
Hong Kong	1518	89	1607	5.5%	1761	106	1867	5.7%
Hungary	457	16	473	3.4%	209	8	217	3.7%
Iceland	22	0	22	0.0%	46	2	48	4.2%
India	2120	64	2184	2.9%	1324	57	1381	4.1%
Indonesia	689	64	753	8.5%	307	37	344	10.8%
Iran	5	0	5	0.0%	3	0	3	0.0%
Iraq	22	0	22	0.0%	0	0	0	0.0%
Isle of Man	26	2	28	7.1%	19	1	20	5.0%
Israel	450	28	478	5.9%	318	25	343	7.3%
Italy	2799	93	2892	3.2%	2210	90	2300	3.9%
Ivory Coast	16	2	18	11.1%	6	0	6	0.0%
Jamaica	19	1	20	5.0%	5	0	5	0.0%
Japan	8363	133	8496	1.6%	10176	174	10350	1.7%
Jersey	40	1	41	2.4%	54	1	55	1.8%
Jordan	33	0	33	0.0%	18	1	19	5.3%
Kazakhstan	94	9	103	8.7%	39	4	43	9.3%
Kenya	39	2	41	4.9%	11	0	11	0.0%
Kiribati	1	0	1	0.0%	0	0	0	0.0%
Kuwait	24	3	27	11.1%	50	3	53	5.7%
Kyrgyzstan	12	2	14	14.3%	0	0	0	0.0%
Laos	16	0	16	0.0%	1	0	1	0.0%
Latvia	77	3	80	3.8%	26	1	27	3.7%
Lebanon	25	3	28	10.7%	16	1	17	5.9%
Liberia	4	0	4	0.0%	2	0	2	0.0%
Libya	6	1	7	14.3%	1	0	1	0.0%
Liechtenstein	10	1	11	9.1%	9	0	9	0.0%
Lithuania	116	2	118	1.7%	39	0	39	0.0%
Luxembourg	163	7	170	4.1%	328	13	341	3.8%
Macau	12	0	12	0.0%	2	0	2	0.0%
Macedonia	18	0	18	0.0%	3	0	3	0.0%
Madagascar	2	0	2	0.0%	0	0	0	0.0%
Malawi	2	0	2	0.0%	1	0	1	0.0%
Malaysia	1032	94	1126	8.3%	936	80	1016	7.9%
Maldives	3	0	3	0.0%	0	0	0	0.0%
Mali	9	0	9	0.0%	0	0	0	0.0%
Malta	15	0	15	0.0%	8	0	8	0.0%
Marshall Islands	0	0	0	0.0%	1	0	1	0.0%
Martinque	3	0	3	0.0%	0	0	0	0.0%
Mauritania	9	0	9	0.0%	1	0	1	0.0%
Mauritius	19	1	20	5.0%	101	3	104	2.9%
Mexico	793	43	836	5.1%	429	27	456	5.9%
Moldova	17	0	17	0.0%	0	0	0	0.0%
Monaco	19	0	19	0.0%	8	0	8	0.0%
Mongolia	18	1	19	5.3%	2	0	2	0.0%
Montenegro	7	0	7	0.0%	1	0	1	0.0%
Morocco	69	0	69	0.0%	30	0	30	0.0%
Mozambique	21	0	21	0.0%	1	0	1	0.0%
Myanmar	10	1	11	9.1%	1	0	1	0.0%
N. Mariana Islands	2	0	2	0.0%	0	0	0	0.0%
Namibia	32	0	32	0.0%	11	0	11	0.0%
Nepal	7	0	7	0.0%	2	0	2	0.0%
Netherlands	2146	79	2225	3.6%	3073	87	3160	2.8%
Netherlands Antilles	15	0	15	0.0%	8	1	9	11.1%
New Caledonia	5	0	5	0.0%	2	0	2	0.0%
New Zealand	873	42	915	4.6%	476	26	502	5.2%
Nicaragua	17	1	18	5.6%	2	0	2	0.0%
Niger	3	0	3	0.0%	1	0	1	0.0%
Nigeria	57	2	59	3.4%	25	0	25	0.0%
North Korea	2	0	2	0.0%	0	0	0	0.0%
Norway	1033	55	1088	5.1%	905	38	943	4.0%
Oman	36	3	39	7.7%	30	4	34	11.8%
Pakistan	60	10	70	14.3%	20	4	24	16.7%
Panama	54	0	54	0.0%	32	1	33	3.0%
Papua New Guinea	51	8	59	13.6%	14	2	16	12.5%
Paraguay	22	1	23	4.3%	5	0	5	0.0%
Peru	285	12	297	4.0%	123	0	123	0.0%
Philippines	573	24	597	4.0%	398	13	411	3.2%
Poland	948	37	985	3.8%	462	19	481	4.0%
Portugal	611	32	643	5.0%	517	26	543	4.8%
Puerto Rico	86	3	89	3.4%	35	0	35	0.0%
Qatar	18	0	18	0.0%	51	2	53	3.8%
Republic of Congo	9	0	9	0.0%	4	0	4	0.0%
Republic of Ireland	577	22	599	3.7%	787	26	813	3.2%
Reunion	3	0	3	0.0%	0	0	0	0.0%
Romania	259	8	267	3.0%	49	0	49	0.0%
Russian Federation	2564	50	2614	1.9%	2174	50	2224	2.2%
Rwanda	7	0	7	0.0%	1	0	1	0.0%
San Marino	1	0	1	0.0%	0	0	0	0.0%
Saudi Arabia	55	2	57	3.5%	57	5	62	8.1%
Senegal	4	0	4	0.0%	0	0	0	0.0%

Serbia	41	1	42	2.4%	9	0	9	0.0%
Serbia & Montenegro	30	1	31	3.2%	1	0	1	0.0%
Seychelles	1	0	1	0.0%	0	0	0	0.0%
Sierra Leone	3	0	3	0.0%	1	0	1	0.0%
Singapore	1364	64	1428	4.5%	1720	102	1822	5.6%
Slovak Republic	111	7	118	5.9%	29	0	29	0.0%
Slovenia	38	1	39	2.6%	16	0	16	0.0%
Solomon Islands	3	0	3	0.0%	1	0	1	0.0%
Somalia	1	0	1	0.0%	0	0	0	0.0%
South Africa	1221	48	1269	3.8%	1262	42	1304	3.2%
South Korea	1453	66	1519	4.3%	1329	65	1394	4.7%
Soviet Union	2	0	2	0.0%	0	0	0	0.0%
Spain	3022	76	3098	2.5%	2381	68	2449	2.8%
Sri Lanka	56	0	56	0.0%	23	0	23	0.0%
St Barthelemy	1	0	1	0.0%	0	0	0	0.0%
St Kitts and Nevis	1	0	1	0.0%	0	0	0	0.0%
Sudan	14	0	14	0.0%	1	0	1	0.0%
Surinam	4	0	4	0.0%	1	0	1	0.0%
Swaziland	5	0	5	0.0%	2	0	2	0.0%
Sweden	2267	43	2310	1.9%	2994	67	3061	2.2%
Switzerland	1524	36	1560	2.3%	2319	71	2390	3.0%
Syria	3	1	4	25.0%	0	0	0	0.0%
Taiwan	592	29	621	4.7%	525	34	559	6.1%
Tajikistan	0	1	1	100.0%	0	0	0	0.0%
Tanzania	18	0	18	0.0%	2	0	2	0.0%
Thailand	813	31	844	3.7%	538	21	559	3.8%
Togo	4	0	4	0.0%	0	0	0	0.0%
Tonga	3	0	3	0.0%	0	0	0	0.0%
Trinidad and Tobago	23	2	25	8.0%	4	1	5	20.0%
Tunisia	28	0	28	0.0%	6	0	6	0.0%
Turkey	577	26	603	4.3%	258	17	275	6.2%
Tuvalu	0	0	0	0.0%	0	1	1	100.0%
Turkmenistan	3	0	3	0.0%	0	0	0	0.0%
US Virgin Islands	1	0	1	0.0%	2	1	3	33.3%
Uganda	12	1	13	7.7%	3	0	3	0.0%
Ukraine	180	7	187	3.7%	47	0	47	0.0%
United Arab Emirates	113	2	115	1.7%	140	12	152	7.9%
United Kingdom	11400	357	11757	3.0%	12379	359	12738	2.8%
United States of America	41834	1531	43365	3.5%	45669	1612	47281	3.4%
Uruguay	49	1	50	2.0%	13	0	13	0.0%
Uzbekistan	12	1	13	7.7%	1	0	1	0.0%
Vanuatu	1	0	1	0.0%	1	0	1	0.0%
Venezuela	115	4	119	3.4%	48	1	49	2.0%
Vietnam	208	5	213	2.3%	29	2	31	6.5%
Western Samoa	1	0	1	0.0%	1	0	1	0.0%
Yemen	9	1	10	10.0%	2	1	3	33.3%
Zaire	0	0	0	0.0%	1	0	1	0.0%
Yugoslavia	7	1	8	12.5%	0	0	0	0.0%
Zambia	17	1	18	5.6%	2	0	2	0.0%
Zimbabwe	39	2	41	4.9%	21	0	21	0.0%

Note: TDC is the total number of deals completed; TDW is the total number of deals withdrawn; TDA is the total number of deals announced; %DW is the proportion of deals withdrawn.

Figure 1. Average deal values by deals completed and withdrawn, in real U.S. prices, and percentage of withdrawals by years.

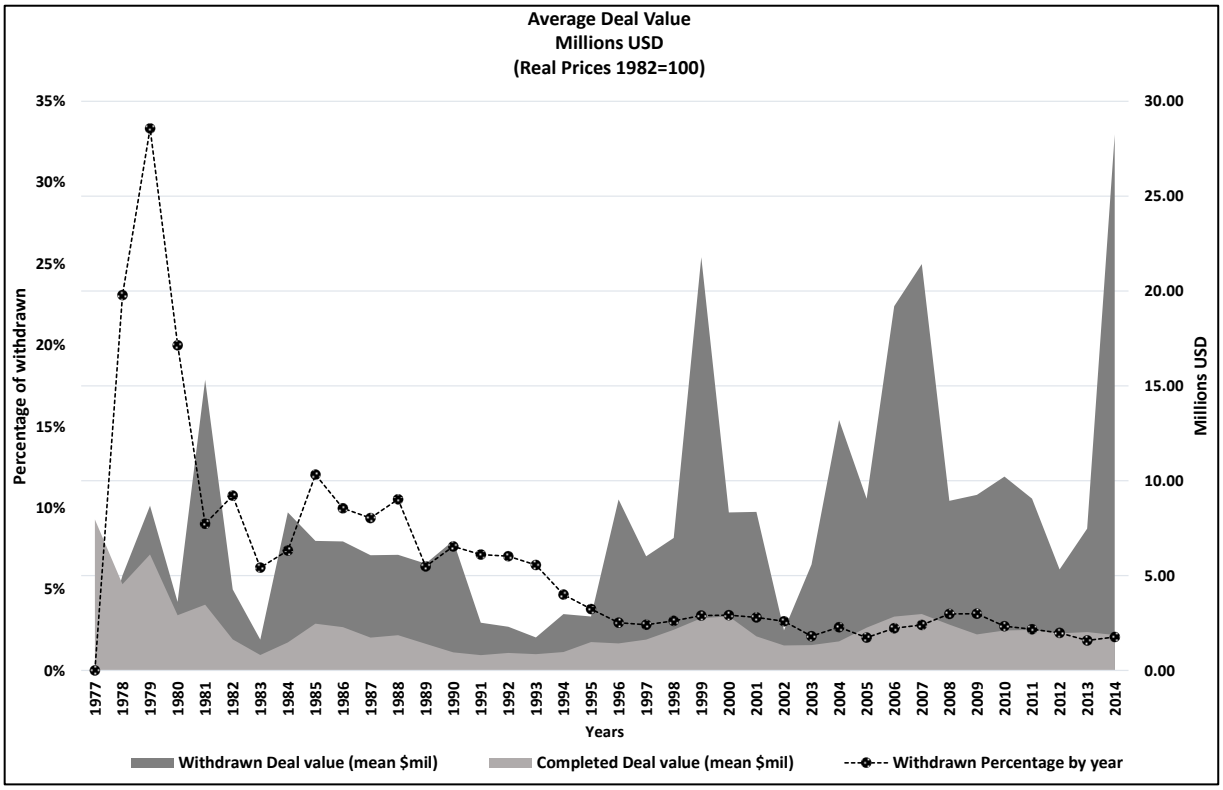

Table 1. Summary of deal synopsis about M&As activity.

[2000: US] - Deutsche Telekom AG (DT) acquired (completed) VoiceStream Wireless Corp (VS), a provider of commercial and personal cellular and communication services, in a stock and cash combination. DT offered $15.7 billion in cash and 3.67 ordinary shares per VS share. VS' board classified this cross-border deal under a friendly attitude.

[2001: US] - Hewlett-Packard Co (HP) acquired (completed) all the outstanding common stock of Compaq Computer Corp (CC), a manufacturer of personal computers, in a stock swap transaction (cash and stock combination) valued at $25.3 billion. HP offered 0.63 common shares per CC share. Upon completion, HP shareholders held 64% of the combined company, while CC shareholders held the remaining 36% stake. Concurrently, both CC and HP, located in US, adopted shareholder rights plans to protect the merger agreement from third party interference.

[2007: UK] - Delta (Two) Ltd of Qatar withdrew its plans to acquire 75% of interest, or 1.31 billion ordinary shares, which it did not already own, in J Sainsbury PLC, a London-based retailer of food, home and garden products, for 6 British pounds ($12.296 US) in cash per ordinary share, or a total value of £7.84 billion ($16.06 billion).

[2007: HUNGARY] - OMV AG of Germany withdrew its plans to launch a hostile offer to acquire the remaining 79.8% interest, or 87.3 million ordinary shares, which OMV AG did not already own, in MOL Magyar Olaj, a Budapest-based oil and gas exploration and production company, for 32,000 Hungarian forints (€127.758 /$180.704) in cash. The transaction was subject to regulatory approvals according to the target country's specifications.

Source: Authors' own assessment based on Reuters Thomson One Banker.

Table 2. Number of deals completed, withdrawn and announced, and deals classification across years.

Year	*TDC*	*TDW*	*TDA*	*(1)*	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*
1977	1	0	1	1	0	0	0	0	0	0	0	0	0
1978	10	3	13	11	0	1	0	0	1	0	0	0	0
1979	4	2	6	5	0	0	0	0	1	0	0	0	0
1980	12	3	15	13	0	0	0	0	2	0	0	0	0
1981	121	12	133	108	0	1	4	0	20	0	0	0	0
1982	166	20	186	137	0	0	10	0	36	1	0	2	0
1983	311	21	332	149	3	4	47	1	108	0	0	20	0
1984	427	34	461	174	1	11	82	2	128	0	0	62	1
1985	387	53	440	78	4	21	62	7	244	7	0	17	0
1986	659	73	732	119	3	65	100	8	403	13	1	16	4
1987	831	86	917	127	1	52	148	27	520	5	1	35	1
1988	1114	131	1245	144	4	96	219	35	682	16	2	43	4
1989	1710	117	1827	203	6	144	417	60	923	26	3	45	0
1990	1864	154	2018	177	5	169	508	44	1031	39	0	42	3
1991	2201	169	2370	226	7	260	585	89	1143	17	1	39	3
1992	2088	158	2246	243	12	249	511	91	1074	18	0	45	3
1993	2333	162	2495	321	11	278	591	66	1150	20	0	58	0
1994	2875	141	3016	351	13	351	686	101	1428	14	1	69	2
1995	3388	133	3521	448	12	475	781	113	1590	21	0	81	0
1996	3760	114	3874	507	16	498	773	136	1823	28	0	89	4
1997	4342	126	4468	633	21	499	805	167	2260	21	0	62	0
1998	5203	164	5367	704	17	541	827	196	2992	23	0	65	2
1999	6111	214	6325	937	19	694	1319	241	3016	38	0	61	0
2000	6898	243	7141	997	38	719	1659	300	3314	25	0	88	1
2001	5883	199	6082	799	13	711	1255	283	2938	32	0	51	0
2002	5096	159	5255	610	15	579	949	271	2699	69	0	63	0
2003	5499	119	5618	857	20	525	1040	288	2757	54	0	75	2
2004	5885	161	6046	910	18	622	977	328	3066	38	0	87	0
2005	6591	136	6727	1048	31	705	1062	318	3444	44	0	74	1
2006	7269	194	7463	1247	25	742	1195	292	3826	60	0	75	1
2007	7980	230	8210	1338	26	869	1581	330	3897	53	0	110	6
2008	7444	268	7712	1321	32	844	1592	279	3484	48	0	107	5
2009	5959	216	6175	1044	12	706	1371	356	2510	84	1	60	31
2010	6283	176	6459	1177	23	755	1193	335	2808	71	0	83	14
2011	6206	162	6368	1152	28	659	1173	280	2875	36	1	152	12
2012	5953	141	6094	1072	14	619	1093	255	2849	66	1	104	21
2013	5092	96	5188	828	24	581	875	206	2546	24	1	94	9
2014	4476	94	4570	728	10	468	790	147	2332	30	3	56	6
Total	132432	4684	137116	20944	484	14513	26280	5652	65920	1041	16	2130	136
Percentage	96.6	3.4	100	15.3	0.4	10.6	19.2	4.1	48.1	0.8	0.0	1.6	0.1

Note: TDC is total number of deals completed; TDW is total number of deals withdrawn; TDA is total number of deals announced. The deals classification contains, as per column headings above: (1) Mergers; (2) Acquisitions; (3) Acquisitions of majority interest; (4) Acquisitions of partial interest; (5) Acquisitions of remaining interest; (6) Acquisitions of assets; (7) Acquisitions of certain assets; (8) Recapitalization; (9) Buyback; and (10) Exchange offers.
Mergers are transactions in which 100% of the stocks of a public or private company are acquired. *Acquisitions* are transactions in which 100% of a company is split off and classified as an acquisition by shareholders. *Acquisitions of majority interest* are transactions in which an acquirer seeks to purchase over 50% but less than 100% of the target. *Acquisitions of partial interest* are transactions in which the acquirer holds over 50% and seeks less than 100% of the target. *Acquisitions of remaining interest* are transactions in which the acquirer holds over 50% and seeks to acquire 100% of the target. *Acquisitions of assets* are transactions in which the assets of a company, subsidiary, division, or branch are acquired. *Acquisitions of certain assets* are transactions in which only certain assets of a company, subsidiary, or division are acquired. *Recapitalization* is a transaction in which a company undergoes shareholders' leveraged recapitalization to retain an equity interest in the company. *Buyback* is a transaction in which a company buys back its equity securities through either a private negotiation, or a tender offer. *Exchange offers* are transactions in which a company offers to exchange new securities for its equity securities. The deals consider bidders from both public and private targeting listed companies.

Table 3. Distribution of deals' status and summary statistics of deal values across years.

	Total deals (million USD)				Completed deals (million USD)				Withdrawn deals (million USD)			
Year	N	Deal value (mean)	Deal value (median)	Deal value (SD)	N	Deal value (mean)	Deal value (median)	Deal value (SD)	N	Deal value (mean)	Deal value (median)	Deal value (SD)
1977	1	7.960	7.960	-	1	7.960	7.960	-	0	-	-	-
1978	13	4.655	2.890	5.069	10	4.549	2.205	5.760	3	5.006	4.945	2.148
1979	4	7.400	6.700	6.119	2	6.116	6.116	6.213	2	8.683	8.683	8.194
1980	15	3.053	2.357	3.172	12	2.914	2.056	3.425	3	3.613	2.754	2.306
1981	88	4.682	0.715	17.300	79	3.470	0.679	12.850	9	15.320	1.639	38.780
1982	105	1.966	0.363	5.215	92	1.640	0.299	5.042	13	4.274	0.995	6.025
1983	200	0.879	0.258	1.701	185	0.818	0.246	1.687	15	1.628	0.811	1.758
1984	289	2.074	0.378	6.763	264	1.481	0.332	3.818	25	8.333	1.559	18.560
1985	220	3.084	0.898	7.848	189	2.469	0.903	5.621	31	6.831	0.797	15.320
1986	349	2.713	0.730	6.852	316	2.286	0.612	5.982	33	6.802	1.825	11.800
1987	462	2.139	0.572	4.908	419	1.735	0.465	3.896	43	6.076	2.834	9.790
1988	662	2.348	0.464	5.578	586	1.862	0.414	4.718	76	6.097	2.053	9.192
1989	907	1.641	0.327	4.353	857	1.408	0.299	3.768	50	5.634	1.856	9.228
1990	982	1.366	0.279	3.473	914	0.958	0.231	2.528	68	6.840	4.365	7.536
1991	1032	0.904	0.169	2.964	976	0.811	0.154	2.839	56	2.520	0.808	4.352
1992	1055	1.013	0.169	4.329	989	0.927	0.154	4.168	66	2.306	0.637	6.173
1993	1188	0.895	0.172	2.780	1143	0.862	0.165	2.782	45	1.743	0.662	2.625
1994	1450	1.066	0.194	3.511	1384	0.975	0.181	3.408	66	2.974	0.523	4.877
1995	1571	1.551	0.196	7.219	1512	1.500	0.182	7.278	59	2.847	0.722	5.385
1996	1823	1.691	0.279	5.907	1760	1.429	0.261	4.540	63	9.014	2.044	19.600
1997	2353	1.770	0.281	6.409	2278	1.630	0.264	6.084	75	6.020	1.364	12.160
1998	2761	2.307	0.295	13.390	2670	2.148	0.283	13.210	91	6.987	1.227	17.310
1999	3242	3.533	0.300	20.720	3110	2.758	0.274	15.970	132	21.780	1.998	64.950
2000	3569	3.067	0.281	20.940	3430	2.854	0.259	20.590	139	8.331	1.582	27.810
2001	2983	2.045	0.189	10.890	2872	1.801	0.179	10.190	111	8.360	1.355	21.610
2002	2734	1.349	0.214	7.609	2639	1.321	0.205	7.709	95	2.118	0.645	3.871
2003	2880	1.416	0.206	6.985	2829	1.341	0.201	6.801	51	5.587	1.937	13.240
2004	3126	1.879	0.253	10.940	3034	1.536	0.242	7.986	92	13.200	2.175	43.030
2005	3311	2.406	0.321	10.710	3239	2.259	0.312	10.290	72	9.052	1.276	21.780
2006	3586	3.417	0.397	14.990	3460	2.842	0.378	13.300	126	19.200	4.488	35.900
2007	3938	3.652	0.412	20.230	3794	2.978	0.392	14.920	144	21.420	3.998	70.950
2008	3455	2.717	0.302	12.100	3298	2.420	0.279	11.050	157	8.943	1.532	24.830
2009	2894	2.221	0.239	11.980	2769	1.903	0.223	10.400	125	9.257	1.081	29.720
2010	3171	2.379	0.353	9.761	3066	2.111	0.335	8.593	105	10.220	1.146	25.770
2011	3096	2.383	0.366	9.244	2987	2.140	0.356	8.527	109	9.057	1.778	19.800
2012	2961	2.068	0.393	7.082	2864	1.957	0.374	6.982	97	5.327	2.098	9.040
2013	2400	2.175	0.429	12.530	2335	2.027	0.418	12.500	65	7.478	2.164	12.450
2014	2062	2.690	0.432	15.450	1998	1.871	0.422	6.688	64	28.240	5.376	75.530
Total	66938	2.294	0.296	12.370	64362	1.997	0.277	10.710	2576	9.711	1.557	32.520

Note: All monetary values are in constant prices (1982=100), using the consumer price index (CPI) data gathered from the U.S. Department of Labour Bureau of Labour Statistics. Compared to Table 2, this table reports only transactions disclosing deal values in monetary terms. The deals consider only the target-listed firms due to data availability.

Table 4. Descriptive statistics and correlation matrix.

Panel A. Correlation matrix

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
(2)	0.001															
(3)	0.020	0.2108*														
(4)	0.007	0.4356*	0.0431*													
(5)	0.0367*	0.1109*	0.5178*	0.0567*												
(6)	0.001	-0.0284*	-0.016	-0.0262*	-0.0226*											
(7)	0.002	-0.0503*	-0.009	-0.0430*	-0.009	0.6240*										
(8)	-0.001	-0.002	-0.001	0.001	-0.001	-0.003	0.001									
(9)	0.004	-0.001	-0.003	0.001	0.007	-0.006	-0.012	0.000								
(10)	-0.002	0.001	0.001	0.002	0.001	-0.006	0.000	0.9484*	0.000							
(11)	0.002	0.003	0.001	0.003	0.008	0.004	0.003	0.011	0.7880*	0.007						
(12)	-0.0929*	-0.0432*	-0.0338*	-0.0316*	-0.1252*	0.0478*	0.0511*	0.006	-0.015	0.006	-0.004					
(13)	0.1674*	-0.007	0.003	-0.003	0.015	0.0143*	0.0201*	0.001	0.004	0.001	0.001	-0.1644*				
(14)	-0.009	0.0432*	-0.011	0.0275*	0.014	-0.0722*	-0.0931*	-0.007	0.003	-0.007	0.003	-0.7979*	-0.0138*			
(15)	0.0160*	-0.013	0.002	-0.003	0.0414*	0.0479*	0.0676*	0.003	0.009	0.004	-0.007	-0.1519*	0.0306*	0.0760*		
(16)	0.0392*	-0.0190*	0.003	-0.0214*	0.004	0.0351*	0.0480*	-0.003	-0.007	-0.002	0.002	0.000	0.009	-0.0233*	-0.0984*	
(17)	0.0353*	-0.0218*	-0.007	-0.0257*	0.002	0.0508*	0.0573*	0.000	0.002	-0.002	0.001	-0.004	0.0437*	-0.0117*	-0.0771*	-0.0266*
(18)	-0.004	0.0739*	-0.012	0.0647*	-0.0380*	-0.0546*	-0.2205*	0.002	-0.003	0.001	0.005	0.0566*	-0.008	0.009	-0.0391*	-0.0951*
(19)	-0.0257*	0.005	-0.0489*	0.0202*	-0.0280*	-0.0195*	0.004	-0.002	0.007	-0.004	-0.007	-0.0198*	-0.0111*	0.0569*	0.0124*	-0.0358*
(20)	0.1199*	0.0583*	0.1807*	0.0527*	0.2198*	0.0164*	0.0324*	0.002	0.011	0.002	0.002	-0.0586*	0.1215*	-0.0264*	-0.0155*	0.0798*
(21)	0.0203*	-0.1023*	-0.0577*	-0.0830*	-0.1295*	0.1719*	0.2285*	0.002	0.005	0.001	-0.003	0.4106*	0.0169*	-0.4004*	-0.1150*	0.0187*
(22)	-0.006	-0.015	-0.009	-0.008	-0.012	0.011	0.014	0.004	0.0281*	0.004	0.021	0.013	-0.005	-0.008	0.011	-0.001
(23)	-0.004	-0.003	0.000	-0.003	-0.002	0.003	0.002	0.000	-0.0974*	0.000	0.1506*	0.011	-0.003	-0.006	0.006	-0.002
(24)	0.005	-0.0206*	-0.021	-0.0374*	-0.0449*	0.6609*	0.4184*	0.002	-0.006	0.000	0.006	0.0304*	0.0228*	-0.0373*	0.0163*	0.0244*
(25)	0.006	-0.0642*	-0.018	-0.0469*	-0.0320*	0.4936*	0.6714*	0.002	-0.009	0.001	0.005	0.0415*	0.0261*	-0.0653*	0.0322*	0.0403*
(26)	-0.011	0.0332*	0.003	0.010	-0.005	0.6763*	0.4549*	-0.004	-0.006	-0.005	-0.002	0.0636*	0.005	-0.0780*	0.0477*	0.004
(27)	-0.010	-0.0328*	0.013	-0.0241*	0.013	0.4675*	0.7437*	0.002	-0.009	0.002	-0.003	0.0790*	0.008	-0.1130*	0.0647*	0.0235*
(28)	0.0120*	-0.0198*	-0.005	-0.005	0.009	-0.2037*	-0.1195*	0.001	0.000	0.002	0.001	-0.0262*	-0.005	0.0294*	0.009	0.002
(29)	0.0121*	0.0232*	-0.008	0.0187*	0.002	-0.1238*	-0.2556*	0.001	0.002	0.001	0.001	-0.0217*	-0.009	0.0377*	-0.0150*	-0.010
(30)	0.004	-0.0275*	-0.0270*	-0.0334*	-0.0260*	0.2149*	0.1542*	-0.004	0.013	-0.005	0.007	-0.0219*	0.0229*	0.0255*	-0.0206*	0.0375*
(31)	-0.005	0.0682*	0.0621*	0.0303*	0.0386*	-0.0892*	-0.0581*	-0.008	0.003	-0.006	0.003	0.0171*	-0.0137*	-0.0124*	0.0136*	-0.0176*

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
(18)	-0.0500*													
(19)	-0.0360*	-0.0509*												
(20)	0.0998*	-0.0193*	-0.0274*											
(21)	0.0554*	-0.0335*	-0.0770*	0.0516*										
(22)	-0.004	-0.005	0.004	-0.007	0.013									
(23)	-0.003	0.004	-0.004	-0.002	0.007	0.5223*								
(24)	0.0439*	0.0610*	-0.007	0.006	0.1195*	0.009	0.007							
(25)	0.0471*	-0.0938*	0.0134*	0.0183*	0.1700*	0.011	0.005	0.7299*						
(26)	0.0247*	0.0648*	0.001	0.0227*	0.1488*	0.017	0.011	0.7065*	0.4921*					
(27)	0.0342*	-0.1293*	0.0270*	0.0354*	0.2187*	0.019	0.009	0.4561*	0.7451*	0.6646*				
(28)	-0.0139*	0.0159*	0.0158*	-0.013	-0.0726*	-0.001	-0.002	-0.2749*	-0.1808*	-0.2618*	-0.1555*			
(29)	-0.0149*	0.1135*	-0.0229*	-0.0186*	-0.0899*	-0.002	-0.002	-0.1564*	-0.3203*	-0.1468*	-0.3149*	0.5011*		
(30)	0.0264*	-0.0264*	-0.0152*	0.007	0.008	0.003	0.005	0.4618*	0.4149*	0.1565*	0.1292*	-0.0577*	-0.0451*	
(31)	-0.0110*	0.0219*	0.005	0.0221*	-0.0202*	-0.001	-0.004	-0.2102*	-0.1873*	0.0261*	0.0363*	0.0152*	0.0112*	-0.2010*

Table 4 (continued).
Panel B. Descriptive statistics

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
N	137116	67631	28082	68012	37436	134974	136090	66691	21445	67494	26663	137116	137116	137116	137116	137116
Mean	0.034	218.20	56.12	59.30	10.86	7.804	7.682	0.082	0.070	0.004	-1.172	0.905	0.003	0.063	0.222	0.0329
Median	0.000	21.150	2.202	13.860	0.802	7.900	7.800	0.110	0.088	0.043	0.025	1.000	0.000	0.000	0.000	0.000
SD	0.182	1072.00	438.80	248.30	52.70	0.653	0.767	4.738	1.487	5.406	191.2	0.293	0.053	0.243	0.415	0.178
Min	0	$5x10^{-6}$	$4x10^{-6}$	$4x10^{-6}$	$4x10^{-6}$	2.9	2.5	-107.4	-118.8	-107.9	-312.1	0	0	0	0	0
Max	1	133,583	17,505	37,816	3,779	9.2	9.2	106.4	121.3	101.0	81.9	1	1	1	1	1

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
N	137116	137116	137116	66938	128383	22857	21595	116821	117796	116680	117333	135755	137116	137116	137116
Mean	0.020	0.437	0.39	2.29	78.02	0.166	0.344	6.908	6.668	7.565	7.311	0.0308	0.0491	0.597	0.161
Median	0.000	0.000	0.000	0.296	100.0	0.083	0.245	7.1	6.8	7.8	7.7	0	0	1	0
SD	0.141	0.496	0.488	12.37	34.18	1.541	4.025	1.569	1.713	1.294	1.495	0.173	0.216	0.491	0.368
Min	0	0	0	$4x10^{-6}$	0.001	$9x10^{-7}$	$9x10^{-7}$	0.5	0.5	0.9	0.9	0	0	0	0
Max	1	1	1	956.7	100	229.5	497.2	9.7	9.7	9.6	9.6	1	1	1	1

Note: * indicates pairwise correlation is significant with Bonferroni-adjusted significance levels of 0.05 or less (Panel A). All monetary values in Panel B are in constant prices, million USD (1982=100). The U.S. Department of Labour Bureau of Labour Statistic provides the consumer price index (CPI). The variance inflation factors (VIF) are far below 10 with the mean value of 2.15, suggesting the absence of the multicollinearity problem. (1) Withdrawn, (2) Acquirer size_assets, (3) Target size_assets, (4) Acquirer size_sales, (5) Target size_sales, (6) Acquirer freedom, (7) Target freedom, (8) Acquirer profitability_EBITDA, (9) Target profitability_EBITDA, (10) Acquirer profitability_net income, (11) Target profitability_net income, (12) Friendly, (13) Hostile, (14) Neutral, (15) Cash, (16) Stock, (17) Hybrid, (18) Cross-border, (19) Vertical, (20) Deal size, (21) Ownership, (22) Liquidity, (23) Leverage, (24) Legal protection (acquirer), (25) Legal protection (target), (26) Property rights (acquirer), (27) Property rights (target), (28) Acquirer underdeveloped, (29) Target underdeveloped, (30) Crisis and (31) M&A waves. See Table A1 for the definition of the variables.

Table 5. Univariate analysis: characteristics of completed and withdrawn deals.

	Completed			***Withdrawn***			***Completed vs. Withdrawn***	
	N	Mean	Median	N	Mean	Median	*t*-test	Wilcoxon
Acquirer freedom	130375	7.804	7.900	4599	7.809	8.00	-0.513	-3.759***
Target freedom	131459	7.681	7.800	4631	7.691	7.900	-0.827	-4.113***
Legal protection (acquirer)	113517	6.907	7	3304	6.952	7.100	-1.625	-1.8343
Legal protection (target)	114481	6.666	6.800	3315	6.725	6.900	-1.963	-1.6946
Property rights (acquirer)	113383	7.568	7.800	3297	7.483	7.800	3.7***	3.3497***
Property rights (target)	114034	7.314	7.700	3299	7.222	7.600	3.466***	3.2552***
Acquirer underdeveloped	131122	0.0304	0	4633	0.0419	0	-4.44***	-4.4398***
Target underdeveloped	132433	0.0486	0	4683	0.0630	0	-4.473***	-4.4731***
M&A waves	132434	0.596	1	4684	0.607	1	-1.476	-1.4764
Crisis	132434	0.161	0	4684	0.152	0	1.652	1.6515
Acquirer size_assets	65100	218.1	21	2531	221.1	25.81	-0.141	-3.726***
Target size_assets	25994	53.65	1.990	2088	86.97	7.743	-3.34**	-22.433***
Acquirer size_sales	65491	58.96	13.82	2521	68.17	14.66	-1.827	-1.146
Target size_sales	35144	10.36	0.723	2292	18.44	3.896	-7.113***	-28.496***
Acquirer profitability_EBITDA	64221	0.0830	0.111	2470	0.0615	0.1020	0.221	4.500***
Target profitability_EBITDA	19686	0.0691	0.0880	1759	0.0910	0.0922	-0.592	-2.178**
Acquirer profitability_net income	64969	0.0054	0.0433	2525	-0.0441	0.0377	0.452	5.159***
Target profitability_net income	24619	-1.270	0.0251	2044	0.0135	0.0277	-0.292	-1.109
Friendly	132432	0.910	1	4684	0.760	1	34.55***	34.402***
Hostile	132432	0.0012	0	4684	0.0502	0	-62.86***	-61.975***
Neutral	132432	0.0632	0	4684	0.0515	0	3.252**	3.252***
Cash	132432	0.221	0	4684	0.257	0	-5.941***	-5.941***
Stock	132432	0.0315	0	4684	0.0700	0	-14.53***	-14.517***
Hybrid	132432	0.0195	0	4684	0.0470	0	-13.07***	-13.066***
Cross-border	132432	0.437	0	4684	0.427	0	1.442	1.442
Vertical	132432	0.392	0	4684	0.323	0	9.514***	9.511***
Deal size	64362	1.997	0.277	2576	9.711	1.5570	-31.26***	-37.098***
Ownership	124407	0.778	1	3976	0.818	1	-7.262***	-4.025***
Liquidity	21079	0.169	0.0833	1778	0.136	0.0756	0.873	3.033***
Leverage	19760	0.349	0.2444	1835	0.294	0.2492	0.556	-1.306

Note: All monetary values are in constant U.S. prices (1982=100). The consumer price index (CPI) data gathered from the U.S. Department of Labour Bureau of Labour Statistics. The *t*-statistic (*Z*-statistic; Wilcoxon signed negative ranks test) is for the mean (median) differences of each variable between two groups. *** p<0.01, ** p<0.05, * p<0.1. See Table A1 for the definition of the variables.

Table 6. Factors influencing M&As deal withdrawals: different measures of company size.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects
Acquirer freedom			5.638***	0.311***	6.401***	0.366***			5.497***	0.296***	6.194***	0.349***
			(1.820)	(0.101)	(1.977)	(0.113)			(1.834)	(0.100)	(1.963)	(0.111)
Target freedom			-1.161	-0.064	-1.843	-0.105			-1.170	-0.063	-1.763	-0.099
			(1.326)	(0.073)	(1.384)	(0.079)			(1.315)	(0.071)	(1.362)	(0.076)
Acquirer size	-0.161***	-0.009***	-0.163***	-0.009***	-0.186***	-0.011***	-0.201***	-0.011***	-0.205***	-0.011***	-0.228***	-0.013***
	(0.028)	(0.002)	(0.028)	(0.002)	(0.031)	(0.002)	(0.030)	(0.002)	(0.030)	(0.002)	(0.034)	(0.002)
Target size	0.124***	0.007***	0.127***	0.007***	0.151***	0.009***	0.196***	0.011***	0.201***	0.011***	0.206***	0.012***
	(0.037)	(0.002)	(0.038)	(0.002)	(0.043)	(0.002)	(0.044)	(0.002)	(0.043)	(0.002)	(0.051)	(0.003)
Acquirer profitability_EBITDA					0.005	0.0003					0.009	0.0005
					(0.008)	(0.0005)					(0.011)	(0.0006)
Target profitability_EBITDA					-0.019*	-0.001*					-0.017*	-0.001*
					(0.010)	(0.0006)					(0.010)	(0.0006)
Friendly	-3.041***	-0.169***	-3.028***	-0.167***	-3.128***	-0.179***	-3.029***	-0.164***	-3.011***	-0.162***	-3.103***	-0.175***
	(0.168)	(0.009)	(0.170)	(0.009)	(0.188)	(0.010)	(0.166)	(0.008)	(0.168)	(0.008)	(0.187)	(0.010)
Hostile	-0.523**	-0.029**	-0.496**	-0.027**	-0.617**	-0.035**	-0.515**	-0.028**	-0.487**	-0.026**	-0.585**	-0.033**
	(0.221)	(0.012)	(0.223)	(0.012)	(0.249)	(0.014)	(0.219)	(0.012)	(0.222)	(0.012)	(0.247)	(0.014)
Neutral	-3.615***	-0.201***	-3.638***	-0.201***	-3.732***	-0.213***	-3.579***	-0.194***	-3.598***	-0.194***	-3.709***	-0.209***
	(0.265)	(0.015)	(0.270)	(0.015)	(0.291)	(0.016)	(0.263)	(0.014)	(0.266)	(0.014)	(0.289)	(0.016)
Cash	-0.091	-0.005	-0.089	-0.005	-0.033	-0.002	-0.055	-0.003	-0.050	-0.003	-0.002	-0.0001
	(0.116)	(0.006)	(0.116)	(0.006)	(0.125)	(0.007)	(0.115)	(0.006)	(0.115)	(0.006)	(0.124)	(0.007)
Stock	0.276**	0.015**	0.257*	0.014*	0.305**	0.018**	0.228*	0.012*	0.211	0.011	0.270*	0.015*
	(0.141)	(0.008)	(0.141)	(0.008)	(0.150)	(0.008)	(0.138)	(0.007)	(0.138)	(0.007)	(0.147)	(0.008)
Hybrid	-0.096	-0.005	-0.124	-0.007	-0.129	-0.007	-0.143	-0.008	-0.164	-0.009	-0.172	-0.010
	(0.167)	(0.009)	(0.169)	(0.009)	(0.181)	(0.010)	(0.165)	(0.009)	(0.167)	(0.009)	(0.180)	(0.010)
Cross-border	0.033	0.002	0.025	0.001	0.0003	0.000	0.029	0.002	0.0185	0.001	0.007	0.0004
	(0.119)	(0.007)	(0.121)	(0.007)	(0.132)	(0.008)	(0.117)	(0.006)	(0.119)	(0.006)	(0.130)	(0.007)
Vertical	0.180	0.010	0.179	0.010	0.087	0.005	0.161	0.009	0.161	0.009	0.096	0.005
	(0.110)	(0.006)	(0.110)	(0.006)	(0.121)	(0.007)	(0.109)	(0.006)	(0.110)	(0.006)	(0.121)	(0.007)
Deal size	0.205***	0.011***	0.207***	0.011***	0.204***	0.012***	0.169***	0.009***	0.170***	0.009***	0.182***	0.010***
	(0.043)	(0.002)	(0.043)	(0.002)	(0.048)	(0.003)	(0.049)	(0.003)	(0.049)	(0.003)	(0.055)	(0.003)
Ownership	0.011***	0.0006***	0.011***	0.0006***	0.010***	0.0006***	0.012***	0.0006***	0.012***	0.0006***	0.011***	0.0006***
	(0.002)	(0.0001)	(0.002)	(0.0001)	(0.002)	(0.0001)	(0.002)	(0.0001)	(0.002)	(0.0001)	(0.002)	(0.0001)
Liquidity	0.011	0.0006	0.007	0.0004	0.098	0.006	0.036	0.002	0.029	0.002	0.076	0.0043
	(0.107)	(0.006)	(0.114)	(0.0063)	(0.182)	(0.010)	(0.111)	(0.006)	(0.121)	(0.006)	(0.218)	(0.0123)
Constant	-0.532		-9.640***		-9.741***		-0.517		-9.246***		-9.315**	
	(0.456)		(3.443)		(3.679)		(0.461)		(3.457)		(3.663)	
Observations	9,339	9,339	9,297	9,297	7,894	7,894	9,812	9,812	9,765	9,765	8,133	8,133
Pseudo R^2	0.279		0.28		0.279		0.28		0.281		0.282	
F/Wald statistic	1064.4***		1040.9***		920.0***		1099.0***		1081.2***		944.0***	

Note: The dependent variable is *Withdrawn*. The acquirer's (target's) size is *Acquirer size_sales* (*Target size_sales*) in models 1 to 6 and *Acquirer size_assets* (*Target size_assets*) in models 7 to12, respectively. Standard errors robust to heteroscedasticity and serial correlation are in the parentheses *** p<0.01, ** p<0.05, * p<0.1. Time, industry and country dummies are included in all models. All firm-specific factors are measured for the year preceding the announcement year. See Table A1 for the definition of the variables.

Table 7. Factors influencing M&As deal withdrawals: different measures of profitability and the consideration of indebtedness and liquidity levels.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal Effects	Coeff.	Marginal Effects	Coeff.	Marginal Effects	Coeff.	Marginal Effects
Acquirer freedom	5.986***	0.331***	6.046***	0.329***	3.338*	0.202*	3.246*	0.195*	3.645**	0.213**	3.669**	0.212**
	(1.856)	(0.103)	(1.836)	(0.100)	(1.862)	(0.113)	(1.856)	(0.111)	(1.782)	(0.104)	(1.783)	(0.103)
Target freedom	-1.123	-0.062	-1.200	-0.065	-1.836	-0.111	-1.782	-0.107	-1.489	-0.087	-1.458	-0.084
	(1.324)	(0.073)	(1.298)	(0.071)	(1.359)	(0.082)	(1.364)	(0.082)	(1.278)	(0.075)	(1.281)	(0.074)
Acquirer size_sales	-0.167***	-0.009***			-0.174***	-0.011***			-0.160***	-0.009***		
	(0.028)	(0.002)			(0.031)	(0.002)			(0.030)	(0.00176)		
Target size_sales	0.130***	0.007***			0.161***	0.010***			0.153***	0.009***		
	(0.038)	(0.002)			(0.047)	(0.003)			(0.045)	(0.003)		
Acquirer size_assets			-0.201***	-0.011***			-0.201***	-0.012***			-0.175***	-0.010***
			(0.031)	(0.002)			(0.036)	(0.002)			(0.033)	(0.002)
Target size_assets			0.200***	0.011***			0.193***	0.012***			0.193***	0.011***
			(0.044)	(0.002)			(0.058)	(0.003)			(0.054)	(0.003)
Acquirer profitability	0.000	0.000	0.002	0.001	0.005	0.0003	0.006	0.0004	0.002	0.000	0.003	0.0002
	(0.003)	(0.001)	(0.003)	(0.001)	(0.010)	(0.0006)	(0.006)	(0.0003)	(0.007)	(0.0003)	(0.005)	(0.0003)
Target profitability	-0.018*	-0.001*	-0.017*	-0.0009*	-0.016	-0.0009	-0.014	-0.0008	-0.020*	-0.001*	-0.019*	-0.001*
	(0.009)	(0.0005)	(0.009)	(0.0005)	(0.010)	(0.0006)	(0.011)	(0.0007)	(0.010)	(0.0006)	(0.010)	(0.0006)
Friendly	-3.039***	-0.168***	-3.011***	-0.164***	-3.051***	-0.184***	-3.027***	-0.181***	-2.910***	-0.170***	-2.917***	-0.168***
	(0.172)	(0.009)	(0.168)	(0.008)	(0.185)	(0.011)	(0.183)	(0.011)	(0.167)	(0.009)	(0.165)	(0.009)
Hostile	-0.515**	-0.029**	-0.489**	-0.027**	-0.601**	-0.036**	-0.574**	-0.034**	-0.457**	-0.0266**	-0.465**	-0.027**
	(0.227)	(0.0125)	(0.223)	(0.012)	(0.244)	(0.015)	(0.242)	(0.015)	(0.222)	(0.013)	(0.220)	(0.013)
Neutral	-3.659***	-0.202***	-3.590***	-0.196***	-3.630***	-0.219***	-3.601***	-0.216***	-3.462***	-0.202***	-3.455***	-0.199***
	(0.273)	(0.014)	(0.267)	(0.014)	(0.281)	(0.017)	(0.279)	(0.016)	(0.259)	(0.015)	(0.256)	(0.015)
Cash	-0.077	-0.004	-0.051	-0.003	-0.127	-0.008	-0.112	-0.007	-0.119	-0.007	-0.107	-0.006
	(0.117)	(0.006)	(0.116)	(0.006)	(0.126)	(0.008)	(0.126)	(0.007)	(0.119)	(0.007)	(0.119)	(0.007)
Stock	0.253*	0.014*	0.212	0.012	0.254*	0.015*	0.231	0.014	0.259*	0.015*	0.244*	0.014*
	(0.142)	(0.008)	(0.139)	(0.008)	(0.146)	(0.009)	(0.145)	(0.009)	(0.139)	(0.008)	(0.138)	(0.008)
Hybrid	-0.104	-0.006	-0.140	-0.008	-0.178	-0.011	-0.199	-0.012	-0.150	-0.009	-0.170	-0.009
	(0.169)	(0.009)	(0.168)	(0.009)	(0.174)	(0.011)	(0.175)	(0.011)	(0.165)	(0.009)	(0.165)	(0.009)
Cross-border	0.036	0.002	0.031	0.002	0.004	0.0003	0.017	0.001	0.094	0.005	0.095	0.005
	(0.122)	(0.007)	(0.120)	(0.006)	(0.127)	(0.008)	(0.126)	(0.007)	(0.117)	(0.007)	(0.116)	(0.007)
Vertical	0.171	0.009	0.178	0.010	0.016	0.001	0.025	0.002	0.100	0.006	0.121	0.007
	(0.111)	(0.006)	(0.110)	(0.006)	(0.126)	(0.007)	(0.126)	(0.008)	(0.116)	(0.007)	(0.116)	(0.007)
Deal size	0.206***	0.011***	0.170***	0.009***	0.198***	0.012***	0.188***	0.011***	0.207***	0.012***	0.185***	0.011***
	(0.043)	(0.002)	(0.050)	(0.003)	(0.051)	(0.003)	(0.060)	(0.004)	(0.049)	(0.003)	(0.058)	(0.003)
Ownership	0.011***	0.0006***	0.012***	0.0006***	0.012***	0.0007***	0.012***	0.0007***	0.013***	0.0007***	0.013***	0.0008***
	(0.002)	(0.0001)	(0.002)	(0.0001)	(0.002)	(0.0001)	(0.002)	(0.0001)	(0.002)	(0.0001)	(0.002)	(0.0001)
Liquidity or *Leverage*	0.0462	0.003	0.038	0.002	-0.148	-0.009	-0.198	-0.012	-0.098	-0.006	-0.145	-0.008
	(0.133)	(0.007)	(0.157)	(0.009)	(0.203)	(0.012)	(0.212)	(0.013)	(0.178)	(0.010)	(0.186)	(0.011)
Constant	-10.400***		-10.32***		-3.355		-3.160		-4.975		-5.017	
	(3.490)		(3.468)		(3.476)		(3.466)		(3.359)		(3.375)	
Observations	9,199	9,199	9,575	9,575	7,523	7,523	7,632	7,632	8,770	8,770	8,947	8,947
Pseudo R^2	0.280		0.282		0.278		0.281		0.28		0.283	
F/Wald statistic	1037***		1075***		903***		910***		1934***		1885***	

Note: The dependent variable is *Withdrawn*. The acquirer's (target's) profitability is *Acquirer profitability_net income* (*Target profitability_net income*) in models 1 to 4 and models 9 to 12; and *Acquirer profitability_EBITDA* (*Target profitability_EBITDA*) in models 5 to 8, respectively. Standard errors robust to heteroscedasticity and serial correlation are in the parentheses. *Liquidity* (*Leverage*) is included in models 1 to 4 (5 to 12). *** p<0.01, ** p<0.05, * p<0.1. Time, industry and country dummies are included in all models. All firm-specific factors are measured for the year preceding the announcement year. See Table A1 for the definition of the variables.

Table 8. Factors influencing M&As deal withdrawals: alternatives to the economic freedom index.

	(1)	(2)	(3)	(4)
	Coeff.	Marginal effects	Coeff.	Marginal effects
Acquirer legal	0.310**	0.0179**	0.208*	0.0120*
	(0.132)	(0.00766)	(0.122)	(0.00705)
Target legal	-0.327**	-0.0189**	-0.229*	-0.0133*
	(0.132)	(0.00762)	(0.119)	(0.00689)
Acquirer size_assets	-0.208***	-0.0120***	-0.206***	-0.0119***
	(0.0378)	(0.00216)	(0.0378)	(0.00216)
Target size_assets	0.205***	0.0118***	0.204***	0.0118***
	(0.0632)	(0.00366)	(0.0633)	(0.00366)
Acquirer profitability_EBITDA	0.00837	0.000484	0.00904	0.000523
	(0.0116)	(0.000674)	(0.0108)	(0.000624)
Target profitability_EBITDA	-0.0139	-0.000804	-0.0134	-0.000773
	(0.0115)	(0.000663)	(0.0116)	(0.000668)
Friendly	-3.016***	-0.174***	-3.023***	-0.175***
	(0.196)	(0.0108)	(0.196)	(0.0108)
Hostile	-0.442*	-0.0256*	-0.460*	-0.0266*
	(0.265)	(0.0153)	(0.265)	(0.0153)
Neutral	-3.524***	-0.204***	-3.529***	-0.204***
	(0.292)	(0.0166)	(0.292)	(0.0166)
Cash	0.0267	0.00155	0.0122	0.000708
	(0.139)	(0.00803)	(0.138)	(0.00801)
Stock	0.421***	0.0243***	0.418***	0.0242***
	(0.161)	(0.00930)	(0.160)	(0.00930)
Hybrid	-0.0397	-0.00229	-0.0439	-0.00254
	(0.189)	(0.0109)	(0.188)	(0.0109)
Cross-border	0.0243	0.00140	0.0251	0.00145
	(0.134)	(0.00774)	(0.134)	(0.00778)
Vertical	0.0469	0.00271	0.0397	0.00230
	(0.141)	(0.00813)	(0.140)	(0.00809)
Deal size	0.170***	0.00984***	0.169***	0.00977***
	(0.0654)	(0.00377)	(0.0653)	(0.00377)
Ownership	0.0113***	0.000654***	0.0113***	0.000652***
	(0.00263)	(0.000152)	(0.00262)	(0.000152)
Leverage	-0.0575	-0.00333	-0.0531	-0.00307
	(0.229)	(0.0132)	(0.227)	(0.0131)
Constant	-0.550		-0.187	
	(1.540)		(1.420)	
Observations	6,803	6,803	6,803	6,803
Pseudo R^2	0.284		0.283	
F/Wald statistic	805***		804***	

Note: The dependent variable is *Withdrawn*. *Acquirer legal* or *Target legal* is either *Legal protection* (models 1 and 2) or *Property rights* (models 3 and 4) in the acquirer's or target's country of origin. Standard errors robust to heteroscedasticity and serial correlation are in the parentheses *** p<0.01, ** p<0.05, * p<0.1. Time, industry and country dummies are included in all models. All firm-specific factors are measured for the year preceding the announcement year. See Table A1 for the definition of the variables.

Table 9. Factors influencing M&As deal withdrawals: sub-sample analyses of cross-border and domestic deals.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects
	Cross-border		Domestic		Cross-border		Domestic		Cross-border		Domestic	
Acquirer legal	2.827	0.167	0.414	0.0248	-0.0228	-0.00132	0.309	0.0175	-0.102	-0.00592	0.212	0.0120
	(2.752)	(0.162)	(2.384)	(0.143)	(0.178)	(0.0102)	(0.211)	(0.0119)	(0.153)	(0.00886)	(0.188)	(0.0106)
Target legal	-3.879**	-0.229**	-0.908	-0.0544	-0.594***	-0.0342***	-0.228	-0.0129	-0.465***	-0.0269***	-0.268	-0.0152
	(1.740)	(0.103)	(2.316)	(0.139)	(0.165)	(0.00944)	(0.198)	(0.0111)	(0.148)	(0.00851)	(0.175)	(0.00989)
Acquirer size_assets	-0.174***	-0.0103***	-0.278***	-0.0167***	-0.187***	-0.0108***	-0.292***	-0.0165***	-0.181***	-0.0105***	-0.289***	-0.0163***
	(0.0648)	(0.00384)	(0.0429)	(0.00255)	(0.0693)	(0.00398)	(0.0458)	(0.00256)	(0.0686)	(0.00397)	(0.0461)	(0.00258)
Target size_assets	0.121	0.00711	0.254***	0.0152***	0.101	0.00581	0.283***	0.0160***	0.116	0.00670	0.271***	0.0153***
	(0.105)	(0.00619)	(0.0599)	(0.00358)	(0.103)	(0.00592)	(0.0648)	(0.00366)	(0.102)	(0.00592)	(0.0652)	(0.00368)
Acquirer profitability_EBITDA	0.261	0.0154	-0.00639	-0.000383	0.403	0.0232	0.0567	0.00320	0.342	0.0198	0.0511	0.00289
	(0.726)	(0.0427)	(0.257)	(0.0154)	(0.758)	(0.0437)	(0.257)	(0.0145)	(0.753)	(0.0435)	(0.257)	(0.0145)
Target profitability_EBITDA	0.113	0.00665	-0.0280**	-0.00168**	0.217	0.0125	-0.0286**	-0.00161**	0.262	0.0152	-0.0292**	-0.00165**
	(0.217)	(0.0128)	(0.0113)	(0.000677)	(0.518)	(0.0298)	(0.0115)	(0.000651)	(0.515)	(0.0298)	(0.0116)	(0.000655)
Friendly	-3.331***	-0.196***	-3.163***	-0.190***	-3.596***	-0.207***	-3.095***	-0.175***	-3.598***	-0.208***	-3.116***	-0.176***
	(0.421)	(0.0233)	(0.210)	(0.0121)	(0.421)	(0.0231)	(0.223)	(0.0121)	(0.414)	(0.0229)	(0.223)	(0.0121)
Hostile	-0.548	-0.0323	-0.744**	-0.0446**	-0.814	-0.0469	-0.476	-0.0269	-0.865*	-0.0501*	-0.498	-0.0281
	(0.488)	(0.0287)	(0.295)	(0.0177)	(0.495)	(0.0285)	(0.323)	(0.0183)	(0.488)	(0.0282)	(0.322)	(0.0182)
Neutral	-3.771***	-0.222***	-3.718***	-0.223***	-4.024***	-0.232***	-3.497***	-0.197***	-3.998***	-0.231***	-3.549***	-0.200***
	(0.515)	(0.0292)	(0.357)	(0.0213)	(0.525)	(0.0295)	(0.376)	(0.0213)	(0.524)	(0.0297)	(0.379)	(0.0215)
Cash	0.0408	0.00241	-0.132	-0.00791	0.0218	0.00126	0.0215	0.00122	0.00670	0.000388	0.0387	0.00218
	(0.223)	(0.0131)	(0.153)	(0.00916)	(0.230)	(0.0132)	(0.174)	(0.00981)	(0.230)	(0.0133)	(0.173)	(0.00980)
Stock	0.862***	0.0508***	0.0441	0.00264	0.775**	0.0447**	0.243	0.0137	0.772**	0.0447**	0.249	0.0140
	(0.293)	(0.0172)	(0.162)	(0.00974)	(0.313)	(0.0179)	(0.184)	(0.0104)	(0.307)	(0.0177)	(0.185)	(0.0104)
Hybrid	0.440	0.0259	-0.363*	-0.0218*	0.507	0.0292	-0.270	-0.0153	0.445	0.0257	-0.236	-0.0133
	(0.376)	(0.0221)	(0.202)	(0.0121)	(0.383)	(0.0220)	(0.221)	(0.0125)	(0.382)	(0.0221)	(0.223)	(0.0126)
Vertical	-0.645**	-0.0380**	0.212	0.0127	-1.218***	-0.0702***	0.304*	0.0172*	-1.223***	-0.0707***	0.291*	0.0164*
	(0.318)	(0.0188)	(0.148)	(0.00890)	(0.392)	(0.0228)	(0.161)	(0.00910)	(0.376)	(0.0220)	(0.161)	(0.00910)
Deal size	0.231**	0.0136**	0.162**	0.00970**	0.259**	0.0149**	0.116*	0.00657*	0.241**	0.0140**	0.120*	0.00679*
	(0.109)	(0.00644)	(0.0660)	(0.00396)	(0.115)	(0.00660)	(0.0700)	(0.00396)	(0.113)	(0.00652)	(0.0703)	(0.00397)
Ownership	0.00910**	0.000536**	0.0117***	0.000702***	0.00897**	0.000517**	0.0116***	0.000656***	0.00962**	0.000557**	0.0124***	0.000698***
	(0.00405)	(0.000240)	(0.00306)	(0.000183)	(0.00427)	(0.000248)	(0.00324)	(0.000183)	(0.00426)	(0.000248)	(0.00322)	(0.000181)
Leverage	0.757**	0.0446**	-0.880***	-0.0527***	1.066***	0.0614***	-0.839***	-0.0474***	1.052***	0.0609***	-0.831***	-0.0469***
	(0.298)	(0.0176)	(0.264)	(0.0159)	(0.342)	(0.0197)	(0.305)	(0.0173)	(0.341)	(0.0197)	(0.306)	(0.0174)
Constant	0.987		1.677		2.234		-0.141		1.446		0.963	
	(6.466)		(1.956)		(2.525)		(0.926)		(2.177)		(0.851)	
Observations	2,411	2,411	5,084	5,084	2,264	2,264	4,467	4,467	2,264	2,264	4,467	4,467
Pseudo R^2	0.332		0.273		0.354		0.270		0.351		0.269	
F/Wald statistic	1392***		577***		1046***		497***		1208***		498***	

Note: The dependent variable is *Withdrawn*. *Acquirer legal* or *Target legal* is *Acquirer freedom* or *Target freedom* (models 1 to 4); *Legal protection* (models 5 to 8) or *Property rights* (models 9 to 12) in the acquirer's or target's country of origin. Standard errors robust to heteroscedasticity and serial correlation are in the parentheses *** p<0.01, ** p<0.05, * p<0.1. Time, industry and country dummies are included in all models. All firm-specific factors are measured for the year preceding the announcement year. See Table A1 for the definition of the variables.

Table 10. Factors influencing M&As deal withdrawals: sub-sample analyses of crisis vs non-crisis years.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects
	Crisis		Non-crisis		Crisis		Non-crisis		Crisis		Non-crisis	
Acquirer legal	-0.796	-0.0483	1.397	0.0841	0.0429	0.00260	0.152**	0.00879**	-0.0227	-0.00138	0.112	0.00650
	(2.072)	(0.126)	(0.869)	(0.0522)	(0.119)	(0.00724)	(0.0695)	(0.00401)	(0.125)	(0.00759)	(0.0738)	(0.00428)
Target legal	-0.0444	-0.00269	-1.470*	-0.0884*	0.0948	0.00574	-0.116*	-0.00668*	0.0748	0.00454	-0.171**	-0.00993**
	(1.893)	(0.115)	(0.774)	(0.0466)	(0.111)	(0.00677)	(0.0649)	(0.00375)	(0.144)	(0.00877)	(0.0694)	(0.00402)
Acquirer size_assets	-0.199**	-0.0121**	-0.264***	-0.0159***	-0.193**	-0.0117**	-0.281***	-0.0162***	-0.188**	-0.0114**	-0.278***	-0.0161***
	(0.0950)	(0.00572)	(0.0360)	(0.00216)	(0.0953)	(0.00572)	(0.0379)	(0.00219)	(0.0921)	(0.00555)	(0.0379)	(0.00220)
Target size_assets	0.0128	0.000775	0.223***	0.0134***	0.0179	0.00108	0.250***	0.0144***	0.0211	0.00128	0.243***	0.0141***
	(0.106)	(0.00646)	(0.0675)	(0.00405)	(0.106)	(0.00640)	(0.0757)	(0.00435)	(0.106)	(0.00644)	(0.0752)	(0.00436)
Acquirer profitability_EBITDA	0.383	0.0232	0.0103***	0.000618***	0.395	0.0239	0.0114***	0.000660***	0.351	0.0213	0.0134***	0.000777***
	(0.395)	(0.0241)	(0.00297)	(0.000180)	(0.402)	(0.0245)	(0.00342)	(0.000199)	(0.414)	(0.0253)	(0.00324)	(0.000190)
Target profitability_EBITDA	-0.272	-0.0165	-0.00931	-0.000560	-0.296	-0.0179	-0.00645	-0.000372	-0.292	-0.0177	-0.0103	-0.000597
	(0.308)	(0.0188)	(0.0179)	(0.00107)	(0.312)	(0.0190)	(0.0229)	(0.00132)	(0.310)	(0.0189)	(0.0157)	(0.000910)
Friendly	-3.395***	-0.206***	-2.997***	-0.180***	-3.34***	-0.202***	-2.999***	-0.173***	-3.437***	-0.209***	-3.017***	-0.175***
	(0.414)	(0.0243)	(0.191)	(0.0112)	(0.420)	(0.0244)	(0.204)	(0.0115)	(0.416)	(0.0243)	(0.203)	(0.0114)
Hostile	-0.196	-0.0119	-0.672***	-0.0404***	-0.177	-0.0107	-0.532*	-0.0307*	-0.198	-0.0120	-0.573**	-0.0333**
	(0.646)	(0.0392)	(0.251)	(0.0152)	(0.654)	(0.0396)	(0.272)	(0.0157)	(0.665)	(0.0404)	(0.263)	(0.0153)
Neutral	-3.597***	-0.218***	-3.513***	-0.211***	-3.54***	-0.214***	-3.422***	-0.197***	-3.584***	-0.218***	-3.460***	-0.201***
	(0.621)	(0.0370)	(0.303)	(0.0181)	(0.610)	(0.0362)	(0.323)	(0.0185)	(0.620)	(0.0369)	(0.318)	(0.0184)
Cash	0.128	0.00777	-0.206	-0.0124	0.0911	0.00551	-0.109	-0.00629	0.101	0.00616	-0.0564	-0.00327
	(0.326)	(0.0198)	(0.131)	(0.00788)	(0.318)	(0.0193)	(0.147)	(0.00849)	(0.324)	(0.0197)	(0.147)	(0.00851)
Stock	0.757**	0.0459**	0.0967	0.00582	0.717**	0.0434**	0.260	0.0150	0.766**	0.0465**	0.264	0.0153
	(0.357)	(0.0216)	(0.151)	(0.00911)	(0.358)	(0.0217)	(0.169)	(0.00978)	(0.353)	(0.0214)	(0.169)	(0.00980)
Hybrid	0.294	0.0178	-0.305*	-0.0184*	0.234	0.0142	-0.185	-0.0107	0.282	0.0171	-0.156	-0.00906
	(0.450)	(0.0273)	(0.179)	(0.0108)	(0.451)	(0.0273)	(0.194)	(0.0112)	(0.448)	(0.0272)	(0.193)	(0.0112)
Cross-border	0.399*	0.0242*	0.140	0.00845	0.379	0.0229	0.231*	0.0133*	0.408*	0.0247*	0.201	0.0117
	(0.242)	(0.0147)	(0.118)	(0.00709)	(0.241)	(0.0145)	(0.123)	(0.00713)	(0.239)	(0.0145)	(0.126)	(0.00732)
Vertical	-0.192	-0.0116	0.0365	0.00219	-0.204	-0.0124	0.0337	0.00194	-0.210	-0.0128	0.0389	0.00226
	(0.309)	(0.0188)	(0.133)	(0.00800)	(0.308)	(0.0187)	(0.150)	(0.00865)	(0.304)	(0.0185)	(0.150)	(0.00869)
Deal size	0.239**	0.0145**	0.195***	0.0117***	0.243**	0.0147**	0.159**	0.00920**	0.225*	0.0136*	0.171**	0.00994**
	(0.120)	(0.00725)	(0.0681)	(0.00411)	(0.121)	(0.00729)	(0.0744)	(0.00431)	(0.117)	(0.00706)	(0.0736)	(0.00429)
Ownership	0.0143***	0.000868***	0.00861***	0.000518***	0.0134**	0.000812**	0.00798***	0.000460***	0.0138***	0.000839***	0.00840***	0.000488***
	(0.00535)	(0.000329)	(0.00264)	(0.000158)	(0.00524)	(0.000321)	(0.00287)	(0.000165)	(0.00521)	(0.000321)	(0.00285)	(0.000165)
Leverage	-0.0209	-0.00127	-0.396*	-0.0238*	0.0152	0.000919	-0.261	-0.0151	-0.0189	-0.00114	-0.208	-0.0121
	(0.392)	(0.0238)	(0.234)	(0.0141)	(0.390)	(0.0236)	(0.265)	(0.0153)	(0.391)	(0.0237)	(0.262)	(0.0152)
Constant	1.906		0.568		-0.804		0.120		-0.0637		0.599	
	(4.049)		(1.681)		(1.234)		(0.774)		(1.365)		(0.625)	
Observations	1,348	1,348	6,421	6,421	1,348	1,348	5,589	5,589	1,348	1,348	5,583	5,583
Pseudo R^2	0.301		0.250		0.302		0.248		0.299		0.242	
F/Wald statistic	205***		722***		204***		618***		201***		620***	

Note: The dependent variable is *Withdrawn*. *Acquirer legal* or *Target legal* is *Acquirer freedom* or *Target freedom* (models 1 to 4); *Legal protection* (models 5 to 8) or *Property rights* (models 9 to 12) in the acquirer's or target's country of origin. Crisis years are 2007 to 2009. Standard errors robust to heteroscedasticity and serial correlation are in the parentheses *** p<0.01, ** p<0.05, * p<0.1. Time, industry and country dummies are included in all models. All firm-specific factors are measured for the year preceding the announcement year. See Table A1 for the definition of the variables.

Table 11. Factors influencing M&As deal withdrawals: considering M&A waves or the financial crisis as control variables.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects
Acquirer legal	3.246*	0.195*	0.310**	0.0179**	0.208*	0.0120*	3.159*	0.190*	0.314**	0.0182**	0.189	0.0110
	(1.856)	(0.111)	(0.132)	(0.00766)	(0.122)	(0.00705)	(1.839)	(0.111)	(0.132)	(0.00769)	(0.120)	(0.00697)
Target legal	-1.782	-0.107	-0.327**	-0.0189**	-0.229*	-0.0133*	-1.547	-0.0932	-0.335***	-0.0195***	-0.209*	-0.0122*
	(1.364)	(0.0817)	(0.132)	(0.00762)	(0.119)	(0.00689)	(1.330)	(0.0801)	(0.130)	(0.00756)	(0.117)	(0.00679)
M&A waves	0.00875	0.000524	0.172	0.00992	0.102	0.00592						
	(0.329)	(0.0197)	(0.494)	(0.0286)	(0.432)	(0.0250)						
Crisis							-0.0175	-0.00106	-0.174	-0.0101	-0.108	-0.00628
							(0.349)	(0.0211)	(0.466)	(0.0271)	(0.407)	(0.0237)
Acquirer size_assets	-0.201***	-0.0120***	-0.208***	-0.0120***	-0.206***	-0.0119***	-0.189***	-0.0114***	-0.195***	-0.0113***	-0.193***	-0.0112***
	(0.0357)	(0.00212)	(0.0378)	(0.00216)	(0.0378)	(0.00216)	(0.0340)	(0.00203)	(0.0362)	(0.00208)	(0.0362)	(0.00209)
Target size_assets	0.193***	0.0116***	0.205***	0.0118***	0.204***	0.0118***	0.208***	0.0125***	0.215***	0.0125***	0.213***	0.0124***
	(0.0579)	(0.00347)	(0.0632)	(0.00366)	(0.0633)	(0.00366)	(0.0491)	(0.00295)	(0.0540)	(0.00314)	(0.0542)	(0.00315)
Acquirer profitability_EBITDA	0.00638	0.000383	0.00837	0.000484	0.00904	0.000523	0.00481	0.000290	0.00636	0.000370	0.00699	0.000407
	(0.00572)	(0.000343)	(0.0116)	(0.000674)	(0.0108)	(0.000624)	(0.00410)	(0.000247)	(0.00679)	(0.000395)	(0.00652)	(0.000380)
Target profitability_EBITDA	-0.0136	-0.000817	-0.0139	-0.000804	-0.0134	-0.000773	-0.0125	-0.000754	-0.0124	-0.000718	-0.0119	-0.000691
	(0.0112)	(0.000669)	(0.0115)	(0.000663)	(0.0116)	(0.000668)	(0.0111)	(0.000666)	(0.0115)	(0.000665)	(0.0115)	(0.000669)
Friendly	-3.027***	-0.181***	-3.016***	-0.174***	-3.023***	-0.175***	-2.969***	-0.179***	-2.958***	-0.172***	-2.961***	-0.172***
	(0.183)	(0.0105)	(0.196)	(0.0108)	(0.196)	(0.0108)	(0.182)	(0.0105)	(0.194)	(0.0108)	(0.194)	(0.0108)
Hostile	-0.574**	-0.0344**	-0.442*	-0.0256*	-0.460*	-0.0266*	-0.558**	-0.0336**	-0.425	-0.0247	-0.440*	-0.0256*
	(0.242)	(0.0145)	(0.265)	(0.0153)	(0.265)	(0.0153)	(0.242)	(0.0145)	(0.265)	(0.0154)	(0.264)	(0.0154)
Neutral	-3.601***	-0.216***	-3.524***	-0.204***	-3.529***	-0.204***	-3.564***	-0.215***	-3.498***	-0.203***	-3.504***	-0.204***
	(0.279)	(0.0164)	(0.292)	(0.0166)	(0.292)	(0.0166)	(0.279)	(0.0165)	(0.292)	(0.0167)	(0.292)	(0.0167)
Cash	-0.112	-0.00673	0.0267	0.00155	0.0122	0.000708	-0.110	-0.00664	0.0278	0.00162	0.0145	0.000841
	(0.126)	(0.00753)	(0.139)	(0.00803)	(0.138)	(0.00801)	(0.125)	(0.00752)	(0.137)	(0.00799)	(0.137)	(0.00798)
Stock	0.231	0.0138	0.421***	0.0243***	0.418***	0.0242***	0.237*	0.0143*	0.434***	0.0252***	0.432***	0.0251***
	(0.145)	(0.00869)	(0.161)	(0.00930)	(0.160)	(0.00930)	(0.142)	(0.00859)	(0.158)	(0.00919)	(0.158)	(0.00919)
Hybrid	-0.199	-0.0119	-0.0397	-0.00229	-0.0439	-0.00254	-0.149	-0.00899	0.0182	0.00106	0.0137	0.000795
	(0.175)	(0.0105)	(0.189)	(0.0109)	(0.188)	(0.0109)	(0.173)	(0.0104)	(0.188)	(0.0109)	(0.187)	(0.0109)
Cross-border	0.0169	0.00101	0.0243	0.00140	0.0251	0.00145	0.00445	0.000268	0.0194	0.00113	0.0213	0.00124
	(0.126)	(0.00756)	(0.134)	(0.00774)	(0.134)	(0.00778)	(0.125)	(0.00754)	(0.132)	(0.00770)	(0.133)	(0.00775)
Vertical	0.0254	0.00152	0.0469	0.00271	0.0397	0.00230	0.0806	0.00486	0.139	0.00805	0.132	0.00768
	(0.126)	(0.00755)	(0.141)	(0.00813)	(0.140)	(0.00809)	(0.114)	(0.00686)	(0.123)	(0.00717)	(0.123)	(0.00715)
Deal size	0.188***	0.0113***	0.170***	0.00984***	0.169***	0.00977***	0.177***	0.0107***	0.162***	0.00944***	0.161***	0.00939***
	(0.0602)	(0.00360)	(0.0654)	(0.00377)	(0.0653)	(0.00377)	(0.0504)	(0.00303)	(0.0555)	(0.00322)	(0.0555)	(0.00322)
Ownership	0.0121***	0.000726***	0.0113***	0.000654***	0.0113***	0.000652***	0.0121***	0.000729***	0.0113***	0.000654***	0.0112***	0.000652***
	(0.00242)	(0.000145)	(0.00263)	(0.000152)	(0.00262)	(0.000152)	(0.00224)	(0.000135)	(0.00245)	(0.000143)	(0.00244)	(0.000142)
Leverage	-0.198	-0.0119	-0.0575	-0.00333	-0.0531	-0.00307	-0.142	-0.00855	-0.0179	-0.00104	-0.0125	-0.000730
	(0.212)	(0.0127)	(0.229)	(0.0132)	(0.227)	(0.0131)	(0.196)	(0.0118)	(0.205)	(0.0119)	(0.203)	(0.0118)
Constant	-3.160		-0.721		-0.290		-3.637		-0.966		-0.551	
	(3.466)		(1.425)		(1.398)		(3.433)		(1.510)		(1.395)	
Observations	7,632	7,632	6,803	6,803	6,803	6,803	7,632	7,632	6,803	6,803	6,803	6,803
Pseudo R^2	0.281		0.284		0.283		0.275		0.278		0.277	
F/Wald statistic	910***		805***		803***		879***		773***		775***	

Note: The dependent variable is *Withdrawn*. *Acquirer legal* or *Target legal* is *Acquirer freedom* or *Target freedom* (models 1, 2, 7 and 8); *Legal protection* (models 3, 4, 9 and 10) or *Property rights* (models 5, 6, 11 and 12) in the acquirer's or target's country of origin. Standard errors robust to heteroscedasticity and serial correlation are in the parentheses *** p<0.01, ** p<0.05, * p<0.1. Time, industry and country dummies are included in all models. All firm-specific factors are measured for the year preceding the announcement year. See Table A1 for the definition of the variables.

Table 12. Factors influencing M&As deal withdrawals: sub-sample analyses of financial vs non-financial firms.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects
	Financial		Non-financial		Financial		Non-financial		Financial		Non-financial	
Acquirer legal	-2.362	-0.148	4.438**	0.263**	0.0114	0.000716	0.359**	0.0205**	0.469	0.0293	0.156	0.00888
	(6.166)	(0.386)	(2.231)	(0.132)	(0.333)	(0.0209)	(0.150)	(0.00855)	(0.374)	(0.0234)	(0.131)	(0.00746)
Target legal	0.304	0.0190	-0.986	-0.0584	0.131	0.00821	-0.354**	-0.0201**	-0.430	-0.0269	-0.164	-0.00933
	(5.226)	(0.328)	(1.575)	(0.0932)	(0.321)	(0.0202)	(0.145)	(0.00824)	(0.336)	(0.0209)	(0.127)	(0.00720)
Acquirer size_assets	-0.160**	-0.0100**	-0.199***	-0.0118***	-0.161**	-0.0101**	-0.221***	-0.0126***	-0.157**	-0.00982**	-0.217***	-0.0124***
	(0.0773)	(0.00476)	(0.0406)	(0.00239)	(0.0800)	(0.00493)	(0.0441)	(0.00249)	(0.0801)	(0.00493)	(0.0442)	(0.00250)
Target size_assets	0.00749	0.000469	0.282***	0.0167***	0.0919	0.00576	0.276***	0.0157***	0.0972	0.00608	0.275***	0.0157***
	(0.106)	(0.00667)	(0.0554)	(0.00328)	(0.106)	(0.00668)	(0.0582)	(0.00333)	(0.105)	(0.00661)	(0.0584)	(0.00335)
Acquirer profitability_EBITDA	-0.335	-0.0210	0.0493	0.00292	-0.335	-0.0210	0.278	0.0158	-0.352	-0.0220	0.286	0.0163
	(0.343)	(0.0215)	(0.434)	(0.0257)	(0.342)	(0.0215)	(0.452)	(0.0258)	(0.343)	(0.0215)	(0.454)	(0.0259)
Target profitability_EBITDA	-1.524***	-0.0955***	-0.00825	-0.000489	-1.513***	-0.0949***	-0.0115	-0.000658	-1.479***	-0.0925***	-0.0110	-0.000625
	(0.454)	(0.0284)	(0.0160)	(0.000950)	(0.450)	(0.0284)	(0.0141)	(0.000801)	(0.455)	(0.0286)	(0.0143)	(0.000815)
Friendly	-3.382***	-0.212***	-3.019***	-0.179***	-3.036***	-0.190***	-3.078***	-0.175***	-3.099***	-0.194***	-3.076***	-0.175***
	(0.574)	(0.0346)	(0.202)	(0.0113)	(0.609)	(0.0372)	(0.217)	(0.0117)	(0.615)	(0.0375)	(0.217)	(0.0117)
Hostile	0.134	0.00842	-0.629**	-0.0373**	0.364	0.0228	-0.541*	-0.0308*	0.291	0.0182	-0.551*	-0.0314*
	(0.976)	(0.0611)	(0.264)	(0.0156)	(0.997)	(0.0625)	(0.289)	(0.0164)	(1.008)	(0.0630)	(0.288)	(0.0164)
Neutral	-4.096***	-0.257***	-3.596***	-0.213***	-3.409***	-0.214***	-3.758***	-0.214***	-3.482***	-0.218***	-3.754***	-0.214***
	(0.732)	(0.0432)	(0.320)	(0.0187)	(0.749)	(0.0450)	(0.349)	(0.0197)	(0.749)	(0.0448)	(0.348)	(0.0197)
Cash	-0.515	-0.0323	-0.0464	-0.00275	-0.247	-0.0155	0.0805	0.00458	-0.227	-0.0142	0.0577	0.00329
	(0.326)	(0.0202)	(0.141)	(0.00837)	(0.350)	(0.0218)	(0.157)	(0.00892)	(0.345)	(0.0215)	(0.156)	(0.00891)
Stock	-0.0907	-0.00568	0.331**	0.0196**	0.122	0.00764	0.542***	0.0309***	0.138	0.00866	0.537***	0.0306***
	(0.304)	(0.0190)	(0.167)	(0.00988)	(0.343)	(0.0215)	(0.183)	(0.0104)	(0.343)	(0.0215)	(0.183)	(0.0104)
Hybrid	-0.175	-0.0110	-0.165	-0.00977	0.0475	0.00298	-0.00648	-0.000369	0.0695	0.00435	-0.0205	-0.00117
	(0.432)	(0.0271)	(0.195)	(0.0116)	(0.448)	(0.0281)	(0.214)	(0.0122)	(0.445)	(0.0278)	(0.213)	(0.0121)
Cross-border	-0.143	-0.00894	0.0150	0.000890	-0.0784	-0.00492	-0.0225	-0.00128	-0.155	-0.00972	-0.00199	-0.000113
	(0.339)	(0.0213)	(0.140)	(0.00832)	(0.342)	(0.0215)	(0.150)	(0.00854)	(0.358)	(0.0224)	(0.150)	(0.00854)
Vertical	0.157	0.00984	0.0433	0.00256	0.264	0.0165	0.0827	0.00471	0.271	0.0170	0.0746	0.00426
	(0.322)	(0.0203)	(0.130)	(0.00770)	(0.351)	(0.0223)	(0.143)	(0.00816)	(0.350)	(0.0221)	(0.143)	(0.00814)
Deal size	0.266*	0.0167*	0.139**	0.00826**	0.173	0.0108	0.138**	0.00784**	0.173	0.0108	0.134**	0.00765**
	(0.147)	(0.00903)	(0.0574)	(0.00340)	(0.148)	(0.00911)	(0.0612)	(0.00348)	(0.148)	(0.00910)	(0.0611)	(0.00348)
Ownership	0.0178***	0.00112***	0.0128***	0.000757***	0.0186***	0.00116***	0.0115***	0.000653***	0.0177***	0.00111***	0.0115***	0.000654***
	(0.00561)	(0.000358)	(0.00262)	(0.000155)	(0.00573)	(0.000366)	(0.00282)	(0.000160)	(0.00580)	(0.000369)	(0.00281)	(0.000160)
Leverage	-0.652	-0.0408	-0.0176	-0.00104	-0.534	-0.0335	0.0855	0.00487	-0.570	-0.0357	0.0908	0.00518
	(0.442)	(0.0277)	(0.209)	(0.0124)	(0.484)	(0.0304)	(0.198)	(0.0113)	(0.469)	(0.0294)	(0.195)	(0.0111)
Constant	3.285		-6.934*		-1.625		-0.849		-0.662		-0.0287	
	(6.466)		(4.103)		(2.575)		(1.641)		(2.132)		(1.445)	
Observations	1,330	1,330	6,091	6,091	1,155	1,155	5,458	5,458	1,155	1,155	5,458	5,458
Pseudo R^2	0.342		0.288		0.334		0.293		0.336		0.291	
F/Wald statistic	1342***		780***		1342***		692***		1441***		699***	

Note: The dependent variable is *Withdrawn*. *Acquirer legal* or *Target legal* is *Acquirer freedom* or *Target freedom* (models 1 to 4); *Legal protection* (models 5 to 8) or *Property rights* (models 9 to 12) in the acquirer's or target's country of origin. Standard errors robust to heteroscedasticity and serial correlation are in the parentheses *** p<0.01, ** p<0.05, * p<0.1. Time and country dummies are included in all models. All firm-specific factors are measured for the year preceding the announcement year. See Table A1 for the definition of the variables.

Table 13. Factors influencing M&As deal withdrawals: sub-sample analyses of underdeveloped vs developed financial markets.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects
	Underdeveloped		Developed		Underdeveloped		Developed		Underdeveloped		Developed	
Acquirer legal	1.839	0.0857	1.396*	0.0860*	-0.444	-0.0205	0.162**	0.00965**	-0.399	-0.0188	0.126*	0.00753*
	(4.705)	(0.213)	(0.842)	(0.0518)	(0.311)	(0.0160)	(0.0632)	(0.00378)	(0.255)	(0.0137)	(0.0672)	(0.00401)
Target legal	5.687	0.265	-1.680**	-0.103**	0.527*	0.0243**	-0.115*	-0.00686*	0.542	0.0256	-0.182***	-0.0109***
	(6.183)	(0.269)	(0.751)	(0.0462)	(0.298)	(0.0121)	(0.0597)	(0.00357)	(0.413)	(0.0165)	(0.0626)	(0.00373)
Acquirer size_assets	0.0351	0.00164	-0.264***	-0.0162***	0.148	0.00682	-0.281***	-0.0168***	0.175	0.00826	-0.281***	-0.0167***
	(0.339)	(0.0158)	(0.0333)	(0.00204)	(0.367)	(0.0168)	(0.0354)	(0.00211)	(0.382)	(0.0180)	(0.0358)	(0.00213)
Target size_assets	-0.238	-0.0111	0.220***	0.0135***	-0.208	-0.00959	0.251***	0.0150***	-0.241	-0.0114	0.247***	0.0147***
	(0.223)	(0.00961)	(0.0476)	(0.00293)	(0.155)	(0.00701)	(0.0501)	(0.00300)	(0.171)	(0.00749)	(0.0505)	(0.00301)
Acquirer profitability_EBITDA	4.143	0.193	0.0137	0.000846	0.945	0.0436	0.0603	0.00360	0.607	0.0287	0.0706	0.00421
	(13.44)	(0.622)	(0.0153)	(0.000942)	(12.28)	(0.567)	(0.246)	(0.0146)	(12.90)	(0.609)	(0.249)	(0.0148)
Target profitability_EBITDA	-12.09*	-0.563**	-0.0153	-0.000944	-11.09*	-0.512**	-0.0158	-0.000942	-11.21*	-0.529**	-0.0172	-0.00103
	(7.061)	(0.267)	(0.0130)	(0.000797)	(6.097)	(0.249)	(0.0130)	(0.000776)	(6.137)	(0.251)	(0.0126)	(0.000749)
Friendly	-5.003***	-0.233***	-2.994***	-0.184***	-4.09**	-0.189**	-2.977***	-0.178***	-4.26**	-0.201***	-2.984***	-0.178***
	(1.817)	(0.0775)	(0.169)	(0.0100)	(1.872)	(0.0752)	(0.177)	(0.0102)	(1.666)	(0.0724)	(0.177)	(0.0102)
Hostile			-0.577**	-0.0355**			-0.435*	-0.0260*			-0.458*	-0.0273*
			(0.229)	(0.0141)			(0.246)	(0.0147)			(0.245)	(0.0146)
Neutral	-3.645**	-0.170***	-3.531***	-0.217***	-2.565	-0.118	-3.457***	-0.206***	-2.84**	-0.134**	-3.473***	-0.207***
	(1.562)	(0.0642)	(0.277)	(0.0170)	(1.710)	(0.0723)	(0.294)	(0.0175)	(1.436)	(0.0614)	(0.295)	(0.0175)
Cash	-0.477	-0.0222	-0.109	-0.00671	-0.961	-0.0444	-0.00779	-0.000465	-1.012	-0.0478	0.00399	0.000238
	(0.593)	(0.0279)	(0.123)	(0.00755)	(0.853)	(0.0384)	(0.136)	(0.00811)	(0.788)	(0.0362)	(0.136)	(0.00810)
Stock	1.313	0.0611	0.201	0.0124	1.029	0.0475	0.367**	0.0219**	1.067	0.0504	0.364**	0.0217**
	(0.945)	(0.0412)	(0.140)	(0.00860)	(1.004)	(0.0444)	(0.154)	(0.00918)	(0.909)	(0.0416)	(0.153)	(0.00915)
Hybrid			-0.184	-0.0113			-0.0610	-0.00364			-0.0332	-0.00198
			(0.168)	(0.0103)			(0.180)	(0.0108)			(0.181)	(0.0108)
Cross-border	-0.777	-0.0362	0.225**	0.0139**	-0.956	-0.0441	0.316***	0.0189***	-0.883	-0.0417	0.293***	0.0175***
	(0.693)	(0.0309)	(0.106)	(0.00656)	(0.748)	(0.0321)	(0.111)	(0.00664)	(0.726)	(0.0325)	(0.112)	(0.00671)
Vertical	0.330	0.0154	0.0230	0.00142	-0.0937	-0.00433	0.0511	0.00305	-0.0137	-0.000647	0.0411	0.00245
	(1.081)	(0.0492)	(0.123)	(0.00759)	(1.041)	(0.0482)	(0.135)	(0.00808)	(1.107)	(0.0523)	(0.136)	(0.00809)
Deal size	1.010	0.0471*	0.174***	0.0107***	0.819	0.0378	0.135**	0.00807**	0.808	0.0381	0.139**	0.00827**
	(0.652)	(0.0249)	(0.0538)	(0.00331)	(0.561)	(0.0235)	(0.0571)	(0.00340)	(0.585)	(0.0244)	(0.0570)	(0.00340)
Ownership	0.00348	0.000162	0.0102***	0.000627***	0.00744	0.000343	0.00959***	0.000572***	0.00684	0.000323	0.0102***	0.000609***
	(0.0156)	(0.000744)	(0.00229)	(0.000141)	(0.0161)	(0.000763)	(0.00242)	(0.000145)	(0.0157)	(0.000765)	(0.00242)	(0.000144)
Leverage	0.0721	0.00336	-0.362*	-0.0223*	0.473	0.0218	-0.253	-0.0151	0.668	0.0315	-0.243	-0.0145
	(0.886)	(0.0411)	(0.213)	(0.0132)	(1.767)	(0.0805)	(0.231)	(0.0138)	(1.636)	(0.0756)	(0.230)	(0.0138)
Constant	-12.88		0.936		0.930		-0.180		0.571		0.599	
	(21.15)		(1.591)		(4.094)		(0.716)		(4.859)		(0.666)	
Observations	293	293	7,353	7,353	284	284	6,529	6,529	279	279	6,528	6,528
Pseudo R^2	0.401		0.256		0.402		0.255		0.396		0.256	
F/Wald statistic	109***		855***		114***		760***		103***		760***	

Note: The dependent variable is *Withdrawn*. *Acquirer legal* or *Target legal* is *Acquirer freedom* or *Target freedom* (models 1 to 4); *Legal protection* (models 5 to 8) or *Property rights* (models 9 to 12) in the acquirer's or target's country of origin. Standard errors robust to heteroscedasticity and serial correlation are in the parentheses *** p<0.01, ** p<0.05, * p<0.1. Time, industry and country dummies are included in all models. All firm-specific factors are measured for the year preceding the announcement year. See Table A1 for the definition of the variables.

Table 14. Factors influencing M&As deal withdrawals: controlling for underdeveloped financial markets using the full sample.

	(1)	(2)	(3)	(4)	(5)	(6)
	Coeff.	Marginal effects	Coeff.	Marginal effects	Coeff.	Marginal effects
Acquirer legal	3.246*	0.195*	0.310**	0.0179**	0.208*	0.0120*
	(1.856)	(0.111)	(0.132)	(0.00766)	(0.122)	(0.00705)
Target legal	-1.782	-0.107	-0.327**	-0.0189**	-0.229*	-0.0133*
	(1.364)	(0.0817)	(0.132)	(0.00762)	(0.119)	(0.00689)
Acquirer underdeveloped	1.680*	0.101*	1.746*	0.101*	1.514	0.0876
	(0.987)	(0.0592)	(0.922)	(0.0533)	(0.972)	(0.0563)
Target underdeveloped	0.190	0.0114	-0.583	-0.0337	-0.245	-0.0142
	(1.183)	(0.0709)	(1.297)	(0.0750)	(1.243)	(0.0719)
Acquirer size_assets	-0.201***	-0.0120***	-0.208***	-0.0120***	-0.206***	-0.0119***
	(0.0357)	(0.00212)	(0.0378)	(0.00216)	(0.0378)	(0.00216)
Target size_assets	0.193***	0.0116***	0.205***	0.0118***	0.204***	0.0118***
	(0.0579)	(0.00347)	(0.0632)	(0.00366)	(0.0633)	(0.00366)
Acquirer profitability_EBITDA	0.00638	0.000383	0.00837	0.000484	0.00904	0.000523
	(0.00572)	(0.000343)	(0.0116)	(0.000674)	(0.0108)	(0.000624)
Target profitability_EBITDA	-0.0136	-0.000817	-0.0139	-0.000804	-0.0134	-0.000773
	(0.0112)	(0.000669)	(0.0115)	(0.000663)	(0.0116)	(0.000668)
Friendly	-3.027***	-0.181***	-3.016***	-0.174***	-3.023***	-0.175***
	(0.183)	(0.0105)	(0.196)	(0.0108)	(0.196)	(0.0108)
Hostile	-0.574**	-0.0344**	-0.442*	-0.0256*	-0.460*	-0.0266*
	(0.242)	(0.0145)	(0.265)	(0.0153)	(0.265)	(0.0153)
Neutral	-3.601***	-0.216***	-3.524***	-0.204***	-3.529***	-0.204***
	(0.279)	(0.0164)	(0.292)	(0.0166)	(0.292)	(0.0166)
Cash	-0.112	-0.00673	0.0267	0.00155	0.0122	0.000708
	(0.126)	(0.00753)	(0.139)	(0.00803)	(0.138)	(0.00801)
Stock	0.231	0.0138	0.421***	0.0243***	0.418***	0.0242***
	(0.145)	(0.00869)	(0.161)	(0.00930)	(0.160)	(0.00930)
Hybrid	-0.199	-0.0119	-0.0397	-0.00229	-0.0439	-0.00254
	(0.175)	(0.0105)	(0.189)	(0.0109)	(0.188)	(0.0109)
Cross-border	0.0169	0.00101	0.0243	0.00140	0.0251	0.00145
	(0.126)	(0.00756)	(0.134)	(0.00774)	(0.134)	(0.00778)
Vertical	0.0254	0.00152	0.0469	0.00271	0.0397	0.00230
	(0.126)	(0.00755)	(0.141)	(0.00813)	(0.140)	(0.00809)
Deal size	0.188***	0.0113***	0.170***	0.00984***	0.169***	0.00977***
	(0.0602)	(0.00360)	(0.0654)	(0.00377)	(0.0653)	(0.00377)
Ownership	0.0121***	0.000726***	0.0113***	0.000654***	0.0113***	0.000652***
	(0.00242)	(0.000145)	(0.00263)	(0.000152)	(0.00262)	(0.000152)
Leverage	-0.198	-0.0119	-0.0575	-0.00333	-0.0531	-0.00307
	(0.212)	(0.0127)	(0.229)	(0.0132)	(0.227)	(0.0131)
Constant	-3.350		0.0328		0.0576	
	(3.371)		(1.053)		(0.866)	
Observations	7,632	7,632	6,803	6,803	6,803	6,803
Pseudo R^2	0.281		0.284		0.283	
F/Wald statistic	910***		805***		803***	

Note: The dependent variable is *Withdrawn*. *Acquirer legal* or *Target legal* is *Acquirer freedom* or *Target freedom* (models 1-2); *Legal protection* (models 3-4) or *Property rights* (models 5-6) in the acquirer's or target's country of origin. Standard errors robust to heteroscedasticity and serial correlation are in the parentheses *** p<0.01, ** p<0.05, * p<0.1. Time, industry and country dummies are included in all models. All firm-specific factors are measured for the year preceding the announcement year. See Table A1 for the definition of the variables.