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Impact of évolutions in regulations, corporate gouvernance and CSR strategies on M&A performance in France

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THÈSE DE DOCTORAT

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L'impact de l'évolution des réglementations comptables, de
la gouvernance d'entreprise et des stratégies RSE sur la
performance M&A des sociétés françaises

École Doctorale de Dauphine — ED 543

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L'impact de l'évolution des réglementations comptables, de la
gouvernance d'entreprise et des stratégies RSE sur la
performance M&A des sociétés françaises

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« *Ignoranti quem portum petat nullus suus ventus est* »
Sénèque, Lettres à Lucillius, Lettre 71

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Introduction générale

Alors que le marché mondial des Mergers & Acquisitions (« M&A ») était entré dans une nouvelle phase de déclin entre 2007 et 2013, avec des volumes de transactions en baisse de 4,8T\$ à 2,4T\$ (Dealogic, Thomson-Reuters - MERGERS & ACQUISITIONS REVIEW FINANCIAL ADVISORS, Full Year 2014), l'heure est au bilan pour la recherche en matière de performance M&A.

La pertinence des opérations de M&A pour assurer le développement d'une entreprise et créer de la valeur a été tôt démontrée par de nombreuses études. Alors que Lutbakin (1983) décrit la volonté de générer des synergies comme principal moteur du M&A, Bradley, Kim and Desai (1988) affirment que les synergies générées par les opérations de M&A sont créatrices de valeur.

Parmi les nombreuses motivations des entreprises actives en M&A détaillées par Trautwein (1990) se trouvent de nombreuses motivations rationnelles, positives dans la perspective d'une création de valeur pour les actionnaires : synergies, augmentation du pouvoir de marché, capture de valeur au détriment des vendeurs ou valorisation d'informations privées.

Bower (2001) estime que le M&A est l'un des moyens de mise en œuvre de la stratégie et détaille différents objectifs stratégiques tout à fait légitimes que peut couvrir le M&A : consolidation de marché avec élimination de surcapacités, expansion géographique, extension de la gamme de produits ou extension des marchés couverts, acquisition de ressources R&D, ou encore positionnement sur de nouveaux métiers.

Gopinath (2003) affirme que le M&A est un moyen de rapidement en place la stratégie d'une entreprise.

D'après Meier & Schier (2009), c'est la volonté de meilleure performance qui justifie la réalisation d'une transaction M&A.

Comme le synthétisent plusieurs papiers réalisés sur le sujet de la performance du M&A, le constat d'une absence de valeur créée pour les acquéreurs est en revanche

invariable. Agrawal & Jaffe (2000) passent en revue 22 études qui montrent que les retours à long terme des opérations d'acquisition sont négatifs.

Sirower (2000) déclare que *“Despite a decade of research, empirically-based academic literature can offer no clear understanding of how to maximize the probability of success in acquisition programs”*.

Dans une synthèse portant sur une centaine d'études scientifiques réalisées entre 1971 et 2001 sur les opérations de M&A réalisées aux Etats-Unis, Bruner (2002) explique que les acquéreurs ne créent pas de valeur au sens d'une rentabilité en excès de leur coût du capital et déclare que synergies, efficacité accrue et croissance créatrice de valeur sont des objectifs difficiles à atteindre.

Moeller, Schlingermann, & Stulz (2005) démontrent que les actionnaires de sociétés acheteuses avaient aux Etats-Unis entre 1998 et 2001 perdu 12 cents par dollar investi dans une acquisition, ce qui correspond à une perte de 240 Mds de \$.

Covin, Dalton, Daily, & King (2004) avancent même que la corrélation entre succès d'une acquisition d'une part et des variables telles que l'expérience antérieure en acquisition, mode de paiement ou proximité des activités de la cible de celles de l'acquéreur n'est pas très élevée.

Cartwright & Schoenberg (2006) constatent que le taux d'échec des opérations M&A est demeuré remarquablement élevé et stable au cours des 30 dernières années.

Pour ce qui concerne l'Europe, Martynova & Renneboog (2011) concluent à la suite d'une revue de 2419 transactions réalisées dans 28 pays entre 1993 et 2001 que la création de valeur significative mesurée par la variation du cours de bourse des acquéreurs à l'annonce de l'acquisition n'était que de 0,53%

Brock, Calipha, & Tarba & (2010) observent un gap très important entre la popularité des opérations de M&A dans le monde et la production de la recherche académique dans ce domaine.

Plus récemment, certains chercheurs sont même allés jusqu'à remettre en cause les méthodologies utilisées. Dans un article intitulé « *Measuring the Economic Gains of Mergers and Acquisitions: Is it Time for a Change?* », Antoniou, Arbour & Zhao (2011) expliquent que les méthodes habituellement utilisées, n'ont pas permis de tirer des leçons significatives concernant le sujet de la création de valeur par les fusions & acquisitions.

Pour Meglio & Risberg (2010), les chercheurs se cantonnent trop à des approches qui ont fait leur preuve au sein du seul monde académique dans le passé et qui sont plus facilement acceptées pour des publications qui forment des facteurs limitants. Par ailleurs, la notion de performance M&A ne serait pas suffisamment bien définie.

Zollo & Meier (2008) constatent une absence de consensus sur les critères de mesure de la performance d'une acquisition.

Dans ce contexte, la recherche a tout de même fermement tout d'abord établi au travers du courant de la finance comportementale que les dirigeants d'entreprises sont affectés par d'importants biais décisionnels lorsque confrontés à des investissements de croissance externe.

Pour ce qui concerne les biais décisionnels, dans le meilleur des cas, d'après Roll (1986) ou Sudarsanam & Gao (2004), les dirigeants d'entreprises souffrent d'hubris, une confiance aveugle qui les amènent à surestimer la valeur créée lors d'une acquisition d'entreprise. Dans le pire des cas, d'après Jensen (1986) or Shleifer & Vishny (1989), les dirigeants d'entreprise engagés dans des investissements en croissance externe poursuivent leurs propres intérêts au détriment de ceux des actionnaires des entreprises qu'ils dirigent.

Très récemment, la recherche, en partie au travers du courant de finance comportementale, s'est attachée à illustrer la réalité de ces biais décisionnels. En conclusion de l'analyse du caractère cyclique des investissements M&A, Martynova & Renneboog (2011) constatent que les acquisitions réalisées en fin de cycle sont tirées par des motivations non-rationnelles, essentiellement dans l'intérêt personnel des dirigeants d'entreprises.

Lovallo, Viguerie, Uhlaner, & Horn (2007) détaillent de façon structurée l'ensemble des biais qui affectent l'acquéreur dans une transaction M&A : « confirmation bias », « overconfidence », « underestimating cultural differences », « underestimating time, money, and other resources needed for integration », « bidding above the target's true value when multiple players enter the game », « anchoring » et « sunk cost fallacy ».

Malmendier & Tate (2008) ainsi que Baker, Pan & Wurgler (2012) montrent que des points d'ancrage affectent les décisions d'entamer des opérations M&A, le prix auquel ces transactions sont réalisées, la probabilité que ces transactions soient effectivement réalisées, la réaction des marchés à ces transactions ainsi que la matérialisation de cycles.

Harford, Humphery-Jenner, and Powell (2012) démontrent que la destruction de valeur attachée aux opérations provient de ce que les dirigeants d'entreprises ont tendance à éviter d'acheter des sociétés non cotées et que, lorsqu'ils le font, ils ont tendance à ne pas les financer en fonds propres seulement alors qu'il a été démontré que ce mode de financement conduit à une sous-performance. Par ailleurs, les dirigeants d'entreprises non seulement paient trop cher les sociétés qu'ils achètent mais tendent aussi à acheter des sociétés qui ont un potentiel réduit de génération de synergies.

De façon assez remarquable, peu de chercheurs se sont attachés à identifier, pour le bénéfice des dirigeants d'entreprise, les meilleures pratiques qui permettent d'augmenter la probabilité de succès d'une opération de fusions & acquisitions. Parmi ceux-ci, Haspelagh & Jemmison (1987,1991), inspirateurs de l'école des process, ont démontré que la différence entre le succès et l'échec reposait sur une parfaite compréhension et gestion des processus décisionnels par lesquels les décisions d'investissement et d'intégration sont prises.

Dans la veine de ce courant, Lovallo, Viguerie, Uhlaner, and Horn (2007) fournissent un ensemble de solutions pour gérer les différents biais décisionnels susceptibles d'affecter les décisions d'investissement de croissance externe.

Ayant piloté la mise en place réussie d'un process M&A, inspiré des idées d'Haspelagh & Jemmison (1987,1991) au sein du groupe Schneider-Electric, sous la direction de son Président-Directeur Général, Monsieur Henri Lachmann, j'ai pu constater de façon empirique sur un volume de plus de 300 projets, dont une cinquantaine effectivement réalisés, l'impact positif, mesuré sur les indicateurs comptables de l'entreprise, de l'adoption de bonnes pratiques en matière de mise en place et de gestion d'un process d'acquisition.

Dans le cas de Schneider-Electric, c'est la mise en œuvre des nouvelles normes comptables IFRS relatives au traitement comptable des acquisitions qui avait poussé la direction du groupe à mettre en place les outils pour réussir une politique d'acquisition, très suivie par les marchés depuis l'échec de l'opération Legrand qui avait laissé Schneider-Electric avec 3.6 Mds d'€ de trésorerie disponible et une réputation détériorée en matière de fusions & acquisitions.

Au cours des années pendant lesquelles j'ai piloté les processus d'acquisition du groupe Schneider-Electric, la performance des fusions & acquisitions mesurée en interne a fortement progressée et des articles laudatifs de la performance du groupe ont été publiés.

Dans le cas de Schneider-Electric, la détermination des dirigeants à améliorer la performance de l'entreprise en matière fusions & acquisitions a été clairement exacerbée par la publication de nouvelles normes comptables. Ces dernières intégrant l'impératif de pouvoir permettre aux auditeurs de mesurer la qualité des résultats effectifs par rapport aux résultats attendus ont conduit les dirigeants à porter une attention accrue aux business plan d'acquisition – qui devaient être mis à la disposition des auditeurs – et aux processus qui conduisaient aux décisions d'acquisition.

Cette expérience m'a permis de comprendre que la bonne performance en matière de fusions & acquisitions est possible et qu'elle est effectivement très dépendante de la volonté des dirigeants de l'entreprise. De ce fait, la question de ce qui pouvait inciter les dirigeants d'entreprise – qu'ils souffrent d'hubris ou qu'ils cherchent à tirer le meilleur parti pour eux-mêmes des opérations de M&A qu'ils pilotent – à adopter de meilleures pratiques avérées m'est ainsi apparue comme centrale et originale pour améliorer la compréhension de la performance en matière de M&A.

L'idée générale de cette thèse est de chercher à identifier les impacts possibles de différents chocs externes, observés au cours des dernières années, tels que modification des réglementations, changement des modes de gouvernance ou évolution des pratiques managériales, sur la performance M&A. Etant donné que la mise en place et l'amélioration des processus permettent une amélioration de la performance M&A, est-ce que des chocs externes susceptibles d'avoir un impact sur les pratiques managériales de leurs dirigeants en matière de M&A, ont un impact sur leur performance M&A ?

Le premier article de cette thèse (« *Impact of IAS 36 and IFRS 3 on M&A performance in France* ») explore la performance des fusions & acquisitions en France entre 1995 et 2013 et analyse l'impact qu'a pu avoir la mise en place en 2004 de normes comptables dont l'objectif était l'amélioration de la qualité de l'information fournie par les entreprises en matière de fusions & acquisitions.

L'introduction de la pratique du « *goodwill impairment* » qui requiert une analyse ex post périodique de la valeur créée par une opération de croissance, par des auditeurs considérés comme indépendants, peut en effet être légitimement considérée comme une source de pression sur les dirigeants d'entreprise pour améliorer leur performance M&A.

L'article confirme tout d'abord que les que la valeur créée par les opérations de M&A, mesurée à l'aide d'une étude d'événement les rendements anormaux consécutifs à l'annonce de ces opérations, conformément aux modèles concurrents de Brown & Warner (1985) et de Barber & Lyon (1997), est significativement positive pour les acheteurs français, et significativement supérieure à celle qui est créée aux Etats-Unis.

L'article présente un résultat intéressant qui est que les acquéreurs les plus importants, ayant réalisé au moins 5 acquisitions d'une valeur supérieure à 100M\$ sur 1995-2010 ont une performance significativement inférieure. Ce résultat conforte les conclusions d'Ismail (2006), de Billett & Qian (2008), et de Kim, Haleblan & Finkelstein (2011), qui tendent à montrer que l'expérience ne conduit pas à une meilleure performance M&A.

L'article montre enfin que la mise en place des normes comptables n'a pas conduit à une augmentation des rendements anormaux générés par les opérations M&A réalisées par des entreprises françaises. Ce résultat est conforté par un constat d'absence de différence significative entre la performance relative du M&A aux Etats-Unis et en France avant et après l'entrée en vigueur des nouvelles normes comptables, selon une méthodologie « diff-in-diff », telle que développée par Ashenfelter and Card (1985).

Cet article permet de mieux jauger le pouvoir dont disposent les dirigeants d'entreprise (« *managerial discretion* ») dans leurs échanges avec des auditeurs jugés indépendants mais qu'ils contractualisent et rémunèrent.

Le second article de cette thèse (« *Impact of Board Committees on M&A performance in France* ») analyse l'impact l'émergence de nouvelles réglementations relatives à la gouvernance d'entreprise qui ont fait suite aux affaires Enron ou Worldcom. L'une des plus importantes est la Loi Sarbanes-Oxley (« SOX »), qui a notamment rendu obligatoire un comité d'audit au sein du conseil d'administration des sociétés cotées.

Depuis le début des années 2000, les entreprises ont alors multiplié le nombre de comités spécialisés, d'audit ou autre, dans leurs conseils d'administration, en vue d'améliorer les fonctions de contrôle et de conseil que ces conseils jouent.

Comme le rappelle Van Ness, Miesing & Kang (2010), la recherche est peu conclusive sur le sujet des liens entre composition des conseils et performance financière. Chen & Wu (2016) observent cependant que peu d'études portent sur les liens entre présence d'un comité et performance financière. Fartschian (2012), qui a focalisé ses recherches sur l'impact de l'activité des conseils, relève que la recherche a peu creusé le sujet des liens entre l'activité des conseils et la performance M&A.

Dans ce contexte, Faleye, Hoitash & Hoitash (2010), qui mesure une différence de performance en fusions & acquisitions entre les comités qui ont plus une fonction de contrôle et les comités qui ont plus une fonction de conseil, nous ont paru être une source d'inspiration.

L'article capitalise sur les informations d'une base de données peu utilisée en recherche, DataCG, qui recense des informations de gouvernance depuis 1999, pour explorer l'impact des comités mis en place au sein des conseils de surveillance ou d'administration des entreprises du SBF 120 sur leur performance M&A.

L'originalité de ce travail réside dans l'étude au travers d'une analyse de texte du rôle rempli par le comité en fonction au moment où une acquisition est réalisée. Nous concluons au fait que l'existence de comités, le nombre de comités existants et le type de comités existants n'ont pas d'impact sur la performance M&A.

Ce constat n'est pas dissonant de celui fait par les consultants tels que McKinsey (Bhagat & Huyett, 2013) qui observent que les entreprises, très respectueuses de la distance entre management et gouvernance, ont tendance à ne pas suffisamment engager leurs conseils de surveillance ou d'administration dans leurs opérations de fusions & acquisitions.

Le troisième article de cette thèse (« *Impact of CSR on M&A Performance in France* ») étudie les conséquences d'une autre tendance de marché qui a impacté la direction des entreprises au cours de ces dernières années : le développement de stratégies et de pratiques en matière de Responsabilité Sociétale d'Entreprise.

La recherche s'est penchée sur le sujet des liens entre performance de l'entreprise et mise en place de stratégies RSE. En revanche, la recherche sur l'impact de la mise en place d'une stratégie RSE sur la performance M&A des entreprises est plus limitée.

Les normes RSE sont susceptibles d'affecter les entreprises dans leurs activités M&A de deux façons opposées : 1) des contraintes supplémentaires, susceptibles d'impacter négativement les résultats à court terme et peut-être positivement à long terme la création de valeur consécutive à une opération ou 2) comme dans tous les cas de mise en place de normes une amélioration des process de l'entreprise, parmi lesquels les process M&A. Pour supporter ce second point, on peut aussi supposer que les acquéreurs doivent être amenés à faire preuve d'une vigilance accrue concernant la qualité de leurs cibles.

Deux articles récents présentent des résultats contradictoires sur ce sujet : Deng, Kang, and Low (2013) montrent que les entreprises qui disposent de scores RSE plus élevés réalisent de meilleures acquisitions alors que Meckel & Theuerkorn (2015) montrent que ces entreprises génèrent des rendements anormaux inférieurs lorsqu'elles réalisent des acquisitions.

Partant du constat que le périmètre étudié par ces deux articles couvre les opérations de fusions & acquisitions essentiellement réalisées aux Etats-Unis pour l'un et aux Etats-Unis et en Allemagne pour l'autre, avec une qualification qui repose sur une valeur de transaction très basse, notre travail se focalise sur les fusions & acquisitions réalisées par des acquéreurs français, avec une valeur de transaction minimale supérieure à 100M€ pour éliminer d'éventuels bruits.

Nous fondons en effet notre travail sur l'originalité que présente la France qui, contrairement aux Etats-Unis pourtant caractérisés par une même tendance de marché, a été marquée par la publication de lois concernant la publication d'informations RSE en vue de rendre plus transparentes les pratiques des entreprises françaises dans ce domaine.

Notre travail mesure tout d'abord l'impact qu'a eu la publication de la Loi sur les Nouvelles Régulations Economiques du 15 mai 2001 (« NRE ») sur la performance M&A des entreprises. L'article cherche aussi à identifier les relations qui existent pour mes sociétés françaises entre un score de Responsabilité Sociétale d'Entreprise élevé et leurs performance M&A, ainsi qu'entre la mise en place d'une stratégie RSE, marquée par la publication d'un score RSE, et leur performance M&A. Par ailleurs, l'article évoque l'impact des différents scores RSE sur la performance M&A des entreprises françaises.

Grâce à la signature d'une convention de partenariat avec Vigeo, acteur européen majeur de l'évaluation extra-financière de grandes entreprises, nous avons pu accéder à une base de données qui recense l'évolution de la notation RSE des grandes entreprises françaises depuis 1999. Nos analyses ont porté sur l'identification de liens entre existence d'un scoring et niveau de scoring RSE d'une part et rendement anormal généré par une acquisition d'autre part. Nous montrons qu'il n'existe aucun lien entre ces deux facteurs.

Nous analysons ensuite le lien entre le niveau de scoring des entreprises qui en disposaient au moment de leurs acquisitions, et leur performance M&A. Le niveau de scoring est analysé pour chacun des critères RSE définis et regroupés par Vigeo en 6 domaines : « Corporate Governance », « Business Behaviour », « Environnement », « Human Resources », « Human Rights » et « Community Involvement ».

Nos recherches montrent que la performance M&A est négativement impactée par des scores RSE plus élevés sur les dimensions « Environnement » et positivement impactée par des scores « Human Rights » plus élevés.

Au final, les chocs externes étudiés semblent avoir un impact sur la performance M&A des entreprises lorsqu'ils sont caractérisés par une obligation de transparence accrue de l'information avec une capacité limitée du management à travailler cette information et qu'ils ne conduisent pas à un alignement sur de nouveaux standards de marché auxquels l'ensemble des acteurs adhèrent.

Ainsi, la Loi NRE, qui oblige les entreprises à plus de transparence dans leur communication d'informations extra-financières, a eu un impact positif sur la performance M&A alors que les réglementations IFRS, qui obligent les entreprises à justifier de leurs résultats post-acquisition avec une contrainte limitée puisque le management dispose d'une importante liberté pour expliquer les résultats à des auditeurs qui disposent par définition d'une moins bonne connaissance des activités, n'ont pas eu d'impact. De la même façon, la présence d'un comité au sein du conseil d'administration ou de surveillance impacte positivement la performance M&A, cependant sans que cet impact ne soit provoqué par l'obligation d'avoir au moins un comité d'audit.

Notre travail apporte tout d'abord une contribution à la recherche en matière de performance M&A en adoptant une approche spécifique, l'étude de l'impact de chocs externes mais fournit aussi des éléments d'appréciation de l'ampleur de la discrétion managériale, telle que définie par Williamson (1984).

Les managers disposent au final d'une telle liberté en matière de décision d'investissement que peu de facteurs, comprenant modification des réglementations – à l'exception de celles qui visent à améliorer la transparence de l'information sur les marchés, modes de gouvernance ou évolution des pratiques managériales de marché semblent l'affecter.

Dans le cadre de recherches ultérieures, il serait intéressant de comprendre au travers d'études cliniques, conformément à ce qui est avancé par Antoniou, Arbour & Zhao (2011) et sur le modèle de ce qui a été réalisé par Fartschtschian (2012) pour Nestlé et Swissair, les spécificités organisationnelles qui conduisent certaines entreprises à enregistrer une performance supérieure.

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Chapter 1: Impact of IAS 36 and IFRS 3 on M&A performance in France

Abstract

IFRS 3, a reform of accounting practices in M&A, was implemented in France in March 2004. One of its main objectives is to improve investors' knowledge about the value of acquired assets, substituting historical cost with "fair value" for the measurement of goodwill resulting from an acquisition. It therefore introduced the goodwill impairment practice. Goodwill resulting from M&A has to be yearly tested by external auditors. In case the acquired assets are deemed not to have the value they had at the time of the acquisition, goodwill has to be impaired. As a result, acquired assets are accounted for at their "fair value" rather than at a pure "accounting value", that is to say cost of the acquisition reduced by cumulated accounting depreciations. Considering the implementation of IFRS as an exogenous shock to information asymmetry, we test whether M&A performance, traditionally found poor in France, improved post-IFRS implementation, in analyzing abnormal returns from a set of 9865 acquisitions made by French and US companies over 1995-2013. We use an event study to test whether French acquirers' performance has improved and a diff-in-diff approach to test whether the differential performance between US and French acquirers have evolved post-IFRS implementation. We also find that the implementation of IFRS 3 has had no impact on M&A performance in France.

1. Introduction

Much research demonstrates that mergers & acquisitions (M&A) create no value for acquirers. At the same time, M&A activity is picking up again with a worldwide investment valued at US\$3.5 trillion in 2014, up 47% from 2013, which had been the worst year since 2009 (Thomson-Reuters - MERGERS & ACQUISITIONS REVIEW FINANCIAL ADVISORS, Full Year 2014). Possible explanations for this paradox include management biased decision-making. According to Kummer & Steger (2008), companies evolve in a context where growth is required by analysts and investors. Nevertheless, when internal growth initiatives do not materialize, or there are no other organic growth options, M&A transactions prove to be the only way to generate growth. While they are pressured to grow, management may be overconfident about transaction outcomes, according to Roll (1986), or pursue their own interests in making transactions at the detriment of shareholders, according to Jensen (1986) or Shleifer and Vishny (1989).

Tenants of the acquisition process theory, following Haspeslagh & Jemison (1987, 1991), such as Lovallo, Viguierie and Uhlaner & Horn (2007, 2010), deem that management have the possibility to improve their acquisition performance thanks to a better acquisition process.

It is therefore interesting to understand whether or not an increased pressure on management, such as a decrease in information asymmetry, leads to an increase in M&A performance, knowing that such an improvement is theoretically possible through the improvement of acquisition processes. We use a major change in M&A accounting rules in Europe in 2004, as an opportunity to assess the impact on acquisition performance of an assumed external shock over information asymmetry leading to an increased pressure on management to improve their M&A performance.

Adoption in the European Union of International Accounting Standards (IAS), published in 2001 by the International Accounting Standards Committee (IASC) of International Financial Reporting Standards (IFRS), issued in 2004 by the International Accounting Standards Board (IASB), represented a major milestone towards international convergence in financial reporting.

Main piece of change brought by the new accounting rules was a switch from a systematic amortization approach to an annual impairment testing of goodwill, defined as the difference between the price paid by an acquirer and the book value of the assets acquired.

As stated by Nussenbaum (2003), since the acquired assets are booked in acquirer's accounts at their market value, goodwill is a clear measure of the synergies left to the seller in order to close the deal in a competitive environment. If synergies are not material, goodwill

becomes a measure of overpricing, i.e. of value destruction by the acquirer. Therefore, a comparison in time between market and book value of goodwill provides information on M&A success.

Former practice of annual goodwill amortization led to goodwill having a pure accounting value, with no connection to market value. Therefore, information provided by accounting regarding success of the acquisition was the same whatever the acquisition was creating value for the acquirer, meaning a goodwill with a market value higher than its book value at the time of the acquisition, or destroying value, meaning a goodwill with a market value lower than its book value at the time of the acquisition.

New practice, goodwill impairment, requires management to regularly assess, under auditors' scrutiny, the performance of past acquisitions through a comparison between acquisition business plan forecasts and actual results. In case actual results are below business plan forecasts, a depreciation of the goodwill's book value has to be made. Therefore, market value of the goodwill has to be regularly estimated by experts but also to be communicated. As result, a goodwill impairment is a clear and visible sign that the considered M&A transaction performs below expectations. In accordance with objectives, implementation of this new practice should obviously lead to a better quality of information provided to analysts and investors and therefore to a reduction in the asymmetry of information between shareholders and management. The greater transparency implied by this highly visible process arguably make management more accountable for their M&A performance.

The new accounting rules, IFRS 3 and IAS 36, were actually assumed by practitioners to have an effect on the M&A performed by listed companies, which had to comply with those rules (see Appendix B). Auditors expected a decrease in information asymmetry between shareholders and management. Deloitte (2004) declared: "*Purchase price allocations prepared after the closing date of transactions assist shareholders in appraising the intrinsic value of the acquisition and evaluate the merit of any strategic premium paid for the target.*" As a consequence, auditors also expected an improvement in acquisition process. PwC (2005) declared: "*IFRS will have an impact on every aspect of the deal. From planning to execution, the acquisition process will need to become more rigorous.*"

Several consulting companies argue that M&A performance has improved in recent years. In a document dated 2012, Accenture reports that more than 60% of the acquisitions performed over 2002-2009 created value, vs 10 to 30% before. However, they do not relate the claimed improvement to the change in accounting rules.

Thanks to Boulerne & Sahut (2010), we know that IAS/IFRS led to an increased relevance of total intangible assets and goodwill and to an improvement in the capabilities of financial markets to integrate such information in stock market prices and returns.

Recent research has however questioned the true impact of the new accounting rules, suggesting that management enjoys considerable discretion in implementing the goodwill impairment test, a concern commonly expressed in the practitioner literature, e.g. Hlousek (2002). Indeed, the review of the acquisition business plan required to assess goodwill is conducted under the responsibility of management, which can be assumed to be more business-knowledgeable than investors, analysts or auditors. For instance, management can easily sustain for some time that less-good-than-expected short-term M&A performance is only due to a different phasing of marketing conditions or synergy implementation, and not a sign of bad M&A overall. Therefore, management being in a good position to leverage a remaining information asymmetry, information provided would still not be fully reliable.

Our paper studies the impact of new accounting rules on M&A performance. We first use short-term event studies to assess M&A performance and then compare M&A performance in France before and after the adoption of IAS 36 and IFRS 3 in 2004. We then use short-term event studies to assess M&A performance in the US and we perform in a natural experiment setting, a “diff-in-diff” analysis to identify a possible evolution of the difference between M&A performance measured in France and M&A performance measured in the US

We analyze 636 acquisitions made by French listed companies over 1995-2013. We compute cumulated abnormal returns (CARs) on an observation period of 11 days around announcement of the acquisitions ([-5;+5]). We perform a regression using CARs calculated on the two different observation periods as a dependent variable, a dummy as an independent variable defined as 0 for acquisitions made before the date of regulation implementation and 1 for those made after, and usual control variables in M&A performance studies: size of the acquisition, market conditions, method of payment, listing status of the target, relatedness of business between acquirer and target, target industry, and the serial nature of acquirers.

We find no significant impact on abnormal returns before and after the implementation of the new regulations. Our other findings are in line with results commonly found in research related to M&A performance: Abnormal returns from M&A in Europe are slightly but significantly positive, payment by shares, acquisition of a listed target and acquirer being a repetitive acquirer have a negative impact on M&A success.

Performing consistency checks, we find no different results in using an observation period of 5 days $[-2;+2]$. In excluding acquisitions 21 outlying acquisitions that generated a CAR below -20% or above +20% and in replacing cumulated abnormal returns (CARs) by buy-and-hold abnormal returns (BHARs).

In a second step, we calculate CARs on an observation period of 11 days around announcement of the acquisitions $[-5;+5]$ on 9229 acquisitions made in the USA over 1995-2013. Following Ashenfelter and Card (1985), we develop a “diff-in-diff” approach (DiD). We calculate the average CAR in France and in the US before and after the different dates of implementation of the new regulations. We then calculate the difference in performance before and after the implementation of the new regulations in France while there were no such a change in the US, and we test the significance of this difference, using a similar regression setting as earlier explained.

We find that the difference in the M&A performance in France and in the USA, before and after the implementation of the new regulations, is not significant. Our other results are in line with Bruner (2002): M&A performance in the USA is not significantly different from 0.

As a result, we conclude that our analysis show that the implementation of IFRS 3 in France has had no impact on M&A performance, to the contrary of practitioners’ expectations. Our results are in line with Muller, Neamtiu & Riedl (2010), Li & Sloan (2012), and Ramanna and Watts (2012). New standards indeed generated considerable controversy, owing to their reliance on subjective fair value estimates for mandatory annual goodwill impairment testing.

The paper is organized as follows: Section 2 describes the changes in accounting standards for business combinations and goodwill which took place in 2004 and in 2008, Section 3 details the research issues related to prior literature, Section 4 explains the research method and the sample selection, Section 5 provides the empirical results, Section 6 concludes the study.

2. The Change in Regulations: An External Shock over M&A Practices

There have been long debates over the value of intangible assets. For the more conservative, intangible assets were not easy to value objectively through the use of any another method, and therefore had to be valued at historical cost. Others argued with a more economical stance over the growing importance of this type of assets in modern economies and the significant difference in value between historical cost and revenue expectations. Over years, accounting principles have more and more admitted, starting with acquired assets, that intangible assets be valued at fair value.

Goodwill, a specific intangible asset, defined as the difference between purchase price and value of assets acquired, had long remained an exception before the publication in France, as a result of a move towards common international standards, on the 31st of March 2004 of IFRS 3 “Business Combinations”, of IAS 36 “Impairment of Assets” and of IAS 38 “Intangible Assets”.

IFRS 3 defines a business combination as separate entities or businesses into one reporting entity to form “an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors; or lower costs or other economic benefits directly and proportionally to policyholders or participants”.

As stated by PwC (*Capital Finance, n°666, 19th*), IFRS 3 introduced a few new principles, whereas all business combinations are acquisitions (pooling-of-interest method not allowed anymore). Also, an acquirer must be identified for every combination. More intangible assets have to be identified and recognized on acquisition – some will be intangible assets with indefinite lives, with goodwill not amortized but subject to an annual impairment test and negative goodwill is recognized immediately in income. Restructuring costs are charged to income and contingent liabilities are recognized at fair value. Detailed disclosures about transactions and impairment testing are required. First-time adopters must apply new rules from day one of their IFRS track record and can choose to restate past deals.

IAS 36 describes the goodwill impairment practice as a two-step procedure to assess fair value, whereas assessment of whether or not the reporting unit’s fair value is less than its book value. If yes, derive the implied fair value of goodwill by subtracting the fair value of all other net assets of the reporting unit from the fair value of the reporting unit. Then, if the implied fair value of goodwill is less than its book value, difference is the goodwill impairment is to be reported.

A revised IFRS was published on the 10th of January 2008. As explained by Duff & Phelps (2010), non-controlling interests are measured either at their proportionate interest in the net identifiable assets or at fair value. Also, the requirement to measure at fair value every asset and

liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Acquisition-related costs are generally recognized as expenses. Contingent Considerations must be recognized and measured at fair value at the acquisition date. Subsequent changes in fair value are recognized in accordance with other IFRSs, usually in profit or loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions.

A key feature introduced by the change in accounting regulations in 2004 is the substitution of historical cost with fair value for the goodwill, introducing the goodwill impairment practice, thus eliminating the goodwill amortization practice.

Nevertheless, as explained by Nussenbaum (2003), goodwill can be related to the value of synergies which are expected to be generated by a transaction but left to the seller so that the deal can be made. In case synergies are not materialized, goodwill is a measure of overpricing, making goodwill a topic of interest to understand acquisition success.

As stated by Hayn & Huygues (2005), this change in regulations put a new and continuous responsibility on management to periodically determine the fair value of the goodwill in their books. This should also be performed under a more active supervision of auditors, who will have their responsibility engaged in reviewing periodically management impairment decisions. Investors should therefore enjoy a better information regarding value created through M&A, which can be translated as a reduction in asymmetric information, expected to result in an increased pressure over managers to pay more attention to their M&A performance. As a consequence, M&A should lead to higher level of value creation for acquirers.

3. Literature Review and Development of Hypothesis

3.1. Literature Review

M&A success has been widely documented over time and a significant amount of research shows that M&A does not create a significant value for acquirers: Jensen & Ruback (1983) on M&A prior to 1980; Jarrell, Brickley & Netter (1988) on the 1980s takeover wave; Bruner (2002) for the US and Martynova & Renneboog (2011) for Europe on the 1990s wave. Sudarsanam (2003) covers studies over several decades.

Bruner (2002) provides with a useful table summary of 44 studies performed between 1977 and 2001 and concludes that the aggregate abnormal returns to buyer shareholders from M&A activity are essentially zero: buyers essentially break even.

In one of the most significant pieces of analysis, Moeller, Schlingemann, and Stulz (2005) find that between 1998 and 2001, acquiring firms' three-day announcement period average CAR is +0.69% but the aggregate dollar return a total loss of \$240 billion.

As far as Europe is concerned, Martynova and Renneboog (2011) find an average CAR of +0.53% for the bidding firms.

In short, research solidly considers that while they trigger those operations, buyers make no money in M&A: There is no value creation above cost of capital. This observation has also been largely made by the major consulting firms: McKinsey (2004), BCG (2007) and Bain (2004).

Explanations regarding poor acquirer performance are first centered on the imperfect information that may characterize mergers & acquisitions, that is to say the difficulty to estimate the right level of value created for the acquirer in a M&A transaction and therefore to pay the seller accordingly.

Indeed, if we follow Bradley, Desai, Kim (1983, 1988), pricing should lead to an objective and specific price for the target's shares, based on estimates of the increase in value resulting from synergies thanks to new shareholding and on a division of these synergies between buyers and sellers, according to their bargaining power.

However, there are in reality strong caveats to that view. As explained by Shojai (2009), there is information asymmetry between bidding firms and target firms, which makes it difficult to organize a fair division of gains between buyers and sellers.

Furthermore, in the context of a bid for a listed company, bidders have a limited access to target firms. Aktas, de Bodt & Roll (2010) explained that acquirers can be pressured by the fact they had the sentiment of negotiating under the threat of an auction.

Baker, Pan, and Wurgler (2009) deem that target price cannot be set with precision but only within a broad range: valuation is complicated and subjective, which opens way for mispricing and relative bargaining power is a concept with no solid grounds.

This imperfection of information is also thought to have a powerful secondary effect: It is difficult for investors to control the relevance of managers' buying and pricing decisions. A solid string of research has then elaborated on the devious role played by management in M&A: either they take personal advantages of environments in which they see more than investors, as shown by Jensen (1986) or Schleifer & Vishny (1989, 2003), or they are overconfident in their decision-making, being victims of environments which are less clear than what they believe, as shown by Roll (1986) or Sudarsanam & Gao (2004).

Over the past recent years, behavioral finance theorists have taken over the topic and further explored the lack of rationality of managers and shareholders when making acquisitions. Management bias in decision-making have widely been documented, detailed and confirmed.

According to Martynova & Renneboog (2005), takeovers towards the end of each acquisition wave are usually driven by non-rational, frequently self-interested managerial decision-making.

Lovallo, Viguerie, Uhlaner, and Horn (2007) have established a list of the various biases which affect management decision when making acquisitions. They list confirmation bias, overconfidence, underestimation of cultural differences, planning fallacy and conflict of interest in the preliminary due diligence phase. They also deem that acquirers are struck by winner's curse in the bidding phase. Also, according to their study, decision-making was affected by anchoring and sunk cost fallacy in the final phase (see Appendix A).

Malmendier and Tate (2008) demonstrate a relation between CEOs' personal over-investment in their company and their press portrayal, as proxy for their overconfidence, and acquisition success.

Harford, Humphery-Jenner, and Powell (2012) show that entrenched managers destroy value in avoiding private targets, which have been shown to be generally associated with value creation. Also, when they do buy private targets or public targets with blockholders, they tend

not to use all-equity offers, which has the effect of avoiding the transfer of a valuable blockholder to the bidder. Entrenched managers overpay and also select low-synergy targets in the first place.

At the same time, researchers who have investigated M&A as a process have explained that managers can improve their M&A performance in improving their M&A process, that is to say to invest more time and money as well as to improve efficiency to solve problems linked to imperfect information.

Haspeslagh & Jemison (1987) asserted that a variety of recurring patterns offers clues to the disappointing results. They noted that managers were trying to capture rather than create value.

Lovallo, Viguerie, Uhlaner, and Horn (2007) have more recently published a structured list of prescriptions to address main biases which affect management-decision making at every step of an acquisition.

Whether driven by overconfidence or selfishness, management behavior can be assumed not to be forever set in stone. Research has indeed shown that management behavior can change upon pressure or incentives.

As explained by Jensen (1986), corporate managers are subject to many pressures to act in the interest of shareholders. This includes monitoring by the board of directors (Fama & Jensen, 1983), managerial labor market (Fama 1980), product market competition (Hart, 1983), and threat of a takeover (Jensen & Ruback, 1983 or Scharfstein, 1988). Schleifer & Vishny (1988) recommend to implement incentives to improve the acquisition process.

Healey, Palepu & Ruback (1992) have demonstrated that when managers have more at stake, more value is created in mergers & acquisitions.

Kaplan (1989), Muscarella & Vetsuypens (1990), Smith (1990), Opler (1992), and Andrade & Kaplan (1998) have shown that LBOs, operations in which management is usually involved in shareholding, create value for buyers.

From our analysis of the literature related to mergers & acquisitions, it sounds reasonable to assume that M&A performance is impacted by management behavior, negatively because of overconfidence or selfishness, or positively thanks to external pressure that would push them to adopt a better acquisition process. Testing the impact of a better acquisition process is not easy since it requires an access to a lot of non-public information. However, it is possible to

test the assumed positive impact of an increased external pressure on managers making acquisitions on an improved M&A performance.

In parallel, accounting regulations have been proven to have impacts on the way managers perform their acquisitions. It is for instance interesting to note that in the US, prior to the issue of FASB 141 'Business Combinations', acquiring firms could avoid recognizing and amortizing purchased goodwill by structuring the acquisition to qualify as a pooling transaction, which led to no impact on future earnings. Acquisitions which did not qualify for pooling needed to be accounted for using purchase method with goodwill amortized over a maximum life of 40 years, deducted over future earnings.

Several studies showed that management were prone to prefer pooling over purchase as it allows them to avoid the systematic amortization of goodwill required under the purchase method. Bugeja & Loyueng (2011) remind the findings of Robinson & Shane (1990), Aboody, Kasznik & Williams (2000) and Ayers, Lefanowicz & Robinson (2002): while pooling-of-interest allowed managers to avoid goodwill amortization and therefore to publish higher post-acquisition earnings, acquisitions are more likely to be accounted for using the pooling-of-interest method when the target firm has a higher amount of underlying goodwill which would result in material goodwill amortization charges if accounted for as a purchase. Aboody, Kasznik and Williams (2000) had even found that firms were more frequently using the pooling-of-interest method if the CEO of the acquirer has an earnings-based compensation scheme in place. It has also been documented that takeover premiums are higher in acquisitions accounted for using the pooling method (Robinson and Shane, 1990; Ayers, Lefanowicz and Robinson, 2002).

In a context where information can be seen as imperfect, it is interesting to note that the new regulations implemented between 2004 and 2008 have been proven to lead to an improvement of the quality of the information received by shareholders, including on the visibility of management performance. Indeed, a study of goodwill write-off announcements by French companies over the period 2000-2004 made by Feuilloley & Sentis (2007) showed that goodwill depreciation had a negative impact on firm values, confirming the economic impact of this accounting practice. Based on a study targeting 120 companies listed in France, Boulerne & Sahut (2010) conclude to a higher relevance of financial information conveyed by accounting when following IFRS 3: Empirical tests on goodwill lead to a substantial contribution of these intangibles to shareholder value and value of this contribution is better embedded in stock prices. Li, Shroff, Venkataraman & Zhang (2011) suggest that investors and financial investors reacted to goodwill impairment: downwards expectations on

announcement, with a revision related to the magnitude of the loss. Olante (2010) found that requirements for annual impairment test improved the timeliness of recognizing goodwill impairment losses and that the cause of impairment was overpayment rather than subsequent occurrence of events leading to a performance deterioration of the reporting unit.

It is also interesting to note that practitioners also anticipated a positive impact of new accounting rules over M&A practices and outcomes (see Appendix B).

As a first conclusion to our review of research and practitioners' views, it is reasonable to consider that the change in the accounting regulations between 2004 and 2008, assumed to put more pressure on managers and to improve the quality of the information provided to investors, could lead to an increased M&A performance since managers would tend to implement good practices in terms of acquisition process.

However, without any specific focus on mergers & acquisitions, a few recent studies have expressed doubts about the impacts of the changes on managerial practices. The general idea is that the new accounting rules leave managers with significant discretion as far as goodwill impairment is concerned. As a result, we may assume that the discretion left may lighten or even cancel the pressure which was assumed to push management to adopt better practices leading to increased M&A performance.

Li & Sloan (2015) estimated for instance that new standards resulted in relatively inflated goodwill balances and untimely impairments, not necessarily fully anticipated by investors and that managers exploited the discretion afforded by SFAS 142, equivalent in the US of IFRS 36, to delay goodwill impairments, causing earnings and stock prices to be temporarily inflated.

Muller, Neamtiu & Riedl (2010) deem that long-term information asymmetries between managers and market participants can exist regarding declines in the value of recognized goodwill. They remind findings showing that managers bias the timing of asset impairments in general (e.g., Alciatore et al. 2000; Riedl 2004), and of goodwill impairments in particular (e.g., Francis et al. 1996; Gu and Lev 2011; Li et al. 2011). They explain that because impairments of goodwill are only recognized when the entire reporting unit is impaired, a considerable cushion to recording a goodwill impairment loss can exist if the fair value of the other assets in the unit exceeds their carrying value. In addition, the test requires estimates of fair values for both the reporting units and for specific assets and liabilities, often in the absence of verifiable market prices.

Ramanna and Watts (2012) note that the new standards generated considerable controversy, owing to its reliance on subjective fair value estimates for mandatory annual goodwill impairment testing.

In order to apprehend the true impact of the changes in M&A regulations on M&A performance, we have to take into consideration the different findings in the area. A significant number of other factors that may have an impact over M&A performance have indeed been identified. They include: Method of payment (Loughran & Vjih, 1997 ; Rau & Vermaelen, 1998), diversification (Berger & Ofek, 1995 ; DeLong, 2001 ; Martynova & Renneboog, 2006), market conditions (Lubatkin & O'Neill, 1987 ; Lubatkin & Chatterjee, 1991), size of the transaction (Moeller et al, 2004) and target listing status, that is to say privately-held or publicly-held (Shojai, 2009). From Bruner (2002) and Martynova & Renneboog (2011), we also know that acquisition returns can differ by country.

More recently, Harford, Humphery-Jenner, and Powell (2012), while simulating M&A performance according to CEO's level of entrenchment, list a set of variables, including industry sector, cross-border, size of the target and relative size of acquirer vs. target, as having a possible impact.

Acquisition experience is another factor that has been more recently explored, with controversial results. While Aktas, De Bodt & Roll (2009, 2011) remind that empirical research has shown that, from deal to deal, serial acquirers' cumulative abnormal returns (CAR) are declining, not a lot of research has focused on the performance of more acquisitive firms vs. less acquisitive firms. Billett & Qian (2008) show that first deals performed by CEO's exhibit zero announcement effects while their subsequent deals exhibit negative announcement effects, a result which is consistent with a self-attribution bias leading to overconfidence. Kim, Haleblan & Finkelstein (2011) show that firms may be more prone to acquisition making and overpaying their acquisitions when their organic growth is low and when a firm becomes dependent on acquisitions for continuing growth, it is vulnerable to overpaying, with limited benefit coming from their acquisition experience to prevent them overpaying for their targets. In a paper entitled "Will multiple acquirers ever learn? The US Evidence from Single versus Multiple Acquirers", Ismail (2006) explains that his study of a large sample of 16,221 US takeovers between 1985 and 2004 shows that single acquirers outperform multiple acquirers by 1.66%

3.2. Development of Hypothesis

Following researchers and practitioners, we assume that limited success in mergers & acquisitions is mainly related to management issues. We take no position on whether management take advantage of their decision-making power to capture personal benefits or management are overconfident in making acquisitions since the two options lead to the same result: lack of or bad usage of the tools required to perform well in external development.

Change in accounting regulations related to the mergers & acquisitions are assumed in our study to form an external shock over management practices: As a result of the new norms, which should lead to more largely-publicized and more readable lack of success in mergers & acquisitions, managers should be more pressured to make efforts to improve their performance in mergers & acquisitions, for instance in following the various prescriptions related to the improvement of their acquisition process.

As a business intuition, we specifically assume that the obligation for management to prepare and to keep an acquisition business plan, which will be used in the years following the transaction by auditors and investors to review transaction performance in order to assess goodwill, should form the main source of pressure on management.

We therefore assume that M&A performance has increased following the application of the accounting rules published in 2004 and of the ones published in 2008. Indeed, change in regulations should put more pressure on management when doing M&A and since, according to acquisition process school, there are tools that are available to improve it, M&A performance should improve when management is more pressured.

The idea that the change in regulations should have an impact is supported by two observations. First, while accounting regulations have traditionally had an impact over the way managements perform their acquisitions, new regulations have been assumed to improve the quality of the information received by shareholders, including on the visibility of management performance. In other terms, new regulations are expected to reduce asymmetric information between shareholders and management. Second, the idea that M&A performance should improve when management is more pressured is backed-up by the observation that lack of success in mergers & acquisitions is widely related to management-related issues. Therefore, management have the possibility to improve their performance through a better acquisition process: Their behavior can change upon pressure or incentives.

From the discussion above, we can therefore formulate our hypothesis:

H1: The implementation of IFRS 3 in 2004 has had a positive impact on M&A performance in France

4. Sample, Data & Methodology

4.1. Sample

The study is mainly performed on the acquisitions made by French companies, in France or abroad, between 1995 and 2013. We also use the acquisitions made by US companies, in the US or abroad, over the same period of time. Length of the period enables to capture different timings of the economic cycles but also to get a material number of observations before and after the changes in accounting regulations.

While EU regulation 1606/2002 which made application of IFRS mandatory from 2005 for all listed companies in the European Union, our study is limited to France. As explained by Jeanjean & Stolowy (2008), countries had different time tables to adopt new accounting rules. Also, countries are regulated by different traditions, eg continental code law for France and common law for the UK, with Germany or Sweden in the middle of the two traditions, as early shown by La Porta, Lopes-de-Silanes, Schleifer, & Vishny (1998) or thereafter by Nobes & Parker (2006), which can have an impact at country-level acquisition performance.

The total sample is composed of the acquisitions made, by a French or a US company or one of their subsidiaries, which was listed at the time of the acquisition.

As it is the case in the studies related to mergers & acquisitions, we have excluded acquisitions made by companies involved in real estate and finance and only retained acquisitions of a significant size, where target enterprise value was higher than 100M€.

Transactions taken into consideration include any purchase of shares which led the acquirer to hold more than 50% of the target's share capital, announced between January 1st, 1995 and December 31st 2013, and completed.

4.2. Data

As far as French acquirers are concerned, 683 qualified transactions, performed by French acquirers over 1995-2013, valued at 978Bn\$ have been extracted from Thomson One Banker. Out of these transactions, 20 had a transaction value over 10Mds€, representing an aggregate value of 475Mds€, that is to say 49% of the total value of the transactions performed. We can also note that 154 transactions had a transaction value over 1Md€, representing an aggregate value of 808Mds€, that is to say 83% of the total value of the transactions performed.

[INSERT FIGURE 1]

Acquisitions have been performed by 191 acquirers, with 434 acquisitions made by 43 acquirers - most of them part of the CAC Index, which have closed 5 transactions and more over 1995-2013.

[INSERT FIGURE 2]

In order to be able to analyze the impact of acquisitions on stock price, we have excluded the transactions related to acquirers for which there was limited stock return information, ie not enough to compute expected returns from past data. This has led to the exclusion of 47 transactions, leaving a total of 636. With a similar approach, we qualify 9269 transactions performed by US acquirers. As a result, our total sample includes 9865 qualified transactions.

Market conditions are measured as the annual return of the CAC40 stock index in France and as the S&P500 stock index in the US. They include 15 positive years and 4 negative years between 1995 and 2013, in the US and in France. Annual average daily market returns spread between -0.11% and +0.08% in the US and between -0.17% and +0.12% in France.

[INSERT FIGURE 3]

In terms of method of payment, out of the 5256 transactions for which the consideration structure is known, 3682 were paid in cash while 1574 were paid in shares. Consideration structure is hybrid or data is not available or for the remaining 4609 transactions.

As far as relatedness, measured as a similar 4-digit Target Primary SIC Code for acquirer and target, is concerned, we can note that 3503 acquisitions, that is say 35% of all acquisitions, concern targets which are related to their acquirers, and 6362 acquisitions, that is to say 65% all acquisitions, concern targets which are unrelated to their acquirers.

3167 transactions reviewed were related to listed targets, that is to say 32% of the total, and 6698 to not listed targets, including subsidiaries of listed companies, private companies or government-owned entities, that is to say 68% of the total.

Target nations include: The United States (7892), Germany (367), France (273), The United Kingdom (166), and other nations (1167). 65.6% of the acquisitions made French acquirers have been made in France, Germany, The United States or The United Kingdom.

Targets' industry sectors are broken down as follows: CPS (590), Energy (1266), Healthcare (742), High Tech (627), Industry (902), Materials (1726), Media (992), Retail (320), Staples (427), and Telecom (454).

41% of the transactions have been made by serial acquirers, defined as companies that have made 5 acquisitions or more over 1995-2013.

In terms of timing, 5130 acquisitions have been performed before March 31st 2004, out of which 315 acquisitions by French acquirers, and 4735 after, out of which 321 by French acquirers.

Average transaction size, measured by the log of the transaction value, is of 2.56 in the US and of 2.57 in France.

[INSERT TABLE 1]

4.3. Methodology

We define acquisition success as the increase of shareholder value when the acquisition is made and use the short-horizon event study methodology of Brown & Warner (1985) to examine the relative success of acquisitions before and after the change of accounting regulations.

Performance is estimated using the value-weighted market model and daily stock returns from Datastream. The estimation period for the market model begins on day $t = -200$ and ends on day $t = -30$. Day zero is considered the announcement day if a trading day or the first trading day after announcement if not a trading day.

Measured as predicted by deviations from the market model estimate being calculated during the event window on days $t = -5$ to $t = +5$, abnormal returns are cumulated by acquisition and averaged over all acquisitions. Variable is labelled CAR(5).

Standardized test statistics are used to determine whether the mean abnormal return is significantly different from zero.

In order to assess the impact on acquisition success of changes in accounting rules, we measure and compare cumulative abnormal returns before and after the change in regulations.

As a clear cut-off to classify acquisitions made before and after the adoption of new accounting rules, we use the date of their publishing as a proxy, that is to say March 31st, 2004.

A significant number of other factors have previously been found as having a potential impact on acquisition performance. They include method of payment (Loughran & Vijh, 1997 ; Rau & Vermaelen, 1998), diversification (Berger & Ofek, 1995 ; DeLong, 2001 ; Martynova

& Renneboog, 2006), market conditions (Lubatkin & O'Neill, 1987 ; Lubatkin & Chatterjee, 1991), and target listing status, that is to say privately- or publicly-held (Shojai, 2009). From Bruner (2002) and Martynova & Renneboog (2011), we also know that acquisition returns differ by country.

In a recent study, Harford, Humphery-Jenner, and Powell (2012), while simulating M&A performance according to CEO's level of entrenchment, list a set of variables, including industry sector, cross-border, size of the target and relative size of acquirer vs. target, as having a possible impact.

In order to properly assess the impact of the change in accounting rules, we therefore need to control for all of those factors.

Also, alerted by Billett & Qian (2008) who have shown that first deals performed by CEO's exhibit zero announcement effects while their subsequent deals exhibit negative announcement effects, a result which is consistent with a self-attribution bias leading to overconfidence, we put a focus on reviewing in details the impact of the relative concentration of the M&A activity and on the analysis of the impact of a higher level of M&A activity on M&A performance. Laamanen & Keil (2008) observe that serial acquirers tend to get negative results on a 2-3 year period of time but better results on a 10-13 year period of time.

Besides usual control variables traditionally used in the study of M&A performance, we have therefore used an additional variable, to control for the serial nature of acquirers, measured by number of acquisitions made by acquirer over 1995-2013. We define BIGACQUIROR as an acquirer who has made 6 or more acquisitions between 1995 and 2013 and OTHERACQUIROR as an acquirer who has made 5 or less acquisitions between 1995 and 2013.

[INSERT FIGURE 3]

At the end, we build an ordinary least square regression of abnormal returns, CAR(5), against:

- Dummy independent variables, AFTNORMS2004 (1 if acquisition was performed before Apr 1st 2004 or 0 if performed on or after)
- Quantitative control variables, MARKETCONDITIONS (market return during calendar year of acquisition, calculated as the cumulated daily market returns) and SIZE (log of transaction value)

- Dummy controlled variables, RELATEDNESS (1 if target and acquirer have the same 4-digit SIC code or 0), BIGACQUIROR (1 if acquirer has made 6 or more acquisitions during period 1995-2013), PAYMENT_SHARES (1 if transaction paid in cash or 0), PUBLIC_TARGET (1 if target is listed target or 0), FRANCE (1 if target is from France or 0), GERMANY (1 if target is from Germany or 0), UNITED_KINGDOM (1 if target is from The United Kingdom or 0) and UNITED_KINGDOM (1 if target is from The United Kingdom or 0).

The equation stands as follows: $CAR(5) = \beta_1 * AFTNORMS2004 + \beta_2 * MARKETCONDITIONS + \beta_3 * SIZE + \beta_4 * BIGACQUIROR + \beta_5 * PAYMENT_SHARES + \beta_6 * PUBLIC_TARGET + \beta_7 * RELATEDNESS + \beta_8 * FRANCE + \beta_9 * GERMANY + \beta_{10} * THE_UNITED_KINGDOM + \beta_{11} * THE_UNITED_STATES + \alpha + \epsilon$.

We also use to control for possible fixed effects the following dummy variables: TARGETSECTOR $_i$ (1 if target is of TF macro code sector $_i$ or 0, with industry sectors including CPS – Consumer Products, ENERGY - Energy, HEALTH – Healthcare, HT – High Tech, IND – Industrials, MATERLS – Building Materials, MEDIA – Media & Publishing, RETAIL – Retail, STAPLES – Staples and TELECOM - Telecom) and YEAR $_j$ (1 if acquisition was performed during year $_j$ or 0, with year $_j$ being 1995 to 2013).

To make sure that the results are not influenced by possible anticipations or delays in the implementation of the new norms, we also test NORMS<2003 (=1 if acquisition was performed before Dec 31st 2002 or 0 if performed after) as a dummy independent variable.

The equation stands as follows: $CAR(5) = \beta_1 * AFTNORMS2003 + \beta_2 * MARKETCONDITIONS + \beta_3 * SIZE + \beta_4 * BIGACQUIROR + \beta_5 * PAYMENT_SHARES + \beta_6 * PUBLIC_TARGET + \beta_7 * RELATEDNESS + \beta_8 * FRANCE + \beta_9 * GERMANY + \beta_{10} * THE_UNITED_KINGDOM + \beta_{11} * THE_UNITED_STATES + \alpha + \epsilon$.

In order to address current critics regarding traditional methods used in assessing M&A performance, we develop after from our computations of abnormal returns generated by French acquirers a “difference-in-difference” approach, following Ashenfelter and Card (1985). In this approach, the average cumulated abnormal return generated in the USA before and after the change in regulations in 2004 is subtracted from the average cumulated abnormal return generated in France before and after the change in regulations of 2004. This enables to remove possible biases in the comparison between abnormal returns generated in France before at after the change in regulations in 2004.

We therefore compute abnormal returns generated by M&A transactions in the USA over 1995-2013. We first check that change in regulations did not have any impact on M&A performance in comparing abnormal returns before and after the change in regulations, using the same procedure as for France.

We build an ordinary least square regression of abnormal returns (CAR(5)) against dummy independent variables, FRA (1 if acquisition was performed by a French company or 0 if not, in that case performed then by a French company), AFT (1 if acquisition was performed after March 31st 2004 and 0 if not) and FRA_AFT (1 if acquisition was performed after March 31st 2004 and by a French acquirer and 0 if not).

The equation stands then as follows: $CAR(5) = \beta_1 * FRA_AFT + \beta_2 * FRA + \beta_3 * AFT + \beta_4 * MARKETCONDITIONS + \beta_5 * SIZE + \beta_6 * BIGACQUIROR + \beta_7 * PAYMENT_SHARES + \beta_8 * PUBLIC_TARGET + \beta_9 * RELATEDNESS + \beta_{10} * FRANCE + \beta_{11} * GERMANY + \beta_{12} * THE_UNITED_KINGDOM + \beta_{13} * THE_UNITED_STATES + \alpha + \epsilon$.

We also test CROSSBORDER (1 if target and acquirer were of different countries and 0 if not) as a control variable test in place of FRANCE, GERMANY, THE_UNITED_KINGDOM, and THE_UNITED_STATES.

The equation stands then as follows: $CAR(5) = \beta_1 * FRA_AFT + \beta_2 * FRA + \beta_3 * AFT + \beta_4 * MARKETCONDITIONS + \beta_5 * SIZE + \beta_6 * BIGACQUIROR + \beta_7 * PAYMENT_SHARES + \beta_8 * PUBLIC_TARGET + \beta_9 * RELATEDNESS + \beta_{10} * CROSSBORDER + \alpha + \epsilon$.

5. Results

5.1 Acquisition performance in France between 1995 and 2013

Average return from the 636 acquisitions studied is of +1.1226%, statistically significantly different from 0, with a median value of +0.4885% and a standard deviation of 7.8665%, a maximum value of 46.1741% and a minimum value of -27.6357%, with 341 transactions generating a positive CAR, 13 a strict null and 282 a negative CAR.

Our first observation is coherent with former research: Acquisitions lead to a slight value creation for acquirers in Europe. Also, with 341 value-creating transactions that have led to an average abnormal return of +6.21% and 282 value-destroying transactions that have led to an average abnormal return of -4.87%, M&A cannot be told to massively destroy value.

[INSERT FIGURE 4]

Without any control, difference between average CAR before the change in regulations and after the change in regulations appears negligible: While it is of 1.1226% over the total period, it was 1.1190% before Avril 1st 2004 and 1.1261% after.

As far as payment method is concerned, paid-in-stock met with lower abnormal returns than paid-in-cash: -1.8167% vs +1.0514%. With $t=-2.08$ for PAYMENT_SHARES, result is significant and in line with former research.

Transactions on listed targets evidence a -0.2416% performance, as expected below performance of transactions on targets which are not listed, which stands at 2.0181%. With a $t=-2.50$ for PUBLIC_TARGET, result is significant and in line with former research.

When targets are related to acquirers, acquisition performance reach +1.7991% performance, above unrelated which stand at +0.8279%. Result is in line with former research but, with $t=1.11$ for RELATEDNESS, not significant. It should be noted that the measure for relatedness (4-digit SIC code) used in our study may be too rudimentary.

As far as target nations are concerned, performance varies a lot: +1.2317% for FRANCE, +3.6722% for GERMANY, +2.6475% for THE_UNITED_KINGDOM, +1.2730% for THE_UNITED_STATES, and +0.1458% for Other Nation. With $t=1.71$ and $t=1.93$, there is some significance for GERMANY and for OTHER_NATION.

Performance for serial acquirers is of 0.0215%, below average of 1.1226%, while performance stands at +1.7489% for other acquirers. With $t=2.69$ for BIGACQUIROR, result is statistically significant.

Target industry sectors have a diversified impact on performance: +2.3307% in CPS, +0.2814% in Energy, -0.0190% in Healthcare, +2.7025% in High Tech, +0.9001% in Industrials, +1.7585% in Materials, +1.1212% in Media, +1.3202% in Retail, +0.3927% in Staples, and -0.6370% in Telecoms. Results are however not statistically significant.

[INSERT TABLE 2]

Detailing our analysis of the performance of the more repetitive French acquirers at an individual level confirms that those produce a significantly lower CAR than more occasional acquirers.

French companies which have acquired 10 or more companies over 1995-2013 have produced an average CAR of 0.0399% while acquirers who have acquired less than 10 companies have produced an average CAR of +2.4299%

French acquirers who have 6 and more companies have produced an average CAR of +0.9170% while acquirers who have acquired 5 and less companies have produced an average CAR of +2.6224%

[INSERT FIGURE 5]

These results provide some comfort to the conclusions of Billett & Qian (2008) and are in line with Ismail (2006) who found that single acquirers outperform multiple acquirers by 1.66%

5.2. Impact of changes in accounting rules on acquisition success in France

As a first step of our analysis, we compare abnormal returns generated by acquisitions, before and after the changes in accounting regulations in 2004, controlling for all the factors deemed to have an impact on M&A performance and simulating possible year-fixed and industry-fixed effects.

In the most positive scenario, taking into account at the same time year-fixed effects and industry-fixed effects, with a t of 0.98 for AFTNORMS2004, the studied change in regulatory environment cannot be deemed to have had an impact over M&A performance.

[INSERT TABLE 3]

Acknowledging that the date of adoption may have been anticipated, we test an alternative scenario, using Dec 31st, 2002 and Dec 31st 2009 as cut-off dates. Analysis

performed to control for possible anticipations with AFTNORMS2002 (1 if acquisition was performed before Jan 1st 2003 or 0 if performed after) show no different results.

While average returns are concentrated around 0, only 4 transactions generated a CAR outside $[-30\%; +30\%]$, 21 transactions generated a CAR outside $[-20\%; +20\%]$ and 120 transactions generated a CAR outside $[-10\%; +10\%]$. In a second step of the analysis, we have defined as outlying data, transactions which generated a CAR outside $[-20\%; +20\%]$.

As an example of one of those transactions, the review of acquisition of Casino Guichard Perrachon by Rallye, with a CAR of +46.17% may indicate that extraordinary returns generated by those acquisitions took place in very specific conditions.

This acquisition was undertaken in a context where Casino Guichard Perrachon, with Rallye holding a 28% shareholder, had been the target of a hostile take-over by competitor Promodès in 1997.

After months of intense battling, Rallye succeeded to increase its share of equity capital from 35.03% to 63.83% with the help of family shareholders, management, labor unions and employees.

A major turn in favor of Rallye came up when the Court of Paris authorized Rallye to exercise options which enabled them to hold 40% of the share capital, without having to match Promodes' offer price. Today, Rallye still controls 48.61% of the share capital but 60.73 % of Casino's voting rights.

As a result of this observation, the 21 transactions which have generated a CAR outside $[-20\%; +20\%]$ have been excluded from the detailed analysis, resulting in a dataset of 615 acquisitions to explore the impact of changes in accounting rules on acquisition success.

The analysis performed on the dataset of 615 acquisitions, excluding outlying data, shows no different results, using the variables AFTNORMS2004 or AFTNORMS2002.

As an additional alternative scenario, we compute abnormal returns on a different event window, from day $t=-2$ to $t=+2$, instead of from day $t=-5$ to $t=+5$. Regression analysis performed with variable CAR(2) instead of variable CAR(5) show no different result.

In addition to cumulative abnormal returns (CAR), we also use as an alternative buy-and-hold returns (BHAR), derived from Barber & Lyon (1997) to estimate the increase in shareholder value. The use of variables BHAR(5) and BHAR(2) instead of CAR(5) and CAR(2) has no impact on our conclusions.

Our second step of analysis focuses on abnormal returns generated by US acquirers over 1995-2013, we find that CAR(5) is 0, as earlier concluded by Bruner (2002) in his compilation of the multiple studies that have been made regarding M&A performance in the USA.

We first check that M&A performance is affected by the same factors in France and in the USA. We find that similar to France, market conditions in the USA have a positive impact on performance, while repetitive acquirers and public target have a negative impact. To the contrary to France, payment in shares seems to impact performance positively and relatedness (measured as the 4-digit SIC micro code) negatively.

We find comparable results in taking off target industry sectors and target nations, which have all no impact on M&A performance, and putting in cross border vs domestic transaction. Results show little difference except that the only remaining significantly impactful variables are that the acquisition is made by a repetitive acquirer and that the target is public.

The computation of abnormal returns after and before April 1st, 2004 in the USA changed marginally, which seems to be conformed to our assumption of the USA as being a relevant control group.

[INSERT TABLE 4]

With t varying from 0.55 to 0.79 in the 4 scenarios tested, including or excluding year-fixed effects or industry-fixed effects, the regression analysis performed confirms that the change in accounting regulations which took place in France in 2004 did not have any significant impact on the value created by French acquirers. In addition, we note that a transaction performed by a French acquirer creates more value than an acquisition made by a US acquirer ($t > 7$).

[INSERT TABLE 5]

6. Conclusions

Analysis performed show that to the contrary of what had been expected, acquisition performance has not improved in France following the change in accounting rules related to mergers & acquisitions in 2004 and in 2008.

Our results suggest considerable managerial discretion in implementing the test, a concern commonly expressed in the practitioner literature (e.g., Hlousek 2002), as well as with most recent research. Li & Sloan (2012) early estimated for instance that new standard resulted in relatively inflated goodwill balances and untimely impairments, not necessarily fully anticipated by investors and that managers exploited the discretion afforded by SFAS 142, equivalent in the US of IFRS 36, to delay goodwill impairments, causing earnings and stock prices to be temporarily inflated.

Muller, Neamtiu & Riedl (2010) deem that long-term information asymmetries between managers and market participants can exist regarding declines in the value of recognized goodwill. They remind earlier findings showing that managers bias the timing of asset impairments in general (e.g., Alciatore et al. 2000; Riedl 2004), and of goodwill impairments in particular (e.g., Francis et al. 1996; Gu and Lev 2011; Li et al. 2011). They explain that because impairments of goodwill are only recognized when the entire reporting unit is impaired, a considerable cushion to recording a goodwill impairment loss can exist if the fair value of the other assets in the unit exceeds their carrying value. In addition, the test requires estimates of fair values for both the reporting units and for specific assets and liabilities, often in the absence of verifiable market prices.

Ramanna and Watts (2009, 2012) note that the new standards generated considerable controversy, owing to its reliance on subjective fair value estimates for mandatory annual goodwill impairment testing.

Indeed, goodwill assessment is performed through the review of the acquisition business plan, a task which is performed by management, which can be assumed to be more business-knowledgeable than investors, analysts or auditors. It is not difficult to think that management can easily sustain for some time that short-term post-acquisition results which are less good than expected are a not a sign of a bad acquisition but of a different phasing of marketing conditions or synergy implementation, for instance.

Our conclusion complements the significant amount of recent research which has formally assessed the impact of accounting rules on management practices and corporate value. While research had investigated the impact of a similar evolution of accounting rules

which took place in the US in June 2001, with SFAS 141 and SFAS 142, the topic of performance in mergers & acquisitions has been left largely unexplored.

Leveraging the concept of serial acquirers that has been investigated in the US and found source of significant controversy over the impact of experience in making acquisitions or of having a program of acquisitions, we find that serial acquirers, defined as having made at least 6 acquisitions over 1995-2013, perform significantly below their peers.

We remind that Aktas, De Bodt & Roll (2009) confirm the existence for serial acquirers of a negative performance and a declining trend in CARs on average but posit that this trend is not necessarily due to hubris. They also provide with a theoretical framework according to which CEOs that are likely to be affected by hubris enjoy experience effects. For further research, such a framework could be tested on the data we have gathered.

Finally, we uncover an original and valuable finding which is that some individual acquirers significantly perform below their peers when making acquisitions. In a context where M&A researchers are doubting about the value and the relevance of traditional methods, it opens the door to the building of a better understanding through different approaches such as case studies or surveys.

Overall, our study provides with a key contribution to the understanding of the impact of accounting norms but also comes to reinforce concerns that management plays a key role in mergers & acquisitions' lack of success.

It is interesting to note that the impact of an improved acquisition process on acquisition performance, a key hypothesis in our model, has never been fully demonstrated.

It raises a key question for research: How to deal with management discretion in acquisition-making decisions? The fact that accounting rules do not seem to provide with an answer to the question calls for a better understanding on the impact of corporate governance on performance in mergers & acquisitions to address the question: what can be done to improve acquisition performance?

Appendix A – Acquisition process steps, bias and debiasing prescriptions

Lovullo, Viguerie, Uhlaner, and Horn (2007)

Process step	Bias	Debiasing prescriptions
Preliminary due diligence Estimate stand-alone enhancement, revenue synergies, and cost synergies; decide how much to bid; estimate the time, money, and other resources needed for integration.	Confirmation bias	Seek out disconfirming evidence.
	Overconfidence	Use a reference class of comparable prior deals to estimate synergies.
	Underestimation of cultural differences	Do human due diligence.
	Planning fallacy	Use reference-class forecasting to estimate the time and money needed for integration. Establish and update best practices.
	Conflict of interest	Seek advice from objective experts.
Bidding phase Submit bids until the seller agrees on a price.	Winner's curse	Set a limit price and avoid bidding wars. Have a dedicated M&A function.
Final phase Obtain greater access to the target's books; determine final payment terms and closing details.	Anchoring	Seek the fresh eyes of independent analysts.
	Sunk cost fallacy	Have backup plans and alternative options.

Appendix B – Views from practitioners

- PwC (2003) : « *A n'en pas douter, la réussite à long terme d'une politique d'acquisition passera dorénavant par une plus grande transparence sur la valeur.* »
- Deloitte (2004): “*Purchase price allocations prepared after the closing date of transactions assist shareholders in appraising the intrinsic value of the acquisition and evaluate the merit of any strategic premium paid for the target.*”
- Deloitte (2004): “*It enables investors to understand any difference in what management has paid in an acquisition and what is reasonably expected from the risk-adjusted cash flow return from the target.*”
- PwC (2005): “*IFRS will have an impact on every aspect of the deal. From planning to execution, the acquisition process will need to become more rigorous.*”
- Ricol (2009): « *En raison des incidences majeures qu'elle entraîne sur les états financiers, la norme IFRS 3 incite les entreprises à expliciter de manière claire quels sont les impacts financiers de son application sur la situation financière et sur la rentabilité réelle des transactions réalisées.* »
- Duff & Phelps (2010): “*The annual review of goodwill and the indefinite lived intangible assets will be a more rigorous test of the subsequent value creation of a deal. If an acquisition has not been successful, impairments will occur more readily, highlighting to the market any value destroyed.*”
- D.Nicholson, (IFRS Shifts The M&A Climate, 2005): “*It should now be easier to see whether M&A has worked, as goodwill is tested every year and there is more transparency for shareholders and investors, potentially putting a brake on the amount of M&A going on, or at least adding to the burden on acquiring companies to do more due diligence. The managers of the buying company will need to understand the accounting implications of what they are buying, and communicate this effectively to the market. They will have to expect to receive more in-depth questioning over the reasons for a proposed deal, as far more detailed information will be publicly available*”

Figure 1 – Distribution of M&A transactions made by French acquirers over 1995-2013

Date Announced	Target Name	Value of Transaction		>10Mds\$	Cum mil \$	>1Mds\$	Cum mil \$
		(\$mil)	Cum \$mil				
02/25/2006	Suez SA	60 856	60 856	1	60 856	1	60 856
01/26/2004	Aventis SA	60 243	121 100	1	121 100	1	121 100
07/05/1999	Elf Aquitaine	50 070	171 170	1	171 170	1	171 170
05/30/2000	Orange PLC	45 967	217 137	1	217 137	1	217 137
06/20/2000	Seagram Co	40 428	257 565	1	257 565	1	257 565
05/17/1999	Hoechst AG	21 918	279 483	1	279 483	1	279 483
08/29/2010	Genzyme Coi	21 230	300 713	1	300 713	1	300 713
09/24/2008	British Energy	16 938	317 651	1	317 651	1	317 651
08/30/1999	Promodes	15 837	333 489	1	333 489	1	333 489
12/10/2007	OCI Cement	15 018	348 506	1	348 506	1	348 506
07/09/2007	Koninklijke Nl	15 017	363 523	1	363 523	1	363 523
04/05/2005	Allied Domec	14 118	377 642	1	377 642	1	377 642
08/09/2005	Electrabel SA	13 843	391 485	1	391 485	1	391 485
03/24/2006	Lucent Techn	13 591	405 076	1	405 076	1	405 076
03/29/2012	International I	12 856	417 932	1	417 932	1	417 932
06/20/2000	Canal+ SA	11 866	429 798	1	429 798	1	429 798
12/06/1999	Ernst & Youn	11 774	441 572	1	441 572	1	441 572
11/22/2010	SFR	11 320	452 892	1	452 892	1	452 892
12/02/1998	Synthelabo S	11 118	464 010	1	464 010	1	464 010
12/14/2001	USA Network	10 749	474 759	1	474 759	1	474 759
	Others	503 281	503 281	0	0	134	332 977
		978 040	978 040	20	474 759	154	807 737
		100%	100%	2,9%	48,5%	25,5%	82,6%

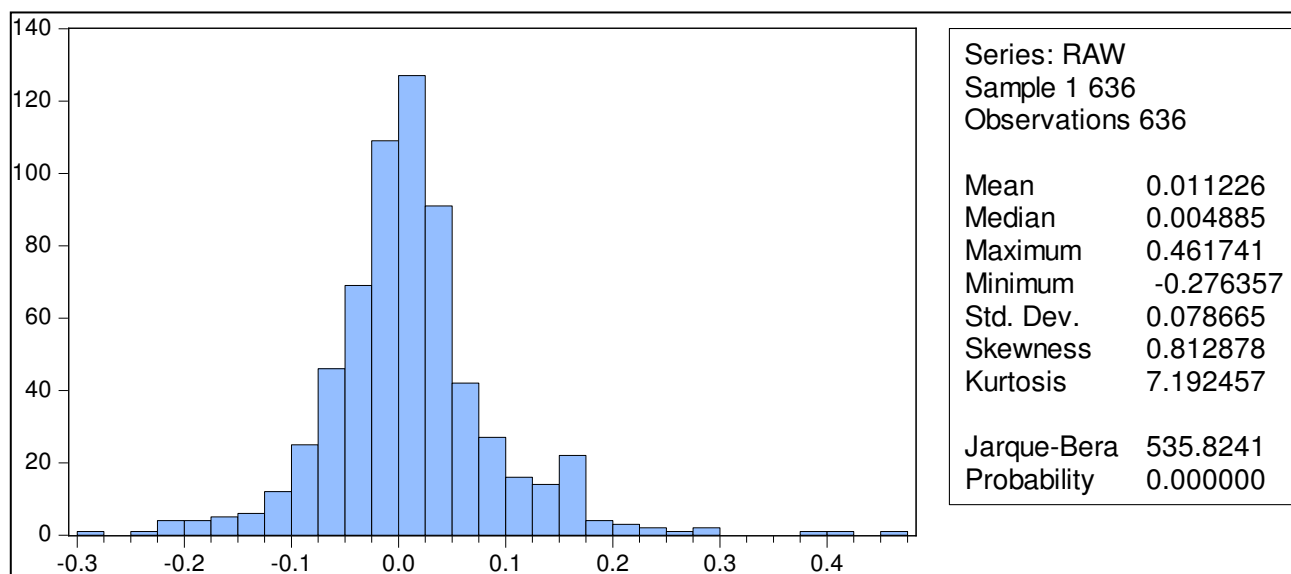
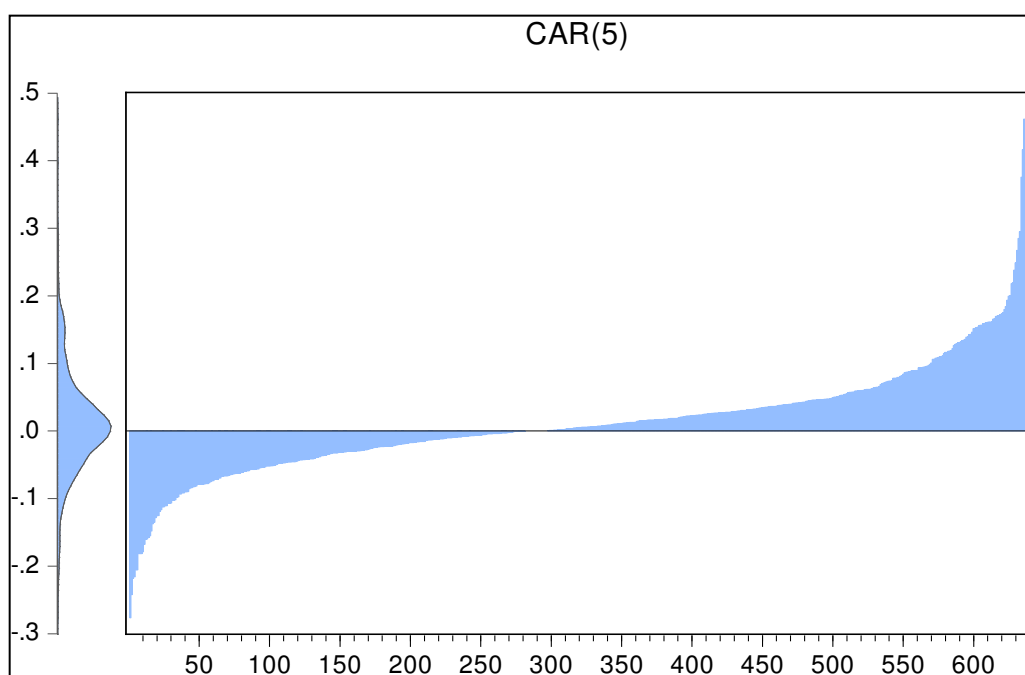
Figure 2 – Acquisition Profile of French Acquirers over 1995-2013

Company	#	% of #	Cum %	Total €	% of €	Cum €
VIVENDI	31	4,54%	4,54%	112 320	11,49%	11,49%
Schneider-Electric	25	3,66%	8,20%	27 752	2,84%	14,33%
France Telecom SA	20	2,93%	11,13%	82 330	8,42%	22,75%
Lafarge SA	20	2,93%	14,06%	34 368	3,52%	26,26%
TOTAL	20	2,93%	16,98%	67 205	6,87%	33,14%
LVMH	18	2,64%	19,62%	13 168	1,35%	34,48%
Alcatel SA	17	2,49%	22,11%	27 499	2,81%	37,30%
Cie de Saint-Gobain SA	17	2,49%	24,60%	15 988	1,64%	38,93%
Danone SA	17	2,49%	27,09%	20 842	2,13%	41,06%
SUEZ	16	2,34%	29,43%	31 860	3,26%	44,32%
Carrefour SA	12	1,76%	31,19%	25 060	2,56%	46,88%
VINCI SA	11	1,61%	32,80%	21 177	2,17%	49,05%
Casino	10	1,46%	34,26%	6 056	0,62%	49,67%
Accor SA	9	1,32%	35,58%	3 254	0,33%	50,00%
Air Liquide SA	9	1,32%	36,90%	5 787	0,59%	50,59%
Cap Gemini	9	1,32%	38,21%	15 844	1,62%	52,21%
EDF SA	9	1,32%	39,53%	24 009	2,46%	54,67%
Sanofi-Aventis SA	9	1,32%	40,85%	31 673	3,24%	57,91%
Veolia Environnement SA	9	1,32%	42,17%	5 223	0,53%	58,44%
Bouygues SA	8	1,17%	43,34%	4 617	0,47%	58,92%
PPR	8	1,17%	44,51%	6 896	0,71%	59,62%
Sodexo	8	1,17%	45,68%	4 501	0,46%	60,08%
Thomson SA	8	1,17%	46,85%	3 941	0,40%	60,48%
Eurazeo SA	7	1,02%	47,88%	6 545	0,67%	61,15%
GDF Suez	7	1,02%	48,90%	16 160	1,65%	62,81%
Publicis Groupe SA	7	1,02%	49,93%	8 209	0,84%	63,65%
WENDEL	7	1,02%	50,95%	3 817	0,39%	64,04%
Canal+ SA	6	0,88%	51,83%	6 004	0,61%	64,65%
Dassault Systemes SA	6	0,88%	52,71%	2 119	0,22%	64,87%
Fonciere des Murs SCA	6	0,88%	53,59%	2 215	0,23%	65,09%
Lagardere SCA	6	0,88%	54,47%	3 875	0,40%	65,49%
Safran SA	6	0,88%	55,34%	3 106	0,32%	65,81%
Thomson-CSF	6	0,88%	56,22%	4 730	0,48%	66,29%
Alstom SA	5	0,73%	56,95%	2 400	0,25%	66,54%
ATOS	5	0,73%	57,69%	5 478	0,56%	67,10%
Essilor International SA	5	0,73%	58,42%	1 717	0,18%	67,27%
HAVAS	5	0,73%	59,15%	4 364	0,45%	67,72%
Icade SA	5	0,73%	59,88%	1 136	0,12%	67,84%
Imerys SA	5	0,73%	60,61%	1 223	0,13%	67,96%
Pechiney SA	5	0,73%	61,35%	1 764	0,18%	68,14%
USINOR	5	0,73%	62,08%	7 111	0,73%	68,87%
Valeo SA	5	0,73%	62,81%	2 881	0,29%	69,16%
Zodiac Aerospace SA	5	0,73%	63,54%	1 622	0,17%	69,33%
Others	249	36,46%	100,00%	299 877	30,67%	100,00%
Total	683	100,00%	100,00%	977 721	100,00%	100,00%

Figure 3 – Cumulated average daily returns on French market 1995-2013 (SBF120)

Year	Return
1995	7.1%
1996	23.3%
1997	22.2%
1998	21.0%
1999	31.2%
2000	3.4%
2001	-28.7%
2002	-23.1%
2003	18.0%
2004	10.7%
2005	17.7%
2006	18.8%
2007	4.8%
2008	-45.8%
2009	20.6%
2010	-12.2%
2011	4.5%
2012	19.7%
2013	16.1%

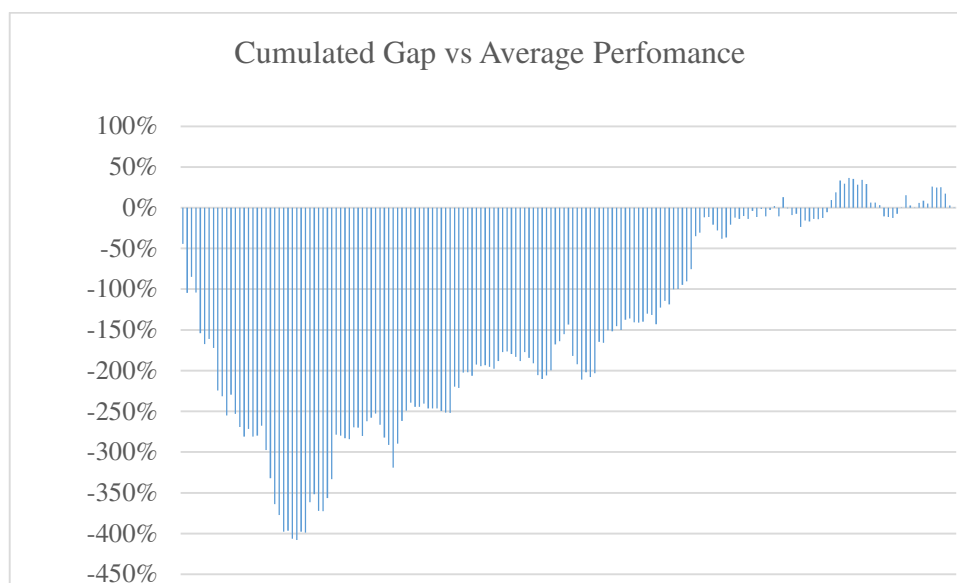
Figure 4 – Distribution of CARs (full sample – 636 observations France over 1995-2013)



Average CAR	Std Dev CAR	Positive CAR	Null CAR	Negative CAR	Total CAR
1,1226%	7,8603%	341	13	282	636

Figure 5 – Impact of large acquirers on M&A performance

Name	#	avg CAR	Cum Car	Theo Cum Car	Gap	Cum Gap	Segment 1	Segment 2
VIVENDI	29	-0,4047%	-11,7369%	32,5556%	-44,2925%	-44,2925%	SerialAcquiror	BigAcquiror
Schneider-Electric	24	-1,3826%	-33,1819%	26,9426%	-60,1245%	-104,4169%	SerialAcquiror	BigAcquiror
Lafarge SA	20	2,1007%	42,0134%	22,4521%	19,5612%	-84,8557%	SerialAcquiror	BigAcquiror
TOTAL	20	0,1509%	3,0177%	22,4521%	-19,4344%	-104,2901%	SerialAcquiror	BigAcquiror
Cie de Saint-Gobain SA	17	-1,8026%	-30,6443%	19,0843%	-49,7287%	-154,0188%	SerialAcquiror	BigAcquiror
Danone SA	17	-0,3700%	-6,2899%	19,0843%	-25,3742%	-179,3930%	SerialAcquiror	BigAcquiror
LVMH	17	0,3286%	5,5855%	19,0843%	-13,4988%	-167,5176%	SerialAcquiror	BigAcquiror
Alcatel SA	16	1,5165%	24,2647%	17,9617%	6,3030%	-161,2146%	SerialAcquiror	BigAcquiror
France Telecom SA	15	0,4032%	6,0481%	16,8391%	-10,7910%	-172,0056%	SerialAcquiror	BigAcquiror
SUEZ	15	-2,3708%	-35,5623%	16,8391%	-52,4014%	-224,4070%	SerialAcquiror	BigAcquiror
Carrefour SA	12	0,5288%	6,3460%	13,4713%	-7,1253%	-231,5323%	SerialAcquiror	BigAcquiror
Casino	10	3,6838%	36,8378%	11,2261%	25,6118%	-205,9205%	SerialAcquiror	BigAcquiror
VEOLIA	10	-1,2381%	-12,3810%	11,2261%	-23,6071%	-229,5276%	SerialAcquiror	BigAcquiror
VINCI SA	10	-0,5016%	-5,0163%	11,2261%	-16,2424%	-245,7700%	SerialAcquiror	BigAcquiror
SANOFI	10	-0,0429%	-0,4292%	11,2261%	-11,6553%	-257,4253%	SerialAcquiror	BigAcquiror
Accor SA	9	2,1523%	19,3707%	10,1035%	9,2672%	-248,1580%	OtherAcquiror	BigAcquiror
Air Liquide SA	9	0,0735%	0,6615%	10,1035%	-9,4420%	-257,6000%	OtherAcquiror	BigAcquiror
Cap Gemini	9	1,2883%	11,5943%	10,1035%	1,4908%	-256,1092%	OtherAcquiror	BigAcquiror
EDF SA	9	2,4524%	22,0719%	10,1035%	11,9684%	-244,1407%	OtherAcquiror	BigAcquiror
Bouygues SA	8	-2,6079%	-20,8635%	8,9809%	-29,8443%	-273,9851%	OtherAcquiror	BigAcquiror
HAVAS	8	-3,1827%	-25,4616%	8,9809%	-34,4425%	-308,4276%	OtherAcquiror	BigAcquiror
Sodexo	8	-2,8802%	-23,0413%	8,9809%	-32,0221%	-340,4497%	OtherAcquiror	BigAcquiror
Thomson SA	8	-0,5505%	-4,4038%	8,9809%	-13,3847%	-353,8344%	OtherAcquiror	BigAcquiror
GDF Suez	7	-1,7753%	-12,4274%	7,8582%	-20,2856%	-374,1200%	OtherAcquiror	BigAcquiror
Publicis Groupe SA	7	1,3051%	9,1358%	7,8582%	1,2776%	-372,8424%	OtherAcquiror	BigAcquiror
Canal+ SA	6	-0,5083%	-3,0501%	6,7356%	-9,7857%	-382,6282%	OtherAcquiror	BigAcquiror
Danone SA	6	-0,3700%	-2,2200%	6,7356%	-8,9556%	-391,5838%	OtherAcquiror	BigAcquiror
Dassault Systemes SA	6	2,8507%	17,1040%	6,7356%	10,3683%	-381,2154%	OtherAcquiror	BigAcquiror
Eurazeo SA	6	0,9179%	5,5074%	6,7356%	-1,2282%	-382,4436%	OtherAcquiror	BigAcquiror
Fonciere des Murs SCA	6	7,3085%	43,8510%	6,7356%	37,1154%	-345,3282%	OtherAcquiror	BigAcquiror
Lagardere SCA	6	2,7751%	16,6507%	6,7356%	9,9151%	-335,4132%	OtherAcquiror	BigAcquiror
PPR	6	-2,2650%	-13,5901%	6,7356%	-20,3258%	-355,7389%	OtherAcquiror	BigAcquiror
Safran SA	6	1,0322%	6,1934%	6,7356%	-0,5422%	-356,2811%	OtherAcquiror	BigAcquiror
Thomson-CSF	6	3,8043%	22,8259%	6,7356%	16,0903%	-340,1909%	OtherAcquiror	BigAcquiror
Alstom SA	5	5,8082%	29,0410%	5,6130%	23,4280%	-316,7629%	OtherAcquiror	SmallAcquiror
ATOS	5	12,0546%	60,2728%	5,6130%	54,6598%	-262,1031%	OtherAcquiror	SmallAcquiror
Icade SA	5	0,8728%	4,3642%	5,6130%	-1,2488%	-263,3520%	OtherAcquiror	SmallAcquiror
Imerys SA	5	0,4712%	2,3561%	5,6130%	-3,2570%	-266,6089%	OtherAcquiror	SmallAcquiror
Valeo SA	5	0,8756%	4,3781%	5,6130%	-1,2349%	-267,8438%	OtherAcquiror	SmallAcquiror
WENDEL	5	4,0538%	20,2692%	5,6130%	14,6562%	-253,1877%	OtherAcquiror	SmallAcquiror
Zodiac Aerospace SA	5	1,0397%	5,1986%	5,6130%	-0,4145%	-253,6021%	OtherAcquiror	SmallAcquiror



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Table 1
Descriptive statistics of sample firms
The sample comprises 9865 acquisition-year observations, from 1995 to 2013, out of which 9229 made in the US and 636 made in France. Panel A contains annual acquisition data by year of the bid announcement for the full sample, with partition on acquirer nation, size of the transaction, market conditions, strategic nature of the deal, acquirer M&A activity, financing structure of the deal, target ownership status, target country and target industry. All acquisition characteristics are defined in the Appendix. Panel B contains the acquisition partitioned according to acquisition nation (The USA vs. France) x time of the acquisition (before and after the implementation of the IFRS 3 accounting rules in France).
Panel A: Acquisitions Years

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	%	#
Total # of M&As	333	434	713	721	766	747	474	386	425	511	597	618	589	353	296	455	463	519	465	4.7%	9865
% of all M&As 1995-2013	3.4%	4.4%	7.2%	7.3%	7.8%	7.6%	4.8%	3.9%	4.3%	5.2%	6.1%	6.3%	6.0%	3.6%	3.0%	4.6%	4.7%	5.3%	4.7%	100.0%	
Acquirer nation																					
USA	314	417	679	693	704	686	431	362	403	491	551	583	534	320	265	427	422	489	458		9229
France	19	17	34	28	62	61	43	24	22	20	46	35	55	33	31	28	41	30	7		636
Market conditions																					
USA	29.7%	19.2%	28.7%	25.7%	19.5%	-8.2%	-11.7%	-23.2%	24.9%	9.2%	3.5%	13.3%	4.7%	-40.1%	24.8%	13.7%	2.7%	13.4%	26.6%	10.3%	9229
France	7.1%	23.3%	22.2%	21.0%	31.2%	3.4%	-28.7%	-23.1%	18.0%	10.7%	17.7%	18.8%	4.8%	-45.8%	20.6%	-12.2%	4.5%	19.7%	16.1%	6.7%	636
Size of the transaction																					
USA	2.51	2.46	2.52	2.54	2.59	2.63	2.58	2.47	2.48	2.51	2.56	2.56	2.61	2.57	2.67	2.58	2.59	2.59	2.61		2.56
France	2.41	2.55	2.59	2.69	2.70	2.71	2.55	2.44	2.61	2.76	2.60	2.84	2.65	2.66	2.70	2.69	2.67	2.59	2.32		2.64
Acquirer experience																					
Serial Acquirer	30.3%	33.2%	33.4%	38.8%	43.3%	43.9%	48.1%	46.4%	45.6%	45.0%	42.5%	41.7%	43.6%	43.3%	49.0%	42.9%	40.6%	39.3%	34.8%	41.3%	4070
Other acquirer	69.7%	66.8%	66.6%	61.2%	56.7%	56.1%	51.9%	53.6%	54.4%	55.0%	57.5%	58.3%	56.4%	56.7%	51.0%	57.1%	59.4%	60.7%	65.2%	58.7%	5795
Payment terms																					
Payment cash	27.3%	26.0%	25.1%	28.3%	29.1%	22.9%	32.7%	42.7%	41.4%	43.8%	42.0%	44.2%	44.1%	43.6%	40.5%	50.3%	44.5%	48.9%	50.3%	37.3%	3682
Payment shares	36.3%	24.0%	25.0%	26.1%	30.8%	37.1%	15.8%	10.6%	10.1%	8.8%	7.7%	7.3%	6.6%	6.8%	9.1%	6.2%	3.5%	3.5%	3.5%	4.9%	1574
Other payment	36.3%	50.0%	49.9%	45.6%	40.1%	40.0%	51.5%	46.6%	48.5%	47.4%	50.3%	48.5%	49.2%	49.6%	50.3%	43.5%	52.1%	47.6%	44.7%	46.7%	4609
Target's ownership status																					
Public target	50.5%	40.3%	41.1%	40.2%	42.3%	36.8%	36.5%	30.3%	33.4%	28.0%	26.5%	27.2%	30.1%	25.8%	27.7%	23.5%	17.9%	20.4%	20.4%	32.1%	3167
Private target	18.0%	23.3%	22.6%	25.5%	26.1%	34.7%	24.7%	23.6%	25.4%	31.3%	31.0%	32.4%	30.4%	34.8%	29.1%	30.3%	35.0%	29.9%	31.8%	28.6%	2817
Other target	31.5%	36.4%	36.3%	34.3%	31.6%	28.5%	38.8%	46.1%	41.2%	40.7%	42.5%	40.5%	39.6%	39.4%	43.2%	46.2%	47.1%	49.7%	47.7%	39.3%	3881
Focus & diversification																					
Relatedness	38.4%	37.6%	36.5%	33.8%	33.2%	36.9%	39.7%	34.5%	36.2%	35.4%	36.3%	32.7%	35.0%	37.1%	35.3%	34.3%	36.5%	33.5%	34.8%	35.5%	3503
Unrelatedness	61.6%	62.4%	63.5%	66.2%	66.8%	63.1%	60.3%	65.5%	63.8%	64.6%	63.7%	67.3%	65.0%	62.9%	64.5%	65.7%	63.5%	66.5%	65.2%	64.5%	6362
Target country																					
France	3.6%	3.5%	2.8%	1.8%	2.7%	2.3%	4.0%	4.4%	3.3%	2.2%	3.5%	2.6%	3.4%	2.8%	2.7%	2.4%	3.2%	1.5%	1.1%	2.8%	273
Germany	0.6%	1.4%	0.8%	1.1%	1.4%	1.3%	1.9%	2.1%	1.6%	1.5%	1.8%	1.8%	2.0%	1.4%	1.6%	1.5%	1.5%	2.1%	1.7%	1.7%	166
The United Kingdom	4.8%	2.8%	4.2%	4.3%	3.9%	3.6%	2.7%	3.4%	2.6%	3.7%	3.9%	2.8%	2.5%	4.0%	3.3%	3.0%	6.5%	4.2%	3.0%	3.7%	367
The United States	83.5%	84.8%	84.6%	85.3%	80.7%	78.7%	76.8%	82.6%	82.8%	79.8%	80.1%	79.9%	77.8%	75.0%	75.0%	76.0%	72.8%	77.3%	81.3%	80.0%	7892
Other Nation	7.5%	7.6%	7.6%	7.5%	11.2%	14.1%	14.6%	7.5%	9.6%	10.7%	12.9%	14.3%	16.7%	15.9%	16.7%	15.9%	16.0%	14.8%	12.9%	11.8%	1167
Target industry																					
CPS	9.8%	7.5%	9.2%	8.9%	7.3%	5.0%	6.3%	8.2%	8.8%	8.0%	7.2%	6.1%	7.9%	7.7%	9.3%	5.9%	7.0%	4.9%	6.7%	7.3%	590
ENERGY	11.3%	12.4%	14.7%	14.7%	12.1%	10.9%	18.2%	19.5%	13.2%	13.6%	13.9%	14.5%	17.9%	19.9%	17.8%	23.7%	21.3%	17.5%	18.7%	15.7%	1266
HEALTH	9.8%	12.9%	15.0%	11.5%	12.4%	9.0%	7.8%	8.8%	4.7%	8.8%	10.4%	11.2%	7.7%	3.2%	4.7%	4.7%	4.6%	9.3%	6.5%	9.2%	742
HT	9.4%	9.4%	8.8%	9.3%	8.4%	7.4%	5.3%	6.9%	6.0%	8.3%	5.8%	9.0%	8.5%	6.1%	5.4%	6.2%	10.3%	7.2%	8.0%	7.8%	627
IND	12.1%	12.4%	12.4%	12.3%	11.2%	11.4%	11.3%	12.0%	8.3%	10.9%	9.2%	11.3%	12.2%	7.0%	6.1%	7.0%	11.9%	9.8%	15.4%	11.2%	902
MATERIALS	15.5%	13.7%	13.5%	16.2%	24.6%	38.1%	21.0%	20.8%	24.6%	23.1%	23.7%	20.4%	22.5%	23.4%	18.6%	22.4%	17.0%	18.2%	19.0%	21.5%	1726
MEDIA	15.1%	13.2%	10.7%	9.7%	6.3%	4.6%	10.9%	11.3%	13.6%	15.1%	14.1%	15.3%	12.7%	13.5%	19.0%	14.9%	16.5%	15.4%	15.5%	12.3%	992
RETAIL	6.0%	8.3%	4.3%	5.8%	3.4%	2.4%	3.3%	4.1%	6.0%	5.3%	4.1%	3.7%	2.7%	3.5%	2.7%	1.8%	2.5%	3.3%	4.0%	4.0%	320
STAPLES	4.9%	6.5%	6.4%	5.4%	4.9%	5.7%	4.9%	6.6%	6.3%	5.3%	4.7%	4.9%	5.2%	6.4%	5.3%	4.7%	4.3%	5.4%	5.3%	5.3%	427
TELECOM	6.0%	3.8%	4.9%	6.3%	9.6%	8.3%	9.1%	3.5%	4.7%	5.3%	5.3%	5.5%	3.5%	4.2%	4.2%	4.4%	2.0%	6.3%	3.2%	5.6%	454

Panel B: Acquisitions-years

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	%	Total	
Full sample	333	434	713	721	766	747	474	386	425	511	597	618	589	353	296	455	463	519	465	4.7%	9865	
FRA-AFT	0	0	0	0	0	0	0	0	0	0	15	46	35	55	33	31	28	41	30	7	3.3%	321
FRA-BEF	19	17	34	28	62	61	43	24	22	20	5	0	0	0	0	0	0	0	0	0	3.2%	315
USA-BEF	314	417	679	693	704	686	431	362	403	491	551	583	534	320	265	427	422	489	458	48.7%	4809	
USA-AFT	0	0	0	0	0	0	0	0	0	0	371	551	583	534	320	265	427	422	489	44.8%	4420	

Table 2**Cumulative average abnormal returns for French acquirers according to acquisition characteristics**

The table reports the average values of the cumulative average abnormal returns (CAARs) for acquirers for a [-5;+5] event window, with partition on the time of the acquisition (before and after the implementation of the IFRS 3 accounting rules in France), according to acquisition characteristics. The sample comprises 636 acquisition-year observations, from 1995 to 2013. Acquisition characteristics include acquiror M&A activity, financing structure of the deal, target ownership status, strategic nature of the deal, target nation, target industry and year of acquisition. All acquisition characteristics are defined in the Appendix. Indicators a/b/c correspond to the statistical significance of 1%/5%/10% level, respectively.

	Full Sample		Before April 1st, 2004		After April 1st, 2004	
	CAARs	t-stat	CAARs	t-stat	CAARs	t-stat
All	1.1226%	(3.60)	1.1190%	(-0.01)	1.1261%	(0.01)
Big Acquirer	-0.0215%	(-2.69) b				
Other Acquirer	1.7489%	(1.49) b	1.9872%	(1.18) b	1.5461%	(1.33)
Payment Cash	1.0514%	(-0.16)	0.8869%	(-0.33)	1.1905%	(0.13)
Payment Shares	-1.8167%	(-2.08) b	-3.0133%	(-2.68) b	2.0493%	(0.30)
Other Payment	1.6666%	(1.25)	2.3865%	(1.63)	1.0054%	(-0.27)
Public Target	-0.2416%	(-2.50) b	-0.8700%	(-2.44) b	0.6592%	(-0.76)
Private Target	1.2069%	(0.10)	1.7820%	(0.52)	0.5515%	(-0.58)
Other Target	2.0180%	(2.13) c	2.7549%	(2.12) c	1.4811%	(0.78)
Relatedness	1.7991%	(1.11)	2.6804%	(1.40)	1.0604%	(-0.10)
Unrelatedness	0.8279%	(-0.82)	0.5137%	(-1.06)	1.1580%	(0.08)
France	1.2317%	(0.18)	1.5413%	(0.43)	0.8588%	(-0.46)
Germany	3.6722%	(1.71)	0.9740%	(-0.07)	5.5994%	(2.23) b
United States	1.2730%	(0.24)	1.9423%	(0.79)	0.5834%	(-0.83)
United Kingdom	2.6475%	(1.39)	2.4156%	(0.71)	2.8546%	(1.33)
OtherNation	0.1458%	(-1.93)	-0.1778%	(-1.47)	0.4227%	(-1.27)
CPS	2.3307%	(1.07)	4.4866%	(1.61)	0.6922%	(-0.40)
ENERGY	0.2814%	(-1.11)	-2.2098%	(-3.24) a	1.7924%	(0.67)
HEALTH	-0.0190%	(-1.06)	1.9468%	(0.22)	-0.5105%	(-1.74)
HT	2.7025%	(1.62)	3.7627%	(1.62)	1.5336%	(0.43)
IND	0.9001%	(-0.31)	0.7440%	(-0.30)	1.0458%	(-0.10)
MATERLS	1.7585%	(0.69)	2.1020%	(0.79)	1.3500%	(0.17)
MEDIA	1.1212%	(-0.00)	0.0772%	(-0.61)	2.2917%	(1.43)
RETAIL	1.3202%	(0.15)	2.7255%	(0.81)	-0.9282%	(-2.06) c
STAPLES	0.3927%	(-0.91)	-0.1771%	(-1.10)	1.2339%	(0.12)
TELECOM	-0.6370%	(-1.43)	-1.3656%	(-1.34)	0.4559%	(-0.53)
1995	-0.6109%	(-1.97) c	-0.6109%	(-1.97) c		
1996	2.7207%	(1.29)	2.7207%	(1.29)		
1997	3.8478%	(1.56)	3.8478%	(1.56)		
1998	-0.2559%	(-0.78)	-0.2559%	(-0.78)		
1999	2.2989%	(1.08)	2.2989%	(1.08)		
2000	-0.3642%	(-1.14)	-0.3642%	(-1.14)		
2001	0.7893%	(-0.25)	0.7893%	(-0.25)		
2002	-0.0862%	(-0.58)	-0.0862%	(-0.58)		
2003	2.4877%	(0.55)	2.4877%	(0.55)		
2004	0.8721%	(-0.32)	-2.5457%	(-4.51) b	2.0114%	(1.11)
2005	1.7929%	(0.87)			1.7929%	(0.87)
2006	1.9218%	(0.87)			1.9218%	(0.87)
2007	0.2467%	(-0.95)			0.2467%	(-0.95)
2008	1.4138%	(0.25)			1.4138%	(0.25)
2009	1.1769%	(0.04)			1.1769%	(0.04)
2010	0.5641%	(-0.41)			0.5641%	(-0.41)
2011	0.8112%	(-0.29)			0.8112%	(-0.29)
2012	0.8281%	(-0.35)			0.8281%	(-0.35)
2013	1.5665%	(0.26)			1.5665%	(0.26)

Table 3**Impact of IFRS regulations on M&A performance in France**

This table presents the results from regressing the Cumulative Abnormal Returns (CARs) of 636 acquisition observations to various acquisition characteristics, including main variable of interest, AFTNORMS2004, which is equal to 1 if acquisition was performed by a French acquirer after March 31st 2004 and 0 if not. Other independent variables are controls. Variable definitions are in the Appendix. Asterisks indicate coefficients significant at the 1%, 5% and 10% respectively.

	(1)	(2)	(3)	(4)
AFTNORMS2004	-0.6272% (-1.00)	-0.5930% (-0.93)	3.3878% (0.84)	3.9589% (0.98)
MARKET_CONDITIONS	2.3976% (1.57)	2.3972% (1.54)		
SIZE	0.2623% (0.41)	0.4943% (0.77)	0.3089% (0.48)	0.5906% (0.90)
BIG_ACQUIROR	-2.1707% *** (-3.32)	-2.2007% *** (-3.28)	-2.1391% *** (-3.22)	-2.1250% *** (-3.12)
PAYMENT_SHARES	-3.0600% *** (-2.69)	-3.4128% *** (-2.95)	-2.9788% ** (-2.57)	-3.3346% *** (-2.83)
PUBLIC_TARGET	-2.0616% *** (-3.02)	-2.0109% *** (-2.90)	-2.1289% *** (-3.05)	-2.0819% *** (-2.93)
RELATEDNESS	1.0040% (1.48)	1.0822% (1.58)	1.1124% (1.60)	1.1745% * (1.67)
FRANCE	1.2044% (1.52)	1.1839% (1.45)	1.0194% (1.26)	1.0029% (1.20)
GERMANY	2.7830% ** (1.99)	2.6395% * (1.87)	2.8939% ** (2.03)	2.7881% * (1.93)
THE_UNITED_KINGDOI	2.4339% ** (2.03)	2.2053% * (1.81)	2.2318% * (1.83)	1.9396% (1.57)
THE_UNITED_STATES	1.2435% (1.45)	0.8777% (0.97)	1.1971% (1.37)	0.8091% (0.88)
C	1.5351% (0.94)	-0.2283% (-0.10)	-2.4147% (-0.46)	-5.0647% (-0.89)
INDUSTRY DUMMIES	N	Y	N	Y
YEAR DUMMIES	N	N	Y	Y
Observations	636	636	636	636
Pseudo R ²	0.05028	0.04319	0.04895	0.04179

Table 4**Cumulative average abnormal returns for US and French acquirers according to acquisition characteristics**

The table reports the average values of the cumulative average abnormal returns (CAARs) for acquirors for a [-5;+5] event window. Sample comprises 9865 acquisition-year observations, from 1995 to 2013, out of which 9229 made by US acquirers and 636 made by French acquirers. The table contains annual acquisition data by year of the bid announcement for all acquirers, for US acquirers for all acquisitions as well as for acquisitions made before March 31st and after, with partition on acquiror nation, acquiror M&A activity, financing structure of the deal, target ownership status, strategic nature of the deal, target country and target industry. All acquisition characteristics are defined in the Appendix. Indicators a/b/c correspond to the statistical significance of 1%/5%/10% level, respectively.

	Full Sample		USA		USA-AFT		USA-BEF	
	CAARs (%)	t-stat	CAARs (%)	t-stat	CAARs (%)	t-stat	CAARs (%)	t-stat
All	0.2421%	(9.90) a						
French Acquirer	1.1226%	(2.82) a						
US Acquirer	0.1815%	(-4.13) b	0.1815%	(12.34) a	0.1808%	(-0.04)	0.1821%	(0.03)
Big Acquirer	0.1150%	(-3.74) a	0.1100%	(-5.56) a	0.0957%	(-5.85) a	0.1237%	(-5.66) a
Other Acquirer	0.3315%	(2.62) b	0.2292%	(2.08) c	0.2397%	(2.02) c	0.2199%	(-0.64)
Payment Cash	0.2333%	(-0.27)	0.1734%	(-0.56)	0.1507%	(-1.71)	0.2059%	(-1.49)
Payment Shares	0.0452%	(-2.53) b	0.1126%	(-1.11)	0.2955%	(0.69)	0.0715%	(-2.60) b
Other Payment	0.3165%	(2.03) c	0.2124%	(1.56)	0.1944%	(0.52)	0.2301%	(-0.41)
Public Target	-0.0419%	(-6.90) a	-0.0271%	(-11.73) a	0.0007%	(-6.99) a	-0.0432%	(-12.00) a
Private Target	0.3203%	(1.97) c	0.2904%	(3.62) a	0.2581%	(1.81) c	0.3277%	(2.04) c
Other Target	0.4172%	(4.04) a	0.2709%	(3.39) a	0.2245%	(1.94)	0.3228%	(1.62)
Relatedness	0.2694%	(0.70)	0.1802%	(-0.06)	0.1976%	(0.72)	0.1647%	(-2.56) b
Unrelatedness	0.2271%	(-0.48)	0.1822%	(0.03)	0.1717%	(-0.36)	0.1920%	(-1.61)
France	0.8948%	(1.54)	0.0676%	(-1.40)	-0.0104%	(-1.49)	0.1207%	(-1.16)
Germany	0.9484%	(2.04) b	0.1942%	(0.17)	0.0919%	(-1.03)	0.3212%	(0.62)
The United Kingdom	0.5307%	(1.67) c	0.1734%	(-0.14)	0.0974%	(-1.05)	0.2475%	(0.06)
The United States	0.1899%	(-2.76) c	0.1712%	(-0.65)	0.1688%	(-0.66)	0.1732%	(-2.73) c
Other Nation	0.2517%	(0.09)	0.2761%	(1.74) c	0.3087%	(1.55)	0.2334%	(-0.14)
CPS	0.3911%	(1.48)	0.2348%	(0.98)	0.2294%	(0.93)	0.2393%	(-0.03)
ENERGY	0.2247%	(-0.27)	0.2199%	(1.36)	0.2205%	(1.05)	0.2192%	(-0.54)
HEALTH	0.1421%	(-2.20) b	0.1471%	(-1.05)	0.1362%	(-1.23)	0.1622%	(-1.33)
HT	0.2443%	(0.03)	0.1217%	(-1.41)	0.0865%	(-2.19) b	0.1528%	(-1.27)
IND	0.3680%	(1.24)	0.3113%	(1.60)	0.2378%	(1.31)	0.3780%	(0.91)
MATERLS	0.4697%	(1.75) c	0.2785%	(1.76) c	0.2989%	(1.23)	0.2604%	(0.31)
MEDIA	0.3331%	(0.76)	0.2510%	(0.85)	0.3128%	(0.73)	0.2092%	(-0.53)
RETAIL	0.3835%	(0.65)	0.2017%	(0.33)	0.2481%	(0.85)	0.1694%	(-0.81)
STAPLES	0.2771%	(0.33)	0.2611%	(1.77) c	0.3717%	(3.03) a	0.1642%	(-1.23)
TELECOM	0.1716%	(-0.59)	0.2497%	(1.22)	0.1705%	(-0.16)	0.3012%	(0.72)
1995	0.1116%	(-1.98) c	0.1553%	(-0.59)			0.1553%	(-0.49)
1996	0.3933%	(2.19) b	0.2985%	(2.58) b			0.2985%	(0.39)
1997	0.4202%	(1.86) c	0.2486%	(1.73)			0.2486%	(0.06)
1998	0.1282%	(-1.40)	0.1437%	(-0.82)			0.1437%	(-0.80)
1999	0.4460%	(1.82) c	0.2828%	(1.41)			0.2828%	(0.34)
2000	-0.0461%	(-2.39) b	-0.0178%	(-3.19) a			-0.0178%	(-2.11) a
2001	0.2294%	(-0.07)	0.1735%	(-0.05)			0.1735%	(-0.46)
2002	0.1338%	(-0.78)	0.1484%	(-0.62)			0.1484%	(-0.59)
2003	0.3321%	(0.66)	0.2145%	(0.72)			0.2145%	(-0.19)
2004	0.1658%	(-1.58)	0.1370%	(-1.15)	0.0946%	(-2.01) b	0.2680%	(0.10)
2005	0.3578%	(1.60)	0.2380%	(1.40)	0.2380%	(1.42)		
2006	0.3310%	(1.26)	0.2355%	(1.13)	0.2355%	(1.15)		
2007	0.2326%	(-0.09)	0.2312%	(0.66)	0.2312%	(0.67)		
2008	0.1124%	(-0.96)	-0.0218%	(-2.36) b	-0.0218%	(-2.35) b		
2009	0.3400%	(0.67)	0.2421%	(0.90)	0.2421%	(0.91)		
2010	0.1370%	(-1.14)	0.1090%	(-1.84) c	0.1090%	(-1.82) c		
2011	0.1524%	(-0.88)	0.0884%	(-2.13) b	0.0884%	(-2.12) c		
2012	0.1785%	(-1.08)	0.1386%	(-1.28)	0.1386%	(-1.26)		
2013	0.3749%	(1.57)	0.3567%	(2.15) b	0.3567%	(2.16) b		

Table 5**Evolution in the difference between M&A performance in France and in the USA**

This table presents the results from regressing the Cumulative Average Abnormal Returns (CAARs) of 9865 acquisition-year observations to various acquisition characteristics, including main variable of interest, FRA_AFT, which is equal to 1 if acquisition was performed by a French acquiror after March 31st 2004 and 0 if not. Other independent variables are controls needed with respect to a DiD analysis, AFT equals to 1 if acquisition was performed after March 31st 2004 and 0 if not, and FRA equals to 1 if acquisition was performed by a French acquiror and 0 if not, as well as usual control variables used in analyzing M&A performance. Variable definitions are in the Appendix. Asterisk indicate coefficients significant at the 1%, 5% and 10% respectively.

	(1)	(2)	(3)	(4)
FRA_AFT	0.1428% (0.61)	0.1297% (0.55)	0.1857% (0.79)	0.1739% (0.74)
AFT	0.0290% (0.47)	0.0322% (0.52)	0.0190% (0.09)	0.0178% (0.08)
FRA	0.9644% *** (7.59)	0.9545% *** (7.48)	0.9511% *** (7.47)	0.9431% *** (7.38)
BIG	-0.2479% *** (-4.91)	-0.2401% *** (-4.72)	-0.2504% *** (-4.95)	-0.2432% *** (-4.77)
MARKETCONDITIONS	0.5536% *** (3.87)	0.5647% *** (3.93)		0.0000% (0.00)
PAYMENT_SHARES	-0.0619% (-0.88)	-0.0652% (-0.91)	-0.0631% (-0.87)	-0.0659% (-0.89)
PUBLIC_TARGET	-0.4225% *** (-7.38)	-0.4220% *** (-7.33)	-0.4381% *** (-7.59)	-0.4384% *** (-7.54)
RELATEDNESS	0.0682% (1.34)	0.0757% (1.46)	0.0663% (1.30)	0.0731% (1.41)
SIZE	0.0203% (0.38)	0.0298% (0.55)	0.0336% (0.62)	0.0439% (0.81)
FRANCE	0.1405% (0.81)	0.1388% (0.80)	0.1168% (0.67)	0.1168% (0.67)
GERMANY	0.5791% ** (2.89)	0.5542% ** (2.76)	0.5731% *** (2.86)	0.5468% *** (2.72)
UNITED_KINGDOM	0.2847% ** (1.97)	0.2778% ** (1.92)	0.2859% ** (1.98)	0.2796% ** (1.93)
UNITED_STATES	0.1002% (1.28)	0.1147% (1.45)	0.0903% (1.15)	0.1052% (1.32)
C	0.1828% (1.22)	0.0675% (0.42)	0.3368% ** (1.80)	0.2208% (1.14)
INDUSTRY DUMMIES	N	Y	N	Y
YEAR DUMMIES	N	N	Y	Y
Observations	9865	9865	9865	9865
Pseudo R ²	0.020121	0.019971	0.02075	0.020765

Chapitre 2 : Impact of Board Committees on M&A performance in France

Abstract

Following the 2001-2002 stock exchange crash and the bankruptcy of some major companies such as Enron or Worldcom, the Sarbanes-Oxley (“SOX”) law was enacted on July 30th 2002 in the USA. One of its provisions was to make it mandatory for listed companies to establish an Audit Committee under the supervision of company boards. Article L. 823-19 of the Commercial Code introduced this provision in France on December 8th 2008. Such regulations aimed at improving the quality of information to investors. Meanwhile, companies have gone beyond legal requirements in increasing the number of issues and increasing the focus of committees managed by their boards. Leveraging a database that encompasses 4199 company governance-related observations for listed companies in France over 1999-2013, we analyze abnormal returns from 448 acquisitions to investigate whether presence, number and roles of Board Committees have an impact on M&A performance. We also test the impact of the different types of Board Committees, using a classification that leverages the vocabulary used to name the Committee. We find the presence of a Board Committee at the time of an acquisition has a positive impact on M&A performance but that a higher number of Board Committees or the presence of a Board Committee with advising roles or with roles that could have been deemed to be more relevant to monitor and advise M&A or the presence of a Strategy Committee have no impact. We also find that the changes in regulations that took place in 2008 has had no impact.

1. Introduction

Netter, Poulsen, & Stegemolle (2008) showed that in an environment of confirmed interest for mergers & acquisitions, there is a movement in academic research from market for corporate control as a key governance mechanism to a broader analysis of corporate governance. Measured by the number of citations in research papers, we see that internal governance had become increasingly important (Appendix A).

Increased interest for corporate governance may certainly be related to the crisis that stroke Western economies in the beginning of the 2000s. According to Larcker & Tayan (2008), more than 1000 publicly-traded companies filed for Chapter 11 bankruptcy between 2000 and 2005. 10% of them were subject to a SEC enforcement action for violating SEC or federal rules.

A specific mention should be made to the Enron scandal, revealed in 2001, where a company went bankrupt with assets valued at 65.3Bn\$, with a stock price that went from a high of US\$90.75 per share in mid-2000 to less than \$1 by the end of November 2001. The magazine “Chief Executive” had nevertheless named Enron among its five best boards in its 2000 review of best corporate boards.

The Enron scandal led to the passage of the Sarbanes-Oxley Act (“SOX”) on July 30, 2002, which in itself was a recognition of the fact that to mergers & acquisitions had not played their assumed disciplinary role. Before Enron, tenants of Market for Corporate Control sustain that any inefficient management would lead to a lower share price and therefore to a more attractive potential take-over to create value in implementing by a more efficient management.

Flaws discovered in Enron’s governance as well as provisions of the regulations implemented led research to investigate the relation between specific features of a company’s governance and its performance. One of the frequently reviewed features is the composition of the board, including presence of independent directors in the board of listed companies – a key provision of the Sarbanes-Oxley Act. Other features reviewed include the size of the board, the nature of the board – one-tier or two-tier governance structure.

In their paper “Board of Director Composition and Financial Performance in a Sarbanes-Oxley World”, Van Ness, Miesing & Kang (2010) remind that earlier research on the relation between board composition and financial performance, one of the most significant volume of the research related to corporate governance, led to no consensus. Focusing their investigation on the 2005-2007 timeframe on US companies, their research shows that duality, occupational expertise, board size, and board tenure had an impact on financial performance. However, they did not find

that boards with a greater number of outside directors had a positive influence on financial performance.

At the same time, Faleye, Hoitash & Hoitash (2010) found that US companies with an intensive-monitoring board, defined as a board composed with more monitoring-intensive independent directors, that is to say serving on at least two of the three principal monitoring committees (audit, compensation and nominating/governance) have a negative on firm value and acquisition returns.

As very recently noted by Chen & Wu (2016) in a working paper, most studies in corporate governance focus on the board of directors as the main unit of study and the few studies on board committees have mostly centered on the relationship between the audit committee and company performance.

Also, while from Gompers, Ishi & Metrick (2003) corporate governance differs by country, Cavaco, Challe, Crifo & Reberioux (2012) explain that little has been done regarding the relation between corporate governance and company performance in France, at the notable exception of Hollandts & Guedri (2008), who have analyzed the impact of employee stock ownership and board employee representation on firm performance, of Jeanjean & Stolowy (2009), who measure board members' financial expertise on the basis of educational and career background, and of Ginglinger, Megginson & Waxin (2011) who analyze the impact of employee-directors on corporate valuation, payout policy, and internal board organization and performance.

The remarkable option that is offered in France to choose between a one-tier or a two-tier board structure nevertheless led a significant amount of research in this specific area. Millet-Reyes & Zhao (2010) studied in France whether the choice between a one-tier or a two-tier board structure can affect the firm's operating and stock performance or, more recently, Belot, Ginglinger, Slovin & Sushka (2014) explore the relation between being a more or less closely-held French firm on the likelihood of having a one-tier board structure (all the directors, both executive as well as non-executive form one board, usually called "board of directors") and a two-tier board structure (with one executive board, composed of executive directors and a separate supervisory board with non-executive directors). Rouyer (2013) also explores the relation between financial performance and one-tier or two-tier board structure.

While the number and the nature of board committees have multiplied in France far beyond the mandatory Audit Committee (Figure 2), no significant research related to the

impact of Board Committees and M&A performance for French companies can be found. One of the reasons might be being that regulations have come much later in France – where the nomination of an Audit Committee only became mandatory in 2008 – than in the US.

As recently noted by Fartschian (2012), research has indeed not investigated the role of Boards in the processing of M&A, a special case where product market competition does not seem to work to ensure performance.

With respect to our overall work focused on understanding the impacts of the evolution of regulations and market practices on M&A performance, we found that the study of the impact of the popularization of Board Committees post-SOX complements to research that aims at understanding of what is driving M&A performance, and also contributes to the understanding of the possible benefits of corporate governance. We tackle the question of the possible impact of having more focused and maybe more experimented non-executive directors on M&A performance, which is a specific area of company performance.

Leveraging a database of information related to the corporate governance of companies that belong to the French SBF120 index, we have explored the relations between Board Committees and M&A performance for French companies.

Our review covers first the impact of the presence of a Board Committee at the time of an acquisition and of the number of Board Committees active at the time of an acquisition. In order to refine the analysis, beyond the usual monitoring/advising segmentation usually used in research, we create a classification of Board Committees through a text-analysis of the description used by companies themselves. It leads to the creation of 16 types of Committees (“Audit”, “Comptes”, “Développement”, “Ethique”, “Financier”, “Gouvernance”, “Investissement”, “Mandataire”, “Nomination”, “Rémunération”, “RH”, “Risque”, “RSE_et_Durable”, “Sélection”, “Stratégie” and “Autres”). We then test the impact of the different committees on M&A performance. We also test the impact of the presence of one of the Board Committees deemed more relevant for M&A activities (“Developpement”, “Investissement” and “Strategie”).

We find that the presence of a Board Committee at the time of an acquisition has a positive impact on the acquisition outcome. We find that the nature of the Board Committee at the time of the acquisition, required (Audit Committee in France) or not (any other committee but Audit), has no impact on the acquisition outcome. We also find that no specific committee has any impact on acquisition performance and that presence of a committee which could be

deemed more relevant to monitor and advise M&A does not lead to different acquisition outcomes.

Since we also find no difference in performance before and after an audit committee became mandatory, we challenge the idea that regulations lead to better acquisition results. We rather conclude that companies that are the most aware of the importance of complying with market best practices, that can be assumed a sign of good governance practices, tend to be better acquirers.

Our view is fully-consistent with Faleye, Hoitash & Hoitash (2010) since companies with lower-quality management may be assumed to be more driven by regulations than by market-practice, which leads them to focus on monitoring rather than advising, hence they enjoy lower acquisition performance because of an inferior advisory from their boards in M&A-related matters.

Our paper provides an analysis of an area that lacks exploration in the overall understanding of the impact of corporate governance on M&A performance, namely the role of Board Committees, structures that have been popularized post-SOX. It also complements our overall research which shows the importance of managerial discretion and the difficulty to improve M&A performance through regulations.

The paper is organized as follows: Section 2 explains corporate governance and its evolution post-ENRON, Section 3 details the research issues related to prior literature, Section 4 explains the research method and the sample selection, Section 5 provides the empirical results, Section 6 concludes the study.

2. Corporate Governance and its evolution post-Enron

The need for a corporate governance is related to the agency problem that has been popularized by Jensen & Meckling (1976), who defined an agency relationship as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent. With respect to that framework, problems can arise when agents maximize their utility at the detriment of the principal, while according to Rappaport (1998) management should be bound to the maximization of shareholders' value. Such calls for incentives and monitoring to limit such activities. Fama & Jensen (1983) assert that control should be the key role for the board. Williamson (1984) asserted that the board is a key to the monitoring of management to safeguard the investments of those who have taken an equity position in the firm.

Larcker & Tayan (2008) define corporate governance as the collection of control mechanisms that an organization adopts to prevent or dissuade potentially self-interested managers from engaging in activities detrimental to the welfare of shareholders for the benefit of other stakeholders. At a minimum, the monitoring system consists of a board of directors to oversee management and of auditors to express an opinion on the reliability of financial statements. However, corporate governance is in practice much broader than that and involve a significant number of participants and determinants.

[INSERT FIGURE 2]

What makes it difficult to evaluate the quality of corporate governance is that it indeed depends on a significant number of variables which are not always easy to define. We can for instance consider the quality of the labor market for executives and directors. An efficient market calls for three conditions: A perfect information related to the needs of the corporation, a sufficient pool of individual candidates with the right skills and a well-designed and properly functioning selection process. If corporates cannot do anything on the second condition, their governance can have an impact on the two other conditions. Another example that is often being decried in the news and extensively researched is CEO compensation and incentives, including stock ownership. The board of directors has an impact on a mechanism that can be assumed to have an impact on CEO's motivation to achieve what is expected from him.

Other features that are related to corporate governance also includes factors that seem to have an external nature. Structure (eg presence of shareholders with large blocks of control) and quality (eg more educated shareholders, such as institutional investors or more active

shareholders such as activists) of the ownership is one of them. Quality of the financial reporting and of the external audit can also be considered as having some external nature since largely depending on local regulations and service markets.

The market for corporate control has long been deemed to be a strong mechanism ensuring a high quality corporate governance. According to Manne (1965), believed to be the first one to have formalized the issue: “The lower the stock price, relative to what it could be with more efficient management, the more attractive the take-over becomes to those who believe that they can manage the company more efficiently. And the potential return from the successful takeover and revitalization of a poorly run company can be enormous.” Scharfstein (1988) focuses on asymmetric information between shareholders and management as a contractual inefficiency to model in details how the threat of a raider disciplines self-interested corporate managers, and therefore offers a solution to the agency problem. Sundaram (2004) distinguishes internal mechanisms and external mechanisms of corporate governance, asserting that they are substitutes: The role of external mechanisms become more important when internal mechanisms fail or are deficient.

However, Hart (1995) explains that corporate governance issues are indeed related to agency but also to transaction cost issues. Costs associated with corporate governance should not exceed the benefits generated by its implementation. This major concern in the case of developed financial markets where the principal can include a large number of small investors has become a reality with the crisis in the early 2000s.

At that time, corporate governance was largely influenced by the Code of Practices issued in 1992 by the Cadbury Committee, which had been commissioned by the British government to help improve the standards of corporate governance. Provisions that set the basis for listing requirements on the London Stock Exchange or on the New York Stock Exchange included the separation of the roles of Chairman and Chief Executive Officer, the appointment of independent directors, an increased attention to possible conflicts of interest at board level, the institution of an audit committee and the review of the effectiveness of the company’s internal controls. Companies were not bound to adopt these practices and Enron, which proved to be a failure along many ethical and legal dimensions, was found to be compliant with NYSE requirements.

Enron went bankrupt with assets valued at 65.3Bn\$, with a stock price that went from a high of 90.75\$ per share in mid-2000 to less than 1\$ by the end of November 2001. The magazine Chief Executive had nevertheless named Enron among its five best boards in its

2000 review of best corporate boards. Enron had earlier grown from 9Bn\$ revenues in 2003 to 103Bn\$ in 2010.

Healy & Palepu (2003) explain in details how governance and incentive problems contributed to Enron's rise and fall. On the strategic side, we can retain that Enron's gas trading idea was probably a reasonable response to the opportunities arising out of deregulation but that the extensions of this idea into other markets and international expansion were unsuccessful. On the financial side, it can be retained that while accounting in Enron's original natural gas business had been fairly straightforward - in each time period, the company listed actual costs of supplying gas and actual revenues received from selling it, Enron's trading business adopted mark-to-market accounting - once a long-term contract was signed, present value of future cash flows was recognized as revenues and the present value of the expected costs of fulfilling the contract was expensed. Also, Enron's trading business involved an extensive reliance on structured finance transactions that involved setting up special purpose entities.

The mark-to-market accounting, resulted in its management making forecasts of energy prices and interest rates well into the future. This resonates in our work with the goodwill impairment practice, which also requires management to make forecasts in order to provide accounting information. Environment of increased complexity, where asymmetric information may be more prevalent, and mark-to-market practices surely provides then more room for managerial discretion and more difficulty to control management.

Among the main problems that have affected Enron's corporate governance, Healy and Palepu (2003) list the executive compensation structure that included a lot on stock options, an incentive for short term results, a higher-than-average skilled Audit Committee but that hold a few short meetings that covered huge amounts of ground, a failure for external auditors to exercise sound business judgment in reviewing transactions that were clearly designed for financial reporting rather than business purposes, modest incentives for fund managers to demand and act on high-quality, long-term company analysis, and the interdependence of sell-side analysts with investment banking business.

Healy and Palepu (2003) conclude that they "believe that the problems of governance and incentives that emerged at Enron can also surface at many other firms and may potentially affect the entire capital market". Their observations were not published when regulatory authorities decided to act, in a context where Enron was a symbol of a major failure but also where lots of irregularities had been observed during the same period.

At the same time, the Worldcom scandal hit the press. For a time, WorldCom was the United States' second largest long distance telephone company after AT&T. The company was the result of the 37Bn\$ merger, that is to say the largest corporate merger in U.S. history between WorldCom and MCI Communications in 1997.

After a 129Bn\$ merger with Sprint failed, WorldCom filed in 2002 for Chapter 11 bankruptcy protection, the largest in United States history at the time. It was later discovered that the company had inflated its assets by 11Bn\$. Former CEO, Bernard Ebbers, was convicted of fraud, conspiracy and filing false documents with regulators, and received in 2005 a 25-year jail sentence.

Another scandal hit the press in 2002 with Tyco, a 34Bn\$ listed company at that time. Former chairman and chief executive Dennis Kozlowski and former chief financial officer Mark H. Swartz were accused of the theft of more than 150M\$ from the company. Kozlowski and Swartz were convicted in 2004 on all but one of the more than 30 counts against them and sentenced to no less than eight years and four months and no more than 25 years in prison. In 2007, a class action settlement was approved whereby Tyco agreed to pay 2.92Bn\$, in conjunction with 225M\$ by Pricewaterhouse Coopers, their auditors, to a class of defrauded shareholders.

Larcker & Tayan (2008) prove a quantification to the problems related to corporate governance at that time, stating that around more than 1000 publicly-traded companies, of which 10% were subject to a SEC enforcement action for violating SEC or federal rules, filed for Chapter 11 bankruptcy between 2000 and 2005.

Named after sponsors U.S. Senator Paul Sarbanes (D-MD) and U.S. Representative Michael G. Oxley (R-OH), The Sarbanes–Oxley Act of 2002 was enacted. It contains eleven sections which range from additional corporate board responsibilities to criminal penalties, and requires the Securities and Exchange Commission (SEC) to implement rulings on requirements to comply with the law. The SEC created a new agency, the Public Company Accounting Oversight Board (PCAOB), to oversee, regulate, inspect, and discipline accounting firms in their roles as auditors of public companies.

Senator Paul Sarbanes stated: "The Senate Banking Committee undertook a series of hearings on the problems in the markets that had led to a loss of hundreds and hundreds of billions, indeed trillions of dollars in market value. The hearings set out to lay the foundation for legislation. We scheduled 10 hearings over a six-week period, during which we brought in some of the best people in the country to testify...The hearings produced remarkable consensus

on the nature of the problems: inadequate oversight of accountants, lack of auditor independence, weak corporate governance procedures, stock analysts' conflict of interests, inadequate disclosure provisions, and grossly inadequate funding of the Securities and Exchange Commission."

Key provisions of the 2002 governance rules are summarized by Chhaochharia & Grinstein (2007) as follows:

- All companies must have a majority of independent directors
- Independent directors must comply with an elaborate definition of independent directors
- The compensation committee, nominating committee, and audit committee shall consist of independent directors
- All audit committee members should be financially literate. In addition, at least one member of the audit committee is required to have accounting or related financial management expertise
- In addition to its regular sessions, the board should hold additional sessions without management

Similar regulations have been adopted by a wide span of countries. The most important in France were Ordonnance n° 2008-1278 dated December 8, 2008 transposing the EU directive 2006/43/CE from May 17 2006 and Loi de Sécurité Financière (LSF), signed by the Minister of Finance, Francis Mer, and adopted by the French Parliament on July 17, 2003 and published in the Journal Officiel n°177, August 2, 2003. In France, the impact of these new regulations on boards has been limited: Audit committee became mandatory in 2008 while many listed companies already had an audit committee before.

The impacts of the Sarbanes–Oxley Act of 2002 are today a topic of controversy in the United States. Piotroski & Srinivasan (2008) published "Regulation and Bonding: Sarbanes Oxley Act and the Flow of International Listings" which shows that following the act's passage, smaller international companies were more likely to list in stock exchanges in the U.K. rather than U.S. stock exchanges, confirming declarations made by the National Venture or by several politicians, including Ron Paul, that the regulations have had a negative impact on the U.S. economy. Linck, Netter & Yang (2009) acknowledge the act is clearly affecting corporate boards but question the cost/benefit aspects of its enactment.

As far as France is concerned, we can find among the likely visible impacts of the major scandals and of the new regulations' enactment the multiplication of the number of board

committees. While in France the new regulations impose much less constraints than in the US in the area of board committees, the total number of board committees for companies that are part of the SBF120 index went up from 232 in 2002 to 419 in 2012, with 95% of the companies having at least one board committee in 2012 vs 65% in 2002 (Figure 2).

Spencer Stuart noted in their France Board Index 2013 that all companies listed and part of the CAC index had an “Audit” Committee as well as a “Nomination” and a “Remuneration” Committee in place in 2013. In 45% of the cases, “Compensation” and “Remuneration” were merged in the same Committee. One specific feature for France is that 53% of the companies have implemented a “Stratégie” Committee, in contrast with 9% in Europe and 3% in the US.

3. Literature Review and Development of Hypotheses

3.1. Literature Review

Our research is focused on the impact of the development of Board Committees on M&A performance, which asks for grounding first the increased interest for corporate governance while market for corporate control had earlier been a dominant theory. Also, we tackle acquisition performance being a specific area of company performance, our literature review explores research findings on the impact of corporate governance on M&A performance. Finally, we review the relations between corporate governance, with a focus on Board Committees on M&A performance.

3.2. The increased interest for corporate governance

According to the tenants of the market for corporate control such as Manne (1965) or Scharfstein (1988), take-overs play an important role in making sure that companies are efficiently-run. In case a company were not efficiently run, its low stock price would be a strong incentive to buy the company, improves its efficiency and make a profit.

With respect to that view, a corporate governance that aims at making sure the company is run efficiently is superfluous. Before 2002, companies were not bound to adopt what was believed to be good corporate governance's practices such as the separation of the roles of Chairman and Chief Executive Officer, the appointment of independent directors, an increased attention to possible conflicts of interest at board level, the institution of an audit committee and the review of the effectiveness of the company's internal controls

This view started to be strongly challenged after the scandals that occurred in the early 2000's and corporate governance started to be a topic of strong interest for research.

Netter, Poulsen, & Stegemolle (2008) showed that in an environment of confirmed interest for Mergers & Acquisitions, there was a movement in academic research from the discipline by market for corporate control to a broader analysis of corporate governance. Measured by the number of citations in research papers, we see that internal governance had been increasingly important relative to market for corporate control: Their count indicates that while the number of articles related to M&A went from 1138 over 1980-1983 to 3848 over 2004-2007, the ratio numbers of articles on corporate governance over the number of articles on Market for Corporate Control went from 0 to 3 over the same period of time (Appendix A).

Using SOX as an external shock over corporate governance, Chhaochharia, Grinstein, Grullon & Michaely (2012) show in an unpublished paper that companies active in less-competitive industries have been more affected by the change in regulations than the companies active in more-competitive industries, making the case that corporate governance has an impact on performance when product market competition does not play its regulation role as it should do according to Alchian (1950), Stigler (1958), Hart (1983), Schmidt (1997), and Aghion, Dewatripont & Rey (1999).

3.3. Impact of corporate governance on financial performance

Zahra & Pearce (1989) analyzed a large number of earlier studies on the relation between corporate governance and financial performance. They concluded that the results related to board composition and performance were not convincing. They express their belief that board characteristics (background and expertise of the directors, stock ownership...), structure (board organization, division of labor and efficiency in the work done) and process (decisions-making related activities and style of the board) had more impact on board roles – service, control and strategy, and financial performance than composition (size of the board and mix of profiles in the board).

In earlier years, the relation between corporate governance and financial performance had found no clear conclusion. In their review of 54 empirical studies of board composition and of 31 empirical studies of board leadership structure, Daily, Dalton, Ellstrand & Johnson (1998) found little evidence of systematic relationships between governance structure and financial performance.

Post-SOX, Finkelstein & Mooney (2003) early maintain that what they call “the usual suspects”, ie the number of outsiders on boards, director shareholdings, board size, and whether the CEO also holds the Chair position (CEO duality), does not yield either strong research results or more robust corporate governance in practice.

More recent papers however draw different conclusions. Chhaochharia & Grinstein (2007) find that firms that were less compliant with the newly-announced 2002 rules earn positive abnormal returns compared to firms that are more compliant. At the same time, they show that smaller firms exhibit negative returns, which implies that the implementation of the newly-required practices comes with a cost.

In their paper “Board of Director Composition and Financial Performance in a Sarbanes-Oxley World”, Van Ness, Miesing & Kang (2010) remind that earlier research

on the relation between board composition and financial performance, one of the most significant volume of the research related to corporate governance, led to no consensus.

However, their own research – using annual reports, 10Ks, company websites, magazines, and news releases to gather information on each firm's board of directors, drives other conclusions. Their dependent variables are corporate growth, profitability and asset utilization, leverage, market confidence and liquidity. Their independent variables are duality, proportion of outside directors, gender/diversity, board members average age, average board tenure, board size, and occupational expertise. They find that duality of the Chairman/CEO role, occupational expertise, board size, and board tenure have significant influences on firms' financial performance while greater number of outside directors, gender of the directors or average board age do not have.

As far as France is concerned, Cavaco, Challe, Crifo & Rebérioux (2012) are among the few ones who have investigated the impact of boards on financial performance. They review a panel of 2501 observations related to 341 listed companies over 2003-2012, with their corporate governance information and some financial information (Tobin's Q), extracted from the Proxinvest database. They also use information extracted from the InFinancials database to get some of their financial indicators (Return on Assets and Return on Equity) and the Vigeo database to get non-financial performance indicators. They test size of the board, duality of Chairman's functions, share of independent board members, share of women, share of international board members, share of board members who are less than 40-year old, share of board members who are more than 60-year old and share of board members who hold more than one board membership as explanatory variables for Return on Assets, Return on Equity and log(Tobin's Q). They find that independent board members have a negative impact on Return on Assets and Return on Equity but not on Tobin's Q, deemed to measure long term performance of the firms. All other variables show no effect.

Among the most recent research papers, Gherghina, Păunescu & Vintilă (2015), who investigated the relationship between corporate governance and financial performance, on a sample of 51 companies listed on the NASDAQ and part of the Dow Jones index, over 2000-2013, found a mixed influence of the corporate governance variables on financial performance.

A major caveat in researching relations between corporate governance and financial performance come from the difficulty to analyze specific features of corporate governance, which according to Larcker & Tayan (2008) should be understood as a

broad collection of control mechanisms, involving a significant number of external participants and determinants (Figure 2).

Our review of the impact of corporate governance, with a focus on Board organization, on financial performance, is inspired from a summary prepared by Van Ness, Miesing & Kang (2010).

Committees: Our main area of interest, Committees have been a new topic of interest for regulations when The Sarbanes Oxley Act required that the audit committee to be independent and also that a disclosure be made to inform of whether or not the Audit Committee includes an expert in finance. Research has mainly focused on a limited number of issues related to board committees, mainly the share of independent directors active in the committees, with a strong focus on a limited number of committees such as nomination and compensation. Vafaes (1999) explains that independence is important to the quality of the committee since it will lead to having more truly independent board members. Elsaid & Davidson (2007) found that the presence of a compensation committee is likely to increase the board's bargaining power.

One-tier board structure/two-tier board structure: This feature has not been widely investigated since board structure is fairly country-specific. In the U.S., the prevalent structure is one-tier. However, as reminded by Rouyet (2013), who finds that that the two-tier structure has a significant positive impact on long-term performance, measured by Tobin's Q, France is a rare case where the two options are available, which leads to some research investigating the issue. This result is consistent with the agency theory. Millet-Reyes & Zhao (2010) also find a positive impact of a two-tier board structure when in case of a French institutional ownership while one-tier structure works better with family-dominated ownership. Jungmann (2006) however finds contradictory results comparing countries with different systems, Germany (two-tier system) and the UK (one-tier), and showing that both systems are equally effective means of control.

CEO/COB duality: According to the agency theory, duality puts a constraint on the board, weakens other board members and therefore restrict their ability to control. According to stewardship theory, shareholders' interests are better represented, which leads to a better financial performance. Carter, Simkins, & Simpson (2003) show evidence that a firm's market value declines under duality, although Chowdhury & Wang, (2009) show that issue is minimized when board is dominated by outside directors. On the other end, Donaldson and Davis (1991) found that firms with duality

actually enhanced shareholder wealth and increased ROE. Brickley, et al. (1997) concluded that the cost of separating the roles of CEO from COB is greater than the benefits from doing so.

Size: A smaller board makes it easier to reach a consensus, particularly in case the firm's environment is not too complex but at the same time it may be easier for CEOs to dominate. A larger board can offer a wider spectrum of expertise and carry on more work, through the organization of committees for instance. At the same time, decision-making may prove to be more difficult, which can be detrimental in an environment where a significant change is required. Large boards can also be affected by free riding problems. Yermack (1996) finds a negative correlation between the size of firm value and board size. However, Cheng (2008) find that board size reduces variability in performance. Coles, Naveen & Naveen (2007) demonstrates that Tobin Q increases with size for firm complexity. For France, Cavaco, Challe, Crifo & Rebérioux(2012) find a lower financial performance for larger boards.

Independent board members: Insiders can be assumed to be less willing to challenge the CEO, who is their boss and more likely be pursuing more speculative opportunities for career reasons. Independent outsiders are deemed to be better able to monitor management and financial reporting, and to provide more comfort thus leading to a better financial performance, an improved credit rating for instance. Hermalin & Weisbach (2003) show that outsider-dominated boards tend to make better decisions in acquisitions, poison pills, CEO turnover and CEO compensation. At the same time, research shows that there can be an adverse selection effect: Independent directors can be chosen in situations where companies have a poor performance. Also, independent directors can suffer of their lower knowledge of the company and its activities. Bhagat & Black (2002), who show that independent board members tend to be more and prevalent, assert that a better performance is not a given. According to Klein (2003), outside directors are better monitors of financial reporting. As far as France is concerned, Cavaco, Challe, Crifo & Rebérioux (2012) find a lower financial performance when measured by return on assets or return on equity but not measured by Tobin's Q when there are more independent board members.

Diversity: A high level of board diversity (women, foreigners & minorities) has been found to be positively related to profit levels by Van der Walt, Ingley, Shergill, & Townsend (2006), greater returns on equity by Burke (2000) and Farrell & Hersch (2005), and greater returns on assets by Carter et al. (2003). As far as France is

concerned, Cavaco, Challe, Crifo & Rebérioux (2012) find no impact on financial performance.

Age: Younger board members may have a more up-to-date technical knowledge, be more prone to change, more receptive to risk-taking, more innovative, and all in all more efficient in overseeing governance. On the other hand, older board members may be more experienced, more independent and more knowledgeable about business issues. As far as France is concerned, Cavaco, Challe, Crifo & Rebérioux (2012) find no impact on financial performance.

Tenure: More recent members may tend to make fast decisions, based on incomplete analysis, and may be more susceptible to social pressures. Members with a longer-tenure may be more independent but also may be too close to CEO. Westphal & Khanna (2003) have shown that tenure enables members to be more independent from management, a feature deemed having a positive impact on financial performance.

Expertise: Board members with financial expertise can have a better understanding of concepts and figures such as leverage, financial profitability or earnings, which all have an impact on value creation. Board members with a diverse background can provide a broader range of perspectives that can even be deep, something that is useful in business. Krosner & Strahan, (2001) found that financial background has an impact on the stability of stock returns while Agrawal and Chadha (2005) found an impact on less earning restatement. Since expertise comes often with focus, we found interesting to test whether or not having more specifically Board Committees focused on areas that have a direct or indirect relationship with M&A, such as strategy, development or investment, has an impact on M&A performance.

Focus: Board members who hold a large number of mandates can suffer of a lack of focus, spreading their time working on different company and business issues. At the same time, this may enable them to build experience faster, to be more efficient and to provide interesting pieces of knowledge. As far as France is concerned, Cavaco, Challe, Crifo & Rebérioux (2012) find no impact on financial performance. Number of mandates, either at individual or board-level, held may however not be a relevant measure of focus at a Board level. Indeed, what is the difference in focus between a Board member with only mandate but who holds a CEO position at a top listed company and a Board member with three mandates who would have retired from any other professional activity? We found it interesting to note that a significant number of companies have, far beyond the appointment of a sole Audit Committee, multiplied the

number of different types of committees that focus on specific areas such as strategy, development or investment. This may be considered as a way to increase focus and improve expertise at Board level. We posit that the existence of a Board Committee that focuses on M&A-related matters is an indicator of Board focus and expertise.

Activity: Number of board meetings has often been considered as a measure of board activity. Vafaes (1999) shows that boards that meet more often can improve firm performance. Xie, Davidson, and DaDalt (2003) show that more active boards are associated with lower levels of earnings management. We nevertheless follow Farschtschian (2012) who deems that research has not worked on the actual board processes, being it activities or outcome, beyond measures such as number of annual meetings that can appear trivial. In order to test the impact of Board activity, we posit that the number of Board committees is a proxy for Board activity.

3.4. Impact of corporate governance on acquisition performance

As recently asserted by Fartschian (2012), research has not investigated the role of boards in the processing of M&A, a special case where product market competition does not seem to work to ensure performance.

However, Faleye, Hoitash & Hoitash (2010) contribute an important insight on the role played by board committees on acquisition performance. They focus on the role played by the board in analyzing the involvement of outside directors in board committees. Differentiating between monitoring board committees (audit, nomination and compensation that are mandatory in the US) and advising board committees (all other committees in the US), they find that a board, where most independent directors serve on mandatory committees, better monitors: They find that a more-intensive board monitoring leads to an increased sensitivity of CEO turnover to firm performance, to an improvement in earnings quality, and to a significant reduction in excess executive compensation. More interesting for our study, they also find that firms with monitoring intensive boards exhibit worse acquisition performance, with announcement returns lower by 48 basis points, which suggests that intensive monitoring boards do not play properly their advising role – deemed to be particularly more important in contexts of higher operational complexity, which certainly characterizes M&A activity. Their paper clearly shows that board activity through its committees can have an impact on M&A performance. Their research is not however specific the impact of the presence of board committee or the presence of committees of more relevant types of committees, such as a M&A committee or a strategy committee or of an investment committee on M&A

performance. Neither does their paper cover the question of the impact of the change in regulations that led to mandatory monitoring committees on financial or acquisition performance.

3.5. Hypotheses related to the impact of Board Committees on acquisition performance

From the preceding discussion, we derive our five main hypotheses:

H1: Existence of a board committee at the time an acquisition is made has a positive impact on M&A performance in France

H2: Number of board committees active at the time an acquisition is made has a positive impact on M&A performance in France

H3: Existence of an advising board committee has a positive impact on M&A performance in France

H4: Existence of a board committee with a focus on areas related to M&A has a positive impact on M&A performance in France

H5: Existence of a strategy board committee has a positive impact on M&A performance in France

4. Sample, Data & Methodology

4.1. Sample

The study is performed on the acquisitions made by French companies, in France or abroad, between 1999 and 2013, which is the period over which Data CG have compiled relevant information about corporate governance for French companies.

The sample is composed of the acquisitions made, in France or abroad, by a French company or one of its subsidiaries, which was listed at the time of the acquisition.

As it is the case in the studies related to mergers & acquisitions, we have excluded acquisitions made by companies involved in real estate and finance and we have only retained the acquisitions of a significant size, that is to say those where target enterprise value was higher than 100M€. The exclusion of companies involved in businesses such real estate and finance is also common in studies related to corporate governance since these activities are highly regulated.

Transactions taken into consideration include any purchase of shares which led the acquirer to hold more than 50% of the target's share capital, announced between January 1st, 1999 and December 31st 2013, and completed.

4.2. Data

Data related to the 538 qualified transactions performed by French acquirers over 1999-2013 have been extracted from Thomson One Banker, with all the information related to the market and stock returns extracted from Datastream. Out of these 538 acquisitions, we have excluded 90 transactions for which we had limited corporate governance's information.

Market conditions, measured as the annual return of the CAC40 stock index, include 11 positive years and 4 negative years between 1999 and 2013. Annual market returns spread between -45.8% in 2008 and +31.2% in 1999.

Transaction size, measured as $\text{Log}(\text{transaction value})$, is of 2.32 and 2.90 over the 1999-2013 period.

446 out of the total 448 transactions have been made by companies whose shares are part of the stock index SBF120.

66.7% of the acquisitions have been made by companies that have made 5 and more acquisitions over 1995-2013 and 33.3% of the acquisitions by less active acquirers.

In terms of method of payment, 41.3% of the transactions were paid in cash while 7.4% were paid in shares. Data is not available or consideration structure is hybrid for the remaining 51.3%.

32.1% of the targets were listed while 12.5% were privately-owned, with 55.4% with a different type of ownership, such as government, non-profit or listed company.

As far as relatedness, measured as a similar 4-digit Macro Target Primary SIC Code for acquirer and target, is concerned, we can note that 29.7% of all acquisitions concern targets which are related to their acquirers and 70.3% of all acquisitions concern targets which are unrelated to their acquirers.

Target nations include: France (27.0%), Germany (6.0%), United Kingdom (8.3%), United States (21.2%), and other nations (37.5%).

Target industry sectors include Consumer Products (CPS, 7.6%), Energy (ENERGY, 16.1%), Healthcare (HEALTH, 5.8%), High Tech (HT, 13.6%), Industrials (IND, 13.6%), Building Materials (MATERLS, 12.1%), Media (MEDIA, 11.6%), Retail (RETAIL, 5.6%), Commodities (STAPLES, 6.0%), and Telecom (TELECOM, 8.0%).

[INSERT TABLE 1]

Data and information regarding companies' corporate governance is extracted from Data CG, which records data and information as of Dec 31st. Appendix B summarizes the information related to corporate governance that is compiled in Data CG.

Over the 1999-2013 period, the number of board committees active in companies that have been part of the SBF Index over the same period of time has grown up from 133 to 444, an increase that is mainly driven by an increase in the number of committees per company from 1.33 to 2.85 and by the number of companies with at least one board committee that has grown from 100 to 153.

[INSERT FIGURE 2]

4.3. Methodology

We define acquisition success as the increase of shareholder value when the acquisition is made and use the short-horizon event study methodology of Brown & Warner (1985) to examine the relative success of acquisitions before and after the change of accounting regulations.

Performance is estimated using the value-weighted market model and daily stock returns from Datastream. The estimation period for the market model begins on day $t = -200$ and ends on day $t = -30$. Day zero is considered the announcement day if a trading day or the first trading day after announcement if not a trading day.

Abnormal returns are measured as predicted by deviations from the market model estimate being calculated on days $t = -5$ to $t = +5$. Abnormal returns, $AR(5)$, are cumulated over the period for every transaction and averaged. The resulting Cumulated Averaged Abnormal Return, $CAR(5)$, is the resulting variable.

The first independent variable of interest is $COM?$ equal to 1 if at least one board committee, whatever the type of board committee, was active at the time an acquisition occurred and 0 if not. The second independent variable of interest is $NBCOM$ which is equal to the number of committees active at the time an acquisition occurred.

These two variables are deemed to be a proxy for board activity: We assume that when a board committee is organized, some monitoring and advising activity will take place. In using these two variables, we grant no specific importance to the area that is more specifically covered by the board committee. We use these variables as a proxy for a visible sign of willingness to improve performance in case the board committee is established while it is not mandatory to have one and a tool to improve performance in case the board committee is mandatory, which is the idea behind the regulations. It is true that mandatory committees, in the US or in France, aimed more at improving financial performance than M&A performance but we argue that M&A performance is closely linked to overall financial performance since M&A is a key strategic tool and has a strong demonstrated impact on financials. As far as non-mandatory board committees are concerned, we do not see their presence as a sign to improve overall performance leaving M&A aside.

We wanted to review the impact of board committees beyond their presence and number, which led us to consider their roles as per say. The difficulty posed by trying to link the roles devoted to the board committees to M&A performance is that there is no standard definition of

the roles of the board committees. Appendix C shows that the board committees use a wide varieties of names in practice.

In order to address the question of the role of the committees, we have performed a text-analysis on the nomenclature of committees that is used by DataCG. Text-analysis has for instance been used with success in M&A research by Malmendier & Tate (2008). In their analysis of the impact of CEO's overconfidence on acquisition decisions, they use CEO's press portrayal as one the two proxies for overconfidence. The authors collect data on articles about the CEOs in various business newspapers and magazines and record for each CEO and sample year, (1) the total number of articles, (2) the number of articles containing the words "confident" or "confidence", (3) the number of articles using "optimistic" or "optimism", (4) the number of articles using "reliable", "cautious" "conservative", "practical", "frugal", or "steady." They also hand-check that the terms describe the CEO and separate out articles in which "confident" or "optimistic" are negated.

Our approach was led as follows:

- Create a list of all the committees that has been active over the 1999-2013 period
- Identify the words that appear more often in the titles of board committees
- Perform a hand-check and regroup the different words that are used to describe an obviously similar role
- Create one dummy variable with each of the most-commonly used words in the titles of board committees as well as an additional dummy variable named "Autres" ("Other")
- Perform a search of the most-commonly used words in all the names of board committees
- Assign a value of 1 to all dummy variables when the corresponding word listed as most-commonly used appears in the title of the committee, and of 0 if no most-commonly used word appears in the name of the committee
- Review the list of committees for which no commonly-used word has been found at all.
 - o If the number of these committees is lower than 5% of the total number of committees, assign the value 1 to the dummy "Autres"
 - o If the number of these committees is higher than 5% of the total number of committees
 - Perform an additional search of most-commonly used words in their name in order to enrich the list of most-commonly used words

- Run the former procedure until all there is no two board committee sharing a common word in their names
- Perform a hand-check to make sure that all the board committees for which a 1 value is assigned to the dummy variable “Autres” cannot qualify for any obvious other dummy variable

We have compiled, using a text analysis approach, the 7312 committee-years data information over the 1999-2013 period, with 383 different names into 21 different types of committee roles (« Acquisition », « Audit », « Développement », « Engagement », « Ethique », « Gouvernance », « Innovation », « Investissement », « Mandataire », « Nomination », « Réglementation », « Rémunération », « RH », « Risque », « RSE et Durable », « Scientifique », « Sécurité », « Sélection », « Stratégie », « Technologie », and « Autres »). A comprehensive translation table is provided in Appendix D.

For an acquisition performed during year n , the information related to corporate governance available as of Dec 31st of year $n-1$ is used. It is therefore assumed that the data & information registered at the end of a given year is still relevant at the time the acquisition is made, that is to say during the whole year that follows.

From the different roles that have been identified through the preceding analysis, we derived the following variables:

- ADVCOM, which is equal to 1 if the board committees have at least another role than audit, that became mandatory in 2008, or 0 if not
- RELCOM, which is equal to 1 if the board committees have at least one role among “Acquisition”, “Development”, “Investissement” and “Stratégie”, or 0 if not
- STRACOM, which is equal to 1 if the board committees have a “Stratégie” in their roles, or 0 if not

Finally, in order to explore the impact of the regulation implemented on the 8th of December 2008, we define a variable AFT-BEF which takes the value 1 if the acquisition took place after the regulations were implemented and 0 if the acquisition took place before the regulations were implemented.

A number of factors are known to have a possible impact on M&A performance. They include method of payment (Loughran & Vjih, 1997 ; Rau & Vermaelen, 1998), diversification (Berger & Ofek, 1995 ; DeLong, 2001 ; Martynova & Renneboog, 2006), market conditions (Lubatkin & O’Neill, 1987 ; Lubatkin & Chatterjee, 1991), target listing status, that is to say privately- or publicly-held (Shojai, 2009) ; country (Bruner, 2002 and Martynova &

Renneboog, 2011). Harford, Humphery-Jenner, and Powell (2012), while simulating M&A performance according to CEO's level of entrenchment, list a set of variables, including industry sector, cross-border, size of the target and relative size of acquirer vs. target, as having a possible impact. We also include in our analysis possible industry-fixed effects and. In order to properly assess the impact of governance features, we therefore need to control for all the other factors.

In order to explore the impact of the existence of a committee at the time an acquisition is made, we build an ordinary least square regression of cumulated averaged abnormal returns, CAR(5) against:

- Dummy independent variable, COM? (1 if a board committee is active at the time of the acquisition)
- Quantitative control variables, MARKETCONDITIONS (market return during calendar year of acquisition) and SIZE (log of transaction value)
- Dummy control variables, AFT-BEF (1 if acquisition took place after the regulations were implemented and 0 if acquisition took place before the regulations were implemented), BIGACQUIROR (1 if acquirer has made 5 or more acquisitions over 1995-2013 or 0), PAYMENT_CASH (1 if transaction paid in cash or 0), PAYMENT_SHARES (1 if transaction paid in stock or 0), PUBLIC_TARGET (1 if listed target or 0), PRIVATE_TARGET (1 if private target or 0), RELATEDNESS (1 if target and acquirer have the same 4-digit SIC code or 0), FRANCE (1 if target is based in France or 0), GERMANY (1 if target is based in Germany or 0), THE_UNITED_KINGDOM (1 if target is based in The UK or 0), and THE_UNITED_STATES (1 if target is based in The US or 0)

The equation stands as follows: $CAR(5) = \beta_1 * COM? + \beta_2 * AFT/BEF + \beta_3 * SBF + \beta_4 * BIGACQUIROR + \beta_5 * MARKETCONDITIONS + \beta_6 * SIZE + \beta_7 * RELATEDNESS + \beta_8 * PAYMENT_CASH + \beta_9 * PAYMENT_SHARES + \beta_{10} * PUBLIC_TARGET + \beta_{11} * PRIVATE_TARGET + \beta_{12} * FRANCE + \beta_{13} * GERMANY + \beta_{14} * THE_UNITED_KINGDOM + \beta_{15} * THE_UNITED_STATES + \alpha + \epsilon$.

In order to explore the impact of the number of committees at the time an acquisition is made, we build an ordinary least square regression of cumulated averaged abnormal returns, CAR(5) against:

- Quantitative independent variable, NBCOM (number of board committees active at the time of the acquisition)

- Quantitative control variables, MARKETCONDITIONS (market return during calendar year of acquisition) and SIZE (log of transaction value)
- Dummy control variables, AFT-BEF (1 if acquisition took place after the regulations were implemented and 0 if acquisition took place before the regulations were implemented), BIGACQUIROR (1 if acquirer has made 5 or more acquisitions over 1995-2013 or 0), PAYMENT_CASH (1 if transaction paid in cash or 0), PAYMENT_SHARES (1 if transaction paid in stock or 0), PUBLIC_TARGET (1 if listed target or 0), PRIVATE_TARGET (1 if private target or 0), RELATEDNESS (1 if target and acquirer have the same 4-digit SIC code or 0), FRANCE (1 if target is based in France or 0), GERMANY (1 if target is based in Germany or 0), THE_UNITED_KINGDOM (1 if target is based in The UK or 0), and THE_UNITED_STATES (1 if target is based in The US or 0)

The equation stands as follows: $CAR(5) = \beta_1 * NBCOM + \beta_2 * AFT/BEF + \beta_3 * SBF + \beta_4 * BIGACQUIROR + \beta_5 * MARKETCONDITIONS + \beta_6 * SIZE + \beta_7 * RELATEDNESS + \beta_8 * PAYMENT_CASH + \beta_9 * PAYMENT_SHARES + \beta_{10} * PUBLIC_TARGET + \beta_{11} * PRIVATE_TARGET + \beta_{12} * FRANCE + \beta_{13} * GERMANY + \beta_{14} * THE_UNITED_KINGDOM + \beta_{15} * THE_UNITED_STATES + \alpha + \epsilon$.

In order to explore the impact of the presence of a committee with an advisory role at the time an acquisition is made, we build an ordinary least square regression of cumulated averaged abnormal returns, CAR(5) against:

- Dummy independent variable, ADVCOM (1 if presence of an active board committees with an advisory – that is to say a outside “audit” – role at the time an acquisition is made or 0) if the board committees have at least another role than audit
- Quantitative control variables, MARKETCONDITIONS (market return during calendar year of acquisition) and SIZE (log of transaction value)
- Dummy control variables, AFT-BEF (1 if acquisition took place after the regulations were implemented and 0 if acquisition took place before the regulations were implemented), BIGACQUIROR (1 if acquirer has made 5 or more acquisitions over 1995-2013 or 0), PAYMENT_CASH (1 if transaction paid in cash or 0), PAYMENT_SHARES (1 if transaction paid in stock or 0), PUBLIC_TARGET (1 if listed target or 0), PRIVATE_TARGET (1 if private target or 0), RELATEDNESS (1 if target and acquirer have the same 4-digit SIC code or 0), FRANCE (1 if target is based in France or 0), GERMANY (1 if target is based in Germany or 0),

THE_UNITED_KINGDOM (1 if target is based in The UK or 0), and
THE_UNITED_STATES (1 if target is based in The US or 0)

The equation stands as follows: $CAR(5) = \beta_1 * ADVCOM + \beta_2 * AFT/BEF + \beta_3 * SBF + \beta_4 * BIGACQUIROR + \beta_5 * MARKETCONDITIONS + \beta_6 * SIZE + \beta_7 * RELATEDNESS + \beta_8 * PAYMENT_CASH + \beta_9 * PAYMENT_SHARES + \beta_{10} * PUBLIC_TARGET + \beta_{11} * PRIVATE_TARGET + \beta_{12} * FRANCE + \beta_{13} * GERMANY + \beta_{14} * THE_UNITED_KINGDOM + \beta_{15} * THE_UNITED_STATES + \alpha + \epsilon$.

In order to explore the impact of the presence of a committee with a relevant role at the time an acquisition is made, we build an ordinary least square regression of cumulated averaged abnormal returns, CAR(5) against:

- Dummy independent variable, RELCOM (1 if there is an active board committee with a relevant – that is to say “acquisition”, “developpement”, “investissement” or “stratégie” – role at the time an acquisition is made or 0)
- Quantitative control variables, MARKETCONDITIONS (market return during calendar year of acquisition) and SIZE (log of transaction value)
- Dummy control variables, AFT-BEF (1 if acquisition took place after the regulations were implemented and 0 if acquisition took place before the regulations were implemented), BIGACQUIROR (1 if acquirer has made more than 5 acquisitions over 1995-2013 or 0), PAYMENT_CASH (1 if transaction paid in cash or 0), PAYMENT_SHARES (1 if transaction paid in stock or 0), PUBLIC_TARGET (1 if listed target or 0), PRIVATE_TARGET (1 if private target or 0), RELATEDNESS (1 if target and acquirer have the same 4-digit SIC code or 0), FRANCE (1 if target is based in France or 0), GERMANY (1 if target is based in Germany or 0), THE_UNITED_KINGDOM (1 if target is based in The UK or 0), and THE_UNITED_STATES (1 if target is based in The US or 0)

The equation stands as follows: $CAR(5) = \beta_1 * RELCOM + \beta_2 * AFT/BEF + \beta_3 * SBF + \beta_4 * BIGACQUIROR + \beta_5 * MARKETCONDITIONS + \beta_6 * SIZE + \beta_7 * RELATEDNESS + \beta_8 * PAYMENT_CASH + \beta_9 * PAYMENT_SHARES + \beta_{10} * PUBLIC_TARGET + \beta_{11} * PRIVATE_TARGET + \beta_{12} * FRANCE + \beta_{13} * GERMANY + \beta_{14} * THE_UNITED_KINGDOM + \beta_{15} * THE_UNITED_STATES + \alpha + \epsilon$.

In order to explore the impact of the presence of a “stratégie” committee at the time an acquisition is made, we build an ordinary least square regression of cumulated averaged abnormal returns, CAR(5) against:

- Dummy independent variable, STRATCOM (1 if a “stratégie” board committee is active at the time an acquisition is made or 0)
- Quantitative control variables, MARKETCONDITIONS (market return during calendar year of acquisition) and SIZE (log of transaction value)
- Dummy control variables, AFT-BEF (1 if acquisition took place after the regulations were implemented and 0 if acquisition took place before the regulations were implemented), BIGACQUIROR (1 if acquirer has made 5 or more acquisitions over 1995-2013 or 0), PAYMENT_CASH (1 if transaction paid in cash or 0), PAYMENT_SHARES (1 if transaction paid in stock or 0), PUBLIC_TARGET (1 if listed target or 0), PRIVATE_TARGET (1 if private target or 0), RELATEDNESS (1 if target and acquirer have the same 4-digit SIC code or 0), FRANCE (1 if target is based in France or 0), GERMANY (1 if target is based in Germany or 0), THE_UNITED_KINGDOM (1 if target is based in The UK or 0), and THE_UNITED_STATES (1 if target is based in The US or 0)

The equation stands as follows: $CAR(5) = \beta_1 * STRATCOM + \beta_2 * AFT/BEF + \beta_3 * SBF + \beta_4 * BIGACQUIROR + \beta_5 * MARKETCONDITIONS + \beta_6 * SIZE + \beta_7 * RELATEDNESS + \beta_8 * PAYMENT_CASH + \beta_9 * PAYMENT_SHARES + \beta_{10} * PUBLIC_TARGET + \beta_{11} * PRIVATE_TARGET + \beta_{12} * FRANCE + \beta_{13} * GERMANY + \beta_{14} * THE_UNITED_KINGDOM + \beta_{15} * THE_UNITED_STATES + \alpha + \epsilon$.

For each of the 5 OLS, we run 4 scenarios testing for industry and/or year fixed effects.

5. Results

5.1. Impact of the presence of a Board Committee on M&A performance

As table 2 shows, the estimated marginal effect of presence of a Board Committee at the time of an acquisition on M&A performance is positive and significant at 1%-level when taking into account year-fixed effects and at 5%-level when not.

It should be noted that this result is not affected by the timing of the acquisition: Whether the acquisition was performed before the change on regulations on the 8th of December 2008 or not has not impact on acquisition performance.

A key conclusion is that no superior acquisition performance comes from the obligation to have an audit committee, that we could have thought to have to have a positive impact on acquisition performance. Results seem to indicate that it is more company's willingness to better organize its governance that leads to a higher acquisition performance.

[INSERT TABLE 2]

5.2. Impact of the number of Board Committees on M&A performance

As table 3 shows, the estimated marginal effect of higher number of Board Committees at the time of an acquisition has a positive but not significant impact on M&A performance.

The idea that a higher number of committees, which can be interpreted as a sign of a stronger willingness to improve performance through a more intense-board activity or of more focused boards activity is not validated. The observed multiplication of board committees does not lead to an improved M&A performance. It can of course be objected that a multiple number of committees does neither imply a stronger focus nor more expertise on M&A.

[INSERT TABLE 3]

5.3. Impact of the presence of Board Committees with advisory roles on M&A performance

Excluding mandatory audit committee, defined as a "mandatory" committee from the analysis, we test if the presence at the time an acquisition is made of a board committee with a role beyond audit – which we call an advisory role, has an impact on acquisition performance.

As table 4 shows, the estimated marginal effect of the presence of a board committee with an advisory role at the time of an acquisition has no significant impact on M&A performance.

[INSERT TABLE 4]

5.4. Impact of the presence of a Board Committee with relevant roles to M&A on M&A performance

In order to fine-tune our understanding of the impact of board committees on M&A performance, we exclude from the analyses all the board committees that do not have at least one role that is relevant to M&A. Exclusions lead to retain acquisition, development, investment and strategy roles, which no one can challenge to have link to M&A. We test if the presence at the time an acquisition is made of a board committee with a relevant role to M&A, has an impact on acquisition performance.

As table 5 shows, the estimated marginal effect of the presence of a board committee with a relevant role for M&A at the time of an acquisition has no significant impact on M&A performance.

[INSERT TABLE 5]

5.5. Impact of the presence of a Board Committee with a strategy role on M&A performance

Focus at the end on the performance of acquirers that have a board committee with a strategy role, we find that their M&A performance is not better: Table 6 shows that the estimated marginal effect of the presence of a board committee with a relevant role for M&A at the time of an acquisition has no significant impact on M&A performance.

[INSERT TABLE 6]

6. Conclusions

The main take-away from our analysis is that the presence of a Board Committee at the time an acquisition is made leads to more successful acquisitions, while M&A performance has not improved since to have a board committee became mandatory.

As a result, we can conclude that this is not because the committee provides an improvement through its monitoring and/or advising that M&A performance is higher. It can rather be assumed that companies that enjoy a higher M&A performance are also the ones to be keen to adopt corporate governance practices.

This idea is sustained by another finding: When a company makes an acquisition while it has a committee with an advising role – even a strategy advising role, which can be assumed to be important to M&A – M&A performance is not better.

The other key take-away is that recent regulations related to corporate governance, mostly reduced to a mandatory audit committee, have had no impact on M&A performance in France.

Lack of impact of corporate governance on acquisition performance can be explained along four dimensions.

First, we can also consider that there is an overall underestimation of the level of asymmetric information in the context of mergers & acquisitions compared to the usual contexts of the functions performed by a board – service the CEO, control the CEO and help him to define a strategy. Indeed, it seems to be easier for a board member to make sure that the financial statements are an accurate representation of the reality than to take a position on an acquisition that is almost always performed under pressure. This explanation gains some support from the various recent studies that have found that corporate governance had some impact on financial performance.

Second, we could also estimate that markets gain experience: Companies adapt their practices according to market best-practices and investors integrate their evolution in their perception of the company's performance. Bebchuk, Cohen & Wang (2010) warn for instance that while during the period 1991-1999 stock returns were correlated with the G-Index (Gompers, Ishii, & Metrick (2003)) and the E-Index (Bebchuk, Cohen, & Ferrell (2009)), the correlation did not persist during the period 2000-2008. The authors prove that this evolution is due to market participants' learning to appreciate the difference between firms scoring well and poorly on the governance indices. This remark should however not affect our analyses

since abnormal returns calculated in the course of an M&A performance is not related to the opinion investors have about the quality of the acquirers' corporate governance.

Third, as Larcker & Tayan (2011) explain, internal corporate governance mechanisms are not the sole dimension of corporate governance and what can be analyzed may therefore provide limited information about corporate governance and M&A performance (see Appendix A). Researchers have therefore started to investigate whether a specific corporate governance is adapted to a specific business environment, such as market concentration, or to a strategic objective such as change.

Fourth, Farschtschian (2012) explains while it is the true activity performed by a board that matters, number of board meetings or size of the board are poor indicators of board activity. One area that has been suffering from a lack of investigation from research is what boards are actually doing, how board members interact and influence with the CEOs, how board members' inputs are taken into consideration and implemented by the company. With respect to that view, the number of Board Committees or their focus is a poor measure of board activity. As for any organization, a detailed mapping of the processes is needed to fully understand the whole efficiency of the system.

The idea that the main driving success factor to be the company's willingness to adopt what is believed to be market best-practices fits to our overall research work: Since M&A is complicated, asymmetry of information is more significant than in more common business situations and therefore managerial discretion, which is what CEOs are paid for, is more important than in any other business situation. As a result, a company that is more prone to adopt market best-practices for governance may be more prone to adopt market best-practices – such as provisions from acquisition process school, for M&A and therefore to enjoy better M&A performance.

Our conclusions are in line with Faleye, Hoitash & Hoitash (2010), who find that acquisition performance is lower when Board is more monitoring-intensive, that is to say more focus on complying with regulations that aim to reinforce the monitoring role of the Boards. Indeed, companies that want their board to play a stronger advisory role are likely to be the ones that are also willing to better organize their acquisition process in order to enjoy a superior performance.

As a key conclusion regarding M&A performance, we deem that when a CEO wants to improve the company's M&A performance, not only he has to work on its acquisition process but he may also have to integrate the board in it.

Indeed, as stated by Finkelstein & Mooney (2003), who interviewed more than 30 directors, board process is likely to have an impact on board effectiveness and firm performance but a set of indicators based on composition and structure is unlikely to provide all the desired richness regarding how board members fulfill their duties.

We therefore align with Finkelstein & Mooney (2003) and Farschtschian (2012) who recommend the adoption of alternative research methods to investigate the true role that a board play in a company.

Appendix A – The increased importance of corporate governance in M&A research

Table 4
The use of “corporate control” and “corporate governance” in M&A abstracts

(1)	(2) Corporate control	(3) Corporate governance	(4) Governance/control	(5) Number of articles on M&A
1980–1983	7	0	0%	1138
1984–1987	32	10	31%	1684
1988–1991	67	13	19%	2522
1992–1995	57	38	67%	2606
1996–1999	36	53	147%	2877
2000–2003	29	52	179%	3293
2004–2007	48	145	302%	3848

This table presents the absolute and relative use of the terms corporate governance and corporate control in articles in which any of the terms merger, acquisition, or takeover appear in the abstract or citation. All terms examined must appear in the abstract or citation of ABI Inform's database of scholarly articles. Columns (2) and (3) show the frequency that “corporate control” and “corporate governance”, respectively, appear in merger article abstracts. Column (4) shows the relative relation of these terms as we scale the frequency in Column (3) by the frequency in Column (2). Column (5) reports the gross number of M&A articles.

Appendix B - Content of the Data CG database

SA	Assiduité_conseil	Formation_dirigeant3	Mandat_entreprise6
SCA	Nb_comités	Formation_dirigeant4	Mandat_entreprise7
Société_européenne	Comité1	HEC	Mandat_entreprise8
Surveillance_directoire	Nb_réunions_comité1	ESCP	Dû_fixe
Dirigeant_président_conseil	Assiduité_comité1	ESSEC	Dû_variable
Durée_mandat	Nb_membres_comité1	MBA	Dû_exceptionnel
Nb_actions_statuts	Nb_indépendants_comité1	ENA	Dû_jetons
Nb_administrateurs	Comité2	X	Dû_nature
Nb_femmes	Nb_réunions_comité2	Ponts	Versé_fixe
Pourc_femmes	Assiduité_comité2	Mines	Versé_variable
Nb_indépendants	Nb_membres_comité2	Centrale	Versé_exceptionnel
Pourc_indépendants	Nb_indépendants_comité2	Centrale_Lille_Lyon	Versé_jetons
Nombre_d'etrangers_au_conseil	Comité3	SUPAERO	Versé_nature
Taux_d'internationalisation_du_conseil	Nb_réunions_comité3	Supélec	Options
Nb_administrateurs_salariés_élus	Assiduité_comité3	IEP	Options_montant
Pourc_administrateurs_salariés_élus	Nb_membres_comité3	Doctorat	Actions_performance
Nom_administrateur_salarié_élu1	Nb_indépendants_comité3	Autodidacte_Baccalauréat	Actions_performance_montant
Affiliation_syndicale1	Comité4	Année_nomination_dirigeant	Actions_gratuites
Nom_administrateur_salarié_élu2	Nb_réunions_comité4	Ancienneté_dirigeant	Actions_gratuites_montant
Affiliation_syndicale2	Assiduité_comité4	Dirigeant_conseil	Contrat_travail
Nom_administrateur_salarié_élu3	Nb_membres_comité4	Turnover_dirigeant	Retraite_complémentaire
Affiliation_syndicale3	Nb_indépendants_comité4	Décédé	Cessation_changement_fonctions
Nom_administrateur_salarié_élu4	Comité5	Age_statuts	Clause_non_concurrence
Affiliation_syndicale4	Nb_réunions_comité5	Départ_retraite	Droit_vote_double
Nom_administrateur_salarié_élu5	Assiduité_comité5	Dirigeant_nommé_administrateur_prés	Nb_années_droit_vote_double
Affiliation_syndicale5	Nb_membres_comité5	Promotion_dirigeant	Seuil_statutaire
Nom_administrateur_salarié_élu6	Nb_indépendants_comité5	Changement_contrôle_entreprise	Autres_seuils_statutaires
Affiliation_syndicale6	Comité_audit_distinct	Démission	Actionnariat_salarié_capital
Nom_administrateur_salarié_élu7	Indépendants_comité_audit	Non_renouvéllé	Actionnariat_salarié_DDV
Affiliation_syndicale7	Jetons_présence	Absence_raison_évoquée	Privatisation
Nom_administrateur_salarié_élu8	Jetons_présence_dus	Note	Date_introduction_Bourse
Affiliation_syndicale8	Jetons_présence_versés	Who_s_Who	Entreprise_préférée
Nb_administrateurs_salariés_actionnaires	Existence_règlement_intérieur	Wikipédia	Entreprise_préférée_occurrence
Pourc_administrateurs_salariés_actionnaires	Existence_code_gouvernance	Linkedin	Fondation_entreprise
Nb_censeurs	Nom_code_gouvernance	Linkedin_nb_relations	Nb_CAC
Age_conseil_moyenne	Nom_dirigeant	Livres	Big_Four
Age_conseil_médiane	Prénom_dirigeant	Nb_mandats_dirigeant	CAC1
Age_conseil_écart_type	Dirigeant_femme	Mandat_entreprise1	CAC2
Age_conseil_minimum	Naissance_dirigeant	Mandat_entreprise2	CAC3
Age_conseil_maximum	Age_dirigeant	Mandat_entreprise3	AMF
Age_conseil_étendue	Formation_dirigeant1	Mandat_entreprise4	
Nb_réunions_conseil	Formation_dirigeant2	Mandat_entreprise5	

Appendix C – Titles of the board committees found in the M&A database

Title	Number	Title	Number
Audit	250	Audit et financement	3
Comptes	89	Ethique et développement durable	3
Stratégie	77	Etudes	3
Nominations et rémunérations	74	Financier et audit	3
Rému. & Nomi.	71	Gouvernance et responsabilité sociale d'entreprise	3
Rémunération	66	Gouvernement d'entreprise	3
Rémunérations	63	Mandataires et rémunérations	3
Stratégie et investissements	29	Rému & Nomi & Gvt	3
Stratégique	28	Rémunérations, nominations et gouvernance	3
Nominations et gouvernance	26	Sélection des administrateurs et rémunérations	3
Nominations	23	Statrégie et investissements	3
Audit et comptes	20	Stratégique et grands projets	3
Financier	18	Contrôle	2
Rémunérations et nominations	16	Contrôle interne, risques et conformité	2
Comptes et audit	15	Développement international	2
Mandataires	14	Gouvernance, sélection et rémunérations	2
Audit et risques	12	Gouvernement et éthique	2
Nomination	12	Stock options	2
Rémunérations et sélection	12	Stratégie et réalisations	2
Ethique	11	Stratégie et risques	2
Ressources humaines	11	Stratégie internationale	2
Stratégie et Développement	10	Technologie	2
Mandataires Sociaux	9	Administrateurs indépendants	1
Sélection	9	Audit & risques	1
Sélection	9	Comptes et transactions	1
Suivi des engagements nucléaires	9	Comptes, audit et engagements	1
Gouvernance et nominations	8	ETHIQUE ET GESTION DES RISQUES	1
Réflexion stratégique	8	Ethique et mécénat	1
Ethique, environnement et développement durable	7	Gvt d'Entreprise	1
Investissements	7	Hommes et organisation	1
Nominations, Rémunérations et Gouvernance	7	HSE - Développement durable	1
Recherche, innovation et développement durable	7	INVESTISSEMENT	1
Rémunérations, nominations et gouvernement d'entreprise	7	Investissements et acquisitions	1
Rémunérations, nominations et ressources humaines	7	Management & Rému	1
RH	7	NOMINATIONS ET REMUNERATIONS	1
Gouvernance	6	Personnel	1
Gouvernement d'entreprise et nominations	6	REMUNERATIONS ET NOMINATIONS	1
Responsabilité sociale	6	Rémunérations, Ressources humaines & RSE	1
Scientifique	6	RESPONSABILITE SOCIETALE DE L ENTREPRISE	1
Audit, risques et développement durable	5	Ressources humaines et rémunérations	1
Ethique et gouvernance	5	Ressources humaines, nominations et rémunérations	1
Qualité et développement durable	5	Sélection des administrateurs	1
Rémunérations, sélection et gouvernance	5	Sélection et rémunérations	1
Stratégie, développement et développement durable	5	Sélection, nominations et rémunérations	1
Audit de la performance	4	Stratégie Dvt	1
Engagements	4	Stratégie et développement durable	1
Ethique et mecenat	4	Stratégie Marketing	1
Organisation et management	4	STRATEGIQUE ET TRANSACTIONS	1
Orientation	4	Suivi de la couverture des charges d'assainissement et de démantèlement	1
		Suivi des obligations de fin de cycle	1

Appendix D – Table of the translations of existing boards into types of boards

Compté	Nombre	Audit	Comptes	Financier	Stratégie	Développement	Investissement	Gouvernance	Rémunération	Nomination	Mandataire	Sélection	Risque	RH	Ethique	RSE et Durable	Autres
Administrateurs indépendants	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Audit	250	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Audit & risques	1	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0
Audit de la performance	4	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Audit et comptes	30	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Audit et financement	3	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Audit et risques	12	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
Audit, risques et développement durable	5	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0
Comptes	89	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Comptes et audit	15	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Comptes et transactions	1	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0
Comptes, audit et engagements	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conseil	2	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0
Conseil interne, risques et conformité	2	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0
Développement international	2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Engagements	4	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
Ethique	11	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Ethique et développement durable	3	0	0	0	0	1	0	0	0	0	0	0	0	0	1	1	0
ETHIQUE ET GESTION DES RISQUES	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0
Ethique et gouvernance	5	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0
Ethique et mécénat	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
Ethique et mécénat	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Ethique, environnement et développement durable	7	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0
Etudes	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Financier	18	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Financier et audit	3	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Gouvernance	6	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Gouvernance et nominations	8	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0
Gouvernance et responsabilité sociale d'entreprise	3	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Gouvernance, sélection et rémunérations	2	0	0	0	0	0	0	1	1	0	0	1	0	0	0	0	0
Gouvernement d'entreprise	3	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Gouvernement d'entreprise et nominations	6	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0
Gouvernement et éthique	2	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Gov. d'entreprise	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Hommes et organisation	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
HRSE - Développement durable	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	2
INVESTISSEMENT	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Investissements	7	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Investissements et acquisitions	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0
Management & Réseaux	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0
Mandataires	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mandataires et rémunérations	3	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0
Mandataires Sociaux	9	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
Nomination	12	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
Nominations	23	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
Nominations et gouvernance	26	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0
NOMINATIONS ET REMUNERATIONS	1	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0
Nominations et rémunérations	34	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0
Nominations, Rémunérations et Gouvernance	7	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0	0
Organisation et management	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Orientation	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Personnel	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
Qualité et développement durable	5	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1
Recherche, innovation et développement durable	7	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Recherche stratégique	8	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Réseaux & Norms & Gov.	3	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0
Réseaux & Norms	71	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0
Rémunération	66	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
Rémunérations	63	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
REMUNERATIONS ET NOMINATIONS	1	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0
Rémunérations et nominations	16	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0
Rémunérations et sélection	12	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0
Rémunérations, nominations et gouvernance	3	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0	0
Rémunérations, nominations et gouvernement d'entreprise	7	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0	0
Rémunérations, nominations et ressources humaines	7	0	0	0	0	0	0	0	1	1	0	0	0	1	0	0	0
Rémunérations, Ressources humaines & RSE	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0
Rémunérations, sélection et gouvernance	5	0	0	0	0	0	0	1	1	0	0	1	0	0	0	0	0
Responsabilité sociale	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
RESPONSABILITE SOCIALE DE L'ENTREPRISE	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
Ressources humaines	11	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
Ressources humaines et rémunérations	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0
Ressources humaines, nominations et rémunérations	1	0	0	0	0	0	0	0	1	1	0	0	0	1	0	0	0
RH	7	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
RH	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Scientifique	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sélection	9	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
Sélection des administrateurs	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
Sélection des administrateurs et rémunérations	3	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0
Sélection et rémunérations	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0
Sélection, nominations et rémunérations	1	0	0	0	0	0	0	0	1	1	0	1	0	0	0	0	0
Stock options	3	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0
Stock options	2	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Stratégie	77	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Stratégie Dvt	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Stratégie et développement	30	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0
Stratégie et développement durable	1	0	0	0	1	1	0	0	0	0	0	0	0	0	0	1	0
Stratégie et investissements	29	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0
Stratégie et réalisations	2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Stratégie et risques	2	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0
Stratégie internationale	2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Stratégie Marketing	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Stratégie, développement et développement durable	5	0	0	0	1	1	0	0	0	0	0	0	0	0	0	1	0
Stratégie	28	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
Stratégique et grands projets	3	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0
STRATEGIQUE ET TRANSACTIONS	1	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0
Suivi de la couverture des charges d'assainissement et de démantèlement	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Suivi des engagements nucléaires	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Suivi des obligations de fin de cycle	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Technologie	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1

Figure 1 – Evolution of the # of board committees

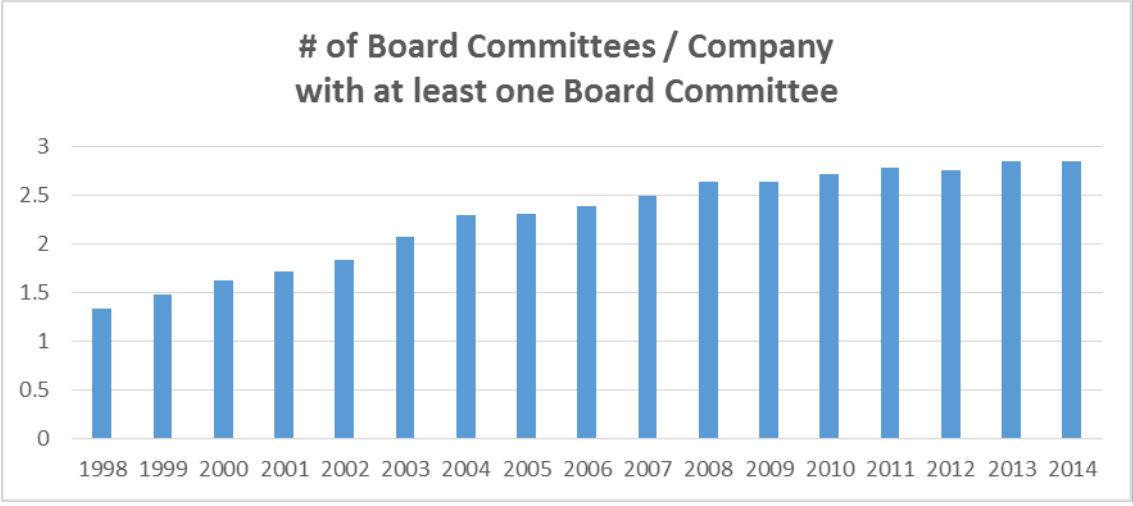
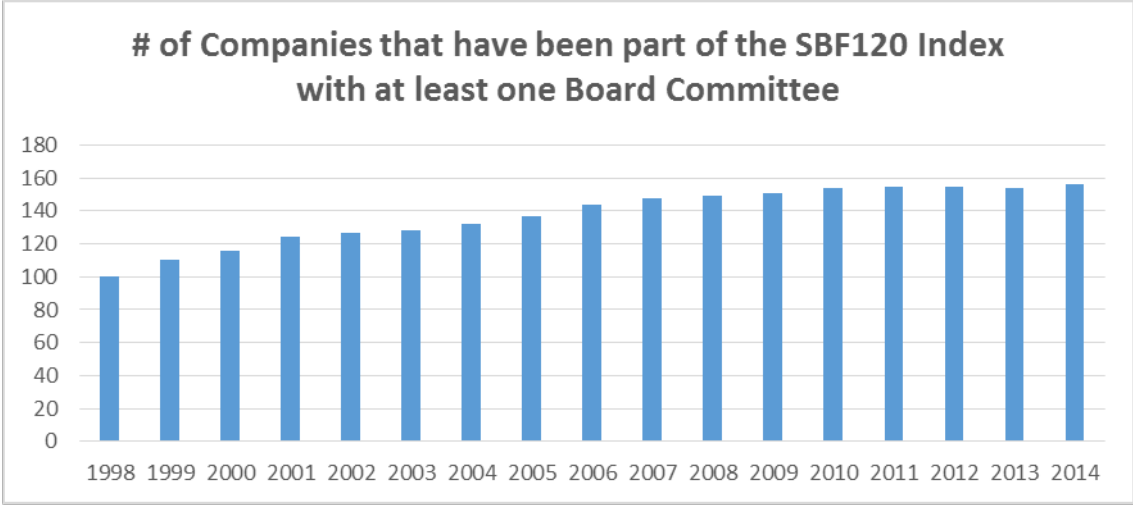
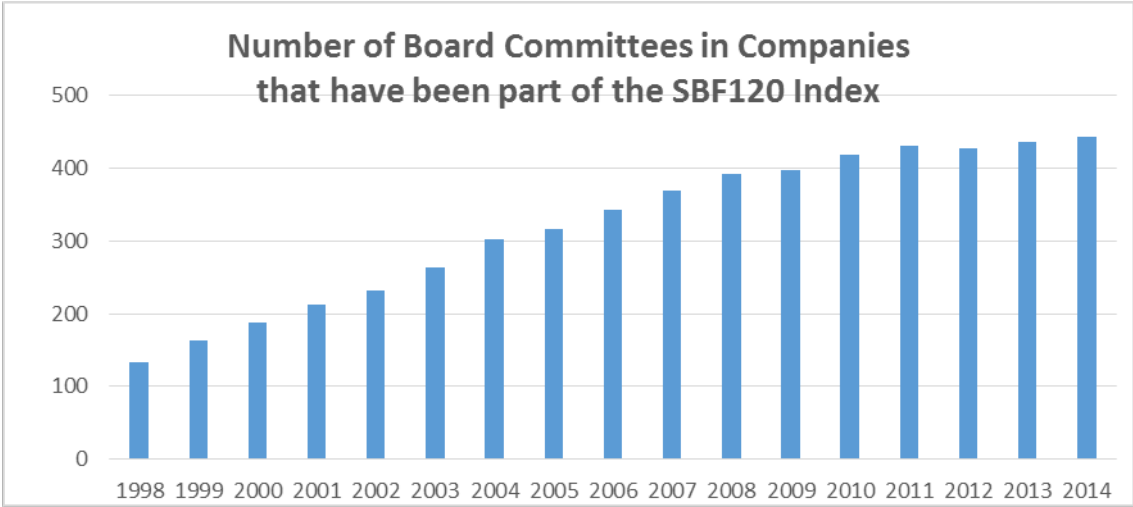
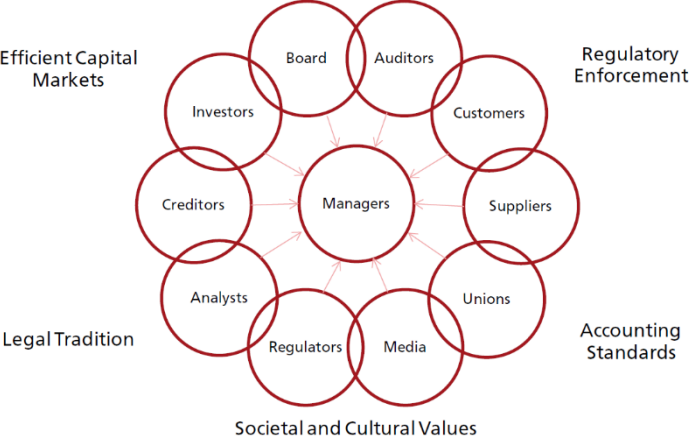


Figure 2 – Selected determinants and participants in corporate governance systems, prepared by Larcker & Tayan (2011)



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Table 1
Descriptive statistics of sample acquisitions

The sample comprises 448 acquisition-year observations, from 1999 to 2013. Panel A contains annual acquisition data by year of the bid announcement for the full sample, with partition on size of the transaction, market conditions, strategic nature of the deal, acquirer M&A activity, financing structure of the deal, target ownership status, target country and target industry. All acquisition characteristics are defined in the Appendix. Panel B contains the acquisition partitioned according to the presence of a Board Committee, the number of Board Committees, the presence of a Board Committee related to M&A, the presence of an advisory Board Committee and the presence of a strategy Board Committee at the time acquisition was made

Panel A: M&A - Acquisitions Years		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	%	#
Total # of M&As		47	47	35	35	20	18	19	37	27	43	29	27	24	38	30	7	448
% of all M&As 1995-2013		10.5%	10.5%	7.8%	7.8%	4.5%	4.0%	4.2%	8.3%	6.0%	9.6%	6.5%	6.0%	5.4%	8.5%	6.7%	1.6%	100.0%
<i>Timing of acquisition</i>																		
Before 12/8/2008		47	47	35	20	18	19	19	37	27	43	28	0	0	0	0	0	321
After 12/8/2008		0	0	0	0	0	0	0	0	0	0	1	27	24	38	30	7	127
Market conditions		31.2%	3.4%	-28.7%	-23.1%	18.0%	10.7%	17.7%	18.8%	4.8%	4.8%	-45.8%	20.6%	-12.2%	4.5%	19.7%	16.1%	448
Size of the transaction		2.67	2.80	2.59	2.49	2.64	2.77	2.61	2.90	2.70	2.71	2.79	2.72	2.69	2.59	2.32		448
<i>Acquirer's listing status</i>																		
SBF		47	47	35	20	18	19	19	37	27	43	29	27	24	38	28	7	446
non SBF		0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2
<i>Acquirer experience</i>																		
Big acquiror		35	37	27	13	12	12	12	20	17	25	17	20	16	28	17	3	299
Other acquiror		12	10	8	7	6	7	7	17	10	18	12	7	8	10	13	4	149
<i>Payment terms</i>																		
Payment cash		26	16	12	6	7	9	9	19	11	16	14	7	9	19	12	2	185
Payment shares		7	7	0	3	4	7	0	1	2	3	1	2	3	1	1	0	33
Other payment		14	24	23	11	7	9	18	14	14	24	14	18	14	18	17	5	230
<i>Target's ownership status</i>																		
Public target		25	18	13	5	6	6	3	14	11	11	8	5	7	9	9	0	144
Private target		9	4	4	2	1	5	5	5	1	6	2	3	5	5	2	2	56
Other target		13	25	18	13	11	11	11	18	15	26	19	19	12	24	19	5	248
<i>Focus & diversification</i>																		
Relatedness		10	12	12	4	4	4	3	10	10	12	9	8	14	11	13	1	133
Unrelatedness		37	35	23	16	14	14	16	27	17	31	20	19	10	27	17	6	315
<i>Target country</i>																		
France		13	9	8	10	10	10	6	12	7	12	6	5	6	9	6	2	121
Germany		1	3	2	0	0	0	4	2	2	7	2	1	1	0	2	0	27
The United Kingdom		6	5	1	0	1	0	5	2	2	2	4	1	1	6	3	0	37
The United States		15	9	7	4	1	6	7	10	6	6	3	9	6	6	4	2	95
Other Nation		12	21	17	6	6	3	11	6	6	16	14	11	10	17	15	3	168
<i>Target industry</i>																		
CPS		4	4	2	2	0	0	1	3	3	5	2	0	1	7	1	0	34
ENERGY		3	5	2	3	2	1	6	4	8	11	11	5	10	8	3	1	72
HEALTH		0	0	0	1	0	0	1	1	0	0	6	4	4	2	4	2	26
HT		8	3	5	4	6	6	6	1	3	6	4	3	4	4	2	2	61
IND		7	8	3	3	3	3	1	9	2	7	2	3	0	3	10	0	61
MATERIALS		8	6	3	0	2	5	5	5	2	9	0	2	2	5	1	1	54
MEDIA		8	6	5	5	5	1	7	5	5	3	1	3	1	4	2	0	52
RETAIL		4	4	2	0	0	0	5	1	2	2	0	2	0	3	2	0	25
STAPLES		2	7	5	0	0	0	0	1	0	2	1	3	1	2	2	1	27
TELECOM		3	4	8	2	4	4	2	1	3	1	0	4	1	0	3	0	36
<i>Panel B: Board Committees - Acquisitions-</i>																		
<i>Presence of a Committee</i>																		
No		7	2	2	4	4	1	0	0	1	1	0	0	0	0	0	0	18
Yes		40	45	33	16	16	17	19	37	26	42	29	27	24	38	30	7	430
<i>Number of Committees</i>																		
0		7	2	2	4	4	1	0	0	1	1	0	0	0	0	0	0	18
1		3	2	3	2	2	1	1	2	2	2	0	0	0	1	0	1	20
2		22	18	19	9	8	8	8	15	13	19	7	3	5	9	4	1	159
3		15	25	10	3	5	7	18	10	13	13	12	9	11	18	13	6	175
4		0	0	1	2	3	3	3	2	1	8	8	14	6	7	9	1	65
5		0	0	0	0	0	0	0	0	0	0	2	1	2	3	3	0	11
<i>Presence of a Relevant Committee</i>																		
No		9	3	3	5	2	2	0	2	3	3	0	0	0	1	1	0	32
Yes		38	44	32	15	16	19	35	24	24	40	29	27	24	37	29	7	416
<i>Presence of an Advisory Committee</i>																		
No		33	25	26	15	10	9	18	18	18	23	8	7	9	16	12	3	232
Yes		14	22	9	5	8	10	19	19	9	20	21	20	15	22	18	4	216
<i>Presence of a Strategy Committee</i>																		
No		42	32	30	17	13	11	26	19	19	29	11	7	13	20	14	4	288
Yes		5	15	5	3	5	8	11	11	8	14	18	20	11	18	16	3	160

Table 2**Impact of the existence of a Board Committee on M&A performance in France**

This table presents the results from regressing the Cumulative Abnormal Returns (CARs) of 448 acquisition-year observations to various acquisition characteristics, including main variable of interest, COM?, which is equal to 1 if acquisition was performed by a French acquiror at a time a Board Committee was in activity and 0 if not. AFT/BEF is a dummy variable equal to 1 if acquisition was made before 12/8/2008 and 0 if not. SBF is a dummy variable equal to 1 if acquiror is part of the SBF index and 0 if not. Other independent variables are usual control variables used in analyzing M&A performance. Variable definitions are provided in Appendix. Asterisks indicate coefficients significant at the 1%, 5% and 10% respectively.

	(1)	(2)	(3)	(4)
COM?	3.9540% ** (2.30)	5.0974% *** (2.86)	4.2826% ** (2.45)	5.3278% *** (2.95)
AFT_BEF	-0.6807% (-0.89)	7.9246% (1.10)	-0.5630% (-0.71)	7.9635% (1.11)
SBF	-5.1018% (-1.00)	-5.6736% (-1.09)	-6.5669% (-1.28)	-6.8562% (-1.31)
BIGACQUIROR	-1.6647% ** (-2.26)	-1.8864% ** (-2.51)	-1.6426% ** (-2.15)	-1.8092% ** (-2.34)
FRANCE	-0.6996% (-0.81)	-0.8684% (-0.99)	-0.6381% (-0.70)	-0.7079% (-0.77)
GERMANY	4.6934% *** (3.18)	4.8594% *** (3.17)	4.4241% *** (2.96)	4.6027% *** (2.97)
MARKETCONDITIONS	1.3528% (0.85)		1.5331% (0.93)	
PAYMENT_SHARES	-2.1027% (-1.60)	-2.0472% (-1.53)	-2.1984% * (-1.66)	-2.1128% (-1.57)
PUBLIC_TARGET	-1.7982% *** (-2.36)	-2.1187% *** (-2.75)	-1.8831% *** (-2.43)	-2.2530% *** (-2.86)
RELATEDNESS	0.9235% (1.23)	0.9566% (1.26)	1.2416% (1.64)	1.2823% * (1.67)
SIZE	0.2788% (0.42)	0.5467% (0.81)	0.4665% (0.69)	0.7648% (1.11)
UNITED_KINGDOM	0.016141 (1.25)	0.014117 (1.09)	0.012221 (0.93)	0.009562 (0.72)
UNITED_STATES	0.006468 (0.71)	0.004055 (0.44)	0.003841 (0.40)	0.00154 (0.16)
C	2.4264% (0.44)	-6.2484% (-0.67)	1.9086% (0.34)	-7.3033% (-0.76)
INDUSTRY DUMMIES	N	N	Y	Y
YEAR DUMMIES	N	Y	N	Y
Observations	448	448	448	448
Pseudo R ²	0.06142	0.06549	0.06305	0.06839

Table 3**Impact of the existence of the number of Board Committees on M&A performance in France**

This table presents the results from regressing the Cumulative Abnormal Returns (CARs) of 448 acquisition-year observations to various acquisition characteristics, including main variable of interest, NBCOM, which is equal to the number of committees active at a time acquisition was performed. AFT/BEF is a dummy variable equal to 1 if acquisition was made before 12/8/2008 and 0 if not. SBF is a dummy variable equal to 1 if acquiror is part of the SBF index and 0 if not. Other independent variables are usual control variables used in analyzing M&A performance. Variable definitions are provided in Appendix. Asterisks indicate coefficients significant at the 1%, 5% and 10% respectively.

	(1)	(2)	(3)	(4)
NBCOM	0.2808% (0.77)	0.5507% (1.42)	0.3648% (0.97)	0.6115% (1.54)
AFT_BEF	-0.6965% (-0.85)	8.5692% (1.18)	-0.6149% (-0.73)	8.7537% (1.20)
SBF	-5.4203% (-1.06)	-6.2418% (-1.19)	-6.9595% (-1.35)	-7.4791% (-1.42)
BIGACQUIROR	-1.5394% ** (-2.08)	-1.7398% ** (-2.30)	-1.5178% ** (-1.97)	-1.6627% ** (-2.13)
FRANCE	-0.7226% (-0.83)	-0.8899% (-1.00)	-0.6404% (-0.70)	-0.7307% (-0.79)
GERMANY	4.5861% *** (3.09)	4.6724% *** (3.03)	4.3241% *** (2.87)	4.4146% *** (2.83)
	1.3471% (0.84)		1.5057% (0.91)	
PAYMENT_SHARES	-2.2115% * (-1.67)	-2.0257% (-1.50)	-2.2575% * (-1.69)	-2.0419% (-1.50)
PUBLIC_TARGET	-1.8503% *** (-2.42)	-2.1764% *** (-2.81)	-1.9259% *** (-2.47)	-2.2980% *** (-2.90)
RELATEDNESS	0.7722% (1.03)	0.7721% (1.01)	1.0748% (1.41)	1.0822% (1.40)
SIZE	0.3426% (0.51)	0.5618% (0.83)	0.5215% (0.76)	0.7819% (1.12)
UNITED_KINGDOM	(0.01) (1.05)	(0.01) (0.83)	(0.01) (0.72)	(0.01) (0.45)
UNITED_STATES	(0.01) (0.58)	(0.00) (0.30)	(0.00) (0.31)	(0.00) (0.04)
C	5.6778% (1.07)	-2.9888% (-0.32)	5.3151% (0.96)	-4.1927% (-0.44)
INDUSTRY DUMMIES	N	N	Y	Y
YEAR DUMMIES	N	Y	N	Y
Observations	448	448	448	448
Pseudo R ²	0.05129	0.05191	0.05190	0.05416

Table 4**Impact of the existence of an Advisory Board Committee on M&A performance in France**

This table presents the results from regressing the Cumulative Abnormal Returns (CARs) of 448 acquisition-year observations to various acquisition characteristics, including main variable of interest, ADVCOM, which is equal to 1 if acquisition was performed by a French acquiror at a time a Board Committee was in activity and 0 if not. AFT/BEF is a dummy variable equal to 1 if acquisition was made before 12/8/2008 and 0 if not. SBF is a dummy variable equal to 1 if acquiror is part of the SBF index and 0 if not. Other independent variables are usual control variables used in analyzing M&A performance. Variable definitions are provided in Appendix. Asterisks indicate coefficients significant at the 1%, 5% and 10% respectively.

	(1)	(2)	(3)	(4)
ADVCOM	0.7243% (0.55)	1.2564% (0.93)	1.2867% (0.93)	1.7511% (1.24)
AFT_BEF	-0.5220% (-0.68)	7.9786% (1.10)	-0.4293% (-0.54)	8.0974% (1.11)
SBF	-5.6484% (-1.10)	-6.5177% (-1.23)	-7.4162% (-1.43)	-7.9712% (-1.50)
BIGACQUIROR	-1.5135% ** (-2.05)	-1.6509% ** (-2.19)	-1.4887% * (-1.94)	-1.5772% ** (-2.03)
FRANCE	-0.6903% (-0.79)	-0.8167% (-0.92)	-0.5972% (-0.65)	-0.6395% (-0.69)
GERMANY	4.5261% *** (3.05)	4.5708% *** (2.97)	4.2392% *** (2.82)	4.3077% *** (2.76)
MARKETCONDITIONS	1.2885% (0.80)		1.4900% (0.90)	
PAYMENT_SHARES	-2.2558% (-1.70)	-2.1232% (-1.57)	-2.3026% * (-1.73)	-2.1389% * (-1.57)
PUBLIC_TARGET	-1.8647% *** (-2.44)	-2.1840% *** (-2.81)	-1.9469% *** (-2.50)	-2.3077% *** (-2.91)
RELATEDNESS	0.7811% (1.04)	0.7812% (1.02)	1.1154% (1.46)	1.1307% (1.46)
SIZE	0.3771% (0.57)	0.6135% (0.90)	0.5518% (0.81)	0.8193% (1.18)
UNITED_KINGDOM	1.4017% (1.08)	1.1564% (0.88)	1.0040% (0.76)	0.6833% (0.51)
UNITED_STATES	0.5323% (0.58)	0.2947% (0.31)	0.2957% (0.30)	0.0594% (0.06)
C	5.8100% (1.09)	-1.8314% (-0.20)	5.4011% (0.98)	-2.9207% (-0.31)
INDUSTRY DUMMIES	N	N	Y	Y
YEAR DUMMIES	N	Y	N	Y
Observations	448	448	448	448
Pseudo R ²	0.05065	0.04929	0.05172	0.05226

Table 5**Impact of the existence of a Board Committee related to M&A on M&A performance in France**

This table presents the results from regressing the Cumulative Abnormal Returns (CARs) of 448 acquisition-year observations to various acquisition characteristics, including main variable of interest, RELCOM, which is equal to 1 if acquisition was performed by a French acquiror at a time a Board Committee related to M&A was in activity and 0 if not. AFT/BEF is a dummy variable equal to 1 if acquisition was made before 12/8/2008 and 0 if not. SBF is a dummy variable equal to 1 if acquiror is part of the SBF index and 0 if not. Other independent variables are usual control variables used in analyzing M&A performance. Variable definitions are provided in Appendix. Asterisks indicate coefficients significant at the 1%, 5% and 10%

	(1)	(2)	(3)	(4)
RELCOM	0.0225% (0.03)	0.2036% (0.29)	0.1331% (0.19)	0.2847% (0.40)
AFT_BEF	-0.4614% (-0.60)	7.8345% (1.08)	-0.3492% (-0.44)	7.9074% (1.09)
SBF	-5.3074% (-1.04)	-5.9259% (-1.13)	-6.8045% (-1.32)	-7.1182% (-1.35)
BIGACQUIROR	-1.4906% * (-1.99)	-1.5707% ** (-2.07)	-1.4269% * (-1.84)	-1.4588% * (-1.86)
FRANCE	-0.7139% (-0.82)	-0.8432% (-0.95)	-0.5961% (-0.65)	-0.6280% (-0.68)
GERMANY	4.5311% *** (3.05)	4.5804% *** (2.96)	4.2651% *** (2.83)	4.3352% *** (2.77)
MARKETCONDITIONS	1.2400% (0.77)		1.4164% (0.85)	
PAYMENT_SHARES	-2.3084% * (-1.74)	-2.1764% (-1.61)	-2.3715% * (-1.78)	-2.1899% (-1.61)
PUBLIC_TARGET	-1.8667% *** (-2.44)	-2.1787% *** (-2.80)	-1.9524% *** (-2.51)	-2.3058% *** (-2.90)
RELATEDNESS	0.7396% (0.98)	0.7207% (0.94)	1.0383% (1.36)	1.0312% (1.33)
SIZE	0.3990% (0.60)	0.6324% (0.93)	0.5774% (0.85)	0.8371% (1.20)
UNITED_KINGDOM	1.3717% (1.06)	1.0931% (0.83)	0.9677% (0.73)	0.6243% (0.47)
UNITED_STATES	0.5013% (0.54)	0.2459% (0.26)	0.2768% (0.28)	0.0360% (0.04)
C	6.0748% (1.15)	-1.1873% (-0.13)	5.8829% (1.07)	-2.0468% (-0.22)
INDUSTRY DUMMIES	N	N	Y	Y
YEAR DUMMIES	N	Y	N	Y
Observations	448	448	448	448
Pseudo R ²	0.04999	0.04753	0.04986	0.04908

Table 6**Impact of the existence of a Strategy Board Committee on M&A performance in France**

This table presents the results from regressing the Cumulative Abnormal Returns (CARs) of 448 acquisition-year observations to various acquisition characteristics, including main variable of interest, STRATCOM, which is equal to 1 if acquisition was performed by a French acquiror at a time a Board Committee related to Strategy was in activity and 0 if not. AFT/BEF is a dummy variable equal to 1 if acquisition was made before 12/8/2008 and 0 if not. SBF is a dummy variable equal to 1 if acquiror is part of the SBF index and 0 if not. Other independent variables are usual control variables used in analyzing M&A performance. Variable definitions are provided in Appendix. Asterisks indicate coefficients significant at the 1%, 5% and 10% respectively.

	(1)	(2)	(3)	(4)
STRATCOM	0.1042% (0.14)	0.4431% (0.58)	0.2225% (0.30)	0.5448% (0.70)
AFT_BEF	-0.4845% (-0.62)	7.6390% (1.05)	-0.3803% (-0.47)	7.6811% (1.05)
SBF	-5.3562% (-1.05)	-6.1310% (-1.17)	-6.9048% (-1.33)	-7.3899% (-1.40)
BIGACQUIROR	-1.4789% ** (-1.98)	-1.5456% ** (-2.04)	-1.4198% * (-1.83)	-1.4374% * (-1.84)
FRANCE	-0.7073% (-0.81)	-0.8223% (-0.93)	-0.5859% (-0.64)	-0.6074% (-0.66)
GERMANY	4.5418% *** (3.06)	4.6332% *** (2.99)	4.2821% *** (2.84)	4.3981% *** (2.80)
MARKETCONDITIONS	1.2553% (0.78)		1.4380% (0.87)	
PAYMENT_SHARES	-2.3035% * (-1.74)	-2.1627% (-1.60)	-2.3683% * (-1.78)	-2.1755% (-1.60)
PUBLIC_TARGET	-1.8674% *** (-2.44)	-2.1945% *** (-2.82)	-1.9567% *** (-2.51)	-2.3282% *** (-2.93)
RELATEDNESS	0.7381% (0.98)	0.7003% (0.92)	1.0286% (1.35)	1.0060% (1.30)
SIZE	0.3939% (0.59)	0.6265% (0.92)	0.5722% (0.84)	0.8340% (1.20)
UNITED_KINGDOM	1.3515% (1.04)	1.0136% (0.77)	0.9368% (0.71)	0.5386% (0.40)
UNITED_STATES	0.4988% (0.54)	0.2344% (0.25)	0.2687% (0.28)	0.0133% (0.01)
C	6.1089% (1.16)	-0.8571% (-0.09)	5.9867% (1.09)	-1.6217% (-0.17)
INDUSTRY DUMMIES	N	N	Y	Y
YEAR DUMMIES	N	Y	N	Y
Observations	448	448	448	448
Pseudo R ²	0.05003	0.04811	0.04998	0.04984

Chapitre 3: Impact of CSR on M&A Performance in France

Abstract

Using a sample of 636 M&A transactions performed by French companies between 1995 and 2013, we examine whether Corporate Social Responsibility (CSR) results in higher abnormal returns generated by M&A activity. We first test the impact of the NRE, a law published in France on May 15th 2001, which requires listed companies to implement and publish CSR indicators, on abnormal returns generated by M&A activity. Second, leveraging data provided by Vigeo, a leading European CSR rating agency, we measure the impact of 1) the existence of a CSR rating, 2) the level of a composite CSR score that results from the addition of the 6 CSR scores that are measured by Vigeo and 3) the 6 different CSR scores measured by Vigeo, on abnormal returns generated by acquirers at the time of an acquisition. We find that the NRE has had some positive impact on M&A performance in France but that existence of a CSR score or level of the CSR score at the time an acquisition is made had a negative but insignificant impact on M&A performance. Nevertheless, we find that the different underlying CSR scores have diverse impacts: Negative for Environment, positive for Human Rights and none for the others.

1. Introduction

Among the significant changes which have recently affected French firms, the development of Corporate Social Responsibility (“CSR”) cannot be denied to have been one among the significant ones. RSE Magazine revealed that according to Malakoff-Médéric and Observatoire sur la Responsabilité Sociétale des Entreprises (ORSE), 58% of the French companies have produced a CSR annual report in 2015, compared to 40% in 2014. According to Novethic, investments made by Socially Responsible Investments (SRI) funds – that is to say funds which take into account CSR in their investment strategy recently – raised from 460Bn€ in 2013 to 746Bn€ in 2015.

Created in 2002, Vigeo, which has established itself as the leading European expert in the assessment of companies and organizations with regard to their practices and performance on environmental, social and governance (“ESG”) issues, has generated total sales 7.5M€ in 2015, among others in the production of CSR ratings for listed companies.

The question of the impact of CSR on firm performance remains however very open since research to date has produced mixed evidence. One of the key challenges met is related to causality: Is it investment in CSR that leads to a better performance for a firm or is it better performing firms that tend to invest more in CSR?

As far as impact of CSR on M&A performance, a few recent studies presented clear results, with the first two leveraging on different methodologies to address endogeneity issues. First, according to Aktas, de Bodt, and Cousin (2011), M&A performance, measured by abnormal resulting from an M&A transaction was positively impacted when acquired company had a high CSR rating. Relating the financial performance of the acquirer to the CSR performance of the target enables to address possible endogeneity issues. Second, according to Deng, Kang, and Low (2013), high CSR acquirers realize higher acquisition announcement returns than low CSR acquirers. Finally, Meckel & Theuerkorn (2015) have more recently found different results showing that acquirers who are listed as having a ‘prime’ CSR level, have considerably lower abnormal returns than those whose corporate rating was listed as ‘under prime’. Their approach does not however cater for possible endogeneity issues.

The methodologies used in those three studies as well as the significant differences that characterize the French market provide us with an opportunity to shed some additional light on the impact of CSR on M&A performance.

We leverage four key differences in our approach: First, while in the US firms have increased their CSR investments either voluntarily or as a result of the pressure from activist shareholders, the development of CSR in France has been largely driven by regulations. Second, as demonstrated in our earlier studies, M&A performance differs by acquirer country: Positive in France while negative in the US. Third, the use in the three studies of no transaction value threshold or of a transaction value threshold as low as 1M\$ may lead to an inappropriate sampling while impact of the acquisition is measured on an acquirer's market value that can be of several billions of €. Fourth, the three studies do not use some of the control variables that have been proven to have an impact on M&A performance: Target countries and acquirer M&A experience. Also, one of the studies focuses performance measurement on acquisitions relate to public targets only, while acquisition of public targets is specific. Among all of those four features, the fact that CSR is driven by regulations is of particular interest.

The fact that CSR is more driven by regulations in France provides with a unique opportunity to test the impact of CSR on M&A performance while dealing with possible endogeneity issues, testing for M&A performance before and after the new regulations that imposed some CSR activity to listed companies.

With respect to all regulations related to CSR that have been published in France, the “Loi sur les Nouvelles Régulations Economiques (NRE)”, which was published on May 15th, 2001 with a primary objective to force French listed firms to publish CSR indicators in their annual reports, can be considered as the founding ground for the development of CSR in France. It should be noted that Vigeo, a French company which has become a leading CSR rating agency in Europe was created not long after, on August 2nd, 2002.

We leverage a sample of 636 M&A transactions completed from 1995 to 2013 by French listed companies to test first whether or not the publishing of the NRE Law had an impact on M&A performance and second whether or not 1) the existence of a CSR score for an acquirer at the time an acquisition is made, 2) the level of a composite CSR score for an acquirer at the time an acquisition is made and 3) the different CSR underlying scores for an acquirer at the time an acquisition is made have an impact on M&A performance measured as the abnormal return generated at the time M&A transaction's announcement. Assuming CSR has an impact on M&A performance, it is reasonable to consider that the law that provides with ground for CSR development has had an impact on M&A performance.

We observe that the NRE may have had some impact on M&A performance. We also observe that the existence of a CSR score or the level of a CSR score at the time an acquisition is made has a negative but not significant impact on M&A performance. Among the 6 dimensions that are scored by Vigeo, two have a significant impact, Environment (negative) and Human Rights (positive), while four have no significant impact, Corporate Governance, Business Behavior, Human Resources and Community Rights.

The results appear to be somewhat in contradiction with Deng, Kang, and Low (2013) and seems to indicate that earlier conclusion which is that CSR has a positive impact on M&A performance should be further researched to explain the gap. Given that the studies review M&A transactions performed by acquirers based in countries that have a different approach to CSR, performing a very detailed assessment of what is actually CSR in each of the countries and how CSR ratings differ in the two countries would be interesting.

2. The Development of CSR activity in France

Malik (2015) reminds that CSR, defined as a firm's various voluntary initiatives toward its different stakeholders, such as customers, suppliers, regulators, employees, investors, and communities, is nothing new, asserting that the concept was discussed for the first time in 1932 in a Harvard Law Review article (Dodd, 1932). However, CSR activity has developed significantly in recent times, along with SRI, an investment process that integrates social, environmental, and ethical considerations into investment decision making (Renneboog, Ter Horst & Chendi Zhang, 2008)

According to US SIF Foundation, the total US-domiciled assets under management using SRI strategies expanded from 0.64T\$ in 1995 to 6.57T\$ in 2013, accounting now for more than one out of every six dollars under professional management in the US (http://www.ussif.org/Files/Publications/SIF_Trends_14.F.ES.pdf).

France is no exception to the trend observed in the US since, according to Novethic (cited in "Rapport de l'AMF sur l'investissement socialement responsable (ISR) dans la gestion collective", 05/2016), asset managed under SRI have expanded from 3.9Bn€ in 2003 to 222.9Bn€ in 2014.

In parallel to the development of SRI, Vigeo reports a growth of CSR in France: The number of companies with a CSR score has expanded from 1 in 2002 to 161 in 2013 (see Figure 1).

Mauléon & Silva (2009) provide with a comprehensive overview of the RSE development in France. They remind that numerous sources assert that the Loi sur les Nouvelles Régulations Economiques ("NRE") published on May 15th 2001 is the first legal step to impose CSR in France, the first country in the European Union to take such an action. The authors explain that the primary objective of the NRE is to improve the transparency of the information provided by French listed companies in imposing that they publish environmental and social information in their annual management reports.

As explained by Egan, Mauléon, Wolff & Bendick (2009), the NRE is a broad update of French corporate law, which led to an importantly advanced corporate transparency in France. Most of its 144 articles are related to corporate governance, transparency in take-over bids, and antitrust. In late debates, a requirement to disclose on social and environmental issues in the annual reports of firms listed on the French stock exchange was added to the text. Appendix B lists the reporting requirements under France's NRE 116.

3. Literature Review and Development of Hypotheses

3.1. Literature Review

As reminded by Deng, Kang, & Low (2013), one of the most recent controversial topics of debate with CSR lies with understanding the reasons why managers invest in CSR, with two main confronting thesis: To the benefit of shareholders (Jawahar and McLaughlin, 2001; Jensen, 2001; Freeman, Wicks, and Parmar, 2004) or to the benefits of other stakeholders at the detriment of shareholders (Friedman, 1970; Vance, 1975; Pagano and Volpin, 2005; Surroca and Tribo, 2008; Cronqvist et al., 2009). The question has led to a significant stream of research on the impact of CSR activity on firm's performance and on the profitability of SRI funds who invest in firms which act in accordance with CSR provisions.

Regarding the relationship between CSR and firm performance / shareholder value, Deng, Kang, & Low (2013) summarizes the mixed findings:

- According to Brammer & Millington (2005), Godfrey (2005), Porter et Kramer (2006), Luo & Bhattacharya (2009), Margolis, Elfenbein & Walsh (2009), Moser & Martin (2012), Caroline F. (2013), CSR activity has a positive impact
- A few researchers, including McWilliams et Siegel (2000) and Cardebat & Dardour (2013), have found that CSR activity has a negative impact
- A significant number of studies, such as Vance (1975), Cochran and Wood (1984), Aupperle, Carroll, & Hatfield (1985), Posnikoff (1997), Waddock & Graves (1997), Wright & Ferris (1997), McWilliams, Siegel, & Teoh (1999), Teoh, Welch, & Wazzan (1999), McWilliams & Siegel (2000), Margolis & Walsh (2001), Lev, Petrovits, & Radhakrishnan (2008) and Jiao (2010) or Allouche J. & Laroche P. (2005), Saulquin & Schier (2007) and Daudigeos & Valiorgue (2010), who focused more their research on France, conclude at an unclear impact of CSR activity

As far as profitability of SRI funds, Renneboog, Horst, & Zhang (2008a) and Malik (2015) provide with reviews that also come with mitigated results.

Derwall et al. (2005) show that a portfolio that features stocks with the highest eco-efficiency scores they use to rank U.S. companies outperforms the portfolio of stocks with lower scores by 6% per annum during 1997–2003.

Bauer et al. (2005) instead report that SRI funds in the United States and United Kingdom yield the same risk-adjusted return, on average, as traditional funds.

In a more recent international study, Renneboog et al. (2008b) indicate that SRI funds in the United States, United Kingdom, and many continental European and Asia-Pacific countries underperform their domestic benchmarks by -2.2% to -6.5% per annum.

Statman (2000), Bauer, Koedijk, and Otten (2005), Kreander et al. (2005), and Brammer, Brooks, and Pavelin (2006) show that SRI funds do not outperform those of conventional funds

Hong and Kacperczyk (2009) further show that “sin stocks” (i.e., stocks of companies involved in alcohol, tobacco, or gambling) have higher expected returns than comparable stocks.

According to Chatterji, Aaron, Levine, & Toffel (2009), an important problem related to the assessment of the impact of CSR may lie with the measure of CSR itself: Better performing companies may be more prone to invest more in CSR to be most compliant with market standards, which create an endogeneity problem.

As far as M&A is concerned, Malik (2015) states that although the M&A literature is vast and multidimensional and a volume of significant CSR literature is emerging, not a lot of research has been done up to now on the impact of CSR on M&A.

However, three recent papers, Aktas, de Bodt, & Cousin (2011), Deng, Kang, & Low (2013), and Meckel & Theuerkorn (2015), have tackled the impact of CSR activity on M&A performance. Also, while research has provided with mixed results related to the question of the impact of CSR on firm’s performance, those recent papers come with clear, even if not consistent, conclusions.

Aktas, de Bodt, and Cousin (2011) use Innovest’s Intangible Value Assessment (IVA) ratings, which is a composite measure of 120 performance factors, including innovation capacity, product liability, governance, human capital, emerging markets, and environmental opportunities and risk, as well as two specific components of the IVA score: Environmental (ENV) and social (SOC) ratings, as a measure of firms’ CSR activity to successfully test a positive relation between targets’ CSR activity and acquirer’s M&A performance measured as abnormal returns generated at the time of the acquisition. Sample includes 106 international M&A deals closed between 1997 and 2007. Endogeneity concerns are addressed by relating financial performance of the acquirer to the environmental performance of the target, which are two different firms.

Using a sample of 1,556 completed U.S. mergers in which acquiring firms' KLD ratings are available from 1992 to 2007, Deng, Kang, & Low (2013) find strong evidence that acquirers' CSR performance ratings have a significant positive effect on their announcement stock returns, the announcement returns on the value-weighted portfolio of the acquirer and the target, and post-merger operating performance and long-term stock returns.

More recently, Meckel & Theuerkorn (2015) find contradictory results in also addressing the question of whether and to what extent engagement with social responsibilities can be a success factor during M&A transactions. They find that 'prime' transactions achieved significantly lower abnormal returns than transactions listed as 'under prime', regardless of the chosen CSR dimension. They conclude that a high level of engagement with CSR can be seen to have value-destroying implications for M&As and that any potential for increasing value during the M&A process by taking on social responsibility is simply not recognized on the capital market. They posit that the negative abnormal returns found in cases where the purchasing company had a high environmental rating can be explained by the fact that the capital market assumes that transaction M&A will result in higher costs for acquiring company. Their study, which reviews 113 transactions, with a predominance of the US and Germany as acquirer nations, performed between 2006 and 2010 and leverages CSR information from Oekom Research, does not address the issue of possible endogeneity.

With respect to these contradictory results, we found interesting to remind a key idea behind Ben Yedder & Zaddem (2009) who provide with an overview of all the debates related to CSR: There is a major difference of acceptance of the CSR concept in the US and in Europe. While in the US CSR is very much related to individual ethics, there has always been a tradition in Europe for companies to have some sort of social responsibility, above shareholder profitability. Combes (2005) explains that CSR in Europe derives from a tradition of social capitalism. Capron (2006) who also performs a similar analysis of the differences between CSR in the US and in Europe, reaches similar conclusions.

As a result, while, as explained by Capron & Quairel-Lanoizelée (2007), the intervention of the State is not positively perceived in the US, it is fairly different in Europe, as demonstrated by the white paper related to CSR published by the EU. Therefore, it is with no surprise that CSR has been popularized by a law in France: The Loi sur les Nouvelles Règles Economiques ("NRE"), published on May 15th 2001.

As a result of the contradictory results from studies on the impact of CSR on M&A performance and of a difference between CSR in the US and in France, we found interesting to complement existing research to assess the impact of CSR on M&A performance in France. It

can indeed be assumed that if CSR has an impact on M&A performance, a difference between M&A performance before the publishing of the law that forces companies to have a CSR activity and after should be observed.

Also, the publishing of the NRE Law provides with a unique opportunity to address the possible endogeneity issues: The comparison is made between M&A performance after and before the law is passed erasing the possible impact of better-managed companies being the ones having more CSR activity since the law forces every type of company to follow guidelines in the field of CSR.

Finally, we remind that according to Husted (2005), corporate social responsibility is a real option, which enables to perform a better risk-management. The idea has earlier been developed by Spicer (1978), who found that when CSR increased, risk decreased.

As a real option, CSR projects provide a way of reducing the downside business risk of the firm and are thus an essential element in the risk management of the corporation. Traditional NPV approach does not take into account the value of strategic flexibility related to certain investments. This flexibility being “the ability to select an outcome only if it is favorable” is a real option. Focusing on CSR activity that exceeds compliance with legal requirements provides an important way for firms to manage business risk by reducing the downside risk of future investments, out of which could we surely include M&A. With respect to those views, the price of the CSR option is the cost of its development, the development of a CSR option leads to an asset, which is the right to exploit trust or goodwill that has been created by the development of the option and exercise is further action or investment to capture the goodwill created by the asset.

As a result, since CSR activity has a cost, a good management practice is to perform a cost-analysis for any type of CSR activity. CSR activities with direct benefits and indirect benefits should not be deemed to for instance bear the same benefits.

Therefore, it makes sense as in Meckel & Theuerkorn (2015) to analyze the impact of the different RSE scores on M&A performance: An acquirer with a prime RSE score may have overinvested in some activity related to its score and underinvested in some other.

3.2. Development of Hypotheses

From the discussion above, we can therefore formulate our four hypothesis:

H1: The publishing of the NRE May 15th 2001 has had a positive impact on M&A performance in France

H2: The existence of their CSR scores has a positive impact on acquirers' M&A performance in France

H3: The level of their CSR scores has a positive impact on acquirers' M&A performance in France

H4: The underlying scores of their CSR scores have a positive impact on acquirers' M&A performance in France

4. Sample, Data & Methodology

4.1. Sample

The study is performed on the acquisitions made by French companies, in France or abroad, between 1995 and 2013. Length of the period enables to capture different timings of the economic cycles but also to get a material number of observations before and after the publishing of the NRE.

The sample is composed of the acquisitions made, in France or abroad, by a French company, or one of its subsidiaries, which was listed at the time of the acquisition.

As it is the case in the studies related to mergers & acquisitions, we have excluded acquisitions made by companies involved in real estate and finance and we have only retained the acquisitions of a significant size, that is to say those where target enterprise value was higher than 100M€. The exclusion of companies involved in businesses such real estate and finance is also common in studies related to corporate governance since these activities are highly regulated.

Transactions taken into consideration include any purchase of shares which led the acquirer to hold more than 50% of the target's share capital, announced between January 1st, 1995 and December 31st 2013, and completed.

4.2. Data

As far as French acquirers are concerned, 683 qualified transactions, performed by French acquirers over 1995-2013, valued at 978Bn\$ have been extracted from Thomson One Banker. Out of these transactions, 20 had a transaction value over 10Mds€, representing an aggregate value of 475Mds€, that is to say 49% of the total value of the transactions performed. We can also note that 154 transactions had a transaction value over 1Md€, representing an aggregate value of 808Mds€, that is to say 83% of the total value of the transactions performed.

Acquisitions have been performed by 191 acquirers, with 434 acquisitions made by 43 acquirers - most of them part of the CAC Index, which have closed 5 transactions and more over 1995-2013.

In order to be able to analyze the impact of acquisitions on stock price, we have excluded the transactions related to acquirers for which there was limited stock return information, ie not enough to compute expected returns from past data. This has led to the exclusion of 47 transactions, leaving a total of 636.

Market conditions are measured as the annual return of the CAC40 stock index in France. They include 15 positive years and 4 negative years between 1995 and 2013. Annual average daily market returns spread between -0.17% and +0.12% in France.

In terms of method of payment, out of the 636 transactions for which the consideration structure is known, 251 were paid in cash while 330 were paid in shares. Consideration structure is hybrid or data is not available or for the remaining 55 transactions.

As far as relatedness, measured as a similar 4-digit Target Primary SIC Code for acquirer and target, is concerned, we can note that 193 acquisitions, that is say 30.3% of all acquisitions, concern targets which are related to their acquirers, and 443 acquisitions, that is to say 69.7% all acquisitions, concern targets which are unrelated to their acquirers.

219 transactions reviewed were related to listed targets, that is to say 34.4% of the total, and 417 to not listed targets, including subsidiaries of listed companies, private companies or government-owned entities, that is to say 65.6% of the total.

Target nations include: France (194), Germany (36), The United Kingdom (53), The United States (134), and other nations (219). 65.6% of the acquisitions made French acquirers have been made in France, Germany, The United States or The United Kingdom.

Targets' industry sectors are broken down as follows: CPS (44), Energy (98), Healthcare (30), High Tech (82), Industry (87), Materials (81), Media (70), Retail (52), Staples (52), and Telecom (40).

58.5% of the transactions have been made by serial acquirers, defined as companies that have made 5 acquisitions or more over 1995-2013.

Average transaction size, measured by the log of the transaction value, is of 2.64 in France.

[INSERT TABLE 1]

We leverage CSR scoring information provided by Vigeo, a leading European CSR rating agency which was created in France on August 2nd, 2002. The Vigeo CSR database encompasses 546 ratings performed for French companies, out of which 340 have been performed for 25 companies with 10 or + rating performed (see Figure 2). Information available in Vigeo database is detailed in Appendix A.

4.3. Methodology

We define acquisition success as the increase of shareholder value when the acquisition is made and use the short-horizon event study methodology of Brown & Warner (1985) to examine the relative success of acquisitions before and after the change of accounting regulations.

Performance is estimated using the value-weighted market model and daily stock returns from Datastream. The estimation period for the market model begins on day $t = -200$ and ends on day $t = -30$. Day zero is considered the announcement day if a trading day or the first trading day after announcement if not a trading day.

Abnormal returns are measured as predicted by deviations from the market model estimate being calculated on days $t = -5$ to $t = +5$. Abnormal returns, $AR(5)$, are cumulated over the period for every transaction and averaged. The resulting Cumulated Averaged Returns, $CAR(5)$, is the resulting variable.

In order to explore the impact of the “NRE” regulation implemented on May 15th 2001, we define a variable AFT-BEF which takes the value 1 if the acquisition took place after the regulations were implemented and 0 if the acquisition took place before the regulations were implemented.

The first independent variable of interest is SCORE?, equal to 1 if the acquirer had an CSR score at the time an acquisition occurred and 0 if not. The second independent variable of interest is SCORE which is equal to the CSR score the acquirer had at the time an acquisition occurred. The CSR score taken into consideration is a composite which is equal of the sum of the six scores published by Vigeo (see Appendix A): Business Behaviour (“C&S”), Corporate Governance (“CG”), Community Rights (“CIN”), Environment (“ENV”), Human Resources (“HR”) and Human Rights (“HRTS”).

The other independent variables of interest include the following quantitative variables:

- C_S, which is the C&S score the acquirer had at the time an acquisition occurred
- CG, which is the CG score the acquirer had at the time an acquisition occurred
- CIN, which is the CIN score the acquirer had at the time an acquisition occurred
- ENV, which is the ENV score the acquirer had at the time an acquisition occurred
- HR, which is the HR score the acquirer had at the time an acquisition occurred
- HRTS, which is the HRTS score the acquirer had at the time an acquisition occurred

A number of factors are known to have a possible impact on M&A performance. They include method of payment (Loughran & Vihj, 1997 ; Rau & Vermaelen, 1998), diversification (Berger & Ofek, 1995 ; DeLong, 2001 ; Martynova & Renneboog, 2006), market conditions (Lubatkin & O’Neill, 1987 ; Lubatkin & Chatterjee, 1991), target listing status, that is to say privately- or publicly-held (Shojai, 2009) ; country (Bruner, 2002 and Martynova & Renneboog, 2011). Harford, Humphery-Jenner, and Powell (2012), while simulating M&A performance according to CEO’s level of entrenchment, list a set of variables, including industry sector, cross-border, size of the target and relative size of acquirer vs. target, as having a possible impact. We also include in our analysis possible industry-fixed effects and year-fixed effects. In order to properly assess the impact of governance features, we therefore need to control for all the other factors.

In order to explore the impact of the “NRE” regulations on M&A performance, we build an ordinary least square regression of cumulated averaged abnormal returns, CAR(5) against:

- Dummy independent variable, AFT/BEFL (1 if the acquisition took place after the regulations were implemented and 0 if the acquisition took place before the regulations were implemented)
- Quantitative control variables, MARKETCONDITIONS (market return during calendar year of acquisition) and SIZE (log of transaction value)
- Dummy control variables, BIGACQUIROR (1 if acquirer has made 5 or more acquisitions over 1995-2013 or 0), PAYMENT_SHARES (1 if transaction paid in stock or 0), PUBLIC_TARGET (1 if listed target or 0), UNRELATEDNESS (1 if target and acquirer do not have the same 4-digit SIC code or 0), OTHER_NATION (1 if target is based in another country than France, Germany, The UK or The US)

The equation stands as follows: $CAR(5) = \beta_1 * AFT/BEFL + \beta_2 * BIGACQUIROR + \beta_3 * MARKETCONDITIONS + \beta_4 * OTHER_NATION + \beta_5 * PAYMENT_SHARES + \beta_6 * PUBLIC_TARGET + \beta_7 * SIZE + \beta_8 * UNRELATEDNESS + \alpha + \epsilon$.

In order to explore the impact on M&A performance of the existence of a score at the time an acquisition is made, we build an ordinary least square regression of cumulated averaged abnormal returns, CAR(5) against:

- Dummy independent variable, SCORE? (1 if the acquisition took place after the regulations were implemented and 0 if the acquisition took place before the regulations were implemented)
- Quantitative control variables, MARKETCONDITIONS (market return during calendar year of acquisition) and SIZE (log of transaction value)
- Dummy control variables, BIGACQUIROR (1 if acquirer has made 5 or more acquisitions over 1995-2013 or 0), PAYMENT_SHARES (1 if transaction paid in stock or 0), PUBLIC_TARGET (1 if listed target or 0), UNRELATEDNESS (1 if target and acquirer do not have the same 4-digit SIC code or 0), OTHER_NATION (1 if target is based in another country than France, Germany, The UK or The US)

The equation stands as follows: $CAR(5) = \beta_1 * SCORE? + \beta_2 * BIGACQUIROR + \beta_3 * MARKETCONDITIONS + \beta_4 * OTHER_NATION + \beta_5 * PAYMENT_SHARES + \beta_6 * PUBLIC_TARGET + \beta_7 * SIZE + \beta_8 * UNRELATEDNESS + \alpha + \epsilon$.

In order to explore the impact on M&A performance of the score level at the time an acquisition is made, we build an ordinary least square regression of cumulated averaged abnormal returns, CAR(5) against:

- Quantitative independent variable, SCORE (equal to the sum of the different CSR scores for the acquirer at the same an acquisition is made)
- Quantitative control variables, MARKETCONDITIONS (market return during calendar year of acquisition) and SIZE (log of transaction value)
- Dummy control variables, BIGACQUIROR (1 if acquirer has made 5 or more acquisitions over 1995-2013 or 0), PAYMENT_SHARES (1 if transaction paid in stock or 0), PUBLIC_TARGET (1 if listed target or 0), UNRELATEDNESS (1 if target and acquirer do not have the same 4-digit SIC code or 0), OTHER_NATION (1 if target is based in another country than France, Germany, The UK or The US)

The equation stands as follows: $CAR(5) = \beta_1 * SCORE + \beta_2 * BIGACQUIROR + \beta_3 * MARKETCONDITIONS + \beta_4 * OTHER_NATION + \beta_5 * PAYMENT_SHARES + \beta_6 * PUBLIC_TARGET + \beta_7 * SIZE + \beta_8 * UNRELATEDNESS + \alpha + \epsilon$.

In order to explore the impact on M&A performance of the different CSR score levels at the time an acquisition is made, we build an ordinary least square regression of cumulated averaged abnormal returns, CAR(5) against:

- Qualitative independent variable, C_S (C&S score the acquirer had at the time an acquisition occurred), CG (CG score the acquirer had at the time an acquisition occurred), CIN, (CIN score the acquirer had at the time an acquisition occurred), ENV (ENV score the acquirer had at the time an acquisition occurred), HR (HR score the acquirer had at the time an acquisition occurred) and HRTS (HRTS score the acquirer had at the time an acquisition occurred)
- Quantitative control variables, MARKETCONDITIONS (market return during calendar year of acquisition) and SIZE (log of transaction value)
- Dummy control variables, BIGACQUIROR (1 if acquirer has made 5 and more acquisitions over 1995-2013 or 0), PAYMENT_SHARES (1 if transaction paid in stock or 0), PUBLIC_TARGET (1 if listed target or 0), UNRELATEDNESS (1 if target and acquirer do not have the same 4-digit SIC code or 0), OTHER_NATION (1 if target is based in another country than France, Germany, The UK or The US)

The equation stands as follows: $CAR(5) = \beta_1 * SCORE + \beta_2 * BIGACQUIROR + \beta_3 * MARKETCONDITIONS + \beta_4 * OTHER_NATION + \beta_5 * PAYMENT_SHARES + \beta_6 * PUBLIC_TARGET + \beta_7 * SIZE + \beta_8 * UNRELATEDNESS + \alpha + \epsilon$.

For each of the 4 OLS, we run 4 scenarios testing for industry and/or year fixed effects. For each of the last 3 OLS, we run an alternative scenario including AFT/BEFL as a control variable.

5. Results

5.1. Impact of the “NRE” Law on M&A performance in France

As table 2 shows, the estimated marginal effect of the “NRE” Law is positive and significant at 10%-level when taking into account industry-fixed effects.

A key conclusion is that the “NRE Law” has had some positive impact on M&A performance. Impact is consistent with traditional views over market regulations that aimed at providing investors with an increased transparency.

[INSERT TABLE 2]

5.2. Impact of the existence of a CSR score on M&A performance in France

As table 3 shows, the existence of CSR score at the time of an acquisition has no significant impact on M&A performance.

This result is not in contradiction with the previous one: The aim of the regulations is that companies provide with some information related to their CSR practices and not that they provide investors with a score. Therefore, decision to have a CSR score or not is independent from having good CSR practices. As a consequence, little can be said about the impact of good CSR practices on M&A performance.

[INSERT TABLE 3]

5.3. Impact of the total CSR score on M&A performance in France

As table 4 shows, the estimated marginal effect of the total CSR score at the time of an acquisition on M&A performance is negative and significant at 10%-level.

Our results are in-line with Meckel & Theuerkorn (2015) and somewhat in-contradiction with Deng, Kang, & Low (2013). It should be reminded that the context of our study is different since we focus on acquisitions made in a country where CSR is managed by regulations.

[INSERT TABLE 4]

5.4. Impact of the different CSR scores to M&A on M&A performance in France

As table 5 shows, the estimated marginal effect of the ENV and the HRTS scores have a significant impact on M&A performance. Impact of ENV is negative at 5%-level when taking into account industry-fixed effects and at 5%-level when taking into account industry-fixed effects and year-fixed effects. Impact of HRTS is positive at 5%-level.

[INSERT TABLE 5]

6. Conclusions

To summarize our results, we can assert that the “NRE” Law that had as an objective to force listed companies to publish information about their CSR practices has had a positive impact on M&A performance. However, existence of a CSR score for the acquirer at the time of an acquisition is made has no impact. At the same time, when a CSR score does exist, the higher it is, the lower the M&A performance is. Also, the higher the environmental score, the lower the M&A performance and the higher the human rights score, the higher the performance.

The positive impact of the “NRE” Law seems consistent with the view that relevant regulations can reduce asymmetry of information in the market and therefore can lead to an increased shareholder value: Thanks to more detailed information on non-financial matters, shareholders can better assess the risks linked to their investments. With respect to CSR, no one can argue that the risks related to CSR topics are not important and should therefore not be managed, which justify the relevance of some CSR activity.

The other results seem to be in-line with Meckel & Theuerkorn (2015) and somewhat in-contradiction with Deng, Kang, & Low (2013): The higher the CSR score, the lower the abnormal returns generated by the acquisition and the higher the Environmental score, the higher the abnormal returns generated by the acquisition. One of the main differences between the three studies is the population reviewed, 100% USA for Deng, Kang, & Low (2013), 15 countries with dominance of the USA and Germany for Meckel & Theuerkorn (2015) and 100% France for our analysis.

Deng, Kang, & Low (2013) and Meckel & Theuerkorn (2015) are no exception to the authors who have investigated the impact of CSR on firm’s performance. Debate is generally focused around on whether CSR activity provides benefits to shareholders or CSR activity provides benefits to other stakeholders at the detriment of shareholders. The mechanisms through which CSR activity provides benefits to other stakeholders at the detriment of shareholders, that is to say the cost of CSR activity, are not analyzed.

Taking into account Husted (2005), who deems that CSR activity should be assessed through a P&L, it can be assumed that in countries where CSR is left to companies, a high CSR score provides investors with some insurance that acquirers have better integrated business risks in their investment decision while in countries where CSR is regulated, the acquisition will be loaded with costs to comply.

This reasoning, which supports an alternative view to Deng, Kang, & Low (2013), is however again not inconsistent with their results. Indeed, in a context where CSR activity is left to individual ethics, there should be more room for adopting profitable investments and a high CSR score may be less likely to indicate that too many CSR projects have been led while in a market that is more driven by regulations, there may be more incentives to perform value-destructive CSR activity.

This view can also be leveraged to explain why a higher Environment score leads to lower abnormal returns and why a higher Human Rights score leads to higher abnormal returns: Costs related to Environment score maybe too high compared to the benefits they could possibly provide while costs related to Human Rights maybe acceptable compared to the benefits they could possibly provide.

Leveraging those thoughts, we can analyze the absence of positive impact of the existence of a score and of the level of the score: Those are not necessarily related to value-creative CSR activity. On the contrary, a high CSR score may be the sign of “too much” CSR activity. We should bear in mind that it is certainly difficult for outsiders to contend that management have engaged in too much CSR activity while management, buying a real option on their career, may be prone to engage in superfluous CSR activity.

At the end, it comes with not surprise that some CSR activity has a negative impact on M&A performance. A high ENV score may be an indicator that companies tend to overspend in environment, performing for instance very expensive environmental audits while the risk related to environment in M&A activity may be limited. A high HRTS score may be an indicator that investments required to comply with good practices related to human rights

Our paper is first a contribution to the research related to M&A performance, with the identification of an external shock that has had a positive impact, the “NRE”: Regulations related to more non-financial information can lead to value-creation. It shapes some ideas regarding possible regulations: The question of their relevance and the question of possible management avoidance when the regulations leave too much space to managerial discretion. It also contributes to the research related to the impact of CSR activity: The question should go beyond whether or not CSR activity creates value for shareholders but whether or not specific CSR activity is creating value for shareholders?

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Appendix A – Vigeo scoring criteria

Corporate Gouvernance

- CGV1.1 Board of directors
- CGV2.1 Audit and Internal Controls
- CGV3.1 Shareholders' Rights
- CGV4.4 Executive Remuneration

Business Behavior

- C&S1.1 Product safety
- C&S1.2 Information to customers
- C&S1.3 Responsible Contractual Agreement
- C&S2.1 Integration of CSR in purchasing processes
- C&S2.2 Sustainable Relationship with suppliers
- C&S2.3 Integration of environmental factors in the supply chain
- C&S2.4 Integration of social factors in the supply chain
- C&S3.1 Prevention of corruption
- C&S3.2 Prevention of anti-competitive practices
- C&S3.3 Transparency and integrity of influence strategies and practices

Environment

- ENV1.1 Environmental strategy and eco-design
- ENV1.2 Pollution prevention and control
- ENV1.3 Development of « Green » products and services
- ENV1.4 Protection of biodiversity
- ENV2.1 Protection of water resources
- ENV2.2 Minimizing environmental impacts from energy use
- ENV2.3 Environmental supply chain management
- ENV2.4 Management of atmospheric emissions
- ENV2.5 Waste management
- ENV2.6 Management of environmental nuisances: dust, odor, noise
- ENV2.7 Management of environmental impacts from transportation
- ENV3.1 Management of environmental impacts from the use and disposal of products/services

Human Resources

- HRS1.1 Promotion of labor relations
- HRS1.2 Encouraging employee participation
- HRS2.1 Career Development
- HRS2.2 Training and Development
- HRS2.3 Responsible management of restructurings
- HRS2.4 Career management and promotion of employability
- HRS3.1 Quality of remuneration systems
- HRS3.2 Improvement of health and safety conditions
- HRS3.3 Respect and management of working hours

Human Rights

- HR1.1 Respect for human rights standards and prevention of violations
- HR2.1 Respect for freedom of association and the right to collective bargaining
- HR2.2 Elimination of child labor
- HR2.3 Abolition of forced labor
- HR2.4 Non-discrimination
- HR2.5 Elimination of child labor

Community Rights

- CIN1.1 Promotion of social and economic development
- CIN2.1 Social impacts of company's products and services
- CIN2.2 Contribution to general interest causes

Appendix B – Egan, Mauléon, Wolff & Bendick (2009)

Corporate SD Reporting Required under France's NRE 116

Topic	Quantitative Reporting	Qualitative Reporting
Human Resources		
Employment	Total employees. Employees recruited. Lay-offs/redundancies. Term and permanent employees. Contract employees. Absenteeism.	Recruiting processes and recruiting difficulties. Analyses and rationales for recruitment, layoffs/ redundancies, term employees, and contract employees. Use of subcontracting/outsourcing.
Work hours	Length of workday. Amount of overtime. Use of full-time and part-time employees	Analysis and rationale for work hours
Corporate restructuring	Efforts to mitigate effects of corporate restructuring	--
Remuneration	History of pay rates. Payroll taxes paid.	--
Equal opportunity	Representation of women in different posts.	Details/analysis of representation of women. Integration of physically challenged into workforce
Health & Safety	--	Health and safety conditions. Details of incidents and accidents.
Social benefits	--	Social benefits.
	Training	Details.
Community Involvement		
Local Impacts	--	Integration into the local community.
Local Partnerships	--	Contacts with NGOs, consumer groups, educational institutions and impacted populations.
Work conventions	--	Extent to which firm's subsidiaries comply with ILO conventions on workers' freedom of association and collective bargaining, child labor and forced labor, and employment discrimination. Extent to which firm encourages its subcontractors to comply with these conventions.
Local development in foreign countries	--	--
Environment		
Resource Consumption	Consumption of water, energy, raw materials/natural resources; use of land	Use of renewable energy. Initiatives for energy efficiency
Emissions	Emissions of wastes into air, water, and land. Emissions of odor and noise.	--
Impact on biodiversity	--	Programs to reduce adverse effects on diversity. Programs to protect flora and fauna
Environmental Management	Expenditures on environmental management. Penalties paid on environmental violations. Provisions for environmental risks	Compliance with environmental laws and regulations. Efforts at environmental risk management. Environmental management structures and organization. Integration of foreign subsidiaries in environmental management. Employee environmental awareness and training. Environmental compliance auditing and certification.
Source: Adapted from Arese. 2002. Press release: Mandatory sustainability reporting for French corporations. March 5. Fontainebleau-Avon: Arese.		

Figure 1 – Evolution of CSR scoring in France over 1995-2013

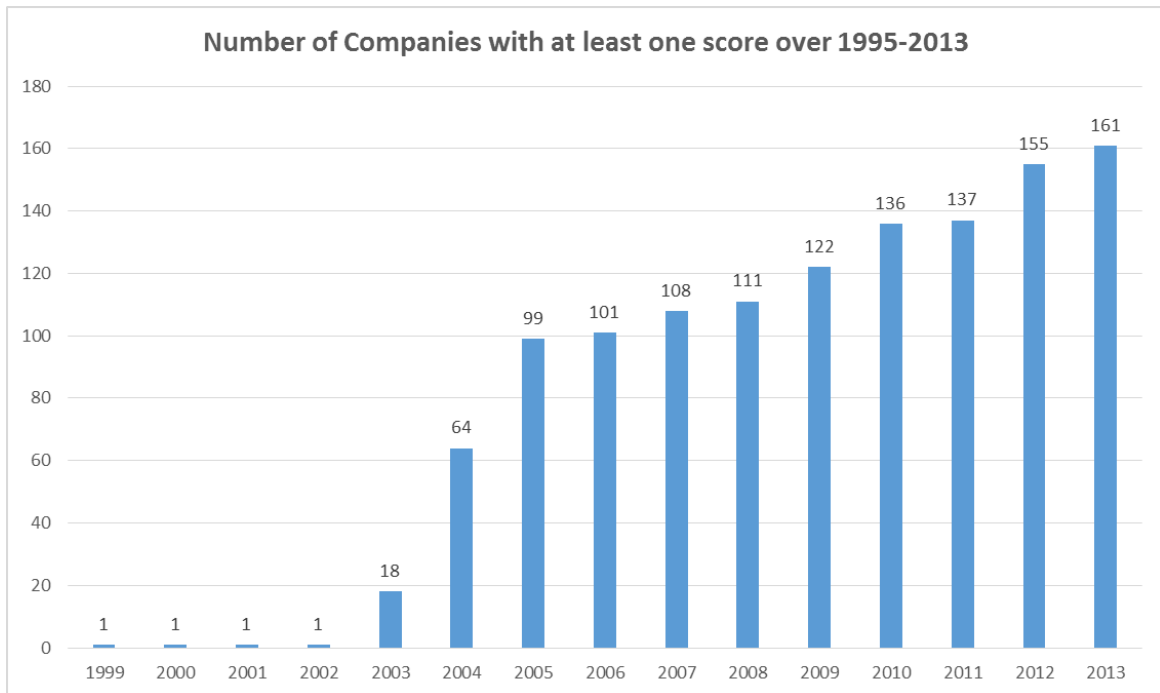


Figure 2 – CSR Activity in France by Company over 1995-2013

Company	# of ratings
CARREFOUR	21
FRANCE TELECOM	20
TOTAL	19
RENAULT	18
ALSTOM	17
BNP PARIBAS	16
SOCIETE GENERALE	16
EDF	15
SODEXO	14
VINCI	14
GROUPE AIR FRANCE	13
MICHELIN	13
CREDIT AGRICOLE	12
LVMH	12
PSA PEUGEOT CITROEN	12
SAFRAN	12
THALES	12
DANONE	11
LAFARGE	11
L'OREAL	11
SANOFI-AVENTIS	11
GDF SUEZ	10
SCHNEIDER-ELECTRIC	10
SUEZ	10
VEOLIA ENVIRONNEMENT	10
Others	206
Total	546

Table 1
Descriptive statistics of sample firms

The sample comprises 636 acquisition-year observations, from 1995 to 2013. Panel A contains annual acquisition data by year of the bid announcement for the full sample, with partition on acquirer nation, size of the transaction, market conditions, strategic nature of the deal, acquirer M&A activity, financing structure of the deal, target ownership status, target country and target industry. All acquisition characteristics are defined in the Appendix.

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	%	#
Total # of M&As	19	17	34	28	62	61	43	24	22	20	46	35	55	33	31	28	41	30	7		636
% of all M&As 1995-2013	3.0%	2.7%	5.3%	4.4%	9.7%	9.6%	6.8%	3.8%	3.5%	3.1%	7.3%	5.5%	8.6%	5.2%	4.9%	4.4%	6.4%	4.7%	1.1%	100.0%	
Size of the transaction	2.41	2.55	2.59	2.69	2.70	2.71	2.55	2.44	2.61	2.76	2.60	2.84	2.65	2.66	2.70	2.69	2.67	2.59	2.32		2.64
Market conditions	7.1%	23.3%	22.2%	21.0%	31.2%	3.4%	-28.7%	-23.1%	18.0%	10.7%	17.7%	18.8%	4.8%	-45.8%	20.6%	-12.2%	4.5%	19.7%	16.1%		636
<i>Focus & diversification</i>																					
Relatedness	42.1%	11.8%	32.4%	32.1%	22.6%	26.2%	32.6%	33.3%	18.2%	15.0%	32.6%	40.0%	27.3%	27.3%	29.0%	57.1%	29.3%	43.3%	14.3%	30.3%	193
Unrelatedness	57.9%	88.2%	67.6%	67.9%	77.4%	73.8%	67.4%	66.7%	81.8%	85.0%	67.4%	60.0%	72.7%	72.7%	71.0%	42.9%	70.7%	56.7%	85.7%	69.7%	443
<i>Acquirer experience</i>																					
Serial Acquirer	36.8%	35.3%	61.8%	71.4%	66.1%	65.6%	67.4%	54.2%	54.5%	60.0%	47.8%	54.3%	52.7%	51.5%	64.5%	57.1%	68.3%	56.7%	42.9%	58.5%	372
Other acquirer	63.2%	64.7%	38.2%	28.6%	33.9%	34.4%	32.6%	45.8%	45.5%	40.0%	52.2%	45.7%	47.3%	48.5%	35.5%	42.9%	31.7%	43.3%	57.1%	41.5%	264
<i>Payment terms</i>																					
Payment cash	36.8%	41.2%	20.6%	39.3%	51.6%	29.5%	34.9%	37.5%	31.8%	45.0%	47.8%	34.3%	41.8%	51.5%	25.8%	42.9%	51.2%	40.0%	28.6%	39.5%	251
Payment shares	42.1%	47.1%	61.8%	50.0%	35.5%	52.5%	62.8%	50.0%	50.0%	50.0%	52.2%	60.0%	52.7%	45.5%	64.5%	53.6%	46.3%	56.7%	71.4%	51.9%	330
Other payment	21.1%	11.8%	17.6%	10.7%	12.9%	18.0%	2.3%	12.5%	18.2%	5.0%	0.0%	5.7%	5.5%	3.0%	9.7%	3.6%	2.4%	3.3%	0.0%	8.6%	55
<i>Target 3 ownership status</i>																					
Public target	47.4%	58.8%	38.2%	39.3%	53.2%	39.3%	32.6%	29.2%	27.3%	15.0%	34.8%	42.9%	29.1%	30.3%	16.1%	25.0%	26.8%	30.0%	0.0%	34.4%	219
Private target	15.8%	17.6%	20.6%	17.9%	17.7%	13.1%	18.6%	8.3%	9.1%	25.0%	15.2%	2.9%	12.7%	9.1%	9.7%	25.0%	14.6%	6.7%	28.6%	14.5%	92
Other target	36.8%	23.5%	41.2%	42.9%	29.0%	47.5%	48.8%	62.5%	63.6%	60.0%	50.0%	54.3%	58.2%	60.6%	74.2%	50.0%	58.5%	63.3%	71.4%	51.1%	325
<i>Target country</i>																					
France	26.3%	64.7%	44.1%	28.6%	25.8%	19.7%	27.9%	54.2%	54.5%	35.0%	34.8%	34.3%	29.1%	21.2%	22.6%	25.0%	24.4%	20.0%	28.6%	30.5%	194
Germany	5.3%	0.0%	8.8%	7.1%	4.8%	4.9%	4.7%	0.0%	0.0%	20.0%	4.3%	5.7%	14.5%	6.1%	3.2%	3.6%	0.0%	6.7%	0.0%	5.7%	36
United Kingdom	15.8%	5.9%	11.8%	0.0%	11.3%	11.5%	2.3%	0.0%	9.1%	0.0%	10.9%	5.7%	7.3%	12.1%	6.5%	7.1%	14.6%	10.0%	0.0%	8.3%	53
United States	31.6%	17.6%	14.7%	28.6%	33.9%	18.0%	16.3%	16.7%	9.1%	30.0%	19.6%	31.4%	14.5%	15.2%	29.0%	21.4%	17.1%	13.3%	28.6%	21.1%	134
Other Nation	21.1%	11.8%	20.6%	35.7%	24.2%	45.9%	48.8%	29.2%	27.3%	15.0%	30.4%	22.9%	34.5%	45.5%	38.7%	42.9%	43.9%	50.0%	42.9%	34.4%	219
<i>Target industry</i>																					
CPS	15.8%	11.8%	0.0%	3.6%	6.5%	6.6%	7.0%	8.3%	0.0%	10.0%	2.2%	8.6%	10.9%	9.1%	3.2%	3.6%	17.1%	3.3%	0.0%	6.9%	44
ENERGY	10.5%	11.8%	14.7%	14.3%	14.5%	11.5%	7.0%	12.5%	9.1%	5.0%	17.4%	11.4%	16.4%	33.3%	16.1%	35.7%	22.0%	10.0%	14.3%	15.4%	98
HEALTH	5.3%	5.9%	2.9%	3.6%	0.0%	0.0%	0.0%	4.2%	0.0%	5.0%	2.2%	2.9%	0.0%	18.2%	12.9%	14.3%	4.9%	13.3%	28.6%	4.7%	30
HT	0.0%	5.9%	14.7%	7.1%	14.5%	13.1%	11.6%	16.7%	31.8%	30.0%	8.7%	8.6%	12.7%	15.2%	12.9%	14.3%	9.8%	6.7%	28.6%	12.9%	82
IND	21.1%	5.9%	11.8%	10.7%	16.1%	14.8%	9.3%	12.5%	18.2%	5.0%	19.6%	8.6%	18.2%	9.1%	9.7%	7.1%	9.8%	33.3%	0.0%	13.7%	87
MATERIALS	5.3%	17.6%	11.8%	17.9%	17.7%	16.4%	9.3%	4.2%	13.6%	25.0%	10.9%	20.0%	16.4%	6.1%	3.2%	10.7%	12.2%	3.3%	14.3%	12.7%	81
MEDIA	15.8%	11.8%	8.8%	7.1%	12.9%	9.8%	14.0%	25.0%	4.5%	5.0%	17.4%	20.0%	9.1%	6.1%	9.7%	3.6%	9.8%	6.7%	0.0%	11.0%	70
RETAIL	10.5%	5.9%	20.6%	21.4%	8.1%	8.2%	11.6%	0.0%	4.5%	5.0%	10.9%	8.6%	7.3%	0.0%	6.5%	0.0%	7.3%	6.7%	0.0%	8.2%	52
STAPLES	15.8%	23.5%	11.8%	10.7%	3.2%	13.1%	11.6%	8.3%	0.0%	0.0%	8.7%	2.9%	7.3%	3.0%	12.9%	7.1%	4.9%	6.7%	14.3%	8.2%	52
TELECOM	0.0%	0.0%	2.9%	3.6%	6.5%	6.6%	18.6%	8.3%	18.2%	10.0%	2.2%	8.6%	1.8%	0.0%	12.9%	3.6%	2.4%	10.0%	0.0%	6.3%	40

Table 2
Impact of the NRE Law on M&A performance in France

This table presents the results from regressing the Cumulative Average Abnormal Returns (CAARs) of 636 acquisition-year observations to various acquisition characteristics, including main variable of interest, AFT_BEFL, which is equal to 0 if acquisition was made before May 15th 2001 and 1 if acquisition was made after. Other independent variables are usual control variables used in analyzing M&A performance. Variable definitions are in the Appendix. Asterisks indicate coefficients significant at the 1%, 5% and 10% respectively.

	(1)	(2)	(3)	(4)
AFT_BEFL	-0.2709% (-0.40)	-0.2341% (-0.34)	4.2325% (1.72) *	4.9474% (1.98) *
BIGACQUIROR	-2.1630% *** (-3.33)	-2.2195% *** (-3.33)	-2.1784% *** (-3.31)	-2.1933% *** (-3.26)
MARKET_CONDITIONS	2.3069% (1.44)	2.2489% (1.39)		
OTHER_NATION	-1.5393% ** (-2.30)	-1.4006% ** (-2.03)	-1.4379% ** (-2.11)	-1.2896% * (-1.84)
PAYMENT_SHARES	-3.1146% *** (-2.78)	-3.3936% *** (-2.99)	-3.1762% *** (-2.78)	-3.4613% *** (-3.00)
PUBLIC_TARGET	-2.0556% *** (-3.02)	-2.0122% *** (-2.92)	-2.1713% *** (-3.14)	-2.1294% *** (-3.04)
SIZE	0.2645% (0.42)	0.4874% (0.76)	0.3242% (0.51)	0.6113% (0.94)
UNRELATEDNESS	-1.0410% (-1.54)	-1.1006% (-1.61)	-1.2128% * (-1.75)	-1.2447% * (-1.78)
C	3.9371% ** (2.20)	2.1028% (0.89)	-0.8300% (-0.20)	-3.9571% (-0.86)
INDUSTRY DUMMIES	N	N	Y	Y
YEAR DUMMIES	N	Y	N	Y
Observations	636	636	636	636
Pseudo R ²	0.05036	0.04930	0.07677	0.07676

Table 3
Impact of existence of a CSR score on M&A performance in France

This table presents the results from regressing the Cumulative Average Abnormal Returns (CAARs) of 636 acquisition-year observations to various acquisition characteristics, including main variable of interest, SCORE?, which is equal to 1 if acquiror had a CSR score at the time acquisition was made and 0 if not. Other independent variables are usual control variables used in analyzing M&A performance. Variable definitions are in the Appendix. Asterisks indicate coefficients significant at the 1%, 5% and 10% respectively.

	(1)	(2)	(3)	(4)
SCORE?	-1.2476% (-1.57)	-1.3071% (-1.62)	-1.3556% (-1.32)	-1.6807% (-1.60)
AFT_BEFL	0.4011% (0.50)	0.4672% (0.57)	4.2632% * (1.73)	5.0217% ** (2.02)
BIGACQUIROR	-1.9774% *** (-3.00)	-1.9938% *** (-2.93)	-1.9641% *** (-2.90)	-1.9138% *** (-2.75)
MARKET_CONDITIONS	2.5807% (1.60)	2.5272% (1.55)		
OTHER_NATION	-1.4578% ** (-2.18)	-1.2979% ** (-1.88)	-1.4098% ** (-2.07)	-1.2300% * (-1.75)
PAYMENT_SHARES	-3.2081% *** (-2.86)	-3.5000% *** (-3.08)	-3.2140% *** (-2.82)	-3.5312% *** (-3.06)
PUBLIC_TARGET	-2.0752% *** (-3.05)	-2.0372% *** (-2.96)	-2.1836% *** (-3.16)	-2.1268% *** (-3.04)
SIZE	0.3591% (0.57)	0.5982% (0.93)	0.3920% (0.61)	0.7072% (1.08)
UNRELATEDNESS	-1.0983% (-1.62)	-1.1507% * (-1.68)	-1.2299% * (-1.78)	-1.2662% * (-1.82)
C	3.5680% ** (1.98)	1.4964% (0.63)	0.0543% (0.01)	-2.9055% (-0.63)
INDUSTRY DUMMIES	N	N	Y	Y
YEAR DUMMIES	N	Y	N	Y
Observations	636	636	636	636
Pseudo R ²	0.05256	0.05176	0.04874	0.05023

Table 4
Impact of CSR scores on M&A performance in France

This table presents the results from regressing the Cumulative Average Abnormal Returns (CAARs) of 636 acquisition-year observations to various acquisition characteristics, including main variable of interest, SCORE which is the sum of the different CSR scores of the acquiror at the time acquisition was made. Other independent variables are usual control variables used in analyzing M&A performance. Variable definitions are in the Appendix. Asterisks indicate coefficients significant at the 1%, 5% and 10% respectively.

	(1)	(2)	(3)	(4)
SCORE	-0.0015% * (-1.96)	-0.0015% * (-1.94)	-0.0016% * (-1.73)	-0.0018% * (-1.90)
AFT_BEFL	0.5337% (0.67)	0.5945% (0.73)	4.2938% (1.75)	5.0478% (2.03)
BIGACQUIROR	-1.8603% *** (-2.79)	-1.8732% *** (-2.72)	-1.8359% *** (-2.67)	-1.7861% ** (-2.53)
MARKET_CONDITIONS	2.7804% * (1.72)	2.6944% * (1.65)		
OTHER_NATION	-1.3910% ** (-2.07)	-1.2564% * (-1.82)	-1.3450% ** (-1.97)	-1.19E-02 * (-1.69)
PAYMENT_SHARES	-3.2499% *** (-2.90)	-3.5140% *** (-3.09)	-3.2294% *** (-2.83)	-3.5168% *** (-3.05)
PUBLIC_TARGET	-2.0284% *** (-2.99)	-1.9915% *** (-2.90)	-2.1462% *** (-3.11)	-2.0857% *** (-2.98)
SIZE	0.3686% (0.59)	0.6080% (0.95)	0.4071% (0.63)	0.7192% (1.10)
UNRELATEDNESS	-1.1691% * (-1.72)	-1.2116% * (-1.77)	-1.2965% * (-1.87)	-1.3291% * (-1.91)
C	3.4552% * (1.92)	1.2936% (0.54)	0.1247% (0.03)	-2.9403% (-0.64)
INDUSTRY DUMMIES	N	N	Y	Y
YEAR DUMMIES	N	Y	N	Y
Observations	636	636	636	636
Pseudo R ²	0.05463	0.05352	0.05070	0.05189

Table 5
Impact of CSR scores on M&A performance in France

This table presents the results from regressing the Cumulative Average Abnormal Returns (CAARs) of 636 acquisition-year observations to various acquisition characteristics, including main variable of interest, C&S, CG, CIN, ENV, HR and HRts which are the different RSE scores of the acquiror at the time acquisition was made. Other independent variables are usual control variables used in analyzing M&A performance. Variable definitions are in the Appendix. Asterisks indicate coefficients significant at the 1%, 5% and 10% respectively.

	(1)	(2)	(3)	(4)
C_S	-0.0105% (-1.24)	-0.0121% (-1.32)	-0.0084% (-0.96)	-0.0100% (-1.07)
CG	-0.0016% (-0.17)	-0.0030% (-0.32)	-0.0046% (-0.43)	-0.0077% (-0.72)
CIN	-0.0064% (-0.36)	0.0005% (0.03)	-0.0093% (-0.50)	0.0001% (0.01)
ENV	-0.0099% * (-1.78)	-0.0092% (-1.52)	-0.0122% ** (-2.07)	-0.0123% * (-1.93)
HR	-0.0023% (-0.27)	-0.0030% (-0.36)	0.0015% (0.16)	1.54E-05 (0.17)
HRTS	0.0427% ** (2.56)	0.0417% ** (2.45)	0.0422% ** (2.42)	0.0396% ** (2.23)
AFT_BEFL	0.4824% (0.60)	0.5931% (0.73)	4.2477% * (1.73)	4.9869% ** (2.01)
BIGACQUIROR	-2.0529% *** (-3.06)	-2.0304% *** (-2.93)	-2.0363% *** (-2.94)	-1.9369% *** (-2.73)
MARKET_CONDITIONS	3.0272% * (1.84)	2.9688% * (1.79)		
OTHER_NATION	-1.3002% * (-1.92)	-1.1551% * (-1.66)	-1.2800% * (-1.86)	-1.1359% (-1.61)
PAYMENT_SHARES	-3.1543% *** (-2.82)	-3.3716% *** (-2.97)	-3.1958% *** (-2.81)	-3.4347% *** (-2.98)
PUBLIC_TARGET	-2.2983% *** (-3.35)	-2.3025% *** (-3.30)	-2.4095% *** (-3.46)	-2.4171% *** (-3.41)
SIZE	0.5004% (0.79)	0.7410% (1.15)	0.5528% (0.86)	0.8765% (1.34)
UNRELATEDNESS	-1.1243% * (-1.65)	-1.1928% * (-1.73)	-1.2372% * (-1.77)	-1.2850% * (-1.83)
C	3.2350% * (1.80)	0.9155% (0.38)	-0.0027% (-0.00)	-3.2471% (-0.70)
INDUSTRY DUMMIES	N	N	Y	Y
YEAR DUMMIES	N	Y	N	Y
Observations	636	636	636	636
Pseudo R ²	0.06125	0.06022	0.05703	0.05861

Conclusion générale

Cette thèse est constituée de trois chapitres qui explorent la question de l'impact de l'évolution de l'environnement externe sur la performance M&A des sociétés françaises.

Le premier chapitre de la thèse (« *Impact of IAS 36 and IFRS 3 on M&A performance in France* ») étudie l'impact des nouvelles réglementations IFRS, relatives à la comptabilisation des opérations de fusions & acquisitions, publiées le 31 mars 2004 sur la performance M&A des entreprises françaises. L'article montre que la mise en place de la pratique du goodwill impairment, censée améliorer la visibilité de la qualité des opérations de M&A réalisées n'a pas eu d'impact sur la performance M&A des entreprises françaises. L'originalité de l'article repose sur l'utilisation, au-delà d'une analyse d'événement qui mesure les rendements anormaux réalisés en France avant et après l'adoption des règles IFRS 3, d'une analyse « diff-in-diff » qui montre que le différentiel de performance M&A entre les Etats-Unis et la France n'a pas été affecté par l'entrée en vigueur des nouvelles réglementations en France. Ce résultat est en ligne avec les travaux de Li & Sloan (2015) qui ont très récemment conclu que les normes comptables relatives laissent une place significative au pouvoir discrétionnaire des dirigeants d'entreprise.

Le deuxième chapitre de la thèse (« *Impact of Board Committees on M&A performance in France* ») étudie l'impact de l'existence des comités constitués au sein des conseils d'administration, dont le nombre a très fortement augmenté depuis le début des années 2000, sur la performance M&A. L'originalité de l'article repose sur l'utilisation d'une méthodologie de recherche dans les textes qui permet de classer les comités selon une nomenclature en fonction du rôle rempli par le comité. L'article montre que présence d'un comité au sein de leur conseil au moment où une entreprise réalise une acquisition a un impact positif sur les rendements anormaux générés au moment de l'acquisition mais que le fait que le comité ait une nature qui a un lien avec les activités de M&A, tels qu'investissement, développement ou stratégie n'en a pas. Ce résultat contribue à la recherche qui montre qu'une meilleure gouvernance permet d'améliorer la performance en fusions & acquisitions. En revanche, ce serait plus le rôle de surveillance exercé par le conseil que le rôle de conseil à proprement parler qui serait à l'origine de cette meilleure performance. L'article montre par ailleurs que le nombre de comités n'a pas d'impact sur la performance M&A.

Le troisième chapitre de la thèse (« *Impact of CSR on M&A Performance in France* ») étudie l'impact de la Loi NRE publiée le 15 mai 2001 qui vise à obtenir des entreprises une information extra-financière de meilleure qualité et de leur profil RSE sur la performance M&A des entreprises françaises. L'originalité de l'article réside dans le fait que les analyses réalisées ont porté sur un pays dans lequel, contrairement à des pays plus fréquemment étudiés tels que les Etats-Unis, le développement de la RSE s'est appuyé sur la législation. L'article montre que la Loi NRE a eu un impact positif sur la performance M&A des entreprises. Ce résultat est en ligne avec la recherche qui montre que les marchés valorisent une transparence accrue de l'information et une meilleure protection des actionnaires. En revanche, les entreprises françaises dont les scores RSE synthétiques – c'est-à-dire composé de la somme des 6 scores RSE mesurés par Vigeo – sont élevés génèrent des rendements anormaux inférieurs. Par ailleurs, les rendements anormaux générés par des opérations de M&A sont inférieurs pour les entreprises qui ont un score « Environment » élevé alors qu'ils sont supérieurs pour les entreprises qui ont un score HRTS « Human Rights » élevé. Ce travail contribue à la recherche sur la création de valeur attachée aux stratégies RSE en renforçant l'idée de l'impossibilité de classer les stratégies RSE de façon uniforme : certaines initiatives sont destructrices de valeur alors que d'autres sont créatrices de valeur. De la même façon pour ce qui concerne les réglementations RSE, nous démontrons qu'elles ont globalement permis une meilleure performance M&A tout en conduisant à des performances inférieures pour des acquéreurs dotés d'approches RSE plus segmentées, e.g. avec un plus fort accent placé sur la dimension Environnement, susceptible d'être plus contraignante, ou sur la dimension Droits Humains, susceptible d'offrir de meilleurs retours sur investissement, de par les réglementations existantes.

L'idée directrice de cette thèse est de comprendre si des chocs externes – que ce soit des nouvelles réglementations ou bien l'apparition de nouvelles pratiques de marché – susceptibles d'exercer une pression accrue sur leurs dirigeants afin d'améliorer leur performance, conduisent à une meilleure performance M&A, mesurée par les rendements anormaux générés lors de l'acquisition. Il est en effet légitime de penser que puisque de bonnes pratiques existent en matière de fusions & acquisitions – notamment en mettant en place ou en améliorant des processus d'acquisition, les dirigeants d'entreprises placés sous une plus forte pression de performance sont plus enclins à les adopter.

La réponse apportée est positive lorsque le choc externe considéré ne laisse pas une trop importante liberté au management de contourner les nouvelles contraintes qui leur sont posées. Ainsi, les réglementations RSE et la mise en place de comités au sein des conseils d'administration ou de surveillance ont eu un impact positif sur la performance M&A alors les réglementations IFRS 3 n'en n'ont pas eu.

Dans le cas de ces dernières, les dirigeants bénéficient en effet d'une importante liberté par rapport aux auditeurs auxquels ils sont confrontés, et qu'ils rémunèrent, pour justifier a posteriori de leur performance M&A.

Au-delà de ces conclusions, mes recherches ont fait ressortir la plus mauvaise performance M&A des acquéreurs les plus actifs. Ce résultat est contre-intuitif et contredit l'existence possible d'effets d'expérience, selon lesquels plus une entreprise réalise d'acquisitions, plus son expérience devrait lui permettre une bonne performance, et de diversification, selon lesquels plus le nombre d'acquisitions est élevé, plus la variabilité des résultats devrait être réduite. De fait, une analyse plus détaillée montre que certaines entreprises enregistrent individuellement une performance M&A significativement négative.

Mes travaux présentent plusieurs importantes limites dont l'une, essentielle, réside dans le manque d'informations relatives aux circonstances dans lesquelles se prennent les décisions d'acquisition. Notamment, l'état des processus – que ce soit les processus internes à l'entreprise ou les processus relatifs au conseil d'administration et de surveillance – au moment de l'acquisition ainsi qu'au moment où le choc externe se produit, ne sont pas connus.

L'autre limite réside dans la méthode d'évaluation utilisée, l'analyse des rendements normaux au travers d'études d'événements. L'hypothèse des marchés efficients ne devrait en effet pas conduire à considérer que le marché prévoit avec certitude au moment où la transaction est réalisée qu'elle soit créatrice de valeur ou pas. Il est en revanche possible que le marché anticipe de possibles transactions en estimant une probabilité de réalisation et un montant de valeur créée. Dans cette hypothèse, le cours de bourse avant opération est composé d'une somme de la valeur actuelle des cash flows futurs attachés au périmètre existant de l'entreprise et de la valeur des synergies qui seraient créées par une éventuelle opération M&A. De ce fait, la transaction M&A n'étant pas une surprise à proprement parler mais un événement anticipé dont la probabilité augmente à l'approche de sa réalisation, le rendement anormal mesuré lors de l'annonce de la transaction ne serait pas une bonne mesure de la valeur effectivement créée par l'opération.

Le constat de ces limites conduit à l'expression de certaines des directions que je compte suivre pour mes futures recherches. La première est constituée d'étude de cas d'entreprises pour identifier des tendances en matière de relations entre processus internes d'acquisition et modes de fonctionnement des conseils d'administration d'une part et performance M&A d'autre part. La seconde intègre de nouveaux modèles d'évaluation de la performance qui utilisent des modèles optionnels pour analyser la valeur créée par les transactions M&A.

Résumé

Du fait de biais dont souffrent les dirigeants d'entreprises lorsqu'ils prennent des décisions d'acquisition, le M&A a une longue tradition de ne pas générer des retours positifs pour les acheteurs. Au travers de 3 essais, notre recherche explore l'impact de récentes évolutions de l'environnement économique et social, incluant 1) le déploiement des normes IFRS, 2) le développement des comités de conseil d'administration ou de surveillance, et 3) la publication de la Loi NRE, sur la performance M&A des acquéreurs en France. Analysant les rendements anormaux générés au moment où une acquisition est faite, nous trouvons que la performance M&A ne s'est pas améliorée, principalement du fait que les principaux changements intervenus ont laissé un important pouvoir discrétionnaire au management mais aussi parce l'adoption de nouvelles pratiques de marché ont pu être intégrées par les investisseurs dans leur évaluation de résultats d'acquisition. Nous trouvons aussi que les stratégies RSE ont un impact négatif. Cependant, nous trouvons que la mise en place de comités de conseil et l'entrée en vigueur de la Loi NRE, qui ont pu conduire à une transparence accrue de l'information, ont eu un impact positif.

Mots Clés

M&A
RSE
IFRS
Comités
NRE
Pouvoir discrétionnaire
Gouvernance d'entreprise
Rendements anormaux
SOX

Abstract

Because management suffers from biases when making acquisition decisions, M&A has been having a longstanding reputation for providing acquirers with no or limited returns. Through 3 essays, our research explores the impact of recent evolutions in business environment, including 1) the implementation of IFRS regulations, 2) the development of board committees popularized following SOX regulations, and 3) the implementation of the NRE Law, on acquirers' M&A performance in France. Analyzing abnormal returns generated at the time of an acquisition is made, we find that M&A performance has not overall improved, mainly because most the changes reviewed can be assumed to leave a significant space for managerial discretion but also because new business practices become market standards integrated by investors when valuing acquisition outcomes. We also find CSR strategies to have a negative impact on M&A performance. We however find that the implementation of a board committee and the enforcement of the NRE Law in France, that may lead to more information transparency, have had a positive impact.

Keywords

M&A
CSR
IFRS
Committees
NRE
Managerial discretion
Corporate governance
Abnormal returns
SOX