Large Shareholders and Target Returns: International Evidence

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Abstract

We examine the market valuation of targets with multiple large shareholders (MLS) and single large shareholder (SLS) structures, in an international sample of M&A announcement in 19 countries outside North America. We find that the presence and power of MLS in these firms are negatively associated with abnormal returns and first-bid-to-merger-completion returns, suggesting that MLS mitigate agency problems in the target, and hence their acquisition is perceived as "a loss of good governance." The negative association between MLS targets and returns is stronger in widely held firms suggesting that MLS indeed curb expropriation of minority shareholders. By contrast, when the second largest shareholder in the MLS structure of the target is a family, we find positive cumulative abnormal returns at the merger announcement, suggesting exacerbated agency problems in these firms that should benefit from the "acquisition of good governance". Our evidence is robust to a battery of tests and to addressing potential endogeneity.

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INTRODUCTION

Instances of large shareholders in ownership structures are very common around the world, including the United States (e.g., Shleifer and Vishny, 1986; La Porta et al., 1999; Claessens et al., 2000; Faccio and Lang, 2002; Holderness, 2009). Firms with at least two large shareholders for instance account for more than one third of publicly listed companies in East Asia (Claessens et al., 2000), and Western Europe (Faccio and Lang, 2002; Leaven and Levine, 2008). The agency theory suggests that an economic rationale for such structures is that large shareholders can act as active monitors of managers who, when lacking incentives to maximize shareholders' wealth, become likely to engage in wealth expropriation activities and tunneling of the firm's corporate resources (Shleifer and Vishny, 1986; Burkart et al., 1997). This view suggests that large shareholders mitigate agency problems between managers and shareholders. However, as argued by Johnson et al (2000) and Volpin (2002) among others, controlling shareholders may now be able to extract private benefits of control at the expense of minority shareholders, giving rise to another type of agency problems. Our paper fits in this debate on the link between large shareholders and firm value/performance.

The empirical evidence to date suggests that firms with a single large shareholder (SLS) are subject to significant entrenchment and agency problems that are reflected in lower firm valuations, higher cost of equity (Claessens et al., 2002; La Porta et al., 2002; Guedhami and Mishra, 2009; Chen et al., 2009), higher earnings' management and poor quality of financial reporting (Fan and Wong, 2002; Fan and Wong, 2005; Leuz et al., 2003; Haw et al., 2004). Conflicts of interests that characterize this ownership structure are between the major/large shareholder and minority shareholders, since the latter are relatively dispersed, and hence less likely to exert a direct influence in the firm's decision making. More recently, several studies note that corporate ownership structures around the world, more often than otherwise, include in fact more than *one* single shareholder with large voting rights, bringing to the forefront of the debate, the role of structures with multiple large shareholders (MLS).

It is argued in the literature that MLS structures are "a mixed blessing". *On the one hand*, MLS have similar incentives as those of the dominant shareholder, suggesting that they are likely to expropriate minority shareholders for private benefits. This negative view of MLS portrays

them as opportunistic investors that "prefer to trade on private information rather than monitor management" (Attig et al, 2009, 396). In addition, by colluding with the dominant shareholder, MLS are able to share the private benefits of control (e.g., Zwiebel, 1995; Kahn and Winton, 1998). In fact, even if MLS do not collude with the dominant shareholder, a large number of blockholders can hinder the decision-making process in the firm by introducing gridlocks (Edmans and Manso, 2010), leading to inefficiency and underinvestment. This coalition formation hypothesis therefore, predicts higher agency problems in (lower valuation of) MLS structures.

On the other hand, MLS structures can play an effective monitoring role by serving as "…a valuable monitoring function in reducing the diversion of corporate resources" by one single large shareholder (i.e., Maury and Pajuste, 2005; Attig et al, 2008; Boubaker et al, 2015). Indeed, if one (or more) large shareholder chooses to compete for corporate control against (rather than collude with) other large shareholders, he/she will be driven by incentives similar to those of minority shareholders, thus favoring extensive monitoring of managers and other blockholders which improves overall firm corporate governance. In this vein, Bennedsen and Wolfenzon (2000), and Bloch and Hege (2003) argue that MLS that compete for corporate control help to shift the balance of power to other minority shareholders, shielding them from potential expropriation by closely monitoring managers' actions and decisions. Bloch and Hege (2003) in particular show that the competition for corporate control between two large shareholders to attract minority shareholders, will also force both of them to refrain from extracting private benefits of control. This argument also suggests that, instead of colluding with the dominant shareholder to extract private benefits of control, MLS end up sacrificing their own share of such benefits as they prevent expropriation from the dominant shareholder (Nenova, 2003, Dhillon and Rossetto, 2010). Other studies suggest that the lack of collusion among blockholders helps to reduce information asymmetry because the MLS, being unable to shift the voting outcome in their favor, will vote "with their feet", thus injecting information about the undesired outcome in stock prices (Neo, 2002; Edmans and Manso, 2010).[1] This competition for control in turn reduces the firm's cost of

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[1] For example, Edmans and Manso (2010, p. 2) argue that "*By trading on private information, blockholders move the stock price toward fundamental value, and thus cause it to more closely reflect the effort exerted by the manager to enhance firm value. If the manager shirks or extracts private benefits, blockholders follow the "Wall Street Rule" of "voting with their feet" and selling to liquidity traders. This drives down the stock price, reducing the manager's equity compensation and thus punishing him ex post….Multiple blockholders therefore serve as a commitment device to reward or punish the manager ex post for his actions.*"

equity financing (Easley and O'Hara, 2004) and increases its valuation. The empirical evidence to-date supports this positive view of MLS by showing that MLS firms have higher valuations (Maury and Pajuste, 2005; Laeven and Levine, 2008; Attig et. al, 2009) and lower cost of capital (Attig et al., 2008).

In summary, although this issue has been recently addressed in the analytical (Zwiebel, 1995; Kahn and Winton, 1998; Edmans and Manso, 2010) and empirical (Maury and Pajuste, 2005; Laeven and Levine, 2008; Attig et al., 2008) literature, the results on the relation between large shareholders and firm value to date, remain inconclusive and ambiguous on both theoretical and empirical grounds. To address this issue, we re-examine in this paper whether the market perceives the presence and voting power of MLS as a moderating factor of the extent of minority shareholders' expropriation by framing our analysis a high agency conflict context, namely Mergers and Acquisitions.

We believe that the context of M&A provides us with a natural laboratory to assess how shareholders gains vary with the change in (relinquishment of) the prevailing ownership structure characterizing acquisition transactions. The M&A literature suggests that these transactions allow to isolate the valuation impact of governance changes (internal or external) from any other confounding factor. For instance, Bris and Cabolis (2008) find that targets that originate from relatively poor investor protection countries command higher merger premium. In addition, targets that are acquired by a bidder that is domiciled in a better investor protection environment, tend to exhibit an increase in value, suggesting an external "governance transfer" from the bidder to the target. Applied to internal governance, such transfers can also occur when the target inherits the bidder's internal governance, and relinquishes its own.

To conduct our analysis, we examine target shareholders gains (targets' announcement abnormal returns) for companies that feature MLS and SLS ownership structures: If we posit that MLS structures exacerbate agency problems in the firm (or to lack effectiveness as a monitoring device) (negative view of MLS) then, upon acquisition, we expect MLS targets to be relinquishing "bad governance", and hence gaining by adopting good governance. If however, MLS structures mitigate agency problems between the dominant shareholder and minority shareholders (the positive view holds), MLS targets acquired by other firms will be relinquishing "good governance" (i.e., MLS) upon acquisition, and hence losing.

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Expressed in terms of shareholders gains measures, if the negative view of MLS holds, we expect the bid price paid to MLS targets to likely include a relatively higher merger premium, and higher merger announcement abnormal returns than comparable SLS targets. This is because upon takeover, the market anticipates the resolution of agency problems embedded in the MLS structure of the firms, leading to expectations of significant improvements in firm value and performance in the long run. Alternatively, if the positive view of MLS stands, we expect the bid price paid to MLS targets to command a lower merger premium as well as lower merger announcement abnormal returns compared to SLS structures that represent the expropriation (high agency problems) outcome. This means that target shareholders gains will be lower since the firms have already an enhanced and effective internal corporate governance associated to their MLS structure, hence lower agency problems.

Using a sample of targets featuring at least one dominant shareholder from nineteen countries outside North America in completed mergers announced between 1996 and 2004, we find that targets featuring MLS structures exhibit significantly lower announcement abnormal returns (and first-bid-to-merger-completion returns) compared to those featuring SLS structures. The significant negative association between the presence and power of MLS and target returns continues to prevail after we control for firm, industry and deal characteristics, the quality of corporate governance of bidders' and targets' home country, and industry-, year- and country-effects. Moreover, the negative effect of MLS on target returns continues to hold after we tackle potential endogeneity issues, following Laeven and Levine (2009) and Paligorova (2010). In a nutshell, we find strong evidence that MLS firms are valued more than SLS firms, and hence upon acquisition, SLS firms exhibit higher value gains that reflect the market's anticipation of improvements in corporate governance in the long run.

In an additional analysis, we examine whether the market perception of second large shareholders depends on their type. To carry this task, we divide SLS in three groups according to the identity of the major shareholder, namely, *Family, State* and *Widely Held*. We find evidence that in widely held firms, SLS reduce agency problems, as announcement abnormal returns to these targets are negative. Interestingly, we find that family SLS are perceived as exacerbating agency problems since these firms command significantly higher merger returns. This result is

consistent with the evidence that severe agency problems, tunneling and higher risk of expropriation are observed in family controlled firms (e.g. Bae et al., 2002; Boubakri et al., 2010).

Our study contributes to the literature by providing evidence on the value premium that the market assigns to MLS firms when they are targeted in M&A, which we find amounts to about 5%. In doing so, we uphold the findings in the literature that MLS firms embed better corporate governance and enhanced monitoring, thus decreasing agency problems and making them worth more (e.g., Maury and Pajuste (2005), Laeven and Levine (2008), Attig et al. (2009)). We further add to previous studies that focus on the presence of MLS by considering MLS power and voting rights as well. In addition, our international sample of developed and developing countries allows for a wider variation in institutional environments and ownership structures compared to previous studies on either Western Europe (Faccio and Lang, 2002; Leaven and Levine, 2008), or East Asia (Claessens et al, 2002; Attig et al, 2009), which taken separately, represent a relatively homogeneous setting. Finally, we offer the first evidence to our knowledge, on the value of MLS versus SLS firms in M&A by showing that governance transfers at the firm level associated to these transactions are valued by the market.

The rest of the paper is organized as follows: we present the sample and the data in section 2. We next describe our results of the univariate and multivariate analyses, followed by robustness checks in section 3. Section 4 concludes.

2. DATA AND METHODOLOGY

We use a sample of 511 targets completed between 1996 to 2004 from 7 East Asian and 12 Western European countries with ownership data available in either Claessens et al. (2000) or Faccio and Lang (2002) studies. Completed merger events and deal characteristics data come from *SDC Platinum - Global Merger and Acquisition Database*. Annual financial data are drawn from WorldScope *Databases* while the daily total return index come from *DataStream Database*.

Using the DataStream daily total return index for individual targets, we first estimate daily returns. Likewise, using the DataStream country market and global market total return

index, we estimate daily index returns as daily changes in a domestic market index (domestic market returns) and daily changes in a global market index (global market returns) respectively. We start by estimating our main proxy of target abnormal returns, which is the sum of excess target returns over the global market index returns following Faccio et al. (2006) and Masulis et al., (2007), computed using a five day event window (event day -2 to +2 days) (*CAR5*). We also estimate *CAR5_C* based on excess target returns over domestic market returns, and *CAR5_E* based on excess target returns over those estimated using a two factor market model, that uses 200 day estimation window for generating model parameters (-21 to –220 days). The two factors are domestic market returns and global market returns. Cumulative abnormal returns are also calculated from the first bid to the merger completion date using all these three methods, which are denoted as *CarFBC* – for those based on excess over global index return, *CarFBC_C* – for those based on excess over domestic market index returns, and *CarFBC_E* – for those based on excess over estimates from the two factor market model, respectively. The first bid to merger completion returns are consistent with the effective premium received by the target's shareholders. In our tests, we focus on *CAR5* as the main test variable, and use all the other proxies of target abnormal returns in the robustness tests. For the sample of firms with a non-missing value for CAR5, we extract the following annual financial data from *DataStream Database*: *Log Assets* (log of total assets), *Tobin's Q, ROA (*return on assets*)* and *Leverage* (total debt by total assets) for the fiscal year ending before the event day. We exclude all events for which one of these data points are missing. Table 1 reports the sample distribution by year.

<p style="text-align:center">Insert Table 1 about here</p>

MLS Variables

Using ownership data available in Claessens et al. (2000) and Faccio and Lang (2002), we create the MLS variables as discussed below. Please note that our sample is restricted to the firms where there is at least one dominant shareholder with 10% or more voting rights. [2]

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[2] We understand that our ownership dataset covers a period that is relatively old (created in late 90's). However, apart from Carney and Child (2013), such datasets on international ownership structures prepared with similar details are unavailable. Unfortunately Carney and Child (2013) only cover upto 200 largest firms from the same nine East Asian countries that were covered in Claessens et al. (2000). These

Presence of MLS

We create two proxies to capture the presence and the extent of MLS in the ownership structure. *Presence2* is coded as a dummy with '1' for firms that have at least two large shareholders featuring at least 10% voting rights each, and '0' otherwise. The second largest shareholder would limit the power of the dominant shareholder to extract private benefits at the expense of minority shareholders if s/he competes for corporate control, suggesting an efficient monitoring role (Bennedsen and Wolfenzon, 2000; Attig. et al., 2008). Under this hypothesis (positive view of MLS), MLS firms are likely to be worth more than similar SLS firms, suggesting a lower return for MLS targets upon M&A announcement. In contrast, if the second largest shareholder opts to join hands with the dominant shareholder to extract private benefits of control (negative view of MLS), target firms featuring MLS are expected to show higher returns at the announcement of the transaction, suggesting higher gains to shareholders. The sign of the relation between *Presence2* and *CAR5* therefore depends on whether pre-transaction, MLS play an effective monitoring role, or exacerbate agency problems and expropriation.

A second characteristic of MLS structures, beyond their mere presence, is the number of large shareholders beyond the second largest shareholder that are present in the firm. Edmans and Manso (2010) argue that if there are many blockholders, agreement and consensus become too hard to attain for an efficient monitoring of managers. Bennedsen and Wolfenzon (2000) also support this argument that the presence of several blockholders reduces efficient decision-making, and make monitoring costs so prohibitive that multiple large shareholders will be discouraged to engage in effective monitoring (Dhillon and Rossetto, 2010). This suggests lower firm valuation as the number of blockholders increases.

Existing empirical evidence however, also suggest that an increase in the number of blockholders decreases information asymmetry implying a positive valuation effect of MLS. In Gallagher et al, (2013) MLS trading volume (that depends on the number of blockholders) is

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countries are Hong Kong, Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand. We attempted to replicate our analysis using this dataset, unfortunately, we were left with only about three dozen targets even in the initial matching, which we think is not large enough to generate any meaningful results.

shown to be negatively associated to trading profits. In the same vein, Gorton, Huang, and Kang, (2016) suggest that the increase in the number of blockholders increases price informativeness. In addition, research shows that MLS trading disciplines managerial compensation (Smith and Swan, 2008), suggesting a positive valuation effect of the number of blockholders. To capture the number of blockholders, we create *Presence2345*, which represents the total number of MLS beyond the dominant shareholder, with a maximum of 4. Overall, the sign of the relation between *Presence2345* and *CAR5* will depend on whether pre-transaction, MLS structures have a positive or a negative valuation effect.

Power of MLS

We create two proxies to measure the absolute power of MLS, namely the voting power of the second largest shareholder (*Vote2*), and that of the four large shareholders beyond the dominant shareholder (*Vote2345*). We supplement these measures of absolute power with two additional proxies to measure the power of MLS relative to the dominant shareholder, namely *Vote2/1 Ratio* and *Vote2345/1 Ratio*. According to Dhillon and Rossetto (2010, p. 4) *"when they [shareholders beyond the dominant shareholder] do buy a larger fraction of shares, their preferences move closer to those of the initial large shareholder! … since the conflicts of interest are endogenous, it is not trivial to show that having a larger size will be beneficial to outside investor since the large size itself reduces the conflict of interest between the initial owner and large outside investors."* The efficient monitoring hypothesis suggests that the power of MLS should be positively associated with pre-transaction value premium, and hence negatively associated with target returns upon the M&A announcement.

Role of Family vs. Non-Family MLS:

Whether the second largest shareholder uses its presence or power to mitigate or exacerbate agency problems may depend on its type. Therefore, we start by dividing all second largest shareholders into three categories and create a dummy variable for each. *Family2* takes the value of 1 if the second largest shareholder is a family or individual, 0 otherwise. *State2* takes the value of 1 if the second large shareholder is the government or a government agency, 0 otherwise. *Widely2* takes the value 1 if the second large shareholder is a widely held corporation or institutions, 0 otherwise. As discussed above, the theory predicts both possibilities (i.e. monitoring by the second largest shareholder or helping to extract private benefits of control) as

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equally likely. Indeed, the second largest shareholder may be associated with value destruction, for s/he may have incentives to create environments that help to extract private benefits of control (e.g., Winton, 1993; Zwiebel, 1995; Kahn and Winton, 1998). Also, MLS may have little incentives to take private benefits of control, and could instead use their power to monitor the activities of the largest shareholder (and managers) to the benefit of minority shareholders (e.g., Bennedsen and Wolfenzon, 2000; Bloch and Hege, 2003; Nenova, 2003; Dhillon and Rossetto, 2010). The incentives to create environments to extract private benefits by the second largest shareholder are likely to be higher, if s/he is a family or individual, rather than an institution and the government for several reasons: *First*, families have a desire to transfer control to future generations, and their large stake in the firm often leaves them with an undiversified wealth (Anderson and Reeb, 2003) leading them to shun value maximizing high operating risk projects in favor of low risk or risk diversifying projects, in order to reduce the possibility of bankruptcy (see e.g., John et al., 2008). *Second*, the private benefits extracted by widely held institutions are divisible among a large number of their shareholders, while those by family or individual are not divisible (Ellul et al., 2009). As a consequence, families have incentives to extract such benefits and the role of family as the second largest shareholder is less predictable. This in turn suggests that, unlike firms featuring other types of SLS, targets featuring family as the SLS may not be as valued, and therefore may not suffer as much the cost of relinquishing governance. Moreover, if the second largest shareholder is a family then it is expected to exacerbate agency problems. This suggests that SLS targets should be expected to exhibit a positive market reaction upon relinquishing "bad governance".

Control Variables

We control for firm, industry and deal characteristics following the existing literature (e.g. Wang and Xie, 2009; Bradly et al., 1988; Bris and Cabolis, 2008), all of which are defined in Appendix A. For the fiscal year-end proceeding the event year, we estimate natural log of total assets (*Log Assets), Tobin's Q,* Return on Assets *(ROA)*, and total debt to total assets (*Leverage*). We measure competitiveness of the target's industry using the *Hersfindhal* index. Among the deal characteristics, friendly mergers (*Friendly*), deals involving tender offer (*Tender Offer*), cross

border merger (*cross-border*), cash only consideration (*Cash Only*), and ownership status dummy for bidder (*Private Bidder*) are included. We also control for industry effects using industry dummies created using Fama-French 12 industries [3] classification, year effects using year dummies, and country effects using country dummies.

The properties of tests and other regression variables are reported in Table 2, starting with properties of ownership variables in Panel A, target characteristics in Panel B and deal characteristics in Panel C. We observe that about forty six percent of the firms with a dominant shareholder have at least two large shareholders. Table 3 reports the correlation coefficients between our variables. They do not appear too large to raise concern for multicolliniarity.

<center>Insert Tables 2 and 3 about here</center>

3. EMPIRICAL RESULTS

3.1 Univariate Results

Table 4 presents a univariate test of target returns (*CAR5* and *CarFBC*) between firms with a single large shareholder (SLS) and those with multiple large shareholders (MLS). Indeed, we note that MLS targets exhibit a substantially lower market reaction to M&A announcement compared to SLS firms, both with and without an adjustment for country effects. The adjustment for country effects mitigates the concern that the market reaction may be due either to an overall change in stock prices in that particular country, or to the potential change in the country level governance environment following the merger or acquisition. First, we test the difference in *CAR5* adjusted for country medians (*adjCAR5*) between SLS and MLS targets, and find that *adjCAR5* are significantly lower for MLS firms. Second, we test the difference in first bid to merger completion abnormal returns (*CarFBC*) adjusted for country medians (*adjCarFBC*), which is significantly lower for MLS targets.[4] These results provide initial evidence that there is a value premium for having MLS in the ownership structure; therefore, in acquisitions of such targets, the premium embedded in the offer price is not as high as that for targets with one single dominant

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[3]The Description of Fama- French 12 industries is extracted from Professor Ken French's data library at http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html

[4] We repeat this analysis using raw *CAR5* and raw *CarFBC*, both of which are also lower for MLS targets; however, difference in *CAR5* is not significant at 5% level, while difference in *CarFBC* is significant at 5% level, suggesting that country effect is non-trivial.

shareholder. In other words, SLS targets are significantly undervalued prior to merger announcement, and experience upon acquisition a significantly higher value gain for two reasons i) the market positively reacts to the relinquishment of bad governance, and ii) bidders are more likely to pay higher premium for these undervalued targets. Conversely for MLS targets, i) the market negatively reacts to the removal of good internal governance , and ii) bidders are more likely to pay lower relative premium due to the value premium embedded in their pre-announcement market price. The average difference in the announcement returns for MLS and SLS targets is the value premium for having MLS in the ownership structure. This finding provides further evidence in support of prior literature that MLS structures help mitigate agency problems between the dominant shareholder and other minority shareholders by monitoring managers or competing for corporate control (Attig et al., 2008; Mishra, 2011). More importantly, the governance role of MLS appears to be valued by the market. To test these findings more thoroughly, we switch below to a multivariate framework using a full set of control variables.

Insert Table 4 about here

3.2. Multivariate Analysis

In the sample of merger announcements made by the firms featuring at least one large shareholder, we compare the target's announcement period returns (*CAR5*) and first bid to merger completion returns (*CarFBC*) (e.g., see Bargeron et al., 2008) between firms with SLS and MLS. We start by regressing *CAR5* on *Presence2*, industry dummies and country dummies. The *Presence2*, which is an indicator variable featuring '1' for MLS targets, and 0 otherwise, has a negative and significant coefficient consistent with our univariate results. In Model 2, we continue to find similar results after we add firm, industry and deal characteristics. This evidence supports two important findings in the literature. First, MLS firms are generally valued higher than SLS firms (Laeven and Levine, 2008; Attig et al., 2009) therefore MLS firms experience a lower value appreciation on their acquisitions than SLS firms. The acquirer's offer price depends on the fundamentals of the target that the acquirer inherits, and brings under the acquirer's own corporate governance. Therefore, it will tend to make the same bid for two different targets with the same fundamentals irrespective of the latter's corporate governance. However, before acquisition, the similar fundamentals would drive different market valuations because of the fundamentals that are not inherited by the acquirer upon acquisition. The targets' corporate

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governance and ownership is one of those fundamentals that remain un-inherited by the acquirer upon acquisition. Evidently, MLS and SLS targets are likely to have different valuations before acquisition, because in the absence of other large shareholders, the dominant shareholder has incentives and power to extract private benefits of control.

Second, these results may also imply that the market assigns a value discount for relinquishing MLS structures, provided MLS play a positive governance role. The second implication supports a strand of the merger literature that suggests the existence of governance transfers from the acquirer to the management of target's assets. This literature also suggests a positive (negative) market reaction upon acquisition by an acquirer from a relatively better governance regime (e.g. Rossi and Volpin, 2004; Bris and Cabolis, 2008; Bris et al., 2008) in cross border mergers. It also supports Wang and Xie (2009) who find that target abnormal returns and combined abnormal returns of targets and acquirers are increasing in governance (measured by anti-takeover provisions) differences between the target and the acquirer, where governance difference is the extent to which targets' governance is weaker than the acquirers' governance.

Among the target's firm, industry and deal characteristics, we find that *CAR5* is not significantly associated with *Log Assets*, *ROA* and *Leverage*. These findings are largely consistent with Wang and Xie (2009). However, it is significantly negatively associated with *Tobin's Q* of targets suggesting that targets with higher relative value show lower value gain upon acquisition. The coefficient of *Industry competition*, measured by the *Herfindhal Index* of sales of firms in each of the Fama and French 48 industries, and of *Friendly* mergers, are negative but insignificant. However, the coefficient of *Tender Offer* is positive and significant, consistent with Wang and Xie (2009), suggesting that target's shareholders experience greater benefits in mergers involving tender offers. Similarly, targets benefit more in *Cross-border* mergers as suggested by its positive and significant coefficient.

We extend our analysis to other properties of target ownership structures. In model 3, we find that *Vote2* -measuring the absolute power of the second largest shareholder – is negatively (significant at 10% level) associated with *CAR5*, and similarly, in model 4, *Vote2/1* -measuring power of the second large shareholder in relation to the dominant shareholder - negatively (significant at 1% level) associated with *CAR5*. Consistent with earlier findings, and our expectation, this suggests that both absolute and relative power of the second large shareholder

helps to mitigate agency problems, which increases the valuation of the firms and results in a lower takeover premium for these targets. However, we do not find the presence and power of the largest shareholder beyond the second largest shareholder to be significantly associated with *CAR5*.

3.2.1. Type of 2$_{nd}$ largest shareholder

The literature suggests that the identity of the large shareholders affects their incentives to monitor or expropriate. For example, as private benefits extracted by family owners are not divisible, while those extracted by institutions or state owners are highly divisible among their owners. Therefore, family have relatively higher incentives to expropriate. Does this notion apply to the type of the MLS as well? To answer this question, we test the market reaction to the acquisitions of targets with different types of SLS. We divide SLS in three types, namely family, state and widely held and create a dummy for each taking the value of 1 if the shareholder is of a certain type, zero otherwise. In table 6 we report the results of our main model, which also includes the SLS type dummies. Model 1 includes *Family2*, which takes the value of 1 if the second largest shareholder is a family, zero otherwise. The coefficient of *Family2* is positive and significant suggesting that the market reacts relatively positively to the sale of a firm featuring family as the second large shareholder. This suggests that the family shareholder may have incentives to collude with the dominant shareholder to extract private benefits of control, making such targets likely to be relatively less valued prior to takeover. While the coefficient of State2 is insignificant, the significant negative coefficient of *Widely2* suggests that widely held SLS are perceived to be less likely to extract private benefits, in particular because the benefits they extract are divisible among a large number of shareholders. Therefore, the second largest shareholder has lower incentives to indulge into rent extraction or support the activities of the dominant shareholder making it more difficult for the dominant shareholder to tunnel the firm's resources. These findings support a large strand of the literature showing that family control is associated with value destruction, higher expropriation of minority shareholders (Bae et al., 2002; Bertrand et al., 2002), and higher cost of equity (Boubakri et al., 2010). The firms featuring family as the second largest shareholder, which according to this literature are likely to sell at a discount prior to the merger, experience a significant positive market reaction when targeted by other firms.

What about the type of the dominant shareholder? International evidence suggests that family controlled firms are more prone to expropriation of minority shareholders compared to other types of firms (e.g., Boubakri et al., 2010). Assuming that family ownership is an indication of bad governance, one expects that targets featuring family as the dominant shareholder to be less valued prior to the acquisition. To determine the role of the second largest shareholder in interaction with family, we split our sample of targets in Table 12 into two groups, of family controlled (Family1) and non-family controlled (Non-Family) targets. We then examine the role of the second large shareholder in these firms. Models 1 & 2 show that in the firms featuring non-family dominant shareholders Presence2 and Vote2/1 are significantly and negatively associated with CAR5. This suggests that non-family firms with an MLS ownership structure are perceived as having better governance such that upon acquisition (upon relinquishing such governance structure), there is a significant negative market reaction.

In summary, the findings in Table 5 highlight the importance of ownership structures with MLS in mitigating firms' agency problems, and suggest that the market effectively puts a value to the presence and power of MLS, so that relinquishing this ownership structure is counterproductive. Furthermore, the findings in Table 6 suggest that the type of the second largest shareholder has important implications for the role of MLS in firm's agency problems. The family as the second largest shareholder appears to exacerbate agency problems, while widely held structure as the second large shareholder mitigates them.

Insert Tables 5 and 6 about here

3.3. Robustness Checks

The results presented in Table 5, have several limitations as they are based on a set of assumptions and estimation techniques. Therefore, in this section, we assess the robustness of our main results to relaxing such assumptions and using new estimation techniques to generate the dependent variable.

3.3.1. Basic Sensitivity Tests

While we use robust standard errors in Table 5, this does not address potential cross-sectional correlation within industries. Therefore, in Table 7 we replicate our core tests after correcting for industry clustering, and find that our results remain the same. One minor exception is that we find *Presence2345* to be significantly and negatively associated with *CAR5* (which was insignificant in our main tests as reported in Table 4). This suggests that the presence of more shareholders is significantly valuable. Similarly, in Table 5, we do not control for year effects and use *CAR5* estimated in excess of the expected daily returns as per the single factor market model, where the market index is DataStream market index of the target's country. In Table 8, we replicate our key tests using year-fixed effects (in models 1 and 2), the abnormal returns estimated in excess of DataStream country market index (*CAR5_C*, in models 3 and 4), and the abnormal returns estimated in excess of expected returns estimated using the two factor model featuring DataStream country market index and DataStream global market index (*CAR5_E* in models 5 and 6). In all these models, we find that our results relating to the effect of presence and relative power of MLS continue to hold. Further, our main results are based on the abnormal returns estimated using a five day event window. To test the sensitively of our results to the choice of the event window, we replicate our results using an 11 day event window (*CAR11*), and a 3 day event window (*CAR3*). In untabulated results, our conclusions continue to hold when we use *CAR11* or *CAR3*.

Further, the target's shareholders do not realize the gains from the sale of the firm until the merger is completed. Therefore, the abnormal returns measured over the five-day event window do not necessarily represent both premiums received for target shares, and the effect of relinquishing existing governance. To mitigate this concern, we follow Bargeron et al. (2008) and estimate cumulative abnormal returns (CAR) of the targets from the first bid to the completion date (FBC). We denote these abnormal returns as *CarFBC, CarFBC_C* and *CarFBC_E* respectively for abnormal returns estimated as (i) excess over expected returns based on the market model with the DataStream country market index, (ii) excess over the returns on DataStream country market index, and (iii) excess over expected returns from two factor model using DataStream country and global market index. We present the results of the tests that use these dependent variables in Table 9. In all models reported in Table 9, our key findings remain unchanged to the use of alternative dependent variables.

Insert Tables 7 and 8 about here

3.3.2. Country Effects & Investor Protection

First, in our data UK is disproportionately represented while countries such as Austria and Indonesia have as low as one target firm represented in the sample. Therefore, it is crucial that our results hold in the full sample with country effects, in the sample that includes only U.K., and in the sample that excludes countries that are thinly represented. In Table 10, we start by excluding in Model 1 all countries that have only one firm represented in the sample, in Model 2 the countries that have two or less firms, in Model 3 the countries that have three or less firms represented and in Model 4 all countries other than United Kingdom. Our results continue to hold in the full sample, the subsample of targets from U.K. only, and the subsamples that exclude the countries that are thinly represented.

Second, bidder's and target's country level investor protection may play a significant role in target's market reaction to M&A announcement, especially, when the governance environment in the bidder's country is different from that of the target. Therefore, in Model 5, we control for the investor protection proxies of the bidder's country and target's country. The investor protection proxy is extracted from http://www.doingbusiness.org/rankings, which ranks countries based on their ability to protect investors. The investor protection index incorporates a country's extent of disclosure index, director liability index and shareholder suits index. We find that the target's country level investor protection index loads with a positive coefficient that is significant at 10% level. We interpret this result as suggesting that while target's firm level governance now depends on the acquirer's investor protection, the target's assets are still subject to the jurisdiction of the laws where the target operates. Therefore the legal institutions in the country where the target firm operates continue to matter even after the acquisition of the firm by an acquirer featuring legal institutions of another country. However, the effect of the presence and relative power of MLS continues to be robust to these controls.

Third, in model 6 we control for the difference between investor protection and in model 7 we introduce the interaction of investor protection and *Presence2* respectively. While we do not observe a significant effect of the country's investor protection environment in *CAR5*, our core findings about the role of MLS remain the same after these controls.

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Insert Tables 9 and 10 about here

While we control for the bidder's country level of investor protection as discussed above, the investor protection index we use could imperfectly capture the availability and implementation of investor protection in a country. In addition, it could include measurement errors. To mitigate the concern about the quality of the proxy of investor protection of the bidder's country and its eventual effect on our findings, we replicate our tests using the sample of mergers featuring a bidder from the United Kingdom. In untabulated results, we find that *CAR5* loads significantly negatively with *Presence2* and *Vote2/1*. This further confirms that the bidder's country level investor protection does not drive our results, mitigating any concern that the weakness of investor protection proxy may have affected our findings. Accordingly, the results presented in Model 4 of Table 10 that include targets from United Kingdom only further confirm that our main evidence is not driven by the investor protection environment of the target's country, or our selection of sample countries.

3.3.3. Endogeneity of MLS Structures

The key endogeneity issue in this paper is the possibility of change in ownership structures post-M&A in cases where the payment is made in stock. The acquirer's ownership structure is likely to change according to the target's ownership structure. For example, if the target has significant blockholder(s), these blockholders may remain significant in the acquirer's ownership structure. Similarly, if the target firm has dispersed ownership, this may dilute the ownership of the acquirer's existing blockhoders to the point that they may end up being insignificant blockholders. In the stock only mergers, such change in the acquirer's ownership structure may affect the market reaction to targets upon acquisitions. In order to mitigate this concern, we replicate our key results using cash only mergers (179 observations). We find that the coefficient of *Presence2* is negative and significant at 10% level in this subsample, practically ruling out the possibility that our results are an outcome of this endogeneity issue.

In addition, as argued by Demsetz and Lehn (1985), La Porta et al. (1999), and Himmelberg, Hubbard and Palia (1999), a firm's ownership structure is an outcome of its contracting environment. In that, our research is likely to suffer from an omitted-variable

problem. We addressed the omitted variable problem using country, year and industry fixed effects.[5]

The same arguments of Demsetz and Lehn (1985), La Porta et al. (1999), and Himmelberg, Hubbard and Palia (1999) further suggest the possibility of reverse causality between ownership structure and target valuation because individuals and institutions may self select good quality firms thus becoming significant blockholder in the firm. We address this problem using the instrumental variable approach. Since, such behavior of large blockholders is unlikely to influence country year average of ownership structure; we instrument MLS variables using the country year averages of their firm level counterparts. In unreported results using instrumental variable two stage least squares, we find that our results continue to hold. This analysis largely rules out the possibility of endogeneity of ownership structure driving our results Yet, testing this issue more thoroughly would require using dynamic panel tests which the lack of long time series of ownership data prevents us from doing.

4. CONCLUSION

We use a sample of targets in Mergers and Acquisitions transactions announced between 1996 and 2004 that feature at least one dominant shareholder, from nineteen Western European and East Asian countries. In this sample of completed mergers, we test two hypotheses that relate to the corporate governance role of Multiple Large Shareholder (MLS): on the one hand, if MLS play an active role in corporate governance, being targeted will result in lower abnormal returns and premium. This happens because the market interprets the ownership change resulting from the acquisition as a "loss of good governance". On the other hand, if MLS exacerbate agency problems in the target, announcement returns should be positive, suggesting a positive reaction to the loss of "bad governance".

To test this conjecture, we study the association between the presence and voting power of MLS and target returns, and compare them to single shareholder structures (SLS). We find that targets featuring MLS exhibit significantly lower announcement abnormal returns and lower

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[5] It is not possible to use firm fixed effects in our tests due to the lack of variation in ownership variables in our dataset.

first-bid-to-merger completion returns compared to those featuring a single dominant shareholder (SLS). These results continue to prevail after we control for several firm, industry and deal characteristics, the quality of corporate governance of bidders and targets respective countries, industry and year. We interpret these findings as evidence that MLS firms are often more valuable than SLS firms (providing support to the positive view of MLS), which results in a lower merger premium upon takeover. This evidence means there is a positive cost of relinquishing MLS ownership structures, relative to SLS ownership structures. We also find that the governance role of the second largest shareholder in target firms is contingent on its type. The family, as the second largest shareholder exacerbates agency problems, while the widely held firm mitigates them.

We do acknowledge the endogeneity of complex ownership structures, and show that the negative effect of MLS on target returns continues to prevail after addressing such concerns following Laeven and Levine (2009) and Paligorova (2010). We also control for country and industry effects to address some potentially unknown omitted variables. In our tests, we are unable to simultaneously control for firm-level proxies of bidder's corporate governance or targets board structure, nor are we able to test the effects of target's featuring MLS on acquirer's merger abnormal returns. Despite these limitations, our results have some important policy implications, in particular, for firm's restructuring decisions and promoting structures with multiple blockhoders in ownership structures. Our results suggest that the firms with failed governance, as embedded in poor ownership structures, are better targets. Also, it is economically beneficial to promote ownership structures featuring multiple blockholders, especially when the second blockhoder is not a family or an individual as this is beneficial to minority shareholders protection.

Variable Definitions

Variable	Definition	Source
CAR5	The cumulative excess returns over the returns on DataStream Global Market Index for the 5-day event window (-2, +2).	Authors' Estimation
CAR5_C	The cumulative excess returns over the returns on DataStream Country Market Index for the 5-day event window (-2, +2).	Authors' Estimation
CAR5_E	The cumulative excess returns over the returns over two factor model returns, for the 5-day event window (-2, +2). The two factors are returns on DataStream Global Market Index and DataStream Country Market Index, where model parameters are estimated over the 200-day estimation period (-220, -21).	Authors' Estimation
CarFBC	The cumulative excess returns over the returns on DataStream Global Market Index from the two days before the first announcement day to merger completion day.	Authors' Estimation
CarFBC_C	The cumulative excess returns over the returns on DataStream Country Market Index from the two days before the first announcement day to merger completion day.	Authors' Estimation
CarFBC_E	The cumulative excess returns over the returns over two factor model returns for the window including two days before the first announcement day to merger completion day. The two factors are returns on DataStream Global Market Index and DataStream Country Market Index, where model parameters are estimated over the 200-day estimation period (-220, -21).	Authors' Estimation

Ownership Structure Variables

Presence2	Dummy variable: 1 for firms with at least two large shareholders each with at least 10% voting rights, 0 otherwise.	Claessens et al. (2000), Faccio and Lang (2002) Authors' Estimation

Presence2345	Number of large shareholders that have at least 10% voting rights, beyond the largest shareholder.	Claessens et al. (2000), Faccio and Lang (2002) Authors' Estimation
Vote2	Size of voting rights of the second largest shareholder measured as the percentage of total votes outstanding.	Claessens et al. (2000), Faccio and Lang (2002) Authors' Estimation
Vote2345	Sum of the size of voting rights of all large shareholders other than the largest one: Vote2+Vote3+Vote4+Vote5.	Claessens et al. (2000), Faccio and Lang (2002) Authors' Estimation
Vote2/1 Ratio	The voting rights of the second largest shareholder relative to that of the dominant one: Vote2/Vote1.	Claessens et al. (2000), Faccio and Lang (2002) Authors' Estimation
Vote2345/1 Ratio	The sum of voting rights of all large shareholders other than the largest one relative to that of the dominant shareholder: (Vote2+Vote3+Vote4+Vote5)/Vote1.	Claessens et al. (2000), Faccio and Lang (2002) Authors' Estimation

Target Characteristics

Log Assets	Log of book value of total assets	WorldScope
Tobin's Q	Market value of assets (total assets – total book value of equity + market value of equity) divided by book value of assets:	WorldScope
Leverage	Book value of debts over total assets	WorldScope
ROA	Operating income before depreciation - interest expenses - income taxes, divided by book value of total assets.	WorldScope

Deal & Industry Characteristics

Industry Competition	Hersfindhal index based on the sum of the square of the market share (sales/total industry sales) of the firm in Fame French 48 industries by year of all U.S. firms.	Compustat/ Authors' Estimation

Friendly	Dummy variable: 1 for friendly deal, 0 otherwise	SDC Platinum/ Authors' Estimation
Tender Offer	Dummy variable: 1 for tender offer, 0 otherwise	SDC Platinum/ Authors' Estimation
All Cash Deal	Dummy variable: 1 for purely cash deals, 0 otherwise.	SDC Platinum/ Authors' Estimation
Cross-border	Dummy variable: 1 if target and acquirer are from different countries, 0 otherwise.	SDC Platinum, Authors' Estimation
Private Target	Dummy variable: 1 for private target, 0 otherwise.	SDC Platinum/ Authors' Estimation

Investor Protection Variables

InvestorPr	Strength of investor protection index: extent of disclosure index, extent of director liability index and ease of shareholder suits index	Doing Business
DiffInvestorPr	Acquirer's InvestorPr less Target's InvestorPr	Authors' Estimation

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Table 1

Summary Statistics of the Target Returns (CAR) by Year

Year	μCar5	μCarFBC	σCar5	σCarFBC	N
1996	8.43%	0.82%	8.73%	13.42%	7
1997	21.08%	16.30%	22.49%	30.52%	52
1998	20.26%	19.61%	20.87%	25.97%	89
1999	17.07%	15.26%	22.06%	29.06%	133
2000	16.93%	19.21%	17.01%	20.54%	80
2001	16.34%	28.30%	19.27%	24.13%	47
2002	13.71%	28.37%	23.20%	26.82%	37
2003	5.85%	8.51%	16.63%	19.64%	42
2004	7.52%	10.70%	25.20%	25.74%	24

The table presents the summary statistics of the target returns (CAR) of the sample acquisitions by year. The sample includes targets originally drawn from 7 East Asian countries represented in Claessens et al. (2000) and 12 Western European countries represented in Faccio and Lang (2002). The CAR5 is the cumulative abnormal returns over market returns for 5-day event window (-2, +2) where market returns are based on DataStream global market index.

Table 2

Summary Statistics of Key Variables

Variable	N	Mean	Standard Deviation	Q1	Median	Q3
Panel A: Ownership Structure Variables						
Presence2	511	0.46	0.50	0.00	0.00	1.00
Vote1	511	7.12	8.57	0.00	0.00	12.50
Vote2/1	511	0.32	0.37	0.00	0.00	0.67
Presence2345	511	0.66	0.88	0.00	0.00	1.00
Vote2345	511	9.80	13.81	0.00	0.00	15.00
Vote2345/1	511	0.44	0.59	0.00	0.00	0.78
Panel B: Control Variables - Target Characteristics						
Log Assets	511	12.38	1.76	11.18	12.11	13.44
Tobin's Q	511	0.97	0.91	0.55	0.74	0.99
ROA	511	0.06	0.08	0.00	0.06	0.11
Leverage	511	0.24	0.20	0.08	0.21	0.36
Panel C: Control Variables - Deal Characteristics						
Industry Competition	511	0.06	0.04	0.04	0.05	0.06
Friendly	511	0.96	0.19	1.00	1.00	1.00
Tender Offer	511	0.79	0.41	1.00	1.00	1.00
Cross-border	511	0.25	0.44	0.00	0.00	1.00
All Cash Deal	511	0.35	0.48	0.00	0.00	1.00
Private Bidder	511	0.21	0.41	0.00	0.00	0.00

The table presents the summary statistics of control and test variables. The sample includes targets originally drawn from 7 East Asian countries represented in Claessens et al. (2000) and 12 Western European countries represented in Faccio and Lang (2002).

Table 3

Pairwise Correlation Coefficients

Variable	Presence2	Vote2	Vote2/1	Presence2345	Vote2345	Vote2345/1	Log Assets	Tobin's Q	ROA	Leverage	Industry Competition	Friendly	Tender Offer	Cross-border	All Cash Deal
Vote2	0.86														
Vote2/1	0.87	0.81													
Presence2345	0.80	0.75	0.72												
Vote2345	0.74	0.87	0.70	0.92											
Vote2345/1	0.76	0.72	0.87	0.90	0.85										
Log Assets	-0.11	-0.09	-0.12	-0.12	-0.10	-0.12									
Tobin's Q	-0.03	-0.03	-0.04	-0.04	-0.04	-0.04	-0.15								
ROA	0.11	0.08	0.09	0.09	0.07	0.08	-0.15	0.16							
Leverage	-0.05	-0.04	-0.01	-0.08	-0.07	-0.03	0.29	-0.04	-0.26						
Industry Competition	0.02	0.00	0.01	0.05	0.04	0.05	-0.10	0.01	0.05	-0.06					
Friendly	-0.04	-0.03	-0.05	-0.01	0.00	-0.03	-0.09	0.05	0.06	-0.02	-0.04				
Tender Offer	0.12	0.01	0.04	0.05	-0.01	0.02	-0.24	0.08	0.21	-0.11	0.03	-0.01			
Cross-border	0.10	0.04	0.07	0.08	0.04	0.07	-0.02	0.05	0.06	-0.06	0.07	0.03	0.14		
All Cash Deal	0.09	0.04	0.04	0.05	0.02	0.04	-0.12	-0.13	0.06	0.02	0.07	0.00	0.25	0.18	
Private Bidder	0.06	0.05	0.01	0.05	0.04	0.00	-0.19	-0.12	0.08	-0.11	-0.01	0.08	0.15	-0.06	0.21
N	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511

The table represents the pairwise correlation coefficients of all test and control variables. The sample includes targets from 7 East Asian countries represented in Claessens et al. (2000) and 12 Western European countries represented in Faccio and Lang (2002).

Table 4

Univariate Tests of difference in CAR5 and FBC across ownership structures

Owners	SLS	MLS	SLS	MLS	MLS - SLS
	Mean		Standard Deviation		T-stat
adjCAR5	6.21%	2.21%	21.15%	18.70%	-2.27
adjFBC	5.04%	0.05%	26.86%	24.29%	-2.21
N	276	235	276	235	

This table presents univariate test of difference in target announcement returns (CAR5) and the first bid to completion (FBC) between firms that have single dominant shareholder (SLS) and multiple large shareholder structure (MLS). The sample includes targets from 7 East Asian countries represented in Claessens et al. (2000) and 12 Western European countries represented in Faccio and Lang (2002).

Table 5

	Target Abnormal Returns and MLS in Target Ownership						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Dependent Variable	Car5	Car5	Car5	Car5	Car5	Car5	Car5
Presence2	-0.0487**	-0.0562***					
	(-2.524)	(-2.874)					
Vote2			-0.0018*				
			(-1.719)				
Vote2/1				-0.0657***			
				(-2.646)			
Presence2345					-0.0187		
					(-1.642)		
Vote2345						-0.0008	
						(-1.233)	
Vote2345/1							-0.0243
							(-1.453)
Firm Characteristics							
Log Assets		-0.0026	-0.0019	-0.0025	-0.0021	-0.0018	-0.0020
		(-0.459)	(-0.336)	(-0.452)	(-0.370)	(-0.311)	(-0.347)
Tobin's Q		-0.0236***	-0.0226***	-0.0238***	-0.0231***	-0.0224***	-0.0229***
		(-2.904)	(-2.796)	(-2.912)	(-2.849)	(-2.780)	(-2.805)
ROA		0.0973	0.0817	0.0976	0.0812	0.0763	0.0816
		(0.875)	(0.732)	(0.875)	(0.730)	(0.685)	(0.732)
Leverage		-0.0382	-0.0429	-0.0379	-0.0442	-0.0446	-0.0417
		(-0.638)	(-0.710)	(-0.631)	(-0.734)	(-0.739)	(-0.691)
Deal & Industry Characteristics							
Industry Competition		-0.2015	-0.2303	-0.2217	-0.2148	-0.2286	-0.2219
		(-1.043)	(-1.157)	(-1.129)	(-1.078)	(-1.140)	(-1.108)
Friendly		-0.0408	-0.0350	-0.0395	-0.0352	-0.0330	-0.0349
		(-0.821)	(-0.704)	(-0.798)	(-0.698)	(-0.659)	(-0.695)
Tender Offer		0.1023***	0.0986***	0.1010***	0.0999***	0.0991***	0.1012***
		(3.714)	(3.498)	(3.637)	(3.555)	(3.477)	(3.603)
Cross-border		0.0506**	0.0468**	0.0503**	0.0477**	0.0463*	0.0479**
		(2.137)	(1.971)	(2.122)	(1.996)	(1.945)	(2.007)
Cash Only		0.0103	0.0099	0.0109	0.0093	0.0096	0.0099
		(0.474)	(0.451)	(0.499)	(0.424)	(0.436)	(0.454)
Private Bidder		-0.0274	-0.0285	-0.0302	-0.0295	-0.0295	-0.0308
		(-1.250)	(-1.290)	(-1.384)	(-1.346)	(-1.337)	(-1.406)
Industry Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.1953***	0.2017**	0.1816*	0.1987**	0.1834*	0.1739*	0.1781*
	(8.354)	(2.006)	(1.779)	(1.971)	(1.778)	(1.678)	(1.738)
Observations	511	511	511	511	511	511	511
Adjusted R-squared	0.085	0.117	0.105	0.114	0.106	0.103	0.105

The table presents relationship between target announcement abnormal returns and presence and voting rights of the multiple large shareholders in target's ownership structure. The sample drawn from nineteen target's countries represented in Claessens et al. (2000) and Faccio and Lang (2002) includes 511 mergers taken place between 1996 and 2004 which have at least one large shareholder in ownership structure. Cumulative abnormal returns (CARs) are estimated using excess returns over DataStream global market index for event day (+2,-2). All control variables are defined in Appendix A.1. T-statistics based on robust standard errors are presented inside the parenthesis, *, **, and *** refer to significance at 10%, 5% and 1% level respectively.

Table 6

Target Abnormal Returns and MLS and type of Second Large Shareholder

	(1)	(2)	(3)	(4)
Dependent Variable	Car5	Car5	Car5	Car5
Presence2	-0.0709***	-0.0584**	-0.0398	
	(-3.857)	(-2.420)	(-1.587)	
Family2	0.0797**			0.0265
	(2.226)			(0.697)
State2		0.0506		0.0134
		(0.530)		(0.159)
Widely2			-0.0429**	-0.0619***
			(-2.850)	(-4.241)
Firm Characteristics				
Log Assets	-0.0020	-0.0027	-0.0026	-0.0014
	(-0.322)	(-0.409)	(-0.392)	(-0.204)
Tobin's Q	-0.0252***	-0.0236***	-0.0249***	-0.0245***
	(-4.040)	(-3.845)	(-3.995)	(-3.742)
ROA	0.0779	0.0997	0.0969	0.0693
	(0.640)	(0.780)	(0.773)	(0.546)
leverage	-0.0324	-0.0384	-0.0349	-0.0359
	(-0.455)	(-0.611)	(-0.521)	(-0.490)
Deal & Industry Characteristics				
Hersfindhal	-0.1625	-0.2001	-0.2190	-0.2436
	(-1.091)	(-1.555)	(-1.535)	(-1.466)
Friendly	-0.0443	-0.0338	-0.0379	-0.0293
	(-1.006)	(-0.692)	(-0.921)	(-0.580)
Tender Offer	0.1001***	0.1039***	0.1061***	0.1080***
	(4.162)	(3.947)	(4.630)	(4.097)
Cross-border	0.0537***	0.0512***	0.0510***	0.0491***
	(4.783)	(5.327)	(4.702)	(4.575)
Cash Only	0.0096	0.0110	0.0095	0.0090
	(0.651)	(0.687)	(0.648)	(0.623)
Private Bidder	-0.0294	-0.0276	-0.0294	-0.0326
	(-1.506)	(-1.347)	(-1.451)	(-1.704)
Industry Effects	Yes	Yes	Yes	Yes
Country Effects	Yes	Yes	Yes	Yes
Constant	0.1953***	0.2017**	0.1816*	0.1987**
	(8.354)	(2.006)	(1.779)	(1.971)
Observations	511	511	511	511
Adjusted R-squared	0.085	0.117	0.105	0.114

The table presents relationship between target announcement abnormal returns and presence, voting rights and the type of the second largest shareholder in target's ownership structure. The sample drawn from nineteen target's countries represented in Claessens et al. (2000) and Faccio and Lang (2002) includes 511 mergers taken place between 1996 and 2004 which have at least one large shareholder in ownership structure. Cumulative abnormal returns (CARs) are estimated using excess returns over DataStream global market index for event day (+2,-2). All control variables are defined in Appendix A.1. T-statistics based on robust standard errors are presented inside the parenthesis, *, **, and *** refer to significance at 10%, 5% and 1% level respectively.

Table 7

Robustness: Target Announcement Returns and MLS in Target Ownership (Cluster)

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable	Car5	Car5	Car5	Car5	Car5	Car5
Presence2	-0.0562**					
	(-2.614)					
Vote2		-0.0018*				
		(-1.920)				
Vote2/1			-0.0657**			
			(-2.261)			
Presence2345				-0.0187*		
				(-1.811)		
Vote2345					-0.0008	
					(-1.341)	
Vote2345/1						-0.0243
						(-1.487)
Firm Characteristics						
Log Assets	-0.0026	-0.0019	-0.0025	-0.0021	-0.0018	-0.0020
	(-0.394)	(-0.281)	(-0.382)	(-0.307)	(-0.256)	(-0.287)
Tobin's Q	-0.0236***	-0.0226***	-0.0238***	-0.0231***	-0.0224***	-0.0229***
	(-3.822)	(-3.776)	(-3.782)	(-3.843)	(-3.769)	(-3.736)
ROA	0.0973	0.0817	0.0976	0.0812	0.0763	0.0816
	(0.774)	(0.649)	(0.763)	(0.645)	(0.609)	(0.642)
Leverage	-0.0382	-0.0429	-0.0379	-0.0442	-0.0446	-0.0417
	(-0.605)	(-0.681)	(-0.615)	(-0.675)	(-0.688)	(-0.643)
Deal & Industry Characteristics						
Industry Competition	-0.2015	-0.2303	-0.2217	-0.2148	-0.2286	-0.2219
	(-1.507)	(-1.638)	(-1.515)	(-1.560)	(-1.622)	(-1.564)
Friendly	-0.0408	-0.0350	-0.0395	-0.0352	-0.0330	-0.0349
	(-0.998)	(-0.851)	(-1.000)	(-0.822)	(-0.779)	(-0.832)
Tender Offer	0.1023***	0.0986***	0.1010***	0.0999***	0.0991***	0.1012***
	(4.205)	(4.161)	(4.201)	(4.120)	(4.134)	(4.123)
Cross-border	0.0506***	0.0468***	0.0503***	0.0477***	0.0463***	0.0479***
	(4.734)	(4.400)	(4.882)	(4.563)	(4.373)	(4.875)
Cash Only	0.0103	0.0099	0.0109	0.0093	0.0096	0.0099
	(0.659)	(0.621)	(0.696)	(0.578)	(0.594)	(0.614)
Private Bidder	-0.0274	-0.0285	-0.0302	-0.0295	-0.0295	-0.0308
	(-1.337)	(-1.386)	(-1.566)	(-1.498)	(-1.474)	(-1.606)
Industry Effects	Yes	Yes	Yes	Yes	Yes	Yes
Country Effects	Yes	Yes	Yes	Yes	Yes	Yes
Clustering	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.2017*	0.1816	0.1987*	0.1834	0.1739	0.1781
	(2.051)	(1.786)	(2.065)	(1.679)	(1.594)	(1.660)
Observations	511	511	511	511	511	511
Adjusted R-squared	0.117	0.105	0.114	0.106	0.103	0.105

The table presents relationship between target announcement abnormal returns and presence and voting rights of the multiple large shareholders in target's ownership structure. The sample drawn from nineteen target's countries represented in Claessens et al. (2000) and Faccio and Lang (2002) includes 511 mergers taken place between 1996 and 2004 which have at least one large shareholder in ownership structure. Cumulative abnormal returns (CARs) are estimated using excess returns over DataStream global market index for event day (+2,-2). All control variables are defined in Appendix A.1. T-statistics based on robust standard errors with industry clustering are presented inside the parenthesis, *, **, and *** refer to significance at 10%, 5% and 1% level respectively.

<div align="center">Table 8</div>

Robustness: Target Announcement Returns and MLS in Target Ownership						
	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable	Car5	Car5	Car5_C	Car5_C	Car5_E	Car5_E
Presence2	-0.0506**		-0.0547***		-0.0550***	
	(-2.510)		(-2.790)		(-2.796)	
Vote2/1		-0.0599**		-0.0656***		-0.0656***
		(-2.331)		(-2.611)		(-2.610)
Firm Characteristics						
Log Assets	-0.0028	-0.0028	-0.0024	-0.0024	-0.0029	-0.0029
	(-0.496)	(-0.497)	(-0.429)	(-0.430)	(-0.533)	(-0.531)
Tobin's Q	-0.0252***	-0.0254***	-0.0224***	-0.0226***	-0.0243***	-0.0245***
	(-2.950)	(-2.950)	(-2.741)	(-2.751)	(-3.023)	(-3.034)
ROA	0.1217	0.1234	0.0950	0.0962	0.0998	0.1007
	(1.102)	(1.113)	(0.856)	(0.864)	(0.900)	(0.905)
Leverage	-0.0431	-0.0431	-0.0500	-0.0496	-0.0504	-0.0500
	(-0.713)	(-0.712)	(-0.825)	(-0.815)	(-0.829)	(-0.819)
Deal & Industry Characteristics						
Industry Competition	-0.2257	-0.2441	-0.2160	-0.2350	-0.1976	-0.2169
	(-1.174)	(-1.249)	(-1.145)	(-1.227)	(-1.019)	(-1.102)
Friendly	-0.0413	-0.0402	-0.0437	-0.0427	-0.0410	-0.0399
	(-0.863)	(-0.841)	(-0.871)	(-0.852)	(-0.829)	(-0.809)
Tender Offer	0.0854***	0.0843***	0.1030***	0.1017***	0.0954***	0.0942***
	(2.897)	(2.840)	(3.767)	(3.695)	(3.543)	(3.474)
Cross-border	0.0431*	0.0425*	0.0515**	0.0514**	0.0509**	0.0507**
	(1.799)	(1.776)	(2.170)	(2.162)	(2.141)	(2.131)
Cash Only	0.0192	0.0199	0.0098	0.0104	0.0118	0.0124
	(0.845)	(0.877)	(0.448)	(0.474)	(0.535)	(0.560)
Private Bidder	-0.0247	-0.0274	-0.0292	-0.0320	-0.0331	-0.0359
	(-1.134)	(-1.258)	(-1.329)	(-1.460)	(-1.488)	(-1.620)
Industry Effects	Yes	Yes	Yes	Yes	Yes	Yes
Country Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Effects	Yes	Yes	No	No	No	No
Constant	0.2114**	0.2089**	0.2030**	0.2013**	0.2145**	0.2125**
	(2.147)	(2.120)	(2.017)	(1.996)	(2.165)	(2.139)
Observations	511	511	511	511	511	511
Adjusted R-squared	0.117	0.114	0.116	0.114	0.117	0.115

The table presents robustness tests for the relationship between target announcement abnormal returns and presence and voting rights of the multiple large shareholders in target's ownership structure. The sample drawn from nineteen target's countries represented in Claessens et al. (2000) and Faccio and Lang (2002) includes 511 mergers taken place between 1996 and 2004 which have at least one large shareholder in ownership structure. Cumulative abnormal returns (CARs) are estimated using excess returns over DataStream global market index (CAR5), excess returns over DataStream country market index (Car5_C) and excess returns over the two factor (DataStream global and country market indices) market model (Car5_E) for event day (+2,-2). All control variables are defined in Appendix A.1. T-statistics based on robust standard errors are presented inside the parenthesis, *, **, and *** refer to significance at 10%, 5% and 1% level respectively.

Table 9

Robustness: Target Returns from Bid to Completion and MLS in Target Ownership

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable	CarFBC	CarFBC	CarFBC_C	CarFBC_C	CarFBC_E	CarFBC_E
Presence2	-0.0619**		-0.0543**		-0.0543*	
	(-2.534)		(-2.259)		(-1.929)	
Vote2/1		-0.0716**		-0.0701**		-0.0684*
		(-2.355)		(-2.245)		(-1.873)
Firm Characteristics						
Log Assets	-0.0136*	-0.0135*	-0.0107	-0.0108	-0.0121	-0.0121
	(-1.721)	(-1.707)	(-1.396)	(-1.408)	(-1.295)	(-1.297)
Tobin's Q	-0.0296**	-0.0297**	-0.0240**	-0.0243**	-0.0155	-0.0159
	(-2.403)	(-2.414)	(-2.138)	(-2.170)	(-1.120)	(-1.148)
ROA	0.1577	0.1576	0.1242	0.1277	-0.1477	-0.1450
	(1.090)	(1.079)	(0.870)	(0.888)	(-0.827)	(-0.806)
Leverage	0.0300	0.0303	0.0035	0.0045	-0.0470	-0.0463
	(0.381)	(0.383)	(0.046)	(0.059)	(-0.542)	(-0.533)
Deal & Industry Characteristics						
Industry Competition	-0.2299	-0.2524	-0.3896	-0.4067	-0.2742	-0.2919
	(-0.898)	(-0.989)	(-1.494)	(-1.577)	(-0.970)	(-1.031)
Friendly	-0.0505	-0.0490	-0.0455	-0.0451	-0.1027	-0.1021
	(-0.739)	(-0.716)	(-0.662)	(-0.659)	(-1.401)	(-1.403)
Tender Offer	0.1123***	0.1109***	0.1118***	0.1104***	0.1104**	0.1090**
	(2.927)	(2.863)	(3.096)	(3.030)	(2.433)	(2.392)
Cross-border	0.0728**	0.0724**	0.0725**	0.0727**	0.0674*	0.0674**
	(2.559)	(2.558)	(2.512)	(2.534)	(1.956)	(1.968)
Cash Only	-0.0096	-0.0090	-0.0178	-0.0172	0.0168	0.0174
	(-0.364)	(-0.342)	(-0.677)	(-0.654)	(0.546)	(0.565)
Private Bidder	-0.0192	-0.0222	-0.0209	-0.0237	-0.0245	-0.0273
	(-0.744)	(-0.867)	(-0.818)	(-0.928)	(-0.794)	(-0.887)
Industry Effects	Yes	Yes	Yes	Yes	Yes	Yes
Country Effects	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.3500**	0.3461**	0.3139**	0.3158**	0.3805**	0.3811**
	(2.424)	(2.378)	(2.180)	(2.177)	(2.347)	(2.326)
Observations	511	511	511	511	511	511
Adjusted R-squared	0.050	0.047	0.031	0.031	0.058	0.057

The table presents relationship between target first bid to completion date returns (CarFBC) and presence and voting rights of the multiple large shareholders in target's ownership structure. The sample drawn from nineteen target's countries represented in Claessens et al. (2000) and Faccio and Lang (2002) includes 511 mergers taken place between 1996 and 2004 which have at least one large shareholder in ownership structure. First bid to complete date (FBC) returns are estimated using excess returns over DataStream global market index (CarFBC), excess returns over DataStream country market index (CarFBC_C) and excess returns over the two factor (DataStream global and country market indices) market model (CarFBC_E) for event day (+2,-2). All control variables are defined in Appendix A.1. T-statistics based on robust standard errors are presented inside the parenthesis, *, **, and *** refer to significance at 10%, 5% and 1% level respectively.

Table 10

Robustness: Target Announcement Returns, Country Effects, Investor Protection and MLS							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Dependent Variable	Car5	Car5	Car5	Car5	Car5	Car5	Car5
Presence2	-0.0548***	-0.0535***	-0.0568***	-0.0689***	-0.0569***	-0.0569***	-0.0549***
	(-2.821)	(-2.784)	(-2.949)	(-2.950)	(-2.899)	(-2.899)	(-2.797)
Acq InvestorPr					-0.0052		
					(-0.556)		
Tgt InvestorPr					0.0272*		
					(1.715)		
DiffInvertorPr						-0.0052	-0.0149
						(-0.556)	(-1.046)
Presence2*DiffInvestorPr							0.0193
							(1.176)
Firm Characteristics							
Log Assets	-0.0027	-0.0030	-0.0031	-0.0028	-0.0026	-0.0026	-0.0028
	(-0.489)	(-0.550)	(-0.567)	(-0.367)	(-0.461)	(-0.461)	(-0.501)
Tobin's Q	-0.0231***	-0.0229***	-0.0231***	-0.0289***	-0.0235***	-0.0235***	-0.0227***
	(-2.894)	(-2.851)	(-2.856)	(-3.050)	(-2.881)	(-2.881)	(-2.811)
ROA	0.0959	0.1046	0.1055	0.0804	0.1012	0.1012	0.0965
	(0.864)	(0.944)	(0.955)	(0.662)	(0.906)	(0.906)	(0.867)
Leverage	-0.0369	-0.0412	-0.0494	-0.0113	-0.0378	-0.0378	-0.0414
	(-0.620)	(-0.697)	(-0.830)	(-0.130)	(-0.628)	(-0.628)	(-0.683)
Deal & Industry Characteristics							
Industry Competition	-0.1970	-0.1894	-0.1721	-0.2676	-0.1977	-0.1977	-0.2213
	(-1.024)	(-1.006)	(-0.924)	(-1.088)	(-1.026)	(-1.026)	(-1.112)
Friendly	-0.0403	-0.0355	-0.0356	-0.0210	-0.0417	-0.0417	-0.0411
	(-0.815)	(-0.711)	(-0.714)	(-0.332)	(-0.840)	(-0.840)	(-0.820)
Tender Offer	0.1008***	0.0960***	0.1033***	0.1162***	0.1041***	0.1041***	0.1069***
	(3.727)	(3.670)	(4.146)	(2.855)	(3.809)	(3.809)	(3.915)
Cross-border	0.0486**	0.0499**	0.0521**	0.0724**	0.0480**	0.0480**	0.0500**
	(2.114)	(2.153)	(2.230)	(2.262)	(1.986)	(1.986)	(2.061)
Cash Only	0.0111	0.0134	0.0147	-0.0082	0.0095	0.0095	0.0097
	(0.522)	(0.619)	(0.678)	(-0.292)	(0.434)	(0.434)	(0.443)
Private Bidder	-0.0303	-0.0316	-0.0305	-0.0467*	-0.0266	-0.0266	-0.0254
	(-1.410)	(-1.486)	(-1.438)	(-1.740)	(-1.207)	(-1.207)	(-1.149)
Industry Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country Effects	Yes	Yes	Yes	No	Yes	Yes	Yes
Constant	0.2030**	0.2032**	0.1981**	0.1828	0.0239	0.1997**	0.1994**
	(2.024)	(2.021)	(1.987)	(1.371)	(0.138)	(1.992)	(1.995)
Observations	508	506	503	324	511	511	511
Adjusted R-squared	0.123	0.125	0.127	0.042	0.116	0.116	0.116

The table presents robustness tests for target announcement abnormal returns and presence and voting rights of the multiple large shareholders in target's ownership structure. The sample drawn from nineteen target's countries represented in Claessens et al. (2000) and Faccio and Lang (2002) includes 511 mergers taken place between 1996 and 2004 which have at least one large shareholder in ownership structure. Cumulative abnormal returns (CARs) are estimated using excess returns over DataStream global market index for event day (+2,-2). All control variables are defined in Appendix A.1. T-statistics based on robust standard errors are presented inside the parenthesis, *, **, and *** refer to significance at 10%, 5% and 1% level respectively.

Table 12

Robustness: Target Returns from, MLS in Target Ownership & dominant shareholder type

Dominant Shareholder Type	Non-Family1		Family1	
	(1)	(2)	(3)	(4)
Dependent Variable	Car5	Car5	Car5	Car5
Presence2	-0.0730**		0.0193	
	(-2.914)		(0.261)	
Vote2/1		-0.0742*		-0.0057
		(-2.154)		(-0.069)
Firm Characteristics				
Log Assets	-0.0040	-0.0039	-0.0022	-0.0019
	(-0.450)	(-0.433)	(-0.193)	(-0.171)
Tobin's Q	-0.0231**	-0.0231**	-0.0307**	-0.0296**
	(-2.899)	(-2.733)	(-2.490)	(-2.583)
ROA	0.1093	0.1131	-0.2803	-0.2513
	(0.626)	(0.634)	(-0.726)	(-0.705)
leverage	-0.0156	-0.0111	-0.0623	-0.0644
	(-0.165)	(-0.115)	(-0.784)	(-0.847)
Deal & Industry Characteristics				
Hersfindhal	-0.2373	-0.2828**	-0.2210	-0.2435
	(-1.707)	(-2.290)	(-0.439)	(-0.498)
Friendly	-0.0504	-0.0458	0.0082	0.0173
	(-1.207)	(-1.201)	(0.114)	(0.243)
Tender Offer	0.1428***	0.1421***	0.0836	0.0841
	(6.319)	(6.565)	(1.455)	(1.528)
Cross-border	0.0452*	0.0440*	0.0730*	0.0742**
	(1.962)	(1.937)	(2.185)	(2.354)
Cash Only	0.0023	0.0003	0.0260	0.0252
	(0.091)	(0.014)	(0.506)	(0.521)
Private Bidder	-0.0139	-0.0144	-0.0651	-0.0648
	(-0.501)	(-0.505)	(-1.362)	(-1.341)
Industry Effects	Yes	Yes	Yes	Yes
Country Effects	Yes	Yes	Yes	Yes
Clustering	Yes	Yes	Yes	Yes
Constant	0.1828	0.1736	0.1460	0.1441
	(1.453)	(1.446)	(1.035)	(1.005)
Observations	372	372	139	139
Adjusted R-squared	0.173	0.163	-0.043	-0.045

The table presents relationship between target announcement returns (Car5) and presence and voting rights of the multiple large shareholders in target's ownership structure. The sample drawn from nineteen target's countries represented in Claessens et al. (2000) and Faccio and Lang (2002) includes 511 mergers taken place between 1996 and 2004 which have at least one large shareholder in ownership structure. Car5 is cumulative abnormal returns for event day (+2,-2). All control variables are defined in Appendix A.1. T-statistics based on robust standard errors are presented inside the parenthesis, *, **, and *** refer to significance at 10%, 5% and 1% level respectively.

Table 13

Robustness: Target Returns from Bid to Completion and MLS in Target Ownership

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable	CarFBC	CarFBC	CarFBC_C	CarFBC_C	CarFBC_E	CarFBC_E
Presence2	-0.0618**		-0.0543**		-0.0545*	
	(-2.526)		(-2.259)		(-1.933)	
Vote2/1		-0.0712**		-0.0700**		-0.0686*
		(-2.340)		(-2.249)		(-1.889)
Firm Characteristics						
Log Assets	-0.0119	-0.0118	-0.0106	-0.0107	-0.0133	-0.0134
	(-1.473)	(-1.465)	(-1.360)	(-1.383)	(-1.427)	(-1.438)
Tobin's Q	-0.0282**	-0.0283**	-0.0239**	-0.0242**	-0.0166	-0.0169
	(-2.308)	(-2.324)	(-2.134)	(-2.175)	(-1.210)	(-1.243)
ROA	0.1563	0.1562	0.1241	0.1276	-0.1467	-0.1439
	(1.079)	(1.068)	(0.869)	(0.887)	(-0.824)	(-0.802)
leverage	0.0237	0.0240	0.0030	0.0041	-0.0423	-0.0415
	(0.297)	(0.300)	(0.039)	(0.052)	(-0.482)	(-0.472)
Deal & Industry Characteristics						
Hersfindhal	-0.2237	-0.2463	-0.3892	-0.4063	-0.2788	-0.2966
	(-0.874)	(-0.964)	(-1.484)	(-1.566)	(-0.979)	(-1.041)
Friendly	-0.0513	-0.0498	-0.0455	-0.0451	-0.1022	-0.1015
	(-0.756)	(-0.733)	(-0.662)	(-0.659)	(-1.380)	(-1.382)
Tender Offer	0.1111***	0.1098***	0.1117***	0.1103***	0.1112**	0.1099**
	(2.882)	(2.820)	(3.075)	(3.010)	(2.440)	(2.399)
Cross-border	0.0753***	0.0748***	0.0727**	0.0728**	0.0656*	0.0656*
	(2.655)	(2.653)	(2.563)	(2.584)	(1.934)	(1.944)
Cash Only	-0.0081	-0.0075	-0.0177	-0.0171	0.0157	0.0163
	(-0.308)	(-0.286)	(-0.676)	(-0.654)	(0.510)	(0.529)
Private Bidder	-0.0203	-0.0234	-0.0210	-0.0238	-0.0236	-0.0264
	(-0.793)	(-0.916)	(-0.826)	(-0.936)	(-0.765)	(-0.858)
Completion time	-0.0543	-0.0537	-0.0042	-0.0035	0.0407	0.0414
	(-0.620)	(-0.607)	(-0.045)	(-0.037)	(0.343)	(0.347)
Industry Effects	Yes	Yes	Yes	Yes	Yes	Yes
Country Effects	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.3396**	0.3357**	0.3131**	0.3151**	0.3883**	0.3891**
	(2.370)	(2.326)	(2.200)	(2.203)	(2.432)	(2.418)
Observations	511	511	511	511	511	511
Adjusted R-squared	0.049	0.046	0.029	0.029	0.056	0.056

The table presents relationship between target first bid to completion date returns (CarFBC) and presence and voting rights of the multiple large shareholders in target's ownership structure. The sample drawn from nineteen target's countries represented in Claessens et al. (2000) and Faccio and Lang (2002) includes 511 mergers taken place between 1996 and 2004 which have at least one large shareholder in ownership structure. First bid to complete date (FBC) returns are estimated using excess returns over DataStream global market index (CarFBC), excess returns over DataStream country market index (CarFBC_C) and excess returns over the two factor (DataStream global and country market indices) market model (CarFBC_E). All control variables are defined in Appendix A.1. T-statistics based on robust standard errors are presented inside the parenthesis, *, **, and *** refer to significance at 10%, 5% and 1% level respectively.