



## Long-term Stock Return Performance, Malaysian Acquiring Firm, and Cross-border Acquisition

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### Abstract

Using buy-and-hold abnormal returns (BHAR) approach measure of long-term shareholder's wealth effect and Euclidean distance approach for identifying matching firms, the study investigated 176 CBA deals of Malaysian acquiring firms for the years 2004-2015. Both parametric tests (such as conventional t-statistics, skewness adjusted t-statistics, bootstrapping skewness adjusted t-statistics, and Multivariate of Analysis of Variance) and non-parametric statistical (such as Wilcoxon-Mann-Whitney test) tools were employed to analyse the data and test the hypotheses regarding the impact of CBA deals on acquiring firms' performance. The research found that acquiring firm's performance is significantly positive in the shorter period while negative or mixed in the longer period. Furthermore, performance of firm differ from industry to industry.

**Keywords:** Long-term Stock Return Performance, Buy-and-Holder Abnormal Return, Cross-Border Acquisitions, and Bursa Malaysia.

### 1.0 Introduction

Acquiring firms face challenges posed by the new pattern of globalization, which has led to greater integration of their operations and control. Subsequently, corporate sector all over the world is restructuring its operations through different types of consolidation strategies. Cross-border acquisitions (CBA) is one of the most popular forms of such strategy. The CBA activities are expanding due to the de-regulation of different government approaches as a facilitator of the neo-liberal economic regime among firms. The role of such CBA is also encouraging for longer-term reforms, such as operational restructuring, reallocation of assets, and wealth increase in firms (Mody & Negishi, 2001).

In consonance with this, outbound foreign direct investment, in the form of CBA, has a significant role to play in the restructuring and continued development of the Malaysian economy (Rahim & Ahmad, 2016). It allows capital to be reallocated more freely to its highest use in economic terms. Reducing barriers for companies to transform and adjust to changing markets can be expected to result in capital being allocated more efficiently from an economic perspective. As a result, the

volume of outbound CBA has been an increasing trend among Malaysian firms since 1990 (UNCTAD, 2014).

Nonetheless, despite the popularity of growth strategies based on CBA, where it was reported that globally companies spent more than \$2 trillion on all types of acquisitions every year (Bunce, 2013), the failure rates reported by several sources are high which are in the range of 70% to 90% (Rahim, Ahmad, & Rahim, 2013; Bunce, 2013; Christensen, Alton, Rising & Waldeck, 2011). More specifically for Malaysian market, PwC's surveys show that 70% of the M&As fail in general (The Edge Malaysia, July 9, 2012).

It is rather puzzling that given the high reported failure rate of CBA, the strategy is still widely pursued. Could it be that the performance measure used is not accurate enough to reflect the real value of CBA and/or that CBA indeed delivers higher value in firms with specific characteristics. As the essence of CBA for acquiring firms lies in achieving the long run goal of shareholders' wealth maximization, it is crucial to assess the performance of CBA based on whether this restructuring generates value gains for shareholders of the acquirers, how these value gains have been created and achieved or failed.

The novel contribution of this study is in terms of unveiling the performance of Malaysian CBA using a robust performance measure of stock return, which is the Buy-and-hold Abnormal Returns for one, two and three years following CBA activities and comparing the performance across different category of firms. 4 categorizations of firm were investigated, namely (1) Shariah-complaint status firms vs. conventional firms, (2) level of control in target firm (including Major vs. Minor acquisitions), (3) diversifying acquisitions, and (4) industry effect of acquiring firms. Shariah-complaint firm has an extra Shariah supervisory board compare to conventional firm. This Supervisory board is an independent body of monitoring the firm which can improve its performance. Major control in target firm can reduce agency cost which leads to maximize firm performance. Diversified acquisition can also



reduce risk. Therefore, these groups of firm expect to do better than conventional firms in CBA.

The success and failure of these transactions are of great significance and have enormous consequences for the companies themselves as well as for the other groups in them (Sudarsanam, 2010). Thus, examination of the SRP<sup>1</sup> following CBA demands extensive research.

## 2.0 Literature Review

Prior literatures reported that studies on SRP exhibit puzzling results<sup>2</sup> due to different type of samples, methods, time periods, and difference of the market contexts. Therefore, there is a need for further study on SRP. However, only a few studies were conducted on Malaysian acquiring firms' SRP and these were mostly conducted on short run SRP<sup>3</sup> (Rahim et al., 2016; Rahim et al., 2013, 2014). On the other hand, to the best of author's knowledge, only the study by Khin, Lee, and Yee (2012) was conducted on long run SRP. There are a few studies on SRP of firms following domestic merger and acquisition (M&A) as well, for example, Peng

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1 SRP is measured by abnormal returns (AR) following event study methodology (Aybar & Ficici, 2009). The AR of acquiring firm can be calculated for short-and-long window. Short window of event is a day to month whereas long window of event is month to year. In previous studies, AR for short window is calculated by such as cumulative abnormal return (CAR) and the AR for long window is calculated by such as buy-and-hold return (BHAR) (Francis, Hasan, Sun, & Waisman, 2014).

2 Some studies on short run SRP reported positive (such as Bhagat, Malhotra, & Zhu, 2011; Chari, Ouimet, & Tesar, 2010) whereas other studies reported negative (such as Aybar & Ficici, 2009; Moeller & Schlingemann, 2005) and few studies showed variation in wealth effect across time, sample and country context (such as Aw & Chatterjee, 2004; Moeller, Schlingemann, & Stulz, 2004). Moreover, studies on long run SRP revealed positive (such as Dutta & Jog, 2009; Rau & Vermaelen, 1998) while other studies disclosed negative (such as Conn, Cosh, Guest, & Hughes, 2005) and another study showed variation in wealth effect across time, sample and country context (such as Martynova & Renneboog, 2011).

3 To the best of authors' knowledge, these studies are Rahim, Ahmad, Ahmad, and Rahim (2013), Rahim, Ahmad, Ahmad, and Rahim (2014) and Amin Noordin, Kamarudin, and Mohamad Anwar (2015). The result of the studies reported positive short run SRP.

and Isa (2012), Aik, Hassan, and Mohamad (2015), Shahar, Mohd, and Ishak (2016) and Rahim and Pok (2013).

The only Malaysian long-term SRP study of CBA by Khin *et al.* (2012) reported positive SRP using cumulative abnormal returns (CAR) considering different event windows including 60, 120 and 180 days during the period of 2004-2007. Nevertheless, the measurement of the long-term SRP using CAR has some limitations for long event window. The limitations are mainly the bias, which includes new listing bias and rebalancing bias (Barber & Lyon, 1997; Basuil & Datta, 2015; Oler, Harrison, & Allen, 2008). Furthermore, their study is incomparable with most of the previous studies that used event windows of 12, 24, and 36 months after acquisition for long-term SRP (Banerjee, De, Jindra, & Mukhopadhyay, 2014; Wang, Shih, & Lin, 2014). The period of the study was 2004-2007, which was relatively short. Consequently, the study of long run SRP of CBAs is still nascent in the Malaysian context. Therefore, it clearly shows the need for undertaking further examination of the profile of SRP of the acquiring firm following CBA in the long term from the Malaysian context.

To the best of authors' knowledge, there is hardly any evidence found considering the following aspects in the long-term SRP following CBA in Malaysian context in the previous studies: (1) long-term SRP of acquiring firm of post 12, 24 and 36 months, (2) percentage of firms (either gainer firms or loser firms), (3) SRP of Shariah-complaint status firms vs. conventional firms, (4) level of control in target firm (including Major vs. Minor acquisitions), (5) diversifying acquisitions, and (6) industry effect of acquiring firms.

## 3.0 Methodology

Long-horizon event study used in this research has a long history of development including the original one by Fama, Fisher, Jensen, and Roll (1969). However, in order to get the best result, the state-of-the-art method based on recent and key studies on long run event study (Barber & Lyon, 1997; Fama, 1998; Jegadeesh & Karceski, 2009; Kothari & Warner, 1997, 2004; Lyon, Barber, & Tsai, 1999; Mitchell & Stafford, 2000; Viswanathan & Wei, 2008) is followed.

The results of long-term event studies are sensitive to both the methodology used and the benchmark employed (Agrawal, Jaffe, & Mandelker, 1992; Ibrahim, Uddin, Mohd, & Minai, 2013; Pontiff & Woodgate, 2008; Rau & Vermaelen, 1998). This is why, using appropriate method to calculate abnormal returns and comparing them to an



appropriate benchmark are the two most important aspects of determining long-term SRP. BHAR approach of post-event performance is used in this study employing characteristics-based benchmark using Euclidean distance method (Berry, Guillén, & Zhou, 2010; Swaminathan, Murshed, & Hulland,

2008; Van Heerde, Gijsbrechts, & Pauwels, 2008). The benchmark characteristics are firm size and firm growth. Firm size and firm growth are measured by market capitalization and book to market value respectively. Following are the steps of calculating BHAR.

Calculation of Monthly (t) Raw Return ( $r_{it}$ ) for each firm ( $i$ ) from Return Index.

$$r_{it} = \frac{R_{it} - R_{i(t-1)}}{R_{i(t-1)}} \quad (1)$$

Calculating BHAR is to calculate the holding period return of firm  $i$  for the analysis period in months ( $T$ ),

$$BHR_{i,T} = \prod_{t=1}^T (1 + r_{it}) - 1 \quad (2)$$

Where,  $r_{it}$  is the monthly raw return of firm  $i$  in month  $t$ . Using the same calculation, the holding period return for the benchmark  $b$  is,

$$BHR_{b,T} = \prod_{t=1}^T (1 + r_{bt}) - 1 \quad (3)$$

Now, the buy-and-hold abnormal return for each firm  $i$  in month  $t$  after benchmark adjustment is the difference between the buy-and-hold returns of the firm and the benchmark,

$$BHAR_{it} = BHR_{it} - BHR_{bt} \quad (4)$$

which is used for calculating the value weighted ( $w_i$ ) mean of the buy-and-hold abnormal return (BHAR) for month  $t$  as follows,

$$\overline{BHAR}_t = \sum_{i=1}^{n_t} w_i BHAR_{it} \quad (5)$$

The test of statistical significance is conducted using three procedures for the purpose of robustness and comparability with other studies (Hasan, Ibrahim, Olajide, Minai, & Mohan Uddin, 2017). These are: (1) conventional  $t$ -statistic, (2) skewness adjusted  $t$ -statistic, and (3) bootstrapped skewness adjusted  $t$ -statistic, suggested by Lyon *et al.* (1999) and developed by Johnson (1978).

Moreover, using parametric tests (such as conventional  $t$ -statistics, skewness adjusted  $t$ -statistics, bootstrapping skewness adjusted  $t$ -statistics and Multivariate Analysis of Variance) and non-parametric statistical (such as Wilcoxon-Mann-Whitney test) tools were used to analyze the data and test the hypotheses regarding acquiring firms' SRP impacted by CBA deals.

Malaysian acquiring firms' CBA deals were identified from Thomson Reuters Eikon database. After that, on the basis of these deals, firm's related data were collected from DataStream database. Thereafter, total sample were 332, 284 and 176 for 12, 24 and 36 months of long-term SRP, respectively. Considering 36 months as a long run post acquisition period, final sample is 176 for 12, 24 and 36 months which make uniform across time (such as 12, 24 and 36 months). Stock return, firm

size, market to book value related data are also collated from DataStream database. Shariah-compliant status firms were identified from Bursa Malaysia website. Industry classification is defined from DataStream database using Industry four group. Level of acquisition in target firm, and diversifying or unrelated industry deals were identified from Thomson Reuters Eikon database

## 4.0 FINDINGS AND DISCUSSION

The findings of SRP of acquiring firms are reported in this section. Univariate analysis is reported in the first section. Thereafter, the result of multivariate analysis for SRP of Malaysian acquirers are reported in the remaining parts.

### 4.1 Univariate Analysis

Descriptive statistics of the SRP are reported in Table 1 and 2. However, only the firms with available data for all variables were included in the analysis as can be seen in Table 1. The study employed cross-sectional data analysis of 176 CBA deals (176 observations) for the period 2004-2015 considering 12 months-, 24 months- and 36 months post acquisition performance of Malaysian acquiring firms.



Panel A of Table 1 explains outcome variable (Stock return performance of acquiring firms measured by equally weighted Buy-and-hold abnormal returns (BHAR) for 12 month, 24 months and 36 months. The BHAR is positive in the first year of acquisition and thereafter, it becomes negative in the following two years. Overall, it fluctuates over the periods.

Similarly, Panel B of Table 1 explains outcome variable (Stock return performance of acquiring firms measured by value weighted Buy-and-hold abnormal returns (BHAR) for 12 month, 24 months and 36 months. The BHAR is positive in year one, two and three after acquisition. In general, it fluctuates over the periods

**Table 1: Descriptive Statistics of BHAR**

Variable	No. deals	Mean	Std. Dev.	Min	Max
<b>Panel A: Equally weighted BHAR</b>					
BHAR1Y	176	0.0085014	0.7151507	-1.718748	5.523083
BHAR2Y	176	-0.028017	1.04188	-2.28526	8.157512
BHAR3Y	176	-0.1150517	1.266338	-5.528052	7.925235
<b>Panel B: Value weighted BHAR</b>					
BHAR1Y	176	0.000038	0.0023817	-0.0174151	0.0189255
BHAR2Y	176	0.0000184	0.0024892	-0.019994	0.0152472
BHAR3Y	176	0.0002857	0.0042072	-0.0256878	0.0270278

Note: In Panel A, BHAR1Y= Equally weighted buy-and-hold abnormal returns of post 12 months, BHAR2Y= Equally weighted buy-and-hold abnormal returns of post 24 months, BHAR3Y= Equally weighted buy-and-hold abnormal returns of post 36 months. In Panel B, BHAR1Y= Value weighted buy-and-hold abnormal returns of post 12 months, BHAR2Y= Value weighted buy-and-hold abnormal returns of post 24 months, BHAR3Y= Value weighted buy-and-hold abnormal returns of post 36 month.

In Table 2, the study considers some categorical factors, which make the sample to be in different subgroups. For example, (i) Shariah-complaint firms vs. Non-shariah status acquiring firm (conventional firms), (ii) Level of acquisition in target firms (either Major acquisition Vs. Minor acquisition), (iii) Diversifying acquisition (either unrelated target or related target with acquiring business line), and (iv) Acquiring firm's industry (either Industrial sector or other).

From Table 2, seventy-three percent (73%) deal of the acquiring firm has Shariah-complaint status which is 128 out 176. So, it is evident that most of deal of the acquiring firms have Shariah-complaint status in the Bursa Malaysia following CBA. Moreover, the level of acquisition (or control) in target can be 1% to 100%. If level of acquisition is more than or equal to 33%, it is considered as major control, Otherwise, it is considered as minor control for acquiring firms. In this sample, eighty-five percent (85%) of CBA deals of acquiring firm has major control in target firms. It means Malaysian acquiring firms like to acquire major control in target firm abroad. Furthermore, acquiring firm can acquire the target firm with related business firm or unrelated business (or diversifying). Eighty-three percent (83%) of CBA deals of acquiring firms are on unrelated industries of the target firms. It shows that acquiring firm like to buy unrelated industry of target firms. Lastly, the nature of acquirer is from different industry sectors. Eighty-nine percent (89%) of CBA deals of acquiring is from industrial sector which is 157 out of 176. Most of acquiring firms go for CBA that are from industrial sector.

**Table 2: Subgroup of acquiring firms**

Group	Elements	Freq.	Percent	Cum.
Firm Shariah compliant status	Conventional firms	48	27	27
	Shariah-complaint status firms	128	73	100
Level of acquisitions	Minor acquisition	27	15	15
	Major acquisition	149	85	100
Diversifying acquisition	Related industry acquisition	30	17	17
	Diversifying acquisition	146	83	100
Industry of acquiring firms	Non-industrial industry	19	11	11
	Industrial industry	157	89	100
Total		176	100	



Using BHAR method to measure the SRP for 176 CBA deals, on an average, forty percent (40%) deals of acquiring firms has increased their shareholders wealth while sixty percent (60%) of deals of acquiring firms has not increased firm performance after 36 months of acquisition as shown in Table 3. So, it is evident that 60% of CBA deals of acquiring failed to create SRP compare to peer firm (i.e., benchmark firms). The finding is similar to the results of previous studies by Rahim et al. (2013) and Aybar and Ficici (2009).

**Table 3: Increase or decrease of wealth effect of CBA deals**

Buy-and-hold Abnormal (BHAR)	Return	Shareholders' wealth effect (SRP)			Total CBA deals
		Loser (%)	Gainer (%)	Total (%)	
BHAR1Y		59	41	100	176
BHAR2Y		59	41	100	176
BHAR3Y		60	40	100	176

Note: BHAR1Y=Buy-and-hold abnormal returns of post 12 months, BHAR2Y= Buy-and-hold abnormal returns of post 24 months, BHAR3Y= Buy-and-hold abnormal returns of post 36 months.

Using equally weighted buy-and-hold abnormal returns (EW-BHAR) in Table 4, SRP was found to be significantly positive in 12 months while after 12 months, it was found to be significantly negative. So, it is evident that SRP is positive in shorter period but negative in the longer period as shown in Panel A of Table 4. On the other hand, using value weighted buy-and-hold abnormal returns (VW-BHA), SRP was found to be significantly positive in 12 months, 24 months and 36 months. It is evident that SRP is positive in the long-term due to the change of method of measurement as shown in Panel B of Table 4. Moreover, as shown in Figure 1, the SRP indicates an upward trend using VW-BHAR model while it indicates a downward trend using EW-BHAR model for 1-36 months. So, the results of SRP show a mixed effect due to methods of measurement.

**Table 4: Conventional, Skewness Adjusted, and bootstrapped t-statistics**

Post Period	Sample Size	BHAR (%)	t-statistics		
			t <sub>c</sub> <sup>a</sup>	t <sub>sa</sub> <sup>b</sup>	t <sub>bsa</sub> <sup>c</sup>
<b>Panel A: EW-BHAR</b>					
1 to 12 Months	176	0.8501	15.77***	7.06***	0.18
1 to 24 Months	176	-2.802	-35.67***	8.67***	-0.27
1 to 36 Months	176	-11.5	-120.53***	13.03***	-0.98
<b>Panel B: VW-BHAR</b>					
1 to 12 Months	176	0.0038	21.17***	2.45***	0.18
1 to 24 Months	176	0.0018	9.79***	-5.53***	0.05
1 to 36 Months	176	0.0286	90.08***	-2.09***	0.70

**Note:**\*, \*\*, and \*\*\* indicate 10%, 5%, and 1% level of significance, respectively.

t<sub>c</sub><sup>a</sup>=conventional t-statistics.

t<sub>sa</sub><sup>b</sup>= Skewness adjusted t-statistics.

t<sub>bsa</sub><sup>c</sup>= bootstrapped skewness adjusted t-statistics.

The results of SRP is similar to the results of previous studies as shown in Figure 1. For example, the results of SRP is mixed due to different methods of measurements (See Basuil & Datta, 2015; Khin et al., 2012). In line with this, several previous studies found that SRP is positive in the shorter period such as day to month (Bhagat et al., 2011; Khin et al., 2012) while others found a negative result in the longer period such as 12 months to 36 months post acquisition (Bertrand & Betschinger, 2012). Moreover, some studies report positive SRP of acquiring firms in the long term (Banerjee et al., 2014; Francis et al., 2014).



Graph: EW and VW of BHAR

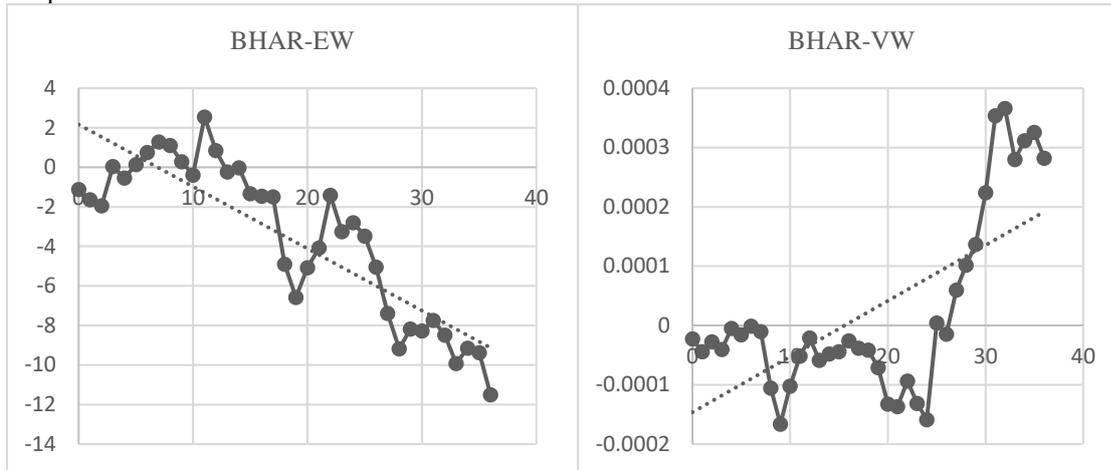


Figure 1: Monthly BHAR-equally and value weighted

Using conventional t-statistics ( $t_c^a$ ) and skewness adjusted t-statistics ( $t_{sa}^b$ ) the SRP of acquiring firms are found to be significant in each year. However, BHARs are found statistically insignificant by the bootstrapped skewness adjusted t-statistics ( $t_{bsa}^c$ ) measurement as shown in Table 4. In general, Malaysian acquiring firms experience statistically significant positive abnormal returns in the shorter period, while both negative and positive returns are recorded in the long run using different method of measurements. It implies that the longer the post-event period, the worse the performance of acquiring firms.

**4.2 Multivariate Analysis**

From Table 5, Independent group t-test (for parametric and non-parametric test) designed to compare means of same variables between two groups. Ideally, these subjects are randomly selected from a larger population of subjects. The

test assumes that variances for the two populations are the same and the two-tailed p-values are computed using the t distribution. It is the probability of observing a greater absolute value of t under the null hypothesis. If the p-value is less than the pre-specified alpha level (usually 0.05 or 0.01), it will be concluded that the mean difference between group1 and group2 is statistically significantly different from zero. In the same way for Multivariate Analysis of Variance (MANOVA), the p-value associated with the F statistic of a given effect and test statistic is used. The null hypothesis that a given predictor has no effect on either of the outcomes is evaluated with regard to this p-value. For a given alpha level (usually 0.05 or 0.01), if the p-value is less than alpha, the null hypothesis is rejected. If not, then it fails to reject the null hypothesis.

**Table 5: T-statistics, Whitney test and MANOVA for BHAR-EW**

Factors	EW-BHAR	Group		Total observations	Independent group t-test		Wilcoxon-Mann-Whitney test		MANOVA	
		1	0		t-value	p-value	z-value	p-value	f-value	p-value
SCS	EW-BHAR1Y	128	48	176	-0.3588	0.7202	-0.169	0.8655	0.96	0.41
	EW-BHAR2Y	128	48	176	0.0491	0.9609	0.462	0.6443		
	EW-BHAR3Y	128	48	176	-0.8544	0.3940	-0.688	0.4917		
LA	EW-BHAR1Y	149	27	176	-0.6601	0.5101	-1.102	0.2704	0.44	0.72
	EW-BHAR2Y	149	27	176	-0.0732	0.9417	-0.454	0.6501		
	EW-BHAR3Y	149	27	176	-0.3792	0.7050	-0.946	0.3440		
DA	EW-BHAR1Y	146	30	176	-0.2364	0.8134	0.956	0.3391	1.09	0.35
	EW-BHAR2Y	146	30	176	-1.2954	0.1969	-0.602	0.5472		
	EW-BHAR3Y	146	30	176	-1.1137	0.2669	-1.141	0.2539		
AI	EW-BHAR1Y	157	19	176	1.4101	0.1603	1.375	0.1690	1.1	0.34
	EW-BHAR2Y	157	19	176	0.8157	0.4158	0.961	0.3367		
	EW-BHAR3Y	157	19	176	1.2377	0.2175	0.694	0.4879		



**Table 6: T-statistics, Whitney test and MANOVA for BHAR-WV**

Factors	VW-BHAR	Group		Total observations	Independent group t-test		Wilcoxon-Mann-Whitney test		MANOVA	
		1	0		t-value	p-value	z-value	p-value	f-value	p-value
SCS	VW-BHAR1Y	128	48	176	-0.4824	0.6301	0.249	0.8033	1.29	0.28
	VW-BHAR2Y	128	48	176	0.263	0.7929	1.581	1.581		
	VW-BHAR3Y	128	48	176	0.9978	0.3197	0.515	0.6066		
LA	VW-BHAR1Y	149	27	176	0.262	0.7936	-1.176	0.2395	2.03	0.11
	VW-BHAR2Y	149	27	176	-1.7119	0.0887*	-1.250	0.2113		
	VW-BHAR3Y	149	27	176	-0.5026	0.6159	-1.234	0.2174		
DA	VW-BHAR1Y	146	30	176	-0.1686	0.8663	0.531	0.5953	0.16	0.93
	VW-BHAR2Y	146	30	176	-0.2891	0.7728	-0.508	0.6118		
	VW-BHAR3Y	146	30	176	-0.5788	0.5635	-1.326	0.1849		
AI	VW-BHAR1Y	157	19	176	-2.9451	0.0037***	-0.155	0.8769	5.43	0.00***
	VW-BHAR2Y	157	19	176	-3.5896	0.0004***	-0.594	0.5528		
	VW-BHAR3Y	157	19	176	-3.9463	0.0001***	-0.899	0.3688		

Note: It takes the value of 1 if the deal of acquiring firm is Shariah complain-status (SCS) or Major Acquisition (LA) or Diversified industry acquisition (DA) or Acquirer form Industrial sector (AI). Otherwise, it takes the value of 0.

\*, \*\*, and \*\*\* indicate 10%, 5%, and 1% level of significance, respectively.

Using independent group t-test as parametric test, the results of SRP in Tables 5 and 6 indicate that there is no statistically significant difference between the mean of SRP for Shariah vs. Conventional firms, Major vs. Minor, and Diversifying vs. similar acquisition. Moreover, using non-parametric test such as Wilcoxon-Mann-Whitney test, the results are the same for each group of sample. However, acquiring firm SRP differs from industry to industry by measuring SRP using VW-BHAR. Furthermore, the results of MANOVA also indicates that SRP differs from industry to industry.

### 5.0 Concluding Remarks

In this study, we made an attempt to empirically investigate long-term SRP of Malaysian acquiring firms following cross-border acquisitions. Our investigation reveals that most of the CBA deals of acquiring firm failed to increase SRP in the long-

term. As empirically evidenced, only 40% CBA deals increase SRP. As a whole, the results of Malaysian acquiring firms' SRP is mixed and could be attributed to the difference in the methods of measurement used. It is evident that SRP is positive in the short term. In the long term, SRP is positive if we use value weighted BHAR model while it is negative if we use equally weighted BHAR model. Furthermore, acquiring firm SRPs differ across industry. In contrast, there is no difference of SRP between Shariah complaint and conventional firms, major control firm and minor control firms, diversifying firm and related acquisition firms, etc. Finally, it is concluded that increasing long-term SRP can be one of the goals of an acquiring firm. We recommend that the firms from industrial industry can go for CBA with the goal of increasing long-term SRP. Also, it may consider CBA deals for buying raw material, expanding the market, and setting up new business in foreign markets.

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