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Accounting Research Workshop (ARW) – winter term 2020/21

Speaker: Professor Alexander F. Wagner

University: Professor of Finance, University of Zurich

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Subject: "The Intangibles Song in Takeover Announcements: Good Tempo, Hollow Tune"

Abstract:

Mergers and acquisitions are often motivated by the intention of creating value from intangible assets. We develop a novel word list of intangibles and apply it to takeover announcements. Deals presented with more "intangibles talk" complete more quickly. However, the value of these deals to the acquirer is questionable: One standard deviation more in intangibles talk results in 0.45 percentage points lower abnormal announcement returns of bidders. Agency problems explain little of these results. Instead, payment mode choices and insider trades suggest that intangibles talk reflects managerial overoptimism. Overall, takeover announcements can provide important information regarding the quality of deals.



We were pleased, that we could welcome Professor Alexander F. Wagner at the Accounting Research Workshop at the Munich School of Management and wish him all the best for his future work and research projects.