Abstract

This thesis aims at investigating the puzzling relationship between corporate acquisitions and expected stock returns by reviewing numerous studies on this topic through the use of state of the art meta-analysis tools. Such an analysis is required because many papers examined this relationship but their results varied. We therefore collected 421 estimates from 20 papers and led multiple regressions to test for the presence of publication bias. Throughout this analysis we indeed found evidence supporting the existence of publication bias. Furthermore, we decided to apply Bayesian Model Averaging to reduce the model uncertainty and find out why our abnormal returns estimates greatly vary across studies. Our results suggest that one of the most important drivers are the standard-error terms. This subsequently proves that publication bias is the most responsible for the heterogeneity amongst our estimates. Our analysis fails to demonstrate any positive effects from M&A activity on a firm post-acquisition performance. We suggest that other motives are under-represented in the underlying theory that aims to assess M&A outcomes.

**Keywords** Mergers and Acquisitions, Stock Returns, Abnormal Returns, Meta-Analysis, Publication bias

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