A Work Project, presented as part of the requirements for the Award of a Master's degree in Finance from the Nova School of Business and Economics.

EXPERIENCE SPILLOVER EFFECTS ON FIRM PERFORMANCE: EVIDENCE FROM ACQUISITIONS AND DIVESTITURES

TOBIAS JULIUS SONNEK

Work project carried out under the supervision of:

Fernando Anjos

31/05/2024

Abstract (100 words maximum)

This study examines the role of acquisition experience on divestiture performance and vice versa. The sample includes 47,684 firm-years and 28,143 unique public US companies that have executed acquisitions or divestitures between January 2000 and December 2020. I find that greater acquisition experience is associated with lower divestiture announcement returns and greater divestiture experience has an insignificant impact on acquisition announcement returns. However, in both scenarios the interaction term between both experiences is statistically and economically significant. This suggests that firms benefit from greater diverse experience and show greater strategic and managerial flexibility.

Keywords Acquisitions; divestitures; organizational learning; experience spillovers; firm performance

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

1. Introduction

Firms utilize both acquisitions and divestitures as part of corporate restructuring ((Barkema and Schijven 2008; Brauer 2006) and both transactions are often seen as causes and consequences of each other (Zhang et al. 2018). They are strategic tools employed to pursue and realize different strategies, such as diversification, refocusing, or repositioning, in order to improve the firm's competitive position (Kuusela, Keil, and Maula 2017). Despite the importance of acquisitions and divestitures in the corporate restructuring process (Bowman and Singh 1993), research has largely remained fragmented, treating them as distinct strategies (Amiri et al. 2022; Bertrand, Betschinger, and Petrina 2014; Doan, Rao Sahib, and van Witteloostuijn 2018). Considering the value at stake in corporate transactions, with the global deal value reaching about $3.4 trillion in 2022 (IMAA 2023), improving the understanding of deal performance is paramount. Although research in M&A spans across almost a century now, most M&A deals still fail to generate the expected synergies and value (Amiri et al. 2022; Gomes et al. 2020; King 2022). While individual determinants governing successful deals have been studied (Gomes et al. 2013; King et al. 2004; King 2022), the role of experience has received a lot less attention in literature (Bertrand, Betschinger, and Petrina 2014; Feldman 2020). Especially linkages and spillover effects between acquisitions and divestitures, however, are largely unexplored (Bertrand, Betschinger, and Petrina 2014; Feldman 2020; King 2022). Only recently, research started considering a multidisciplinary approach to examining these corporate restructuring activities, particularly viewing them as sequential strategic transactions rather than one-time, static strategy moves (Amiri et al. 2022; Bennett and Feldman 2017; Karim and Mitchell 2000). To the best of my knowledge, the first and only study explicitly considering the cross-experience effects of acquisitions and divestitures is from Doan et al. (2018), who found that experience in divestitures increases the likelihood of completion of future acquisitions. Cross-experience effects have been documented for strategic alliances and acquisition, where

prior experience facilitates the successful integration of acquisitions (Zollo and Reuer 2010). This finding sets the basis for the pertinent study. Specifically, I investigate how firms leverage experience from past acquisitions to improve their performance in subsequent divestitures and vice versa. By examining these relationships, this research contributes to the broader discourse on how firms can build internal capabilities relating to deals, and how different experiences interact to influence subsequent firm performance. Additionally, this study examines whether the potential learning effects of experience, i.e. knowledge codification and general corporate restructuring capabilities, accumulate on the firm level or if they are facilitated on the managerial level. Finally, this paper extends the research on organizational learning and strategic flexibility by discussing the importance of strategic flexibility in corporate restructuring / M&A decisions. In the following, I first provide the theoretical background and derive my hypotheses. Then I present the empirical set-up and show and discuss the results. Lastly, I conclude and highlight limitations and opportunities for future research.

2. Literature review & hypotheses

Extant literature on acquisitions and divestitures has largely remained separate from each other (Amiri et al. 2022; Bertrand, Betschinger, and Petrina 2014; Schweizer et al. 2022). This results in fragmented knowledge accumulation, which is surprising when considering that both types are part of a broader corporate restructuring strategy to sustain competitive advantages (Bowman and Singh 1993). The role that experience has as a determinant of deal performance and success has been at the center of recent research within the domains of corporate strategy and organizational learning but is still not well understood yet (Doan, Rao Sahib, and van Witteloostuijn 2018; Feldman 2020; Laamanen and Keil 2008; Schweizer et al. 2022). Intuitively, it is expected that deal performance increases as firms gain more experience in acquisitions and divestitures. Experienced dealmakers are likely to select better acquisition targets or business units to divest, negotiating the deal, and managing the integration or

disintegration process (Chatterjee 2009). Each successive deal should provide learning opportunities, allowing firms to avoid previous pitfalls and capitalize on new opportunities (Langosch and Tumlinson 2022). This accumulated experience should embed valuable learnings into the firm's routines, structures, and culture, which can be leveraged in future transactions (Argote and Miron-Spektor 2011; Trichterborn, Zu Knyphausen-Aufseß, and Schweizer 2016). Despite the theory, empirical evidence on the relationship between deal experience and performance has been mixed (Barkema and Schijven 2008; Langosch and Tumlinson 2022; Zollo and Singh 2004). Some studies demonstrate a positive relationship between acquisition experience and performance (e.g. Ahammad et al. 2016; Barkema, Bell, and Pennings 1996), suggesting that firms benefit from the knowledge and capabilities gained through repeated transactions. Conversely, other studies report a negative relationship (e.g. Parola, Ellis, and Golden 2015; Uhlenbruck, Hitt, and Semadeni 2006), an insignificant one (e.g. King et al. 2004; Zollo and Singh 2004), or a U-shaped relation (J. Haleblian and Finkelstein 1999). These mixed results do not only hold for acquisition experience and performance, but also sustain in research on divestiture experience and divestiture performance. While literature on this relationship is comparatively scarce and recent, some scholars find a positive relationship (e.g. Bergh and Lim 2008; Brauer, Mammen, and Luger 2017; Humphery-Jenner, Powell, and Zhang 2019), while others report negative results (Erl et al. 2023). Notably, Erl et al. (2023) also identify a negative experience effect on divestiture performance in divestiture programs. In most studies research employed the dynamic capabilities perspective investigating the distinct forms of deal-making capabilities (Laamanen and Keil 2008; Schweizer et al. 2022; Zollo and Singh 2004). These capabilities can be described as accumulation of knowledge, skills, and systems that a firm can utilize when carrying out transactions to reduce time required for absorbing knowledge from each acquisition, enabling firms to pursue larger numbers of acquisitions simultaneously (Laamanen and Keil 2008). To

explain the mixed results of experience effects on performance, scholars have explored organizational learning theory and frequently apply experiential learning theory to explain positive performance effects (Schweizer et al. 2022). Organizational learning scholars characterize firms as routine-based, history-dependent entities that transform inferences from experiences into routines (Levitt and March 1988; Schweizer et al. 2022). Organizational learning processes, which include experiential learning, i.e. learning through accumulation and codification of knowledge, are crucial for developing these capabilities (Zollo and Winter 2002). In other words, firms need to practice deliberate learning from past deal experiences to improve their acquisition capabilities (Finkelstein and Haleblian 2002; J. Haleblian and Finkelstein 1999). Therefore, organizational learning theory suggests that experienced deal-makers should achieve superior performance, with serial and programmatic acquirors and divestors being particularly successful (Kolev and Haleblian 2018; Levitt and March 1988). More nuanced explanations for negative relationships between deal experience and performance come from transfer theory, which states that for effective learning to occur, experiences need to be applicable and sufficiently similar (J. Haleblian and Finkelstein 1999; Hayward 2002; Langosch and Tumlinson 2022). Due to the heterogeneous nature of deals, applying past experience to new contexts can potentially be value-destroying due to the incorrect believe that past experience is universally applicable or due to learning the wrong lessons (J. Haleblian and Finkelstein 1999; Langosch and Tumlinson 2022). However, deliberate knowledge codification promotes learning and can diminish negative transfer effects (Castellaneta, Valentini, and Zollo 2018). Strategy literature underscores the necessity for firms to develop specific capabilities to successfully acquire and integrate target firms (Laamanen and Keil 2008; Zollo and Singh 2004) or to manage alliance relationships (Porrini 2004; Zhou, Gomes, and Vendrell-Herrero 2023). For example, firms need to develop robust due diligence processes, integration planning, and post-merger integration strategies to ensure acquisitions

create value (Laamanen and Keil 2008; Zollo and Singh 2004). For divestitures, capabilities that likely lead to success are linked to effective managerial communication, and timing and execution (Brauer 2006). Zollo and Reuer (2010) establish that accumulating experience in corporate development activities can create beneficial spillovers for other corporate development activities. Some scholars have started to explore acquisitions and divestitures as sequences, where one activity follows the other, to explain performance effects and to explore the accumulation of experience from diverse corporate restructuring activities (Amiri et al. 2022; Bennett and Feldman 2017; King 2022). I argue that this cross-functional learning can be applied to acquisitions and divestitures and their subsequent performance. The relationship between these types of deals is demonstrated by Doan, Rao Sahib, and van Witteloostuijn 2018, who show that divestiture experience can develop capabilities that increase the likelihood of acquisition completion. They propose a new type of learning that is a mix between experiential and vicarious learning, which is learning through observation of behaviors and their consequences, calling it 'flipside learning'. It differs from experiential learning as it is not learning through performing the activity that capabilities are built, but rather learning through the application of knowledge gained in a different context. It differentiates itself from vicarious learning as in that flipside learning is significantly more active . Hence, I state:

Hypothesis 1a: Acquisition experience can improve future divestiture performance of the divestor.

Hypothesis 1b: Divestitures experience can improve future acquisition performance of the acquiror.

Furthermore, research suggests that corporate restructuring capabilities are primarily developed at the firm level rather than the managerial level (Zollo and Singh 2004). However, firms often hire executives for their acquisition experience (Field and Mkrtchyan 2017; Harford and Schonlau 2013). Moreover, some studies suggest that experience of key executives, especially

the CEO, have a significant effect on deal outcome (Elia et al. 2021; Jang and Daniliuc 2014). Meyer-Doyle, Lee, and Helfat (2019) suggest that CEOs have the largest influence on acquisition success. I argue while both the CEO and CFO are important for deal success, firms build capabilities on firm-level through codification and routines. These executives might help establish and facilitate deals initially, but ultimately it is on the firm level, where experience and learnings are leveraged for superior future deal performance. Therefore, I state:

Hypothesis 2: Acquisition and divestiture capabilities through experience are primarily developed at the firm level as opposed to the managerial level.

3. Data and methodology

3.1 Sample construction

To explore my hypotheses, I leverage the SDC Platinum Mergers and Acquisitions database via the LSEG Workspace to construct the dataset of acquisitions and divestitures. The analysis period spans from January 1, 2000, to December 31, 2020. Deals included in the sample must have been announced between January 1, 1995, and December 31, 2020, to ensure sufficient data for evaluating five years of prior transaction experience. This time frame seems appropriate because it captures periods of both industry expansion and contraction, thereby ensuring the relevance of each transaction. Furthermore, the ultimate parent of either the acquiror or the divestor must be a publicly traded firm listed on an exchange in the United States. Firms in the financial services, insurance, and real estate industries (Standard Classification [SIC] codes 6000-6999), as well as utilities (SIC codes 4900-4999) and public administration (SIC codes $\geq$ 90), are excluded from the dataset due to their regulated nature and distinct operational profiles, consistent with prior research (e.g. Amiri et al. 2022). Additionally, duplicated observations (identified by the announcement date, and the CUSIPs of the acquiror and divestor) and internal restructuring activities (where the acquiror and target share the same CUSIP) have been removed from the dataset. Next, the sample is merged with stock data from CRSP, including

only common shares with codes 10 and 11, and supplemented with accounting data from Compustat North America. This reduces the overall transaction dataset due to data availability and matching constraints. Compustat data are matched based on the fiscal year using the June approach (e.g. Danbolt, Siganos, and Tunyi 2016). This results in a final sample of 19,187 unique acquirors over 35,610 firm-years and 8,956 unique divestors over 12,074 firm-years (as shown in Table 1). Subsequently, I extend the dataset with CEO and CFO information from the Compustat Execucomp Annual Compensation database, which includes data on executives in companies within the S&P 1500. Consequently, the inclusion of these executives reduces the sample size of total acquisitions and divestitures due to data availability. Executives are identified using the respective CEO or CFO flag in the database and keyword searches for 'Chief Executive Officer', 'CEO', 'Chief Financial Officer', and 'CFO'. In some cases, there are two CEOs or CFOs per firm in a given year. Execucomp provides data on the appointment dates for CEOs, allowing for the selection of the CEO in office before the transaction announcement. For duplicate CFO observations, data is hand-collected from SEC filings and press releases. Finally, the sample size varies across regression analyses depending on the availability of data for the variables used in each model.

3.2 Variable construction

3.2.1 Dependent variable

The dependent variable is a measure of firm performance. I employ two different, commonly used performance metrics in corporate restructuring research. First, I use cumulative abnormal returns (CAR) as a stock market-based measure. Following Humphery-Jenner, Powell, and Zhang (2019), I calculate 3-day CARs from -1 to +1 days around the announcement to capture the stock market reaction and measure excess market returns. The benchmark parameters are estimated over days -222 to -11 using the market model (as per Humphery-Jenner, Powell, and Zhang 2019; Masulis, Wang, and Xie 2007).

Second, I use return on assets (ROA) as an accounting-based measure. It is calculated as the ratio of operating income before depreciation and amortization to total assets (following Brauer, Mammen, and Luger 2017; Humphery-Jenner, Powell, and Zhang 2019). This ratio measures performance one, two, and three years after the transaction is completed. Using up to three years of post-transaction data ensures the measure is not excessively biased by short-term distortions such as restructuring costs (Brauer, Mammen, and Luger 2017).

3.2.2 Independent variables

The key independent variables are measures of firm-level experience. These variables are measured over a five-year period prior to the announcement date. As in literature there has not been a universal approach to measuring experience, I transformed the transaction counts using the natural logarithm of one plus the nominal experience over a five-year window as described later in section 3.4 (e.g. Brauer, Mammen, and Luger 2017; Doan, Rao Sahib, and van Witteloostuijn 2018; Hayward 2002; Humphery-Jenner, Powell, and Zhang 2019). Prior research also suggests that firms learn most from strategic decisions in the previous three to five years (Hayward 2002). In the context of corporate transactions, it is reasonable to assume diminishing marginal benefits of each additional transaction. In contrast to the transaction sample, which includes only completed deals, the experience variables account for uncompleted deals. There is no reason to assume firms cannot learn from pending or withdrawn deals (Humphery-Jenner, Powell, and Zhang 2019). Additionally, both value-destroying and value-creating transactions are included as firms can learn from both types of deals (Harford and Schonlau 2013). In the robustness section, I test different constructions of the experience variable to ensure its operationalization is not significantly impacting research results, and to create a better understanding of factors influencing the variables.

3.2.3 Control variables

I further construct a number of control variables that might influence a firm's accounting performance. All accounting control variables are lagged by one period and winsorized at the 1% and 99% level (e.g. Humphery-Jenner, Powell, and Zhang 2019). Firm size is measured as the natural logarithm of total assets (Brauer, Mammen, and Luger 2017; Laamanen and Keil 2008). Liquidity is calculated as the ratio of cash to total assets (Humphery-Jenner, Powell, and Zhang 2019; Kim 1998). Leverage is computed as the ratio of total long term debt to total assets (Brauer, Mammen, and Luger 2017; Denis and Shome 2005; Humphery-Jenner, Powell, and Zhang 2019). Pre-announcement return on assets is operationalized as the ratio of operating income before depreciation and amortization to total assets. This is specifically included because extant research indicates that pre-restructuring performance is a strong predictor of post-restructuring performance (Bergh 1998; Bergh and Lim 2008). Tobin's Q measures the market value of total assets over book value of total assets (Humphery-Jenner, Powell, and Zhang 2019). Diversification measures the number of business units based on their two-digit SIC codes (Denis and Shome 2005; Doan, Rao Sahib, and van Witteloostuijn 2018; Humphery-Jenner, Powell, and Zhang 2019). Lastly, advisor experiences measures the natural logarithm of one plus the number of acquisitions or divestitures financial and legal advisors have participated in over the five-year period preceding the announcement date (Brauer, Mammen, and Luger 2017; Humphery-Jenner, Powell, and Zhang 2019).

3.3 Empirical methodology

I approach the pertinent dataset as cross-sectional, structured by acquisitions and divestitures, respectively. Following Humphery-Jenner et al. (2019), I use an ordinary least square regression for the analysis, which takes the general form of Equation (1):

$$y_{it} = \alpha + \beta_1 * \text{Experience}_{it} + \theta X_{it} + \lambda_t + c_{it} + \varepsilon_{it} \quad (1)$$

where y_{it} is a measure of firm performance outlined in Section 3.2.1. $Experience_{it}$ measures a firm's acquisition or divestiture experience as described in Section 3.2.2. In the case of acquiror's firm performance, $Experience_{it}$ measures divestiture experience and vice versa. X_{it} is a vector of firm-specific control variables described in Section 3.2.3. λ_t is a year dummy; c_{ik} is an industry dummy for firm i being in industry k and ε_{it} is the error term clustered by firm. The year and industry dummies are included in the regression to ensure that the results are not merely a reflection of time or industry effects (Gormley and Matsa 2014; Humphery-Jenner, Powell, and Zhang 2019). The industry dummy is defined by the two digits SIC code of the ultimate acquiror or target.

3.4 Summary statistics

3.4.1 Acquirors

Table 2 provides the summary statistics of the main variables of acquirors. Stock market reactions (CAR), on average, are positive at announcement, which is consistent with prior literature (King et al. 2004; Laamanen and Keil 2008; Langosch and Tumlinson 2022). On average, all acquirors have attempted to execute 3.2 divestitures and 14.3 acquisitions over the last five years. However, there is a very large range when considering the minimums and maximums. Divestiture experience ranges from 0 to 94, while acquisition experience ranges from 0 to 257. To reduce skewness, mitigate the impact of outliers, improve linearity, and make the coefficients in my regression analysis easier to interpret, I log-transformed the experience variables. It also helps to reduce heteroscedasticity, enhancing the overall robustness of my findings. Table 3 contains the pairwise correlation matrix. All experience variables show a significant negative correlation with CAR. This is surprising considering greater experience is usually associated with better performance, but also consistent with some research (e.g. Langosch and Tumlinson 2022; Uhlenbruck, Hitt, and Semadeni 2006). This indicates greater experience may not necessarily translate into improved capabilities and better market

performance. Moreover, firm size has the most significant negative correlation with CAR (-0.095, $p < 0.01$), indicating larger firms tend to have lower CARs around acquisition announcements. The correlations between firm size and both acquisition and divestiture experience suggest that larger firms tend to also have more deal experience.

3.4.2 Divestors

Table 4 contains the summary statistics of the main variables of divestors. On average, the stock market reactions (CAR) are positive, consistent with prior literature (e.g. Brauer 2006; Brauer, Mammen, and Luger 2017; Jain 1985; Lee and Madhavan 2010). Divestors in the sample have, on average, executed 6.0 divestments and 11.9 acquisitions over the prior five years. Similar to acquirors, there is large range of experiences, such that I log-transformed the experience variables. Table 5 provides the pairwise correlation matrix for the main variables. All experience variables show significant negative correlations with CAR. The only experience variable that stands out is advisor experience, which is significantly positive, indicating that firms hire more experienced advisors during divestiture transactions. Lastly, firm size, again, has the largest negative correlation with CAR (-0.341, $p < 0.01$), suggesting that larger firms tend to generate lower CARs around divestiture announcement. The correlations between firm size and both acquisition and divestiture experience highlight that larger firms also have more deal experience.

4. Empirical results and discussion

4.1 Stock market performance measures

4.1.1 Acquisition performance

First, I test the acquirors' returns around the announcement of the acquisition. Specifically, I analyze whether the stock market responds more positively to acquirors with greater prior divestiture experience. Moreover, I test whether capabilities generated from past experiences on the firm-level or managerial-level are perceived as more important by the shareholders.

Table 6 in the Appendix shows the regression results for the various specifications. Columns (2), (4), and (6) include interaction terms for the logarithm of one plus the number of experiences in divestitures and the logarithm of one plus the number of experiences in acquisitions, each calculated over the five-year period preceding the announcement. Overall, the results show mixed effects. In column (1), there is a significant positive effect of divestiture experience on acquisition announcement returns, with a coefficient of 0.172 ($p < 0.01$). However, in columns (2) to (5) the coefficients range from -0.175 to -0.003 and are statistically insignificant. In contrast, in column (6) the coefficient becomes negative (-0.305) and significant ($p < 0.1$). Therefore, there is insufficient evidence to support Hypothesis 1a, i.e. that the stock market reacts more positively towards acquirors with greater previous divestiture experience. This finding remains consistent and robust even when the dataset is adjusted to exclude transactions classified as divestitures by SDC Platinum, as seen in Table 7, to avoid biasing the datasets by including transactions in both sets of regressions (i.e. acquisition performance and divestiture performance). The coefficient of acquisition experience in specification (1) is negative and significant (-0.089; $p < 0.1$). In the other specifications without interaction terms (columns 3 and 5), it is insignificant. CEO and CFO experiences in either deal type does not provide much explanatory value with all values being insignificant. This suggest that firm-level experience might not only be more crucial than individual executive experience, but also that routines and structures are established on the firm level, supporting (Argote and Miron-Spektor 2011). The lack of significance might also partly be explained by the multicollinearity inherent in the regression model when executive experiences are added to it (see Table 8 for variance inflation factors[1]). Based on these results, however, I find evidence to support Hypothesis 2 that capabilities are developed through experiences through firm-level

[1] Variance inflation factors are below the standard cut-off level of 10, however, some correlation coefficients are above the standard cut-off of |0.7| (Doan, Rao Sahib, and van Witteloostuijn 2018; Kennedy 2008).

experiences and are more important than those of executives. From the specifications with the interaction terms, however, a different view emerges as all interaction terms are positive and significant ($p < 0.01$). While specification (1) suggests higher divestiture experience is associated with better acquisition performance, and higher acquisition experience might be weakly associated with worse acquisition performance, specification (2) indicates the relationships are not that straightforward. When acquisition experience is zero then divestiture experience has a negative but insignificant impact on acquisition performance. In contrast, acquisition experience when divestiture experience is zero, becomes very significant ($p < 0.01$). Intuitively, a firm that has greater experience in executing acquisitions, but performs no divestitures might seem like a sign of managerial entrenchment, which reduces the market reaction of an acquisition announcement (Langosch and Tumlinson 2022). It may also indicate the potential downsides of acquisition experience, such as overconfidence or misapplication of strategies from past experience (J. Haleblian and Finkelstein 1999). The interaction effect, therefore, suggests that firms learn from diverse experiences and the market appreciates a balanced approach to corporate restructuring and portfolio management, trusting in the knowledge and routines the firms obtained through past experience. This is in line with the flipside learning theory proposed by Doan, Rao Sahib, and van Witteloostuijn (2018). This suggests that firms are able to develop capabilities that facilitate effective management of future divestitures and complement each other. Moreover, a positive impact of divestiture experience (column 1) could be explained by the enhanced strategic and operational efficiency gained from divestitures (Brauer 2006). The interaction term highlights that these firms might be perceived by the market as more adept at portfolio management, being able to effectively identify and sell non-core or underperforming assets and reallocate resources more efficiently (King et al. 2004). For example, divestiture experience might help firms streamline operations, learning how to disintegrate business units, which might help in building capabilities for the integration of

acquired firms. This in turn leads to more successful and value-creating acquisitions. It also suggests that firms that are adept at both divesting and acquiring are seen as dynamic and capable of managing their asset portfolios effectively, showing strength in strategic and managerial flexibility (Bertrand, Betschinger, and Petrina 2014). This can increase shareholder confidence in the firm's ability to integrate new acquisitions successfully, thus leading to higher positive abnormal returns. As Zollo and Singh (2004) highlight, firms can translate firm-level experience into performance improvements. These results are consistent with literature that suggests a complex relationship of corporate restructuring activities (Bertrand, Betschinger, and Petrina 2014; J. (John) Haleblian, Kim, and Rajagopalan 2006; Zollo and Singh 2004).

Regarding control variables, the coefficient of firm size across all specifications is consistently negative and significant ($p < 0.01$). This shows that larger acquirors experience significantly lower CARs following acquisition announcements. This could suggest that there is increased perceived complexity, thus greater integration challenges. Alternatively, this could mean that larger firms are worse governed, or the market expects larger firms to acquire and divest regularly such that there is less of a surprise for market participants (Humphery-Jenner, Powell, and Zhang 2019). In accordance with prior literature, I find that higher experience of advisors in the specific corporate transaction is consistently related to positive CARs, which highlights the importance of experienced and quality financial and legal advisors in corporate transactions (Humphery-Jenner, Powell, and Zhang 2019; Kolev and Haleblian 2018).

4.1.2 Divestiture performance

Next, I test the divestors' returns around the announcement of the divestiture. Specifically, I investigate whether the CARs, representing the stock market reaction to the divestiture announcement, are positively influenced by more acquisitions experience gained in the preceding five years. In addition, I determine whether experience generated on the firm-level or managerial-level is more important for the stock market participants. Table 9 in the Appendix

shows the regression results for the various specifications. Columns 2, 4, and 6 include interaction terms for the logarithm of one plus the experience in acquisitions and the logarithm of one plus the experience in the experience in divestitures. Across all different specifications, the acquisition experience consistently shows a significant ($p < 0.01$) and negative coefficient. The coefficients range from -3.146 to -0.804, indicating substantial economic significance as well. This result suggests that higher acquisition experience is associated with lower CARs upon divestiture announcements. This could imply that the market might perceive firms with greater acquisition experience as being less effective or more desperate in their divestitures, possibly due to poor performance or overextension caused by their acquisitions. Furthermore, this could imply that the market believes firms are not likely to learn from prior experience or misapply potential learnings from the past. The coefficients of divestiture experience show mixed results across different specifications. In the specifications without interaction terms (columns 1, 3, and 5), the coefficients are not significant and small in economical magnitude, suggesting no direct impact on CARs. However, in the specifications introducing the interaction terms (columns 2, 4, and 6), the coefficients are significant ($p < 0.01$) and negative, ranging from -3.803 to -1.909, indicating substantial economic significance. This suggests that higher divestiture experience is perceived negatively by the market. This might reflect market concerns over firms frequently engaging in divestitures, potentially due to strategic missteps or continuous restructuring needs. As the interaction terms are introduced, it means that the firm only has divestiture experience. Intuitively, a firm that has only experienced divestiture and has a lot of experience performing those, would receive a lot of skepticism from shareholders and is likely struggling to keep its operations going. The interaction term between acquisition and divestiture experience consistently shows a positive and significant statistical ($p < 0.01$) and economic impact on CARs. Interpretation of these interactions are very similar to those of section 4.1.1. Firms that possess both acquisition and divestiture experience tend to have more

favorable stock market reactions to divestiture announcements. It also indicates that while acquisition or divestiture experience alone are received negatively by the markets, having experience in both areas suggests a balanced and potentially more strategic approach. With CEO and CFO experience being statistically insignificant, and the coefficients rather small in magnitude, the analysis implies that experience gained by these executives does not affect the announcement CARs. This also implies that experience is primarily accumulated on the firm-level and therefore provides evidence to support hypotheses 2. However, due to some multicollinearity inferences of statistical significance might be distorted (Table 10 shows the VIFs[2]). Moreover, advisor experience in divestiture transactions is positive and both statistically ($p < 0.01$) and economically significant across all specifications. This again highlights the importance of selecting highly experienced and quality financial and legal advisors in the divestiture process, consistent with prior literature (Humphery-Jenner, Powell, and Zhang 2019; Kolev and Haleblian 2018).. Lastly, the coefficients of firm size are negative across all model specifications and are significant. This is in line with Humphery-Jenner, Powell, and Zhang (2019), who suggest that larger firms are governed worse than smaller ones or alternatively, the market already expects large firms to divest their assets eventually, so that there is less of a surprise for the market upon divestiture announcement.

4.1.3 Integrated performance

With the interaction terms in the previous two regression analyses indicating a positive and significant effect of having both acquisition and divestiture experience, I test this in an integrated regression (Table 11). Specifically, I explore the relationship between CAR around the announcement of acquisitions and divestitures and overall deal experience, which includes both acquisitions and divestitures as well. The results are shown in Table X. Firm-level deal

[2] Variance inflation factors are below the standard cut-off level of 10, however, some correlation coefficients are above the standard cut-off of |0.7| (Doan, Rao Sahib, and van Witteloostuijn 2018; Kennedy 2008).

experience is negatively associated with CAR in all three models, and the relationship is significant at the 1% level. This suggests greater combined deal experience leads to lower CARs around deal announcements. It could imply diminishing returns from experience, where the benefits of accumulated knowledge do not translate into higher market returns, possibly due to perceived overconfidence or misapplication of past learnings in new contexts. Moreover, I find an insignificant effect of CEO and CFO deal experience on CAR in the models presented. The lack of significance suggests that deal outcomes and strategic decisions involve a broader set of organizational capabilities and multiple factors beyond individual executive deal experience. Notably, again advisor deal experience is positively associated with CAR, underscoring the importance of leveraging external expertise in navigating the complex deal-making process.

4.2 Operating performance measures

4.2.1 Acquiror performance

To evaluate or validate the findings from 4.1, I test whether the firm's operating performance one, two, and three years after the completion of the acquisition is impacted by the firm's prior divestiture experience. Columns 2, 4, and 6 include interaction terms between the acquisition and divestiture experience, like in the previous section. In the specifications without the interaction term (columns 1, 3, and 5), divestiture experience is negatively associated with ROA in all three years after the transaction and significant ($p < 0.01$). When including the interaction term specifications (columns 2, 4, and 6), divestiture experience becomes insignificant. This leads me to conclude that there is no empirical evidence to support hypothesis 1a. This finding aligns with Brauer (2006) and John and Ofek (1995), who suggest that while divestitures can lead to more operational efficiency in the long run, the immediate restructuring costs and the operational disruptions negatively impact short-term performance. The persistent negative effect over three years implies that disruptions of relatively recent divestitures have a lasting impact on operational performance. Alternatively, the result suggests that firms do not learn

from divestitures to improve operating performance of acquisitions. While potentially the actual process of screening for a deal partner and negotiations is similar, integrating and disintegrating business entities into and from existing operations require vastly different skills. Acquisition experience is insignificant in the specifications without interaction terms. There first two years, according to column 2 and 4, show positive coefficients that are significant ($p < 0.05$). This suggests that firms with more acquisition experience can better manage and integrate new acquisitions, leading to short- to mid-term performance improvements. This finding is consistent with studies by Hayward (2002), J. Haleblian and Finkelstein (1999) and Schweizer et al. 2022, which highlight that firms with greater acquisition experience have enhanced integration capabilities and more effective strategic decision-making. However, the lack of significance in the third year after the transaction suggests that the benefits of acquisition experience might taper off over time as initial integration synergies are realized and new challenges emerge. The interaction term is significant ($p < 0.05$ for years t+1 and t+3; $p < 0.01$ for t+2) and negative across all three years. It indicates that firms with both acquisition and divestiture experience tend to perform worse than those focusing on only acquisitions. This result suggests that managing both types of transactions simultaneously can draw significant managerial resources and capabilities, leading to poorer performance. This complexity and shift of managerial attention is emphasized by Haleblian et al. (2009), who discuss the challenges firms face in balancing multiple strategic activities, which reduce their overall performance.

4.2.2 Divestiture performance

Similarly to the previous section, I evaluate the impact of acquisition experience on operating performance for up to three years after the divestiture. The coefficient for acquisition experience in columns 1, 3, and 5 is insignificant both statistically and economically. When introducing the interaction term in columns 2, 4, and 6, the coefficient is positive and significant, indicating superior long run operating performance of divesting firms. This suggests that through

acquisition experience alone, a firm is able to better manage complex divestitures by leveraging the capabilities developed and lessons learned from past acquisitions. This aligns with Schweizer et al. (2022), who highlight that firms with extensive acquisition experience develop superior integration capabilities and better strategic decision-making skills. Translating the integration capabilities to divestitures, the data suggests there is cross-functional learning. Moreover, through experience generated from being on the buyer's side in acquisitions, firms are able to vicariously learn from their counterparty about how they manage the due diligence and disintegration process, and the negotiations. This is supported by Doan et al. (2018), who find that diverse experience in related activities supports the development of organizational knowledge. More acquisition experience means more opportunities to extract the most fitting knowledge from counterparties on how to handle the entire divestiture process (Doan et al 2018). In contrast, the coefficient of divestiture experience in columns 1, 3, and 5 is negative and significant ($p < 0.01$). In columns 2 and 4 it is positive but insignificant and in column 6 it is positive and significant ($p < 0.1$). This indicates that a greater amount of past divestiture experience is value destroying, likely for reasons of restructuring costs and the situation a firm is in if it divests a lot. However, when combined with acquisition experience it might become beneficial on future firm performance, especially three years after the divestiture once extraordinary costs are no longer present. Langosch and Tumlinson (2021) suggest that divestitures initially disrupt operations but eventually will enhance performance. Interestingly, the interaction term between both types of experience is negative and significant ($p < 0.01$) across all models. This suggests that the combined effect of high levels of both deal experiences could lead to diminishing returns. While acquisition experience generally enhances firm performance, when coupled with extensive divestiture experience, the benefits may decrease, possibly due to the complexity of and demands of resources required for managing both types simultaneously (Harford and Schonlau 2013).

4.3 Robustness tests

The most important measure in this study is experience. In literature there is no universally established approach to measuring it. In order to combat potential variable construction concerns I run all regressions based on announcement returns again.

First, I use a nominal count variable without any transformation. The results are tabulated in Tables 14 and 15 for acquisition and divestiture announcements, respectively. Surprisingly, results in regard to all experience variables do not compare to the base regression. Both the coefficient magnitude and significance change across specifications. Most surprisingly, the interaction terms for acquisition announcements are not significant at all. For divestiture announcements, they are statistically significant but economically they are not. As Hayward (2002) suggest, firms learn most over a three to five year period. Therefore, I reran the regression with nominal returns again but for a period of three years preceding the announcement (Tables 16 and 17). Divestiture experience becomes significant for both acquisition and divestiture announcements, suggesting that more recent divestiture experience can be perceived as favorable by the market. To compare results of three-year experience to my base regression, I reran the regression for a log-transformed three-year count (Tables 18 and 19). Results are in line with the base regression of five years and coefficients are of similar magnitude, implying that there is no clear evidence that more recent experience is favored by the market. Looking at experience gained in, I rerun the base regression again, with an experience variable that only counts deals that have been completed and more than 50% of a firm was acquired or divested. Results in Tables 20 and 21 are robust and in line with my base regression, suggesting that experience from pending or withdrawn deals can be leveraged by firms to develop capabilities. Last but not least, I imposed another criterion to the experience variable, such that it has to be a completed, majority, and cross-border deal (Tables 22 and 23).

I ran this regression only on the subset of firms that have done any cross-border deals to test if the added complexity impacts results. However, results are in line with the base regression.

In accordance with prior literature, I also employed another definition of return on assets, where I demean the firm ROA by the industry mean in a given year (Brauer, Mammen, and Luger 2017; Humphery-Jenner, Powell, and Zhang 2019). The results in Tables 24 and 25 do not significantly deviate from the base operating performance regression.

5. Conclusion

This study investigates the cross-experience effect of acquisitions and divestitures on firm performance. Specifically, it analyzes how divestiture experience influences an acquiror's announcement returns and long run operating performance. It also studies the effect of acquisition experience on a divestor's performance. For acquirors I show that divestiture experience's relationship to announcement returns can be positive, negative, or insignificant depending on the context surrounding it and variables included. In addition, the findings suggest that having a greater number of both acquisition and divestiture experience has a significant impact on announcement returns. Regarding future operating performance after an acquisition, divestiture experience moderates the relationship significantly negative. In contrast to announcement returns, having a higher number of both types of deal experience negatively impacts future operating performance.

For divestors the results are different. Greater prior acquisition experience has a significant negative effect on divestiture announcement returns. This effect is further intensified when focusing on a firm having only acquisition experience. However, when a firm follows a balanced approach of acquisitions and divestitures, announcement returns are significantly more positive. In regard to future operating performance after a divestiture, acquisition experience is significantly associated with higher performance when it is combined with

divestiture experience. However, a balanced approach to portfolio rebalancing via corporate restructurings influences the operating performance negatively overall.

Lastly, I show that CEO and CFO experience gained in either type of transaction has no significant impact on announcement returns, concluding that it is experience on the firm-level that affects performance of deal announcements.

These findings contribute to literature in several important ways. First, I show evidence that the market perceives a balanced approach of acquisitions and divestitures to be favorable. This fits into the broader research of acquisition and divestiture programs as an interaction that needs to be considered. Prior research on these programs and on serial acquirors neglect the effect of experiences gained from other corporate restructuring activities. Second, I find that strategic and managerial flexibility in corporate restructuring is valued highly, contributing to strategic management research. Findings support the argument that strategic leadership and managerial capabilities are critical for successful corporate restructuring activities. Third, the study contributes to broader organizational learning research, providing empirical evidence for experiential and vicarious learning or how Doan et al. (2018) call it 'flipside' learning.

However, there are limitations to the results of this study. First, Sample data contains only publicly listed companies from the United States, for which sufficient data for the stock returns and accounting data is available. This tends to bias the dataset towards larger companies. Considering these companies are picked based on deal announcements, it is probable that a firm that has done a corporate restructuring transaction once, is likely to do it again. For these reasons, scholars should aim to extend this research by including private and public firms from different geographies. This allows for more intricate research, extending research done by Feldman, Amit, and Villalonga (2019) by the experience effect, comparing public and family-controlled or private firms. Second, a more nuanced view on the construction of the experience variables and the influencing factors that affect experience needs to be studied in more detail.

In the emerging literature of acquisition and divestiture sequences, scholars should consider including flipside experiences and evaluate whether they are significant moderating variables. Third, as this is an initial attempt to investigate learning in the context of flipside experience of acquisitions and divestitures and its effect on firm performance, scholars should consider extending this research question by other corporate restructuring experiences, such as strategic alliances or even internal restructuring, which might build similar capabilities needed for external corporate restructuring activities. Finally, as Doan et al. (2018) investigated the pre-integration process, and I investigated the post-integration process, future research could look at uniting knowledge from both stages to determine experiences' contingencies in target selection, completion likelihood, and firm performance.

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Appendix: Tables

Table 1: Time series of acquisitions and divestitures

Column (1) indicates the year a transaction was announced. Columns (2) and (3) present the number of acquisitions and acquirors per year, respectively. Columns (4) and (5) show the number of divestitures and divestors per year, respectively.

(1) Year	(2) Number of acquisitions	(3) Number of acquirors	(4) Number of divestitures	(5) Number of divestors
2000	3068	1475	1151	811
2001	2148	1126	924	683
2002	1774	1030	705	520
2003	1734	1024	688	499
2004	1970	1073	677	457
2005	2031	1074	694	510
2006	2087	1103	675	496
2007	2094	1047	715	536
2008	1819	952	592	443
2009	1250	747	583	429
2010	1569	835	510	371
2011	1699	876	439	336
2012	1727	890	475	355
2013	1467	810	437	340
2014	1631	882	477	363
2015	1535	814	468	348
2016	1413	773	452	355
2017	1326	728	422	312
2018	1281	717	375	295
2019	1046	635	328	268
2020	941	576	287	229
Total	**35610**	**19187**	**12074**	**8956**
Average	1696	914	575	426

Table 2: Summary statistics of acquirors

	(1) N	(2) Mean	(3) SD	(4) Min	(5) p5	(6) Median	(7) p95	(8) Max
CAR	37656	0.494	5.699	-18.035	-7.904	0.147	10.032	23.800
Divest Exp	37656	3.270	8.452	0.000	0.000	1.000	14.000	84.000
Ln Divest Exp	37656	0.775	0.967	0.000	0.000	0.693	2.708	4.443
Acqui Exp	37656	14.334	23.646	0.000	0.000	7.000	53.000	257.000
Ln Acqui Exp	37656	2.077	1.129	0.000	0.000	2.079	3.989	5.553
CEO Divest Exp	24018	3.102	8.385	0.000	0.000	1.000	14.000	84.000
Ln CEO Divest Exp	24018	0.738	0.951	0.000	0.000	0.693	2.708	4.443
CEO Acqui Exp	24018	13.785	24.407	0.000	0.000	6.000	52.000	257.000
Ln CEO Acqui Exp	24018	1.960	1.200	0.000	0.000	1.946	3.970	5.553
CFO Divest Exp	14682	1.809	5.645	0.000	0.000	0.000	7.000	68.000
Ln CFO Divest Exp	14682	0.527	0.791	0.000	0.000	0.000	2.079	4.234
CFO Acqui Exp	14682	8.705	12.534	0.000	0.000	4.000	37.000	103.000
Ln CFO Acqui Exp	14682	1.647	1.121	0.000	0.000	1.609	3.638	4.644
Ln Total Assets t-1	34227	7.466	2.249	-2.180	3.805	7.380	11.375	13.590
Liquidity t-1	33792	0.120	0.134	0.000	0.006	0.077	0.394	0.991
Leverage t-1	34105	0.193	0.193	0.000	0.000	0.163	0.529	3.730
ROA t-1	34171	0.113	0.170	-5.791	-0.077	0.129	0.266	1.001
Tobin's Q t-1	33849	2.384	2.888	0.258	0.965	1.778	5.315	137.308
Diversification	37656	2.874	1.898	1.000	1.000	2.000	7.000	13.000
Ln Advisor Acqui Exp	37656	1.959	2.419	0.000	0.000	0.000	5.945	7.499

Table 3: Correlations among variables of acquirors

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) CAR	1.000						
(2) Ln Divest Exp	-0.051***	1.000					
(3) Ln Acqui Exp	-0.080***	0.564***	1.000				
(4) Ln CEO Divest Exp	-0.029***	0.881***	0.518***	1.000			
(5) Ln CEO Acqui Exp	-0.034***	0.436***	0.833***	0.570***	1.000		
(6) Ln CFO Divest Exp	-0.026***	0.819***	0.404***	0.787***	0.356***	1.000	
(7) Ln CFO Acqui Exp	-0.040***	0.311***	0.751***	0.342***	0.726***	0.481***	1.000
(8) Ln Total Assets t-1	-0.095***	0.637***	0.620***	0.625***	0.501***	0.596***	0.428***
(9) Liquidity t-1	0.019***	-0.188***	-0.268***	-0.172***	-0.179***	-0.134***	-0.143***
(10) Leverage t-1	-0.004	0.072***	0.058***	0.054***	-0.007	0.084***	0.019**
(11) ROA t-1	-0.058***	0.065***	0.168***	-0.042***	0.028***	-0.028***	0.015*
(12) Tobin's Q t-1	-0.015***	-0.051***	-0.024***	-0.031***	0.021***	-0.097***	-0.022***
(13) Diversification	-0.025***	0.416***	0.322***	0.422***	0.280***	0.348***	0.187***
(14) Ln Advisor Acqui Exp	0.000	0.060***	-0.010*	0.029***	-0.046***	0.033***	-0.066***

	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(8) Ln Total Assets t-1	1.000						
(9) Liquidity t-1	-0.315***	1.000					
(10) Leverage t-1	0.181***	-0.292***	1.000				
(11) ROA t-1	0.278***	-0.281***	0.037***	1.000			
(12) Tobin's Q t-1	-0.093***	0.262***	-0.119***	-0.116***	1.000		
(13) Diversification	0.406***	-0.197***	0.052***	0.087***	-0.074***	1.000	
(14) Ln Advisor Acqui Exp	0.161***	0.084***	-0.023***	0.001	0.061***	0.013***	1.000

**** p<0.01, ** p<0.05, * p<0.1*

Table 4: Summary statistics of divestors

	(1) N	(2) Mean	(3) SD	(4) Min	(5) p5	(6) Median	(7) p95	(8) Max
CAR	12612	6.278	17.216	-24.002	-7.860	0.901	43.358	90.499
Divest Exp	12612	6.021	11.483	0.000	0.000	2.000	30.000	84.000
Ln Divest Exp	12612	1.192	1.133	0.000	0.000	1.099	3.434	4.443
Acqui Exp	12612	11.941	23.289	0.000	0.000	4.000	50.000	258.000
Ln Acqui Exp	12612	1.788	1.188	0.000	0.000	1.609	3.932	5.557
CEO Divest Exp	7382	6.352	11.763	0.000	0.000	2.000	32.000	84.000
Ln CEO Divest Exp	7382	1.245	1.139	0.000	0.000	1.099	3.497	4.443
CEO Acqui Exp	7382	11.635	23.898	0.000	0.000	4.000	52.000	258.000
Ln CEO Acqui Exp	7382	1.707	1.231	0.000	0.000	1.609	3.970	5.557
CFO Divest Exp	4165	4.091	8.717	0.000	0.000	1.000	20.000	68.000
Ln CFO Divest Exp	4165	0.953	1.023	0.000	0.000	0.693	3.045	4.234
CFO Acqui Exp	4165	6.643	12.850	0.000	0.000	2.000	30.000	103.000
Ln CFO Acqui Exp	4165	1.297	1.124	0.000	0.000	1.099	3.434	4.644
Ln Total Assets t-1	11279	7.670	2.569	-0.223	3.549	7.695	11.878	13.590
Liquidity t-1	11143	0.115	0.144	-0.002	0.004	0.066	0.416	1.000
Leverage t-1	11256	0.227	0.222	0.000	0.000	0.193	0.609	4.059
ROA t-1	11267	0.068	0.223	-4.150	-0.281	0.109	0.252	1.468
Tobin's Q t-1	11213	2.244	25.146	0.206	0.863	1.500	4.492	2650.120
Diversification	12612	3.071	2.224	1.000	1.000	2.000	8.000	13.000
Ln Advisor Divest Exp	12612	2.645	2.617	0.000	0.000	2.708	6.395	7.836

Table 5: Correlations among variables of divestors

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) CAR	1.000						
(2) Ln Divest Exp	-0.268***	1.000					
(3) Ln Acqui Exp	-0.278***	0.640***	1.000				
(4) Ln CEO Divest Exp	-0.192***	0.867***	0.540***	1.000			
(5) Ln CEO Acqui Exp	-0.167***	0.490***	0.812***	0.643***	1.000		
(6) Ln CFO Divest Exp	-0.185***	0.799***	0.456***	0.776***	0.417***	1.000	
(7) Ln CFO Acqui Exp	-0.158***	0.373***	0.742***	0.399***	0.715***	0.574***	1.000
(8) Ln Total Assets t-1	-0.341***	0.735***	0.662***	0.671***	0.534***	0.631***	0.507***
(9) Liquidity t-1	0.231***	-0.248***	-0.295***	-0.178***	-0.150***	-0.120***	-0.076***
(10) Leverage t-1	-0.100***	0.074***	0.025***	0.010	-0.073***	0.040***	-0.034**
(11) ROA t-1	-0.176***	0.206***	0.260***	0.079***	0.084***	0.049***	0.081***
(12) Tobin's Q t-1	0.000	-0.014	-0.016*	0.000	0.046***	-0.067***	-0.009
(13) Diversification	-0.163***	0.508***	0.404***	0.455***	0.333***	0.435***	0.290***
(14) Ln Advisor Div Exp	0.294***	-0.134***	-0.141***	-0.112***	-0.094***	-0.064***	-0.034**

	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(8) Ln Total Assets t-1	1.000						
(9) Liquidity t-1	-0.387***	1.000					
(10) Leverage t-1	0.164***	-0.242***	1.000				
(11) ROA t-1	0.403***	-0.410***	0.089***	1.000			
(12) Tobin's Q t-1	-0.038***	0.081***	-0.015	-0.023**	1.000		
(13) Diversification	0.527***	-0.189***	-0.025***	0.165***	-0.005	1.000	
(14) Ln Advisor Div Exp	-0.076***	0.119***	-0.013	-0.027***	0.012	-0.098***	1.000

**** p<0.01, ** p<0.05, * p<0.1*

Table 6: OLS regression of acquisition announcement returns

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the acquisition announcements. Experience variables are calculated as the natural logarithm of one plus the number of acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Ln Divest Exp	0.172***	-0.120	-0.003	-0.175	-0.086	-0.305*
	(0.051)	(0.108)	(0.089)	(0.117)	(0.113)	(0.156)
Ln Acqui Exp	-0.089*	-0.162***	-0.108	-0.172*	0.028	-0.050
	(0.046)	(0.053)	(0.086)	(0.094)	(0.096)	(0.104)
Ln Total Assets t-1	-0.291***	-0.291***	-0.144***	-0.146***	-0.174***	-0.176***
	(0.030)	(0.030)	(0.031)	(0.031)	(0.035)	(0.035)
Liquidity t-1	-0.369	-0.415	-0.409	-0.452	-0.782	-0.841
	(0.414)	(0.414)	(0.453)	(0.453)	(0.566)	(0.565)
Leverage t-1	0.148	0.168	0.179	0.187	0.494**	0.483*
	(0.209)	(0.209)	(0.236)	(0.238)	(0.248)	(0.248)
ROA t-1	-0.878**	-0.839**	-0.405	-0.385	-0.841	-0.826
	(0.396)	(0.397)	(0.725)	(0.723)	(0.980)	(0.975)
Tobin's Q t-1	-0.029	-0.030	-0.014	-0.015	0.033	0.030
	(0.019)	(0.019)	(0.033)	(0.033)	(0.028)	(0.028)
Diversification	0.030	0.019	0.003	-0.004	-0.021	-0.029
	(0.020)	(0.021)	(0.017)	(0.018)	(0.022)	(0.022)
Ln Advisor Acqui Exp	0.033**	0.034**	0.019	0.020	0.045**	0.045**
	(0.015)	(0.015)	(0.015)	(0.015)	(0.019)	(0.019)
Ln CEO Divest Exp			0.067	0.036	0.038	-0.013
			(0.090)	(0.092)	(0.119)	(0.119)
Ln CEO Acqui Exp			0.048	0.056	-0.003	0.008
			(0.077)	(0.077)	(0.083)	(0.083)
Ln CFO Divest Exp					0.163	0.143
					(0.108)	(0.107)
Ln CFO Acqui Exp					-0.095	-0.097
					(0.076)	(0.076)
Ln Divest Exp x Ln Acqui Exp		0.101***		0.067**		0.096**
		(0.032)		(0.030)		(0.040)
Constant	5.057***	5.160***	-0.330	-0.222	0.176	0.418
	(1.905)	(1.894)	(0.328)	(0.323)	(0.338)	(0.349)
Observations	33,267	33,267	23,515	23,515	14,362	14,362
Adjusted R-squared	0.014	0.014	0.008	0.008	0.008	0.008
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 7: OLS regression of acquisition announcement returns – SDC divestiture flag

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the acquisition announcements. Experience variables are calculated as the natural logarithm of one plus the number of acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience. Acquisitions by public US acquirors that are flagged by SDC as divestitures are excluded.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Ln Divest Exp	0.181***	-0.173	-0.003	-0.200	-0.173	-0.433***
	(0.058)	(0.123)	(0.103)	(0.129)	(0.123)	(0.165)
Ln Acqui Exp	-0.063	-0.147**	-0.067	-0.136	0.046	-0.043
	(0.052)	(0.060)	(0.106)	(0.114)	(0.108)	(0.116)
Ln Total Assets t-1	-0.256***	-0.256***	-0.095***	-0.097***	-0.098***	-0.100***
	(0.034)	(0.034)	(0.033)	(0.033)	(0.036)	(0.036)
Liquidity t-1	-0.479	-0.531	-0.553	-0.602	-1.228**	-1.295**
	(0.458)	(0.458)	(0.510)	(0.511)	(0.583)	(0.582)
Leverage t-1	0.103	0.128	0.089	0.097	0.105	0.102
	(0.248)	(0.248)	(0.272)	(0.273)	(0.272)	(0.270)
ROA t-1	-0.224	-0.176	1.289**	1.311**	1.375**	1.389**
	(0.431)	(0.430)	(0.588)	(0.587)	(0.654)	(0.651)
Tobin's Q t-1	-0.024	-0.025	-0.019	-0.019	0.041	0.038
	(0.021)	(0.021)	(0.036)	(0.036)	(0.036)	(0.037)
Diversification	0.026	0.015	0.010	0.003	-0.015	-0.025
	(0.024)	(0.024)	(0.020)	(0.020)	(0.025)	(0.024)
Ln Advisor Acqui Exp	-0.015	-0.015	-0.018	-0.018	0.008	0.007
	(0.017)	(0.017)	(0.017)	(0.017)	(0.020)	(0.020)
Ln CEO Divest Exp			0.089	0.053	0.118	0.053
			(0.106)	(0.109)	(0.126)	(0.125)
Ln CEO Acqui Exp			0.012	0.020	-0.048	-0.034
			(0.095)	(0.095)	(0.086)	(0.086)
Ln CFO Divest Exp					0.133	0.109
					(0.109)	(0.108)
Ln CFO Acqui Exp					-0.049	-0.051
					(0.078)	(0.078)
Ln Divest Exp x Ln Acqui Exp		0.120***		0.075**		0.112***
		(0.036)		(0.033)		(0.041)
Constant	3.465	3.580	-2.191**	-2.061*	-0.470	-0.186
	(2.289)	(2.263)	(1.115)	(1.169)	(0.366)	(0.373)
Observations	24,883	24,883	17,698	17,698	11,146	11,146
Adjusted R-squared	0.011	0.011	0.009	0.009	0.006	0.007
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 8: Variance inflation table (VIF) – acquiror

VIFs are based on model specification (5) in Table 6.

Variable	VIF	Variable	VIF	Variable	VIF
Ln Divest Exp	8.8	ROA t-1	1.09	Ln CEO Divest Exp	7.78
Ln Acqui Exp	6.64	Tobin's Q t-1	1.2	Ln CEO Acqui Exp	5.94
Ln Total Assets t-1	2.72	Diversification	1.59	Ln CFO Divest Exp	4.94
Liquidity t-1	1.46	Ln Advisor Acqui Exp	1.1	Ln CFO Acqui Exp	4.22
Leverage t-1	1.35				

Table 9: OLS regression of divestiture announcement returns

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the divestiture announcements. Experience variables are calculated as the natural logarithm of one plus the number of acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Ln Acqui Exp	-0.908***	-3.146***	-0.804***	-2.144***	-0.805*	-1.986***
	(0.232)	(0.282)	(0.280)	(0.332)	(0.426)	(0.514)
Ln Divest Exp	0.189	-3.803***	0.019	-2.065***	-0.096	-1.909***
	(0.256)	(0.369)	(0.289)	(0.395)	(0.463)	(0.615)
Ln Total Assets t-1	-1.853***	-1.790***	-1.174***	-1.181***	-1.246***	-1.233***
	(0.146)	(0.147)	(0.158)	(0.154)	(0.230)	(0.228)
Liquidity t-1	6.742***	5.246**	3.232	3.086	5.365	5.167
	(2.118)	(2.090)	(2.563)	(2.571)	(3.816)	(3.829)
Leverage t-1	-2.564**	-2.148*	-2.677***	-2.425**	-2.016	-2.053
	(1.249)	(1.185)	(1.018)	(1.027)	(1.379)	(1.433)
ROA t-1	-1.292	0.005	-0.636	0.086	-2.291	-1.789
	(1.462)	(1.401)	(1.547)	(1.474)	(2.327)	(2.225)
Tobin's Q t-1	-0.013***	-0.014***	-0.260***	-0.261***	-0.414	-0.391
	(0.002)	(0.002)	(0.096)	(0.099)	(0.317)	(0.307)
Diversification	0.088	-0.189**	0.093	-0.029	0.122	-0.006
	(0.180)	(0.095)	(0.099)	(0.065)	(0.107)	(0.088)
Ln Advisor Divest Exp	1.814***	1.776***	1.067***	1.054***	1.209***	1.191***
	(0.078)	(0.080)	(0.069)	(0.069)	(0.092)	(0.092)
Ln CEO Acqui Exp			0.236	0.165	0.008	-0.039
			(0.241)	(0.241)	(0.388)	(0.383)
Ln CEO Divest Exp			-0.047	-0.188	0.098	-0.075
			(0.272)	(0.276)	(0.426)	(0.428)
Ln CFO Acqui Exp					0.203	0.079
					(0.375)	(0.375)
Ln CFO Divest Exp					-0.309	-0.441
					(0.367)	(0.359)
Ln Acqui Exp x Ln Divest Exp		1.705***		0.902***		0.899***
		(0.117)		(0.110)		(0.162)
Constant	7.928	11.155**	10.352***	12.657***	11.548***	13.574***
	(5.544)	(5.449)	(2.022)	(2.082)	(1.892)	(1.927)
Observations	11,044	11,044	7,238	7,238	4,067	4,067
Adjusted R-squared	0.211	0.227	0.152	0.163	0.166	0.175
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 10: Variance inflation table (VIF) – divestor

VIFs are based on model specification (5) in Table 9.

Variable	VIF	Variable	VIF	Variable	VIF
Ln Acqui Exp	7.68	ROA t-1	1.28	Ln CEO Divest Exp	9.39
Ln Divest Exp	9.97	Tobin's Q t-1	1.57	Ln CEO Acqui Exp	7.56
Ln Firm Size	3.81	Diversification t-1	2.07	Ln CFO Divest Exp	5.69
Liquidity t-1	1.52	Ln Advisor Divest Exp	1.08	Ln CFO Acqui Exp	4.71
Leverage t-1	1.47				

Table 11: OLS regression of announcement returns – Integrated

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the deal announcements. Experience variables are calculated as the sum of natural logarithm of one plus the number of acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects.

Variables	(1) CAR	(2) CAR	(3) CAR
Deal Exp	-0.447***	-0.319***	-0.246**
	(0.074)	(0.084)	(0.110)
Ln Total Assets t-1	-0.572***	-0.295***	-0.340***
	(0.045)	(0.039)	(0.051)
Liquidity t-1	0.494	-0.988	-0.811
	(0.706)	(0.630)	(0.842)
Leverage t-1	0.337	0.038	0.335
	(0.371)	(0.305)	(0.372)
ROA t-1	-3.872***	-2.087***	-3.156***
	(0.646)	(0.694)	(1.017)
Tobin's Q t-1	-0.009*	-0.082**	-0.091*
	(0.005)	(0.035)	(0.052)
Diversification	0.036	0.014	-0.003
	(0.053)	(0.027)	(0.032)
Advisor Deal Exp	0.723***	0.328***	0.376***
	(0.036)	(0.026)	(0.033)
CEO Deal Exp		0.090*	0.025
		(0.055)	(0.064)
CFO Deal Exp			-0.034
			(0.072)
Constant	7.371***	2.937***	3.485***
	(1.472)	(0.481)	(0.474)
Observations	40,572	28,295	17,146
Adjusted R-squared	0.080	0.034	0.043
Industry FE	YES	YES	YES
Year FE	YES	YES	YES

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 12: OLS regression of acquisition long-run operating performance

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is return on assets one, two, and three years after acquisition completion. Experience variables are calculated as the natural logarithm of one plus the number of acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) ROA t+1	(2) ROA t+1	(3) ROA t+2	(4) ROA t+2	(5) ROA t+3	(6) ROA t+3
Ln Divest Exp	-0.021***	-0.005	-0.019***	0.001	-0.018***	-0.001
	(0.003)	(0.006)	(0.003)	(0.006)	(0.003)	(0.007)
Ln Acqui Exp	0.002	0.006**	0.001	0.006**	-0.001	0.003
	(0.002)	(0.002)	(0.002)	(0.003)	(0.002)	(0.003)
Ln Total Assets t-1	0.019***	0.019***	0.020***	0.020***	0.020***	0.020***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Liquidity t-1	-0.169***	-0.166***	-0.169***	-0.165***	-0.161***	-0.158***
	(0.013)	(0.013)	(0.014)	(0.014)	(0.015)	(0.015)
Leverage t-1	-0.001	-0.002	0.005	0.004	0.002	0.001
	(0.009)	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)
ROA t-1	0.056***	0.055***	0.021*	0.021*	0.019*	0.019*
	(0.021)	(0.021)	(0.012)	(0.012)	(0.011)	(0.011)
Tobin's Q t-1	0.000**	0.000**	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Diversification	-0.001	-0.000	-0.001	0.000	-0.001	-0.000
	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)	(0.001)
Ln Advisor Acqui Exp	-0.001***	-0.001***	-0.001***	-0.001***	-0.001***	-0.001***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ln Divest Exp x Ln Acqui Exp		-0.006**		-0.007***		-0.006**
		(0.003)		(0.003)		(0.003)
Constant	0.014	0.009	-0.044	-0.050	-0.078***	-0.082***
	(0.025)	(0.026)	(0.030)	(0.031)	(0.009)	(0.007)
Observations	32,642	32,642	31,562	31,562	30,159	30,159
Adjusted R-squared	0.283	0.286	0.243	0.247	0.221	0.224
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 13: OLS regression of divestiture long-run operating performance

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is return on assets one, two, and three years after divestiture completion. Experience variables are calculated as the natural logarithm of one plus the number of acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) ROA t+1	(2) ROA t+1	(3) ROA t+2	(4) ROA t+2	(5) ROA t+3	(6) ROA t+3
Ln Acqui Exp	0.001	0.009***	-0.001	0.011***	-0.001	0.011***
	(0.002)	(0.003)	(0.002)	(0.004)	(0.003)	(0.004)
Ln Divest Exp	-0.012***	0.003	-0.013***	0.008	-0.012***	0.009*
	(0.002)	(0.005)	(0.003)	(0.005)	(0.003)	(0.005)
Ln Total Assets t-1	0.016***	0.016***	0.018***	0.018***	0.017***	0.017***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Liquidity t-1	-0.136***	-0.132***	-0.159***	-0.156***	-0.105***	-0.103***
	(0.032)	(0.032)	(0.035)	(0.035)	(0.038)	(0.037)
Leverage t-1	0.034*	0.033*	0.058***	0.056***	0.045***	0.044***
	(0.018)	(0.018)	(0.014)	(0.013)	(0.015)	(0.014)
ROA t-1	0.564***	0.558***	0.415***	0.406***	0.381***	0.371***
	(0.055)	(0.055)	(0.050)	(0.049)	(0.047)	(0.046)
Tobin's Q t-1	0.003	0.003	0.001	0.001	0.000	0.000
	(0.002)	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)
Diversification	-0.000	0.001	-0.001	0.000	-0.002	-0.000
	(0.001)	(0.001)	(0.002)	(0.001)	(0.002)	(0.001)
Ln Advisor Divest Exp	-0.000	-0.000	-0.001	-0.001	-0.001	-0.001**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Ln Acqui Exp x Ln Divest Exp		-0.006***		-0.009***		-0.008***
		(0.002)		(0.002)		(0.002)
Constant	-0.122***	-0.135***	-0.144***	-0.157***	-0.095***	-0.113***
	(0.022)	(0.023)	(0.039)	(0.036)	(0.013)	(0.014)
Observations	8,899	8,899	7,847	7,847	7,414	7,414
Adjusted R-squared	0.570	0.572	0.462	0.467	0.414	0.419
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 14: OLS regression of acquisition announcement returns with nominal experience count

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the acquisition announcements. Experience variables are count variables of the number of acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Divest Exp	0.016***	0.019***	0.018*	0.015	-0.018	-0.020
	(0.005)	(0.006)	(0.010)	(0.010)	(0.012)	(0.013)
Acqui Exp	-0.001	0.000	-0.007*	-0.009*	0.007	0.007
	(0.002)	(0.003)	(0.004)	(0.005)	(0.005)	(0.006)
Ln Total Assets t-1	-0.298***	-0.302***	-0.153***	-0.146***	-0.180***	-0.177***
	(0.026)	(0.028)	(0.027)	(0.029)	(0.031)	(0.033)
Liquidity t-1	-0.322	-0.318	-0.379	-0.382	-0.732	-0.734
	(0.412)	(0.413)	(0.452)	(0.453)	(0.567)	(0.568)
Leverage t-1	0.153	0.162	0.212	0.199	0.504**	0.495*
	(0.210)	(0.212)	(0.239)	(0.241)	(0.253)	(0.256)
ROA t-1	-0.890**	-0.889**	-0.393	-0.387	-0.849	-0.845
	(0.398)	(0.398)	(0.726)	(0.727)	(0.985)	(0.987)
Tobin's Q t-1	-0.031	-0.031	-0.014	-0.014	0.030	0.030
	(0.019)	(0.019)	(0.033)	(0.033)	(0.028)	(0.028)
Diversification	0.019	0.020	0.001	-0.000	-0.027	-0.027
	(0.021)	(0.021)	(0.019)	(0.019)	(0.023)	(0.023)
Ln Advisor Acqui Exp	0.035**	0.036**	0.020	0.020	0.046**	0.046**
	(0.015)	(0.015)	(0.015)	(0.015)	(0.019)	(0.019)
CEO Divest Exp			-0.017	-0.018	0.020	0.017
			(0.011)	(0.011)	(0.013)	(0.014)
CEO Acqui Exp			0.008*	0.008*	-0.003	-0.003
			(0.004)	(0.004)	(0.005)	(0.005)
CFO Divest Exp					0.007	0.007
					(0.010)	(0.010)
CFO Acqui Exp					-0.006	-0.006
					(0.005)	(0.005)
Divest Exp x Acqui Exp		-0.000		0.000		0.000
		(0.000)		(0.000)		(0.000)
Constant	5.050***	5.058***	-0.314	-0.345	0.255	0.238
	(1.875)	(1.871)	(0.327)	(0.332)	(0.332)	(0.337)
Observations	33,267	33,267	23,515	23,515	14,362	14,362
Adjusted R-squared	0.014	0.014	0.008	0.008	0.008	0.008
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 15: OLS regression of divestiture announcement returns with nominal experience count

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the divestiture announcements. Experience variables are count variables of the number of acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4) and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Acqui Exp	0.015	-0.025*	0.013	-0.027*	0.010	-0.001
	(0.011)	(0.014)	(0.014)	(0.014)	(0.021)	(0.023)
Divest Exp	0.159***	0.115***	0.049**	0.015	0.050*	0.030
	(0.020)	(0.023)	(0.023)	(0.024)	(0.028)	(0.033)
Ln Total Assets t-1	-2.551***	-2.414***	-1.732***	-1.569***	-1.740***	-1.672***
	(0.126)	(0.134)	(0.138)	(0.143)	(0.198)	(0.210)
Liquidity t-1	6.695***	6.812***	2.869	3.285	4.947	5.040
	(2.115)	(2.117)	(2.571)	(2.568)	(3.841)	(3.849)
Leverage t-1	-2.419**	-2.613**	-2.788***	-3.024***	-2.221*	-2.412*
	(1.183)	(1.193)	(0.982)	(0.991)	(1.343)	(1.384)
ROA t-1	-0.168	-0.167	0.097	0.236	-1.810	-1.778
	(1.390)	(1.389)	(1.506)	(1.494)	(2.313)	(2.297)
Tobin's Q t-1	-0.015***	-0.014***	-0.276***	-0.258***	-0.436	-0.399
	(0.002)	(0.002)	(0.100)	(0.091)	(0.315)	(0.321)
Diversification	-0.252**	-0.268***	-0.064	-0.084	-0.044	-0.050
	(0.102)	(0.103)	(0.068)	(0.069)	(0.090)	(0.092)
Ln Advisor Divest Exp	1.864***	1.849***	1.083***	1.073***	1.221***	1.218***
	(0.080)	(0.080)	(0.070)	(0.069)	(0.093)	(0.093)
CEO Divest Exp			0.045*	0.036	0.049*	0.034
			(0.023)	(0.023)	(0.026)	(0.025)
CEO Acqui Exp			-0.014	-0.011	-0.016	-0.021
			(0.010)	(0.009)	(0.018)	(0.017)
CFO Divest Exp					-0.010	-0.006
					(0.024)	(0.023)
CFO Acqui Exp					-0.022	-0.023
					(0.019)	(0.018)
Acqui Exp x Divest Exp		0.001***		0.001***		0.001
		(0.000)		(0.000)		(0.000)
Constant	11.090*	10.631*	13.329***	12.656***	14.786***	14.358***
	(5.851)	(5.818)	(2.337)	(2.297)	(1.892)	(1.940)
Observations	11,044	11,044	7,238	7,238	4,067	4,067
Adjusted R-squared	0.216	0.216	0.155	0.157	0.167	0.167
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 16: OLS regression of acquisition announcement returns with nominal 3-year experience count

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the acquisition announcements. Experience variables are count variables of the number of acquisitions (Acqui) or divestitures (Divest) over the three-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Divest Exp	0.024***	0.024***	0.022	0.014	-0.047**	-0.050**
	(0.008)	(0.009)	(0.021)	(0.021)	(0.020)	(0.021)
Acqui Exp	-0.002	-0.002	-0.013	-0.015	0.016	0.015
	(0.003)	(0.005)	(0.010)	(0.010)	(0.010)	(0.011)
Ln Total Assets t-1	-0.293***	-0.293***	-0.150***	-0.141***	-0.178***	-0.174***
	(0.026)	(0.027)	(0.026)	(0.029)	(0.031)	(0.033)
Liquidity t-1	-0.316	-0.316	-0.372	-0.375	-0.691	-0.691
	(0.413)	(0.413)	(0.453)	(0.453)	(0.567)	(0.567)
Leverage t-1	0.153	0.154	0.198	0.186	0.535**	0.526**
	(0.211)	(0.212)	(0.240)	(0.241)	(0.254)	(0.256)
ROA t-1	-0.900**	-0.900**	-0.381	-0.373	-0.890	-0.885
	(0.398)	(0.398)	(0.728)	(0.729)	(0.983)	(0.985)
Tobin's Q t-1	-0.031	-0.031	-0.014	-0.013	0.029	0.029
	(0.019)	(0.019)	(0.033)	(0.033)	(0.028)	(0.028)
Diversification	0.024	0.024	0.002	0.000	-0.024	-0.024
	(0.021)	(0.021)	(0.018)	(0.018)	(0.023)	(0.023)
Ln Advisor Acqui Exp	0.035**	0.035**	0.021	0.020	0.047**	0.046**
	(0.015)	(0.015)	(0.015)	(0.015)	(0.019)	(0.019)
CEO Divest Exp			-0.018	-0.018	0.036*	0.031
			(0.022)	(0.022)	(0.022)	(0.025)
CEO Acqui Exp			0.013	0.013	-0.004	-0.003
			(0.010)	(0.009)	(0.011)	(0.011)
CFO Divest Exp					0.022	0.024
					(0.016)	(0.016)
CFO Acqui Exp					-0.015	-0.015
					(0.010)	(0.009)
Divest Exp x Acqui Exp		-0.000		0.000		0.000
		(0.000)		(0.000)		(0.000)
Constant	5.021***	5.022***	-0.307	-0.339	0.186	0.172
	(1.880)	(1.879)	(0.322)	(0.324)	(0.331)	(0.331)
Observations	33,219	33,219	23,475	23,475	14,335	14,335
Adjusted R-squared	0.014	0.014	0.008	0.008	0.008	0.008
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 17: OLS regression of divestiture announcement returns with nominal 3-year experience count

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the divestiture announcements. Experience variables are count variables of the number of acquisitions (Acqui) or divestitures (Divest) over the three-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Acqui Exp	0.025	-0.042**	0.023	-0.032	0.029	0.016
	(0.016)	(0.021)	(0.024)	(0.026)	(0.039)	(0.041)
Divest Exp	0.218***	0.143***	0.054	-0.002	0.048	0.021
	(0.032)	(0.038)	(0.039)	(0.044)	(0.042)	(0.049)
Ln Total Assets t-1	-2.493***	-2.356***	-1.682***	-1.544***	-1.718***	-1.660***
	(0.124)	(0.129)	(0.132)	(0.138)	(0.193)	(0.203)
Liquidity t-1	6.757***	6.919***	2.957	3.357	5.127	5.283
	(2.116)	(2.117)	(2.569)	(2.564)	(3.846)	(3.862)
Leverage t-1	-2.426**	-2.584**	-2.742***	-2.908***	-2.187	-2.306*
	(1.196)	(1.200)	(0.988)	(0.991)	(1.345)	(1.373)
ROA t-1	-0.351	-0.344	-0.075	0.086	-1.903	-1.858
	(1.390)	(1.391)	(1.514)	(1.502)	(2.320)	(2.305)
Tobin's Q t-1	-0.015***	-0.014***	-0.277***	-0.254***	-0.452	-0.421
	(0.002)	(0.002)	(0.102)	(0.091)	(0.315)	(0.320)
Diversification	-0.193*	-0.207**	-0.033	-0.047	-0.009	-0.015
	(0.104)	(0.106)	(0.071)	(0.073)	(0.093)	(0.095)
Ln Advisor Divest Exp	1.863***	1.848***	1.084***	1.076***	1.224***	1.222***
	(0.080)	(0.080)	(0.069)	(0.069)	(0.093)	(0.093)
CEO Divest Exp			0.066*	0.061	0.068	0.043
			(0.038)	(0.039)	(0.047)	(0.048)
CEO Acqui Exp			-0.019	-0.019	-0.020	-0.026
			(0.019)	(0.019)	(0.036)	(0.034)
CFO Divest Exp					-0.014	0.001
					(0.043)	(0.044)
CFO Acqui Exp					-0.029	-0.035
					(0.033)	(0.033)
Acqui Exp x Divest Exp		0.003***		0.002***		0.001
		(0.001)		(0.001)		(0.001)
Constant	10.464*	10.057*	12.764***	12.256***	14.564***	14.238***
	(5.772)	(5.774)	(2.257)	(2.250)	(1.843)	(1.875)
Observations	11,044	11,044	7,238	7,238	4,067	4,067
Adjusted R-squared	0.215	0.216	0.154	0.155	0.166	0.166
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 18: OLS regression of acquisition announcement returns with log 3-year experience count

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the acquisition announcements. Experience variables are calculated as the natural logarithm of one plus the number of acquisitions (Acqui) or divestitures (Divest) over the three-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Ln Divest Exp	0.145***	-0.131	-0.083	-0.244*	-0.116	-0.318*
	(0.055)	(0.109)	(0.114)	(0.135)	(0.153)	(0.191)
Ln Acqui Exp	-0.093**	-0.159***	-0.138	-0.195*	-0.019	-0.088
	(0.046)	(0.053)	(0.110)	(0.115)	(0.129)	(0.134)
Ln Total Assets t-1	-0.278***	-0.277***	-0.134***	-0.133***	-0.166***	-0.166***
	(0.029)	(0.029)	(0.030)	(0.030)	(0.034)	(0.034)
Liquidity t-1	-0.363	-0.393	-0.407	-0.436	-0.751	-0.793
	(0.413)	(0.413)	(0.453)	(0.453)	(0.566)	(0.565)
Leverage t-1	0.144	0.159	0.174	0.178	0.512**	0.499**
	(0.210)	(0.209)	(0.236)	(0.237)	(0.249)	(0.249)
ROA t-1	-0.904**	-0.880**	-0.424	-0.409	-0.854	-0.847
	(0.397)	(0.397)	(0.726)	(0.725)	(0.980)	(0.977)
Tobin's Q t-1	-0.029	-0.029	-0.013	-0.013	0.033	0.031
	(0.019)	(0.019)	(0.033)	(0.033)	(0.027)	(0.028)
Diversification	0.035*	0.027	0.006	0.000	-0.019	-0.025
	(0.020)	(0.021)	(0.017)	(0.018)	(0.022)	(0.022)
Ln Advisor Acqui Exp	0.033**	0.033**	0.019	0.019	0.045**	0.045**
	(0.015)	(0.015)	(0.015)	(0.015)	(0.019)	(0.019)
Ln CEO Divest Exp			0.130	0.101	-0.004	-0.053
			(0.117)	(0.118)	(0.149)	(0.147)
Ln CEO Acqui Exp			0.067	0.074	0.061	0.073
			(0.101)	(0.101)	(0.106)	(0.106)
Ln CFO Divest Exp					0.216*	0.204
					(0.129)	(0.128)
Ln CFO Acqui Exp					-0.122	-0.124
					(0.094)	(0.094)
Ln Divest Exp x Ln Acqui Exp		0.108***		0.071**		0.102**
		(0.035)		(0.033)		(0.046)
Constant	5.007***	5.076***	-0.355	-0.279	0.130	0.326
	(1.908)	(1.895)	(0.322)	(0.318)	(0.335)	(0.346)
Observations	33,219	33,219	23,475	23,475	14,335	14,335
Adjusted R-squared	0.014	0.014	0.008	0.008	0.008	0.008
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 19: OLS regression of divestiture announcement returns with log 3-year experience count

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980. Dependent variable of the regression is the three-day CAR around the divestiture announcements. Experience variables are calculated as the natural logarithm of one plus the number of acquisitions (Acqui) or divestitures (Divest) over the three-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Ln Acqui Exp	-0.629***	-2.858***	-0.466	-1.705***	-0.564	-1.701***
	(0.237)	(0.274)	(0.326)	(0.364)	(0.525)	(0.587)
Ln Divest Exp	0.252	-3.262***	-0.122	-1.896***	-0.228	-1.850***
	(0.280)	(0.367)	(0.335)	(0.412)	(0.543)	(0.657)
Ln Total Assets t-1	-1.971***	-1.833***	-1.271***	-1.227***	-1.340***	-1.289***
	(0.139)	(0.142)	(0.147)	(0.145)	(0.212)	(0.211)
Liquidity t-1	7.056***	6.101***	3.358	3.373	5.454	5.326
	(2.118)	(2.096)	(2.563)	(2.581)	(3.823)	(3.858)
Leverage t-1	-2.545**	-2.229*	-2.638**	-2.442**	-1.923	-2.078
	(1.251)	(1.196)	(1.029)	(1.037)	(1.378)	(1.431)
ROA t-1	-1.250	-0.350	-0.572	0.056	-2.201	-1.717
	(1.450)	(1.398)	(1.543)	(1.475)	(2.330)	(2.231)
Tobin's Q t-1	-0.013***	-0.013***	-0.259***	-0.255***	-0.419	-0.376
	(0.002)	(0.002)	(0.095)	(0.099)	(0.317)	(0.310)
Diversification	0.061	-0.154	0.079	-0.011	0.105	-0.003
	(0.175)	(0.098)	(0.097)	(0.067)	(0.106)	(0.089)
Ln Advisor Divest Exp	1.829***	1.795***	1.072***	1.060***	1.213***	1.193***
	(0.078)	(0.080)	(0.069)	(0.069)	(0.093)	(0.093)
Ln CEO Divest Exp			0.075	-0.053	0.100	-0.055
			(0.334)	(0.339)	(0.555)	(0.558)
Ln CEO Acqui Exp			0.151	0.072	0.027	-0.012
			(0.302)	(0.301)	(0.496)	(0.495)
Ln CFO Divest Exp					-0.120	-0.183
					(0.446)	(0.439)
Ln CEO Acqui Exp					0.107	-0.033
					(0.432)	(0.432)
Ln Acqui Exp x Ln Divest Exp		1.808***		0.923***		0.968***
		(0.136)		(0.119)		(0.174)
Constant	8.047	9.941*	10.629***	12.288***	12.169***	13.734***
	(5.694)	(5.936)	(2.046)	(2.077)	(1.811)	(1.848)
Observations	11,044	11,044	7,238	7,238	4,067	4,067
Adjusted R-squared	0.210	0.224	0.151	0.160	0.165	0.173
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 20: OLS regression of acquisition announcement returns with experience from completed majority deals

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the acquisition announcements. Experience variables are calculated as the natural logarithm of one plus the number of completed and majority acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Ln Divest Exp	0.166***	-0.171	-0.054	-0.253**	-0.177	-0.399**
	(0.053)	(0.116)	(0.093)	(0.126)	(0.114)	(0.161)
Ln Acqui Exp	-0.111**	-0.188***	-0.131	-0.200**	0.022	-0.053
	(0.046)	(0.054)	(0.093)	(0.101)	(0.103)	(0.114)
Ln Total Assets t-1	-0.285***	-0.285***	-0.133***	-0.135***	-0.169***	-0.171***
	(0.030)	(0.030)	(0.031)	(0.031)	(0.035)	(0.035)
Liquidity t-1	-0.448	-0.504	-0.395	-0.443	-0.757	-0.806
	(0.426)	(0.426)	(0.474)	(0.475)	(0.575)	(0.576)
Leverage t-1	0.182	0.199	0.188	0.193	0.496**	0.487*
	(0.212)	(0.212)	(0.236)	(0.237)	(0.253)	(0.253)
ROA t-1	-1.010**	-0.953**	-0.528	-0.504	-1.243	-1.225
	(0.419)	(0.421)	(0.878)	(0.878)	(1.350)	(1.348)
Tobin's Q t-1	-0.039*	-0.039*	-0.029	-0.030	0.011	0.007
	(0.020)	(0.021)	(0.040)	(0.040)	(0.064)	(0.064)
Diversification	0.029	0.018	-0.002	-0.009	-0.021	-0.028
	(0.021)	(0.021)	(0.018)	(0.019)	(0.023)	(0.023)
Ln Advisor Acqui Exp	0.032**	0.033**	0.022	0.022	0.048**	0.048**
	(0.015)	(0.015)	(0.015)	(0.015)	(0.019)	(0.019)
Ln CEO Divest Exp			0.118	0.081	0.132	0.072
			(0.094)	(0.096)	(0.120)	(0.121)
Ln CEO Acqui Exp			0.056	0.065	-0.034	-0.020
			(0.081)	(0.081)	(0.080)	(0.081)
Ln CFO Divest Exp					0.156	0.141
					(0.106)	(0.105)
Ln CFO Acqui Exp					-0.073	-0.076
					(0.074)	(0.074)
Ln Divest Exp x Ln Acqui Exp		0.122***		0.081**		0.102**
		(0.037)		(0.035)		(0.045)
Constant	4.605**	4.713**	-0.341	-0.219	0.226	0.465
	(1.871)	(1.854)	(0.345)	(0.336)	(0.350)	(0.358)
Observations	31,657	31,657	22,283	22,283	13,717	13,717
Adjusted R-squared	0.015	0.015	0.009	0.009	0.009	0.009
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 21: OLS regression of divestiture announcement returns with experience from completed majority deals

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the divestiture announcements. Experience variables are calculated as the natural logarithm of one plus the number of completed and majority acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Ln Acqui Exp	-0.921***	-3.135***	-0.902***	-2.259***	-0.950**	-2.049***
	(0.246)	(0.289)	(0.284)	(0.337)	(0.444)	(0.527)
Ln Divest Exp	0.169	-3.801***	0.028	-2.091***	-0.031	-1.734***
	(0.274)	(0.369)	(0.307)	(0.409)	(0.491)	(0.628)
Ln Total Assets t-1	-1.938***	-1.840***	-1.222***	-1.212***	-1.327***	-1.305***
	(0.150)	(0.152)	(0.158)	(0.155)	(0.227)	(0.228)
Liquidity t-1	7.344***	5.995***	3.615	3.504	4.751	4.513
	(2.263)	(2.232)	(2.654)	(2.658)	(3.987)	(3.994)
Leverage t-1	-2.098	-1.795	-2.742***	-2.537**	-2.289	-2.358
	(1.283)	(1.225)	(1.045)	(1.076)	(1.435)	(1.505)
ROA t-1	-0.893	0.673	-0.308	0.570	-1.582	-1.036
	(1.620)	(1.516)	(1.656)	(1.591)	(2.221)	(2.145)
Tobin's Q t-1	-0.014***	-0.014***	-0.453***	-0.436***	-0.506*	-0.457
	(0.002)	(0.002)	(0.121)	(0.117)	(0.306)	(0.297)
Diversification	0.110	-0.157	0.116	-0.008	0.140	0.025
	(0.187)	(0.099)	(0.105)	(0.069)	(0.113)	(0.092)
Ln Advisor Divest Exp	1.879***	1.833***	1.103***	1.085***	1.258***	1.238***
	(0.080)	(0.081)	(0.070)	(0.070)	(0.094)	(0.095)
Ln CEO Acqui Exp			0.319	0.226	0.070	0.019
			(0.246)	(0.246)	(0.393)	(0.391)
Ln CEO Divest Exp			-0.108	-0.236	0.045	-0.156
			(0.281)	(0.285)	(0.445)	(0.451)
Ln CFO Acqui Exp					0.246	0.133
					(0.368)	(0.369)
Ln CFO Divest Exp					-0.341	-0.492
					(0.375)	(0.366)
Ln Acqui Exp x Ln Divest Exp		1.812***		0.982***		0.915***
		(0.122)		(0.116)		(0.174)
Constant	7.338	9.663*	10.958***	12.900***	11.963***	13.403***
	(5.485)	(5.306)	(1.988)	(1.946)	(1.906)	(1.933)
Observations	10,300	10,300	6,780	6,780	3,796	3,796
Adjusted R-squared	0.219	0.234	0.160	0.171	0.174	0.182
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 22: OLS regression of acquisition announcement returns with experience from cross-border deals

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the acquisition announcements. Experience variables are calculated as the natural logarithm of one plus the number of completed, majority, and cross-border acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

Variables	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Ln Divest Exp	0.179*	0.259	0.050	0.294	-0.008	0.027
	(0.095)	(0.167)	(0.134)	(0.187)	(0.177)	(0.245)
Ln Acqui Exp	0.032	0.054	-0.080	0.009	0.129	0.141
	(0.068)	(0.083)	(0.106)	(0.119)	(0.124)	(0.140)
Ln Total Assets t-1	-0.246***	-0.249***	-0.124***	-0.131***	-0.125**	-0.126**
	(0.048)	(0.048)	(0.047)	(0.048)	(0.053)	(0.054)
Liquidity t-1	0.795	0.805	1.128	1.160	1.364	1.370
	(0.707)	(0.708)	(0.786)	(0.786)	(0.884)	(0.886)
Leverage t-1	0.179	0.183	0.199	0.220	0.846**	0.851**
	(0.372)	(0.372)	(0.381)	(0.379)	(0.377)	(0.379)
ROA t-1	-0.341	-0.356	-1.956	-2.038	-3.397*	-3.410*
	(0.807)	(0.809)	(1.607)	(1.600)	(1.996)	(2.001)
Tobin's Q t-1	-0.038	-0.038	-0.079	-0.078	-0.008	-0.007
	(0.035)	(0.035)	(0.053)	(0.052)	(0.105)	(0.105)
Diversification	0.025	0.027	-0.013	-0.004	-0.010	-0.009
	(0.029)	(0.030)	(0.030)	(0.029)	(0.032)	(0.032)
Ln Advisor Acqui Exp	0.057**	0.058**	0.044**	0.045**	0.051*	0.051*
	(0.023)	(0.023)	(0.022)	(0.022)	(0.026)	(0.026)
Ln CEO Divest Exp			-0.065	-0.027	-0.132	-0.124
			(0.138)	(0.140)	(0.166)	(0.164)
Ln CEO Acqui Exp			0.155	0.149	0.085	0.084
			(0.101)	(0.101)	(0.105)	(0.106)
Ln CFO Divest Exp					0.036	0.041
					(0.165)	(0.167)
Ln CFO Acqui Exp					-0.116	-0.115
					(0.099)	(0.099)
Ln Divest Exp x Ln Acqui Exp		-0.036		-0.123**		-0.021
		(0.061)		(0.059)		(0.080)
Constant	2.602**	2.595**	0.693	0.642	2.707***	2.680***
	(1.197)	(1.196)	(0.945)	(0.898)	(0.556)	(0.555)
Observations	9,328	9,328	7,332	7,332	4,634	4,634
Adjusted R-squared	0.014	0.014	0.012	0.013	0.020	0.020
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 23: OLS regression of divestiture announcement returns with experience from cross-border deals

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is the three-day CAR around the divestiture announcements. Experience variables are calculated as the natural logarithm of one plus the number of completed, majority, and cross-border acquisitions (Acqui) or divestitures (Divest) over the five-year period preceding the announcements. All models include 2-digit SIC industry and year fixed effects. Model specifications in columns (2), (4), and (6) contain the interaction term of divestiture and acquisition experience.

VARIABLES	(1) CAR	(2) CAR	(3) CAR	(4) CAR	(5) CAR	(6) CAR
Ln Acqui Exp	-0.138	-2.499***	-1.032***	-2.124***	-1.040*	-1.957***
	(0.337)	(0.420)	(0.353)	(0.406)	(0.543)	(0.589)
Ln Divest Exp	1.224***	-2.011***	0.920**	-0.665	0.718	-0.505
	(0.389)	(0.554)	(0.434)	(0.539)	(0.630)	(0.745)
Ln Total Assets t-1	-2.437***	-2.178***	-1.337***	-1.265***	-1.614***	-1.539***
	(0.232)	(0.236)	(0.202)	(0.202)	(0.276)	(0.274)
Liquidity t-1	8.562**	8.085*	-1.648	-1.582	-0.735	-0.981
	(4.202)	(4.169)	(2.898)	(2.903)	(3.977)	(4.032)
Leverage t-1	-3.416**	-3.371**	-2.376*	-2.263*	-0.943	-1.084
	(1.506)	(1.518)	(1.219)	(1.318)	(1.498)	(1.572)
ROA t-1	-0.557	0.726	1.764	2.364	0.603	0.879
	(2.794)	(2.658)	(1.701)	(1.735)	(1.917)	(1.882)
Tobin's Q t-1	-0.014***	-0.014***	-0.356***	-0.316**	-0.433	-0.345
	(0.002)	(0.002)	(0.127)	(0.130)	(0.333)	(0.324)
Diversification	0.046	-0.172	0.044	-0.054	0.030	-0.050
	(0.181)	(0.120)	(0.101)	(0.079)	(0.115)	(0.103)
Ln Advisor Divest Exp	1.568***	1.499***	0.850***	0.825***	0.992***	0.965***
	(0.113)	(0.113)	(0.085)	(0.084)	(0.116)	(0.114)
Ln CEO Acqui Exp			0.685**	0.488	0.816*	0.702
			(0.346)	(0.347)	(0.491)	(0.489)
Ln CEO Divest Exp			-0.277	-0.297	-0.322	-0.359
			(0.373)	(0.377)	(0.505)	(0.497)
Ln CFO Acqui Exp					-0.085	-0.226
					(0.352)	(0.348)
Ln CFO Divest Exp					0.188	0.089
					(0.385)	(0.373)
Ln Acqui Exp x Ln Divest Exp		1.969***		0.979***		0.865***
		(0.266)		(0.186)		(0.237)
Constant	18.716***	18.842***	12.088***	12.526***	13.352***	13.221***
	(2.205)	(2.085)	(1.911)	(1.850)	(2.491)	(2.451)
Observations	3,753	3,753	2,869	2,869	1,659	1,659
Adjusted R-squared	0.225	0.239	0.138	0.149	0.165	0.173
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 24: OLS regression of acquisition long-run operating performance

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is return on assets adjusted by 2-digit SIC industry averages one, two and three years after acquisition completion. Experience variables are calculated as the natural logarithm of one plus the number of acquisition (Acqui) or divestiture (Divest) over the five-year period preceding the announcements. All models include year fixed effects. Model specifications in column 2 4 and 6 contain the interaction term of divestiture and acquisition experience.

Variables	(1) Adj. ROA t+1	(2) Adj. ROA t+1	(3) Adj. ROA t+2	(4) Adj. ROA t+2	(5) Adj. ROA t+3	(6) Adj. ROA t+3
Ln Divest Exp	-0.023***	-0.003	-0.022***	0.003	-0.021***	0.002
	(0.003)	(0.008)	(0.004)	(0.008)	(0.004)	(0.008)
Ln Acqui Exp	0.003*	0.008***	0.002	0.008***	0.001	0.006**
	(0.002)	(0.003)	(0.002)	(0.003)	(0.002)	(0.003)
Ln Total Assets t-1	0.018***	0.018***	0.019***	0.019***	0.019***	0.019***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Liquidity t-1	-0.169***	-0.163***	-0.174***	-0.166***	-0.168***	-0.160***
	(0.014)	(0.013)	(0.015)	(0.014)	(0.016)	(0.015)
Leverage t-1	-0.004	-0.006	0.003	0.001	0.002	0.000
	(0.008)	(0.008)	(0.008)	(0.008)	(0.010)	(0.010)
ROA t-1	0.057***	0.056***	0.022*	0.022*	0.020*	0.020*
	(0.021)	(0.021)	(0.012)	(0.012)	(0.012)	(0.012)
Tobin's Q t-1	0.000**	0.000**	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Diversification	-0.001	-0.001	-0.001	-0.001	-0.002	-0.001
	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)	(0.001)
Ln Advisor Acqui Exp	-0.001***	-0.001***	-0.001***	-0.001***	-0.001***	-0.002***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Ln Divest Exp x Ln Acqui Exp		-0.007**		-0.008**		-0.008**
		(0.003)		(0.003)		(0.003)
Constant	-0.116***	-0.128***	-0.130***	-0.144***	-0.132***	-0.146***
	(0.012)	(0.008)	(0.013)	(0.008)	(0.013)	(0.009)
Observations	32,642	32,642	31,562	31,562	30,159	30,159
Adjusted R-squared	0.250	0.255	0.207	0.213	0.188	0.194
Industry FE	NO	NO	NO	NO	NO	NO
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 25: OLS regression of divestiture long-run operating performance

Standard errors are clustered at the firm level and adjusted for heteroskedasticity (White 1980). Dependent variable of the regression is return on assets adjusted by 2-digit SIC industry averages one, two and three years after divestiture completion. Experience variables are calculated as the natural logarithm of one plus the number of acquisition (Acqui) or divestiture (Divest) over the five-year period preceding the announcements. All models include year fixed effects. Model specifications in columns 2, 4 and 6 contain the interaction term of divestiture and acquisition experience.

VARIABLES	(1) Adj. ROA t+1	(2) Adj. ROA t+1	(3) Adj. ROA t+2	(4) Adj. ROA t+2	(5) Adj. ROA t+3	(6) Adj. ROA t+3
Ln Acqui Exp	-0.000	0.012***	-0.003	0.014***	-0.003	0.015***
	(0.003)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Ln Divest Exp	-0.013***	0.006	-0.014***	0.011	-0.012***	0.015**
	(0.002)	(0.006)	(0.003)	(0.007)	(0.003)	(0.007)
Ln Total Assets t-1	0.015***	0.015***	0.017***	0.017***	0.016***	0.015***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Liquidity t-1	-0.146***	-0.136***	-0.164***	-0.154***	-0.112***	-0.100***
	(0.032)	(0.031)	(0.035)	(0.033)	(0.037)	(0.035)
Leverage t-1	0.027	0.026	0.045***	0.044***	0.036**	0.035***
	(0.017)	(0.016)	(0.014)	(0.013)	(0.015)	(0.013)
ROA t-1	0.556***	0.548***	0.415***	0.402***	0.384***	0.370***
	(0.055)	(0.055)	(0.051)	(0.049)	(0.049)	(0.047)
Tobin's Q t-1	0.001	0.001	0.000	0.000	0.000	-0.000
	(0.002)	(0.002)	(0.002)	(0.002)	(0.003)	(0.002)
Diversification t-1	-0.001	0.000	-0.001	0.000	-0.002	-0.001
	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)	(0.001)
Ln Advisor Divest Exp	-0.001	-0.001	-0.001	-0.001	-0.001*	-0.001**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Ln Divest Exp x Ln Acqui Exp		-0.008***		-0.010***		-0.011***
		(0.003)		(0.003)		(0.003)
Constant	-0.196***	-0.217***	-0.198***	-0.227***	-0.174***	-0.205***
	(0.016)	(0.014)	(0.020)	(0.016)	(0.020)	(0.016)
Observations	8,899	8,899	7,847	7,847	7,414	7,414
Adjusted R-squared	0.550	0.554	0.442	0.451	0.395	0.406
Industry FE	NO	NO	NO	NO	NO	NO
Year FE	YES	YES	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1