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Datastream returns and UK open offers

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We report a fundamental error in Datastream equity data for share prices and return indices relating to a failure to make any capital adjustments for UK open offers before February 2002. We re-examine the findings of Iqbal, Espenlaub, and Strong (2008), correcting for this error. We find that the short-run market reaction to open offers is now significantly positive. However, we confirm that long-run post-offer returns continue to be significantly negative up to a four-year horizon and, most importantly, that pre-issue discretionary current accruals predict the long-run underperformance, in support of the earnings management hypothesis. We continue to find no support for the timing hypothesis or the managerial response hypothesis.

Keywords: Datastream equity data; UK open offers; stock market reactions; earnings management hypothesis

1. Introduction

In this article we alert researchers to a fundamental error in Datastream's equity data for share prices and return indices in relation to capitalisation adjustments for open offers.¹ We re-examine the results of Iqbal, Espenlaub, and Strong (2008) on the short- and long-run stock market reactions to UK open offers and re-test the earnings management and managerial response hypotheses in this context. Our original result on the short-run average returns around open offers was incidental to the main focus of our original paper (Iqbal, Espenlaub, and Strong 2008). Nevertheless, we find that correcting for the error in Datastream data turns an insignificant short-run average return into a significant positive return. However, using market-adjusted returns we confirm our key results on the long-run stock market underperformance of open offers, the earnings management hypothesis using two-year post-issue returns, and the managerial response hypothesis using short-run returns.

2. Capitalisation adjustment errors in Datastream data

In our original study we based our return data exclusively on Datastream's return index equity datatype (RI). Numerous research papers establish the precedence for this practice. We have established subsequently, by cross-checking with the London Share Price Database (LSPD) and confirming with Datastream, that over our sample period for returns, of 1990 to 1999, Datastream made no capitalisation adjustments for open offers.² This occurred despite Datastream having a dedicated Adjusted Price series for companies in their database.

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Adjusting share price for the effect of an open offer is probably the most straightforward adjustment after a stock split. For example, consider a company trading at 200p immediately before its stock goes ex cap with respect to an open offer, whose terms are that shareholders can purchase one new share for 150p for every four shares they currently own. In the absence of any information affecting returns, the share price should fall from 200p to 190p $[(800 + 150)/5]$. To make earlier prices comparable with the ex cap price of 190p requires multiplying earlier prices by a capitalisation adjustment factor of 0.95 (190/200). If the only effect on the ex cap day is that the share price drops from 200p to 190p, the correct return calculation gives a figure of 0%. Without the capitalisation adjustment, the return calculation gives a spurious figure of -5%. For such a straightforward adjustment, it is disturbing that Datastream should fail to make this correction. Within our sample of open offers, one extreme example occurs in the case of Wembley plc who announced an open offer on 11 April 1995. The terms of the offer were that shareholders could buy 85 new shares for 2p each for every seven shares that they already held. The share price at the time was 6p. The LSPD records the correct capitalisation adjustment factor as 0.384. Failing to correct for the capitalisation turns a true return of 0% into a spurious return of -61.6%.

Fortunately, the LSPD records a complete history of capitalisation changes for UK companies including, crucially, the exact date of the capitalisation. Therefore, although the LSPD only records monthly share price and return data, the researcher can use its capital changes history to correct daily returns based on Datastream data.

3. Revisiting Iqbal, Espenlaub, and Strong (2008)

The main focus of Iqbal, Espenlaub, and Strong (2008) was to test the earnings management hypothesis by examining the long-run operating and return performance of UK open offer firms.³ We also examined the managerial response hypothesis using short-run returns and incidentally reported the two-day market-adjusted returns around open offers (days -1 and 0).⁴ Given the error in Datastream data, it is important to revisit these results. As our tests of the earnings management and managerial response hypotheses rely on cross-sectional variation in abnormal returns, there is no obvious reason why the errors in Datastream data should systematically affect these results, and this is what we confirm below. We also confirm our original results of long-term underperformance of open offer firms for up to four years post-issue. Only our original figure for average two-day market-adjusted returns around open offer announcements changes, not surprisingly, as a result of correcting Datastream data for open offer capitalisations.

3.1 Data

Using our original sample in Iqbal, Espenlaub, and Strong (2008), we confirmed by comparing Datastream's unadjusted and adjusted price series that Datastream did not make any capitalisation adjustment for open offers for any of our sample observations.⁵ We therefore used the LSPD adjustment factors to calculate the correct daily returns. For our re-examination of long-run returns we substituted the LSPD monthly returns for our original return data for open offer firms based on the Datastream return index. The monthly returns reported in LSPD are total returns including capital gains and dividends. We transformed the LSPD returns from continuously compounded to discrete returns. The crucial difference between the LSPD and Datastream returns is that only the former reflect capitalisation changes due to open offers during our sample period. The long-run

abnormal returns we report below are buy-and-hold market-adjusted returns

$$\text{BHAR} = \frac{1}{N} \sum_{i=1}^N \left[\prod_{t=m_s}^{m_e} (1 + R_{it}) - \prod_{t=m_s}^{m_e} (1 + R_{mt}) \right], \quad (1)$$

where N is the number of firms, m_s and m_e are the start and end months of the relevant holding period, and R_{it} and R_{mt} are the discrete returns on firm i and the market. Returns on the FT All Share Index proxy for market returns. We impose no survivorship requirements on open offer firms in order to avoid selection bias.⁶ If a sample firm de-lists, we assign a zero abnormal return for the remaining months of the year.

3.2 Short-run returns and the managerial response hypothesis

In Iqbal, Espenlaub, and Strong (2008) we report an insignificant mean two-day market-adjusted return of -1.1% for a sample of 132 companies recorded by the *FT Extel Record of Takeovers, Offers and New Issues* as making open offers during our sample period of 1991–1995. However, we now know that these return calculations fail to incorporate a capitalisation adjustment for open offers. Of our original sample of 132 firms that the *FT Extel Record of Takeovers, Offers and New Issues* reported as making open offers, the LSPD records four of these as making a ‘complex scrip issue’ on the relevant date. For a further six issues, the LSPD records no capitalisation event. We therefore dropped these 10 observations, leaving a sample of 122 firms. Making no adjustment for capital changes for these 122 firms gives an insignificant two-day (days -1 and 0) market-adjusted return of -1.25% ; making the correct adjustment turns this into a significant 3.69% . If we exclude a further seven observations where the absolute abnormal return exceeds 20% , the two-day abnormal return is a significant 2.95% .⁷ These revised results confirm the earlier evidence of Armitage (2002), who uses share price data from Primark Extel and finds significantly positive announcement period abnormal returns to open offers. It also suggests that the significant announcement month return of -3.65% that Ngatuni, Capstaff, and Marshall (2007) find for open offers is almost certainly due to their use of unadjusted Datastream data.

However, the magnitude of the short-run announcement effect was not a concern in our original study. Instead, we were interested in the cross-sectional relation between pre-issue abnormal accruals and short-run open offer announcement returns. To re-examine this relation we regress open offer firms’ two-day market-adjusted return on DCA_{-1i} , the control variables $\ln \text{MV}_i$, $\ln \text{BM}_i$, PRMV_i , and DISC_i , and industry and year dummies, as in our original study (Iqbal, Espenlaub, and Strong 2008). DCA_{-1i} is firm i ’s discretionary current accruals in the pre-offer year, estimated using the cross-sectional modified Jones (1991) model of Dechow, Sloan, and Sweeney (1995).⁸ Market value ($\ln \text{MV}_i$) and book-to-market value ($\ln \text{BM}_i$) control for size and financial distress of offer firms. PRMV_i , which is firm i ’s offer proceeds divided by its pre-offer market value, and DISC_i , which is the size of firm i ’s offer discount, control for offer firm characteristics.

In untabulated results, we again find no significant coefficients⁹ and, in particular, the result that DCA_{-1i} is insignificant confirms the lack of support for the managerial response hypothesis. Making the correct adjustment for capital changes therefore confirms our original evidence and conclusions as far as our main interest in short-run returns to open offers is concerned.

3.3 Long-run returns and the earnings management hypothesis

The main focus of Iqbal, Espenlaub, and Strong (2008) was the long-run performance of UK open offers and whether the earnings management hypothesis can explain their long-run return underperformance. Since Datastream did not adjust share prices for open offers during our sample period and our original study included the open offer month in our long-run post-offer windows, it is important to re-examine these results. In addition, in our original sample we deleted 32 repeat offers, which indicates that the error in Datastream data may affect longer horizon return calculations.

Substituting LSPD returns for our original open offer return data reduces our sample size to 170 companies, as the LSPD identifies six firms as having missing return values around the open offer month. Table 1 reports buy-and-hold market-adjusted returns based on LSPD data from 12 months before to 48 months after the open offer alongside our original results from Iqbal, Espenlaub, and Strong (2008). Adjusting the open offer month returns for capital changes clearly reduces the magnitude of the post-offer underperformance. The difference between our corrected results and our original results is consistent with our revised two-day short-run return results, although the slight difference in samples and the use of LSPD returns mean the correspondence is not exact. The point estimate of abnormal performance in the 12-month post-offer period remains negative but is now insignificant. However, we continue to find significant underperformance in the two-, three-, and four-year post-offer periods, confirming the main findings of our original study. In particular, open offer firms underperform the market by over 10% after two years and by almost 18% after four years. Figure 1 plots the four-year post-offer buy-and-hold market-adjusted returns for our sample of 170 open offers. Using the LSPD return data gives rise to no obvious problems of outliers.

Table 2 reports BHARs for the conservative and aggressive quartiles, defined as firms with the lowest and highest levels of discretionary current accruals in year -1 . Again the results using correct returns are qualitatively similar to our original results and confirm that open offer firms that manage their earnings more aggressively in the pre-offer year subsequently underperform both the market and open offer firms that manage their earnings more conservatively.¹⁰

Our re-examination of the long-run return performance of open offer firms therefore confirms that, on average, they significantly underperform the market for up to four years after the offer.

Table 1. The long-run return performance of open offer firms.

Months	Mean market-adjusted abnormal returns (BHAR) (%)	Number of firms with positive/negative BHAR	Mean market-adjusted BHAR (Iqbal, Espenlaub, and Strong 2008) (%)
–12 to –1	17.68 ^a	96/74	14.12 ^a
0 to 11	–2.17	81/89	–6.55 ^c
0 to 23	–10.13 ^b	74/96	–15.97 ^a
0 to 35	–14.22 ^c	65/105	–18.72 ^b
0 to 47	–17.84 ^c	75/95	–21.65 ^b

Note: The table reports the long-run performance of 170 firms making open offers in month 0, the number dropping post-offer due to de-listings. Column two reports mean market-adjusted buy-and-hold returns (BHARs) using LSPD data for firm returns. Column three reports the number of firms with positive and negative BHARs for the relevant holding period (or until firms delist). The final column reports the equivalent BHAR results from Iqbal, Espenlaub, and Strong (2008). Superscripts a, b, and c indicate significance at 1%, 5%, and 10%, respectively.

Figure 1. Four-year post-offer BHARs (FTAll Share adjusted) for 170 open offers, 1991–1995.

Table 2. The long-run returns of extreme earnings management quartiles classified by pre-offer DCA.

Months	Market-adjusted abnormal returns (BHAR) (%)		Market-adjusted abnormal returns (BHAR) (Iqbal, Espenlaub, and Strong 2008) (%)	
	Conservative	Aggressive	Conservative	Aggressive
–12 to –1	11.51 ^b	26.81 ^a	13.34 ^b	14.25 ^b
0 to 11	2.91	–9.52 ^c	–3.03	–9.12 ^c
0 to 23	–4.25	–18.93 ^b	–9.87	–20.37 ^b
0 to 35	–3.54	–24.61 ^b	–8.95	–27.64 ^a
0 to 47	5.04	–41.72 ^b	–11.21	–32.74 ^a

Note: The table reports the return performance of two extreme quartiles of offer firms: ‘conservative’ firms with the lowest DCA in year –1 and ‘aggressive’ firms with the highest DCA in year –1. BHARs in columns 2 and 3 use LSPD firm returns. Both quartiles have 42 firms in month 0, this number dropping in the post-offer months due to de-listings. The final two columns report the original results of Iqbal, Espenlaub, and Strong (2008) for comparison. Superscripts a, b, and c indicate significance at 1%, 5%, and 10%, respectively.

The final stage of our analysis is to test whether we can predict the long-run return performance based on discretionary current accruals in the pre-offer year. We therefore estimate the regression

$$\begin{aligned}
 \text{BHAR2Y}_i = & a_1 + a_2\text{DCA}_{-1i} + a_3\text{DLTA}_{-1i} + a_4\text{NDCA}_{-1i} + a_5\text{NDLTA}_{-1i} \\
 & + a_6\Delta\text{CAPEX}_i + a_7\text{SLGR}_i + a_8 \ln \text{MV}_i + a_9 \ln \text{BM}_i + a_{10}\text{PRMV}_i \\
 & + a_{11}\text{DISC}_i + (\text{industry and year dummies}) + e_i.
 \end{aligned} \quad (2)$$

The dependent variable in Equation (2) is the two-year post-offer buy-and-hold market-adjusted return beginning at the offer month. In addition to variables already defined, DLTA_{-1i} , NDCA_{-1i} , and NDLTA_{-1i} are firm i ’s discretionary long-term accruals, non-discretionary current accruals, and non-discretionary long-term accruals in the pre-offer year, respectively, estimated using the cross-sectional modified Jones model. ΔCAPEX_i , which controls for the use of issue proceeds, is average net capital expenditure in the offer and immediate post-offer years less average net capital expenditure in the two years pre-offer, deflated by total assets in the pre-offer year. Sales growth, SLGR_i , is sales in year –1 less sales in year –2 deflated by total assets in year –2, and controls for the high pre-issue sales growth of open offer firms. Industry and year dummies control for industry and time variability in post-offer performance and contemporaneous cross-sectional correlation

Table 3. Descriptive statistics and estimates of a regression of two-year post-offer returns on pre-offer accruals and control variables for offer firms

	BHAR2Y	DCA _{−1}	DLTA _{−1}	NDCA _{−1}	NDLTA _{−1}	ΔCAPEX	ln MV	ln BM	SLGR	PRMV	DISC
<i>Panel A: Descriptive statistics (N = 132)</i>											
Mean	−0.124	0.019	−0.010	0.014	−0.089	1.388	2.875	0.379	0.538	0.984	0.109
Median	−0.152	0.013	−0.004	0.005	−0.069	0.251	2.799	0.373	0.359	0.448	0.097
Std. Dev.	0.619	0.145	0.101	0.087	0.126	2.806	1.180	0.302	0.858	1.392	0.072
Independent variable				Coefficient			Standard error			<i>p</i> -value	
<i>Panel B: Regression estimates and standard errors (dependent variable: BHAR2Y)</i>											
Constant				−2.960			2.506			0.240	
DCA _{−1}				−0.875 ^b			0.420			0.039	
DLTA _{−1}				−0.642			0.749			0.394	
NDCA _{−1}				−0.492			0.753			0.514	
NDLTA _{−1}				−0.918			0.589			0.122	
Δ CAPEX				0.044 ^b			0.022			0.048	
ln MV				0.031			0.050			0.533	
ln BM				0.335 ^c			0.202			0.100	
SLGR				0.006			0.067			0.924	
PRMV				−0.039			0.045			0.385	
DISC				−0.442			0.504			0.383	
Industry dummies				Insignificant—not reported							
Year dummies				Insignificant—not reported							
<i>N</i>				132							
<i>R</i> -squared				31.78%							
<i>R</i> -bar-squared				13.24%							

Note: The table reports descriptive statistics (Panel A) and the coefficients, standard errors, and *p*-values of the regression (Panel B). BHAR2Y is the two-year post-offer market-adjusted buy-and-hold return beginning at the offer month. Discretionary current accruals (DCA), discretionary long-term accruals (DLTA), non-discretionary current accruals (NDCA), and non-discretionary long-term accruals (NDLTA) are from the fiscal year preceding the issue year. Δ CAPEX is the difference between average annual net capital expenditure in the two years after the offer and total capital expenditure in the two years before the offer, deflated by total assets in financial year -1. The remaining independent variables are the log of market value (ln MV) and of book-to-market value (ln BM) both at the end of year -1, the ratio of the change in sales in year -1 to total assets in year -2 (SLGR), offer proceeds divided by pre-offer market value (PRMV), the percentage discount (DISC) using the offer price and the mid-day price on the day before the offer announcement day, and industry and year dummies. Superscripts b and c indicate significance at 5% and 10%, respectively.

Table 4. Regressions of two year post-offer returns on pre-offer accruals and control variables for offer firms with below- and above-median 12-month pre-offer BHARs and with negative and positive 12-month pre-offer BHARs.

Dependent variable: BHAR2Y	Offer firms with below-median pre-offer BHAR			Offer firms with above-median pre-offer BHAR			Offer firms with negative pre-offer BHAR			Offer firms with positive pre-offer BHAR		
Independent variables	Coefficient	Standard error	p-value	Coefficient	Standard error	p-value	Coefficient	Standard error	p-value	Coefficient	Standard error	p-value
Constant	0.711	2.802	0.801	1.278	2.011	0.529	3.233	2.102	0.131	0.676	2.410	0.781
DCA ₋₁	-0.846 ^b	0.390	0.037	-1.225 ^b	0.505	0.020	-0.860 ^c	0.431	0.052	-1.363 ^b	0.546	0.019
DLTA ₋₁	-0.904	0.930	0.338	-0.730	0.667	0.281	-0.506	0.892	0.574	-0.539	0.733	0.468
NDCA ₋₁	-0.521	0.705	0.465	-0.651	0.896	0.472	-0.685	0.743	0.361	-0.497	1.068	0.646
NDLTA ₋₁	-1.063	0.663	0.117	-0.265	0.605	0.664	-0.386	0.691	0.579	-0.219	0.670	0.746
Δ CAPEX	0.034 ^c	0.019	0.078	0.011	0.019	0.585	0.008	0.015	0.626	0.037	0.029	0.214
ln MV	0.040	0.053	0.457	0.045	0.043	0.302	0.074 ^c	0.044	0.096	0.019	0.062	0.760
ln BM	0.293 ^c	0.161	0.076	0.232	0.240	0.339	0.059	0.157	0.709	0.306	0.300	0.317
SLGR	0.070	0.070	0.324	0.032	0.070	0.647	0.123 ^c	0.067	0.071	0.060	0.082	0.475
PRMV	-0.030	0.039	0.436	-0.033	0.053	0.539	-0.012	0.035	0.741	-0.074	0.081	0.363
DISC	-0.274	0.372	0.465	-0.012	0.537	0.983	-0.042	0.347	0.905	-0.867	0.865	0.325
Year dummies	Insignificant—not reported			Insignificant—not reported			Insignificant—not reported			Insignificant—not reported		
Industry dummies	Insignificant—not reported			Insignificant—not reported			Insignificant—not reported			Insignificant—not reported		
N	66			66			55			77		
R ²	8.09%			12.22%			8.17%			14.72%		
F-statistic	0.053			0.064			0.071			0.029		

Note: The table reports coefficients and standard errors of the regression. BHAR2Y is the two-year post-offer market-adjusted buy-and-hold return beginning at the offer month. Discretionary current accruals (DCA), discretionary long-term accruals (DLTA), non-discretionary current accruals (NDCA), and non-discretionary long-term accruals (NDLTA) are from the fiscal year preceding the issue year. ΔCAPEX is the difference between average annual net capital expenditure in the two years after the offer and total capital expenditure in the two years before the offer, deflated by total assets in financial year -1. The remaining independent variables are the log of market value (ln MV) and of book-to-market value (ln BM) both at the end of year -1, the ratio of the change in sales in year -1 to total assets in year -2 (SLGR), offer proceeds divided by pre-offer market value (PRMV), the percentage discount (DISC) using the offer price and the mid-day price on the day before the offer announcement day, and industry and year dummies. Superscripts b and c indicate significance at 5% and 10%, respectively.

across offer firms' returns. Finding a significant negative coefficient on DCA_{-1i} provides support for the earnings management hypothesis.

Table 3 reports the results of estimating Equation (2) along with descriptive statistics for the dependent and independent variables. As in our original regression results, all the accruals variables have negative coefficients. However, more important, the only significant coefficient is on DCA_{-1i} (-0.875 , $p = 0.039$). The point estimate is slightly smaller than in our original study, but multiplying the standard deviation of DCA_{-1} (0.145) by the point estimate (-0.875) still shows that a one-standard deviation increase in DCA_{-1} explains a decline in two-year post-offer returns of issuing firms of almost 13 percentage points.¹¹

3.4 Testing the timing hypothesis

In our original study we also examined the timing hypothesis, which states that firms time their equity offers to exploit temporary stock overvaluations. Although the timing and earnings management hypotheses are not mutually exclusive, our original evidence provided stronger support for the earnings management hypothesis. Repeating our original tests we find that mean BHARs in the 12-month pre-offer period for high- and low-performers (firms with above and below median BHARs in the 12 months before the offer) are now 67.05% and -31.70% and the mean BHAR for low-performers in the 12-month post-offer period is insignificantly different from the pre-offer performance at -10.84% . These results continue to show that some firms make open offers despite underperforming in the immediate pre-issue period, and lend little support for the timing hypothesis.¹²

Finally, we repeat our four separate regressions using Equation (2) on low and high performers based on both below/above median and negative/positive pre-offer BHAR classifications. Table 4 shows that DCA_{-1} remains negative and significant in all the regressions. This again confirms our original findings that the post-offer performance of issuing firms is due to pre-offer discretionary current accruals and not due to timing alone.

4. Conclusion

Datastream failed to adjust equity share price and return index data for capital changes associated with UK open offers until February 2002, despite open offers existing since at least the late 1980s. The result of this is that returns calculated using Datastream data when firms go ex-cap with respect to open offers can be severely downward biased. As Datastream is an important source of daily return data for UK companies this is a potentially serious shortcoming. The use of Datastream data may induce errors in any event study involving UK firms, particularly in event studies around equity issues, and long-term studies of companies that frequently issue equity. Fortunately, there is a straightforward procedure for correcting daily returns as long as the researcher has access to LSPD data. The procedure is to use the LSPD's capital changes information on capitalisation adjustment factors and capitalisation dates to adjust the daily returns. We recommend that researchers using Datastream return index data should check for consistency between the LSPD's capitalisation adjustment factors and Datastream's unadjusted and adjusted price series and make the appropriate adjustments where necessary.

Re-examining our own study (Iqbal, Espenlaub, and Strong 2008), which focused on the earnings management hypothesis in relation to long-run returns following UK open offers, we have found that, with one exception, all our original results and conclusions continue to hold after we correct the error in Datastream data. In particular, we confirm that UK open offer firms

underperform the market between horizons of two and four years post-offer. Further analysis supports the earnings management hypothesis in relation to open offers over either the timing hypothesis or the managerial response hypothesis. One result to which we referred in the text of our original study changes: two-day market-adjusted returns around offers, which we found to be insignificant in our original study, are in fact significantly positive based on correct return data.

Notes

1. In an open offer a firm invites existing shareholders to buy new shares in the firm in proportion to their existing stakes, but with no right to re-sell their entitlements in the market. Before the offer, the firm's merchant bank or stockbroker privately negotiates to place the new shares conditionally with institutional investors subject to clawback by existing shareholders who choose to take up their entitlements.
2. In email correspondence Datastream informed us that they started adjusting prices for open offers from February 2002.
3. According to the earnings management hypothesis, issuers manipulate earnings prior to a seasoned equity offering in an attempt to boost their share price.
4. According to the managerial response hypothesis, investors expect earnings management before seasoned equity offerings, and rationally discount the earnings of issuing firms. The best response of issuing firms is therefore to manipulate earnings in accordance with investor expectations.
5. The capitalisation adjustment factor for 14 of our open offers was exactly 1, so that the offer price equalled the current market price. In these cases, the fact that Datastream made no adjustment coincides with the correct return calculation. In all other cases, the absence of an adjustment biases the return calculation downwards.
6. Imposing a survivorship bias by requiring sample firms to survive for a period following an event is an inappropriate research design, whether the same criterion applies to matching firms or not. It is inappropriate if the researcher wishes to interpret the results from an investor viewpoint as this assumes a foresight that the investor does not have. For policy makers or companies, the results of Ngatuni, Capstaff, and Marshall (2007) and Armitage and Capstaff (2008) are of limited value because they can only predict the long-run effect of an open offer after the offer takes place and a further five years have lapsed, at which point we can establish whether the firm has survived the five years. Moreover, open offer firms that fail to survive for five years after an open offer may differ on important dimensions from surviving firms.
7. Armitage and Capstaff (2008) stress the importance of checking for the undue influence of outliers in relatively small samples.
8. The Appendix to Iqbal, Espenlaub, and Strong (2008) explains the precise procedure.
9. DISC is significant at 10%.
10. The difference in the BHARs for the aggressive quartile in the -12 to -1 month period and the difference in the BHARs for the conservative quartile in the 0 to 47 month period, in each case, are largely due to two (different) issuers whose LSPD-based BHARs are substantially higher than the equivalent Datastream-based BHARs.
11. Table 3 shows that Δ CAPEX continues to be significantly positive (0.044 , $p = 0.048$).
12. Splitting the sample into open offer firms with positive and negative 12-month pre-offer BHARs confirms the results based on above and below median pre-issue BHARs.

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