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Cultural Distance and Cross-border M&A's

An event study on the announcement effect of Swedish Cross-border M&A's between 1996-2009

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Abstract

Title:	Cultural Distance and Cross-border M&A's - An event study on the announcement effect of Swedish Cross-border M&A's between 1996-2009
Seminary Date:	24th of May 2011
Course:	Master Thesis in Business Administration, 30 University Credit Points (30 ECTS).
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Five Key Words:	Cultural distance; Announcement effect; Cross-border M&A's; Cumulative abnormal returns; Sweden
Purpose:	Examine whether, and how, cultural distance might impact the announcement effect of cross-border M&A's.
Methodology:	Event study approach where the announcement effect of Swedish cross-border M&A's is measured in cumulative abnormal returns (CAR).
Theoretical Perspectives:	Using a shareholder value perspective and national culture theory we investigate cultural distance and the announcement effect of Swedish cross-border M&A's.
Empirical Foundation:	Using 761 observations of cross-border M&A's made by Swedish acquirers in 48 target countries between 1996 and 2009.
Conclusions:	Our main findings are that Swedish cross-border M&A's on average perform positively around the announcement of cross-border M&A's, which is contrary to previous studies. Furthermore, we also find cultural distance to positively impact the announcement effect of cross-border M&A's, also contradictive to previous findings. However, we cannot ensure that cultural distance itself affects the announcement effect of cross-border M&A's.

Acknowledgements

We would like to thank Jens Forssbaeck, for great support and advice on our statistical research and data.

We also thank our advisor, Rikard Larsson, for advice and opinions.

Table of contents

1. Introduction

In our first chapter we give the background to our subject and further discuss the problem from which we make our main research questions. We clarify our purpose and increase support for this purpose by clarifying our main demarcations. This chapter is ended with a brief presentation of our thesis outline.

1.1 Background

When mergers and acquisitions (M&A's) became worldwide and globalized, the activities were no longer as concentrated to the US as previously was the case, but other countries are more frequently a part of these activities as well (Gaughan, 2007). The value of international M&A deals, for the first time in recent history, equaled the value of national M&A deals in 2007 (Ferreira, Massa and Matos, 2009). In Sweden, publicly listed companies engaging in cross-border M&A's increased their activity from 13 deals in 1996 to 127 deals in 2007 (Reuters 3000Xtra).

Mergers are defined as two companies that are combined into one new, whereas acquisition means the acquiring company purchases another company or a part of a company (Hillier, Grinblatt and Titman, 2008). M&A's are not new as strategic tools for companies to exploit potential growth and synergy realizations. Already at the turn of the 20th century the first merger wave occurred (Guaghan, 2007). Since then merger waves have occurred, each with its own characteristics. The recent fifth wave, starting in the mid 1990s, was characterized by M&A's becoming a globalized phenomenon, where an obvious strategy tool for internationalization and entry mode in foreign markets.

Despite that globalization and liberalization of markets seem to have blurred a lot of borders, some countries are not as willing to see their border fade. At the same time as demand increased for free market access in the European markets, somewhat contradictive to this, in some European countries the nationalistic protectionism come in the way for totally free market existence (Gaughan, 2007). These countries were not willing to risk giving up national "jewels" in favor of the benefits of cross-border M&A's, such as quicker and less risky form of access to foreign markets, than making e.g. a Greenfield invest.

In general these benefits are neither reflected in the market reactions to announcements of cross-border M&A's. The average performance to acquirers' shareholders has been negative. One common factor being blamed is the cultural differences and according to Chakrabarti, Gupta-Mukherjee and Jayaraman (2009) it can be important in explaining such performance. There are different cultural aspects to be aware of in cross-border M&A's. Not only is the corporate culture of importance, but national culture likely play a role as the M&A activities move across borders. On the one hand it can exist differences both in corporate and national culture that are independent of one another. On the other hand, research claim corporate culture is highly influenced by national culture (Schneider and Constance, 1987, cited in Chakrabarti et al., 2009) and that national culture rather than corporate culture explain attitudes and cooperation in cross-border M&A's (Weber et al., 1996, cited in Chakrabarti et al., 2009).

1.2 Problem Discussion

Over the past years M&A's, and subsequently cross-border mergers and acquisitions, have, as mentioned above, gained popularity when examining possibilities to expand ones business and operative market. As this has gained popularity, so have the urge to research the areas of M&A's, especially cross-border M&A's. However, the latter has not been as extensively studied as the former one. Furthermore, the general perception of this kind of operation is that it is value destroying for the shareholders of the acquiring company (see e.g. Chakrabarti et al., 2009). Nonetheless, there have been studies indicating the opposite, that it is in fact value creating for these shareholders (see e.g. Eun, Kolodny and Scheraga, 1996). Thus the performance of M&A's, measured as shareholder wealth, seem to be negative.

Furthermore, researchers have tried to investigate different sets of factors that might have an impact on the wealth of the shareholders of the acquiring companies. Firm-, industry- and country-level factors have been examined. One of these factors is the country-level variable cultural distance (or national culture). The outcome have been diverse, with research claiming it both value creating and value destroying for the shareholders of the acquirers (see e.g. Chakrabarti et al., 2009, or Stahl and Voigt, 2004).

A reason for the diverse results may be related to the fact that studies made on the cultural distance – performance relationship have used different measures of performance. Further, these studies also examine different time aspect of performance, as some measure the short-

term performance in announcement effects (Datta and Puia, 1995; Chakrabarti et al., 2009) while other study the post-period in longer terms (Slangen, 2006; Morosini, Shane and Singh, 1998; Chakrabarti et al., 2009). Not only do they use different measures, but Gregory and McCorriston (2005) also find evidence that implies that the factors determining short-term performance differs from those determining long-term performance.

Studies measuring the effect of cultural distance on long-term performance seem to reach the conclusion that cultural distance is positively related to performance of cross-border M&A's. However, the measures of performance and length of the post-period differ for all studies we find. Hence we cannot conclude other than that there exist implications of cultural distance having a positive effect in the long run. Further, this implies that in time familiarity increase and cultural distance and cultural differences are known, therefore they can be managed easier.

Measuring short-term performance, Datta and Puia (1995) and Chakrabarti et al. (2009) study the impact of cultural distance on the announcement effect of cross-border M&A's. The announcement effect means that the performance is measured as the reaction in the share prices around the announcement of the M&A. Both studies use the same measure for announcement effects, the cumulative abnormal returns (CAR) and similar time frames. They reach similar conclusions, that in the short run the market reacts negatively toward cultural distance. The announcement effect for the acquirer is more negative the more cultural distance there is to the target country.

To increase the knowledge accumulation and try to clarify whether we in general can assume cultural distance to be negative for the short term performance, we will further study this subject. The research on the subject is not yet complete, and as of our knowledge, no previous studies on this subject have turned their focus to the Swedish acquirers. Further, one can wonder, in a globalized business world, does cultural differences matter?

1.3 Purpose and Research Questions

Through our thesis we aim to examine whether or not cultural distance impact the announcement effects of cross-border M&A's. We do this in order to contribute to the existing evidence to help determine if cultural distance is an important factor explaining announcement effects. Hopefully we will contribute to the understanding of the reasons for

patterns in stock market reactions to announcements of cross-border M&A's. Our hope is also to increase the understanding of reactions of the Swedish stock markets towards cultural distance and cross-border M&A activity by Swedish acquirers. This has, to our knowledge, not been done before. Most studies include acquirers of larger economies such as the US and the UK. Considering Sweden is a smaller economy, but yet highly internationalized (Jakobsson, 2007), it is further interesting to see if the shareholders of the Swedish acquirers experience the same or different effects in announcement effect and cultural distance as is shown in the previous studies. We do this by using Sweden as the country of the acquirer and 48 different countries as the countries of their targets. Consequently, our research question can be summarized as follows:

Is there a negative announcement effect to Swedish M&A's across borders?

Do the announcement effects of cross-border M&A's by Swedish acquirers differ depending the cultural distance to the target country?

1.4 Demarcations

We will only examine cross-border M&A's in our thesis, similar to other studies on cultural distance's impact on M&A performance. We only examine cultural distance in the context of national culture, why corporate culture is not studied separately. Partly because we are interested in how differences between the country of the acquirers and the countries of their targets might impact the market reaction. Partly because, corporate culture is seen to be highly influenced by the national culture (Chakrabarti et al., 2009), why studying national culture is to some extent applicable on corporate culture as well. In the rest of this paper, when discussing M&A's we refer to cross-border M&A's, if not explicitly stated otherwise. The same applies for culture, where we refer to the national culture if not specified differently.

A reason we study the announcement effects is that the business world and the markets seem to be more globalized, integrated and correlated, therefore it is interesting to examine whether fundamental differences in society, are relevant to these market reactions. Another reason we consider the announcement effect of M&A's is that many previous studies focus on this, not only the two stated above. This makes it easier for us to compare the results of our study with previous studies, probably giving more meaningful analysis of our results. Hence, we are primarily interested in the market reactions to the announcement of a cross-border M&A, why

we study the so called announcement effect. Therefore, we do not study other measures of performance from the M&A than reactions in the stocks of the acquirers around the announcement. However, other measures of performance and value of M&A's might be discussed as to further support and analyze our use of a stock-based measure.

We only consider Swedish acquirers and their targets in foreign markets. The reason for our choice to only study Swedish acquirers relies on several explanations. The cross-border M&A activity by Swedish acquirers has increased remarkably during the last decade making it relevant and substantial enough to examine. What additionally makes Sweden interesting to examine is the lack of research in the area of cross-border M&A's made by Swedish acquirers. The fact that the majority of previous studies are on larger economies such as the US and the UK further stresses the relevance of examining a smaller economy that is participant in the globalizing market; such as Sweden.

We examine Swedish acquirers' cross-border M&A's in the years between the years of 1996-2009. The reasons are severalfold; it is a period where Swedish cross-border M&A activity is large enough to make a substantial sample of interest to examine. It is also due to the fact that this is the period where the globalization of M&A's really took off (see e.g. Gaughan, 2007). It is also a period characterised by market upswings and downturns, which might play a role in market reactions to business activities such as M&A's.

1.5 Thesis Outline

In this first chapter we have introduced the subject which we aim to study. A background to the subject has been given, as well as the problem discussion and the purpose of the paper. Furthermore, we have also given the demarcations which this study is faced with and we aim to follow. Hereafter our thesis is outlined as described below.

In the second chapter, the literature used in this paper is presented. This followed by the hypothesis development. The third chapter will present the methods used and describe how our calculations and regressions have been employed. By the fourth chapter, we present the results which the regressions came up with. The analysis, along with comments, of the result is then carried out in the fifth chapter of the paper. Chapter six concludes the paper, as well as presents suggestions for further research and the limitations the paper was faced with. Further

investigation of regression results, and other figures and tables of importance, are to be found in the appendix-section.

2. Literature Review

This section presents the literature which is of importance for our paper. This is then followed by the development of our hypotheses. We then briefly review the literature regarding our control variables. This chapter ends with a critical review of the literature.

2.1 Structure of this Chapter

In order to make it easier to follow and understand our reasoning, we start by presenting basic theories necessary to give a background understanding of M&A's and the performance of them. Performance is primarily presented in the sense of finance, as this is the type of performance in which we are interested to examine. A definition and the concepts of national culture follow. We also present the cultural dimensions of Hofstede, that will lay as the foundation for determining and analyzing cultural distance, as studies made before us have used (Chakrabarti et al., 2009; Datta and Puia, 1995; Morosini et al., 1998; Slangen, 2006). We only consider national culture as corporate culture is largely influenced by the national culture (Schneider and Constance, 1987, cited in Chakrabarti et al., 2009) and rather differences in national culture seem to explain success factors in cross-border M&A's (Weber et al., 1996, cited in Chakrabarti et al., 2009). For us to be able to investigate the relationship between cultural distance and performance of cross-border M&A's, it is essential and relevant to analyze and present previous research and theories on the subject. Then, we sum up with a discussion of the literature presented which lead to our thesis development. Finally, a set of control variables are briefly discussed and the chapter ends with a critical literature review.

2.2 Characteristics and Motives of Cross-border M&A's

Generally and simplistically defined, mergers are defined as two companies joining together as either a new company or under one of the merging companies. While acquisitions can be defined as a company buying the whole or part of another company referred to as the target. (see e.g. Wübben, 2007). However, they are most commonly discussed and studied as one, as is the reason why we also do and use these interchangeable.

There are several theories concerning motives for making M&A's and most are interrelated. Two of the often most cited motives are growth and synergy (Gaughan, 2007). M&A as a

strategy for growth allows companies to access new markets with a decrease in risks associated to making Greenfield investments (Stahl and Voigt, 2004). Realization of synergies of a M&A may lead to increased shareholder value, either through operational or financial efficiencies. Operational efficiency can be achieved either through economies of scale or scope; e.g. cost reductions or revenues from cross-selling of products. The potential of increased financial efficiency can achieved through a more efficient use of capital and/or reduce the cost of capital. For example, the US capital market is likely more efficient and have a larger supply of funding options than the Swedish capital market.

2.3 Performance and Cross-border M&A's

According to Koller, Goedhart and Wessels (2010), value is a helpful measure of performance, because it takes into account all the stakeholders of a firm. They further state that maximizing shareholder value in the long run also eventually increases the value of the rest of the firm's stakeholders. When evaluating a business event, such as a M&A, the stock market is only interested in the impact of the M&A on the intrinsic value of the combined firms (Koller et al., 2010). The intrinsic value is the underlying perception of the fundamental value of all parts of the company and its business; tangible as well as intangible assets and aspects. Therefore how the market perceives the impact of the intrinsic value of the combined firms, depend on the information the available related to the intrinsic value. Thus, it also depends on which factors they consider when evaluating the potential impact on the intrinsic value.

According to the efficient market hypothesis (Fama, 1970) when companies make strategic decisions, such as the event of a M&A, this should be directly valued in the share price. The efficient market hypothesis implies that in an efficient market the prices should fully reflect all the available information. Intuitively this means that by looking at movements in the share price one should be able to filter out the cause of such movements and find the value of specific events; i.e. performance caused by a specific event. However this is seldom the case, since all information rarely is/can be available for all. Therefore the stock market's and investors' valuation of the company might not reflect the true fundamental value of it, but rather how they perceive and analyze the available information of the company and its environment.

As miss-valuations and overreaction might be an effect of the market being incapable of determining the fundamental value of a company, several researchers have turned to other types of performance and value measures. However, when measuring performance in accounting-based measures it is likely to also reflect other events than that of the M&A, as is true for measuring during longer time period as well. Even if captures some of the possible increase of a M&A, it likely fail to include intangible effects. An obvious downside by including managerial perceptions is that they are highly subjective to individuals of a small group, holding different and unavailable information.

Measuring reactions in the stock-prices in the short time around the announcement, has the advantage over these measures that it more likely capture a reaction directly linked to the event. Even though it may fail to capture some aspects, due to e.g. ignorance in analyzing information, it can capture the aspects of intangible factors in addition to the tangible. Therefore we analyze the announcement effects; as we in our thesis are interested in how cultural distance might influence the perception of a cross-border M&A's impact on shareholder value.

There seems to be conclusive results from previous studies on performance to be negative (see e.g. Koller et al., 2010; Hillier et al., 2008 etc.). Meta-analysis conclude that the stock performance is mostly negative, but that research still lack evidence on what determines and drives the performance of M&A's (King, Dalton, Daily and Covin, 2004; Haleblian, Devers, McNamara, Carpenter and Davison, 2009). Still, it is relevant and interesting to examine the performance, using stock-market based measures since research lacks conclusive evidence of the determinants for the performance.

2.4 National Culture

National culture can be described as "the collective programming of the mind which distinguishes members of one nation from another" (Hofstede, 1991, cited in Schoenberg 2000). National cultural distance is defined as the extent to which the shared norms and values in one nation differs from those of another (Kogut and Singh, 1998; Hofstede, 2001, cited in Drogendijk and Slangen, 2006). National culture relies upon peoples' common history, beliefs and the values of which they share. Thus, this affects how individuals within a

culture interact as well as how they react to external environments and other cultures than their own.

Several researchers have tried to find a way to measure national culture in order to be able to study in an equally comparable manner how the culture differs from one country to another, and what effect differences in cultural distance between countries might have. Although measures and determinants of culture that exists are acceptable and used, all measures of culture are subjective and have shortcomings, given the subjective nature of culture (Chakrabarti et al., 2009).

Hofstede's four dimensions of national culture might be one of the most frequently and accepted measure to use when studying national culture, although in recent the critic has increased (Drogendijk and Slangen, 2006). Another measure that is similar to Hofstede's, is the scores of Schwartz, who classifies societies in terms of embeddedness versus autonomy, hierarchy versus egalitarianism and mastery versus harmony (Drogendijk and Slangen, 2006; Chakrabarti et al., 2009). Alternative measures on culture are proxies of language, religion and legal origin (Chakrabarti et al., 2009). Some also suggest national culture should be measured through perception from individual-level, e.g. from a managerial perspective. However, Hofstede's culture dimensions are still considered as an acceptable determinant of national culture (see e.g. Chakrabarti et al., 2009, or Datta and Puia, 1995). It is also one of the most used measures when studying culture and it dominates the studies on cross-border M&A and culture. Since it also is one of the most used measures on culture, using this makes different studies better comparable and increase chances of knowledge accumulation (King et al. 2004). Why we further discuss the Hofstede dimensions as of what they are, to give an understanding of how national cultures are classified.

The idea behind Hofstede's work is that culture and cultural differences can be described along these four dimension. The four dimensions being; power distance, individualism, masculinity and uncertainty avoidance. To determine where a country is placed along these dimensions, they are given a score on each dimension. In order to determine comparable cultural distance between the countries a cultural distance index is usually computed based on the scores on each dimension for each country. However, the cultural distance indices available and how they work will be discussed further in the methodology chapter. Below, we give a brief explanation of each.

Power Distance Index (PDI)

This dimension seeks to capture to which extent inequality exists and is endorsed by individuals at all levels in the society. As power and inequality are fundamental facts of any society, but some are more unequal than others. Hofstede defines it as being to which extent less powerful members of organizations and institutions accept and expect that power is unequally distributed (Geert Hofstede).

Individualism (IDV)

By determining the individualism versus the collectivism, this dimension aims to capture the degree to which individuals are integrated into groups. On the one extreme, individualism is societies where there are loose bonds between individuals and everyone is and are expected to only look out for themselves. Whereas on the other extreme, collectivism mean people are integrated into strong, cohesive groups where they are protected and taken care of by unquestionable loyalty in exchange (Geert Hofstede).

Masculinity (MAS)

A society where the masculinity is high is a society where the roles between the genders are distinct. The masculinity is defined as assertive and competitive, whereas the femininity is defined as being modest and caring. Hofstede means that in masculine societies, recognition, advancement and a challenging work are found as the factors being the most important. While, having a good working relationship with your superior, cooperation, employment security and to live in a desirable area are factors being the most important in feminine societies (Geert Hofstede).

Uncertainty Avoidance Index (UAI)

A dimension that aims to describe the extent a society is tolerant to uncertainty and ambiguity. Uncertainty avoiding cultures use strict laws and rules, safety and security measures and philosophical and religious beliefs, to try to minimize possibilities of unstructured situations. Opposed to uncertainty avoiding cultures, uncertainty accepting cultures try to have as few rules as possible. The latter are also characterized by being more tolerant to opinions and situations that differ from their usual (Geert Hofstede).

2.5 Previous Research on Performance and National Culture

A meta-analysis on previous studies was made to find performance implications of cultural distance in cross-border M&A's, Stahl and Voigt (2004). They found that cultural distance was positively related to abnormal returns to shareholders of the acquiring firms, whereas it was unrelated to accounting-based measures and negatively related to socio-cultural measures. An explanation they give of this is that investors are likely positively disposed toward cross-border M&A's as an entry-choice when entering foreign markets, rather than the direct impact of cultural distance itself. However in their meta-analysis they also included studies that had the measure of domestic versus cross-border M&A's as a measure of cultural difference.

Studying M&A performance using Hofstede's cultural dimensions, Chakrabarti et al. (2009) find cross-border M&A's, in the long-run, between two countries perform better than when cultural distance is larger. They argue reasons for their results might be that a target in a culturally more distant country has a new set of strengths beneficial for the acquirer. Or, acquiring a target in a culturally more distant country only occurs when acquirer is confident of the significantly large economic synergies that compensate the risk. However, they find the opposite when examining the announcement effect of a M&A between culturally distant countries. Although they contradict the perception of cultural clashes as impeding on cross-border M&A integration in the long run, they confirm that perception of being true in the eyes of the market and investors.

Another earlier study by Datta and Puia (1995) also find evidence of the market to perceive cultural distance as possible difficulties and a threat to the success of cross-border M&A's. As Chakrabarti et al. (2009) they also examined the announcement effect, using CAR, to find it being negatively related to cultural distance. Thus, according to their studies the market is evaluating larger cultural distances as more negative when engaging in M&A's, even though the opposite might be true for the success of M&A's in the longer run.

Other studies using the cultural distance-performance relationship, but other measure of performance are Slangen (2006) and Morosini et al. (1998). Slangen (2006) states that cultural distance alone might not always explain performance in cross-border M&A's. He points to the importance of the planned level of integration when acquiring in culturally distant countries. In addition to using Hofstede's dimensions as determinant of cultural distance, he

also performed a questionnaire where top managers, engaged in cross-border M&A's, answered the questions related to the M&A activities. Their answers were also considered when determining e.g. the performance outcome from the M&A's made tested in relation to the cultural distance. Using another performance measure, sales growth, Morosini et al. (1998) find support for cultural distance to enhance performance from cross-border acquisition. The sales growth is measured over a 2-year period following the M&A, of a combination of questionnaires gathered and "archival sources". However, as discussed previously, measures of sales growth itself might not always be what the stock market considers when it values the M&A announced.

The meta-analysis indicates that cultural distance has a positive relation to M&A performance. However, when looking at specific studies on this relationship, it seems that it is not as simple as saying that it is positively related, but rather depends on how and in what context you measure. The individual studies presented above, imply that when measuring stock-based performance in the short-run, i.e. announcement effects, cultural distance and performance is negatively related. While measuring performance in the longer run, using stock-based (Chakrabarti et al., 2009, use BHAR[1]) and accounting-based measures (Morosini et al., 1998, using sales growth) and managerial perceptions (Slangen, 2006,) imply a positive relationship.

2.6 Development of Hypotheses

As we have discussed in this chapter, the stock market values the event of a M&A's based on its perceptions of the impact on the intrinsic value of the combined firms. Previous research suggest the market to perceive M&A to be value destroying, as most studies show M&A performance is on average negative. Still, what determines and drives that performance is yet not fully defined through research. Gregory and McCorriston (2005) find indications that factors determining short-term performance differ from those determining long-term performance. Where short-term performance rather seems to be influenced by country-level and environmental factors, while important factors determining long-term performance seem to be more firm-specific in its character.

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[1] Buy-and-Hold Abnormal Returns

Measuring the announcement effects in stock prices, using cumulative abnormal returns studies generally find it to be negative, in consensus with M&A as value destroying (see e.g. Aw and Chatterjee, 2004; Eun et al., 1996; Gregory and McCorriston, 2005). Studies on the announcement effects are made on acquirers from different nations, still the results does not seem to differ at any larger extent. As it seems that the announcement effect of M&A's is negative no matter the geographical origin of the acquirer, we believe that this is likely for the Swedish acquirers as well. Therefore we form the following hypothesis:

Hypothesis 1: The announcement effect of cross-border M&A's made by Swedish acquirers is negative.

However, factors determining such outcome are still not found without reasons for doubt. In the short run performance, environmental factors are likely in explaining the performance (Gregory and McCorriston, 2005). An environmental factor indicated to play such role is cultural distance. Studies find the announcement effect and cultural distance to be negatively related (Datta and Puia, 1995; Chakrabarti et al., 2009). Thus, the market seems to perceive cultural distance as value destroying. One reason for this might be of the potential "cultural clashes" that could impede the integration of the M&A. On the other hand, in the long run impact of cultural distance is positive, perhaps indicating that increased awareness of the cultural distances makes them easier to manage. However we are primarily interested in measuring the announcement effects. Only two previous studies, to our knowledge, have measured cultural distance's impact on the announcement effects. They both reach the conclusion that the market perceives cultural distance negatively, where on study was made on US acquirers (Datta and Puia, 1995), while the other involved several acquiring countries (Chakrabarti et al., 2009). Therefore we find it reasonable to assume the same is likely true for Swedish acquirers, why we form our second hypothesis accordingly:

Hypothesis 2: The announcement effect of Swedish cross-border M&A's is negatively related to cultural distance.

2.7 Determining Control Factors

In order to see the true relation between cultural distance and announcement effects, it is of importance to eliminate as many other factors that possible influence and interfere that relation. Therefore we include several control factors in our tests to isolate the relation

between cultural distance and announcement effects. Following we give a brief theoretical discussion of why the chosen control factors might be of relevance to control for.

Economic disparity

We choose to control for economic disparity as it has been found, by e.g. Chakrabarti et al. (2009), to be of significance and to have an effect on the stock performance. However, this was when studied over a longer period of time. When examining the economic disparity over a shorter period of time no significance was found. Still, we find it interesting to control for as Chakrabarti et al. (2009) state that economic differences between two countries might have effect on the performance of the M&A. Economic could also reveal advantages/disadvantages of differences in the economy between two countries.

Openness of target country

Furthermore, we choose to control for the openness of a target country to the world economy as done by Chakrabarti et al. (2009). We choose to control for how open a target country is to the world economy as it measures the openness towards world economy as it could influence to what extent the acquirer with ease can manage and support its target as well as the extent of efficiency that is possibly employed (Chakrabarti et al., 2009). Moreover, we find this measure useful as we believe that it could be looked upon as a measure of how transparent a country is in terms of accurate pricing, subsequently making the pricing of the target more accurate and the stock quote reacting thenceforth.

Bilateral trade

We control for bilateral trade as it could explain the trade relationship that exists between the country of the acquiring company and the country of the target company. This relationship can be a way to control for the degree of economic integration (as done by e.g. Ferreira et al., 2009). We believe it is relevant to control for as well-established relationships between countries might have an impact on the performance, since the relationship already exists, as well as the knowledge about the country and its regulations et cetera.

Foreign Exchange rate

Foreign exchange rate is controlled for in order to counteract effects of appreciation and depreciation of a currency, as it could have an impact on the deal size of a cross-border M&A and of M&A activity abroad. Furthermore, Chakrabarti et al. (2009) find some evidence that foreign exchange rate volatility do impact the stock performance. And as Chakrabarti et al. (2009) mentions it can play a role in determining the success of a cross-border M&A, we therefore choose to use foreign exchange rate as a control variable in our study.

Geographical Origin

Moreover, we control for geographical origin of the different cross-border M&A's. This, as Uddin and Boateng (2009) found some support for geographical origin having an impact on cross-border M&A performance. Furthermore Conn, Cosh, Guest and Hughes (2005) have also found evidence of that the geographical origin of the target company do affect the cross-border M&A performance. Gregory and McCorriston (2005) noticed that there are similarities in corporate governance structures between countries that might impact the value creation/destruction for shareholders of the acquiring company. We also consider geographical origin could work as a substitute for measuring cultural distance, also making it important to control for.

Relatedness

Datta and Puia (1995), as well as Uddin and Boateng (2009), suggest related acquisitions perform better than unrelated acquisitions. Another study with a similar approach to Datta and Puia (1995) is Singh and Montgomery (1987) who classified an acquisition as related if it shared one of the following characteristics: similar production technologies, similar science based research, similar products and/or markets. Conn et al. (2005) did also use a similar method where companies were classified as related if they were in the same 2-digit SIC, otherwise not related. Though, there are other studies implying the opposite (see e.g. Gregory and McCorriston, 2005). As different studies have found relatedness to be both of significant (e.g. Singh and Montgomery, 1987) impact and of insignificant (e.g. Conn et al., 2005) impact, we find this measure relevant to control for. It indicates that relatedness has a possible effect on performance.

Relative size

Finally, we consider it important to control for as Conn et al. (2005) did find some significance for their relative size coefficient. Moreover, other scholars have argued that the performance of acquisitions actually is affected by firm size (Haleblian et al., 2009). Furthermore, this could be of importance as it can be seen as a proxy for other measures measuring the size of the target. Moeller and Schlingeman, 2004, e.g., who found it to be of significance the transaction value over the market value of the acquirers assets. Or the actual deal size, as done by Eun et al., 1996, who found it to have a significantly negative effect on the wealth of the acquiring company's shareholders.

2.8 Critical Literature Review

Although we have given reasons for critique towards studies discussed in this chapter, we find it necessary to summarize some important critiques. We do this in order to clarify and increase the awareness of these flaws when continuing our thesis.

Overall the few studies made on cultural distance and cross-border M&A performance contributes to little generality of their evidence as the measures of performance is widely spread; from stock-market based measures, such as CAR, and accounting-based measures as sales growth to the perception of top managers of the acquiring firms. Therefore a general conclusion of what role cultural distance plays in the performance of cross-border M&A's is still somewhat unclear. Since there are so few number of studies made on this, it might not be possible to make solid conclusions based on previous research, which is also one of the reasons for us making this study.

When examining the effect on acquirer – target cultural distance on shareholder wealth of acquirers, Datta and Puia (1995) determine the announcement of the event based on the first press-report made in Wall Street Journal. Public announcement of M&A's made elsewhere were not considered. This may lead the result to be distorted towards a specific type of acquirers engaging in M&A's.

Studying cultural distance only in the context of national culture might be persuasive. Even if national culture is found to heavily influence corporate culture, it is possible to have considerable corporate distances despite sharing the same national culture (see e.g. the AOL-Time Warner merger in Chakrabarti et al., 2009). Another argument for only measuring national culture is that it is this rather than corporate culture that explains some critical

success factors. However, there are evidence of deal-specific characters, such as form of target and acquisition strategy, influence the short-term performance. Hence, this implies corporate culture can play an important role even in cross-border M&A's.

Even though the Hofstede's dimensions are well established in the international business literature, the long-term existence and use have opened for critique. Some point to the fact that the scores of the dimensions are based from a survey, however extensive, from one company; IBM. Even though the sample size as whole is large, it is still subject for distorted results as the individuals in the sample are part of the same organization. Another critique towards the sample size is that it varies across countries, with some countries having very small samples (McSweeney, 2002). The fact that it is a uniform measure, not allowing for or taking into account, possible intra-culture differences is also questioned. Furthermore, the study is claimed by other researchers to be outdated as the world today is subject to rapid changes in the global environment. Moreover, the dimensions used are argued to be too few, something that Hofstede himself later has concurred with (Jones and Alony, 2007). More critique exists, however it is still one of the most used and well-accepted measures of national culture. It is also relevant for us to use this in order to be able to compare our results to previous studies.

3. Methodology

The methodology chapter include an explanation of our methodological approach and presentation of our sample selection and sample data. Further we present how we determine our dependent, independent and control variables in order to perform the test on them. Following we give a short presentation on the type of regressions which we run with the variables. To end the chapter we give reliability and validity review on aspects of our methodology.

3.1 Methodological Approach

As we make a quantitative study we are able to attain observations that will define patterns of cultural distance and stock market performance. As our purpose is to measure performance in terms of shareholder value of the acquirer we use a capital market based event study approach. This as it is has become a standard when examining the performance of a stock at a specific event. It allows the researcher to investigate if an event has had a positive, or negative, impact on the shareholder wealth (Aybar and Ficici, 2009). We use the event study to measure the success by analyzing capital market reaction in terms of unexpected returns, i.e. abnormal returns. All data we use is secondary, since the variables we examine are of such characteristics that it is not relevant and not possible to use primary data.

3.2 Sample Selection

We choose to focus on Sweden as the acquiring country, where all other countries in which cross-border M&A's from Sweden are made are considered target countries.

When selecting our sample of M&A's, we use a number of criteria needed to be met in order for a cross-border M&A to be a part of our sample. The criteria to be met are as follows:

1. the acquisition was announced between January 1st 1996 and December 31st 2009;
2. the acquisition was completed within the above mentioned time frame in order to be a part of the sample;
3. the acquirers was, at the time of the announcement of the acquisition, listed on the Stockholm Stock Exchange;
4. Reuters 3000 Xtra classifies the transaction as an M&A and not as an investment;

5. the share price, around the announcement, is available (in order to be able to calculate the CAR).

We choose to look at all Swedish acquirers, publicly listed on the Stockholm Stock Exchange. Though, we choose only to include those companies that made cross-border M&A's during the given time set, since we are not interested examining the influence of e.g. past acquisition experience of companies (as opposed to e.g. Collins, Certo, Hitt, Holcomb and Lester al., 2009).

The reason we only include deals where acquirer is listed on the Stockholm Stock Exchange, is due to practical reasons. It enables us to retrieve data otherwise not possible to gather if the company is unlisted. This also make the study somewhat comparable to other studies using CAR as their capital-market based measure (Chatterjee, 2000; Aw and Chatterjee, 2004; Uddin and Boateng, 2009; Cheng, Chou, Lin and Yang,. 2009). As we in our event study will measure the performance from the cross-border M&A's from the view of shareholders' of acquiring firm, we analyze the unexpected returns in stock prices; thus we measure CAR. Further, performance measure in the shareholder approach when firms are public, measure the reaction of the capital market, quantified by abnormal returns, opposed to measuring private targets, where accounting-based measures are used (Wübben, 2007).

Our study focuses on the years between 1996 and 2009, to get a longitudinal perspective in addition to the cross-sectional. This in accordance with Chakrabarti et al. (2009) who used a longer set of data ranging from 1991 to 2004. However, this is in contrast to e.g. Slangen (2006), who only used data collected during one year. And as cross-border M&A's in Sweden in particular are of significant numbers first in recent years, and thanks to data availability, we chose to investigate the matter from 1996 and onwards.

We further divide the time set in sub-periods, contrary to both Chakrabarti et al. (2009) and Slangen (2006) who only examined the whole period given. The sub-periods are divided according to the market fluctuations during the time period in order to capture them. Additionally, the fluctuations are somewhat defined according to fluctuations of the annual growth on Swedish stock market (found in Figure 1 below), annual international M&A's, and Swedish cross-border M&A's[2]. Thereof we determine the sub-periods to be: 1996-2000,

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[2] See Appendix 2 for figures on all

2001-2004, 2005-2007 and 2008-2009. Furthermore, regressions are also conducted on the time period of mid-2001-2009, which is further explained below, in the sample data section.
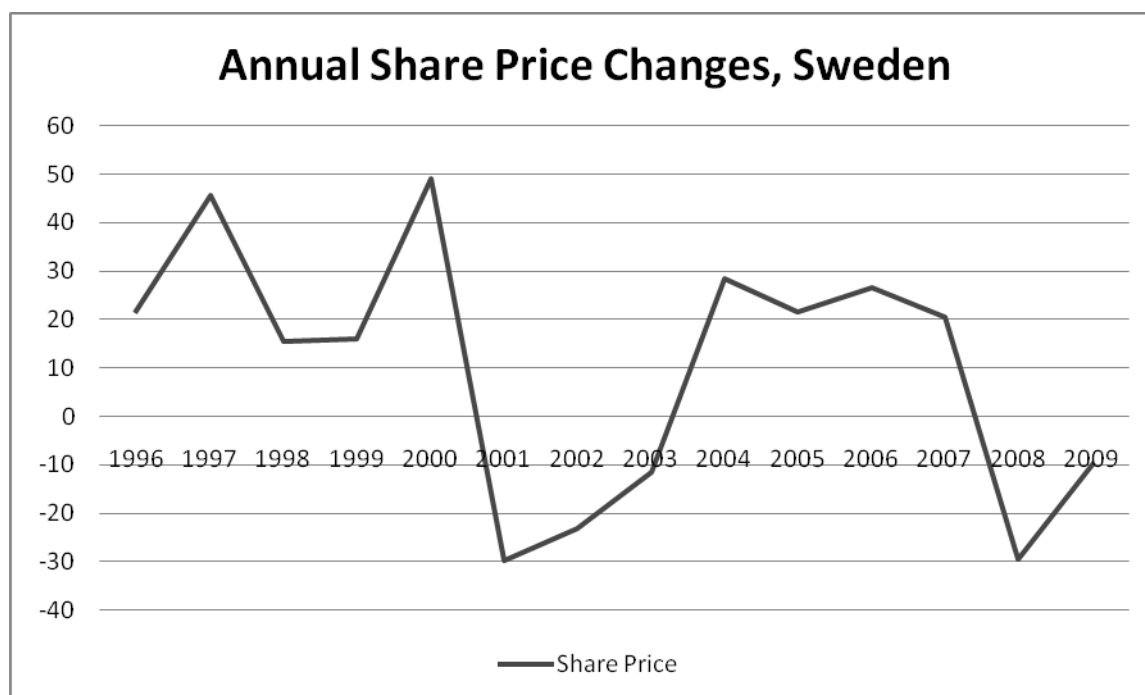
Figure 1. Annual Share Price Changes Sweden (OECD.Stat Extracts)

3.3 Sample Data

Our data set on information regarding cross-border M&A activity of Swedish acquirers is collected from Reuters 3000 Xtra's M&A Search. It consists of cross-border M&A's, which fulfil the criteria mentioned in the sample selection section. Swedish companies are the ones being acquirers and foreign companies are targets. The data for the stock index used, OMX Affärsvärlden's General Index, comes from Affärsvärlden, provided through financial data provider Thomson Datastream.

As regards for the stock quotes which are used to measure the cumulative abnormal returns, Thomson Datastream is used for this purpose as well. In order for us to capture possible asymmetrical trading in a given stock, not only have the closing quote been used. Since there is evidence that state that this can have implications for event studies as it can result in the closing quote moving toward either the bid or the ask quote, also known as the bid-ask bounce. Consequently this kind of bias could make researchers falsely rejecting, or accepting, null hypotheses (Lease, Masulis and Page, 1991). Therefore, bid and ask quotes are obtained

to circumvent this problem. Furthermore, a mid quote is assembled by using the average of the bid quote and ask quote as it eliminate the effect of closing quote movements towards either the bid quote or ask quote (Lease et al., 1991).

The whole sample for the regression, using the closing quote, consists of 761 Swedish cross-border M&A deals in 48 different countries between 1996 and 2009, after omitting observations where data on stock quotes were missing. However, as regards for the bid, ask and subsequently the mid quote data was not able to be obtained before mid-2001 through Thomson Datastream. As a result of this, the whole sample for the bid, ask and mid quote regressions consist of 544 observations between mid-2001 and 2009. Found below is a table over the full sample used for the four different models (which are further explained in section 4. Empirical results) between 1996 – 2009 for the closing quote and mid-2001 – 2009 for the regressions using CAR which are based on either the ask, bid or mid quote.

Overview: No. of observations for the models measured 1996-2009 (mid-2001-2009 for ask, bid and mid quote)

	Model 1	Model 2	Model 3	Model 4
Closing quote	761	760	294	216
Ask quote	544	544	198	176
Bid quote	544	544	198	176
Mid quote	544	544	198	176

Table 1. Overview: No. of observations

The data on the independent variable cultural distance is accessed through Geert Hofstede's homepage on cultural dimensions. As regards for the control variable economic disparity between the target country and the acquiring country, as well as for the control variable the openness of a target country to the world economy, the data is retrieved from the United Nations organ United Nations Conference on Trade and Development's (UNCTAD) statistical database. This is also the case for the data on economic disparity and the data on foreign exchange rate. With regard to the data on relatedness between acquiring and target companies, information was mostly provided through press releases and similar documents. The data on bilateral trade was provided through Statistics Sweden, an agency providing official Swedish statistics. Lastly, the data on the relative size ratios are provided both through Reuters 3000 Xtra and Thomson Datastream.

3.4 Survivorship Bias

Survivorship bias, the tendency of the sample only representing one type of (successful) companies, could be subject to this kind of study on stock performance. Giving an example would be if we only would have included cross-border M&A's of companies listed on the Stockholm Stock Exchange for our final year of the sample period, 2009.

As we use Thomson Datastream to retrieve stock quote data, we are, at least to some extent, not subject to the case of de-listed companies being ignored. This since Thomson Datastream report de-listed firms with the last valid data point (Ince and Porter, 2006). In order for us to validate whether or not uncertain listings of companies at a given time we use the Skatteverket (the Swedish equivalent to the US Internal Revenue Service) database on stock history to validate this. If found to be de-listed at the time examined, the deal is removed from the sample as we examine the effect an announcement of a cross-border M&A might have on the stock performance of the acquiring firm, which is not applicable to measure if the stock is not quoted. And as we include all companies listed on the Stockholm Stock Exchange which, at some point for the given time period has undertaken cross-border M&A's, we have to a large extent avoided survivorship bias. Furthermore, as Ince and Porter (2006) states there is no comparable source to Thomson Datastream as regards the amount of markets covered and securities covered in each and every market. Moreover, Thomson Datastream is used by many authors to compile samples of all stocks traded within a national market (Ince and Porter, 2006). However, what Ince and Porter (2006) also did find imperfections with Thomson Datastream as a source of data. Some of these imperfections were found to be difficult, or near impossible, to correct for without a secondary data source. And even though Thomson Datastream relies on secondary data which could be inconsistent and might suffer from survivorship bias due to misrepresentation in their database, we choose to use Thomson Datastream. This ass we have, as previously mentioned, taken measures to prevent survivorship bias by including de-listed companies where found appropriate. Furthermore, we are aware of the fact that Thomson Datastream might suffer from some survivorship bias, however, we still choose to rely on their data due to the widespread use of their data.

3.5 Variables

We examine the effects of cultural distance on the capital market reaction to the event of cross-border M&A. All of the variables are tested in the whole time period, 1996-2009, and the performance sample is also tested for all the four sub-periods; 1996-2000, 2001-2004, 2005-2007 and 2008-2009. However, with regards to the bid, ask and mid quote, the time periods tested are mid-2001-2009, mid-2001-2004, 2005-2007 and 2008-2009 as we lack data before mid-2001.

3.5.1 Dependent Variable

3.5.1.1 Performance of Cross-border M&A

The dependent variable we use for determining the performance of the announcement effect by publicize a cross-border M&A's is cumulative abnormal returns; CAR. CAR is measured for the acquirers, based on stock quotes from companies listed on the Stockholm Stock Exchange. It is set to lag the independent variables by one year.

When calculating CAR one must take some things into consideration in order to be able to carry out the computation. They are as follows:

- the announcement date of the acquisition;
- the event window used to measure CAR;
- estimations of the shares' expected return throughout the event window if the announcement would not occur;
- and the return of the share throughout the event window.

And as stated by Wübben (2007), it is quite common when conducting event studies such as this to use the capital market-based measure CAR. The outcome of research using this measure has been diverse, with positive CAR's as well as negative. However, most research lean towards the general perception that cross-border M&A's are value destroying for acquiring shareholders (Chakrabarti et al., 2009).

3.5.1.2 Event Windows and Announcement Date

The length of the period used as an event window is debated; some research use event windows of a couple of days (Schoenberg, 2006), meanwhile others study the reaction of the share price over a longer period of time such as for several years long (Aw and Chatterjee, 2004). The problem with the latter is that other effects than the one produced by the announcement of the acquisition may be accounted for when calculating the CAR (Wübben, 2007).

The intervals of short time periods are used in order to circumvent other effects than of the announcement. Small event windows, though, might miss early market reaction, as some market participants tend to know information of the acquisition prior to the official announcement (Finkelstein and Haleblian, 2002). Furthermore, the possibility of slow market reactions can be a motive for longer event windows (Wübben, 2007). Therefore a small event window might miss an early market reaction and a larger window might inhibit information that is not related to the acquisition.

In accordance with Haleblian and Finkelstein (1999) we have chosen to use an event window of [5] days before and after ([-5,5]) the announcement. This since they state that it is a commonly used time horizon for event windows. We choose to use the event window of [10] days before and after ([-10,10]) as Corhay and Rad (2000), as well as Schoenberg (2006) does. Furthermore, an event window of [1] day prior to and after ([-1,1]) the announcement is used, as in line with e.g. the study by Chakrabarti et al. (2009) or the paper by Conn et al. (2005)

When calculating CAR there are three steps we need to go through. First we need to estimate the expected return as a measure of market reactions. After the estimated return is determined, we calculate the abnormal, unexpected return, by comparing the expected return to the actual. The final step will be to calculate CAR as to summarize all abnormal returns for a given share at a given day in the event windows. Following we will explain each of the steps and motivations for models and index used in more detail:

i. Expected Return

There are several ways of estimating the expected return of a share. To name a few there is the CAPM[3], the arbitrage pricing theory, the market model and the market adjusted returns model (Wübben, 2007). We use the market adjusted returns model, hereafter MAR, in order to estimate our shares' expected returns. The MAR is found by e.g. Brown and Warner (1980) to be an effective and quite accurate model to use when calculating abnormal returns, and subsequently cumulative abnormal returns, in comparison to more complex models. This despite the fact that the market adjusted returns model is a very basic model. Furthermore it is denominated as one, of several, general models when calculating ex ante returns (see e.g. Brown and Warner, 1980; Larsen and Resnick, 1999). Therefore we assume that the market portfolio is a good substitute for the expected return of a stock.

Moreover the model has been used in studies such as Aw and Chatterjee's (2004) study as well as in Chatterjee's (2000) paper. Considering this the MAR is to be seen as an acceptable approximation of the expected return.

The MAR, which is a variant of the market model, has the same arrangement as the market model. The difference is that in the MAR one assume that β equals to 1 and α equals to 0. Furthermore ε, the error term, is assumed to be equal to 0. This gives us a formula that looks as follows:

$$E(R_{it}) = \alpha_i + \beta_i R_{mt} + \varepsilon_{it} \Rightarrow E(R_{it}) = R_{mt} \qquad\qquad (1)$$

where:

R_{mt}:   the return of the market portfolio on day t

ε_{it}:   error term

In our sample we use the OMX Affärsvärlden's General Index (AFGX) as the market portfolio for the given time period. We use this index since it has a wide scope and measures the average movement of the shares listed on the Stockholm Stock Exchange, for where the acquiring firms are listed (Affärsvärlden). In contrast to the more commonly known stock index, OMXS30 which only measures the average movement of the 30 most traded shares on the Stockholm Stock Exchange (Avanza).

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[3] Capital Asset Pricing Model

ii. Abnormal Returns

With this data we consequently calculate the first step in the CAR calculation, namely the abnormal return (AR). The AR is the difference between the actual and the estimated return for a given share on the event day t.

$$AR_{it} = R_{it} - E(R_{it}) \qquad\qquad (2)$$

where:

AR_{it}:   the abnormal return for share i on day t

R_{it}:   the actual return for share i on day t

$E(R_{it})$:   the expected return for share i on day t

iii. CAR

Subsequently the CAR for the given event window is calculated.

$$CAR_T = \sum AR_{it} \qquad\qquad (3)$$

With the given event window, CAR_T reflect whether or not an acquisition is value creating or value destroying for the shareholder of the acquirer (Wübben, 2007).

3.5.2 Independent Variable

3.5.2.1 Cultural Distance

We choose to use two well-known cultural distance measures, based on the score of the Hofstede's four dimensions. The first measure is the same as used by Chakrabarti et al. (2009), namely the Hofstede measure. The second measure we use is the cultural distance index created by Kogut and Singh (1988) and used by Datta and Puia (1995). Both these measures are based on Hofstede's four cultural dimensions (power distance index, uncertainty avoidance index, individualism and masculinity. We use both these measures to make our study comparable to the two mentioned above. It is also to assure that we do not miss large

differences in the results of them (even though they are similar in their character). What follows below are calculations for the two measurements.

$$Hofstede\ cultural\ distance = \frac{\sqrt{\sum_{i=1}^{4}(S_{A,i}-S_{T,i})^2}}{4} \qquad (4)$$

$$Kogut\ \&\ Singh\ cultural\ distance = \frac{\sum_{i=1}^{4}\left\{(S_{A,i}-S_{T,i})^2/V_i\right\}}{4} \qquad (5)$$

where:

$S_{A,i}$:   acquirer score on dimension i

$S_{T,i}$:   target score on dimension i

V_i: the variance of the index of dimension i

Moreover, the natural logarithm of these cultural distance measures are used in the regressions as this is what e.g. Chakrabarti et al. (2009) do in their regressions. Thus, the measures are named LNHOF and LNKOSI in the regression tables.

3.5.3 Control Variables

As regards for our control variables, the variables which are not dummy variables are set to lead the dependent variable by one year; subsequently the time period used for measuring this is 1995 through 2008. And in order to exclude other variables affecting the result of cultural distance, we have chosen a set of other variables on country-, industry- and firm-level to control for. Our chosen control variables are economic disparity between the target country and the acquiring country, openness of a target country to the world economy, foreign exchange rate, geographical origin, relatedness between firms and two types of relative size ratios. We have chosen these variables since we believe that these are likely to affect the result of our study on the primary variable. What follows is further information on the given control variables.

3.5.3.1 Economic Disparity

As mentioned in the previous chapter, we choose to control for economic disparity (named ECONDISP in the regression tables) as it has been found to be of significance and to have an effect on the stock performance. We find it interesting to control for since economic differences between two countries might have effect on the performance of the M&A (Chakrabarti et al., 2009). Economic disparity between the target nation and the acquiring nation is calculated as stated below.

$$Economic\ disparity = \frac{Per\ capita\ GDP\ of\ acquirer\ nation - Per\ capita\ GDP\ of\ t\arg et\ nation}{Per\ capita\ GDP\ of\ acquirer\ nation + Per\ capita\ GDP\ of\ t\arg et\ nation} \qquad (6)$$

3.5.3.2 Openness of Target Country to the World Economy

Openness of a target country to the world economy (named OPEN in the regression tables) might affect the accessibility of a target country. We thus control for it to make sure this is not impeding our results from showing the relationship of cultural distance and CAR. Moreover, we find this measure useful as we believe that it could be looked upon as a measure of how transparent a country is in terms of accurate pricing, subsequently making the pricing of the target more accurate and the stock quote reacting thenceforth. A measure of a country's openness to world economy can be to se to the extent the country's economy is open to international trade. Therefore we employ the same measure on openness of target as Chakrabarti et al. (2009). Found below is the calculation for the openness of the target country.

$$Openness\ of\ target = \frac{Target\ nation\ import + Target\ nation\ export}{Target\ nation\ GDP} \qquad (7)$$

3.5.3.3 Bilateral Trade

We control for bilateral trade to eliminate the effects that a certain relationship the acquiring country Sweden has with specific target countries. When controlling for bilateral trade (named LNBITRADE in the regression tables) we use a similar approach to Chakrabarti et al. (2009). What differs from their approach is that we also put the bilateral trade relative to the

total import and export of the acquiring country. This in order to also consider actual share of the total bilateral trade a target country have with the acquiring country.

$$Bilateral\ trade = \frac{Import_i + Export_i}{Total\ trade} \qquad (8)$$

where:

$Import_i$: import from target country i to the acquiring country

$Export_i$: export to target country i from the acquiring country

$Total\ trade$: sum of total imports to and total exports from the acquiring country

Furthermore, as with the cultural distance measure, the natural logarithm in this case is used for this control variable in order for us to "pull in" extreme observation by re-scaling the data, as stated by e.g. Brooks (2008).

3.5.3.4 Foreign Exchange Rate

Foreign exchange rate is controlled for in order to counteract effects of appreciation and depreciation of a currency. Through the years, different measures have been used to measure foreign exchange rate changes. We have applied an approach where the change in foreign exchange rate is measured as the percentage change between years. This is in order to have an interval that captures frequent changes, that occurs in the exchange rate. We use the exchange rate where the SEK is the reference currency for all other. Change in foreign exchange rate

$$Change\ in\ foreign\ exchange\ rate = \frac{FX_{t+1} - FX_t}{FX_t} \qquad (9)$$

where:

FX: foreign exchange rate between Sweden and target country

3.5.3.5 Geographical Origin

As support has been found for geographical origin of the targets affecting the CAR of cross-border M&A's, it is a factor we want to control for. We construct a set of dummy variables

which indicate whether or not it belongs to a predetermined geographical area. The predetermined geographical areas used are Scandinavia, the rest of Europe (named ROE in the regressions), North America (named NOAM in the regressions) and the rest of the World (named ROW in the regressions). The areas Scandinavia, the rest of Europe and North America are chosen as there are studies that have shown differences in CAR of acquirers acquiring e.g. European and US targets, see e.g. Corhay and Rad (2000). The rest of the World is added in order to gather the remaining target countries, as done by e.g. Gregory and McCorristion (2005). Each and every dummy variable is coded 1 if it belongs to the predetermined geographical area, and a 0 otherwise. However, in order to avoid multicollinearity, also known as the dummy variable trap, we drop one of the variables (namely Scandinavia). Dropping the dummy variable Scandinavia causes the results of the given dummy variables left to be relative to Scandinavia.

Furthermore, we thought it would be of interest to create a dummy variable which examined the effect of being a member of the European Union might have as Gregory and McCorriston (2005) advert that there are similarities in corporate governance structures between countries in the European Union which may have an impact on the value creation/destruction for shareholders of the acquiring company. Subsequently a dummy variable coded 1 if a country is a member of the European Union, otherwise 0, is used. This implies that the result of the EU variable is relative to all other countries in the sample. Bear in mind that this dummy variable is not subject to the above mentioned dummy variable trap as it is not related in the same manner as with the before mentioned dummy variables.

3.5.3.6 Relatedness Between Target Firm and Acquiring Firm

When controlling for the relatedness between the target firm and the acquiring firm a dummy variable coded 1 if related and 0 otherwise is created. To examine whether or not the target company and the acquiring company in a cross-border M&A are related with each other we use a similar approach as to Datta and Puia (1995) . They used product descriptions in Wall Street Journal and the description of the product/service of the firms in Mergers and Acquisitions to determine whether relatedness existed between the target and acquiring companies. We on the other hand to a large extent rely on press releases and similar information on the given acquisitions. And as Datta and Puia (1995) did, we classify a M&A as related if:

- the acquiring firm is in the same business as the target company (horizontal merger).
- the business of the target company is a buyer or supplier industry with regards to the acquiring firm (vertical merger).

Otherwise the acquisition is classified as unrelated.

3.5.3.7 Relative Size

The last control variable we use is the relative size of the cross-border M&A (named TV/MV and TV/MVC in the regressions). We define this, as done by e.g. Conn et al. (2005), as the ratio of the deal size of the cross-border M&A to the market value of the acquirer. This is conducted through two variables, one that measures the deal size over the market value of the acquirer (TV/MV) and the other which measure the deal size over the cumulated market value (TV/MVC). The difference between these variables is that the first only consider the market value of the share used for calculating the cumulative abnormal return, meanwhile the other variable also take other types of listed shares of the acquiring company into consideration. Described below is how the calculations on the relative size are conducted.

$$Relative\ size = \frac{Deal\ size_i}{Market\ value_y} \qquad (10)$$

$$Relative\ size\,(cumulated) = \frac{Deal\ size_i}{Cumulated\ market\ value_y} \qquad (11)$$

where:

$Deal\ size_i$:   the price for target company i

$Market\ value_y$:   the market value for acquiring company y

$Cumulated\ market\ value_y$: the cumulated market value for acquiring company y

3.6 Regression model

The analysis of what impact the independent variable cultural distance, and the other control variables, might have on the dependent variable cumulative abnormal returns around the announcement of a cross-border M&A relies on an ordinary least square (OLS) regression.

3.6.1 Classic Linear Regression Model (CLRM) Assumptions

When performing CLRM regressions (e.g. OLS), as done in this paper, there are a number of assumptions needed to be taken into consideration when performing the regressions. The assumptions (as stated in e.g. Brooks, 2008) one need to consider is the following:

1. the errors are on average zero;
2. the variance of the errors is constant, also known as the assumption of homoscedasticity;
3. the errors are linearly independent of each other, if not uncorrelated with each other the errors are said to be autocorrelated (or serially correlated);
4. the x variates are non-stochastic;
5. the errors are normally distributed.

3.6.2 Ordinary Least Square Regression (OLS)

As done by e.g. Chakrabarti et al (2009) we use the announcement date of the cross-border M&A to structure our sample. This allows us to perform different tests (e.g. for autocorrelation and heteroscedasticity) and arrangements depending on the outcome of the different tests. The regressions are performed by using the commonly known statistics software Eviews.

In order for us to circumvent problems such as e.g. heteroscedasticity (the contrary to homoscedasticity) and autocorrelation a number of measures are taken. The regressions are first tested for heteroscedasticity by conducting White's test. As proposed by e.g. Brooks (2008), if the result show a F-statistic and Chi-squared with a low p-value of 0,05 or less the regressions are considered to be heteroscedastic. As regards for autocorrelation the Breusch-Godfrey Serial Correlation LM test is carried out in order to examine whether or not autocorrelation is present. As with the White's test, we use low p-values of 0,05 or less for the F-statistic and Chi-square to indicate that a regression is autocorrelated.

When correcting for heteroscedasticity Eviews employ White's heteroscedasticity-consistent standard errors and covariance. This estimator gives us the correct variance-covariance-matrix for the OLS estimator. The advantage of using the White heteroscedasticity-consistent standard errors and covariance is that it is robust to all kinds of heteroscedasticity (Westerlund, 2005). Autocorrelation is corrected in Eviews by conducting Newey-West's heteroscedasticity and autocorrelation standard errors and covariance. By using the Newey-West estimator, this gives us the correct variance for the OLS estimator when there is presence of autocorrelation. Hence, it is robust to autocorrelation. Similar to the White estimator, when using the Newey-West estimator one do not need to know what the autocorrelation looks like (Westerlund, 2005). If there is presence of heteroscedasticity and autocorrelation, Newey-West's heteroscedasticity and autocorrelation standard errors and covariance is used to correct for this (Brooks, 2008). However, if there is no presence of either heteroscedasticity or autocorrelation the original regressions are used.

3.7 Validity and Reliability

Reliability refers to the extent the measurements used are consistent and consequential and if the results from a study will be the same if replicated, or if it is subject to temporary or random effects (Bryman and Bell, 2005). In order for us to ensure the reliability of this study we have undertake a number of measures. Using a time span between 1996 and 2009 will hopefully avoid any temporary or random effects. Furthermore, the data used is gathered from well-known providers of specific data in our study. E.g. data regarding announcements of cross-border M&A's and stock quotes come from the commonly known financial data and news providers Reuters 3000 Xtra and Thomson Datastream. Moreover, data from statistical databases such as Statistics Sweden and UNCTAD are used for several of the variables employed in this study.

The validity of a study is usually divided into internal validity and external validity. Where the internal validity of a study tell how well the measurements used in a study really measure the intended and if whether one variable actually affect another (Bryman and Bell, 2005). The variables and methods we use in our study are specified in accordance with proven methods in previous research, thus we believe the methods used to be valid.

Moreover, external validity regards the extent to which the data sample really reflects the reality and is applicable in other situations. By using sources and methods that have been

proven we hope to ensure the external validity. Furthermore, Sweden is one of the most internationalized countries in Europe, as well as in the World. Hence, Sweden could most likely represent the global trend of M&A activities, which could contribute to a higher external validity. However, as small and larger stock exchanges might not share similar traits (e.g. liquidity) one can question to which extent this study can be generalized. For stock exchanges which have similar traits to the Stockholm Stock Exchange, the external validity would probably be high and for others the external validity might be a little bit different.

4. Empirical Results

In this chapter we only present the results, without further analysis or discussion of them. We start by presenting descriptive statistics and correlations of the tests and then give the results from the regressions we ran.

4.1 Descriptive Statistics and Correlations

Every kind of cumulative abnormal return (based on either the closing, ask, bid or mid quote) used in this paper is tested against a given set of independent and control variables. In this section we aim to present the descriptive statistics, as well as the correlations of these variables. In Table 2 below, a summary of the descriptive statistics for the dependent and independent variables is found.

Descriptive statistics of variables

	CAR1	CAR5	CAR10	CARMID1	CARMID5	CARMID10	CARASK1
Mean	0,012	0,016	0,019	0,013	0,015	0,019	0,013
Median	0,010	0,022	0,028	0,009	0,023	0,030	0,009
Maximum	0,573	0,755	1,327	0,508	0,566	0,597	0,507
Minimum	-0,261	-0,491	-0,562	-0,215	-0,462	-0,502	-0,216
Std. Dev.	0,075	0,120	0,165	0,076	0,119	0,155	0,077

	CARASK5	CARASK10	CARBID1	CARBID5	CARBID10	LNHOF	LNKOSI
Mean	0,015	0,020	0,013	0,015	0,018	2,561	0,427
Median	0,021	0,031	0,009	0,023	0,030	2,763	0,967
Maximum	0,563	0,727	0,509	0,569	0,619	3,490	2,378
Minimum	-0,477	-0,503	-0,215	-0,442	-0,502	1,521	-1,664
Std. Dev.	0,121	0,158	0,077	0,119	0,153	0,540	1,143

Table 2. Descriptive statistics of variables

The dependent variable CAR is positive for the whole time period used, regardless of what type of stock quote that has been used in the calculations. The CAR measured around the event window of [-1,1] day around the announcement of the acquisition is averaging a CAR of around 1,2% – 1,3%, depending on what quote that has been used. The CAR measured over the [-5,5] day event window is slightly more positive, with an average around 1,5% – 1,6%. Lastly, we have the CAR for the event window of [-10,10] days around the announcement which range around 1,8% – 2,0%. Hence, the CAR with an event window of [-10,10] days also account for the largest CAR shown between 1996 and 2009 in the descriptive statistics. What is noteworthy is that no matter what kind of stock quote used, the outcome for

each event window seem to be quite similar over the different stock quotes for the given event windows.

Continuing, examining the two independent variables LNHOF and LNKOSI, which both measure cultural distance between Sweden and the target countries used in the sample, we can conclude that the countries, on average, the natural logarithmic Hofstede measure is 2,561 and 0,427 for the Kogut and Singh measure. The descriptive statistics on the control variables which are used in this paper can be found and further examined in Appendix 3.

Correlations of variables

	Closing			Mid			Ask			Bid		
	CAR1	CAR5	CAR10	CAR1	CAR5	CAR10	CAR1	CAR5	CAR10	CAR1	CAR5	CAR10
Closing CAR1	1,000											
Closing CAR5	**0,598**	1,000										
Closing CAR10	**0,397**	**0,668**	1,000									
Mid CAR1	**0,973**	**0,644**	**0,440**	1,000								
Mid CAR5	**0,634**	**0,992**	**0,662**	**0,646**	1,000							
Mid CAR10	**0,430**	**0,658**	**0,995**	**0,442**	**0,660**	1,000						
Ask CAR1	**0,959**	**0,630**	**0,429**	**0,993**	**0,632**	**0,431**	1,000					
Ask CAR5	**0,627**	**0,985**	**0,671**	**0,649**	**0,993**	**0,672**	**0,638**	1,000				
Ask CAR10	**0,427**	**0,652**	**0,990**	**0,447**	**0,655**	**0,996**	**0,438**	**0,676**	1,000			
Bid CAR1	**0,972**	**0,649**	**0,447**	**0,991**	**0,650**	**0,449**	**0,969**	**0,650**	**0,452**	1,000		
Bid CAR5	**0,633**	**0,985**	**0,642**	**0,633**	**0,991**	**0,637**	**0,615**	**0,969**	**0,622**	**0,640**	1,000	
Bid CAR10	**0,432**	**0,660**	**0,992**	**0,436**	**0,661**	**0,995**	**0,422**	**0,664**	**0,982**	**0,445**	**0,649**	1,000
LNHOF	0,057	**0,073**	0,034	0,035	**0,090**	0,036	0,024	**0,089**	0,028	0,047	**0,087**	0,040
LNKOSI	0,056	**0,072**	0,032	0,034	**0,092**	0,032	0,023	**0,091**	0,025	0,046	**0,088**	0,037
ECONDISP	0,013	0,013	-0,035	0,022	0,048	0,002	0,013	0,044	-0,002	0,031	0,047	0,002
OPEN	-0,025	-0,022	-0,027	-0,024	-0,017	-0,031	-0,025	-0,014	-0,028	-0,022	-0,020	-0,034
FX	0,009	0,011	0,014	0,012	0,057	**0,085**	0,009	0,055	**0,079**	0,015	0,057	**0,089**
EU	0,014	**0,072**	0,012	0,042	**0,085**	0,011	0,048	**0,089**	0,013	0,036	**0,082**	0,011
ROE	0,039	**0,073**	0,033	0,047	**0,084**	0,024	0,044	**0,081**	0,019	0,049	**0,082**	0,026
ROW	-0,027	-0,045	**-0,070**	-0,021	-0,027	-0,059	-0,020	-0,028	-0,061	-0,022	-0,025	-0,057
NOAM	-0,005	-0,031	0,002	-0,039	-0,046	-0,011	-0,043	-0,047	-0,013	-0,036	-0,044	-0,010
RELATED	-0,004	0,025	0,010	-0,008	0,019	0,045	-0,008	0,019	0,044	-0,007	0,019	0,046
LNBITRADE	0,013	0,000	0,049	0,009	0,000	0,049	0,014	0,003	0,051	0,004	0,001	0,051
TV/MV	**0,485**	**0,350**	**0,157**	**0,506**	**0,407**	**0,187**	**0,504**	**0,406**	**0,189**	**0,507**	**0,407**	**0,186**
TV/MVC	**0,492**	**0,389**	**0,174**	**0,490**	**0,409**	**0,162**	**0,488**	**0,407**	**0,165**	**0,492**	**0,408**	**0,161**

Bold fonts indicate a p-value of 0,1 or less.

Table 3. Correlations of variables

In Table 3 above, all correlations for the dependent, independent and control variables are reported. The table show that there exist some significant correlations for some variables at different event windows. The two cultural distance measures used, LNHOF and LNKOSI, is found to be significantly correlated when using a [-5,5] day event window. The relative size ratio control variables TV/MV and TV/MVC do show significant correlations for all the given event windows, regardless of what type of stock quote used in the regressions. Furthermore, the dummy variables EU and ROW used for controlling for geographical origin, is found to be significantly correlated when using an event window of [-5,5] days around the announcement of the M&A. Moreover, the foreign exchange rate (FX) is considered to be of

significance for the event window of [-10,10] days when using a ask, bid or mid quote as dependent variable. The control variable ROW, one of the geographical origin dummies, is also found to be of significance when using the closing quote and an event window of [-10,10] days. The significant correlations found could indicate that there exists a relationship between the dependent variables and the significant variables. Consequently, this might indicate that OLS regressions that significant results are to be found for these variables as there exist a relationship between these variables. Furthermore, what can be worth mentioning is that the two cultural distance measures are significantly correlated with each other.

4.2 Results of the Regressions

When examining the regression results we primarily look at the significance of the variables[4], the F-statistics and the R^2. The F-statistics and R^2 show how well the model fit as to describe the relationship between the variables. While the F-test show probabilities, and the model is assumed to be showing the best fit when the p-value is equal to or less than 0,1 0,05 and 0,01. Whereas the R^2 should be as close to one as possible in order for the model to be perceived as well fitted. The regressions are structured in the following manner. For every model following Model 1, one variable is added to the regression (with the exception for Model 4 where TV/MV is dropped as it is similar to TV/MVC). The models are based on the sample size, starting with Model 1 which have 761 observations (for the whole sample examined for regressions based on the closing quote). When variables are added to the models, the sample size of the models is reduced. Depending on which variables used, Eviews clear all observations which does not have all variables used in the model. Bear in mind that the regressions based on the ask, bid and mid quote only have observations from mid-2001, subsequently the number of observations for the whole sample for these regressions is 544. Consequently, we examine whether the significance of the cultural distance measures will vary between the different models used as the variables are added.

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[4] Where a p-value equal to or less than 0,1; 0,05 and 0,01 show significance.

4.2.1 Regression Results for Full Sample (closing quote)

Cumulative abnormal returns [-1,1] (closing quote), 1996-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,022 (0,32)		-0,019 (0,45)		-0,018 (0,76)		-0,018 (0,79)	
LNHOF	0,022 (0,05)	b	0,023 (0,04)	b	0,011 (0,61)		0,014 (0,56)	
ECONDISP	-0,007 (0,58)		-0,004 (0,78)		-0,017 (0,61)		-0,012 (0,75)	
OPEN	-0,005 (0,38)		-0,003 (0,62)		-0,001 (0,96)		-0,009 (0,56)	
FX	0,003 (0,91)		0,004 (0,86)		0,008 (0,85)		0,007 (0,88)	
EU	-0,002 (0,83)		-0,003 (0,76)		0,010 (0,47)		0,013 (0,39)	
ROE	-0,015 (0,25)		-0,015 (0,24)		-0,010 (0,69)		-0,006 (0,83)	
ROW	-0,024 (0,14)		-0,022 (0,19)		0,026 (0,44)		0,037 (0,33)	
NOAM	-0,021 (0,17)		-0,022 (0,15)		0,006 (0,81)		0,001 (0,98)	
RELATED	-0,005 (0,67)		-0,005 (0,67)		-0,001 (0,98)		0,002 (0,96)	
LNBITRADE			0,002 (0,62)		0,003 (0,72)		0,005 (0,58)	
TV/MV					0,126 (0,00)	c		
TV/MVC							0,119 (0,00)	c
R²	0,008		0,008		0,248		0,263	
F-statistic	0,652 (0,75)		0,625 (0,79)		8,442 (0,00)	c	6,603 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Table 4. Cumulative abnormal returns [-1,1] (closing quote), 1996-2009 (LNHOF)

Cumulative abnormal returns [-1,1] (closing quote), 1996-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,031 (0,03)	b	0,037 (0,05)	b	0,011 (0,79)		0,016 (0,73)	
LNKOSI	0,010 (0,04)	b	0,011 (0,03)	b	0,007 (0,55)		0,006 (0,60)	
ECONDISP	-0,005 (0,67)		-0,003 (0,86)		-0,018 (0,60)		-0,010 (0,78)	
OPEN	-0,004 (0,40)		-0,003 (0,64)		0,000 (0,97)		-0,009 (0,56)	
FX	0,003 (0,90)		0,004 (0,86)		0,008 (0,85)		0,007 (0,88)	
EU	-0,003 (0,73)		-0,004 (0,67)		0,009 (0,51)		0,013 (0,42)	
ROE	-0,016 (0,23)		-0,016 (0,23)		-0,012 (0,63)		-0,005 (0,86)	
ROW	-0,026 (0,11)		-0,024 (0,16)		0,022 (0,52)		0,037 (0,35)	
NOAM	-0,024 (0,14)		-0,025 (0,12)		0,003 (0,92)		0,000 (0,99)	
RELATED	-0,005 (0,67)		-0,005 (0,66)		-0,001 (0,98)		0,002 (0,96)	
LNBITRADE			0,002 (0,63)		0,003 (0,73)		0,005 (0,59)	
TV/MV					0,125 (0,00)	c		
TV/MVC							0,119 (0,00)	c
R²	0,008		0,008		0,248		0,262	
F-statistic	0,655 (0,75)		0,623 (0,80)		8,455 (0,00)	c	6,595 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Table 5. Cumulative abnormal returns [-1,1] (closing quote), 1996-2009 (LNKOSI)

As shown in the two tables above, CAR (based on the closing quote) using an event window of [-1,1] day over the time period 1996 – 2009 do in fact have some positively significant variables, namely the independent variables LNHOF and LNKOSI in Model 1 and Model 2 that are significant at a level of 0,05 or less. However, these two variables drop their significance as the relative size ratios are added (which gain significance at a 0,01-level or less) in Model 3 and Model 4. Furthermore, the results show that in terms of significance the two different cultural distance measures do not differ much from each other. However, what regards their impact on the [-1,1] day event window CAR, LNHOF seems to have a slightly greater impact on the CAR than LNHOF. As we have used the natural logarithm on these cultural distance measures, it means that a 1 percent increase in these variables increase the dependent variable by (coefficient/100).

If instead examining the tables below, the CAR measured over an event window of [-5,5] or [-10,10] days of a cross-border M&A follow a similar pattern where the two types of regression (using different cultural distance measures) share most of the significant variables, with some differences though. Moreover, the event windows measured over [-5,5] or [-10,10] days seem to have quite more significant variables in the regressions. In the regression on the [-5,5] day event window with the Hofstede measure as the independent variable, the geographical origin dummy variables ROE and ROW are represented in Model 1 and 2 at least at a significance level of 0,1.

Cumulative abnormal returns [-5,5] (closing quote), 1996-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,094 (0,02)	b	-0,104 (0,03)	b	-0,182 (0,03)	b	-0,199 (0,03)	b
LNHOF	0,046 (0,01)	c	0,045 (0,01)	c	0,049 (0,24)		0,063 (0,17)	
ECONDISP	-0,018 (0,35)		-0,026 (0,27)		-0,025 (0,50)		-0,041 (0,29)	
OPEN	-0,011 (0,30)		-0,013 (0,32)		-0,001 (0,98)		0,008 (0,65)	
FX	0,011 (0,82)		0,009 (0,85)		-0,025 (0,61)		-0,012 (0,83)	
EU	0,016 (0,22)		0,017 (0,19)		0,020 (0,30)		0,019 (0,40)	
ROE	-0,032 (0,10)	a	-0,032 (0,10)	a	-0,041 (0,40)		-0,043 (0,42)	
ROW	-0,045 (0,06)	a	-0,049 (0,05)	b	-0,014 (0,78)		-0,036 (0,53)	
NOAM	-0,039 (0,12)		-0,039 (0,13)		-0,026 (0,59)		-0,038 (0,48)	
RELATED	0,018 (0,52)		0,019 (0,51)		0,073 (0,01)	c	0,057 (0,09)	a
LNBITRADE			-0,004 (0,60)		-0,003 (0,76)		-0,001 (0,94)	
TV/MV					0,131 (0,00)	c		
TV/MVC							0,129 (0,00)	c
R²	0,020		0,020		0,145		0,180	
F-statistic	1,676 (0,09)	a	1,559 (0,11)		4,331 (0,00)	c	4,067 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Table 6. Cumulative abnormal returns [-5,5] (closing quote), 1996-2009 (LNHOF)

If instead examining the regression with the Kogut and Singh measure as its independent variable, we can conclude that apart from the positively significant variables above, this regression also show significance for the NOAM variable in Model 1, as well as the relatedness variable in Model 3 and 4.

Cumulative abnormal returns [-5,5] (closing quote), 1996-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,016 (0,63)		0,005 (0,92)		-0,061 (0,24)		-0,045 (0,45)	
LNKOSI	0,022 (0,01)	c	0,021 (0,01)	c	0,027 (0,18)		0,032 (0,14)	
ECONDISP	-0,015 (0,44)		-0,022 (0,33)		-0,025 (0,48)		-0,038 (0,32)	
OPEN	-0,011 (0,32)		-0,013 (0,33)		0,000 (0,98)		0,009 (0,58)	
FX	0,011 (0,82)		0,010 (0,84)		-0,025 (0,62)		-0,012 (0,83)	
EU	0,013 (0,30)		0,015 (0,26)		0,016 (0,38)		0,015 (0,50)	
ROE	-0,032 (0,10)	a	-0,032 (0,10)	a	-0,049 (0,33)		-0,050 (0,36)	
ROW	-0,048 (0,05)	b	-0,053 (0,04)	b	-0,027 (0,63)		-0,047 (0,43)	
NOAM	-0,044 (0,10)	a	-0,043 (0,11)		-0,039 (0,47)		-0,049 (0,39)	
RELATED	0,018 (0,53)		0,019 (0,52)		0,073 (0,01)	c	0,057 (0,10)	a
LNBITRADE			-0,004 (0,58)		-0,004 (0,74)		-0,001 (0,93)	
TV/MV					0,131 (0,00)	c		
TV/MVC							0,129 (0,00)	c
R²	0,019		0,020		0,146		0,182	
F-statistic	1,655 (0,10)	a	1,540 (0,12)		4,391 (0,00)	c	4,120 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Table 7. Cumulative abnormal returns [-5,5] (closing quote), 1996-2009 (LNKOSI)

The [-10,10] day event window differ from the [-5,5] day event window in the sense that ROE is not significant in any of the models and that NOAM instead is significant in both Model 1 and 2 (for both cultural distance measure regressions). Furthermore, the relatedness variable is found to be significant in Model 4. Further examination of the two regressions on CAR using an event window of [10] days before and after the announcement, between 1996 – 2009, can be done in Appendix 4.

Even though some of the variables for the above presented regressions are significant, the F-statistic and R^2 show some varied results. When measuring the [-1,1] and [-10,10] day event windows Model 1 and Model 2 do not show any significance, as well as quite low R^2. The event window of [-5,5] days on the other hand do show significance in Model 1, both using the Hofstede cultural distance measure and the Kogut and Singh measure. However, with a low R^2. For Model 3 and Model 4, CAR measured [-1,1] and [-5,5] days before and after both the F-statistic is significant at a level of 0,01 or less and a R^2, which became higher (in comparison to Model 1 and 2) as the relative size ratios were added, around 0,14 – 0,26. The elevation of R^2 when the relative size ratios are added could indicate that the models explain all variability better than before. However, remember that R^2 always increase as variables are

added to a regression. Conversely, the findings concerning the F-statistic and R^2 does not apply for when measuring over a [-10,10] day event window.

In summary the regressions performed on the full sample using CAR based on the closing quote turned out to have positive, significant cultural distance measures for Model 1 and 2. However, dropped in Model 3 and 4 as the relative size variables were added. Apart from that, quite few variables were significant. The R2 and F-statistic results were varied, with Model 3 and 4 having higher R2 and being more significant.

4.2.2 Regression Results for Sub-period Samples (closing quote)

When performing the regressions on the sub-periods, which can be found in Appendix 5, the variables being significant seemed to vary over time, as well as the F-statistic and the R^2 for the models did to some extent vary over the different time periods, in terms of significance and size. The R^2 scores varied from very low numbers, to quite high figures. As with the regressions on the whole time period, R^2 for Model 1 and 2 are still low and Model 3 and 4 are generally at higher levels, where regressions on the 2008 – 2009 sub-period (with a [-1,1] and [-5,5] day event window) reached its highest R^2 notation (for the regressions based on the closing quote) with a R^2 around 0,65. Still, both regression using the Hofstede measure, as well as the Kogut and Singh measure, on cultural distance did not differ much from each other over the different time periods, in terms of significant variables. Furthermore, LNHOF and LNKOSI did drop their significance when the sample was divided into the shorter time frames, using CAR with a [-1,1] day event window. However, CAR over a [-5,5] day, as well as [-10,10] day, event window had some positive significance for both LNHOF and LNKOSI. For the [-5,5] day event window some of the models were found to have significant LNHOF and LNKOSI, namely Model 4 had positive and significant LNHOF and LNKOSI variables for both the 1996-2000 and 2005-2007 sample. Model 3 showed positive significance in the 2005-2007 sample. When using the mid-2001 – 2009 sample LNHOF and LNKOSI were positively significant in Model 1 and 2. This also apply for the regressions using a [-10,10] event window. Furthermore, for the sub-periods using a [-10,10] day event window the 2001 – 2004 sample was only significant for LNKOSI in Model 4 and negative, and not LNHOF. The 2005 – 2007 sample had positive significant LNHOF and LNKOSI in Model 2, 3 and 4.

What regards the control variables for these three event windows and its sub-periods is that the results are quite scattered in terms of significance. However, all geographical origin

variables have, at least in any of the regressions, had significant results in the sub period regressions. Some, such as ROW and ROE, more than others. Furthermore, for the [-10,10] day event window the control variable foreign exchange rate is found to be positively significant in all four models. This variable is quite represented in other sub-periods as well, see e.g mid-2001 – 2009 where it is significant in many of the models when using the [-10,10], as well as the [-5,5] day event window.

The sub-period samples using CAR based on the closing quote could be summarized into that the significance was varied depending on which event window used. The [-1,1] day event window produced no significant cultural distance variables and did mostly lack other significant variables. This in contrast to the [-5,5] and [-10,10] day event window, which actually showed a number of significant cultural distance measures and other variables over the different sub-periods. As regards the F-statistic they were quite similar in terms of significance, the R2 however was a little bit more scattered, with both higher and lower numbers than the full sample.

4.2.3 Regression Results for Full Sample (ask, bid and mid quote)

As regard for all regressions using other quotes (ask, bid and mid) than the closing quote in the regressions, the bid and mid quote do not seem to vary much from each other in terms of which variables being significant, as well as a small variation between the regressions using the different cultural distance measures. In comparison to those two, the regressions which use a dependent variable based on the ask quote do slightly differ. If start by examining the regression on the whole sample and period studied (mid-2001 – 2009), the [-1,1] day event window for the ask, bid and mid quote, which are found in Appendix 4, it is only the relative size variables which are found significant for all four regressions. They are all significant at a level of 0,01 or less. The ask quote regressions on the other hand, the regression where the LNKOSI is employed is quite similar to the previously mentioned regressions, with the exception that the openness variable is found significant in Model 1. When conducting the regressions with LNHOF instead, there are much more significant variables. LNHOF is found positively significant in both Model 1 and 2. As well as the foreign exchange rate, which also was found significant in Model 4. Furthermore, ROW and NOAM were found significant in Model 1 and 2, respectively.

Cumulative abnormal returns [-1,1] (ask quote), mid 2001-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1			Model 2			Model 3			Model 4		
C	-0,084	(0,09)	a	-0,077	(0,17)		-0,139	(0,15)		-0,139	(0,17)	
LNHOF	0,045	(0,03)	b	0,046	(0,03)	b	0,064	(0,19)		0,063	(0,21)	
ECONDISP	-0,016	(0,49)		-0,010	(0,72)		-0,010	(0,76)		-0,008	(0,82)	
OPEN	-0,011	(0,30)		-0,009	(0,46)		0,011	(0,53)		0,008	(0,67)	
FX	0,153	(0,08)	a	0,147	(0,09)	a	0,181	(0,19)		0,276	(0,04)	b
EU	0,021	(0,14)		0,020	(0,19)		0,004	(0,84)		0,003	(0,88)	
ROE	-0,033	(0,15)		-0,033	(0,15)		-0,028	(0,63)		-0,029	(0,62)	
ROW	-0,049	(0,10)	a	-0,043	(0,17)		-0,041	(0,49)		-0,058	(0,36)	
NOAM	-0,048	(0,11)		-0,049	(0,10)	a	-0,041	(0,47)		-0,052	(0,39)	
RELATED	0,008	(0,83)		0,009	(0,81)		0,033	(0,39)		0,030	(0,44)	
LNBITRADE				0,004	(0,64)		0,013	(0,22)		0,009	(0,39)	
TV/MV							0,124	(0,00)	c			
TV/MVC										0,115	(0,00)	c
R²	0,029			0,030			0,214			0,218		
F-statistic	1,802	(0,07)	a	1,644	(0,09)	a	4,602		c	4,148	(0,00)	c

Table 8. Cumulative abnormal returns [-1,1] (ask quote), mid-2001-2009 (LNHOF)

If instead turning to the [-5,5] event window regressions for the bid and mid quote, there is a increase in the number of significant variables. For these four regressions LNHOF and LNKOSI are positively significant in Model 1 and 2, but drop their significance when the relative size variables are added. Furthermore, the relative size ratios are significant, as well as the foreign exchange rate control variable (with the exception for Model 3). For the regression using the mid quote and the Kogut and Singh cultural distance measure ROW is found significant in Model 1 and NOAM is significant in Model 2. The regressions on the ask quote do however in this case have slightly more significant variables, namely some geographical origin variables in Model 1 and 2. The [-10,10] day event windows share similar traits, as the regressions on the [-5,5] day event window. However, these regressions are also significant when it comes to the geographical origin variables ROE, ROW and NOAM in Model 1 and 2. Furthermore, the relatedness variable is found significant in some of the Model 3 and 4 regressions. The regressions on the ask quote is in this case quite similar to the regressions based on the bid and mid quote. Which models having a significant F-statistic follow more or less the same pattern where Model 3 and 4 to a larger extent are more significant than Model 1 and 2. However, when using [-10,10] days event window, R^2 seems to be not as high, and number of models being significant are less. The regressions based on either the ask, bid or mid quote can be found in Appendix 4 for further examination.

To summarize this section, as with the full sample with CAR based on the closing quote, the regressions using CAR based on either the ask, bid or mid quote, the cultural distance measures seem to mainly be significant in Model 1 and 2, rather than Model 3 and 4. What regards the F-statistic and its significance it is quite varied, with [-10,10] showing no significance at all. The R2 is however higher in Model 3 and 4.

4.2.4 Regression Results for Sub-period Samples (ask, bid and mid quote)

When performing the regressions on the different sub-periods, which regressions are to be found in the previously mentioned appendixes, depending on what sub-period measured, what type of stock quote (ask, bid or mid) the dependent variable is based on, and which cultural distance measure used there is variation of which control variables being significant. The regressions on the [-1,1] day event window which use the bid and mid quote are quite similar, with none of the cultural distance measures being significant. Moreover, the EU variable being significant in several models, namely the mid-2001 – 2004 and 2005 – 2007 sub-periods. Furthermore, ROW was found to be positively significant in Model 3 and 4, as well as the openness variable significant in Model 3 for the mid-2001 – 2004 regressions. The bilateral trade control variable was also found to be of significance for the mid-2001 – 2004 sample. The ask quote regressions did however somewhat vary depending on what cultural distance regression used. The regressions did diverge quite much in the mid-2001 – 2004 sample. However, the samples for 2005 – 2007 and 2008 – 2009 did not vary much from each other, as well as from the regressions done when using the bid and mid quote.

The regressions conducted on the [-5,5] day event window, did deviate from the [-1,1] day event window regressions in the sense that for all the given quotes (ask, bid and mid) the variation in which variables being significant was not large, as well as more significant variables (with exception for the 2008 – 2009 sample, which did not have many significant variables at all). However, LNHOF and LNKOSI were actually found positively significant in several of the models and sub-periods. When using the mid and bid quote Model 3 and 4 were found significant for the 2005-2007 sample. This also applied for when using the ask quote and in addition to this Model 2 was also found positively significant when using the LNHOF in the regression. Furthermore, several of the geographical origin variables were to some extent represented in the mid-2001 – 2004 and 2005 – 2007 samples. The relatedness variables was found to be positively significant in almost all regressions for the mid-2001 – 2004 sample (with the exception for the regressions where the ask quote and LNHOF was

used). Openness and economic disparity are significant in some of the models, as well as the foreign exchange rate. The relative size ratios were also found positively significant in quite a few of the models and different sub-periods.

Lastly, the regressions on the sub-period samples for [-10,10] day event windows produce quite many significant variables for the mid-2001 – 2004 and 2005 – 2007 samples. For the mid-2001 – 2004 sample the significance of the foreign exchange is quite recurring for almost all models. Furthermore, several of the geographical origin variables are relatively frequent in some of the models. Significant ROE seem to be quite recurring in Model 3 and 4. As found in earlier regressions, the relative size ratios are also fairly common, in terms of being positively significant. Apart from this, the bilateral trade and relatedness control variables were also found to be of significance in some of Model 3 and 4 for the two sub-periods. The relatedness variable was found to be both negatively and positively significant, depending on what sub-period measured. When examining the sub-period of 2005 – 2007 the cultural distance measures were found to be positively significant in all of Model 2, 3 and 4 for all three quotes used. Furthermore, for the mid-2001 – 2004 sample, Model 4 was found to be negatively significant for all three quotes. In addition to this, when using the bid quote and the LNKOSI measure Model 3 was also found to be negatively significant. Lastly, what regards the regressions performed on the 2008 – 2009 sample, economic disparity was found to be of positive significance in Model 1 and 2 (for all three quotes used). Furthermore, the foreign exchange rate was also positively significant in Model 2. The regressions based on the bid and mid quote also found significance for ROW in Model 1 and 2 (however, in Model 1 for mid quote).

As with the regression using the closing quote, these regressions had some cases of quite high R^2 around 0,65 for Model 3 and 4 when using the 2008 – 2009 sample, with the exception for when performing them on the CAR [-10,10] event window, which only resulted in R^2 around 0,20 – 0,25. Furthermore, as with the regressions performed on the closing quote, these regressions seem to have low R^2 for Model 1 and 2, meanwhile Model 3 and 4 do have slightly higher R^2 in the area of 0,30, with the above mentioned exception for the 2008 – 2009 sample.

In summary, as with the sub-period samples using CAR based on the closing quote, the regressions using CAR based on either the ask, bid or mid quote do not seem to differ to much. Where none of the cultural distance measures were found significant when using the [-

1,1] day event window. And several of the cultural distance coefficients found significant in the [-5,5] and [-10,10] day event windows. Model 3 and 4 still seem to have higher R2-numbers, as well as significant F-statistics.

4.2.5 Summary of all Regressions

In summary, as the correlations of a few variables indicated, significant results were found in some of these cases. The most noteworthy is the fact that many of the relative size ratios were found to have significant coefficients, as indicated by the correlations described in section 4.1 Descriptive statistics and Correlations. Furthermore, when the independent variables which measure the cultural distance, LNHOF and LNKOSI, was in some cases found significant. When found significant they were mostly represented in Model 1 and 2 and positively significant, with some exceptions. Apart from the previously mentioned variables, quite a few of the geographical origin variables were found to be of significance in various models, depending on the sub-periods, cultural distance measure and stock quote (closing, ask, bid and mid quote) used. Moreover, the foreign exchange rate was significant in quite a few models, ranging from Model 1 to Model 4. The relatedness variables which were found significant, both positively and negatively, were mostly significant in Model 3 and 4. Bilateral trade was in some cases found to be of significance. Lastly, the economic disparity variable and the openness variable was only found significant a few times. The significance of the F-statistics did vary between the models and different time periods measured. The R^2 on the other hand, did mostly have low numbers in Model 1 and 2 and higher figures when examined in Model 3 and 4.

5. Discussion and Analysis of Empirical Results

Based on the results presented in the previous chapter, we in this chapter make our discussion and analyses of these. We discuss and analyse the results with concerns to what is described and written in all previous chapters. Our discussion and analysis aim to answer our research questions.

Our findings seem to be contradictive to those of previous studies. Whereas previous research find the announcement effect is negative for the acquiring company, we find the opposite; that on average CAR to the Swedish acquirers around the announcement is positive. We find the cultural distance to have a positive impact on the announcement effect for Swedish acquirers, while Datta and Puia (1995) and Chakrabarti et al. (2009) found the opposite. Thus, both of our hypotheses can be rejected. However this does not mean that that the results are not interesting to further analyze, rather the contrary. Many of the tests showed significance in our variables and overall our results indicate that cultural distance might be of some importance.

In our first hypothesis, Hypothesis 1, we claim that the announcement effect of cross-border M&A's made by Swedish acquirers should be negative. We developed this hypothesis based on what previous research has found and what seems to be generally perceived; there is a negative reaction in announcement effects of cross-border M&A's. Hence, according to our results the market seems to perceive cross-border M&A's made by Swedish firms to be value enhancing. Are these results an indication of the Swedish market being able to better evaluate the true potentials of cross-border M&A's? Or are Swedish cross-border M&A's more value creating than when they are made by acquirers from other countries? The reasons for our results can be several.

One possible reason can be the stock market liquidity. The stock markets which are used in both the Datta and Puia (1995) study and the Chakrabarti et al. (2009) study are mainly large, as Datta and Puia (1995) use only listed acquiring companies from the US and the sample used by Chakrabarti et al. (2009) is dominated by listed companies in the US and the UK, which account for about half of their sample. Subsequently, we can assume a greater liquidity in markets such as these, as well as market structure, thus a Swedish company making a

M&A across the borders is able to access more liquidity as well as a better market structure. In comparison to e.g. the US stock market, the Swedish stock market consist of a few actors with large market capitalization, and a quite large number of firms with a relatively low market capitalization (Lidén, 2004) Therefore the reactions in the Swedish stock market might be more distorted to the subjective perception of small group of large investors. Hence, we can assume our sample to differ from samples where larger stock markets have been used. Consequently, this might explain our results which where contrary to Datta and Puia (1995), as well as Chakrabarti et al. (2009).

Testing our second hypothesis, we find results that support our belief of cultural distance to impact the announcement effects. In our hypothesis we assume that, as for previous studies, Swedish acquirers will experience more negative reactions in their stock prices, the more culturally distant the target country is. Our results show that in fact the reaction in the acquirers' stock prices is positively related to cultural distance. Hence, the announcement effect and cultural distance are positively related contradicting our hypothesis. Additionally the results show, that as we control for other factors, the importance of cultural distance fade, however it is still significant in most cases. Reasons for these findings, as with the first hypothesis, may be severalfold.

Maybe the cultural distance itself cannot explain the announcement effect of cross-border M&A's, as it importance fade when control factors are added. Similar conclusions were made in a study made by Slangen (2006). However, this does not exclude the cultural distance to be a factor that matters. Rather we can exclude it as a determinant of performance of cross-border M&A's, but it can not be excluded as a moderator. As a moderator, cultural distance would affect and possible steer the relationship between the performance and a factor determining performance. These implications can be found in the results of Slangen's (2006) study as well. Though, before any conclusions can be made, the cultural distance needs to be examined with view of being a potential moderator.

Even though cultural distance might not explanatory itself, it is positively related to the announcement effects contradictive to Datta and Puia (1995), as well as Chakrabarti et al. (2009). As with the positive effect in CAR, the positive relation between cultural distance and CAR might be related to the characteristics of the Swedish stock market. It may also reflect that the Swedish investors prefer M&A's as an entry mode in culturally distant countries, where uncertainty likely is higher.

Furthermore, when comparing our results to the Chakrabarti et al. (2009) study one of the main differences is that they use a sample consisting of cross-border M&A's conducted by companies from 43 different countries. As our sample only consists of one acquiring country (Sweden) we could expect more homogeneity in our sample than in Chakrabarti et al. (2009). Hence, homogeneity of the sample might play an important role in explaining these differences. However, this can not be supported if comparing our study to the Datta and Puia (1995) study as they only used acquirers from the US.

In order to be able to capture fluctuations in the markets over time, upswings and downturns, we also tested the relations in different sub-periods. We wanted to see if the variables and their relationship varied over time. However what we rather found was the significance of the variable varying over the different sub-periods. If not considering the importance of the variables being significant, what can be concluded is that when using the [-5,5] day and [-10,10] day event windows the cultural distance coefficients seem to have less positive impact in the sub-periods which could be somewhat classified as down-periods (namely the 2001 – 2004 and 2008 – 2009 samples). The [-1,1] day event window have similar patterns, however, not to the same extent as the [-5,5] day and [-10,10] day event windows. Of course these results cannot be supported as there is no overall significance, but they give interesting implications.

As there where significant correlations between CAR over a [-5,5] day event window (for all quotes used) and the two cultural distance measure this indicated that there might exist a relationship between them. When further examining the results of the regression covering the [-5,5] day event window for the whole sample period us, this actually turned out to be true for Model 1 and 2. However, when examining the sub-periods the significance for the cultural distance measures is somewhat more diluted. This could be due to the correlations calculated are based on the whole sample, meanwhile the different sub-periods only have a smaller portion of the whole sample, hence differences are likely to occur.

When examining the different quotes (closing, ask, bid and mid), which the regressions have been performed on, what becomes clear is the distinct dissimilarities between the different quotes. Even though small changes, this show the impact the bid-ask bounce can have on regressions. Hence, researchers examining stock-based measures ought to be aware of the issue as it can give different results depending on which quote used. Furthermore, if recall from chapter 3. Methodology, the full samples for the ask, bid and mid quote only had

observations from mid-2001 and onwards, hence we conducted regressions with the CAR based on the closing quote for the same time period as well. What can be concluded that this is still true, which even more indicate the importance of bearing this in mind while conducting research similar to this paper.

The variation between the different event windows measured could be due to the size of the event windows, where you seize more fluctuations in the longer event windows, than in the [-1,1] day event windows where you only can get hold of fluctuations over a three day period. However, as the significance seems to vary we need to consider that the conclusion might not be accurate due to the lack of significance. Moreover, what could have had impact on the regressions, especially the regressions performed for Model 3 and 4 on the 2008 – 2009 sub-period sample (using the ask, bid or mid quote), is the fact that these sample might be a little bit to small to actually perform a regression that can be seen as somewhat accurate as these samples consisted of around 35 observations.

The significance in some control variables was not surprising as we expected them to impact the performance, but we did not expect some to be of such high significance over all tests. The relative size ratios were mostly positively significant, which we find interesting. We find it interesting as this is in contrast to what Conn et al. (2005) found, but concur with the findings of Moeller et al. (2004). The latter also find evidence that relative size is positively related to the stock performance of the acquiring shareholders. Conn et al. (2005) did find the relative size to have negative impact on the announcement period abnormal returns, however not significant. One probable explanation to this is that the relative size of the transaction value and the acquiring company was in fact much larger in the Conn et al. (2005) sample, than in our. They had a mean of 0,39 and 0,23, for public and private cross-border M&A's respectively, and a median of 0,15 and 0,11 respectively. Meanwhile, our relative size ratios had a mean around 0,12 and a median which was approximately 0,03. Furthermore, as we did not have the relative size for all transactions our sample decreased noticeably from the sample size used in Model 1 and 2. Conn et al. (2005) contrary to us had a sample consisting of 1140 private and public cross-border M&A's.

6. Conclusions

In this chapter we present our conclusions drawn from our findings, limitations which our paper was faced with, as well as suggestions for future research.

6.1 Conclusions of our Findings

Does cultural distance matter? Our results show it does, but it simultaneously imposes new questions to which extent and how it matters.

We started this thesis by asking two main research questions, later developed into our hypothesis. We asked whether Swedish acquirers experience negative announcement effects of cross-border M&A's and whether these effects differ depending on cultural distance. Our results show that Swedish acquirers on average experience positive announcement effects and hence positive effects in their shareholders' wealth. It is also affected by the cultural distance to the countries of the acquirers' targets, however cultural distance alone cannot explain reactions in the Swedish stock market.

We analyze the possibility that the characteristics of the Swedish market can explain why the reactions are positive toward cross-border M&A's of Swedish acquirers, as opposed to most previous research. Maybe the low liquidity and few large actors on the Swedish stock market, makes event of cross-border M&A's perceived positively as it allows the acquirers increased access to liquidity and better market structures.

Further, we ask ourselves if cultural distance rather should be treated as a moderator between cross-border M&A performance and its potential determinants. It seems as the market considers cultural distance when evaluating the potential value of a cross-border M&A, but that there are other factors having a more direct importance for their valuation.

Thus, we conclude that cultural distance matters, in accordance with the previous studies that have worked as our studies of references; Datta and Puia (1995) and Chakrabarti et al. (2009). However, we cannot give support for cultural distance to negatively impact the announcement effects, but we find the contrary. We also question the ability of cultural distance to by itself explain cross-border M&A performance. Thus, we cannot contribute to increase the generality of evidence on the impacts of cultural distance, but rather impose new questions about it.

6.2 Limitations

What can be seen as a limitation to our study is that there are quite large differences in the number of observations in the different models. Model 1 and 2 seem to have fairly similar amount of observations, but when adding the relative size ratios to Model 3 and 4 these numbers drop. However, still at an acceptable level in order to be able to perform regressions on them. If instead turning to the sub-period samples, this can in fact be seen as a quite large problem to Model 3 and 4 (especially Model 4) in sub-period 2008 – 2009 as there are only about 35 observations respectively. Hence, when examining the results for Model 3 and 4 in the sub-period 2008 – 2009 bear this in mind.

Furthermore, this is related to another of the limitations this paper is faced with. That is that only one acquiring country is being examined, instead of several, which could make the sample even larger and subsequently increase e.g. the sub-period 2008 – 2009 sample. This is due to limitations when it comes to data handling.

Moreover, even though Sweden is one of the most internationalized countries in the world (Jakobsson, 2007) and subsequently probably a good proxy for the rest of the industrialized world, the results might not be applicable on emerging markets and similar as they probably do not share similar traits in terms of market structure et cetera.

6.3 Future Research Suggestions

Our study is the first, to our knowledge, that examine Swedish acquirers of cross-border targets and their announcement effects in relation to cultural distance. As our results show stock price reactions of Swedish acquirers on average is positive, contradictive to the majority of previous research, this give room for further research. Future research might try to find if this is related to specific characteristics of Sweden and its actors. Further, it may be possible that countries with similar characteristics as Sweden experience the same positive announcement effect to its acquiring companies.

We further suggest to examine cultural distance when treated as a moderator. We believe cultural distance seen as a moderator, might be able to explain several relationship between different factors and performance of cross-border M&A's. King et al. (2004) and Haleblian et

al. (2008) also suggest research should try to turn their focus toward finding moderators of the M&A performance.

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7.2 Databases

OECD.Stat Extracts

Reuters 3000Xtra

Skatteverket

Statistics Sweden

Thomson Datastream

UNCTAD, United Nations Conference on Trade and Development

8. Appendix

Appendix 1. Cultural Distance Dimensions and Scores

Appendix 1. 1

Overview: Total no. of cross-border M&As conducted by Swedish companies between 1996-2009 and the cultural distance scores between Sweden and the target countries

	No. of M&As	Kogut & Singh score	Hofstede score
Argentina	4	3,73	20,61
Australia	14	2,59	15,82
Austria	10	4,92	22,10
Belgium	9	4,18	22,08
Brazil	5	3,55	20,43
Bulgaria	2	3,77	21,74
Canada	9	1,78	13,03
Chile	4	3,35	21,07
China	3	4,95	23,35
China, Hong Kong SAR	1	3,51	19,67
China, Taiwan Province of	1	3,48	20,68
Colombia	2	5,73	25,91
Czech Republic	5	3,22	18,66
Denmark	65	0,19	4,58
Estonia	8	0,97	10,57
Finland	72	0,75	9,38
France	47	3,16	19,46
Germany	57	3,22	17,76
Greece	1	5,99	27,08
Hungary	4	6,26	25,00
India	3	3,17	18,31
Indonesia including East Timor	1	3,86	21,65
Ireland	6	2,81	15,84
Israel	2	2,75	17,82
Italy	21	4,12	20,50
Japan	2	8,02	28,75
Korea, Republic of	2	3,87	22,28
Luxembourg	1	2,28	15,63
Malaysia	2	4,98	24,27
Mexico	3	6,12	26,32
Morocco	1	3,34	19,32
Netherlands	26	0,38	7,01
Norway	76	0,21	5,33
Peru	1	4,34	23,51
Philippines	1	5,19	23,97
Poland	13	5,03	23,81
Portugal	5	4,37	24,06
Romania	5	5,10	25,31
Russian Federation	23	5,00	25,23
Singapore	2	3,55	20,52
Slovakia	1	10,78	32,79
South Africa	6	2,72	16,05
Spain	24	2,94	18,86
Switzerland	17	3,36	17,83
Turkey	2	3,65	21,09
United Kingdom	64	2,78	16,00
United States	126	2,63	15,85
Uruguay	2	4,02	22,71
Total	761		
Average		3,76	19,78
Median		3,55	20,57

Appendix 1. 2

Hofstede cultural dimension scores

	PDI	IDV	MAS	UAI
Sweden	31	71	5	29
Argentina	49	46	56	86
Australia	36	90	61	51
Austria	11	55	79	70
Belgium	65	75	54	94
Brazil	69	38	49	76
Bulgaria	70	30	40	85
Canada	39	80	52	48
Chile	63	23	28	86
China	80	20	66	30
China, Hong Kong SAR	68	25	57	29
China, Taiwan Province of	58	17	45	69
Colombia	67	13	64	80
Czech Republic	57	58	57	74
Denmark	18	74	16	23
Estonia	40	60	30	60
Finland	33	63	26	59
France	68	71	43	86
Germany	35	67	66	65
Greece	60	35	57	112
Hungary	46	80	88	82
India	77	48	56	40
Indonesia including East Timor	78	14	46	48
Ireland	28	70	68	35
Israel	13	54	47	81
Italy	50	76	70	75
Japan	54	46	95	92
Korea, Republic of	60	18	39	85
Luxembourg	40	60	50	70
Malaysia	104	26	50	36
Mexico	81	30	69	82
Morocco	70	46	53	68
Netherlands	38	80	14	53
Norway	31	69	8	50
Peru	64	16	42	87
Philippines	94	32	64	44
Poland	68	60	64	93
Portugal	63	27	31	104
Romania	90	30	42	90
Russian Federation	93	39	36	95
Singapore	74	20	48	8
Slovakia	104	52	110	51
South Africa	49	65	63	49
Spain	57	51	42	86
Switzerland	34	68	70	58
Turkey	66	37	45	85
United Kingdom	35	89	66	35
United States	40	91	62	46
Uruguay	61	36	38	100

Appendix 2. Number of International M&A's and Number of Swedish Cross-border M&A's
Appendix 2. 1

Figure 1. International M&A investment, 1995-2010
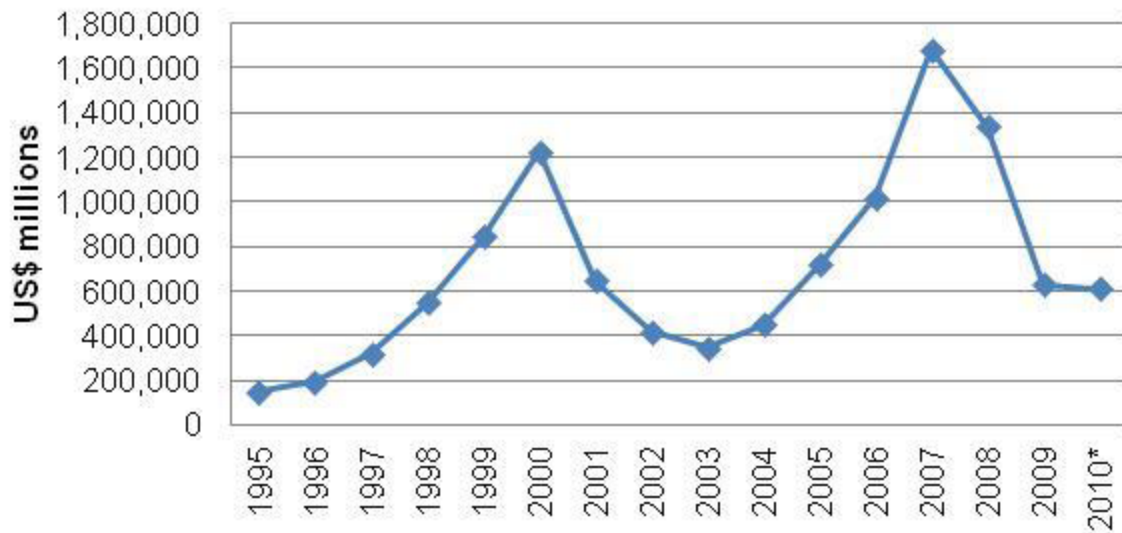
Appendix 2. 2

Overview: Cross-border mergers and acquisitions conducted by Swedish companies between 1996-2009

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Argentina				1								1	2		4
Australia						1	3	1	1	2	1	2	2	1	14
Austria								1			1	4	3	1	10
Belgium			1					1	1	2		2	2		9
Brazil	1		1					1		1		1			5
Bulgaria													2		2
Canada							3	2			2	2			9
Chile								1			1		1	1	4
China									1			1	1		3
China, Hong Kong SAR												1			1
China, Taiwan Province of										1					1
Colombia												1		1	2
Czech Republic						1					1	1	1	1	5
Denmark	2		2	5	3	5	5	6	3	1	12	14	6	1	65
Estonia					2	1	2			1	1	1			8
Finland		4		3	3	5	7	9	2	4	10	14	7	4	72
France	3	2	2	4	4	4	3	3	1	1	6	7	6	1	47
Germany	1	2	3	3	4	4	5	6	1	4	4	10	9	1	57
Greece												1			1
Hungary							1				2	1			4
India				1			1		1						3
Indonesia including East Timor	1														1
Ireland				1	2	1			1			1			6
Israel			1									1			2
Italy		1		1	1		5		1	3	2	2	5		21
Japan								1			1				2
Korea, Republic of													1	1	2
Luxembourg						1									1
Malaysia									1			1			2
Mexico										1			1	1	3
Morocco														1	1
Netherlands					3	3	6	2		1	4	4	3		26
Norway	1		2	3	4	5	3	4	2	5	20	14	12	1	76
Peru												1			1

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Philippines			1												1
Poland			1	2	1	3	1			1		3	1		13
Portugal				2	3										5
Romania	1	1	1									1	1		5
Russian Federation						1	3	5	1	1	3	4	3	2	23
Singapore								1	1						2
Slovakia														1	1
South Africa				1		2				1		1		1	6
Spain			2	3	3		1	1	2	1	5	1	2	3	24
Switzerland	1		1			1	2	2		2		3	2	3	17
Turkey												1		1	2
United Kingdom	1		2	3	7	2	5	6	1	5	9	7	8	8	64
United States	1	6	4	15	37	7	6	5	4	11	11	12	6	1	126
Uruguay													2		2
Total	13	16	23	49	83	59	53	54	26	45	100	118	88	34	761

Appendix 3. Descriptive Statistics
Appendix 3. 1

Descriptive statistics of variables

	ECONDISP	OPEN	FX	EU	ROE	ROW	NOAM
Mean	0,122	0,661	0,003	0,549	0,478	0,082	0,171
Median	0,041	0,577	0,001	1,000	0,000	0,000	0,000
Maximum	0,977	4,131	1,441	1,000	1,000	1,000	1,000
Minimum	-0,327	0,171	-0,164	0,000	0,000	0,000	0,000
Std. Dev.	0,302	0,419	0,090	0,498	0,500	0,275	0,376

	RELATED	LNBITRADE	TV/MV	TV/MVC
Mean	0,982	-3,337	0,121	0,116
Median	1,000	-2,821	0,029	0,025
Maximum	1,000	-1,801	4,824	4,824
Minimum	0,000	-11,034	0,000	0,000
Std. Dev.	0,132	1,359	0,334	0,367

Appendix 4. Regression Results for Full Sample (CAR based on closing, ask, bid and mid quote)
Appendix 4. 1

Cumulative abnormal returns [-10,10] (closing quote), 1996-2009.
(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,082 (0,18)		-0,079 (0,25)		-0,075 (0,51)		-0,097 (0,41)	
LNHOF	0,055 (0,02)	b	0,058 (0,01)	c	0,048 (0,34)		0,048 (0,37)	
ECONDISP	-0,032 (0,31)		-0,028 (0,46)		-0,061 (0,35)		-0,039 (0,57)	
OPEN	-0,004 (0,81)		-0,001 (0,97)		0,014 (0,63)		0,025 (0,34)	
FX	0,024 (0,82)		0,027 (0,80)		-0,025 (0,85)		-0,063 (0,62)	
EU	-0,016 (0,39)		-0,017 (0,37)		-0,034 (0,32)		-0,046 (0,22)	
ROE	-0,040 (0,15)		-0,041 (0,14)		0,008 (0,89)		0,009 (0,88)	
ROW	-0,093 (0,01)	c	-0,090 (0,02)	b	-0,006 (0,93)		0,003 (0,97)	
NOAM	-0,061 (0,05)	b	-0,063 (0,04)	b	-0,025 (0,67)		-0,045 (0,49)	
RELATED	0,012 (0,77)		0,012 (0,77)		0,057 (0,16)		0,073 (0,02)	b
LNBITRADE			0,003 (0,75)		0,022 (0,31)		0,025 (0,30)	
TV/MV					0,081 (0,04)	b		
TV/MVC							0,068 (0,06)	b
R²	0,013		0,014		0,047		0,064	
F-statistic	1,099 (0,36)		1,035 (0,41)		1,275 (0,24)		1,273 (0,24)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 4. 2

Cumulative abnormal returns [-10,10] (closing quote), 1996-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,051 (0,27)		0,060 (0,30)		0,038 (0,65)		0,015 (0,87)	
LNKOSI	0,026 (0,01)	c	0,027 (0,01)	b	0,022 (0,34)		0,021 (0,39)	
ECONDISP	-0,028 (0,37)		-0,024 (0,52)		-0,057 (0,36)		-0,033 (0,62)	
OPEN	-0,003 (0,83)		0,000 (0,98)		0,014 (0,64)		0,025 (0,34)	
FX	0,025 (0,82)		0,027 (0,80)		-0,024 (0,85)		-0,063 (0,63)	
EU	-0,018 (0,31)		-0,020 (0,30)		-0,036 (0,29)		-0,049 (0,20)	
ROE	-0,041 (0,14)		-0,042 (0,13)		0,008 (0,89)		0,012 (0,86)	
ROW	-0,097 (0,01)	c	-0,094 (0,01)	c	-0,010 (0,90)		0,001 (0,99)	
NOAM	-0,067 (0,04)	b	-0,069 (0,03)	b	-0,029 (0,65)		-0,047 (0,50)	
RELATED	0,012 (0,77)		0,012 (0,77)		0,057 (0,16)		0,073 (0,03)	b
LNBITRADE			0,003 (0,77)		0,022 (0,32)		0,025 (0,31)	
TV/MV					0,081 (0,04)	b		
TV/MVC							0,068 (0,06)	b
R²	0,013		0,013		0,047		0,064	
F-statistic	1,093 (0,37)		1,022 (0,42)		1,269 (0,24)		1,260 (0,25)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 4. 3

Cumulative abnormal returns [-1,1] (closing quote), mid 2001-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,012 (0,73)		-0,007 (0,86)		0,013 (0,86)		0,016 (0,83)	
LNHOF	0,020 (0,12)		0,021 (0,11)		0,008 (0,76)		0,008 (0,77)	
ECONDISP	0,001 (0,97)		0,006 (0,77)		0,002 (0,95)		0,003 (0,94)	
OPEN	-0,006 (0,47)		-0,005 (0,60)		-0,004 (0,81)		-0,009 (0,58)	
FX	0,030 (0,62)		0,026 (0,67)		-0,046 (0,65)		0,019 (0,86)	
EU	0,001 (0,94)		0,000 (0,96)		0,008 (0,63)		0,010 (0,55)	
ROE	-0,018 (0,22)		-0,018 (0,22)		-0,003 (0,90)		0,001 (0,98)	
ROW	-0,026 (0,20)		-0,022 (0,31)		0,049 (0,25)		0,046 (0,29)	
NOAM	-0,031 (0,07)	a	-0,032 (0,07)	a	0,007 (0,83)		0,003 (0,92)	
RELATED	-0,008 (0,75)		-0,008 (0,76)		-0,005 (0,91)		-0,010 (0,82)	
LNBITRADE			0,003 (0,55)		0,009 (0,37)		0,008 (0,43)	
TV/MV					0,129 (0,00)	c		
TV/MVC							0,121 (0,00)	c
R²	0,011		0,012		0,300		0,293	
F-statistic	0,654 (0,75)		0,623 (0,79)		7,236 (0,00)	c	6,173 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 4. 4

Cumulative abnormal returns [-1,1] (closing quote), mid 2001-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,037 (0,18)		0,045 (0,15)		0,032 (0,55)		0,035 (0,52)	
LNKOSI	0,010 (0,13)		0,010 (0,11)		0,004 (0,75)		0,004 (0,77)	
ECONDISP	0,003 (0,88)		0,008 (0,69)		0,003 (0,94)		0,004 (0,92)	
OPEN	-0,006 (0,49)		-0,004 (0,63)		-0,004 (0,82)		-0,009 (0,58)	
FX	0,030 (0,62)		0,026 (0,67)		-0,047 (0,64)		0,019 (0,86)	
EU	0,000 (0,97)		-0,002 (0,87)		0,007 (0,66)		0,010 (0,57)	
ROE	-0,018 (0,22)		-0,018 (0,22)		-0,004 (0,88)		0,001 (0,98)	
ROW	-0,027 (0,19)		-0,023 (0,29)		0,047 (0,28)		0,045 (0,32)	
NOAM	-0,033 (0,07)	a	-0,034 (0,07)	a	0,005 (0,88)		0,002 (0,94)	
RELATED	-0,008 (0,74)		-0,008 (0,75)		-0,005 (0,91)		-0,010 (0,82)	
LNBITRADE			0,003 (0,56)		0,009 (0,37)		0,008 (0,43)	
TV/MV					0,129 (0,00)	c		
TV/MVC							0,121 (0,00)	c
R²	0,011		0,011		0,300		0,293	
F-statistic	0,651 (0,75)		0,619 (0,80)		7,238 (0,00)	c	6,172 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 4. 5

Cumulative abnormal returns [-5,5] (closing quote), mid 2001-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,078 (0,12)		-0,069 (0,22)		-0,143 (0,14)		-0,143 (0,16)	
LNHOF	0,043 (0,04)	b	0,045 (0,03)	b	0,065 (0,18)		0,064 (0,21)	
ECONDISP	-0,010 (0,67)		-0,002 (0,94)		-0,013 (0,71)		-0,009 (0,80)	
OPEN	-0,012 (0,27)		-0,009 (0,45)		0,010 (0,56)		0,007 (0,71)	
FX	0,156 (0,08)	a	0,149 (0,09)	a	0,178 (0,20)		0,269 (0,04)	b
EU	0,018 (0,22)		0,016 (0,30)		0,006 (0,77)		0,006 (0,81)	
ROE	-0,029 (0,19)		-0,029 (0,18)		-0,029 (0,61)		-0,031 (0,60)	
ROW	-0,049 (0,09)	a	-0,042 (0,18)		-0,038 (0,53)		-0,055 (0,39)	
NOAM	-0,048 (0,10)	a	-0,049 (0,09)	a	-0,041 (0,47)		-0,051 (0,39)	
RELATED	0,005 (0,89)		0,006 (0,87)		0,034 (0,39)		0,032 (0,43)	
LNBITRADE			0,005 (0,56)		0,012 (0,22)		0,009 (0,38)	
TV/MV					0,133 (0,00)	c		
TV/MVC							0,125 (0,00)	c
R²	0,030		0,031		0,235		0,240	
F-statistic	1,833 (0,06)	a	1,687 (0,08)	a	5,189 (0,00)	c	4,702 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 4. 6

Cumulative abnormal returns [-5,5] (closing quote), mid 2001-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,027 (0,51)		0,040 (0,44)		0,017 (0,77)		0,014 (0,82)	
LNKOSI	0,021 (0,03)	b	0,022 (0,03)	b	0,034 (0,15)		0,032 (0,18)	
ECONDISP	-0,007 (0,78)		0,002 (0,95)		-0,009 (0,78)		-0,004 (0,90)	
OPEN	-0,011 (0,30)		-0,009 (0,49)		0,012 (0,49)		0,008 (0,63)	
FX	0,155 (0,08)	a	0,149 (0,10)	a	0,175 (0,20)		0,266 (0,04)	b
EU	0,015 (0,30)		0,013 (0,39)		0,002 (0,92)		0,002 (0,95)	
ROE	-0,030 (0,18)		-0,031 (0,17)		-0,036 (0,54)		-0,037 (0,55)	
ROW	-0,053 (0,08)	a	-0,046 (0,15)		-0,050 (0,44)		-0,065 (0,34)	
NOAM	-0,053 (0,09)	a	-0,054 (0,08)	a	-0,054 (0,39)		-0,062 (0,34)	
RELATED	0,005 (0,90)		0,005 (0,88)		0,034 (0,40)		0,032 (0,44)	
LNBITRADE			0,005 (0,57)		0,012 (0,22)		0,009 (0,38)	
TV/MV					0,133 (0,00)	c		
TV/MVC							0,125 (0,00)	c
R²	0,030		0,031		0,237		0,241	
F-statistic	1,847 (0,06)	a	1,699 (0,08)	a	5,249 (0,00)	c	4,746 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 4. 7

Cumulative abnormal returns [-10,10] (closing quote), mid 2001-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,092 (0,16)		-0,072 (0,31)		-0,065 (0,60)		-0,072 (0,58)	
LNHOF	0,048 (0,05)	b	0,051 (0,04)	b	0,051 (0,37)		0,047 (0,43)	
ECONDISP	0,006 (0,87)		0,024 (0,54)		-0,032 (0,63)		-0,028 (0,69)	
OPEN	-0,009 (0,52)		-0,003 (0,83)		0,013 (0,61)		0,006 (0,82)	
FX	0,282 (0,02)	b	0,268 (0,03)	b	0,366 (0,08)	a	0,523 (0,01)	c
EU	-0,010 (0,63)		-0,014 (0,51)		-0,037 (0,31)		-0,042 (0,29)	
ROE	-0,051 (0,09)	a	-0,051 (0,09)	a	0,008 (0,91)		0,003 (0,97)	
ROW	-0,106 (0,01)	c	-0,091 (0,03)	b	-0,036 (0,68)		-0,074 (0,43)	
NOAM	-0,075 (0,03)	b	-0,078 (0,03)	b	-0,056 (0,41)		-0,068 (0,34)	
RELATED	0,046 (0,34)		0,048 (0,31)		0,064 (0,09)	a	0,057 (0,13)	
LNBITRADE			0,011 (0,36)		0,029 (0,22)		0,019 (0,42)	
TV/MV					0,080 (0,09)	a		
TV/MVC							0,061 (0,10)	a
R²	0,027		0,029		0,095		0,100	
F-statistic	1,645 (0,10)	a	1,596 (0,10)	a	1,768 (0,06)	a	1,654 (0,09)	a

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 4. 8

Cumulative abnormal returns [-10,10] (closing quote), mid 2001-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,022 (0,67)		0,050 (0,45)		0,054 (0,54)		0,035 (0,69)	
LNKOSI	0,022 (0,06)	a	0,023 (0,05)	b	0,022 (0,42)		0,017 (0,54)	
ECONDISP	0,011 (0,74)		0,029 (0,44)		-0,025 (0,70)		-0,018 (0,79)	
OPEN	-0,009 (0,54)		-0,003 (0,85)		0,013 (0,61)		0,005 (0,84)	
FX	0,282 (0,02)	b	0,268 (0,03)	b	0,366 (0,08)	a	0,526 (0,01)	c
EU	-0,012 (0,54)		-0,017 (0,43)		-0,039 (0,27)		-0,044 (0,26)	
ROE	-0,050 (0,10)	a	-0,050 (0,10)	a	0,011 (0,87)		0,011 (0,88)	
ROW	-0,108 (0,01)	c	-0,094 (0,03)	b	-0,036 (0,69)		-0,068 (0,48)	
NOAM	-0,078 (0,03)	b	-0,081 (0,03)	b	-0,057 (0,44)		-0,063 (0,41)	
RELATED	0,046 (0,34)		0,048 (0,31)		0,064 (0,10)		0,057 (0,14)	
LNBITRADE			0,011 (0,36)		0,029 (0,22)		0,018 (0,43)	
TV/MV					0,080 (0,09)	a		
TV/MVC							0,061 (0,10)	a
R²	0,026		0,028		0,094		0,098	
F-statistic	1,614 (0,11)		1,564 (0,11)		1,751 (0,07)	a	1,621 (0,10)	a

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 4. 9

Cumulative abnormal returns [-1,1] (ask quote), mid 2001-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,028 (0,14)		0,032 (0,19)		0,032 (0,55)		0,033 (0,53)	
LNKOSI	0,003 (0,67)		0,003 (0,65)		0,000 (0,99)		0,000 (0,99)	
ECONDISP	0,000 (0,99)		0,003 (0,88)		0,004 (0,93)		0,003 (0,93)	
OPEN	-0,010 (0,06)	a	-0,010 (0,11)		-0,006 (0,69)		-0,011 (0,50)	
FX	0,018 (0,77)		0,016 (0,80)		-0,034 (0,73)		0,037 (0,72)	
EU	0,005 (0,60)		0,005 (0,65)		0,003 (0,86)		0,005 (0,75)	
ROE	-0,004 (0,79)		-0,005 (0,78)		0,009 (0,76)		0,014 (0,63)	
ROW	-0,006 (0,77)		-0,004 (0,85)		0,057 (0,19)		0,055 (0,22)	
NOAM	-0,018 (0,42)		-0,018 (0,41)		0,011 (0,74)		0,008 (0,81)	
RELATED	-0,007 (0,66)		-0,006 (0,66)		-0,004 (0,92)		-0,010 (0,81)	
LNBITRADE			0,002 (0,77)		0,009 (0,34)		0,008 (0,41)	
TV/MV					0,117 (0,00)	c		
TV/MVC							0,109 (0,00)	c
R²	0,007		0,007		0,271		0,263	
F-statistic	0,416 (0,93)		0,382 (0,95)		6,292 (0,00)	c	5,308 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 4. 10

Cumulative abnormal returns [-1,1] (bid quote), mid 2001-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1	Model 2	Model 3		Model 4	
C	-0,005 (0,88)	-0,002 (0,96)	0,011 (0,88)		0,014 (0,84)	
LNHOF	0,016 (0,23)	0,016 (0,22)	0,010 (0,69)		0,010 (0,70)	
ECONDISP	0,001 (0,96)	0,004 (0,84)	-0,003 (0,93)		-0,002 (0,96)	
OPEN	-0,008 (0,38)	-0,007 (0,47)	-0,007 (0,69)		-0,011 (0,49)	
FX	0,028 (0,64)	0,026 (0,67)	-0,047 (0,64)		0,028 (0,79)	
EU	0,002 (0,79)	0,002 (0,85)	0,004 (0,79)		0,007 (0,70)	
ROE	-0,012 (0,39)	-0,012 (0,39)	-0,001 (0,96)		0,003 (0,92)	
ROW	-0,020 (0,33)	-0,017 (0,42)	0,049 (0,24)		0,045 (0,29)	
NOAM	-0,024 (0,17)	-0,024 (0,16)	0,006 (0,86)		0,002 (0,95)	
RELATED	-0,007 (0,77)	-0,007 (0,78)	-0,005 (0,91)		-0,010 (0,81)	
LNBITRADE		0,002 (0,73)	0,009 (0,35)		0,008 (0,41)	
TV/MV			0,119 (0,00)	c		
TV/MVC					0,110 (0,00)	c
R²	0,009	0,009	0,276		0,267	
F-statistic	0,516 (0,86)	0,476 (0,91)	6,458 (0,00)	c	5,437 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 4. 11

Cumulative abnormal returns [-1,1] (bid quote), mid 2001-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1	Model 2	Model 3		Model 4	
C	0,033 (0,23)	0,037 (0,22)	0,036 (0,49)		0,038 (0,46)	
LNKOSI	0,007 (0,24)	0,008 (0,22)	0,005 (0,69)		0,005 (0,72)	
ECONDISP	0,002 (0,89)	0,005 (0,78)	-0,002 (0,95)		-0,001 (0,98)	
OPEN	-0,007 (0,40)	-0,006 (0,48)	-0,006 (0,70)		-0,011 (0,50)	
FX	0,028 (0,64)	0,026 (0,67)	-0,047 (0,64)		0,028 (0,79)	
EU	0,002 (0,87)	0,001 (0,93)	0,004 (0,82)		0,006 (0,72)	
ROE	-0,013 (0,39)	-0,013 (0,38)	-0,002 (0,95)		0,003 (0,91)	
ROW	-0,021 (0,32)	-0,018 (0,40)	0,047 (0,27)		0,045 (0,31)	
NOAM	-0,025 (0,16)	-0,026 (0,16)	0,004 (0,90)		0,001 (0,96)	
RELATED	-0,008 (0,76)	-0,007 (0,77)	-0,005 (0,91)		-0,010 (0,81)	
LNBITRADE		0,002 (0,73)	0,009 (0,35)		0,008 (0,41)	
TV/MV			0,119 (0,00)	c		
TV/MVC					0,110 (0,00)	c
R²	0,009	0,009	0,276		0,267	
F-statistic	0,513 (0,87)	0,473 (0,91)	6,459 (0,00)	c	5,435 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-1,1] (mid quote), mid 2001-2009.
(Hofstede cultural distance measure as main independent variable)

	Model 1	Model 2	Model 3	Model 4
C	0,004 (0,92)	0,007 (0,86)	0,023 (0,74)	0,025 (0,72)
LNHOF	0,011 (0,40)	0,012 (0,38)	0,004 (0,87)	0,004 (0,87)
ECONDISP	0,000 (0,99)	0,002 (0,90)	0,000 (1,00)	0,001 (0,99)
OPEN	-0,009 (0,29)	-0,008 (0,36)	-0,007 (0,68)	-0,011 (0,49)
FX	0,023 (0,70)	0,021 (0,73)	-0,040 (0,69)	0,033 (0,75)
EU	0,004 (0,65)	0,004 (0,71)	0,004 (0,83)	0,006 (0,74)
ROE	-0,008 (0,57)	-0,008 (0,57)	0,005 (0,85)	0,010 (0,74)
ROW	-0,012 (0,55)	-0,010 (0,64)	0,054 (0,19)	0,051 (0,23)
NOAM	-0,020 (0,24)	-0,021 (0,23)	0,009 (0,76)	0,006 (0,86)
RELATED	-0,007 (0,78)	-0,007 (0,78)	-0,005 (0,91)	-0,010 (0,80)
LNBITRADE		0,002 (0,76)	0,009 (0,34)	0,008 (0,41)
TV/MV			0,118 (0,00) c	
TV/MVC				0,109 (0,00) c
R²	0,007	0,008	0,274	0,265
F-statistic	0,443 (0,91)	0,407 (0,94)	6,380 (0,00) c	5,375 (0,00) c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-1,1] (mid quote), mid 2001-2009.
(Kogut & Singh cultural distance measure as main independent variable)

	Model 1	Model 2	Model 3	Model 4
C	0,030 (0,27)	0,034 (0,26)	0,033 (0,52)	0,036 (0,50)
LNKOSI	0,005 (0,41)	0,005 (0,40)	0,002 (0,85)	0,002 (0,88)
ECONDISP	0,001 (0,96)	0,004 (0,85)	0,000 (0,99)	0,001 (0,98)
OPEN	-0,009 (0,29)	-0,008 (0,36)	-0,007 (0,69)	-0,011 (0,49)
FX	0,023 (0,70)	0,021 (0,73)	-0,040 (0,68)	0,033 (0,75)
EU	0,004 (0,70)	0,003 (0,76)	0,003 (0,84)	0,005 (0,75)
ROE	-0,008 (0,58)	-0,008 (0,57)	0,005 (0,87)	0,010 (0,74)
ROW	-0,013 (0,55)	-0,011 (0,63)	0,053 (0,22)	0,051 (0,25)
NOAM	-0,021 (0,25)	-0,021 (0,24)	0,008 (0,80)	0,006 (0,87)
RELATED	-0,007 (0,77)	-0,007 (0,78)	-0,005 (0,91)	-0,010 (0,80)
LNBITRADE		0,002 (0,76)	0,009 (0,34)	0,008 (0,41)
TV/MV			0,118 (0,00) c	
TV/MVC				0,109 (0,00) c
R²	0,007	0,007	0,274	0,265
F-statistic	0,438 (0,91)	0,403 (0,95)	6,380 (0,00) c	5,375 (0,00) c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (ask quote), mid 2001-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,096 (0,16)		-0,076 (0,30)		-0,052 (0,67)		-0,056 (0,66)	
LNHOF	0,049 (0,06)	a	0,053 (0,05)	b	0,044 (0,43)		0,039 (0,51)	
ECONDISP	-0,001 (0,98)		0,017 (0,65)		-0,030 (0,65)		-0,027 (0,70)	
OPEN	-0,008 (0,56)		-0,003 (0,87)		0,012 (0,62)		0,004 (0,85)	
FX	0,265 (0,04)	b	0,250 (0,05)	b	0,350 (0,10)	a	0,522 (0,01)	c
EU	-0,008 (0,72)		-0,012 (0,59)		-0,038 (0,31)		-0,043 (0,29)	
ROE	-0,055 (0,11)		-0,056 (0,10)	a	0,016 (0,82)		0,012 (0,87)	
ROW	-0,107 (0,01)	c	-0,093 (0,03)	b	-0,027 (0,75)		-0,064 (0,49)	
NOAM	-0,076 (0,04)	b	-0,079 (0,04)	b	-0,047 (0,49)		-0,061 (0,39)	
RELATED	0,049 (0,30)		0,051 (0,27)		0,064 (0,09)	a	0,057 (0,13)	
LNBITRADE			0,011 (0,35)		0,029 (0,22)		0,019 (0,42)	
TV/MV					0,071 (0,14)			
TV/MVC							0,051 (0,18)	
R²	0,024		0,026		0,083		0,089	
F-statistic	1,464 (0,16)		1,427 (0,16)		1,535 (0,12)		1,456 (0,15)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (ask quote), mid 2001-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,025 (0,53)		0,036 (0,48)		0,019 (0,74)		0,015 (0,80)	
LNKOSI	0,022 (0,03)	b	0,022 (0,03)	b	0,033 (0,16)		0,032 (0,19)	
ECONDISP	-0,012 (0,58)		-0,006 (0,82)		-0,007 (0,83)		-0,003 (0,92)	
OPEN	-0,010 (0,33)		-0,008 (0,50)		0,013 (0,46)		0,009 (0,60)	
FX	0,152 (0,08)	a	0,146 (0,09)	a	0,179 (0,20)		0,274 (0,04)	b
EU	0,019 (0,20)		0,017 (0,26)		0,000 (1,00)		-0,001 (0,98)	
ROE	-0,035 (0,14)		-0,035 (0,14)		-0,035 (0,55)		-0,035 (0,57)	
ROW	-0,053 (0,08)	a	-0,048 (0,14)		-0,054 (0,41)		-0,068 (0,32)	
NOAM	-0,054 (0,09)	a	-0,055 (0,08)	a	-0,054 (0,39)		-0,062 (0,34)	
RELATED	0,007 (0,84)		0,008 (0,82)		0,033 (0,40)		0,030 (0,45)	
LNBITRADE			0,004 (0,65)		0,013 (0,22)		0,009 (0,38)	
TV/MV					0,124 (0,00)	c		
TV/MVC							0,115 (0,00)	c
R²	0,030		0,030		0,216		0,219	
F-statistic	1,821 (0,06)	a	1,660 (0,09)	a	4,660 (0,00)	c	4,189 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (bid quote), mid 2001-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,066 (0,18)		-0,059 (0,29)		-0,155 (0,11)		-0,157 (0,12)	
LNHOF	0,036 (0,08)	a	0,038 (0,07)	a	0,071 (0,14)		0,070 (0,17)	
ECONDISP	-0,010 (0,68)		-0,003 (0,91)		-0,011 (0,76)		-0,009 (0,81)	
OPEN	-0,013 (0,23)		-0,011 (0,38)		0,012 (0,46)		0,009 (0,60)	
FX	0,154 (0,08)	a	0,149 (0,09)	a	0,178 (0,21)		0,272 (0,05)	b
EU	0,019 (0,19)		0,017 (0,25)		0,010 (0,65)		0,010 (0,67)	
ROE	-0,025 (0,27)		-0,025 (0,26)		-0,048 (0,41)		-0,051 (0,40)	
ROW	-0,042 (0,13)		-0,037 (0,23)		-0,056 (0,36)		-0,074 (0,26)	
NOAM	-0,041 (0,15)		-0,042 (0,14)		-0,052 (0,36)		-0,063 (0,29)	
RELATED	0,009 (0,81)		0,009 (0,79)		0,044 (0,27)		0,042 (0,30)	
LNBITRADE			0,004 (0,65)		0,012 (0,23)		0,009 (0,41)	
TV/MV					0,126 (0,00)	c		
TV/MVC							0,117 (0,00)	c
R²	0,026		0,026		0,213		0,217	
F-statistic	1,580 (0,12)		1,443 (0,16)		4,574 (0,00)	c	4,132 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (bid quote), mid 2001-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,022 (0,59)		0,032 (0,53)		0,019 (0,75)		0,013 (0,83)	
LNKOSI	0,018 (0,07)	a	0,018 (0,07)	a	0,036 (0,12)		0,035 (0,15)	
ECONDISP	-0,007 (0,77)		0,000 (0,99)		-0,006 (0,85)		-0,003 (0,92)	
OPEN	-0,012 (0,25)		-0,010 (0,40)		0,014 (0,40)		0,011 (0,53)	
FX	0,154 (0,08)	a	0,148 (0,09)	a	0,175 (0,22)		0,270 (0,05)	b
EU	0,017 (0,25)		0,015 (0,32)		0,005 (0,81)		0,006 (0,81)	
ROE	-0,026 (0,25)		-0,026 (0,25)		-0,055 (0,36)		-0,056 (0,37)	
ROW	-0,046 (0,12)		-0,041 (0,20)		-0,068 (0,30)		-0,084 (0,22)	
NOAM	-0,046 (0,13)		-0,047 (0,12)		-0,065 (0,30)		-0,074 (0,25)	
RELATED	0,008 (0,82)		0,009 (0,80)		0,044 (0,28)		0,042 (0,31)	
LNBITRADE			0,004 (0,66)		0,012 (0,23)		0,009 (0,41)	
TV/MV					0,125 (0,00)	c		
TV/MVC							0,117 (0,00)	c
R²	0,026		0,027		0,215		0,219	
F-statistic	1,595 (0,11)		1,456 (0,15)		4,630 (0,00)	c	4,169 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (mid quote), mid 2001-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,075 (0,13)		-0,068 (0,22)		-0,143 (0,14)		-0,144 (0,15)	
LNHOF	0,041 (0,05)	b	0,042 (0,04)	b	0,066 (0,17)		0,065 (0,20)	
ECONDISP	-0,013 (0,57)		-0,007 (0,80)		-0,011 (0,76)		-0,008 (0,82)	
OPEN	-0,012 (0,26)		-0,010 (0,41)		0,011 (0,51)		0,008 (0,65)	
FX	0,155 (0,08)	a	0,149 (0,09)	a	0,180 (0,20)		0,274 (0,04)	b
EU	0,020 (0,16)		0,018 (0,21)		0,006 (0,77)		0,006 (0,81)	
ROE	-0,028 (0,20)		-0,028 (0,19)		-0,035 (0,55)		-0,037 (0,54)	
ROW	-0,044 (0,12)		-0,039 (0,20)		-0,046 (0,45)		-0,063 (0,33)	
NOAM	-0,044 (0,13)		-0,045 (0,12)		-0,045 (0,44)		-0,055 (0,35)	
RELATED	0,008 (0,83)		0,009 (0,81)		0,038 (0,34)		0,035 (0,38)	
LNBITRADE			0,004 (0,65)		0,012 (0,23)		0,009 (0,40)	
TV/MV					0,125 (0,00)	c		
TV/MVC							0,116 (0,00)	c
R²	0,028		0,029		0,213		0,217	
F-statistic	1,716 (0,08)	a	1,565 (0,11)		4,585 (0,00)	c	4,135 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (mid quote), mid 2001-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,023 (0,57)		0,033 (0,51)		0,018 (0,75)		0,014 (0,82)	
LNKOSI	0,020 (0,05)	b	0,020 (0,04)	b	0,034 (0,15)		0,032 (0,18)	
ECONDISP	-0,010 (0,66)		-0,003 (0,89)		-0,007 (0,83)		-0,003 (0,92)	
OPEN	-0,011 (0,29)		-0,009 (0,44)		0,013 (0,44)		0,009 (0,58)	
FX	0,154 (0,08)	a	0,149 (0,09)	a	0,177 (0,20)		0,272 (0,04)	b
EU	0,018 (0,22)		0,016 (0,29)		0,002 (0,93)		0,002 (0,95)	
ROE	-0,030 (0,18)		-0,030 (0,18)		-0,042 (0,48)		-0,042 (0,49)	
ROW	-0,048 (0,10)	a	-0,043 (0,17)		-0,058 (0,37)		-0,073 (0,28)	
NOAM	-0,049 (0,11)		-0,050 (0,10)	a	-0,057 (0,36)		-0,066 (0,31)	
RELATED	0,007 (0,84)		0,008 (0,82)		0,038 (0,34)		0,035 (0,39)	
LNBITRADE			0,004 (0,66)		0,012 (0,23)		0,009 (0,39)	
TV/MV					0,124 (0,00)	c		
TV/MVC							0,116 (0,00)	c
R²	0,028		0,029		0,215		0,219	
F-statistic	1,734 (0,08)	a	1,580 (0,11)		4,642 (0,00)	c	4,173 (0,00)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-10,10] (ask quote), mid 2001-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,096 (0,16)		-0,076 (0,30)		-0,052 (0,67)		-0,056 (0,66)	
LNHOF	0,049 (0,06)	a	0,053 (0,05)	b	0,044 (0,43)		0,039 (0,51)	
ECONDISP	-0,001 (0,98)		0,017 (0,65)		-0,030 (0,65)		-0,027 (0,70)	
OPEN	-0,008 (0,56)		-0,003 (0,87)		0,012 (0,62)		0,004 (0,85)	
FX	0,265 (0,04)	b	0,250 (0,05)	b	0,350 (0,10)	a	0,522 (0,01)	c
EU	-0,008 (0,72)		-0,012 (0,59)		-0,038 (0,31)		-0,043 (0,29)	
ROE	-0,055 (0,11)		-0,056 (0,10)	a	0,016 (0,82)		0,012 (0,87)	
ROW	-0,107 (0,01)	c	-0,093 (0,03)	b	-0,027 (0,75)		-0,064 (0,49)	
NOAM	-0,076 (0,04)	b	-0,079 (0,04)	b	-0,047 (0,49)		-0,061 (0,39)	
RELATED	0,049 (0,30)		0,051 (0,27)		0,064 (0,09)	a	0,057 (0,13)	
LNBITRADE			0,011 (0,35)		0,029 (0,22)		0,019 (0,42)	
TV/MV					0,071 (0,14)			
TV/MVC							0,051 (0,18)	
R²	0,024		0,026		0,083		0,089	
F-statistic	1,464 (0,16)		1,427 (0,16)		1,535 (0,12)		1,456 (0,15)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-10,10] (ask quote), mid 2001-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,021 (0,68)		0,049 (0,46)		0,051 (0,57)		0,032 (0,72)	
LNKOSI	0,022 (0,08)	a	0,024 (0,06)	a	0,018 (0,49)		0,013 (0,63)	
ECONDISP	0,005 (0,89)		0,023 (0,54)		-0,023 (0,72)		-0,018 (0,79)	
OPEN	-0,008 (0,58)		-0,002 (0,88)		0,012 (0,62)		0,004 (0,88)	
FX	0,265 (0,04)	b	0,250 (0,05)	b	0,351 (0,10)	a	0,524 (0,01)	c
EU	-0,010 (0,63)		-0,014 (0,51)		-0,040 (0,28)		-0,044 (0,27)	
ROE	-0,054 (0,11)		-0,055 (0,11)		0,020 (0,78)		0,021 (0,77)	
ROW	-0,109 (0,01)	c	-0,095 (0,03)	b	-0,026 (0,77)		-0,058 (0,55)	
NOAM	-0,079 (0,04)	b	-0,082 (0,04)	b	-0,046 (0,53)		-0,054 (0,47)	
RELATED	0,049 (0,30)		0,050 (0,27)		0,064 (0,10)	a	0,057 (0,14)	
LNBITRADE			0,011 (0,36)		0,029 (0,22)		0,019 (0,43)	
TV/MV					0,071 (0,14)			
TV/MVC							0,051 (0,18)	
R²	0,024		0,025		0,082		0,088	
F-statistic	1,428 (0,17)		1,390 (0,18)		1,519 (0,13)		1,430 (0,16)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-10,10] (bid quote), mid 2001-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,094 (0,15)		-0,073 (0,32)		-0,072 (0,55)		-0,078 (0,54)	
LNHOF	0,047 (0,05)	b	0,051 (0,03)	b	0,051 (0,36)		0,047 (0,43)	
ECONDISP	0,001 (0,97)		0,021 (0,59)		-0,033 (0,62)		-0,028 (0,68)	
OPEN	-0,010 (0,47)		-0,004 (0,81)		0,015 (0,55)		0,007 (0,76)	
FX	0,277 (0,03)	b	0,260 (0,05)	b	0,347 (0,12)		0,524 (0,01)	c
EU	-0,008 (0,69)		-0,013 (0,55)		-0,032 (0,38)		-0,038 (0,34)	
ROE	-0,049 (0,08)	a	-0,049 (0,07)	a	0,003 (0,97)		-0,003 (0,96)	
ROW	-0,102 (0,01)	c	-0,086 (0,03)	b	-0,036 (0,68)		-0,077 (0,40)	
NOAM	-0,071 (0,04)	b	-0,074 (0,03)	b	-0,051 (0,46)		-0,068 (0,34)	
RELATED	0,049 (0,32)		0,051 (0,29)		0,070 (0,06)	a	0,063 (0,09)	a
LNBITRADE			0,012 (0,32)		0,030 (0,22)		0,019 (0,43)	
TV/MV					0,070 (0,16)			
TV/MVC							0,048 (0,21)	
R²	0,025		0,028		0,082		0,088	
F-statistic	1,552 (0,13)		1,532 (0,12)		1,503 (0,13)		1,436 (0,16)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-10,10] (bid quote), mid 2001-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,017 (0,74)		0,048 (0,48)		0,049 (0,58)		0,029 (0,74)	
LNKOSI	0,021 (0,06)	a	0,023 (0,04)	b	0,022 (0,41)		0,017 (0,54)	
ECONDISP	0,007 (0,84)		0,026 (0,49)		-0,026 (0,69)		-0,018 (0,79)	
OPEN	-0,010 (0,49)		-0,003 (0,82)		0,015 (0,55)		0,007 (0,78)	
FX	0,277 (0,03)	b	0,261 (0,05)	b	0,348 (0,12)		0,526 (0,01)	c
EU	-0,011 (0,60)		-0,015 (0,47)		-0,034 (0,34)		-0,039 (0,32)	
ROE	-0,048 (0,08)	a	-0,048 (0,08)	a	0,006 (0,93)		0,006 (0,93)	
ROW	-0,103 (0,01)	c	-0,088 (0,03)	b	-0,036 (0,68)		-0,071 (0,46)	
NOAM	-0,074 (0,04)	b	-0,077 (0,03)	b	-0,051 (0,48)		-0,062 (0,41)	
RELATED	0,049 (0,32)		0,050 (0,29)		0,070 (0,07)	a	0,063 (0,10)	a
LNBITRADE			0,012 (0,33)		0,029 (0,22)		0,018 (0,44)	
TV/MV					0,070 (0,16)			
TV/MVC							0,048 (0,21)	
R²	0,025		0,027		0,081		0,086	
F-statistic	1,518 (0,14)		1,497 (0,14)		1,485 (0,14)		1,403 (0,18)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-10,10] (mid quote), mid 2001-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,095 (0,15)		-0,075 (0,31)		-0,058 (0,63)		-0,063 (0,62)	
LNHOF	0,048 (0,06)	a	0,051 (0,04)	b	0,046 (0,41)		0,041 (0,48)	
ECONDISP	0,000 (1,00)		0,018 (0,63)		-0,031 (0,63)		-0,027 (0,69)	
OPEN	-0,009 (0,51)		-0,003 (0,83)		0,013 (0,60)		0,005 (0,82)	
FX	0,273 (0,04)	b	0,258 (0,05)	b	0,349 (0,11)		0,523 (0,01)	c
EU	-0,008 (0,70)		-0,012 (0,57)		-0,035 (0,33)		-0,041 (0,30)	
ROE	-0,051 (0,09)	a	-0,052 (0,09)	a	0,012 (0,86)		0,008 (0,91)	
ROW	-0,103 (0,01)	c	-0,088 (0,03)	b	-0,028 (0,74)		-0,068 (0,46)	
NOAM	-0,072 (0,04)	b	-0,075 (0,04)	b	-0,047 (0,49)		-0,062 (0,37)	
RELATED	0,048 (0,31)		0,050 (0,28)		0,066 (0,08)	a	0,059 (0,12)	
LNBITRADE			0,011 (0,34)		0,029 (0,22)		0,019 (0,43)	
TV/MV					0,070 (0,16)			
TV/MVC							0,049 (0,20)	
R²	0,025		0,027		0,082		0,088	
F-statistic	1,514 (0,14)		1,484 (0,14)		1,519 (0,13)		1,447 (0,16)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-10,10] (mid quote), mid 2001-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,019 (0,72)		0,048 (0,48)		0,049 (0,58)		0,030 (0,73)	
LNKOSI	0,022 (0,07)	a	0,023 (0,05)	b	0,019 (0,46)		0,014 (0,61)	
ECONDISP	0,005 (0,87)		0,024 (0,52)		-0,025 (0,70)		-0,018 (0,79)	
OPEN	-0,009 (0,53)		-0,003 (0,85)		0,013 (0,60)		0,005 (0,85)	
FX	0,273 (0,04)	b	0,258 (0,05)	b	0,350 (0,11)		0,525 (0,01)	c
EU	-0,010 (0,62)		-0,015 (0,49)		-0,038 (0,30)		-0,043 (0,28)	
ROE	-0,050 (0,10)	a	-0,051 (0,10)	a	0,016 (0,81)		0,017 (0,81)	
ROW	-0,105 (0,01)	c	-0,090 (0,03)	b	-0,028 (0,75)		-0,061 (0,52)	
NOAM	-0,075 (0,04)	b	-0,078 (0,04)	b	-0,046 (0,52)		-0,056 (0,45)	
RELATED	0,048 (0,32)		0,050 (0,29)		0,066 (0,09)	a	0,059 (0,13)	
LNBITRADE			0,011 (0,35)		0,029 (0,23)		0,018 (0,43)	
TV/MV					0,070 (0,16)			
TV/MVC							0,049 (0,20)	
R²	0,024		0,026		0,082		0,087	
F-statistic	1,480 (0,15)		1,448 (0,16)		1,503 (0,13)		1,420 (0,17)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 5. Regression Results for Sub-period Sample (CAR based on closing quote)
Appendix 5. 1
Cumulative abnormal returns [-1,1] (closing quote), 1996-2000.
(Hofstede cultural distance measure as main independent variable)

	Model 1	Model 2		Model 3	Model 4
C	-0,007 (0,87)	-0,034 (0,48)		-0,091 (0,47)	-0,230 (0,64)
LNHOF	0,016 (0,46)	0,019 (0,44)		0,024 (0,66)	0,053 (0,77)
ECONDISP	-0,021 (0,33)	-0,044 (0,07)	a	-0,107 (0,22)	-0,199 (0,57)
OPEN	-0,006 (0,71)	-0,006 (0,80)		0,023 (0,77)	0,039 (0,87)
FX	-0,003 (0,85)	-0,005 (0,76)		0,062 (0,26)	0,067 (0,58)
EU	-0,022 (0,17)	-0,018 (0,29)		0,019 (0,60)	0,044 (0,57)
ROE	-0,005 (0,87)	-0,006 (0,86)		-0,033 (0,58)	-0,061 (0,58)
ROW	-0,015 (0,66)	-0,019 (0,60)		-0,012 (0,86)	-0,066 (0,64)
NOAM	-0,018 (0,52)	-0,015 (0,58)		0,011 (0,85)	-0,006 (0,96)
RELATED	0,003 (0,90)	-0,001 (0,98)		-0,003 (0,96)	0,042 (0,58)
LNBITRADE		-0,008 (0,22)		-0,012 (0,41)	-0,026 (0,41)
TV/MV				0,066 (0,13)	
TV/MVC					-0,013 (0,89)
R²	0,019	0,023		0,104	0,114
F-statistic	0,362 (0,95)	0,408 (0,94)		0,801 (0,64)	0,234 (0,99)

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 5. 2
Cumulative abnormal returns [-1,1] (closing quote), 1996-2000.
(Kogut & Singh cultural distance measure as main independent variable)

	Model 1	Model 2		Model 3	Model 4
C	0,034 (0,25)	0,012 (0,69)		-0,025 (0,75)	-0,123 (0,39)
LNKOSI	0,011 (0,24)	0,012 (0,22)		0,022 (0,39)	0,052 (0,44)
ECONDISP	-0,022 (0,31)	-0,047 (0,06)	a	-0,120 (0,17)	-0,292 (0,35)
OPEN	-0,004 (0,79)	-0,004 (0,85)		0,030 (0,69)	0,099 (0,62)
FX	-0,003 (0,84)	-0,006 (0,76)		0,065 (0,24)	0,096 (0,41)
EU	-0,023 (0,14)	-0,020 (0,25)		0,015 (0,68)	0,031 (0,66)
ROE	-0,012 (0,69)	-0,013 (0,67)		-0,054 (0,36)	-0,089 (0,38)
ROW	-0,022 (0,51)	-0,027 (0,45)		-0,033 (0,63)	-0,115 (0,42)
NOAM	-0,026 (0,33)	-0,025 (0,36)		-0,013 (0,84)	-0,045 (0,68)
RELATED	0,003 (0,87)	0,000 (0,99)		-0,002 (0,96)	0,041 (0,59)
LNBITRADE		-0,008 (0,21)		-0,013 (0,38)	-0,032 (0,32)
TV/MV				0,065 (0,14)	
TV/MVC					-0,016 (0,85)
R²	0,020	0,026		0,110	0,136
F-statistic	0,400 (0,93)	0,452 (0,92)		0,855 (0,59)	0,287 (0,98)

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 5. 3

Cumulative abnormal returns [-1,1] (closing quote), 2001-2004.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,010 (0,87)		0,109 (0,12)		0,139 (0,14)		0,154 (0,19)	
LNHOF	0,006 (0,74)		0,012 (0,53)		-0,008 (0,80)		-0,008 (0,81)	
ECONDISP	-0,047 (0,08)	a	-0,017 (0,56)		-0,010 (0,88)		-0,016 (0,79)	
OPEN	-0,006 (0,68)		0,009 (0,58)		0,042 (0,11)		0,013 (0,75)	
FX	0,123 (0,09)	a	0,114 (0,11)		0,034 (0,73)		0,081 (0,43)	
EU	-0,013 (0,39)		-0,031 (0,06)	a	-0,034 (0,12)		-0,027 (0,31)	
ROE	0,009 (0,68)		0,008 (0,70)		0,043 (0,22)		0,045 (0,19)	
ROW	-0,012 (0,68)		0,015 (0,63)		0,129 (0,02)	b	0,131 (0,02)	b
NOAM	-0,002 (0,95)		-0,019 (0,50)		0,022 (0,61)		-0,006 (0,89)	
RELATED	-0,005 (0,91)		-0,040 (0,38)		-0,027 (0,25)		-0,019 (0,78)	
LNBITRADE			0,025 (0,01)	c	0,041 (0,05)	b	0,042 (0,03)	b
TV/MV					0,116 (0,28)			
TV/MVC							-0,017 (0,79)	
R²	0,035		0,072		0,221		0,203	
F-statistic	0,728 (0,68)		1,410 (0,18)		1,601 (0,12)		1,225 (0,29)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 5. 4

Cumulative abnormal returns [-1,1] (closing quote), 2001-2004.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,024 (0,63)		0,137 (0,03)	b	0,120 (0,09)	a	0,135 (0,15)	
LNKOSI	0,002 (0,84)		0,005 (0,59)		-0,006 (0,66)		-0,006 (0,70)	
ECONDISP	-0,045 (0,09)	a	-0,015 (0,59)		-0,007 (0,91)		-0,013 (0,81)	
OPEN	-0,007 (0,67)		0,009 (0,58)		0,040 (0,13)		0,011 (0,79)	
FX	0,124 (0,09)	a	0,115 (0,11)		0,035 (0,72)		0,081 (0,42)	
EU	-0,013 (0,39)		-0,031 (0,06)	a	-0,033 (0,13)		-0,027 (0,32)	
ROE	0,011 (0,61)		0,009 (0,66)		0,048 (0,18)		0,049 (0,15)	
ROW	-0,010 (0,74)		0,015 (0,62)		0,133 (0,02)	b	0,135 (0,02)	b
NOAM	0,000 (0,99)		-0,018 (0,53)		0,028 (0,54)		-0,001 (0,98)	
RELATED	-0,005 (0,91)		-0,041 (0,38)		-0,029 (0,22)		-0,020 (0,76)	
LNBITRADE			0,025 (0,01)	c	0,040 (0,06)	a	0,041 (0,03)	b
TV/MV					0,117 (0,28)			
TV/MVC							-0,016 (0,81)	
R²	0,034		0,072		0,223		0,204	
F-statistic	0,720 (0,69)		1,398 (0,18)		1,614 (0,12)		1,235 (0,29)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-1,1] (closing quote), 2005-2007.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,008 (0,89)		-0,010 (0,86)		-0,038 (0,74)		-0,052 (0,69)	
LNHOF	0,026 (0,21)		0,022 (0,32)		0,052 (0,37)		0,059 (0,35)	
ECONDISP	0,013 (0,64)		0,006 (0,84)		0,071 (0,07)	a	0,057 (0,15)	
OPEN	-0,015 (0,43)		-0,022 (0,29)		-0,077 (0,06)	a	-0,077 (0,12)	
FX	0,003 (0,98)		0,013 (0,93)		-0,268 (0,28)		-0,116 (0,62)	
EU	0,024 (0,06)	a	0,027 (0,05)	b	0,053 (0,07)	a	0,058 (0,05)	b
ROE	-0,034 (0,12)		-0,032 (0,14)		-0,107 (0,19)		-0,104 (0,23)	
ROW	-0,016 (0,59)		-0,025 (0,43)		-0,062 (0,41)		-0,066 (0,42)	
NOAM	-0,033 (0,16)		-0,032 (0,17)		-0,057 (0,37)		-0,055 (0,42)	
RELATED	-0,023 (0,54)		-0,025 (0,52)		-0,017 (0,60)		-0,029 (0,41)	
LNBITRADE			-0,006 (0,43)		-0,003 (0,82)		-0,005 (0,71)	
TV/MV					0,168 (0,03)	b		
TV/MVC							0,153 (0,06)	a
R²	0,042		0,044		0,238		0,230	
F-statistic	1,228 (0,28)		1,166 (0,31)		2,408 (0,01)	c	2,011 (0,04)	b

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-1,1] (closing quote), 2005-2007.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,055 (0,18)		0,042 (0,34)		0,095 (0,10)	a	0,097 (0,11)	
LNKOSI	0,013 (0,20)		0,011 (0,30)		0,032 (0,25)		0,035 (0,25)	
ECONDISP	0,015 (0,57)		0,007 (0,79)		0,068 (0,09)	a	0,056 (0,17)	
OPEN	-0,015 (0,44)		-0,022 (0,31)		-0,071 (0,05)	b	-0,069 (0,12)	
FX	0,001 (0,99)		0,011 (0,94)		-0,263 (0,29)		-0,109 (0,64)	
EU	0,023 (0,09)	a	0,025 (0,07)	a	0,046 (0,09)	a	0,050 (0,07)	a
ROE	-0,035 (0,12)		-0,033 (0,14)		-0,121 (0,14)		-0,118 (0,18)	
ROW	-0,019 (0,53)		-0,028 (0,40)		-0,083 (0,32)		-0,087 (0,34)	
NOAM	-0,037 (0,14)		-0,036 (0,16)		-0,077 (0,28)		-0,075 (0,33)	
RELATED	-0,023 (0,55)		-0,025 (0,52)		-0,018 (0,59)		-0,029 (0,40)	
LNBITRADE			-0,006 (0,43)		-0,003 (0,81)		-0,005 (0,71)	
TV/MV					0,165 (0,04)	b		
TV/MVC							0,150 (0,06)	a
R²	0,042		0,044		0,243		0,236	
F-statistic	1,237 (0,27)		1,174 (0,31)		2,479 (0,01)	c	2,073 (0,03)	b

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 5. 7

Cumulative abnormal returns [-1,1] (closing quote), 2008-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1	Model 2	Model 3	Model 4
C	-0,030 (0,74)	-0,023 (0,81)	-0,014 (0,95)	-0,017 (0,94)
LNHOF	0,039 (0,34)	0,041 (0,33)	0,016 (0,89)	0,012 (0,92)
ECONDISP	0,012 (0,79)	0,019 (0,71)	-0,061 (0,55)	-0,074 (0,54)
OPEN	-0,010 (0,57)	-0,009 (0,62)	-0,014 (0,63)	-0,010 (0,73)
FX	0,045 (0,82)	0,032 (0,88)	0,035 (0,95)	-0,391 (0,54)
EU	-0,034 (0,15)	-0,035 (0,14)	-0,022 (0,58)	-0,030 (0,50)
ROE	-0,018 (0,69)	-0,018 (0,69)	-0,003 (0,98)	0,006 (0,97)
ROW	-0,072 (0,23)	-0,066 (0,29)	0,012 (0,95)	0,047 (0,80)
NOAM	-0,114 (0,06) a	-0,114 (0,06) a	-0,085 (0,55)	-0,049 (0,75)
RELATED	-0,015 (0,77)	-0,014 (0,77)	* *	* *
LNBITRADE		0,004 (0,75)	-0,002 (0,92)	-0,005 (0,84)
TV/MV			0,129 (0,00) c	
TV/MVC				0,131 (0,00) c
R²	0,063	0,064	0,649	0,660
F-statistic	0,835 (0,59)	0,756 (0,67)	4,437 (0,00) c	4,280 (0,00) c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

* Related variable dropped due to perfect collinearity.

Appendix 5. 8

Cumulative abnormal returns [-1,1] (closing quote), 2008-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1	Model 2	Model 3	Model 4
C	0,065 (0,28)	0,074 (0,27)	0,005 (0,96)	-0,007 (0,95)
LNKOSI	0,018 (0,35)	0,019 (0,34)	-0,008 (0,89)	-0,008 (0,89)
ECONDISP	0,017 (0,70)	0,024 (0,63)	-0,049 (0,61)	-0,064 (0,58)
OPEN	-0,010 (0,58)	-0,009 (0,63)	-0,014 (0,63)	-0,010 (0,73)
FX	0,037 (0,85)	0,025 (0,90)	0,011 (0,98)	-0,413 (0,51)
EU	-0,036 (0,13)	-0,037 (0,13)	-0,022 (0,59)	-0,030 (0,51)
ROE	-0,018 (0,69)	-0,018 (0,70)	0,033 (0,82)	0,038 (0,79)
ROW	-0,073 (0,23)	-0,068 (0,29)	0,053 (0,78)	0,084 (0,67)
NOAM	-0,117 (0,06) a	-0,116 (0,07) a	-0,050 (0,74)	-0,017 (0,92)
RELATED	-0,015 (0,76)	-0,015 (0,76)	* *	* *
LNBITRADE		0,003 (0,76)	-0,002 (0,92)	-0,005 (0,83)
TV/MV			0,129 (0,00) c	
TV/MVC				0,132 (0,00) c
R²	0,063	0,063	0,649	0,661
F-statistic	0,830 (0,59)	0,750 (0,68)	4,436 (0,00) c	4,283 (0,00) c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

* Related variable dropped due to perfect collinearity.

Cumulative abnormal returns [-5,5] (closing quote), 1996-2000.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,075 (0,38)		-0,142 (0,13)		-0,208 (0,39)		-1,751 (0,02)	b
LNHOF	0,040 (0,31)		0,028 (0,52)		0,025 (0,81)		0,517 (0,09)	a
ECONDISP	-0,036 (0,41)		-0,136 (0,01)	c	-0,035 (0,83)		-1,331 (0,01)	c
OPEN	-0,031 (0,42)		-0,082 (0,09)	a	0,005 (0,98)		0,558 (0,16)	
FX	-0,072 (0,09)	a	-0,094 (0,03)	b	-0,103 (0,33)		0,266 (0,04)	b
EU	-0,029 (0,28)		-0,005 (0,85)		0,024 (0,73)		-0,038 (0,65)	
ROE	-0,032 (0,48)		-0,018 (0,70)		-0,068 (0,55)		-0,187 (0,14)	
ROW	-0,040 (0,47)		-0,047 (0,40)		-0,006 (0,97)		-0,395 (0,01)	b
NOAM	-0,091 (0,05)	b	-0,069 (0,13)		-0,045 (0,70)		-0,252 (0,11)	
RELATED	0,069 (0,08)	a	0,052 (0,25)		0,100 (0,28)		0,037 (0,29)	
LNBITRADE			-0,039 (0,01)	c	-0,033 (0,24)		-0,135 (0,00)	c
TV/MV					0,087 (0,30)			
TV/MVC							0,001 (0,99)	
R²	0,028		0,061		0,105		0,474	
F-statistic	0,553 (0,83)		1,105 (0,36)		0,808 (0,63)		1,637 (0,16)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (closing quote), 1996-2000,

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,020 (0,68)		-0,075 (0,25)		-0,139 (0,35)		-0,553 (0,00)	c
LNKOSI	0,018 (0,30)		0,016 (0,39)		0,026 (0,61)		0,233 (0,01)	c
ECONDISP	-0,032 (0,46)		-0,137 (0,01)	c	-0,052 (0,76)		-1,333 (0,00)	c
OPEN	-0,034 (0,38)		-0,082 (0,07)	a	0,015 (0,92)		0,508 (0,05)	b
FX	-0,071 (0,09)	a	-0,094 (0,03)	b	-0,100 (0,35)		0,287 (0,01)	c
EU	-0,030 (0,28)		-0,007 (0,81)		0,019 (0,78)		-0,027 (0,63)	
ROE	-0,031 (0,49)		-0,023 (0,60)		-0,096 (0,40)		-0,203 (0,01)	c
ROW	-0,040 (0,45)		-0,053 (0,33)		-0,033 (0,80)		-0,470 (0,00)	c
NOAM	-0,093 (0,05)	b	-0,077 (0,09)	a	-0,076 (0,55)		-0,288 (0,02)	b
RELATED	0,071 (0,07)	a	0,052 (0,24)		0,100 (0,28)		0,034 (0,34)	
LNBITRADE			-0,040 (0,01)	c	-0,034 (0,22)		-0,155 (0,00)	c
TV/MV					0,086 (0,31)			
TV/MVC							-0,004 (0,97)	
R²	0,027		0,061		0,107		0,527	
F-statistic	0,542 (0,84)		1,116 (0,35)		0,829 (0,61)		2,024 (0,08)	a

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (closing quote), 2001-2004.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,085 (0,15)		-0,045 (0,59)		0,100 (0,43)		0,172 (0,22)	
LNHOF	0,036 (0,16)		0,038 (0,14)		0,002 (0,97)		-0,018 (0,75)	
ECONDISP	-0,078 (0,03)	b	-0,066 (0,08)	a	-0,014 (0,83)		0,009 (0,90)	
OPEN	0,008 (0,51)		0,014 (0,27)		0,042 (0,27)		0,016 (0,62)	
FX	0,277 (0,00)	c	0,273 (0,00)	c	0,101 (0,51)		0,139 (0,36)	
EU	-0,010 (0,66)		-0,017 (0,50)		-0,042 (0,20)		-0,049 (0,16)	
ROE	-0,020 (0,50)		-0,020 (0,50)		0,032 (0,57)		0,035 (0,56)	
ROW	-0,066 (0,08)	a	-0,055 (0,17)		0,089 (0,19)		0,092 (0,21)	
NOAM	-0,026 (0,49)		-0,032 (0,41)		0,033 (0,64)		0,017 (0,82)	
RELATED	0,030 (0,12)		0,016 (0,61)		-0,040 (0,38)		-0,043 (0,39)	
LNBITRADE			0,010 (0,38)		0,031 (0,22)		0,032 (0,21)	
TV/MV					0,198 (0,05)	b		
TV/MVC							0,118 (0,12)	
R²	0,061		0,064		0,154		0,082	
F-statistic	1,314 (0,23)		1,228 (0,28)		1,022 (0,44)		0,430 (0,94)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (closing quote), 2001-2004.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,001 (0,98)		0,046 (0,49)		0,103 (0,22)		0,129 (0,12)	
LNKOSI	0,015 (0,20)		0,016 (0,17)		-0,003 (0,91)		-0,010 (0,70)	
ECONDISP	-0,074 (0,03)	b	-0,062 (0,09)	a	-0,010 (0,89)		0,010 (0,88)	
OPEN	0,009 (0,49)		0,015 (0,24)		0,040 (0,30)		0,013 (0,68)	
FX	0,280 (0,00)	c	0,276 (0,00)	c	0,103 (0,50)		0,139 (0,37)	
EU	-0,011 (0,62)		-0,018 (0,46)		-0,041 (0,20)		-0,048 (0,16)	
ROE	-0,017 (0,56)		-0,018 (0,54)		0,038 (0,51)		0,038 (0,52)	
ROW	-0,065 (0,08)	a	-0,055 (0,17)		0,094 (0,18)		0,096 (0,20)	
NOAM	-0,025 (0,50)		-0,033 (0,41)		0,040 (0,59)		0,021 (0,78)	
RELATED	0,030 (0,13)		0,015 (0,63)		-0,042 (0,36)		-0,044 (0,38)	
LNBITRADE			0,010 (0,37)		0,030 (0,23)		0,032 (0,21)	
TV/MV					0,199 (0,05)	b		
TV/MVC							0,120 (0,12)	
R²	0,060		0,062		0,154		0,083	
F-statistic	1,282 (0,25)		1,200 (0,29)		1,023 (0,44)		0,435 (0,93)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (closing quote), 2005-2007.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,055 (0,55)		-0,053 (0,56)		-0,212 (0,24)		-0,215 (0,27)	
LNHOF	0,041 (0,22)		0,045 (0,15)		0,139 (0,06)	a	0,140 (0,08)	a
ECONDISP	-0,010 (0,80)		-0,003 (0,95)		0,040 (0,69)		0,019 (0,85)	
OPEN	-0,058 (0,02)	b	-0,051 (0,11)		-0,093 (0,28)		-0,116 (0,23)	
FX	-0,032 (0,87)		-0,041 (0,83)		-0,263 (0,47)		-0,160 (0,68)	
EU	0,048 (0,01)	c	0,045 (0,02)	b	0,063 (0,14)		0,072 (0,11)	
ROE	-0,038 (0,29)		-0,039 (0,26)		-0,151 (0,05)	b	-0,149 (0,07)	a
ROW	-0,045 (0,25)		-0,036 (0,47)		-0,166 (0,12)		-0,185 (0,10)	a
NOAM	-0,047 (0,27)		-0,048 (0,26)		-0,124 (0,11)		-0,129 (0,11)	
RELATED	0,018 (0,76)		0,019 (0,74)		0,031 (0,69)		0,025 (0,75)	
LNBITRADE			0,006 (0,67)		0,013 (0,60)		0,005 (0,85)	
TV/MV					0,211 (0,00)	c		
TV/MVC							0,206 (0,00)	c
R²	0,062		0,063		0,251		0,269	
F-statistic	1,860 (0,06)	a	1,695 (0,08)	a	2,589 (0,01)	c	2,476 (0,01)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (closing quote), 2005-2007.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,044 (0,49)		0,057 (0,40)		0,136 (0,21)		0,129 (0,25)	
LNKOSI	0,020 (0,20)		0,022 (0,15)		0,077 (0,03)	b	0,075 (0,06)	a
ECONDISP	-0,007 (0,84)		0,000 (0,99)		0,040 (0,68)		0,023 (0,82)	
OPEN	-0,057 (0,03)	b	-0,050 (0,13)		-0,085 (0,32)		-0,108 (0,26)	
FX	-0,036 (0,86)		-0,045 (0,82)		-0,253 (0,48)		-0,150 (0,69)	
EU	0,045 (0,03)	b	0,042 (0,05)	b	0,047 (0,28)		0,056 (0,23)	
ROE	-0,040 (0,27)		-0,042 (0,25)		-0,176 (0,03)	b	-0,169 (0,05)	b
ROW	-0,051 (0,23)		-0,042 (0,41)		-0,209 (0,07)	a	-0,221 (0,07)	a
NOAM	-0,054 (0,24)		-0,055 (0,23)		-0,165 (0,06)	a	-0,164 (0,07)	a
RELATED	0,018 (0,76)		0,019 (0,74)		0,030 (0,69)		0,025 (0,75)	
LNBITRADE			0,006 (0,67)		0,013 (0,61)		0,004 (0,87)	
TV/MV					0,206 (0,00)	c		
TV/MVC							0,201 (0,00)	c
R²	0,062		0,063		0,260		0,275	
F-statistic	1,880 (0,06)	a	1,714 (0,08)	a	2,717 (0,00)	c	2,546 (0,01)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-5,5] (closing quote), 2008-2009.
(Hofstede cultural distance measure as main independent variable)

	Model 1	Model 2	Model 3	Model 4
C	-0,031 (0,80)	-0,031 (0,82)	0,132 (0,45)	0,146 (0,27)
LNHOF	0,036 (0,59)	0,036 (0,60)	-0,079 (0,39)	-0,075 (0,23)
ECONDISP	0,058 (0,24)	0,058 (0,28)	0,074 (0,36)	0,115 (0,05) b
OPEN	-0,013 (0,59)	-0,013 (0,58)	0,007 (0,77)	0,010 (0,45)
FX	0,033 (0,89)	0,032 (0,90)	0,510 (0,22)	0,468 (0,02) b
EU	0,007 (0,87)	0,006 (0,88)	-0,002 (0,96)	-0,018 (0,61)
ROE	0,007 (0,91)	0,007 (0,91)	0,090 (0,41)	0,086 (0,30)
ROW	-0,036 (0,66)	-0,036 (0,67)	0,036 (0,79)	0,013 (0,91)
NOAM	-0,060 (0,46)	-0,060 (0,46)	0,046 (0,68)	0,038 (0,59)
RELATED	-0,056 (0,35)	-0,056 (0,35)	* *	* *
LNBITRADE		0,000 (0,99)	-0,003 (0,85)	0,002 (0,85)
TV/MV			0,109 (0,00) c	
TV/MVC				0,102 (0,00) c
R²	0,064	0,064	0,726	0,738
F-statistic	0,845 (0,58)	0,754 (0,67)	6,352 (0,00) c	6,197 (0,00) c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.
* Related variable dropped due to perfect collinearity.

Cumulative abnormal returns [-5,5] (closing quote), 2008-2009.
(Kogut & Singh cultural distance measure as main independent variable)

	Model 1	Model 2	Model 3	Model 4
C	0,060 (0,50)	0,061 (0,62)	-0,045 (0,58)	-0,019 (0,74)
LNKOSI	0,021 (0,54)	0,021 (0,55)	-0,027 (0,56)	-0,024 (0,31)
ECONDISP	0,058 (0,21)	0,059 (0,26)	0,058 (0,46)	0,101 (0,08) a
OPEN	-0,012 (0,60)	-0,012 (0,59)	0,006 (0,80)	0,009 (0,52)
FX	0,030 (0,90)	0,029 (0,91)	0,574 (0,16)	0,537 (0,00) c
EU	0,004 (0,92)	0,004 (0,93)	0,002 (0,94)	-0,014 (0,69)
ROE	-0,002 (0,98)	-0,002 (0,98)	0,066 (0,56)	0,061 (0,36)
ROW	-0,046 (0,60)	-0,046 (0,61)	0,010 (0,95)	-0,016 (0,87)
NOAM	-0,072 (0,42)	-0,072 (0,42)	0,026 (0,83)	0,015 (0,78)
RELATED	-0,057 (0,34)	-0,057 (0,35)	* *	* *
LNBITRADE		0,000 (0,98)	-0,003 (0,84)	0,002 (0,85)
TV/MV			0,109 (0,00) c	
TV/MVC				0,101 (0,00) c
R²	0,065	0,065	0,721	0,733
F-statistic	0,866 (0,56)	0,773 (0,65)	6,207 (0,00) c	6,053 (0,00) c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.
* Related variable dropped due to perfect collinearity.

Cumulative abnormal returns [-10,10] (closing quote), 1996-2000.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3	Model 4
C	0,217 (0,11)		0,155 (0,33)		0,119 (0,73)	-1,314 (0,29)
LNHOF	-0,044 (0,47)		-0,039 (0,54)		-0,052 (0,69)	0,359 (0,43)
ECONDISP	-0,095 (0,16)		-0,151 (0,03) b		-0,301 (0,21)	-1,419 (0,11)
OPEN	-0,111 (0,04) b		-0,114 (0,13)		-0,075 (0,75)	0,575 (0,35)
FX	-0,060 (0,61)		-0,067 (0,58)		-0,049 (0,76)	0,182 (0,54)
EU	-0,061 (0,10) a		-0,051 (0,23)		-0,054 (0,56)	-0,196 (0,32)
ROE	0,072 (0,31)		0,072 (0,32)		0,094 (0,38)	0,124 (0,65)
ROW	-0,016 (0,86)		-0,024 (0,80)		0,021 (0,87)	-0,152 (0,66)
NOAM	-0,042 (0,52)		-0,036 (0,58)		0,000 (1,00)	-0,117 (0,67)
RELATED	-0,012 (0,83)		-0,020 (0,72)		0,020 (0,83)	0,046 (0,80)
LNBITRADE			-0,019 (0,43)		-0,025 (0,60)	-0,083 (0,29)
TV/MV					-0,003 (0,98)	
TV/MVC						-0,094 (0,67)
R²	0,037		0,037		0,039	0,309
F-statistic	0,741 (0,67)		0,653 (0,77)		0,281 (0,99)	0,815 (0,63)

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Cumulative abnormal returns [-10,10] (closing quote), 1996-2000.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3	Model 4	
C	0,120 (0,12)		0,072 (0,47)		0,012 (0,95)	-0,537 (0,12)	
LNKOSI	-0,013 (0,60)		-0,009 (0,73)		-0,010 (0,87)	0,253 (0,13)	
ECONDISP	-0,105 (0,13)		-0,160 (0,02) b		-0,318 (0,17)	-1,726 (0,03)	b
OPEN	-0,103 (0,08) a		-0,101 (0,19)		-0,054 (0,83)	0,755 (0,12)	
FX	-0,062 (0,60)		-0,067 (0,58)		-0,046 (0,78)	0,284 (0,31)	
EU	-0,063 (0,10) a		-0,054 (0,22)		-0,058 (0,55)	-0,236 (0,17)	
ROE	0,057 (0,40)		0,054 (0,44)		0,065 (0,57)	0,023 (0,92)	
ROW	-0,027 (0,75)		-0,037 (0,69)		-0,002 (0,99)	-0,339 (0,32)	
NOAM	-0,054 (0,41)		-0,051 (0,44)		-0,026 (0,84)	-0,258 (0,31)	
RELATED	-0,013 (0,81)		-0,021 (0,72)		0,018 (0,84)	0,040 (0,82)	
LNBITRADE			-0,017 (0,47)		-0,023 (0,63)	-0,110 (0,16)	
TV/MV					-0,005 (0,96)		
TV/MVC						-0,107 (0,61)	
R²	0,036		0,036		0,038	0,368	
F-statistic	0,721 (0,69)		0,637 (0,78)		0,276 (0,99)	1,060 (0,44)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 5. 19
Cumulative abnormal returns [-10,10] (closing quote), 2001-2004.
(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,074 (0,59)		-0,109 (0,51)		0,295 (0,22)		0,465 (0,09)	a
LNHOF	0,056 (0,14)		0,054 (0,14)		-0,054 (0,44)		-0,106 (0,16)	
ECONDISP	-0,092 (0,13)		-0,103 (0,13)		-0,074 (0,58)		-0,027 (0,84)	
OPEN	0,008 (0,73)		0,003 (0,91)		-0,004 (0,96)		-0,066 (0,48)	
FX	0,505 (0,00)	c	0,508 (0,00)	c	0,454 (0,03)	b	0,521 (0,03)	b
EU	-0,055 (0,13)		-0,049 (0,20)		-0,105 (0,08)	a	-0,123 (0,05)	b
ROE	-0,014 (0,74)		-0,014 (0,74)		0,179 (0,05)	b	0,202 (0,01)	c
ROW	-0,129 (0,03)	b	-0,139 (0,04)	b	0,104 (0,40)		0,123 (0,34)	
NOAM	-0,044 (0,41)		-0,038 (0,47)		0,116 (0,16)		0,112 (0,26)	
RELATED	0,010 (0,92)		0,023 (0,82)		-0,169 (0,02)	b	-0,193 (0,22)	
LNBITRADE			-0,009 (0,69)		0,017 (0,72)		0,017 (0,70)	
TV/MV					0,318 (0,01)	b		
TV/MVC							0,214 (0,15)	
R²	0,104		0,105		0,266		0,255	
F-statistic	2,350 (0,02)	b	2,127 (0,02)	b	2,044 (0,04)	b	1,653 (0,11)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 5. 20
Cumulative abnormal returns [-10,10] (closing quote), 2001-2004.
(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,058 (0,58)		0,019 (0,89)		0,160 (0,31)		0,211 (0,32)	
LNKOSI	0,024 (0,17)		0,023 (0,17)		-0,038 (0,25)		-0,060 (0,08)	a
ECONDISP	-0,087 (0,15)		-0,097 (0,15)		-0,062 (0,63)		-0,022 (0,87)	
OPEN	0,009 (0,71)		0,003 (0,89)		-0,015 (0,86)		-0,081 (0,39)	
FX	0,509 (0,00)	c	0,513 (0,00)	c	0,457 (0,03)	b	0,521 (0,03)	b
EU	-0,057 (0,12)		-0,051 (0,18)		-0,102 (0,09)	a	-0,119 (0,06)	a
ROE	-0,012 (0,79)		-0,011 (0,79)		0,201 (0,03)	b	0,222 (0,01)	c
ROW	-0,130 (0,03)	b	-0,138 (0,04)	b	0,125 (0,32)		0,146 (0,26)	
NOAM	-0,045 (0,42)		-0,039 (0,48)		0,142 (0,09)	a	0,139 (0,17)	
RELATED	0,009 (0,93)		0,021 (0,83)		-0,176 (0,02)	b	-0,200 (0,19)	
LNBITRADE			-0,009 (0,69)		0,015 (0,75)		0,015 (0,73)	
TV/MV					0,325 (0,01)	c		
TV/MVC							0,225 (0,13)	
R²	0,103		0,104		0,273		0,270	
F-statistic	2,313 (0,02)	b	2,093 (0,03)	b	2,121 (0,03)	b	1,781 (0,08)	a

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 5. 21

Cumulative abnormal returns [-10,10] (closing quote), 2005-2007.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,089 (0,39)		-0,077 (0,42)		-0,250 (0,14)		-0,266 (0,19)	
LNHOF	0,051 (0,16)		0,078 (0,04)	b	0,218 (0,01)	c	0,219 (0,02)	b
ECONDISP	-0,077 (0,14)		-0,036 (0,52)		0,010 (0,92)		-0,032 (0,74)	
OPEN	-0,051 (0,09)	a	-0,010 (0,73)		0,041 (0,69)		-0,008 (0,94)	
FX	-0,053 (0,88)		-0,109 (0,75)		-0,052 (0,90)		0,205 (0,63)	
EU	0,011 (0,67)		-0,003 (0,90)		-0,031 (0,59)		-0,020 (0,74)	
ROE	-0,051 (0,18)		-0,061 (0,11)		-0,170 (0,06)	a	-0,173 (0,06)	a
ROW	-0,058 (0,21)		-0,007 (0,89)		-0,105 (0,41)		-0,157 (0,20)	
NOAM	-0,095 (0,04)	b	-0,100 (0,03)	b	-0,226 (0,02)	b	-0,241 (0,01)	c
RELATED	0,069 (0,26)		0,079 (0,14)		0,099 (0,02)	b	0,082 (0,07)	a
LNBITRADE			0,035 (0,04)	b	0,089 (0,02)	b	0,067 (0,04)	b
TV/MV					0,187 (0,05)	b		
TV/MVC							0,181 (0,08)	a
R²	0,039		0,060		0,261		0,288	
F-statistic	1,156 (0,32)		1,625 (0,10)	a	2,724 (0,00)	c	2,722 (0,01)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 5. 22

Cumulative abnormal returns [-10,10] (closing quote), 2005-2007.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,035 (0,59)		0,110 (0,13)		0,285 (0,02)	b	0,264 (0,03)	b
LNKOSI	0,024 (0,17)		0,036 (0,04)	b	0,110 (0,01)	c	0,104 (0,03)	b
ECONDISP	-0,072 (0,15)		-0,029 (0,59)		0,019 (0,85)		-0,015 (0,87)	
OPEN	-0,050 (0,11)		-0,010 (0,73)		0,041 (0,70)		-0,012 (0,91)	
FX	-0,056 (0,87)		-0,112 (0,74)		-0,042 (0,92)		0,210 (0,62)	
EU	0,007 (0,78)		-0,008 (0,76)		-0,052 (0,41)		-0,038 (0,56)	
ROE	-0,052 (0,19)		-0,062 (0,12)		-0,190 (0,04)	b	-0,181 (0,07)	a
ROW	-0,062 (0,20)		-0,014 (0,79)		-0,154 (0,24)		-0,193 (0,15)	
NOAM	-0,101 (0,04)	b	-0,108 (0,03)	b	-0,272 (0,01)	c	-0,274 (0,01)	c
RELATED	0,070 (0,26)		0,080 (0,14)		0,100 (0,02)	b	0,084 (0,07)	a
LNBITRADE			0,035 (0,04)	b	0,087 (0,02)	b	0,065 (0,05)	b
TV/MV					0,181 (0,06)	a		
TV/MVC							0,177 (0,08)	a
R²	0,039		0,060		0,264		0,285	
F-statistic	1,151 (0,33)		1,610 (0,10)	a	2,770 (0,00)	c	2,681 (0,01)	c

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

Appendix 5. 23

Cumulative abnormal returns [-10,10] (closing quote), 2008-2009.

(Hofstede cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	-0,139 (0,46)		-0,177 (0,38)		-0,138 (0,72)		-0,108 (0,78)	
LNHOF	0,078 (0,38)		0,072 (0,43)		0,036 (0,86)		0,045 (0,82)	
ECONDISP	0,196 (0,00)	c	0,160 (0,05)	b	0,133 (0,44)		0,208 (0,18)	
OPEN	0,018 (0,31)		0,012 (0,53)		0,000 (0,99)		0,011 (0,72)	
FX	0,385 (0,11)		0,453 (0,07)	a	0,990 (0,22)		0,459 (0,44)	
EU	0,021 (0,69)		0,030 (0,58)		0,029 (0,69)		-0,018 (0,81)	
ROE	-0,085 (0,48)		-0,086 (0,48)		-0,062 (0,79)		-0,066 (0,77)	
ROW	-0,218 (0,11)		-0,250 (0,07)	a	-0,250 (0,37)		-0,263 (0,35)	
NOAM	-0,097 (0,45)		-0,099 (0,44)		-0,069 (0,78)		-0,057 (0,81)	
RELATED	-0,057 (0,54)		-0,057 (0,54)		*	*	*	*
LNBITRADE			-0,019 (0,30)		-0,027 (0,35)		-0,016 (0,57)	
TV/MV					0,010 (0,66)			
TV/MVC							-0,003 (0,88)	
R²	0,126		0,133		0,214		0,230	
F-statistic	1,793 (0,08)	a	1,699 (0,09)	a	0,654 (0,75)		0,657 (0,75)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

* Related variable dropped due to perfect collinearity.

Appendix 5. 24

Cumulative abnormal returns [-10,10] (closing quote), 2008-2009.

(Kogut & Singh cultural distance measure as main independent variable)

	Model 1		Model 2		Model 3		Model 4	
C	0,054 (0,67)		0,000 (1,00)		-0,040 (0,83)		0,018 (0,92)	
LNKOSI	0,039 (0,36)		0,037 (0,40)		0,026 (0,80)		0,035 (0,73)	
ECONDISP	0,203 (0,00)	c	0,165 (0,04)	b	0,131 (0,44)		0,205 (0,30)	
OPEN	0,019 (0,28)		0,013 (0,49)		0,001 (0,99)		0,012 (0,80)	
FX	0,374 (0,11)		0,443 (0,06)	a	0,972 (0,28)		0,436 (0,68)	
EU	0,017 (0,74)		0,026 (0,63)		0,026 (0,71)		-0,022 (0,77)	
ROE	-0,092 (0,46)		-0,094 (0,46)		-0,084 (0,74)		-0,099 (0,69)	
ROW	-0,228 (0,11)		-0,260 (0,07)	a	-0,275 (0,40)		-0,300 (0,37)	
NOAM	-0,109 (0,41)		-0,111 (0,41)		-0,092 (0,73)		-0,092 (0,74)	
RELATED	-0,058 (0,53)		-0,059 (0,53)		*	*	*	*
LNBITRADE			-0,019 (0,30)		-0,026 (0,48)		-0,015 (0,70)	
TV/MV					0,010 (0,80)			
TV/MVC							-0,003 (0,94)	
R²	0,127		0,134		0,215		0,233	
F-statistic	1,813 (0,07)	a	1,719 (0,09)	a	0,659 (0,75)		0,667 (0,74)	

a indicate a p-value of 0,1 or less. b indicate a p-value of 0,05 or less. c indicate a p-value of 0,01 or less.

* Related variable dropped due to perfect collinearity.

Further regressions on the sub-periods with CAR based on either the ask, bid or mid quote is available upon request.

Svenska markanden reagerar positivt på kulturella skillnader

Kulturellt avstånd vid fusioner och förvärv över nationsgränser – är den generella uppfattningen om negativ påverkan en självklarhet?

Marknadsreaktionen vid tillkännagivandet av fusion eller förvärv av utländska företag har generellt sett varit negativ, där det kulturella avståndet verkar spä på detta samband ytterligare. Däremot ser det ut som att den svenska marknaden skiljer sig från mängden. Fusioner och förvärv av utländska företag mottas istället positivt av den svenska marknaden och den inställningen verkar istället öka ju större de kulturella skillnaderna är. I vår studie på svenska förvärv och fusioner mellan åren 1996-2009, finner vi bevis för dessa reaktioner.

Vi har tittat på hur tillkännagivandet av dessa fusioner och förvärv påverkar aktieägaravkastningen i uppköparens aktier. Ägaravkastningen i sin tur mättes i reaktion till det kulturella avståndet till länderna där förvärven och fusionerna gjordes av de svenska uppköparna. Eftersom vi är intresserade av att se hur den svenska marknaden värderar företagsförvärv och fusioner i utlandet, samt de kulturella skillnader som finns, mätte vi reaktionerna till tillkännagivanden av sådana aktiviteter. Vi fann då att den svenska marknaden ställer sig positiv både till utländska förvärv och fusioner, som till kulturella skillnader. Baserat på vad tidigare forskning visat, var våra resultat överraskande. Tidigare forskning, främst gjord i USA och Storbritannien, visar på motsatserna. Majoriteten av studier på marknadsreaktioner vid tillkännagivande av förvärv och fusioner visar att den generellt är negativ. Hur kulturella skillnader påverkar dessa reaktioner, är

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Information om studien gjord av Holm och Simonsson
- Svenska, publikt listade företag gjorde mellan 1996 och 2009 landsöverskridande fusioner och förvärv i inte mindre än 48 olika länder.

- För att mäta kulturell avlägsenhet mellan de Sverige och de olika länderna har man använt sig av två mått som är baserade på Geert Hofstedes fyra kulturella dimensioner.

- Aktieägaravkastningen mättes genom den kumulativa abnorma avkastningen, mätt över 1,5, samt 10 dagar innan och efter tillkännagivandet om affären.

ännu inte lika väl undersökt. Dock finns två studier, en gjord 1995 av Datta och Puia, samt en senare gjord 2009 av Chakrabarti m.fl., som visar att sambandet mellan marknadens reaktioner och kulturella skillnader är negativ. Vad

Förvärv och uppköp har under senare år blivit allt vanligare att använda över nationsgränser. Denna utveckling kan härledas till den ökade globalisering och liberaliseringen av marknader. Det har gjort det lättare för företag att utnyttja de fördelar denna strategi kan medföra på utländska marknader. Som tillväxtstrategi är det ett mer riskfritt sätt för företag att komma åt nya, utländska marknader än om de t.ex. skulle behöva bygga upp verksamheten från grunden genom nyinvesteringar. Det ger också möjlighet till företag att komma åt marknader som erbjuder bättre finansiella tjänster och tillgång till kapital. Det kan också finnas landspecifika resurser. Däremot verkar det vara problem för företagen att förmedla de här fördelarna till marknaden. Alternativt värderar marknaden inte dessa potentiella skillnader tillräckligt högt för att övervinna de kostnader och potentiella problem som medföljer.

Anledningarna till varför resultaten för den svenska marknaden och de svenska företagen skiljer sig från den generella

uppfattningen kan vara relaterat till flertalet faktorer. En trolig faktor kan vara de specifika förhållanden som karaktäriserar den svenska aktiemarknaden. Till skillnad från större aktiemarknader, så som Londonbörsen, karaktäriseras Stockholmsbörsen av få aktörer, som håller större delen av markanden. Det innebär att ett fåtal aktörer har stor makt över marknadsreaktionerna på Stockholmsbörsen, vilket styr de andra aktörerna och därför blir reaktionerna något subjektiva. Det kan också vara så att den svenska markanden reagerar positivt då fusioner och förvärv i utlandet ger en ökad åtkomst till fler finansieringsmöjligheter och ökad tillgång till likviditet, då denna, som diskuteras tidigare, är begränsad på den svenska markanden.

Även om vi med relativt stor säkerhet kan säga att den svenska marknaden reagerar positivt på svenska fusioner och förvärv i utlandet, så ifrågasätter vi till viss del förklaringsgraden på kulturella skillnaders påverkan. Även om vår studie visar på att kulturella skillnader påverkar marknadsreaktionerna vid tillkännagivanden av dessa aktiviteter, finns det bevis som pekar mot att kulturella skillnader ensamt inte kan förklara dess. När vi tillsätter faktorer, så som det förvärvade företagets relativa storlek till

uppköparen, sjunker förklaringsgraden hos kulturella skillnader, även om den fortfarande är signifikant. Det får oss att undra om kulturella skillnader istället bör behandlas som en viktig faktor som förklaring till förhållandet mellan marknadsreaktionerna och faktorer som avgör dem. Det vill säga, vi tror att kulturella skillnader kan vara en underliggande faktor som styr marknadsreaktionernas förhållande med ett flertal andra faktorer.

Således, föreslås att mer forskning bör göras där kulturella skillnader undersöks som en underliggande faktor, som bestämmer hur andra faktorer påverkar marknadsreaktionerna vid tillkännagivande av internationella fusioner och uppköp. Det skulle kunna öka förståelsen till vad som påverkar hur marknaden reagerar. Det kan också visa om marknaden reagerar olika vid tillkännagivandet av dessa aktiviteter beroende nationella eller kulturella skillnader. Något som vår studie av den svenska marknadens reaktioner på svenska uppköp utomlands indikerar.

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