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Cross-Border M&As by Swedish Firms

Focus on Cultural Differences, Method of Payment and Industry

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Abstract

- Title:** Cross-Border M&As by Swedish Firms
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- Purpose:** The primary purpose of this study is to examine acquiring firm's abnormal behavior of cross-border and domestic M&A announcements, as a factor of cultural differences. The secondary purpose is to investigate if abnormal behavior is influenced by pre-determined control-variables: method of payment and industry.
- Method:** The study was conducted through a short-term Event Study. I investigated a total of 86 diversified, domestic and cross-border, acquisition announcements between the years 2000 – 2012.
- Conclusion:** The study demonstrates that M&A announcements have different effects on stock performance depending on cultural differences, method of payment and the industry the corporations operate in. The result aren't statistically significant but they are highly consistent with theories such as the pecking order theory, Hofstede's cultural dimensions and the market efficiency hypothesis were domestic acquisitions' performs better than cross-border acquisitions, cash acquisitions performs better than stock acquisitions and the industry shows a clear indication of inefficient markets.
- Keywords:** Event study
Culture
Method of payment
Industry sector
Announcement
Acquisition

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“Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster.”

(Hofstede, 2010)

Chapter 1 | Introduction

In this introductory chapter, the background to the choice of topic is presented. This is followed up by a problem discussion which is leading to the purpose. Thereafter, the limitation of the study and the appropriate audience is demonstrated. Finally, an outline of the study is presented.

1.1 Background

Growth and profitability is the main objective for corporation's success. While corporations operate in a dynamic macroeconomic environment, growth is vulnerable and volatile due to economic instabilities. A solution during periods of economic crisis is Merger and Acquisition (Akinbuli and Kelilume, 2013).

M&A has been more common in the Swedish economy during the last decade. Previously, transactions were only conducted by large industry firms, but the trend has changed and we can see smaller firms considering M&A transactions as part of their strategy (Sevenius, 2003). Completed M&A deals by large Swedish firms amounted to 129 transactions in 2012. The largest transaction was completed by ABB's acquisition of Thomas and Betts with an enterprise value of 2,868 million euro. The manufacturing and constructing sector was most active in 2012 with 40 completed acquisitions whereas the smallest activity came from the Retail and consumer goods- and Healthcare sector (Ernst & Young, corporate transaction trends, 2012)

The motive for a company to pursue a merger or acquisition could be efficiency-related reasons which implies the possibility to exploit economies of scale or other synergies, attempts to create market power through the benefits of forming monopolies or oligopolies, the discipline of management by mitigating agency problems through removing inefficient target managers and also the advantage of diversification (Andrade, Mitchell and Stafford 2001). Mitchell and Mulherin (1996) explain the reasons for why M&A occurs in a more macroeconomic perspective. They mean that M&A occurs in waves and within a wave there is a big cluster by industry. This indicates that M&A occurs as a response to unforeseen shocks to industry structure.

However, the sad truth is that more than half of the big M&A deals fail to create significant value to shareholders. From the shareholders point of view M&A transactions can in average be viewed as putting its investment in risk and delivering little or no value in return (Bieshaar, Knight and van Wassenaeer, 2001). But there is a slight difference between target shareholders and acquiring shareholders. Most of the researchers within this field have concluded that target shareholders gain a significantly positive abnormal return while acquiring shareholders gain little or no abnormal return from tender offers and negative abnormal return from mergers (Loughran & Vihj, 1997). Many studies have also concluded that typical characteristics could influence the behavior of the stock. The most typical characteristics are the method of payment, the size of the firms, hostile offers compared with friendly offers and industry (Gregorious and Neuhauser, 2007).

On the other hand, many studies demonstrate that it is primarily in the integration phase the value is being destroyed. The risk of error in the integration is generally greater than in other phases of the transaction process and the main cause for this risk is the differences in culture (Sevenius, 2003).

The question is why corporations still implement acquisitions in their strategy when so many transactions fail to create value? Well, corporate-strategies differ between corporations but the majority is aiming at the same goal which is to provide a competitive advantage, synergies and /or knowledge. These three factors are interrelated since knowledge provides competitive advantages and synergies, and synergies in turn provide competitive advantages (Bresman, Birkinshaw, & Noel, 1999). A deep-going explanation of synergies is presented in section 2.2.

1.2 Problem discussion

Although M&A is a very popular and growing strategy it fails to create value. Jarrell and Poulsen (1989) made a study between 1960 and 1985. Their results showed that the abnormal return for the shareholders of the target corporation were on average greater than 20% and only 1.14% for the shareholders of the acquiring corporation. A study by Eckbo (1983) showed even more tragically results with a negative abnormal return for the acquiring corporation. Other studies, (Andrade, Mitchell & Stafford, 2001), (Jensen & Ruback, 1983), (Loderer & Martin, 1992), demonstrates similar results were acquiring shareholders are extremely less served, often negatively served, compared to target shareholders.

Obviously, the transaction-process¹ is very complex and highly challenging; especially the integration phase which has been more focused the last decade and is recognized as a well-known problem (Hitt and Pisano 2003). Chatterjee, Lubatkin, Schweiger and Weber (1992) demonstrated that the integration phase is even more complex if the corporations are completely different culturally. Hofstede (2010) ties this problem in a national perspective and defines cultural differences into different dimensions². This study is therefore aiming its primary focus on cultural differences and its impact on acquisition performance.

Altman and Schwartz (1973) found that M&As perform differently depending on which industries the corporations are operating in due to the stock volatility.

Loughran and Vijh (1997) states that the form of payment is closely related to the target manager's discrete information about the current stock price; the results from their study demonstrates that cash payment results in a high positive abnormal return compared with stock payments which resulted in a slight negative abnormal return. Heron & Lie, (2002) found similar results where cash payments are better served towards shareholders rather than stock payments. Myer and Majluf (1984) tie this argument and states that managers who possess private information beyond their shareholders will issue stock when the stock is overvalued. However, if the stock is undervalued cash payment is preferred. This justifies my choice of control-variable in the secondary purpose together with the industry the corporations operates within.

¹ Review over the transaction-process is presented in the beginning of chapter 2.

² In-depth explanation in chapter 2.

1.3 Purpose

The primary purpose of this study is to examine acquiring firm's abnormal behavior of cross-border and domestic M&A announcements, as a factor of cultural differences. The secondary purpose is to investigate if abnormal behavior is influenced by pre-determined control-variables: method of payment and industry.

1.4 Limitation

The study is limited to a time interval between the years 2000 – 2012 in order to mitigate effect from conjuncture-cycles. The acquiring firm has to be listed in the Stockholm Stock Exchange at the announcement day and also during the study period in order to facilitate the collection of data.

Hillier, Ross, Westerfield, Jordan & Jaffe, (2010) presents the three most common methods for a corporation to implement when consider M&A: (1) consolidation, (2) acquisition of stocks and (3) acquisition of assets. This study is focused on acquisition of stocks where only majority transactions are considered.

As mentioned earlier, the acquirer is less served according to previous research. I've therefore determined to only focus on the acquiring firm's performance. The performance is defined during the announcement day.

A more deep-going review of the sample and limitation is presented in paragraph 3.4.1.3.

1.5 Target audience

The study is primary for business students and potential investors who want to gain a deeper understanding for M&A's influence in the stock market. The study is also appropriate for individuals who find market reactions and indirect influences interesting.

1.6 Disposition

Chapter 2 | Theory

The chapter presents theories within M&A. The theories are defined and explained in-depth. Thereafter, the theoretical framework is presented which is the foundation of the study.

Chapter 3 | Methodology

This chapter gives an insight on the choice of method. Data material is described as well as the validity and the reliability. Criticism towards the collection of data is also mentioned. The event study is presented and explained in-depth. The structure of the study is based on this chapter, and also the calculations for the empirical research.

Chapter 4 | Results and analysis

The empirical results and analysis of these are presented as well as a comparison with the mentioned theories in chapter 2.

Chapter 5 | Conclusion

The last chapter concerns the conclusion of the study and a summary of the results.

Chapter 2 | Theory

This chapter presents theories and research relevant for this study. Theories that are being discussed are within market efficiency, mergers & acquisitions, corporate governance and cultural differences. Finally, previous research is presented and compared.

2.1 Introduction to M&A

M&A transactions are frequently dramatic events because the ownership, or overall structure, of a corporation could be completely modified in a single transaction (Ogden, Jen & O'Connor, 2003). It is common to identify the procedure of an M&A as the transaction-process which includes different phases. The process is presented below as figure 2.1.

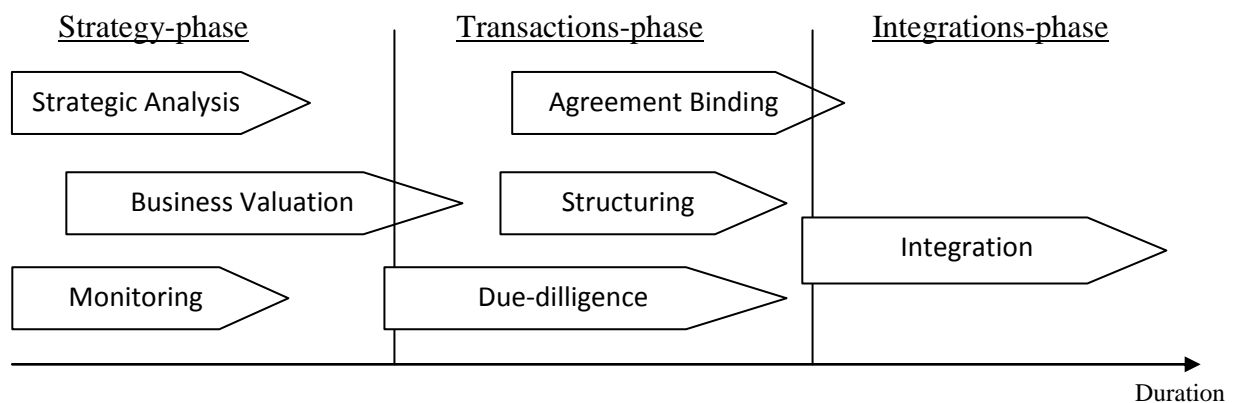


Figure 2.1. The transaction-process. Source: Sevenius (2003).

The three phases (strategy-phase, transaction-phase and integration-phase) accompaniments each other for the specific goals or aims in every phase of an acquisition.

The *strategy-phase* is the acquirer's analysis of potential acquisition candidates, which together with the acquirer exhibits a synergy potential (Schriber, 2009). The opening phase starts with the strategically purpose that the acquirer has towards the acquisition and ends with a temporary "agreement" between the acquirer and the target, which reflects an understanding of trying to implement the transaction (Sevenius, 2003).

The *transaction-phase* contains an analysis of the target's corporation (Schriber, 2003). The acquirer receives non-public information towards the target firm which gives the acquirer a detailed understanding of the target firm. When the parties have reached a mutual understanding towards each other the parties completes the transaction-phase by finalizing negotiations and confirms agreements (Sevenius, 2003).

The *integration-phase* is where the acquirer integrates with the target firm. The integration phase can be formulated as an "open-end" between the parties and can endure for many years without a certain "end-point" (Schriber, 2009). The synergistic effect or synergy potential is thus realized in the integration phase, making the last phase the most important stage to successfully reach the value or the cash flows that is expected (Ibid).

2.1.1 Definition of M&A

A *merger* states to the absorption of one corporation by another. In most cases, the shares of one corporation are extinguished and the shares of the other corporation remain untouched. The shareholder of the target corporation receives shares or cash of the acquiring corporation and the acquiring corporation acquires the assets, and liabilities, of the target corporation.

However, in a *consolidation*, both firms vanish, and a new corporation is established with a new name, a new board, and a new management team. A M&A transaction is officially initiated when the acquiring corporation's board of directors favors an offering of stock, cash or a combination of stock and cash, in exchange for the shares of the target corporation. The deal is completed if and when the target's board and shareholders vote to agree to the offer (Ogden, Jen & O'Connor, 2003).

2.1.2 A classification outline

Acquisitions are usually classified into three different categories:

Horizontal acquisition: In this type of acquisition the both parties are in the same industry (Hillier, Ross, Westerfield, Jordan & Jaffe, 2010). Hence, the corporations are competitors within the same industry and the purpose of the acquisition is to create economies of scale or to enhance market power (Ogden, Jen & O'Connor, 2003).

Vertical acquisition: An acquisition where both parties are doing business in different stages of the production process in a certain industry. The motive for this kind of acquisition is to stabilize the supply of raw material for a corporation that is farther down in the production process, or customer demand for the finished product of the firm that is farther up in the production process (Ibid). An example could be an airline corporation that acquires a travel agency (Sevenius, 2003).

Conglomerate: This type of acquisition indicates that the target- and acquiring corporation are not related to each other. An acquisition of this character could be a merge between a food product corporation and computer corporation (Hillier, Ross, Westerfield, Jordan & Jaffe, 2010). However, a conglomerate merger is viewed as the major example of managerial empire building (Ogden, Jen & O'Connor, 2003).

2.2 Synergies

Larsson & Finkelstein (1999) states that there are three factors that is essential for achieving high synergy-effects. These three factors are: *business combination opportunities, the level of integration achieved* and *no disturbances from personnel*. The integration is highly linked with corporate culture which is associated with this study. A deep-going explanation is presented further on in this chapter.

Synergies are the main reason why corporations include acquisitions in their strategy. An acquisition has its purpose to increase the value for shareholders why synergies are crucial within M&A. Synergies are realized if the value after an acquisition is greater than the acquiring- and target firm all together. Synergies can be realized by various factors but the main purpose of synergies is the increase in cash flow (Jensen & Ruback, 1983)

2.2.1 Different kinds of synergies

Synergies can be achieved by various resources or factors. Revenue enhancement, cost reduction, tax gains and reduced capital requirements are the four main parts of the potential realizations of synergies (Hillier, Ross, Westerfield, Jordan & Jaffe, 2010)

Revenue enhancement can be defined in different ways because the realization is dependent on the needs of the acquirer. Both parties can generate higher sales by exploiting the sales of each other's products which increases the customer-flow, also known as cross-selling. The price may also increase through increased customer value. Knowledge between both parties is also exchanged which increases the competence, more about resource exchange is presented further on. The power of negotiating is increased significantly after an acquisition due to increased ability to establish better conditions for customers (Schriber, 2009).

Cost reductions can be realized through economies of scale in the form of lower cost per unit for a given product through increased output per unit of time. It can also lower the cost per unit when resources are jointly produced, also known as economies of scope. Productivity can also increase through exchange of experience. Cost reductions can also be realized through negotiating power with suppliers and the ability to enforce better conditions (Ibid).

Tax gains can be realized through (Hillier, Ross, Westerfield, Jordan & Jaffe, 2010):

- *The use of tax losses:* in the right circumstances, an acquisition can lead to tax advantages if one party is profitable and the other party is not. This is possible because the non-profitable party compensates the income of the profitable party.
- *The use of unused debt capacity:* a higher debt-to-equity ratio increases the tax-shield.
- *The use of surplus funds:* if the acquirer has free cash flow (cash available after payment of taxes and miscellaneous expenses) it is better to undergo an acquisition rather than paying dividends to shareholders. Dividends taxable while an acquisition is an investment.

Reduced capital requirements can be related to economies of scale which reduces operating costs. In this case it means that even capital costs may be reduced. If an acquisition results in identical facilities, such as headquarters, then one of the facilities can be sold.

2.2.2 Cross-border synergies

A big reason for why cross-border acquisitions occur is due to the exchange in knowledge between corporations. The knowledge of the target corporation is often difficult to imitate and is therefore particularly valuable, and the acquisition could also lead to a more diversified portfolio for the acquirer. By diversifying the portfolio it would be possible to access technology and skills in a fast and often cheaper way. If the acquirer can access this knowledge it may lead to large advantages such as economies of scale, but it can also lead to new knowledge that can lead to development of products (Marks & Mirvis, 2001).

Gupta (2001) states that the largest contribution from synergies is intellectual capital. Gupta believes that the key to synergy realization is the resource exchange. The resource exchange denotes the exchange of knowledge. There are three steps that are distinguished as resource exchange:

1. Transfer Transfer of resource to another environment where it can be utilized more effectively.
2. Share Sharing a resource the other corporation is distributing.
3. Teaching Learning entails feedback which increases knowledge.

2.3 Stock market price behavior

In the year 1970, Eugene F. Fama presented the hypothesis of the efficient market which has become a foundation of financial theories and plays a vital role in research on deviating returns. The idea of the efficient market hypothesis is how information, such as an announcement, affects a corporation's stock price.

A market is considered efficient if share prices immediately reflect all available information. There are three assumptions that have to be satisfied when using this theory:

- No transaction costs
- Everyone has access to the same information
- Everyone has homogeneous expectations

If the above assumptions are satisfied; neither buyers nor sellers can achieve excess returns, which imply that everyone has access to the same information and acts by rational expectations. However, there are three different degrees of information to consider. Therefore, Fama classified the market efficiency into three categories: weak, semi-strong and strong efficiency.

2.3.1 Weak information efficiency

A market is weakly efficient if market prices entirely reflect all historical information. Price changes are independent of past price variation. The weak information efficiency is therefore information on past price movements. In this form there is only historical information available and because the market immediately adapts to new information that is not related to any previous period investors can't predict future price changes. Thus, market participants could never beat the market because the market precedes them.

2.3.2 Semi-strong information efficiency

On a semi-strong efficiency basis the historical information and all other public information is being considered. New information will change the stock prices immediately due to the actors in the market.

2.3.3 Strong information efficiency

A market is highly effective when all historical, public and private information is being reflected in stock prices. When all information is embodied in the share price all investors will have access to inside information. Unfortunately, this kind of efficiency is rarely met.

2.4 Method of payment

An acquisition is an investment and because the investment is paid in either cash or stock, or a mix of both, it will signal a certain condition of the acquirer to the market. This study is relating the method of payment with the pecking order theory (POT) which has a management-oriented approach.

2.4.1 Information asymmetry and signaling

Information asymmetry is related with the efficient market hypothesis where managers may have information that is not shared with the public. Therefore, a corporation's capital

structure is formed to ease the inefficiencies in the corporation's investment decisions caused by the information asymmetry (Ogden, Jen & O'Connor, 2003).

According to Ross (1977), managers possess private information regarding future cash flows and can therefore issue debt to signal the market as a high quality firm. It is a signal of confidence because of the commitment of making future payments of interest expenses. Hence, by issuing debt the corporation signals itself as an undervalued firm with confidence and positive perspective towards the future. Therefore, issuing equity or stock will signal an overvalued firm to the market.

2.4.2 The pecking order hypothesis

Amihud, Lev and Travlos (1990) states that the method of payment in an acquisition has a close relation with the management's perspective on control: "Corporate insiders who value control will prefer financing by cash or debt rather than by issuing new stock which dilutes their holdings and increases the risk of losing control".

Stewart Myers (1984) presented an explanation of observed corporate financing behavior called the pecking order theory. The purpose of the hypothesis is that corporations have no well-defined debt-to-value ratio³ and managers have therefore the incentive to choose internal financing before external financing. When internal financing is not feasible managers will use the least risky external financing source possible. Myers argues that, when internal financing is not feasible, debt issuance is preferred to new equity issuance due to different costs of resources. In contrast with the optimal capital structure theory the pecking order theory doesn't focus on tax benefits in the same wavelength due to differences in debt ratio when there is difference in self-financing, net dividends and real investments. A clarification of the theory is presented below with three characteristics that Myers pointed out as corporate financing behavior:

1. Managers have a tendency to preserve stable dividends even in the face of fluctuations over time in earnings, stock price, or investment opportunities,
2. Managers favor internal financing to external financing.

³ *The optimal capital structure theory; tax gains versus cost of financial distress due to the level of debt (Modigliani and Miller, 1963 & Jen et al. 2003).*

3. If the firm is obliged to obtain funds externally, manager's favor to issue the least risky security that is possible under the circumstances.

The order is defined by ranking internal equity/retained earnings at the top and common stock at the bottom. However, Myers and Majluf (1984) developed the theory and explained corporate financing behavior as consequences of information asymmetry. They argue that the market is constantly uninformed about corporation's actions and investment. Therefore, the market is expected to undervalue corporations investments and as a result, the securities which are issued for the investments. However, managers are expected to act for the shareholders best interest and would therefore refrain, if feasible, from external financing due to higher costs. Having this said, corporations favor financing of new investments, or acquisitions, with internal financing rather than issuing equity to mitigate issues regarding information asymmetry.

This study finds the pecking order theory as highly appropriate when investigating stock performance and market reaction as a function of the choice of payment. Does the market react differently depending on cash- or stock mergers?

2.5 Cultural integration

Many studies show that the integration-phase is the largest risk for value destroying synergies. There are many factors for this issue but the most frequent is the differences in culture (Sevenius, 2003). The problem is that the integration is being mismanaged; introduction of the new culture brings a negative response from the staff, which in turn results in organizational changes. The most important aspect of a successful integration is whether the acquirer can implement the new culture in the target corporation, rather than combining the two cultures. Culture can be defined as a common perspective of reality, and the acquisition of a corporation whose perspective of reality differs may lead to an unsuccessful integration. As a key component in achieving successful integration there must be an awareness and understanding of the differences and similarities within the corporations (Gertsen, Soderberg & Torp, 1998).

Gersten, Soderberg & Torp (1998) discusses several classical models of cultural phenomenon in M&A. They present culture as a definition of values, beliefs and norms shared by a group of people. From an acquisition perspective, it means that cultures between different

corporations can be compared and evaluated. It also describes the concept of "acculturation" which occurs when two cultures are merged. The merger will result in various reactions from those individuals who are in the different cultural organizations. Reactions that arises is "assimilation" which means that the target corporation maintains its culture, "integration" which means that the target corporation maintains its culture but adapts to the acquirer's culture, "reject" which implies that the target corporations desists from the acquirer's culture and "refusal of culture" which means that the target corporation loses both its own culture and the new culture.

This study will, as mentioned earlier, compare different national cultures in cross-border acquisitions and the most appropriate guideline for this purpose is the remarkable study by Geert Hofstede. The motivation for national culture, rather than corporate culture, is because national culture involves deeper values which in turns decide behavior and sub-values of an individual or a corporation (Hofstede, 2010).

2.5.1 Hofstede's dimensions of national culture⁴

Geert Hofstede is a cultural researcher with a specific focus on relations between countries and their differences in national culture. He made a comprehensive study of the international corporation IBM where he evaluated the personnel and their values in over fifty different countries. The study showed that people were basically similar in many ways, but the thing that separated them was the nationality which clarifies that cultural differences occur in a single corporation, such as IBM, working in several different countries.

When the answers, from the survey, from the IBM-personnel were evaluated, Hofstede found common issues between the countries but the solutions were different. Hofstede founded four mutual problems between countries which constitutes different dimensions within a culture.

The dimensions are presented below:

- Power distance index (PDI)
- Individualism versus Collectivism index(IDV)
- Masculinity versus Femininity index(MAS)
- Uncertainty Avoidance index (UAI)

⁴ Geert Hofstede "Cultures and Organizations: Software of the Mind" (2010)

Power distance can be defined as the authoritative status of a manager towards subordinates. In a country with a large PDI it's common with a centralized authority with many subordinates. It is also usual with large differences in salaries. The communication between managers and subordinates is initiated by the managers and it's also accepted that managers don't involve subordinates with questions that concerns them. In a country with a small PDI the hierarchy in a corporation is small and the managers are easily exchangeable. The communication is mutual and subordinates can start a conversation or ask a question without any worries. This is more like a democracy with is, according to Hofstede, a better environment for a corporation.

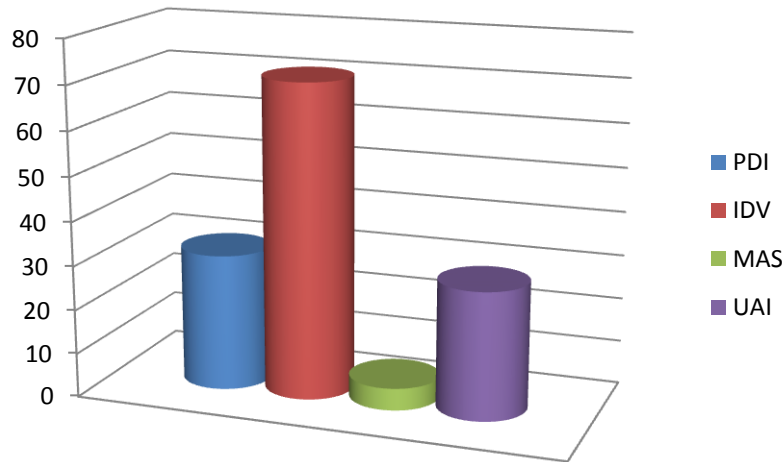
Individualism and Collectivism is a definition of communion. In an environment with collectivistic spirit, community is the most imperative issue and this also characterizes the corporation. A corporation hires an individual who belongs to the group, not just an employee. Individualism is the opposite with a strict and unemotional behavior.

Masculinity and Femininity is the distinguishing definition between genders. Countries which characterizes by masculinity are often powered by men and it is also common in the business world. Women are not that involved. In a country with a feminine spirit there is equality between women and men. You can see women with high and respected positions within politics and large corporations. This is, however, also a question about conflicts. Masculine countries resolves conflicts with a god fight: "Let the best man win". Feminine countries are more negotiable and try to find the best solution for both parties.

In a country with strong *Uncertainty Avoidance* it's common with many formal and/or unwritten rules which control the rights for employers and employees. If the rules were diminished it would create a large uncertainty and anxiety because the people within this society, or corporation, are used to live in a structured environment. Aggressions and emotions may at proper times be ventilated. The stress level is high and, as mentioned above, there is a high level of emotional need for rules. A society with weak uncertainty avoidance is the complete opposite. Here, individuals have a positive perception towards changes with curiosity for different cultures and people. The individuals are less stressful and also less subjective towards their own wellbeing.

2.5.2 Hofstede's dimensions of national culture in Sweden

Graph 2.1, below, presents Sweden's cultural position. A clarification of the relevant countries' cultural position of this study is presented further on this chapter.



Graph 2.1 Sweden's cultural dimensions. Source: Own processing of "Cultures and Organizations: Software of the Mind" G. Hofstede (2010).

Power distance: Sweden demonstrates a low PDI score of 31 which indicates characteristics of independence and equal rights. The power is decentralized and managers believe in the experience of subordinates. Subordinates are expected to be consulted. Strict control is not accepted and attitude towards managers are informal and on first name basis. Communication is direct and of democratic spirit.

Individualism: Sweden is an obvious individualistic society with a remarkable score of 71. This indicates that individuals take care of themselves and their closest family-members only. The score also implies a high sensitivity towards individual's self-esteem and the relationship between managers and subordinates is contract based with shared advantages and hiring, and promotion judgments are expected to be based on merit only, management is the management of individuals.

Masculinity and Femininity: This dimension clarifies Sweden as a strong feminine society with a small score of 5. Managers are expected to be supportive to subordinates, and decision making is realized through participation. Managers make every effort for consensus and people value equality and solidarity, especially between genders. Conflicts are resolved by compromise and negotiation.

Uncertainty Avoidance: The last dimension demonstrates a pretty low score of 29 which indicates that Sweden doesn't avoiding uncertainty at first glance. Sweden reflects a stress-free attitude, and deviations towards routines and rules are highly tolerated. Timetables are flexible, hard work is undertaken only when needed and innovation is highly favored.

2.5.3 Hofstede's dimensions of national culture for all IBM-countries

Country	Power Distance		Uncertainty Avoidance		Individualism/Collectivism		Masculinity/Femininity	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Argentina	49	35-36	86	10.-15	46	22-23	56	20-21
Australia	36	41	51	37	90	2	61	16
Austria	11	53	70	24-25	55	18	79	2
Belgium	65	20	94	5-6	75	8	54	22
Brazil	69	14	76	21-22	38	26-27	49	27
Canada	39	39	48	41-42	80	4-5	52	24
Chile	63	24-25	86	10-15	23	38	28	46
Colombia	67	17	80	20	13	49	64	11-12
Costa Rica	35	42-44	86	10-15	15	46	21	48-49
Denmark	18	51	23	51	74	9	16	50
Ecuador	78	8-9	67	28	8	52	63	13-14
Finland	33	46	59	31-32	63	17	26	47
France	68	15-16	86	10-15	71	10-11	43	35-36
Germany	35	42-44	65	29	67	15	66	9-10
Great Britain	35	42-44	35	47-48	89	3	66	9-10
Greece	60	27-28	112	1	35	30	57	18-19
Guatemala	95	2-3	101	3	6	53	37	43
Hong Kong	68	15-16	29	49-50	25	37	57	18-19
Indonesia	78	8-9	48	41-42	14	47-48	46	30-31
India	77	10-11	40	45	48	21	56	20-21
Iran	58	29-30	59	31-32	41	24	43	35-36
Ireland	28	49	35	47-48	70	12	68	7-8
Israel	13	52	81	19	54	19	47	29
Italy	50	34	75	23	76	7	70	4-5
Jamaica	45	37	13	52	39	25	68	7-8
Japan	54	33	92	7	46	22-23	95	1
Korea (South)	60	27-28	85	16-17	18	43	39	41
Malaysia	104	1	36	46	26	36	50	25-26
Mexico	81	5-6	82	18	30	32	69	6
Netherlands	38	40	53	35	80	4-5	14	51
Norway	31	47-48	50	38	69	13	8	52
New Zealand	22	50	49	39-40	79	6	58	17
Pakistan	55	32	70	24-25	14	47-48	50	25-26

Cross-Border M&As by Swedish Firms

Panama	95	2-3	86	10-15	11	51	44	34
Peru	64	21-23	87	9	16	45	42	37-38
Philippines	94	4	44	44	32	31	64	11-12
Portugal	63	24-25	104	2	27	33-35	31	45
South Africa	49	35-36	49	39-40	65	16	63	13-14
Salvador	66	18-19	94	5-6	19	42	40	40
Singapore	74	13	8	53	20	39-41	48	28
Spain	57	31	86	10-15	51	20	42	37-38
Sweden	31	47-48	29	49-50	71	10-11	5	53
Switzerland	34	45	58	33	68	14	70	4-5
Taiwan	58	29-30	69	26	17	44	45	32-33
Thailand	64	21-23	64	30	20	39-41	34	44
Turkey	66	18-19	85	16-17	37	28	45	32-33
Uruguay	61	26	100	4	36	29	38	42
United States	40	38	46	43	91	1	62	15
Venezuela	81	5-6	76	21-22	12	50	73	3
Yugoslavia	76	12	88	8	27	33-35	21	48-49
Regions:								
Arab countries	80	7	68	27	38	26-27	53	23
East Africa	64	21-23	52	36	27	33-35	41	39
West Africa	77	10-11	54	34	20	39-41	46	30-31

Table 2.1 "Dimension Index for all IBM-countries". Source: Geert Hofstede "Cultures and Organizations: Software of the Mind" (2010)

The table clearly indicates that Sweden is the most feminine country with a small score of 5. This index is therefore the most convenient measure for cultural differences. This study is, for that reason, only focused on the masculinity- and femininity index in order to give more reliable and, hopefully, significant results.

2.6 Theoretical synthesis

Definitions and explanations of concepts within M&A were presented in the beginning of this chapter with the incentive to give the reader ground knowledge of M&A.

Earlier studies, which are presented in chapter 1, conclude that acquiring corporations are given, in average, a negative abnormal return. This study is therefore focused on acquiring corporation's performance under certain circumstances. The theories that have been presented are closely linked with M&A performance but there is no research regarding cultural differences in relation to method of payment and industry in the Swedish market.

This study is relating the method of payment with the pecking order hypothesis and the successfulness in the integration-phase with Hofstede's cultural dimensions. The theories will be evaluated jointly and independently with expectations to find patterns or deviations depending on the mentioned theories and industry.

The efficient market can be difficult to predict why it's ignored in this study. However, I do not leave the subject altogether. The theory will be in favor when evaluating the results. I have chosen to investigate the trend a few days before the publication to create an idea if there has been anything unusual.

Chapter 3 | Methodology

This chapter describes the methodological approach and the performance of the work. A motivation for the choice of method is presented and a specific explanation in the different parts within the method. The chapter concludes with a discussion of the approach.

3.1 The choice of method

The choice of method is crucial for the result which is why the selected method is based on careful review of the literature in the subject of M&A. The method is of a deductive character which indicates that the formulated hypotheses are grounded on already existing theories. The hypotheses are then examined through a quantitative empirical research, also known as an event study (Bryman and Bell, 2003).

The motive behind the selected method is because the study requires a large amount of events to confirm predetermined hypotheses and test for significance. Obviously, the method will give more general results rather than examine every event with in depth which would be too extensive and time consuming (MacKinlay, 1997). The event study is explained further on in this chapter.

3.2 Collection of data

Data is a bit abstract because of its substantial definition. This study is therefore classifying the collected data into hard and soft data (Johannessen & Tufte, 2002).

3.2.1 Hard data

Hard data means easily measurable and quantifiable perspective of reality, which means that data can be quantified with numbers (Ibid). The hard data for this study is therefore stocks, indexes and announcements where the announcements embrace the transaction value, headquarter location for the target and the acquirer, date and method of payment. To be able to find such data I've used the databases *Capital IQ* and *Datastream*. When the data wasn't enough I reached out to *Yahoo Finance*, *Google Finance*, Stockholm stock exchange's homepage, *www.stockholmsborsen.se*, and the journal *Affärsvärlden*.

3.2.2 Soft data

Soft data contains studies or theories of reality and is characterized as a huge detail-oriented knowledge which is difficult to quantify (Ibid). Soft data includes previous research which is primary collected from Lund University's search-engine *LUBsearch* and *Google Scholar*. This study is using MacKinlay's structure and guideline for the realization of the event study. MacKinlay's study "*Event studies in Economics and Finance*" is collected from *The Journal of Economic Literature*. The theories presented in Chapter 2 are collected from relevant literature and previous research.

3.3. Criticism of the collected data

I have tried to limit the collection of data to reliable sources but there might be other factors that could affect the reliability negative. The hard data that has been collected should be valid when consider Yahoo Finance, Google Finance, Stockholm Stock Exchange, Affärsvärlden and the chosen databases as reliable. However, there may be errors of judgment in the financial statements because auditors can't always review a corporation's exact condition. As previously mentioned, even the efficient market may affect the data I've collected. There may have been insider trading that affected the stock which reflects a misleading behavior.

Soft data is an important aspect to consider regarding misleading information. Previous research is very informative but its lacking in terms of "own values" that could influence the researchers results. I have therefore tried to limit the soft data to information shared by more than one author or researcher (Ibid).

3.4 The event study

The purpose of an event study is to examine if an event, such as an announcement of an acquisition, is demonstrating abnormal behavior for the corporation's share price. The abnormal return (AR) is calculated as the difference between the actual stock price on the event and the calculated expected normal return. The normal return correspond the return if the event had not occurred. Since 1933, event studies have been used to examine M&A transactions and have ever since become a well-established method for studying M&A transactions (MacKinley 1997).

There are many reasons for using an event study when examining M&A transactions. Because the event window is focused on a minor quantity of days it will mitigate other factors that could influence the stock. Clearly, the results will give a short-term perspective but at the same time it has been shown that the market is dependable at appreciating the value that is being created where fluctuations on the share price during the announcement of an M&A deal also reflects the long-term performance of a company (Sirower, 1997).

This study is using MacKinlay's (1997) article "Event studies in economics and Finance" as a guideline for the handling of the methodology. The source of information is therefore, in this chapter, taken from the above article. If there are any exceptions regarding references, they have been clarified noticeably.

3.4.1 The procedure for the event study

The structure for the study is being performed by a step-by-step process with predetermined criteria's:

- Event- and estimation window
- Sample choice
- Normal and abnormal return
- Hypothesis tests

3.4.1.2 Event- and estimation window

The first task of conducting an event study is to outline the event of interest and find the period over which the stock prices of the selected firms in this event will be examined, in other words; the event window. This means that the stock price is being examined during all

days in the event window which is being estimated by the abnormal return. The event in this study is the announcement of an acquisition with a timeframe of 8 days. To be able to appreciate potential deviations before the event the timeframe will start 3 days before the event. The event window is therefore directed 3 days before the announcement and 4 days after the announcement.

The estimation window reflects the period before the event window which is being estimated by the expected normal return. According to MacKinlay, a decent estimation window should be around 100 days which is the choice for this study. The estimation window is therefore between -103 and -4 in the time period. An illustration of the time period is demonstrated in figure 3.1 below:

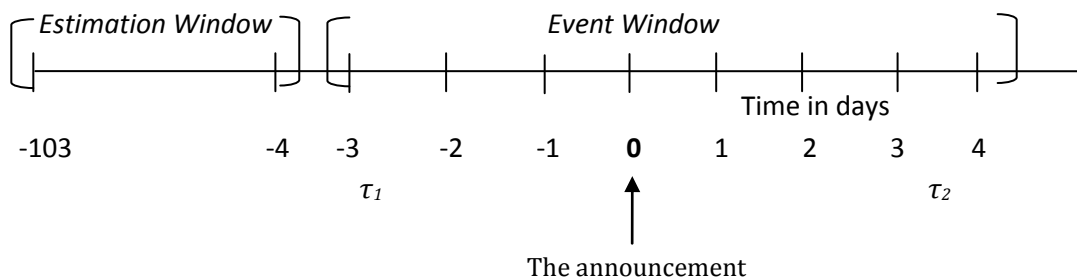


Figure 3.1 Time-period for the event study. Own processing of “Event studies in economics and Finance” MacKinlay (1997).

3.4.1.3 Sample choice

The selected acquisitions are satisfying certain criteria’s which were determined before the collection of data in order to avoid unnecessary loss of data. The sample criteria’s are as follows:

- The selected period is between the years 2000-2012. The selected period provides independence of business cycles.
- The acquirer has to be listed at the Stockholm Stock Exchange at the announcement and also during the study in order to estimate historical stock performances and hence, the estimation of the normal return.
- Only acquisitions of stocks are included in this study. Mergers / consolidations and acquisitions of assets are therefore left out.

Cross-Border M&As by Swedish Firms

The selected corporations are operating in various industries: Industrials, Materials, Financials, IT and Telecommunication. According to Hofstede, Sweden stands out the most in the masculinity- and femininity dimension. This will therefore be the characteristic for the corporations in cross-border acquisitions. The sample is presented below⁵:

Cross-border acquisitions

Acquirer	Target	Industry	Payment	Date	Country	Index
Haldex AB	Concentric Pumps Limited	I & M	Cash	22-02-2008	England	66
Höganäs AB	SCM Metal Products, Inc.	I & M	Cash	01-01-2003	USA	62
Lindab International AB	Centrum Klima Spółka Akcyjna	I & M	Cash	02-05-2012	Poland	0
Hexpol AB	Horst Müller Kunststoffe GmbH & Co. Kg	I & M	Cash	22-12-2011	Germany	66
Loomis AB	Transportadora de Caudales Vigencia S.A	I & M	Cash	02-04-2012	Argentina	56
Loomis AB	Efectivox S.A	I & M	Cash	21-12-2011	Spain	42
Boliden AB	Outokumpu Oyj	I & M	Cash	08-09-2003	Finland	26
NCC AB	Rieber & Søn Asa, Roads Business	I & M	Cash	18-09-2000	Norway	8
AB Volvo	Eicher Motors Ltd.	I & M	Cash	10-12-2007	India	56
AB SKF	SKF Lubrication Systems Germany AG	I & M	Cash	12-07-2004	Germany	66
Alfa Laval AB	Foster Wheeler Biokinetics, Inc.	I & M	Cash	02-10-2003	USA	62
Alfa Laval AB	Liyang Sifang Stainless Steel Products Co., Ltd	I & M	Cash	23-04-2010	China	0
Autoliv AB	Livbag SA	I & M	Cash	01-04-2003	France	43
Höganäs AB	Pyron Metal Powders Inc.	I & M	Cash	03-06-2000	USA	62
Sandvik AB (OM:SAND)	Valenite LLC	I & M	Cash	06-18-2002	USA	62
SEB AB	Landscape Coperfil Logistics, SL	Financials	Cash	11-09-2008	Spain	42
Swedbank AB	First Securities AS	Financials	Cash	12-11-2010	Norway	8
Svenska Handelsbanken AB	Lokalbanken i Nordsjaelland A/S	Financials	Cash	15-09-211	Denmark	16
Ratos AB	Finnkino Oy	Financials	Cash	21-05-2011	Finland	26
Nordea Bank AB	LG Petro Bank S.A.	Financials	Cash	05-07-2002	Poland	0
Intrum Justitia AB	Solutius Belgium NV	Financials	Cash	03-18-2008	Belgium	54
SEB AB	Landscape Coperfil Logistics, SL	Financials	Cash	09-11-2008	Spain	42
Nordea Bank AB	Roskilde Bank A/S	Financials	Cash	09-29-2008	Denmark	16
Nordnet AB	Nordnet Securities Oyj	Financials	Cash	05-15-2009	Finland	26
Nordea Bank AB	Fionia Holding A/S	Financials	Cash	08-31-2009	Denmark	16
Nolato AB	Nolato Shieldmate, Inc.	IT & T	Cash	02-07-2000	USA	62
Hexagon AB	Brown & Sharpe, Inc.	IT & T	Cash	03-05-2001	USA	62
Cision AB	Cision Canada Inc.	IT & T	Cash	08-27-2001	Canada	52
Biotage AB	Argonaut Technologies Inc.	IT & T	Cash	02-21-2005	USA	62
Beijer Electronics AB	Hitech Electronics Corporation	IT & T	Cash	03-22-2005	Taiwan	45
Ericsson AB	Redback Networks Inc.	IT & T	Cash	12-20-2006	USA	62
TeliaSonera AB	Call Me A/S	IT & T	Cash	01-31-2007	Denmark	16
Ericsson AB	LHS Telekommunikation GmbH & Co. KG	IT & T	Cash	06-05-2007	Germany	66
TeliaSonera AB	MCT Corp.	IT & T	Cash	07-09-2007	USA	62
Tele2 AB	Eurasia Telecom LLC	IT & T	Cash	10-05-2007	Russia	0
Oniva Online Group Europe AB	Just Search Ltd.	IT & T	Cash	10-11-2007	England	66

⁵ Industrials and Materials are defined as I&M, and IT and Telecommunication are defined as IT&T.

Cross-Border M&As by Swedish Firms

TeliaSonera AB	ComHouse A/S	IT & T	Cash	06-17-2008	Denmark	16
Tele2 AB	BBned N.V.	IT & T	Cash	07-16-2010	Netherlands	14
RusForest AB	Rusforest Ltd.	I & M	Stock	05-05-2009	Russia	0
IGE Resources AB	Efidium Limited	I & M	Stock	02-22-2010	England	66
RusForest AB	Nord Timber Group	I & M	Stock	05-24-2010	Russia	0
Rederi AB	Trans Viking Icebreaking & Offshore As	I & M	Stock	08-13-2010	Norway	8
Catella AB	PC Lan ASA	Financials	Stock	05-02-2001	Norway	8
Pricer AB	Eldat Communication Ltd.	IT & T	Stock	24-04-2006	Israel	47
Novotek AB	Elmega OY	IT & T	Stock	21-01-2008	Finland	26
Tele2 AB	Tele2 Russia Telecom BV Group	IT & T	Stock	11-14-2001	Russia	0
TeliaSonera AB	TeliaSonera Finland Oyj	IT & T	Stock	03-26-2002	Finland	26
Aspiro AB	Schibsted Mobile AS	IT & T	Stock	02-17-2005	Denmark	16

Diagram 3.1 48 cross-border acquisitions during the years 2000-2012.

Domestic acquisitions

Acquirer	Target	Industry	Payment	Date
Proffice AB (Publ)	Dfind AB	I & M	Cash	13-01-2012
SSAB AB	Tibnor AB	I & M	Cash	20-05-2011
Peab AB	Inspi AB	I & M	Cash	02-05-2012
B&B Tools AB	TOOLS Momentum AB	I & M	Cash	01-21-2004
Lagercrantz Group AB	Elpress AB	I & M	Cash	05-30-2006
Atlas Copco AB	Dynapac AB	I & M	Cash	02-05-2007
Semcon AB	Caran AB	I & M	Cash	08-21-2007
OEM International AB	Elektro Elco AB	I & M	Cash	10-13-2008
BE Group AB	Lecor Stålteknik AB	I & M	Cash	10-07-2010
ÅF AB	Energo Retea	I & M	Cash	11-25-2010
Assa Abloy AB	Cardo AB	I & M	Cash	12-13-2010
Diös Fastigheter AB	Norrvidden Fastigheter AB	I & M	Cash	09-22-2011
SEB AB	Plastal Industri AB	Financials	Cash	02-06-2009
Ratos AB	Biolin Scientific AB	Financials	Cash	29-11-2010
Hakon Invest AB	inkClub AB	Financials	Cash	21-11-2011
Atrium Ljungberg AB	Fastighets AB Celtica	Financials	Cash	13-06-2003
Fabege AB	Fastighets AB Balder	Financials	Cash	09-02-2000
Swedbank AB	FSB Bolåndirekt Bank AB	Financials	Cash	09-17-2002
Fabege AB	Ideon AB	Financials	Cash	06-20-2006
Swedbank AB	Soderhamns Sparbank AB	Financials	Cash	02-13-2007
Fabege AB	AP Fastigheter AB	Financials	Cash	05-02-2005
Nordea Bank AB	Svensk Kassaservice AB,	Financials	Cash	10-01-2007
Wihlborgs Fastigheter AB	Remulus Projekt Murkamen AB	Financials	Cash	05-09-2008
Nordnet AB	Konsumentkredit i Sverige AB	Financials	Cash	06-30-2010
Swedbank AB	FSB Bolåndirekt Bank AB	Financials	Cash	09-17-2002
Ericsson AB	Netwise AB	IT & T	Cash	06-08-2006

Cross-Border M&As by Swedish Firms

Cybercom Group AB	Teleca AU-System AB	IT & T	Cash	04-01-2007
Guideline Technology AB	MALÅ GeoScience AB	IT & T	Cash	11-01-2007
Beijer Electronics AB	Westermo Teleindustri AB	IT & T	Cash	12-20-2007
Proffice AB	Dfind AB	IT & T	Cash	01-13-2012
Cybercom Group AB	Teleca AU-System AB	IT & T	Cash	04-01-2007
Enea AB	ZealCore Embedded Solutions AB	IT & T	Cash	24-06-2008
Proact IT AB	Dimension	IT & T	Cash	24-11-2003
Teleca	Pronyx AB	IT & T	Cash	05-07-2002
Sandvik	Seco Tools AB	I & M	Stock	2011-11-07
Rederi AB	Gorthon Lines AB	I & M	Stock	10-07-2004
Opcon AB	Svensk Rokgasenergi AB	I & M	Stock	06-04-2007
Securitas AB	Niscayah Group AB	I & M	Stock	05-16-2011
Sandvik AB	Seco Tools AB	I & M	Stock	11-07-2011
Scania AB	Ainax AB	I & M	Stock	11-19-2004
Eolus Vind AB	Svenska Vindbolaget AB	I & M	Stock	08-12-2011
Investment AB Latour	Säk I AB	Financals	Stock	17-03-2011
Bure Equity AB	Skanditek Industriförvaltning AB	Financals	Stock	Oct-14-2009
HQ AB	Carnegie Fonder AB	Financals	Stock	06-20-2005
Fastighets AB Balder	Din Bostad Sverige AB	Financals	Stock	06-26-2009
PartnerTech AB	Vellinge Electronics AB	IT & T	Stock	Oct-09-2001
Sigma AB	RKS AB	IT & T	Stock	05-06-2004
I.A.R. Systems Group AB	I.A.R. Systems Group AB	IT & T	Stock	12-22-2004
I.A.R. Systems Group AB	Deltaco AB	IT & T	Stock	12-22-2004
Softronic AB	Modul 1 AB	IT & T	Stock	27-09-2010
Acando AB	Resco AB	IT & T	Stock	09-01-2006
Precise Biometrics AB	Loqware AB	IT & T	Stock	08-08-2005
Xpon AB	ACSC AB	IT & T	Stock	04-10-2007
Teligent AB	Trio AB	IT & T	Stock	08-02-2006
Nocom AB	TurnIT	IT & T	Stock	22-12-2004

Diagram 3.2 55 domestic acquisitions during the years 2000-2012.

The total sample comprises 48 cross-border acquisitions and 55 domestic acquisitions. Unfortunately, some cross-border acquisitions, from certain countries, are not included in Hofstede's IBM-research and some domestic acquisitions lack sufficient data: these acquisitions are not included in the event study and are presented in the next page.

Cross-Border M&As by Swedish Firms

Acquirer	Target	Industry	Payment	Date	Country	Index
Lindab International AB	Centrum Klimat Spółka Akcyjna	I & M	Cash	02-05-2012	Poland	0
Alfa Laval AB	Liyang Sifang Stainless Steel Products Co., Ltd	I & M	Cash	23-04-2010	China	0
Nordea Bank AB	LG Petro Bank S.A.	Financials	Cash	05-07-2002	Poland	0
Tele2 AB	Eurasia Telecom LLC	IT & T	Cash	10-05-2007	Russia	0
RusForest AB	Rusforest Ltd.	I & M	Stock	05-05-2009	Russia	0
RusForest AB	Nord Timber Group	I & M	Stock	05-24-2010	Russia	0
Tele2 AB	Tele2 Russia Telecom BV Group	IT & T	Stock	11-14-2001	Russia	0
Xpon AB	ACSC AB	IT & T	Stock	04-10-2007		
Teligent AB	Trio AB	IT & T	Stock	08-02-2006		
Nocom AB	TurnIT	IT & T	Stock	22-12-2004		
Hakon Invest AB	inkClub AB	Financials	Cash	21-11-2011		
Fabege AB	Fastighets AB Balder	Financials	Cash	09-02-2000		
Teleca	Pronyx AB	IT & T	Cash	05-07-2002		

Diagram 3.3 Transactions with lack of data

The empirical study is conducted into two blocks of Hofstede's index in order to distinguish the cultural differences. The blocks are presented below:

Block 1: High femininity level: index interval between 1 -29.

Block 2: Low femininity level: index interval between 30 -69.

3.4.1.4 Normal- and abnormal return

To measure the abnormal return the expected normal return has to be calculated. The abnormal return is therefore estimated by subtracting the actual return during the event window with the expected normal return. The expected normal return can be estimated by different kind of methods which is divided into two categories: statistical- and economical methods.

The economical category has two primary methods: CAPM (Capital Asset Pricing Model) and APT (Arbitrage Pricing Model). The CAPM model has been criticized and should be used by caution due to its sensitivity depending on the market that is being examined.

Therefore, CAPM is not the current model used today whilst APT, which is a development of CAPM, is the commonly used economical method today (Campbell and MacKinley, 1996).

The statistical category constitutes of many models but the two most commonly used are the Market Model and the Constant-Mean-Return Model. The Constant-Mean-Return Model is assumed to be the easiest model but at the same time has the ability to contribute with similar results as more sophisticated models. The expected normal return constitutes as the average return of all events. The Market Model reflects the return of a given stock with the return of the market portfolio (MacKinley, 1997)

This study is using the Market Model to estimate the expected normal return. The motivation for the decision of category is because statistical methods are independent of economical methods and because the Market Model is an improvement of the Constant-Mean-Return Model. Also, in comparison with the Constant-Mean-Return Model, the Market Model takes into account to reduce the return that is related to the variation in the market return. This indicates that the variance of the abnormal return is reduced (Campbell and MacKinley, 1996).

The Market Model is demonstrated below as equation 1:

$$E(R_{it}) = \alpha_i + \beta_i R_{mt} \tag{1}$$

where $E(R_{it})$ is the actual return at the announcement day t ,
 R_{mt} is the return for the market portfolio m at the announcement day t ,
 β_i is the beta value for the estimated stock,
and α_i is the alpha value for the estimated stock.

The alpha and beta value is determined to be 0 and 1, respectively. The market return is estimated by the percentage change for every day during the estimation window. The percentage change is estimated by the change in the sector index which the estimated firm is involved in. The market return is demonstrated below as equation 2:

$$R_{mt} = \frac{(Index_{t1} - Index_{t-1})}{Index_{t-1}} \tag{2}$$

where $t1$ is the index value at a certain day,
and $t-1$ is the index value the day before $t1$.

The abnormal return is, as mentioned earlier, the measure of how an M&A announcement affects the stock price during the event window. The abnormal return is demonstrated below as equation 3:

$$AR_{it} = R_{it} - (\alpha_i + \beta_i R_{mt}) \quad (3)$$

where AR_{it} is the abnormal return at the announcement day t ,
 R_{it} is the actual return at the announcement day t ,
and $(\alpha_i - \beta_i R_{mt})$ is the estimated normal return.

The abnormal return is being calculated for all stocks in the sample selection for every day in the event window. To be able to make a conclusion the abnormal returns have to be aggregated which will give a cumulative abnormal return. The cumulative abnormal return is demonstrated below as equation 4:

$$CAR_i(t1 \ t2) = \sum AR_{it} \quad (4)$$

where $CAR_i(t1 \ t2)$ is the cumulative abnormal return between $t1$ and $t2$,
and AR_{it} is the abnormal return for firm at announcement day t .

The last step for this stage is the calculation of the cumulative average abnormal return (CAAR). The calculation is being made by adding the results from the cumulative abnormal return divided with the sum of the total number of acquisitions.

3.4.1.5 Hypothesis test

The next step is to conduct a statistical hypothesis test. The test is formulated with a null hypothesis (H_0) and an alternative hypothesis (H_1). This means that the test either rejects the null hypothesis or not. If the null hypothesis is not rejected then the hypothesis is accepted (Körner & Wahlgren, 2010).

The trial is a double-sided test which implies that both a positive-and negative deviations have an impact on the test (Ibid). The purpose of this study is to investigate whether a publication has a positive versus negative abnormal returns depending on cross-border/domestic acquisitions, cultural differences, cash/stock payment and industry. The hypothesis for this study is therefore formulated as follows:

Hypothesis 1

H₀: Cross-border announcements has a greater impact, than domestic announcements, on the stock

$$(H_0: CAAR = 0)$$

H₁: Cross-border announcements has no greater impact on the stock

$$(H_1: CAAR \neq 0)$$

Hypothesis 2

H₀: The level of cultural differences has an impact on the stock

$$(H_0: CAAR = 0)$$

H₁: The level of cultural differences has no impact on the stock

$$(H_1: CAAR \neq 0)$$

Hypothesis 3

H₀: The method of payment has an impact on the stock

$$(H_0: CAAR = 0)$$

H₁: The method of payment has no impact on the stock

$$(H_1: CAAR \neq 0)$$

Hypothesis 4

H₀: The industry has an impact on the stock

$$(H_0: CAAR = 0)$$

H₁: The industry has no impact on the stock

$$(H_1: CAAR \neq 0)$$

However, in a hypothesis test there's a risk that can't be eliminated. This indicates a possibility of rejecting the null hypothesis when it really shouldn't be rejected. The risk is called *the level of significance* (α) (Ibid). In this study, the level of significance (the critical level) is 5%, which means that I reject the null hypothesis if the critical level has been exceeded.

The last step is to calculate the test-estimation (t-value). The key factor for the hypothesis testing is the calculated t-value which is the value that is being compared with given values for the

chosen significance level of 5%. This is based on whether I should reject the null hypothesis or not (Ibid).

The *standard deviation* (S) is an incorporated value in the calculation of the t value, the formula for the standard deviation presented below as equation 5:

$$S = \sqrt{\frac{\sum_1^N (CAR_{(t_1-t_2)} - CAAR_{(t_1-t_2)})^2}{n-1}} \quad (5)$$

where $CAAR_{(t_1-t_2)}$ is the average value of $CAR_{(t_1-t_2)}$, and n is the total set of events.

The last step of the event study is to calculate the t -value. The formula is presented below as equation 6:

$$t = \frac{CAAR_{(t_1-t_2)} - \mu}{s/\sqrt{N}} \quad (6)$$

where μ equals to 0 in this study, and N is the total amount of days in the event window.

3.5 Criticism of the event study

At the beginning of the study, I considered to examine the long-term return, but I realized, during the study, that unavoidable events (positive/negative press-releases, failed/successful acquisitions after the investigated event, etc.) may have affected the stock development during the event-window. I therefore determined to investigate the short-term return instead in order to ensure a more reliable result. More about reliability is demonstrated in the next paragraph.

However, I can't assure that external events haven't occurred during the short event window, it's inevitable. This is considered as a huge drawback for the event study as the method does not account for external events.

This study had been more reliable if the sample were larger. But during the estimation, I realized that the method is very time-consuming and therefore I adapted the sample after the time frame.

Criticism can also be turned against the expected return, the estimated normal return, because historical values can't reflect a corporation's exact current condition due to changes in the corporation or in the sector index.

3.6 Reliability

I've strived to collect reliable data by only making use of public information. The information is available for anyone to recollect since I've used recognized and reliable sources. To ensure high reliability, I've not included corporations with poor financial information.

The manual transfer between the information from the databases and Microsoft Excel may lead to obvious human mistakes because of the high load of information. This may certainly affect the reliability negative. On the other hand, I've used a certain routine, when transferring the data, for every announcement in order to mitigate this error.

This study is limited to certain characteristics why the criteria's for the collection of data were very clear and strict. I therefore decided, in advance, how announcements should be categorized in order to collect data that reflects the purpose.

The event study requires a lot of handwork because every M&A deal has a unique estimation-window. Therefore, time-series for every stock has a specific date for the event-day and hence, a specific date for the estimations-window. To ensure that the dates are accurate with the events I've made "date-checks" for each step. In addition, I've double-checked the events with the highest and lowest CAR to ensure correctness.

Hofstede's cultural dimensions indicate that Sweden stands out the most as a feminine society. This study is, as mentioned in paragraph 2.4.3, only focused on this index to increase the reliability of the empirical results.

3.7 Validity

The event study is a recognized and established method for the estimation of abnormal returns and because this study requires a high validity of data and a method that reflects

accurately towards reality, I consider the event study as an excellent choice of method (Denscombe, 2010). Denscombe (2010) states that the credibility, or validity, is the most crucial factor for any kind of research. By having this said, I believe the event study satisfies the validity for this study because the method is often used for this kind of research.

The hard data is the actual data that is being estimated. I therefore only collect data from recognized and highly reliable sources. Validity may be lacking in the soft data which was explained in paragraph 3.3.

Chapter 4 | Results and analysis

The chapter presents the empirical results and my analysis of the results. The chapter introduces the results from all domestic and cross-border acquisitions. Thereafter, the results from the pre-determined characteristics are being presented and analyzed.

4.1 Summary of the sample

The study only includes possible acquisitions that meet the pre-determined criteria's mentioned in paragraph 3.4.1.3. The sample was consisted of 48 cross-border announcements and 55 domestic announcements at first but after a series of loss, the selection now consists of 38 cross-border- and 48 domestic announcements. I have previously mentioned the attempted to classify the acquirers in the best possible way in order to receive the most reliable results. The classification aims its focus on the factors I have chosen to examine: cross-border/domestic acquisitions, cultural differences, cash-/stock acquisitions and the industry in which the corporations operate in.

4.2 Domestic and Cross-Border performance

The results for the abnormal returns (AR), cumulative abnormal returns (CAR) and cumulative average abnormal returns (CAAR) for both domestic and cross-border acquisitions are presented in the next page.

Domestic Acquisitions		
Day	Average AR	CAR
-3	0,00049	0,00049
-2	0,00441	0,0049
-1	0,00616	0,01106
0	0,00627	0,01733
1	0,00219	0,01952
2	0,00371	0,02323
3	-0,00237	0,02086
4	-0,00291	0,01795

Table 4.1 – AR and CAR for 48 domestic acquisitions.

Transactions	48
CAAR(-3, 0, +4)	0,017945
t-interval ⁶	-2.012 < t < 2.012
s-value	0,016474
t-value	0,412568

Null hypothesis is not rejected

Cross-Border Acquisitions		
Day	Average AR	CAR
-3	0,013702	0,013702
-2	0,001902	0,015604
-1	0,006935	0,022539
0	0,005968	0,028507
1	0,005573	0,03408
2	-0,005377	0,028703
3	0,000538	0,029241
4	0,005089	0,03433

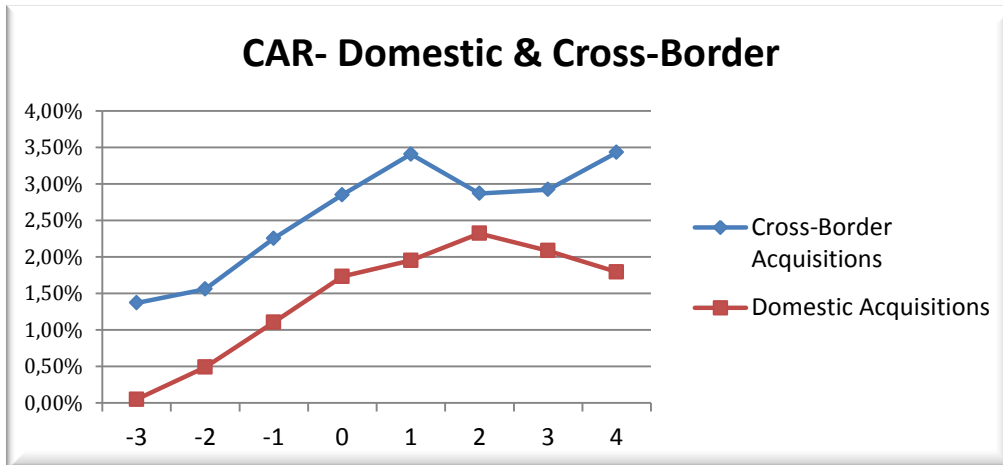
Table 4.2 – AR and CAR for 38 cross-border acquisitions.

Transactions	38
CAAR(-3, 0, +4)	0,00544
t-interval	-2.029 < t < 2.029
s-value	0,033088
t-value	0,464991

Null hypothesis is not rejected

⁶ Significance level at 5 %.

Graph 4.1 illustrates the performance for all domestic and cross-border announcements before and after the event.



Graph 4.1 – CAR for all events.

4.2.1 Results for hypothesis 1

Hypothesis 1

H_0 : Cross-border announcements has a greater impact, than domestic announcements, on the stock
(H_0 : CAAR = 0)

H_1 : Cross border announcements has not greater impact on the stock
(H_1 : CAAR \neq 0)

The results for the 48 domestic acquisitions with a t-interval of $-2.012 < t < 2.012$ at the 5% critical level did not reject the null hypothesis⁷ and hence, the results are not significant. This is also the case for the 38 cross-border announcements with a t-interval of $-2.029 < t < 2.029$ at the 5% critical level.

4.2.2 Analysis of the abnormal return for domestic-and cross-border announcements

Although the results were not significant the abnormal returns were almost always positive during the event window. The cumulative abnormal returns were positive during the entire

⁷ CAAR = 0.

event window, for both groups, which was quite unexpectedly. As suspected, domestic announcements reflected a greater response from the market with a CAAR of 1,79 % rather than cross-border announcements with a CAAR of 0,54 %. This could be due to the markets response to cultural difficulties of cross-border announcement (Hofstede, 2010).

Graph 4.1 shows a quite suspicious development of the course. For both groups, the stock increases relatively aggressive before the announcement day but the increase slows down, for both groups, at day +1.

According to MacKinlay (1997), most of the event studies within this subject demonstrate negative or unchanged abnormal returns for the acquirer. This is not consistent with my results due to the positive CAR during the entire event window for both domestic- and cross-border announcements. Although the results are not significant, they demonstrate opposite behavior in comparison with the mentioned studies earlier.

My interpretation of the result is that the market is not working efficiently due to the aggressive stock increase before the event and the declining trend after the event. This behavior could indicate insider trading, which was mentioned in paragraph 2.3, signifying spread of information to some traders before the announcement day. The declining trend could indicate profit-taking, after day +1, of these insiders which obviously affect the stock negatively.

4.3 The impact of cultural differences in stock performance

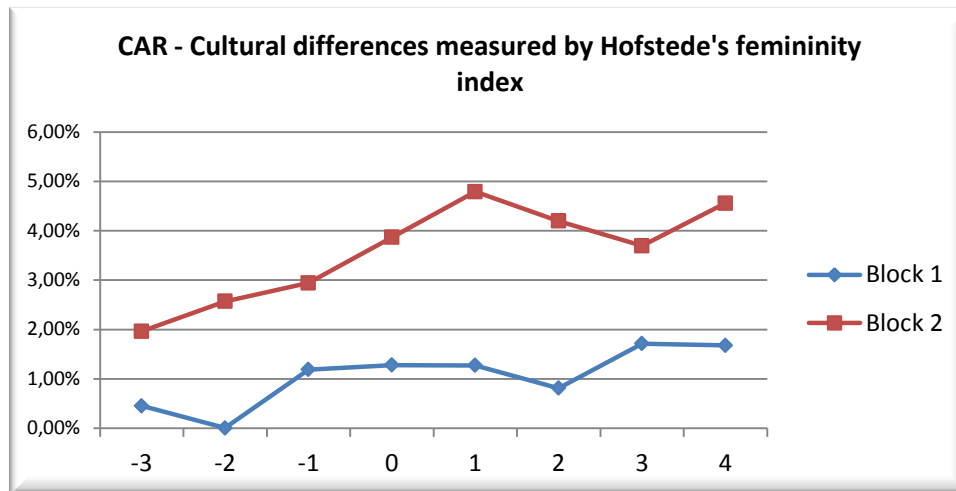
The results for the abnormal returns (AR), cumulative abnormal returns (CAR) and cumulative average abnormal returns (CAAR) for the diverse cultural blocks are presented below.

Cultural differences				
	Block 1: Index 1 - 29		Block 2: Index 30 - 69	
Day	Average AR	CAR	Average AR	CAR
-3	0,0046	0,0046	0,0197	0,0197
-2	-0,0045	0,0001	0,0061	0,0257
-1	0,0118	0,0119	0,0037	0,0294
0	0,0009	0,0128	0,0092	0,0387
1	-0,0001	0,0127	0,0092	0,0479
2	-0,0046	0,0081	-0,0059	0,0420
3	0,0090	0,0172	-0,0050	0,0370
4	-0,0004	0,0168	0,0086	0,0456

Table 4.3 – AR and CAR for acquisitions with different femininity indexes.

Block 1		Block 2	
Transactions	15	Transactions	23
CAAR(-3, 0, +4)	0,005606	CAAR(-3, 0, +4)	0,00198087
t-interval	-2.131 < t < 2.131	t-interval	-2.069 < t < 2.069
s-value	0,020975731	s-value	0,009291102
t-value	0,755928946	t-value	0,603022689
Null hypothesis is not rejected		Null hypothesis is not rejected	

Graph 4.2, below, illustrates the performance for the two blocks, before and after the event.



Graph 4.2 - CAR for different femininity indexes.

4.3.1 Results for hypothesis 2

Hypothesis 2

H_0 : The level of cultural differences has an impact on the stock

$$(H_0: CAAR = 0)$$

H_1 : The level of cultural differences has no impact on the stock

$$(H_1: CAAR \neq 0)$$

The results for the 15 “block 1” acquisitions and the 23 “block 2” acquisitions with a t-interval of $-2.131 < t < 2.131$ and $-2.069 < t < 2.069$, respectively, did not reject the null hypothesis and hence, the results are not significant.

4.3.2 Analysis of the cultural differences

Gertsen, Soderberg and Torp (1998) pointed out that successful integrations are dependent on the awareness and understanding of the differences and similarities within the corporations. For that reason, I distinguished the most outstanding dimension for Sweden, Masculinity and Femininity, from Hofstede’s (2010) research in order to separate the cultural differences between other countries, as good as possible. The differences in culture ended up in two different blocks.

The empirical results were expected to present such outcomes with a CAAR of 0,56 % for block 1 (highly similar with Sweden) and a CAAR of 0,19 % for block 2 (different from Sweden). The results indicate that the market responses better to announcements with high cultural resemblances which go hand-in-hand with the mentioned theories earlier.

Almost all “block 1” countries are from Scandinavia which could have been an influence towards the results. I believe there could be another factor involved apart from Hofstede’s research such as communication, besides Finland, and informal rules of behavior.

Scandinavian countries, especially Norway and Sweden, can almost communicate with each other fluently and furthermore, understands each other better in terms of informal social aspects. This obviously eases the relationship and business interests. I believe this could be a factor that the market absorbs and responds to which, as the results implies, contributes with a greater abnormal return. Clearly, the results were not significant but the trends from the two blocks are highly interesting and consistent with previous research.

4.4 The impact of the payment method on stock performance

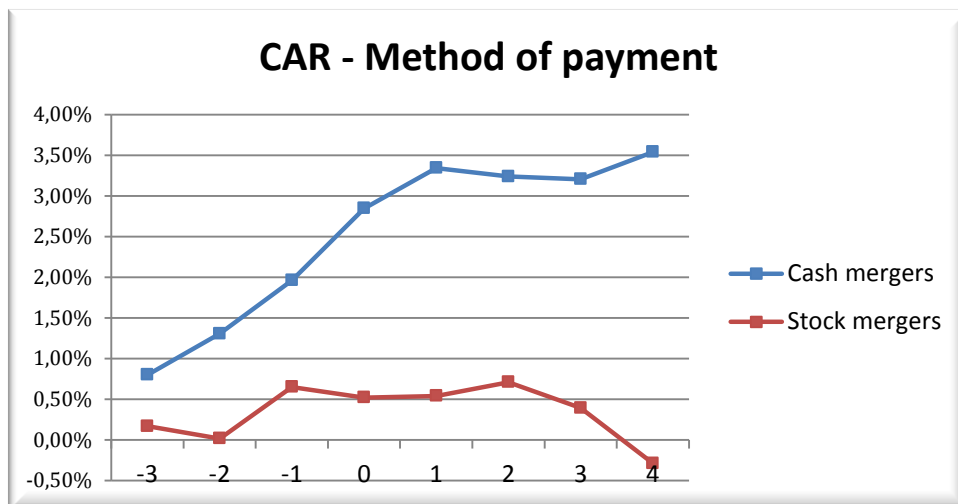
The results for the abnormal returns (AR), cumulative abnormal returns (CAR) and cumulative average abnormal returns (CAAR) for cash- and stock acquisitions are presented below.

Method of Payment				
	Cash acquisitions		Stock acquisitions	
Day	Average AR	CAR	Average AR	CAR
-3	0,00802	0,00802	0,0017	0,0017
-2	0,00506	0,01308	-0,00152	0,00018
-1	0,00656	0,01964	0,00634	0,00652
0	0,00885	0,02849	-0,0013	0,00522
1	0,00496	0,03345	0,0002	0,00542
2	-0,00104	0,03241	0,00169	0,00711
3	-0,00033	0,03208	-0,00317	0,00394
4	0,00334	0,03542	-0,0068	-0,00286

Table 4.4 – AR and CAR for cash- and stock transactions.

Cash acquisitions		Stock acquisitions	
Transactions	63	Transactions	23
CAAR(-3, 0, +4)	0,003215714	CAAR(-3, 0, +4)	0,001183913
t-interval	-1.997 < t < 1.997	t-interval	-2.069 < t < 2.069
s-value	0,02532056	s-value	0,005553044
t-value	0,359210604	t-value	0,603022689
Null hypothesis is not rejected		Null hypothesis is not rejected	

Graph 4.3, below, illustrates the performance for the cash- and stock acquisitions, before and after the event, observed in this study.



Graph 4.3 - CAR cash- and stock acquisitions.

4.4.1 Results for hypothesis 3

Hypothesis 3

H_0 : The method of payment has an impact on the stock

$$(H_0: CAAR = 0)$$

H_1 : The method of payment has no impact on the stock

$$(H_1: CAAR \neq 0)$$

The results for the 63 cash acquisitions with a t-interval of $-1.997 < t < 1.997$ at the 5 % critical level did not reject the null hypothesis and, hence, the results are not significant. This is also the case for the 23 stock acquisitions with a t-interval of $-2.069 < t < 2.069$ at the 5% critical level.

4.4.2 Analysis of the method of payment

My study indicates that cash acquisitions perform slightly better than stock acquisitions with a positive CAAR of 0,32 %. However, the stock acquisitions demonstrated a positive CAAR of 0,118 % which opposes many of the results from previous research, especially the study by Loughran and Vijh (1997) who found stock acquisitions as negatively abnormal. I believe the answer to this contradiction lies somewhere between the diversity of domestic- and cross-border acquisition, and the stringent selection of cultural characteristics which may outperform the negative aspects of equity issuance.

Nonetheless, the empirical results are consistent with the mentioned theories but not at the extent I expected. My expectations were that stock acquisitions would result in a highly negative abnormal return because of the information asymmetry and signaling effect (Ogden, Jen & O'Conner, 2003). However, the pecking order theory states that internal financing is preferred to new equity issuance (Myers, 1984) which is consistent with my results: cash acquisitions reflected a better response from the market in contrast to stock acquisitions.

Graph 4.3 illustrates a great picture of the market reaction. We can see clearly that the CAR for the cash acquisitions is outperforming the CAR for stock acquisitions, every day in the event window. The reaction after the event, day 0, demonstrates a clear consistency between my results and the pecking order theory. Cash acquisitions resulted in a 3 % positive CAR average after the event in contrast to stock acquisitions with a negative CAR between the days +3 and +4.

Although the results aren't significant it's obvious that the market is reacting in favor to cash acquisitions.

4.4 The impact of industry sector on stock performance

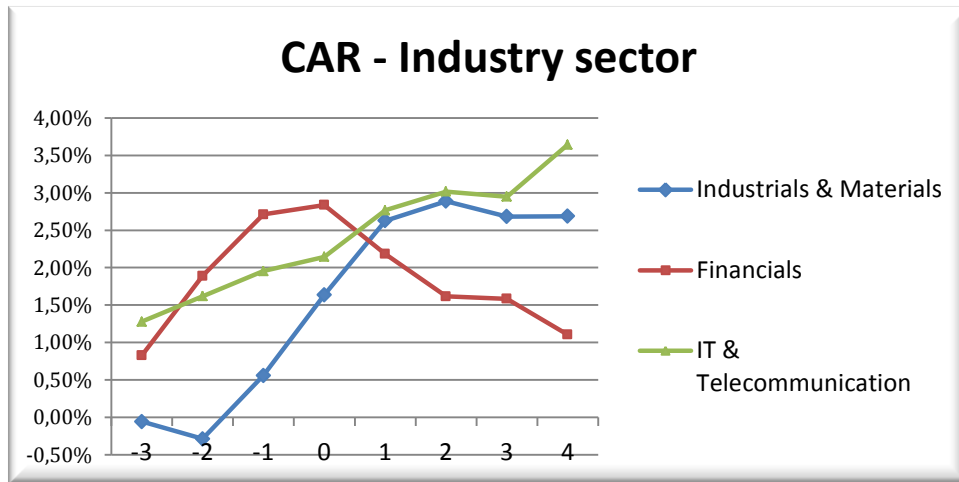
The results for the abnormal returns (AR), cumulative abnormal returns (CAR) and cumulative average abnormal returns (CAAR) for the selected industries (Industrials & Materials, Financials and It & Telecommunications) are presented below.

Industry						
	Industrials & Materials		Financials		IT & Telecommunication	
Day	Average AR	CAR	Average AR	CAR	Average AR	CAR
-3	-0,0005572	-0,0005572	0,008265	0,008265	0,0127734	0,012773
-2	-0,0023096	-0,0028668	0,0106278	0,0188928	0,003419	0,016192
-1	0,008466	0,0055992	0,008212	0,0271048	0,0033459	0,019538
0	0,010748	0,0163472	0,0012702	0,028375	0,0019058	0,021444
1	0,0099369	0,0262841	-0,0065495	0,0218255	0,0062146	0,027659
2	0,0026017	0,0288858	-0,0056692	0,0161563	0,0025121	0,030171
3	-0,0020628	0,026823	-0,0003209	0,0158354	-0,0006884	0,029482
4	0,0000523	0,0268753	-0,0047928	0,0110426	0,0069524	0,036435

Table 4.5 – AR and CAR for different industry sectors.

Industrials & Materials		Financials		IT & Telecommunication	
Transactions	31	Transactions	27	Transactions	27
CAAR(-3, 0, +4)	0,004109374	CAAR(-3, 0, +4)	0,005462867	CAAR(-3, 0, +4)	0,007174
t-interval	-2.042 < t < 2.042	t-interval	-2.056 < t < 2.056	t-interval	-2.056 < t < 2.056
s-value	0,022507969	s-value	0,027855264	s-value	0,03658
t-value	0,516397779	t-value	0,554700196	t-value	0,5547
Null hypothesis is not rejected		Null hypothesis is not rejected		Null hypothesis is not rejected	

Graph 4.4, below, illustrates the performance for the selected industries, before and after the event.



Graph 4.4 - CAR industry sector.

4.4.1 Results for hypothesis 4

Hypothesis 4

H_0 : The industry has an impact on the stock

$$(H_0: CAAR = 0)$$

H_1 : The industry has no impact on the stock

$$(H_1: CAAR \neq 0)$$

The results for the 31 I&M acquisitions with a t -interval of $-2.042 < t < 2.042$ at the 5 % critical level did not reject the null hypothesis and, hence, the results are not significant. This is also the case for the 27 Financial and IT&T acquisitions with a t -interval of $-2.056 < t < 2.056$, for both groups, at the 5% critical level.

4.4.2 Analysis of the different industry sectors

According to Altman and Schwartz (1973) it's more profitable to divide M&As into industries due to the stock volatility between industry sectors. This part of the analysis is therefore focused on the response from the market depending on industry.

The best performing industry group was IT & Telecommunication with a CAAR of 0,71 %. Industrials & Materials and Financials resulted in a CAAR of 0,41 % and 0,54 %, respectively. This part of the study is well related with the efficient market hypothesis due to the aggressive increase before the event for I&M and especially for Financials. According to Fama (1970) an efficient market is fulfilled when prices immediately reflects all available information which indicates that the level of market efficiency is dependent on the available information to all actors. Graph 4.4 clearly demonstrates that the Financial sector responds aggressively before the actual announcement and dramatically stagnates slightly after the announcement. This is, as mentioned in paragraph 4.2.2, an indicator of insider trading before the event and an obvious profit-taking after the event.

However, IT&T demonstrates a stable and constant CAR increase during the entire event window. I believe the remarkable performance is due to the many “block 1” cross-border acquisitions within the IT&T group. It’s a total of 16 cross-border acquisitions in contrast to 10 and 13 for Financials and I&M, respectively⁸. This may indicate that the confidence towards the “block 1” cross-border acquisitions outperforms other aspect that could negatively influence the stock development or the influence from insider trading.

In summary, I interpret the industry hypothesis as a *dependency of industry sector* for inefficient market behavior. This hypothesis also demonstrates, as the other hypothesizes, that announcement of M&As differ depending on certain characteristics which enlightens the purpose of the study.

⁸ See Appendix (1. Industry)

Chapter 5 | Conclusion

The chapter summarizes the empirical results of the study, and then draws conclusions that are associated with the purpose. Finally, suggestions for further studies are presented.

5.1 Summary of the results

The purpose of this study was to examine acquiring firm's abnormal behavior of cross-border and domestic M&A announcements, as a factor of cultural differences. The secondary purpose is to investigate if abnormal behavior is influenced by pre-determined control-variables: method of payment and industry.

The study demonstrates that the market reacts differently at the announcement of an M&A transaction. Cultural differences are, according to this study, a relevant factor to consider. Domestic M&A announcements provide a better response from the market in contrast to cross-border M&A announcements with a CAAR of 1,79% and 0,54 %, respectively. The extent of cultural differences in cross-border announcements are also a vital aspect to consider where similar cultures perform better than different culture. This study found the CAAR for similar cultures, block 1, to 56 % and different cultures, block 2, to 0,19 %. The results are also consistent with mentioned theories and research, especially Hofstede's (2010) IBM-research.

The method of payment were consistent with the pecking order theory were cash announcements performed better than stock announcements with a CAAR of 0,32 % and

0,118 %, respectively. However, the stock acquisitions demonstrated a positive CAAR of 0,118 % which opposes many of the results from previous research, especially the study by Loughran and Vijh (1997).

This study is also consistent with the study by Altman and Schwartz (1973) and Fama (1970) according to the Industry hypothesis. The results indicated an inefficient market with clear indications of different performance regarding industry sector. IT & Telecommunication acquisitions performed greatest with a CAAR of 0,71%.

5.2 Further studies

Because the time frame was to my disadvantage, I couldn't include more announcements which obviously give less reliable results. A suggestion would be to include a lot more announcements with other outstanding cultural dimensions, such as Power Distance or Individuality. Another interesting combination would be a combination of tender- and hostile offers with cross-border acquisitions.

The study couldn't significantly prove inefficient markets in relation to M&As which could be interesting to investigate. An option could be to investigate the bid-ask-spread during M&A announcements in order to capture insider trading.

Finally, an interesting aspect would be to extend the time frame and investigate the long-term performance using the buy-and-hold-strategy method which is also an event study but with a long-term perspective.

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LUBsearch, Lund University < <http://lubsearch.lub.lu.se>>

Cross-Border M&As by Swedish Firms

Appendix

Data

1. Industry

Industrials & Materials															
Acquirer	Target	Industry	Payment	Date	Event window										Normal return
					-4	-3	-2	-1	0	1	2	3	4	5	
Proffice AB (Publ)	Dfind AB	I & M	Cash	13-01-2012	23,2	24,5	24,4	24,9	25,4	25,9	26,5	26	26,8	26	0,001111
SSAB AB	Tibnor AB	I & M	Cash	20-05-2011	92,6	91,6	91,4	91,25	90,8	88,6	90,3	90,5	90,05	89,15	0,002538
Peab AB	Inspiri AB	I & M	Cash	02-05-2012	33,8	34,92	35,05	35,05	34,93	35,49	34,35	34,4	34,47	34,52	-0,00042
B&B Tools AB	TOOLS Momentum AB	I & M	Cash	01-21-2004	46,9	46,9	47	47	47,9	48,8	49,5	51	52	52,5	0,001085
Lagercrantz Group AB	Elpress AB	I & M	Cash	05-30-2006	26	26	26,1	26,6	27,1	27,2	27,3	28	28,6	28,6	-0,002091
Atlas Copco AB	Dynapac AB	I & M	Cash	02-05-2007	114	114,5	110,25	112	110,75	113,5	113,5	112,5	114,25	111	0,001313032
Semcon AB	Caran AB	I & M	Cash	08-21-2007	59,25	58	58,75	59,75	64,5	66	67,25	66,75	67	64,25	-0,000865
OEM International AB	Elektro Elco AB	I & M	Cash	10-13-2008	39	37	36,8	35	41,5	46	44,9	44,5	42,5	43,2	-0,00229
BE Group AB	Lecor Stålteknik AB	I & M	Cash	10-07-2010	43,9	43	44,3	45,2	44,7	44,3	44	43,3	44,3	44,4	0,001547213
ÅF AB	Energio Retea	I & M	Cash	11-25-2010	123,75	125	124	125,25	124	122,75	124	127	126,75	128,5	0,000422334
Assa Abloy AB	Cardo AB	I & M	Cash	12-13-2010	192,8	190	187,1	191	188,8	193,2	189,4	191,3	191,8	192,1	0,001554
Diös Fastigheter AB	Norrvidden Fastigheter AB	I & M	Cash	09-22-2011	33,6	33,4	33,4	34,3	36	34	34	34	32,5	31	-0,00245
Haldex AB	Concentric Pumps Limited	I & M	Cash	22-02-2008	92	90,5	92	93	98,5	106	104,75	107,75	107,5	110,5	-0,0029
Höganäs AB	SCM Metal Products, Inc.	I & M	Cash	01-01-2003	161	161,5	160	165	163,5	163,5	165	159,5	158	158	0,0002
Hexpol AB	Horst Müller Kunststoffe GmbH & Co. Kg	I & M	Cash	22-12-2011	177	181	188	197	197	197	204	199	200,5	200,5	0,0002
Loomis AB	Transportadora de Caudales Vigencia S.A	I & M	Cash	02-04-2012	93,75	93,75	93,5	94,5	96,25	96,25	94,25	94,25	94,25	94,25	0,0027
Loomis AB	Efectivox S.A	I & M	Cash	21-12-2011	92	92	92,5	95,75	95	95	95	95	96	96,75	0,0006
AB Volvo	Eicher Motors Ltd.	I & M	Cash	10-12-2007	106,5	110	113	116,75	117,5	118	117	112,5	112,5	109	-0,0011
AB SKF	SKF Lubrication Systems Germany AG	I & M	Cash	12-07-2004	68,75	68,88	67,88	68,808	68,5	71,75	72,25	72,75	72	72	-0,0006
Alfa Laval AB	Foster Wheeler Biokinetics, Inc.	I & M	Cash	02-10-2003	23,75	23,62	22,75	23,25	22,5	23,38	23,75	23,12	24	24,38	0,0014
Autoliv AB	Livbag SA	I & M	Cash	01-04-2003	169	167,5	171	165	166	174	176,5	177	183	181,5	0,0001
Höganäs AB	Pyron Metal Powders Inc.	I & M	Cash	03-06-2000	141	142	142	143,5	140	143,5	143,5	138,5	142	142	0,0063
Sandvik AB (OM:SAND)	Valenite LLC	I & M	Cash	06-18-2002	45	45	43,8	44,3	45	43,7	42,6	42,6	42,4	43,5	-0,0023
Sandvik	Seco Tools AB	I & M	Stock	2011-11-07	109,3	109	111,3	109,7	105,5	102	104,7	107,2	106,3	105,2	-0,0012
Rederi AB	Gorhron Lines AB	I & M	Stock	10-07-2004	17,8	19,8	19,4	19,5	19,8	19,8	20,1	19,9	19,8	19,5	0,0006
Opcon AB	Svensk Røkgasenergi AB	I & M	Stock	06-04-2007	65	64,5	64,5	64,5	67	67	67	64,25	65	65	0,0010
Securitas AB	Niscayah Group AB	I & M	Stock	05-16-2011	67,8	67,35	67,4	67,05	64,3	64,7	64,2	64,45	65,35	64,7	-0,0001
Sandvik AB	Seco Tools AB	I & M	Stock	11-07-2011	78,2	73,1	74,95	77,95	77,4	80,95	80,6	84,6	80,85	83,85	-0,0011
Scania AB	Ainax AB	I & M	Stock	11-19-2004	64,25	64,25	63,62	63,5	65,12	64,75	64,38	65,25	63,62	63,25	0,0019
Eolus Vind AB	Svenska Vindbolaget AB	I & M	Stock	08-12-2011	6,01	5,79	5,51	5,27	5,07	4,93	5,05	4,94	4,85	5,59	-0,0030
NCC AB	Rieber & Søn Asa, Roads Business	I & M	Cash	18-09-2000	83,00	81,00	78,00	77,50	80,00	78,00	79,00	79,50	77,00	78,00	-0,0010

Financials															
Acquirer	Target	Industry	Payment	Date	Event window										Normal return
					-4	-3	-2	-1	0	1	2	3	4	5	
SEB AB	Plastal Industri AB	Financials	Cash	02-06-2009	35,3	36,2	38,3	39,8	45,1	49,7	51,5	51,5	50,75	50,5	0,0015
Ratos AB	Biolin Scientific AB	Financials	Cash	29-11-2010	95	97	99	99	99	99,5	98	97,5	97,5	97	0,0020
Hakon Invest AB	inkClub AB	Financials	Cash	21-11-2011	91,1	90,4	87	85,55	85	83,1	81,35	80	82,4	82,5	-0,0011
Atrium Ljungberg AB	Fastighets AB Celtica	Financials	Cash	13-06-2003	19,38	19,38	20,12	21	21	19,5	19,5	20	19,62	19,62	0,0014
Fabege AB	Fastighets AB Balder	Financials	Cash	09-02-2000	12,8	13	13	13	13,1	13,2	13,9	13,7	13,6	14	0,0047
Swedbank AB	FSB Bolåndirekt Bank AB	Financials	Cash	09-17-2002	105	103,5	103,5	104,5	104	99,5	99,5	97,5	93,5	94	-0,0031
Fabege AB	Ideon AB	Financials	Cash	06-20-2006	126	128	130	130	130,5	131	129,5	133	134	133	-0,0016
Swedbank AB	Soderhamns Sparbank AB	Financials	Cash	02-13-2007	269,5	269,5	277	274	274,5	278,5	282	279,5	277	274	0,0013
Fabege AB	AP Fastigheter AB	Financials	Cash	05-02-2005	183,5	179,5	172	174	173	171,5	169,5	169,5	168,5	174,5	0,0005
Nordea Bank AB	Svensk Kassaservice AB,	Financials	Cash	10-01-2007	101,2	103,1	110,9	112,3	112,3	112,8	111,9	113,1	113	112	-0,0008
Wihlborgs Fastigheter AB	Remulus Projekt Murkamen AB	Financials	Cash	05-09-2008	68	67	68,5	68,62	68,75	68	68,12	68,25	67	67	0,0003
Nordnet AB	Konsumentkredit i Sverige AB	Financials	Cash	06-30-2010	27	26,9	27,7	27,2	27,6	26,8	27,2	27,2	27,4	27,8	0,0015
Swedbank AB	FSB Bolåndirekt Bank AB	Financials	Cash	09-17-2002	105	103,5	103,5	104,5	104	99,5	99,5	97,5	93,5	94	-0,0038
Swedbank AB	First Securities AS	Financials	Cash	12-11-2010	92,70	93,90	92,65	92,90	93,20	93,70	90,25	90,35	91,50	92,40	0,0013
Svenska Handelsbanken AB	Lokalbanken i Nordsjaelland A/S	Financials	Cash	15-09-211	156,00	148,60	153,00	155,90	163,50	165,00	159,10	164,50	163,40	159,30	-0,0029
Ratos AB	Finnkino Oy	Financials	Cash	21-05-2011	123,90	126,20	126,10	129,30	128,10	127,70	129,20	130,30	129,20	128,00	0,0005
Nordea Bank AB	Roskilde Bank A/S	Financials	Cash	09-29-2008	83,90	84,30	86,50	87,20	82,00	81,10	85,30	85,80	88,10	79,90	-0,0016
Nordnet AB	Nordnet Securities Oyj	Financials	Cash	05-15-2009	16,30	16,40	16,00	16,90	17,40	17,00	16,80	17,30	17,30	16,90	0,0041
Nordea Bank AB	Fionia Holding A/S	Financials	Cash	08-31-2009	73,60	73,90	74,90	75,80	74,50	72,50	69,90	71,80	73,30	73,40	0,0025
SEB AB	Landscape Coperfil Logistics, SL	Financials	Cash	11-09-2008	109,5	118,5	118	116,75	114	118	109,75	105,75	98,5	102,25	0,0007
Intrum Justitia AB	Solutius Belgium NV	Financials	Cash	03-18-2008	99,75	99,75	100	99	99,5	96,75	96	102,75	102,75	104,5	-0,0026
SEB AB	Landscape Coperfil Logistics, SL	Financials	Cash	09-11-2008	75,25	82,75	89	86,5	87,25	82,75	74,5	68,5	69,25	71	-0,0028
Investment AB Latour	S&K I AB	Financials	Stock	17-03-2011	130,3	128,2	125,7	124,1	128,9	130,1	132,8	131,4	132,4	133,6	-0,0003
Bure Equity AB	Skanditek Industriförvaltning AB	Financials	Stock	Oct-14-2009	38,8	38,6	39	38,9	38,1	37	36,4	36	35,6	35,5	0,0014
HQ AB	Carnegie Fonder AB	Financials	Stock	06-20-2005	46,5	47	47,5	49,5	48,88	48,5	48,75	49	49,12	50	0,0007
Fastighets AB Balder	Din Bostad Sverige AB	Financials	Stock	06-26-2009	13,75	14	13,5	14,06	13,56	13,5	13,5	13,12	13,12	12,62	0,0036
Catella AB	PC Lan ASA	Financials	Stock	05-02-2001	16,50	16,80	17,00	17,00	16,00	16,70	17,10	17,10	17,10	17,60	-0,0035

Cross-Border M&As by Swedish Firms

IT & Telecommunication																
Acquirer	Target	Industry	Payment	Date	Event window										Normal return	
					-4	-3	-2	-1	0	1	2	3	4	5		
Ericsson AB	Netwise AB	IT & T	Cash	06-08-2006	116	114	114	114	107,5	110	109	107	111,5	111,5	-0,0001	
Beijer Electronics AB	Westermo Teleindustri AB	IT & T	Cash	12-20-2007	88,5	88	88	88	88	86,5	87,5	87,5	87,5	88,75	-0,0006	
Proffice AB	Dfind AB	IT & T	Cash	01-13-2012	23,2	24,5	24,4	24,9	25,4	25,9	26,5	26	26,8	26	0,0012	
Cybercom Group AB	Teleca AU-System AB	IT & T	Cash	04-01-2007	45,7	45	46,4	46,9	49,3	52,25	52,75	53,5	53,5	53,5	0,0008	
Enea AB	ZealCore Embedded Solutions AB	IT & T	Cash	24-06-2008	40,2	40	39,7	40,4	39,1	37,4	37,5	37,6	38,8	37,5	-0,0040	
Proact IT AB	Dimension	IT & T	Cash	24-11-2003	24,8	25,4	25	24,4	23,4	24	26	25,5	24,7	24,4	-0,0010	
TeliaSonera AB	Call Me A/S	IT & T	Cash	01-31-2007	55,25	55,50	55,25	56,00	55,50	56,00	55,00	55,50	56,75	56,00	0,0012	
TeliaSonera AB	ComHouse A/S	IT & T	Cash	06-17-2008	56,00	56,25	57,00	56,50	56,50	56,50	53,75	52,25	51,00	52,50	0,0004	
Tele2 AB	BBned N.V.	IT & T	Cash	07-16-2010	121,80	125,10	124,60	124,80	121,00	123,40	121,90	126,60	127,90	128,70	-0,0005	
Nolato AB	Nolato Shieldmate, Inc.	IT & T	Cash	02-07-2000	168	168	172	171	182,5	206	215	214,5	243	238,5	0,0042	
Hexagon AB	Brown & Sharpe, Inc.	IT & T	Cash	03-05-2001	5,15	5,24	5,19	5,17	5,26	5,31	5,37	5,37	5,33	5,26	-0,0019	
Cision AB	Cision Canada Inc.	IT & T	Cash	08-27-2001	500	550	560	540	580	550	580	565	565	520	-0,0026	
Biotage AB	Argonaut Technologies Inc.	IT & T	Cash	02-21-2005	11,35	12,15	12,25	12,1	11,7	12,2	11,8	12,35	12,95	12,5	0,0007	
Beijer Electronics AB	Hitech Electronics Corporation	IT & T	Cash	03-22-2005	35,5	36,88	36,5	36,25	36,25	35,12	35,5	35,62	35,62	35,62	0,0010	
Ericsson AB	Redback Networks Inc.	IT & T	Cash	12-20-2006	139,25	139,5	139,25	137,75	139,5	138,75	139	139	139	139	0,0016	
Ericsson AB	LHS Telekommunikation GmbH & Co. KG	IT & T	Cash	06-05-2007	130,75	131,25	131,25	131,8	133	133	128,5	129	130,5	127,9	0,0008	
TeliaSonera AB	MCT Corp.	IT & T	Cash	07-09-2007	51,25	52	52,75	53,75	54,25	53,75	53,75	54,5	54,25	53,5	0,0006	
PartnerTech AB	Vellinge Electronics AB	IT & T	Stock	Oct-09-2001	47	48	52	52,5	56,5	56	55	55	55,5	55,5	-0,0029	
Sigma AB	RKS AB	IT & T	Stock	05-06-2004	6,05	6	5,95	6	5,85	6	5,8	5,6	5,5	5,75	-0,0031	
I.A.R. Systems Group AB	Deltaco AB	IT & T	Stock	12-22-2004	41	41,1	41,5	42,5	39	40,3	40,7	40,1	39,3	40,7	0,0008	
Softronic AB	Modul 1 AB	IT & T	Stock	27-09-2010	6,95	6,95	7,05	7,05	7,1	7,15	7,15	7,05	7	7	0,0002	
Acando AB	Resco AB	IT & T	Stock	09-01-2006	12,8	12,7	12,55	12,4	12,4	12,25	12,3	12,2	12,1	12,1	0,0015	
Precise Biometrics AB	Loqware AB	IT & T	Stock	08-08-2005	8,05	7,9	7,9	8	8	7,95	7,8	7,9	7,9	7,85	0,0028	
Novotek AB	Elmega OY	IT & T	Stock	21-01-2008	18,30	18,30	17,00	17,50	16,80	16,80	17,00	17,10	17,00	17,70	-0,0034	
TeliaSonera AB	TeliaSonera Finland Oyj	IT & T	Stock	03-26-2002	37,00	38,60	39,30	39,70	35,40	36,10	36,10	36,10	36,10	34,70	-0,0006	
Aspiro AB	Schibsted Mobile AS	IT & T	Stock	02-17-2005	2,90	2,90	2,89	2,97	3,33	3,20	3,32	3,31	3,25	3,22	0,0007	
Pricer AB	Eldat Communication Ltd.	IT & T	Stock	24-04-2006	11,6	11,5	11,6	11,6	12,1	11,7	11,5	11,6	11,5	11,3	0,0011	

Cross-Border M&As by Swedish Firms

2. Cultural Differences, high- and low femininity

Block 1: Index 1 -29																	
Acquirer	Target	Industry	Payment	Date	Country	Index	Normal return	Event window									
								-4	-3	-2	-1	0	1	2	3	4	5
NCC AB	Rieber & Søn Asa, Roads Business	I & M	Cash	18-09-2000	Norway	8	-0,00102	83,0	81,0	78,0	77,5	80,0	78,0	79,0	79,5	77,0	78,0
Swedbank AB	First Securities AS	Financials	Cash	12-11-2010	Norway	8	0,00134	92,7	93,9	92,7	92,9	93,2	93,7	90,3	90,4	91,5	92,4
Handelsbanken AB	Lokalbanken i Nordsjaelland A/S	Financials	Cash	15-09-211	Denmark	16	-0,00290	156,0	148,6	153,0	155,9	163,5	165,0	159,1	164,5	163,4	159,3
Ratos AB	Finnkino Oy	Financials	Cash	21-05-2011	Finland	26	0,00046	123,9	126,2	126,1	129,3	128,1	127,7	129,2	130,3	129,2	128,0
Nordea Bank AB	Roskilde Bank A/S	Financials	Cash	09-29-2008	Denmark	16	-0,00155	83,9	84,3	86,5	87,2	82,0	81,1	85,3	85,8	88,1	79,9
Nordnet AB	Nordnet Securities Oyj	Financials	Cash	05-15-2009	Finland	26	0,00411	16,3	16,4	16,0	16,9	17,4	17,0	16,8	17,3	17,3	16,9
Nordea Bank AB	Fionia Holding A/S	Financials	Cash	08-31-2009	Denmark	16	0,00251	73,6	73,9	74,9	75,8	74,5	72,5	69,9	71,8	73,3	73,4
TeliaSonera AB	Call Me A/S	IT & T	Cash	01-31-2007	Denmark	16	0,00118	55,3	55,5	55,3	56,0	55,5	56,0	55,0	55,5	56,8	56,0
TeliaSonera AB	ComHouse A/S	IT & T	Cash	06-17-2008	Denmark	16	0,00035	56,0	56,3	57,0	56,5	56,5	56,5	53,8	52,3	51,0	52,5
Tele2 AB	BBned N.V.	IT & T	Cash	07-16-2010	Netherlands	14	-0,00047	121,8	125,1	124,6	124,8	121,0	123,4	121,9	126,6	127,9	128,7
Rederi AB	Trans Viking Icebreaking & Offshore As	I & M	Stock	08-13-2010	Norway	8	0,00222	23,4	23,3	22,8	22,5	25,0	25,5	25,0	25,0	24,9	24,3
Catella AB	PC Lan ASA	Financials	Stock	05-02-2001	Norway	8	-0,00352	16,5	16,8	17,0	17,0	16,0	16,7	17,1	17,1	17,1	17,6
Novotek AB	Elmega OY	IT & T	Stock	21-01-2008	Finland	26	-0,00336	18,3	18,3	17,0	17,5	16,8	16,8	17,0	17,1	17,0	17,7
TeliaSonera AB	TeliaSonera Finland Oyj	IT & T	Stock	03-26-2002	Finland	26	-0,00060	37,0	38,6	39,3	39,7	35,4	36,1	36,1	36,1	36,1	34,7
Aspiro AB	Schibsted Mobile AS	IT & T	Stock	02-17-2005	Denmark	16	0,00069	2,9	2,9	2,9	3,0	3,3	3,2	3,3	3,3	3,3	3,2

Block 2: Index 30 -69																	
Acquirer	Target	Industry	Payment	Date	Country	Index	Normal return	Event window									
								-4	-3	-2	-1	0	1	2	3	4	5
Haldex AB	Concentric Pumps Limited	I & M	Cash	22-02-2008	England	66	-0,00293	92	90,5	92	93	98,5	106	104,75	107,75	107,5	110,5
Höganäs AB	SCM Metal Products, Inc.	I & M	Cash	01-01-2003	USA	62	0,0002	161	161,5	160	165	163,5	163,5	165	159,5	158	158
Hexpol AB	Horst Müller Kunststoffe GmbH & Co. Kg	I & M	Cash	22-12-2011	Germany	66	0,00017	177	181	188	197	197	204	199	200,5	200,5	
Loomis AB	Transportadora de Caudales Vigencia S.A	I & M	Cash	02-04-2012	Argentina	56	0,00266	93,75	93,75	93,5	94,5	96,25	96,25	94,25	94,25	94,25	94,25
Loomis AB	Efectivox S.A	I & M	Cash	21-12-2011	Spain	42	0,00059	92	92	92,5	95,75	95	95	95	95	96	96,75
AB Volvo	Eicher Motors Ltd.	I & M	Cash	10-12-2007	India	56	-0,00108	106,5	110	113	116,75	117,5	118	117	112,5	112,5	109
AB SKF	SKF Lubrication Systems Germany AG	I & M	Cash	12-07-2004	Germany	66	-0,00061	68,75	68,88	67,88	68,808	68,5	71,75	72,25	72,75	72	72
Alfa Laval AB	Foster Wheeler Biokinetics, Inc.	I & M	Cash	02-10-2003	USA	62	0,00135	23,75	23,62	22,75	23,25	22,5	23,38	23,75	23,12	24	24,38
Autoliv AB	Livbag SA	I & M	Cash	01-04-2003	France	43	0,000058	169	167,5	171	165	166	174	176,5	177	183	181,5
Höganäs AB	Pyron Metal Powders Inc.	I & M	Cash	03-06-2000	USA	62	0,00632	141	142	142	143,5	140	143,5	143,5	138,5	142	142
Sandvik AB	Valenite LLC	I & M	Cash	06-18-2002	USA	62	-0,00228	45	45	43,8	44,3	45	43,7	42,6	42,6	42,4	43,5
SEB AB	Landscape Coperfil Logistics, SL	Financials	Cash	11-09-2008	Spain	42	0,00065	109,5	118,5	118	116,75	114	118	109,75	105,75	98,5	102,25
Intrum Justitia AB	Solutius Belgium NV	Financials	Cash	03-18-2008	Belgium	54	-0,00262	99,75	99,75	100	99	99,5	96,75	96	102,75	102,75	104,5
SEB AB	Landscape Coperfil Logistics, SL	Financials	Cash	09-11-2008	Spain	42	-0,00277	75,25	82,75	89	86,5	87,25	82,75	74,5	68,5	69,25	71
Nolato AB	Nolato Shieldmate, Inc.	IT & T	Cash	02-07-2000	USA	62	0,00423	168	168	172	171	182,5	206	215	214,5	243	238,5
Hexagon AB	Brown & Sharpe, Inc.	IT & T	Cash	03-05-2001	USA	62	-0,00189	5,15	5,24	5,19	5,17	5,26	5,31	5,33	5,37	5,33	5,26
Cision AB	Cision Canada Inc.	IT & T	Cash	08-27-2001	Canada	52	-0,00261	500	550	560	540	580	550	580	565	565	520
Biotage AB	Argonaut Technologies Inc.	IT & T	Cash	02-21-2005	USA	62	0,00074	11,35	12,15	12,25	12,1	11,7	12,2	11,8	12,35	12,95	12,5
Beijer Electronics AB	Hitech Electronics Corporation	IT & T	Cash	03-22-2005	Taiwan	45	0,001	35,5	36,88	36,5	36,25	36,25	35,12	35,5	35,62	35,62	35,62
Ericsson AB	Redback Networks Inc.	IT & T	Cash	12-20-2006	USA	62	0,00157	139,25	139,5	139,25	137,75	139,5	138,75	139	139	139	139
Ericsson AB	LHS Telekommunikation GmbH & Co. KG	IT & T	Cash	06-05-2007	Germany	66	0,00084	130,75	131,25	131,25	131,8	133	133	128,5	129	130,5	127,9
TeliaSonera AB	MCT Corp.	IT & T	Cash	07-09-2007	USA	62	0,00059	51,25	52	52,75	53,75	54,25	53,75	53,75	54,5	54,25	53,5
Pricer AB	Eldat Communication Ltd.	IT & T	Stock	24-04-2006	Israel	47	0,00114	11,6	11,5	11,6	11,6	12,1	11,7	11,5	11,6	11,5	11,3

Cross-Border M&As by Swedish Firms

3. Method of Payment, cash- and stock merger

Cash merger															
Acquirer	Target	Industry	Payment	Date	Event window										Normal return
					-4	-3	-2	-1	0	1	2	3	4	5	
Proffice AB (Publ)	Difind AB	I & M	Cash	13-01-2012	23,2	24,5	24,4	24,9	25,4	25,9	26,5	26,0	26,8	26,0	0,0011
SSAB AB	Tibnor AB	I & M	Cash	20-05-2011	92,6	91,6	91,4	91,3	90,8	88,6	90,3	90,5	90,1	89,2	0,0025
Peab AB	Inspi AB	I & M	Cash	02-05-2012	33,8	34,9	35,1	35,1	34,9	35,5	34,4	34,4	34,5	34,5	-0,0004
B&B Tools AB	TOOLS Momentum AB	I & M	Cash	01-21-2004	46,9	46,9	47,0	47,0	47,9	48,8	49,5	51,0	52,0	52,5	0,0011
Lagercrantz Group AB	Elpress AB	I & M	Cash	05-30-2006	26,0	26,0	26,1	26,6	27,1	27,2	27,3	28,0	28,6	28,6	-0,0021
Atlas Copco AB	Dynapac AB	I & M	Cash	02-05-2007	114,0	114,5	110,3	112,0	110,8	113,5	113,5	112,5	114,3	111,0	0,0013
Semcon AB	Caran AB	I & M	Cash	08-21-2007	59,3	58,0	58,8	59,8	64,5	66,0	67,3	66,8	67,0	64,3	-0,0009
OEM International AB	Elektro Elco AB	I & M	Cash	10-13-2008	39,0	37,0	36,8	35,0	41,5	46,0	44,9	44,5	42,5	43,2	-0,0023
BE Group AB	Lecor Stålteknik AB	I & M	Cash	10-07-2010	43,9	43,0	44,3	45,2	44,7	44,3	44,0	43,3	44,3	44,4	0,0015
ÅF AB	Energio Retea	I & M	Cash	11-25-2010	123,8	125,0	124,0	125,3	124,0	122,8	124,0	127,0	126,8	128,5	0,0004
Assa Abloy AB	Cardo AB	I & M	Cash	12-13-2010	192,8	190,0	187,1	191,0	188,8	193,2	189,4	191,3	191,8	192,1	0,0016
Diös Fastigheter AB	Norrvinden Fastigheter AB	I & M	Cash	09-22-2011	33,6	33,4	33,4	34,3	36,0	34,0	34,0	34,0	32,5	31,0	-0,0025
SEB AB	Plastal Industri AB	Financials	Cash	02-06-2009	35,3	36,2	38,3	39,8	45,1	49,7	51,5	51,5	50,8	50,5	0,0015
Ratos AB	Biolin Scientific AB	Financials	Cash	29-11-2010	95,0	97,0	99,0	99,0	99,0	99,5	98,0	97,5	97,5	97,0	0,0020
Hakon Invest AB	inkClub AB	Financials	Cash	21-11-2011	91,1	90,4	87,0	85,6	85,0	83,1	81,4	80,0	82,4	82,5	-0,0011
Atrium Ljungberg AB	Fastighets AB Celtica	Financials	Cash	13-06-2003	19,4	19,4	20,1	21,0	21,0	19,5	19,5	20,0	19,6	19,6	0,0014
Fabege AB	Fastighets AB Balder	Financials	Cash	09-02-2000	12,8	13,0	13,0	13,0	13,1	13,2	13,9	13,7	13,6	14,0	0,0047
Swedbank AB	FSB Bolåndirekt Bank AB	Financials	Cash	09-17-2002	105,0	103,5	103,5	104,5	104,0	99,5	99,5	97,5	93,5	94,0	-0,0031
Fabege AB	Ideon AB	Financials	Cash	06-20-2006	126,0	128,0	130,0	130,0	130,5	131,0	129,5	133,0	134,0	133,0	-0,0016
Swedbank AB	Soderhamns Sparbank AB	Financials	Cash	02-13-2007	269,5	269,5	277,0	274,0	274,5	278,5	282,0	279,5	277,0	274,0	0,0013
Fabege AB	AP Fastigheter AB	Financials	Cash	05-02-2005	183,5	179,5	172,0	174,0	173,0	171,5	169,5	169,5	168,5	174,5	0,0005
Nordea Bank AB	Svensk Kassaservice AB,	Financials	Cash	10-01-2007	101,2	103,1	110,9	112,3	112,3	112,8	111,9	113,1	113,0	112,0	-0,0008
Wihlborgs Fastigheter AB	Remulus Projekt Murkamen AB	Financials	Cash	05-09-2008	68,0	67,0	68,5	68,6	68,8	68,0	68,1	68,3	67,0	67,0	0,0003
Nordnet AB	Konsumentkredit i Sverige AB	Financials	Cash	06-30-2010	27,0	26,9	27,7	27,2	27,6	26,8	27,2	27,2	27,4	27,8	0,0015
Swedbank AB	FSB Bolåndirekt Bank AB	Financials	Cash	09-17-2002	105,0	103,5	103,5	104,5	104,0	99,5	99,5	97,5	93,5	94,0	-0,0038
Ericsson AB	Netwise AB	IT & T	Cash	06-08-2006	116,0	114,0	114,0	114,0	107,5	110,0	109,0	107,0	111,5	111,5	-0,0001
Beijer Electronics AB	Westermo Teleindustri AB	IT & T	Cash	12-20-2007	88,5	88,0	88,0	88,0	88,0	86,5	87,5	87,5	87,5	88,8	-0,0006
Proffice AB	Difind AB	IT & T	Cash	01-13-2012	23,2	24,5	24,4	24,9	25,4	25,9	26,5	26,0	26,8	26,0	0,0012
Cybercom Group AB	Teleca AU-System AB	IT & T	Cash	04-01-2007	45,7	45,0	46,4	46,9	49,3	52,3	52,8	53,5	53,5	53,5	0,0008
Enea AB	ZealCore Embedded Solutions AB	IT & T	Cash	24-06-2008	40,2	40,0	39,7	40,4	39,1	37,4	37,5	37,6	38,8	37,5	-0,0040
Proact IT AB	Dimension	IT & T	Cash	24-11-2003	24,8	25,4	25,0	24,4	23,4	24,0	26,0	25,5	24,7	24,4	-0,0010
NCC AB	Rieber & Søn Asa, Roads Business	I & M	Cash	18-09-2000	83,0	81,0	78,0	77,5	80,0	78,0	79,0	79,5	77,0	78,0	-0,0010
Swedbank AB	First Securities AS	Financials	Cash	12-11-2010	92,7	93,9	92,7	92,9	93,2	93,7	90,3	90,4	91,5	92,4	0,0013
Handelsbanken AB	Lokalbanken i Nordsjaelland A/S	Financials	Cash	15-09-211	156,0	148,6	153,0	155,9	163,5	165,0	159,1	164,5	163,4	159,3	-0,0029
Ratos AB	Finnkino Oy	Financials	Cash	21-05-2011	123,9	126,2	126,1	129,3	128,1	127,7	129,2	130,3	129,2	128,0	0,0005
Nordea Bank AB	Roskilde Bank A/S	Financials	Cash	09-29-2008	83,9	84,3	86,5	87,2	82,0	81,1	85,3	85,8	88,1	79,9	-0,0016
Nordnet AB	Nordnet Securities Oyj	Financials	Cash	05-15-2009	16,3	16,4	16,0	16,9	17,4	17,0	16,8	17,3	17,3	16,9	0,0041
Nordea Bank AB	Fionia Holding A/S	Financials	Cash	08-31-2009	73,6	73,9	74,9	75,8	74,5	72,5	69,9	71,8	73,3	73,4	0,0025
TeliaSonera AB	Call Me A/S	IT & T	Cash	01-31-2007	55,3	55,5	55,3	56,0	55,5	56,0	55,0	55,5	56,8	56,0	0,0012
TeliaSonera AB	ComHouse A/S	IT & T	Cash	06-17-2008	56,0	56,3	57,0	56,5	56,5	56,5	53,8	52,3	51,0	52,5	0,0004
Tele2 AB	BBned N.V.	IT & T	Cash	07-16-2010	121,8	125,1	124,6	124,8	121,0	123,4	121,9	126,6	127,9	128,7	-0,0005
Halldex AB	Concentric Pumps Limited	I & M	Cash	22-02-2008	92,0	90,5	92,0	93,0	98,5	106,0	104,8	107,8	107,5	110,5	-0,0029
Höganäs AB	SCM Metal Products, Inc.	I & M	Cash	01-01-2003	161,0	161,5	160,0	165,0	163,5	163,5	165,0	159,5	158,0	158,0	0,0002
Hexpol AB	Horst Müller Kunststoffe GmbH & Co. Kg	I & M	Cash	22-12-2011	177,0	181,0	188,0	197,0	197,0	197,0	204,0	199,0	200,5	200,5	0,0002
Loomis AB	Transportadora de Caudales Vigencia S.A	I & M	Cash	02-04-2012	93,8	93,8	93,5	94,5	96,3	96,3	94,3	94,3	94,3	94,3	0,0027
Loomis AB	Efectivox S.A	I & M	Cash	21-12-2011	92,0	92,0	92,5	95,8	95,0	95,0	95,0	95,0	96,0	96,8	0,0006
AB Volvo	Eicher Motors Ltd.	I & M	Cash	10-12-2007	106,5	110,0	113,0	116,8	117,5	118,0	117,0	112,5	112,5	109,0	-0,0011
AB SKF	SKF Lubrication Systems Germany AG	I & M	Cash	12-07-2004	68,8	68,9	67,9	68,8	68,5	71,8	72,3	72,8	72,0	72,0	-0,0006
Alfa Laval AB	Foster Wheeler Biokinetics, Inc.	I & M	Cash	02-10-2003	23,8	23,6	22,8	23,3	22,5	23,4	23,8	23,1	24,0	24,4	0,0014
Autoliv AB	Livbag SA	I & M	Cash	01-04-2003	169,0	167,5	171,0	165,0	166,0	174,0	176,5	177,0	183,0	181,5	0,0001
Höganäs AB	Pyron Metal Powders Inc.	I & M	Cash	03-06-2000	141,0	142,0	142,0	143,5	140,0	143,5	143,5	138,5	142,0	142,0	0,0063
Sandvik AB	Valenite LLC	I & M	Cash	06-18-2002	45,0	45,0	43,8	44,3	45,0	43,7	42,6	42,6	42,4	43,5	-0,0023
SEB AB	Landscape Coperfil Logistics, SL	Financials	Cash	11-09-2008	109,5	118,5	118,0	116,8	114,0	118,0	109,8	105,8	98,5	102,3	0,0007
Intrum Justitia AB	Solutius Belgium NV	Financials	Cash	03-18-2008	99,8	99,8	100,0	99,0	99,5	96,8	96,0	102,8	102,8	104,5	-0,0026
SEB AB	Landscape Coperfil Logistics, SL	Financials	Cash	09-11-2008	75,3	82,8	89,0	86,5	87,3	82,8	74,5	68,5	69,3	71,0	-0,0028
Nolato AB	Nolato Shieldmate, Inc.	IT & T	Cash	02-07-2000	168,0	168,0	172,0	171,0	182,5	206,0	215,0	214,5	243,0	238,5	0,0042
Hexagon AB	Brown & Sharpe, Inc.	IT & T	Cash	03-05-2001	5,2	5,2	5,2	5,2	5,3	5,3	5,3	5,4	5,3	5,3	-0,0019
Cision AB	Cision Canada Inc.	IT & T	Cash	08-27-2001	500,0	550,0	560,0	540,0	580,0	550,0	580,0	565,0	565,0	520,0	-0,0026
Biotech AB	Argonaut Technologies Inc.	IT & T	Cash	02-21-2005	11,4	12,2	12,3	12,1	11,7	12,2	11,8	12,4	13,0	12,5	0,0007
Beijer Electronics AB	Hitech Electronics Corporation	IT & T	Cash	03-22-2005	35,5	36,9	36,5	36,3	35,1	35,1	35,5	35,6	35,6	35,6	0,0010
Ericsson AB	Redback Networks Inc.	IT & T	Cash	12-20-2006	139,3	139,5	139,3	137,8	139,5	138,8	139,0	139,0	139,0	139,0	0,0016
Ericsson AB	LHS Telekomunikation GmbH & Co. KG	IT & T	Cash	06-05-2007	130,8	131,3	131,3	131,8	133,0	133,0	128,5	129,0	130,5	127,9	0,0008
TeliaSonera AB	MCT Corp.	IT & T	Cash	07-09-2007	51,3	52,0	52,8	53,8	54,3	53,8	53,8	54,5	54,3	53,5	0,0006

Cross-Border M&As by Swedish Firms

Stock merger

Acquirer	Target	Industry	Payment	Date	Event window										Normal return
					-4	-3	-2	-1	0	1	2	3	4	5	
Sandvik	Seco Tools AB	I & M	Stock	2011-11-07	109,3	109	111,3	109,7	105,5	102	104,7	107,2	106,3	105,2	-0,0012
Rederi AB	Gorthon Lines AB	I & M	Stock	10-07-2004	17,8	19,8	19,4	19,5	19,8	19,8	20,1	19,9	19,8	19,5	0,0006
Opcon AB	Svensk Rokgasenergi AB	I & M	Stock	06-04-2007	65	64,5	64,5	64,5	67	67	67	64,25	65	65	0,0010
Securitas AB	Niscayah Group AB	I & M	Stock	05-16-2011	67,8	67,35	67,4	67,05	64,3	64,7	64,2	64,45	65,35	64,7	-0,0001
Sandvik AB	Seco Tools AB	I & M	Stock	11-07-2011	78,2	73,1	74,95	77,95	77,4	80,95	80,6	84,6	80,85	83,85	-0,0011
Scania AB	Ainax AB	I & M	Stock	11-19-2004	64,25	64,25	63,62	63,5	65,12	64,75	64,38	65,25	63,62	63,25	0,0019
Eolus Vind AB	Svenska Vindbolaget AB	I & M	Stock	08-12-2011	6,01	5,79	5,51	5,27	5,07	4,93	5,05	4,94	4,85	5,59	-0,0030
Investment AB Latour	Säk i AB	Financials	Stock	17-03-2011	130,3	128,2	125,7	124,1	128,9	130,1	132,8	131,4	132,4	133,6	-0,0003
Bure Equity AB	Skanditek Industriförvaltning AB	Financials	Stock	Oct-14-2009	38,8	38,6	39	38,9	38,1	37	36,4	36	35,6	35,5	0,0014
HQ AB	Carnegie Fonder AB	Financials	Stock	06-20-2005	46,5	47	47,5	49,5	48,88	48,5	48,75	49	49,12	50	0,0007
Fastighets AB Balder	Din Bostad Sverige AB	Financials	Stock	06-26-2009	13,75	14	13,5	14,06	13,56	13,5	13,5	13,12	13,12	12,62	0,0036
PartnerTech AB	Vellinge Electronics AB	IT & T	Stock	Oct-09-2001	47	48	52	52,5	56,5	56	55	55	55,5	55,5	-0,0029
Sigma AB	RKS AB	IT & T	Stock	05-06-2004	6,05	6	5,95	6	5,85	6	5,8	5,6	5,5	5,75	-0,0031
I.A.R. Systems Group AB	Deltaco AB	IT & T	Stock	12-22-2004	41	41,1	41,5	42,5	39	40,3	40,7	40,1	39,3	40,7	0,0008
Softronic AB	Modul 1 AB	IT & T	Stock	27-09-2010	6,95	6,95	7,05	7,05	7,1	7,15	7,15	7,05	7	7	0,0002
Acando AB	Resco AB	IT & T	Stock	09-01-2006	12,8	12,7	12,55	12,4	12,4	12,25	12,3	12,2	12,1	12,1	0,0015
Precise Biometrics AB	Loqware AB	IT & T	Stock	08-08-2005	8,05	7,9	7,9	8	8	7,95	7,8	7,9	7,9	7,85	0,0028
Rederi AB	Trans Viking Icebreaking & Offshore As	I & M	Stock	08-13-2010	23,40	23,30	22,80	22,50	25,00	25,50	25,00	25,00	24,90	24,30	0,0022
Catella AB	PC Lan ASA	Financials	Stock	05-02-2001	16,50	16,80	17,00	17,00	16,00	16,70	17,10	17,10	17,10	17,60	-0,0035
Novotek AB	Elmega OY	IT & T	Stock	21-01-2008	18,30	18,30	17,00	17,50	16,80	16,80	17,00	17,10	17,00	17,70	-0,0034
TeliaSonera AB	TeliaSonera Finland Oyj	IT & T	Stock	03-26-2002	37,00	38,60	39,30	39,70	35,40	36,10	36,10	36,10	36,10	34,70	-0,0006
Aspiro AB	Schibsted Mobile AS	IT & T	Stock	02-17-2005	2,90	2,90	2,89	2,97	3,33	3,20	3,32	3,31	3,25	3,22	0,0007
Pricer AB	Eldat Communication Ltd.	IT & T	Stock	24-04-2006	11,6	11,5	11,6	11,6	12,1	11,7	11,5	11,6	11,5	11,3	0,0011