

An Institutional Analysis of Cross-border Hostile Takeovers

Taking a sociological perspective on the market for corporate control this thesis calls into question financial capitalism with its preference for clear shareholder-value governance of the corporation. The institutional setting chosen to show this is Sweden, with its particularly shareholder friendly governance regime and its very active takeover market. To this is added three longitudinal case studies of cross-border hostile takeover processes during the sixth takeover wave in Europe. These reveal that the success of cross-border hostile bids has little to do with the theory of the market for corporate control, as a market where contests enable “good managers” to win over “bad managers”, with the overarching goal of enhancing wealth creation for society at large. Instead the most successful actors on a market for corporate control are those who best understand that market’s power dynamics – including the use of regulatory and moral arbitrage between different national frameworks and the leveraging of short-termism of institutional investors. The case studies are then analyzed in relation to the revised Swedish takeover rules of 2009. This shows that the revision did not address the problems detected, focusing instead on enhancing deal making and further limiting the board’s ability to work for long term value creation. As a whole this thesis calls for a development of a theory of a market for corporate control that in a more sustainable way will enable board of directors to focus on the corporation as value accretive entity.



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Shareholder value, short-termism and regulatory arbitrage on the Swedish stock market during the sixth takeover wave

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