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Article

Passive ownership and long-term orientation around the world

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Online-Appendix zu

„Passive ownership and long-term orientation
around the world”

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A.1 Literature review: Passive investors

Table 12: Literature review: Passive investors.

This table presents a non-exhaustive list of literature focussing on passive investors. Results on long-term orientation are formatted in bold. For each paper the authors, their definition of passive ownership, the used methodology, the sample period and the most important results are summarized.

Authors	Definition: Passive Investors	Methodology	Sample period	Field of interest (an increase in PO leads to)	Effect
Francis et al. (2020)	Quasi-indexer (Bushee 2001) (Results robust to the definition of Appel et al. (2016) and Big Three ownership)	IV regression: Russell 1000/2000 reconstitution	1998-2006	Capital expenditures R&D expenses Earnings quality	Positive Positive Positive
Fu et al. (2021)	Classification by fund name	Panel regression	2007-2017	R&D expenses Patents granted CEO turnover	Positive Positive Negative
Liu et al. (2019)	Quasi-indexer (Bushee 2001)	Mix of normal regressions and IV regressions (Russell 1000/2000 reconstitution)	1995-2006	R&D expensed Number of patents Number of citations per patent Total citations Value/number of non-executive employee stock options Probability of management turnover if firms outperform their industry peers	Positive Positive Positive Positive Positive Negative
Tian and Yang (2021)	Quasi-indexer (Bushee 2001)	IV regression: Russell 1000/2000 reconstitution	1984-2006	R&D expenses Number of patents Number of citations received by each patent Number and length of patent claims Vote participation Follow management recommendations Probability of forced CEO turnover Independent boards Manager's risk-taking incentives Probability of severance agreements Dual class share structure Number of new products	Positive Positive Positive Positive Positive Positive Positive Positive No effect Negative Negative Negative
Appel et al. (2016)	CRSP Mutual Fund Database (index fund flag) or by name if it matches a list of strings (Results robust to Bushee's (2001) quasi-indexer definition and Big Three ownership)	IV regression: Russell 1000/2000 reconstitution	1998-2006	Capital expenditures R&D expenses Independent directors Equal voting rights Level or composition of managements pay Capital structure Board size Restrictions on shareholders ability to call special meetings Takeover defences Votes in support of management	No effect No effect Positive Positive No effect No effect Negative Negative Negative Negative
Cremers et al. (2020)	Quasi-indexer (Bushee 1998)	IV regression: Russell 1000/2000 reconstitution	1990-2016	R&D expenses (tested for a large increase in passive ownership)	No effect
Qin and Wang (2018)	CRSP Mutual Fund Database (domestic equity fund + index fund flag "D" or "E" or ETF flag "F")	Panel regression / logistic regression	2001-2015	Capital expenditures R&D expenses Five-year capitalized R&D expenses (Logit) CEO chair-duality Firm value (Tobin's Q) Operating performance (ROA) Managers' pay-for-performance sensitivity (Logit) Probability of performance-based disciplinary turnover	Negative Negative Negative Positive Negative Negative Negative Negative

A.1 Literature review: Passive investors (continued)

Authors	Definition: Passive Investors	Methodology	Sample period	Field of interest (an increase in PO leads to)	Effect
Appel et al. (2019)	Definition as in Appel et al. (2016) (Results robust to Bushee's (2001) quasi-indexer definition)	IV regression: Russell 1000/2000 reconstitution	2008-2014	Independent directors Probability of success of activists in removing takeover defences Use of proxy fights and settlements Likelihood of an activist to achieve board representation Likelihood of an activist to achieve the sale of the company	Positive Positive Positive Positive Positive
Boone and White (2015)	Quasi-indexer (Bushee 2001)	IV regression: Russell 1000/2000 reconstitution	1996-2006	Probability of voluntary disclosure (management forecasts and 8K-filing) Timeliness and preciseness of management earnings forecasts	Positive Positive
Chen et al. (2020)	1. Quasi-indexer (Bushee 2001) 2. As in Appel et al. (2016)	IV regression: Russell 1000/2000 reconstitution	2003-2006	Corporate social responsibility	Positive
Dong and Eugster (2017)	Definition as in Appel et al. (2016) (Results robust to Petajisto (2013) and Big Three ownership)	IV regression: Russell 1000/2000 reconstitution	2000-2006	Audit fee payment Discretionary accruals Probability of misstatement Cost of equity capital	Positive Negative Negative Negative
Glossner (2019)	Definition as in Appel et al. (2016)	1. IV regression: Russell 1000/2000 reconstitution 2. Fuzzy regression discontinuity design	1998-2006	Corporate social responsibility (IV and RDD)	No effect
Heath et al. (2018)	CRSP Mutual Fund Database (index fund flag "D")	Panel regression and a two-stage Heckman model	2004-2017	Votes following managements recommendations	Positive
Hou and Zhang (2016)	Definition as in Appel et al. (2016)	IV regression: Russell 1000/2000 reconstitution	2003-2011	Corporate social responsibility	Negative
Palia and Sokolinski (2019)	CRSP Mutual Fund Database (index fund flag)	IV regression: Russell 1000/2000 reconstitution	2007-2017	Supply of shares to short sellers Short interest Share lending fees	Positive Positive Negative
Schmidt and Fahlenbrach (2017)	Mutual funds and ETFs which primarily benchmark Russell 1000 or 2000 according to Morningstar	IV regression: Russell 1000/2000 reconstitution	1992-2010	Probability of CEO becoming chairman or president CEO accumulation of titles Number of shareholder proposals New independent director appointments Independent directors' turnover Announcement returns for mergers & acquisitions	Positive Positive No effect Negative Negative Negative

A.2 Variable definitions

Table 13: Variable definitions.

This table shows the calculation and sources of all relevant variables used in this thesis. Construction of most variables follow Bena et al. (2017).²⁰⁴

Variable	Description and source
Long-term orientation variables:	
CAPEX+R&D	Sum of capital expenditures (WC4601) and R&D expenses (WC1201) divided by total assets (WC2999).
CAPEX+R&D (3yr average)	The year t to t+2 average of the variable 'CAPEX+R&D'.
CAPEX	Capital expenditures (WC4601) divided by total assets (WC2999).
R&D	R&D expenses (WC1201) divided by total assets (WC2999).
EMPLOYEES	Number of employees (WC7011).
STAFF_COST	Staff costs (WC1084) divided by net sales (WC1001).
AVG_STAFF_COST	Staff costs (WC1084) multiplied with the variable 'Exchange rate' divided by the number of employees (WC7011) divided by thousand.
SG&A	Selling, general, and administrative expenses (WC1101) divided by net sales (WC1001).
Independent variables:	
PO	Fraction of passive fund holdings from FactSet.
PO_p13F	Fraction of passive fund holdings with adjustment for estimated passive 13F non-fund holdings from FactSet.
PO_BT	Fraction of passive fund holdings by the 'Big Three' from FactSet.
Control variables:	
AGE	Fiscal period end year (WC5350) minus year of incorporation (WC18273).
CASH	Cash holdings (WC2001) divided by total assets (WC2999).
CAPITAL/LABOR [\$K]	Net property, plant, and equipment (WC2501) multiplied with the variable 'Exchange rate' divided by number of employees (WC7011). Divided by one thousand.
FCF	Net income before extraordinary items (WC1551) plus depreciation (WC4049) minus capital expenditures (WC4601) divided by total assets (WC2999).
FOREIGN	Foreign sales (WC7101) divided by net sales (WC1001).
FLOAT [\$M]	Market capitalization [LC] (WC8002) adjusted by the insider variable. For non-US countries, multiplied with the variable 'Exchange rate'. Divided by one million.
INSIDER	Fraction of shares held by insiders (WC8021).
LEVERAGE	Total debt (WC3255) divided by total assets (WC2999).
ROA	Operating income before depreciation (WC18155) divided by total assets (WC2999).
SALES [\$M]	Net Sales [\$] (WC7240) divided by one million.
TANGIBILITY	Net property, plant, and equipment (WC2501) divided by total assets (WC2999).
TOBIN Q	Total assets (WC2999) plus market value of equity (WC8001) minus book value of equity (WC3501) divided by total assets (WC2999).
D(R&D)	Dummy variable which is one if a firm reported no R&D for a given year, and zero otherwise.
Other:	
Exchange rate	Net sales [\$] (WC7240) divided by net sales [LC] (WC1001).
IO	Fraction of institutional ownership from FactSet.
IO_FOR	Fraction of foreign institutional ownership from FactSet.
MSCI	Dummy variable which is one if a company was member of the MSCI ACWI in the month of their fiscal year end, and zero otherwise.

²⁰⁴ See Bena et al. 2017, p. 144.

A.3 Additional summary statistics

Table 14: Additional summary statistics for the long-term orientation measures and passive ownership. Panel A shows summary statistics on the country level, Panel B on the year level and Panel C on the country and year level. Variables are defined and constructed as described in chapter 4.1.2. The 'Sum' measures are converted to trillion USD. The 'Mean' measures are scaled by total assets. All non-binary variables are winsorized at the 1% and 99% quantiles.

Panel A: Summary statistics by country²⁰⁵

Country	# Firms	CAPEX		R&D		PO
		Sum	Mean	Sum	Mean	Mean
AE	49	34.6	0.037	0	0	0.008
AR	46	38.2	0.06	0.2	0.001	0.001
AT	81	145.1	0.067	12.6	0.013	0.008
AU	1,298	622.9	0.08	22.5	0.012	0.01
BE	77	113.8	0.057	36.1	0.035	0.008
BR	282	487	0.056	4.9	0.001	0.019
CA	2,000	1,507	0.095	53	0.019	0.014
CH	240	494	0.045	175.3	0.031	0.019
CL	133	175.4	0.054	0.2	0	0.006
CN	4,286	3,111.6	0.056	507.9	0.011	0.006
CO	39	62.9	0.047	0.6	0	0.007
CZ	31	42.1	0.069	0.3	0.001	0.009
DE	620	1,241.6	0.051	330.3	0.025	0.011
DK	109	144.7	0.057	40.2	0.04	0.011
EG	114	53.5	0.056	0	0	0.002
ES	141	544.1	0.05	26.9	0.005	0.01
FI	140	158.2	0.054	41	0.027	0.011
FR	525	1,438.1	0.044	278.1	0.017	0.009
GB	1,421	1,534	0.053	206.9	0.019	0.017
GR	260	131.8	0.061	1.2	0.001	0.003
HK	1,022	700.7	0.044	40.6	0.005	0.006
HU	29	39.9	0.097	2.5	0.007	0.009
ID	405	196.5	0.064	1	0	0.005
IE	92	180.9	0.042	107.2	0.03	0.039
IL	356	111.3	0.039	38.8	0.044	0.005
IN	1,561	1,060.7	0.075	44.1	0.004	0.003
IT	305	473.4	0.044	51.8	0.007	0.006
JO	38	2.3	0.053	0	0.001	0
JP	3,768	4,663.4	0.038	1,473.9	0.015	0.015
KR	2,178	1,376.5	0.052	225.2	0.016	0.005
LK	5	0	0.068	0	0	0
MA	40	13.7	0.069	0	0	0
MX	123	305.7	0.053	0.2	0	0.013
MY	688	269	0.047	2.4	0.001	0.003
NL	177	432.5	0.049	118.2	0.02	0.017
NO	263	262.2	0.074	15.9	0.013	0.007
NZ	120	56	0.059	2	0.008	0.008
PE	68	48.3	0.064	0.2	0.001	0.008
PH	155	117.6	0.056	0.2	0	0.005
PK	170	26.9	0.073	0.2	0	0.002
PL	392	151.4	0.063	0.5	0.001	0.003
PT	42	127	0.047	0.1	0	0.006
QA	19	16.8	0.037	0	0	0.007
RU	302	712	0.077	13	0.001	0.006
SE	424	274	0.038	95	0.028	0.013
SG	490	257.6	0.055	9.5	0.004	0.005
TH	539	240.2	0.062	1	0	0.006
TR	238	143.2	0.059	5.5	0.003	0.004
TW	1,713	743.5	0.048	226.8	0.027	0.008
US	6,177	9,784.3	0.053	2,390.9	0.045	0.066
VE	7	2.4	0.036	0	0	0.001
ZA	267	231.3	0.069	2.5	0.002	0.012
Non-US	27,888	25,317.5	0.055	4,216.7	0.013	0.009
All Countries	34,065	35,101.8	0.054	6,607.6	0.018	0.02

²⁰⁵ The structure of Panel A is taken from Bena et al. 2017, p. 126.

A.3 Additional summary statistics (continued)

Panel B: Summary statistics by year²⁰⁶

Country	# Firms	CAPEX		R&D		PO	MSCI
		Sum	Mean	Sum	Mean	Mean	Mean
Sample Start	9,649	1,086.0	5.9%	212.2	2.1%	0.5%	9.1%
Sample Mid	14,892	1,847.6	5.4%	317.9	1.6%	1.8%	11.0%
Sample End	17,707	2,241.8	4.4%	513.5	2.1%	3.7%	11.3%

Panel C: Summary statistics by country and year²⁰⁷

Country	PO		CAPEX		R&D		PO	CAPEX	R&D
	2000	2018	2001	2019	2001	2019	Δ	Δ	Δ
AR	0.1%	0.3%	4.0%	7.2%	0.0%	0.5%	0.2%	3.2%	0.4%
AT	0.1%	2.5%	7.2%	5.6%	0.5%	2.1%	2.4%	-1.7%	1.6%
AU	0.0%	3.5%	6.5%	6.8%	1.3%	1.5%	3.4%	0.3%	0.2%
BE	0.0%	2.9%	7.7%	3.7%	1.4%	3.2%	2.9%	-4.1%	1.8%
BR	0.1%	2.6%	8.8%	3.4%	0.1%	0.2%	2.5%	-5.3%	0.1%
CA	0.1%	3.4%	8.5%	6.8%	3.0%	1.6%	3.3%	-1.7%	-1.4%
CH	0.2%	5.2%	5.6%	4.4%	3.1%	3.7%	5.0%	-1.2%	0.6%
CL	0.0%	1.6%	6.6%	4.3%	0.0%	0.0%	1.6%	-2.2%	0.0%
CN	0.0%	0.8%	6.6%	4.5%	0.1%	2.1%	0.8%	-2.1%	2.0%
CO	0.0%	1.9%	4.2%	5.4%	0.0%	0.0%	1.9%	1.2%	0.0%
CZ	0.0%	0.9%	7.7%	5.5%	0.0%	0.0%	0.9%	-2.2%	0.0%
DE	0.0%	3.3%	6.8%	4.3%	2.1%	2.5%	3.2%	-2.6%	0.4%
DK	0.0%	3.4%	7.4%	4.5%	3.5%	3.2%	3.4%	-3.0%	-0.4%
EG	0.0%	0.7%	8.3%	4.8%	0.0%	0.0%	0.7%	-3.5%	0.0%
ES	0.1%	3.3%	6.3%	5.1%	0.4%	0.8%	3.2%	-1.2%	0.4%
FI	0.5%	2.5%	7.4%	3.2%	2.1%	2.1%	2.0%	-4.2%	0.0%
FR	0.1%	3.0%	5.9%	4.0%	1.2%	1.9%	2.9%	-1.9%	0.7%
GB	0.2%	4.8%	6.4%	3.8%	2.2%	1.6%	4.6%	-2.6%	-0.7%
GR	0.0%	1.4%	7.9%	4.2%	0.2%	0.1%	1.3%	-3.8%	-0.1%
HK	0.0%	1.4%	5.4%	3.6%	0.4%	0.9%	1.4%	-1.8%	0.4%
HU	0.0%	2.0%	10.4%	8.2%	0.7%	0.6%	2.0%	-2.2%	-0.1%
ID	0.0%	0.8%	5.9%	5.5%	0.0%	0.0%	0.7%	-0.4%	0.0%
IE	0.7%	9.5%	4.8%	2.9%	2.3%	2.9%	8.8%	-1.9%	0.6%
IL	0.0%	1.1%	5.1%	3.5%	4.4%	4.1%	1.0%	-1.5%	-0.3%
IN	0.0%	0.8%	6.4%	5.6%	0.4%	0.5%	0.8%	-0.8%	0.1%
IT	0.0%	1.8%	6.3%	3.6%	0.7%	1.1%	1.8%	-2.7%	0.5%
JO			6.8%		0.0%				
JP	0.0%	4.3%	4.1%	3.9%	1.2%	1.5%	4.3%	-0.2%	0.3%
KR	0.0%	1.4%	5.3%	4.5%	0.5%	2.5%	1.3%	-0.8%	2.1%
MA	0.0%		6.4%		0.0%				
MX	0.7%	2.2%	4.6%	4.4%	0.0%	0.0%	1.5%	-0.2%	0.0%
MY	0.1%	0.8%	4.5%	4.0%	0.0%	0.0%	0.7%	-0.5%	0.0%
NL	0.1%	4.7%	7.1%	3.5%	1.3%	3.3%	4.5%	-3.6%	2.0%
NO	0.8%	2.3%	8.3%	5.8%	2.1%	1.2%	1.5%	-2.6%	-0.9%
NZ	0.0%	2.1%	6.9%	4.5%	0.1%	1.6%	2.1%	-2.4%	1.5%
PE	0.0%	1.4%	4.1%	4.8%	0.0%	0.1%	1.4%	0.7%	0.1%
PH	0.0%	0.9%	7.0%	5.1%	0.0%	0.0%	0.9%	-2.0%	0.0%
PK	0.0%	0.5%	4.8%	6.3%	0.0%	0.0%	0.5%	1.6%	0.0%
PL	0.0%	0.8%	9.1%	5.6%	0.1%	0.6%	0.8%	-3.5%	0.5%
PT	0.1%	2.7%	6.1%	5.2%	0.0%	0.0%	2.6%	-0.9%	0.0%
RU	0.1%	1.6%	8.5%	7.6%	0.0%	0.0%	1.6%	-0.8%	0.0%
SE	0.0%	2.8%	6.3%	3.2%	3.3%	2.5%	2.7%	-3.2%	-0.9%
SG	0.1%	1.2%	5.7%	3.7%	0.4%	0.6%	1.1%	-2.0%	0.2%
TH	0.0%	1.3%	5.4%	4.9%	0.0%	0.1%	1.3%	-0.5%	0.1%
TR	0.0%	1.2%	8.6%	4.1%	0.4%	0.3%	1.2%	-4.6%	-0.1%
TW	0.0%	1.8%	5.6%	3.8%	1.5%	3.1%	1.8%	-1.8%	1.6%
US	1.2%	14.3%	6.2%	4.2%	4.8%	5.2%	13.0%	-2.0%	0.4%
VE	0.0%		3.0%		0.0%				
ZA	0.0%	4.1%	7.4%	5.8%	0.4%	0.1%	4.1%	-1.6%	-0.3%
AE		0.9%		2.9%		0.0%			
QA		1.6%		2.1%		0.0%			

²⁰⁶ The sample start, mid and end years depend on the variable. For number of firms and the independent variables (PO and MSCI), those are the years 2000, 2009 and 2018. For the dependent variables (CAPEX and R&D), those are the years 2001, 2010 and 2019.

²⁰⁷ The structure of Panel C is taken from Aggarwal et al. 2011, p. 160.

A.4 Correlation analysis

Table 15: Correlation analysis of the independent variables.

In Panel A the bivariate correlations are shown. The correlations are Pearson correlation coefficients. The variable names on the horizontal axis are abbreviated for the sake of brevity. In Panel B the VIFs are shown.

Panel A: Correlation analysis: Correlation matrix

	PO	SALES	AGE	ROA	TOB.	LEV.	TANG.	CASH	FCF	C/L	INS.	FOR.	FLOAT	D(R&D)
PO	1	0.22	0.07	0.08	0.03	0.05	-0.04	-0.02	0.02	0.06	-0.49	0.03	0.31	-0.00
SALES [\$M]	0.22	1	0.17	0.08	-0.10	0.14	0.04	-0.16	0.06	0.04	-0.17	0.18	0.74	-0.02
AGE	0.07	0.17	1	0.06	-0.21	0.02	0.07	-0.18	0.11	-0.05	-0.10	0.07	0.11	-0.09
ROA	0.08	0.08	0.06	1	0.08	-0.04	0.14	-0.23	0.71	0.01	-0.01	0.14	0.15	0.10
TOBIN Q	0.03	-0.10	-0.21	0.08	1	-0.25	-0.21	0.37	0.03	-0.10	-0.03	-0.04	0.08	-0.11
LEVERAGE	0.05	0.14	0.02	-0.04	-0.25	1	0.34	-0.43	-0.14	0.19	-0.02	-0.06	0.07	0.14
TANGIBILITY	-0.04	0.04	0.07	0.14	-0.21	0.34	1	-0.42	-0.12	0.46	0.06	-0.16	0.02	0.21
CASH	-0.02	-0.16	-0.18	-0.23	0.37	-0.43	-0.42	1	-0.10	-0.16	0.01	-0.03	-0.08	-0.18
FCF	0.02	0.06	0.11	0.71	0.03	-0.14	-0.12	-0.10	1	-0.13	0.05	0.13	0.10	0.03
CAPITAL/LABOR [\$K]	0.06	0.04	-0.05	0.01	-0.10	0.19	0.46	-0.16	-0.13	1	-0.05	-0.13	0.08	0.17
INSIDER	-0.49	-0.17	-0.10	-0.01	-0.03	-0.02	0.06	0.01	0.05	-0.05	1	-0.09	-0.30	0.10
FOREIGN	0.03	0.18	0.07	0.14	-0.04	-0.06	-0.16	-0.03	0.13	-0.13	-0.09	1	0.10	-0.09
FLOAT [\$M]	0.31	0.74	0.11	0.15	0.08	0.07	0.02	-0.08	0.10	0.08	-0.30	0.10	1	-0.05
D(R&D)	-0.00	-0.02	-0.09	0.10	-0.11	0.14	0.21	-0.18	0.03	0.17	0.10	-0.09	-0.05	1

A.4 Correlation analysis (continued)

Panel B: Multicollinearity analysis: Variance inflation factors

Variable	VIF-Index
PO	1.40
SALES [\$M]	2.47
AGE	1.14
ROA	2.46
TOBIN Q	1.32
LEVERAGE	1.35
TANGIBILITY	1.73
CASH	1.64
FCF	2.33
CAPITAL/LABOR [\$K]	1.33
INSIDER	1.42
FOREIGN	1.12
FLOAT [\$M]	2.61
D(R&D)	1.11

A.5 Literature review: MSCI ACWI as an identification strategy

Table 16: Literature review: MSCI ACWI as an identification strategy.

This table presents a non-exhaustive list of literature using the MSCI ACWI as the identification strategy. For each paper the authors, field of research, methodology, included fixed effects, effect of MSCI ACWI inclusion on the endogenous variable, sample countries and sample period are summarized.

Authors	Field of research	Methodology	Fixed effects	If IV: influence on the endogenous variable	Countries	Sample period
Aggarwal et al. (2011)	Institutional investors and corporate governance (MSCI ACWI membership is the instrument for foreign investors)	IV: MSCI ACWI membership	Industry, country and year	Positive relation between MSCI ACWI membership and foreign ownership	23 (incl. US)	2003 - 2008
Aguilera et al. (2017)	Foreign institutional investors and managerial earnings optimism	IV: MSCI ACWI membership	1. Year and industry 2. Year and firm*	Positive relation between MSCI ACWI membership and foreign ownership No relation between MSCI ACWI membership and domestic ownership	Japan	2006 - 2013
Bena et al. (2017)	Foreign institutional investors and long-term orientation	IV: MSCI ACWI membership (Robustness test with 10% bandwidth) Difference-in-Differences: MSCI ACWI addition	Firm and year	Positive relation between MSCI ACWI membership and foreign ownership	30 (incl. US)	2001 - 2010
Dyck et al. (2019)	Institutional investors and CSR	IV (in robustness test): MSCI ACWI membership**	Country, industry and year	Positive relation between MSCI ACWI membership and institutional ownership	41 (excl. US)	2004 - 2013
Ferreira and Matos (2008)	Role of institutional investors and their effect on shareholder value	OLS: MSCI ACWI membership 3-stage-least-squared: MSCI ACWI membership	1. Year 2. Year and country	Positive relation between MSCI ACWI membership and institutional, foreign, independent and grey ownership Negative relation between MSCI ACWI membership and domestic ownership	48 (excl. US)	2000-2005
Kacperczyk et al. (2021)	Foreign institutional investors and price informativeness	Difference-in-Differences: MSCI ACWI addition			40 (incl. US)	2000 - 2016
Luong et al. (2017)	Foreign institutional investors and firm innovation	IV: MSCI ACWI membership	1. Year, industry and country 2. Firm and year	Positive relation between MSCI ACWI membership and foreign ownership	26 (excl. US)	2000 - 2010
Pereira da Silva (2018)	Price informativeness and investment-stock price sensitivity	IV: MSCI ACWI membership	1. Year, industry and country 2. Firm and year	Positive relation between MSCI ACWI membership and analyst coverage and institutional ownership	DM and EM countries***	1996 - 2017
Shin and Park (2020)	Foreign institutional investors and corporate sustainability (R&D)	IV: MSCI ACWI membership	Industry and year	Positive relation between MSCI ACWI membership and foreign ownership	South Korea	2001 - 2004

* Only for the first stage.

** The sample is limited to firms that at least once change their MSCI ACWI membership.

*** Exact number not explicitly mentioned.

A.6 Baseline regressions

Table 17: Baseline regressions.

This table shows the results of the OLS panel regressions. All variables are constructed as described in chapter 4.1.2. For every long-term orientation measure, two models are conducted. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_STAFF_COST) | (15)-(16) SG&A. All uneven model numbers follow the Bena-specification and all even model numbers the Full-specification as defined in chapter 4.1.2.2. The sample consists of firm-year combinations from Worldscope from 2000 to 2019. All independent variables are lagged by one year. The standard errors are clustered on the country and year level and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.058*** (0.019)	0.055*** (0.018)	0.056*** (0.016)	0.054*** (0.017)	0.055** (0.023)	0.042* (0.022)	0.001 (0.007)	0.014** (0.006)	1.288*** (0.184)	0.749** (0.277)	-0.007 (0.078)	0.030 (0.072)	-1.602** (0.719)	-1.971** (0.711)	-0.029 (0.124)	0.026 (0.112)
log(SALES [\$M])	0.0002 (0.001)	-0.006*** (0.001)	-0.003*** (0.001)	-0.006*** (0.001)	0.001 (0.001)	-0.006*** (0.001)	-0.0002 (0.0004)	0.001** (0.0003)	0.060*** (0.011)	0.073** (0.033)	-0.018*** (0.004)	-0.039** (0.016)	0.026** (0.009)	0.081*** (0.019)	-0.058*** (0.012)	-0.094*** (0.009)
log(AGE)		-0.0001 (0.0001)		0.00000 (0.0001)		-0.0001 (0.0001)		-0.00000 (0.0001)		0.002 (0.002)		0.0002 (0.0004)		-0.002 (0.002)		0.001 (0.001)
ROA		0.094*** (0.022)		0.055*** (0.011)		0.115*** (0.014)		-0.016** (0.007)		-0.081 (0.098)		-0.182*** (0.042)		-0.280** (0.116)		-0.481*** (0.105)
TOBIN Q	0.003*** (0.001)	0.001 (0.001)	0.002*** (0.0004)	0.001*** (0.0004)	0.004*** (0.001)	0.001* (0.0004)	-0.0005*** (0.0001)	0.0001 (0.0002)	-0.012* (0.006)	-0.086*** (0.007)	-0.004*** (0.001)	-0.006** (0.002)	-0.020 (0.012)	-0.026** (0.012)	-0.006* (0.003)	-0.012*** (0.003)
LEVERAGE	-0.049*** (0.004)	-0.037*** (0.003)	-0.038*** (0.004)	-0.033*** (0.003)	-0.039*** (0.005)	-0.026*** (0.003)	-0.008*** (0.001)	-0.009*** (0.002)	0.310*** (0.043)	0.390*** (0.040)	-0.029** (0.014)	-0.015 (0.015)	0.035 (0.051)	0.016 (0.057)	-0.080*** (0.024)	-0.049 (0.028)
TANGIBILITY	0.009 (0.009)	0.009 (0.010)	-0.005 (0.008)	-0.008 (0.008)	0.001 (0.007)	0.001 (0.007)	0.009** (0.004)	0.009** (0.004)	0.063 (0.136)	0.225* (0.124)	-0.024 (0.018)	-0.001 (0.016)	-0.244* (0.127)	-0.229* (0.115)	-0.151*** (0.052)	-0.078* (0.045)
CASH	0.024*** (0.006)	0.021*** (0.005)	0.017*** (0.004)	0.015*** (0.004)	0.018** (0.007)	0.016** (0.006)	0.004 (0.003)	0.003 (0.003)	-0.492*** (0.140)	-0.424*** (0.146)	0.055* (0.020)	0.040** (0.016)	-0.017 (0.063)	0.030 (0.068)	0.188** (0.089)	0.155 (0.096)
FCF	-0.057*** (0.006)	-0.097*** (0.012)	-0.019*** (0.004)	-0.041*** (0.006)	-0.032*** (0.010)	-0.081*** (0.014)	-0.018*** (0.005)	-0.012*** (0.002)	0.197*** (0.030)	0.002 (0.045)	-0.108*** (0.021)	-0.027** (0.012)	-0.109*** (0.035)	-0.063 (0.043)	-0.345*** (0.050)	-0.136*** (0.015)
log(CAPITAL/LABOR [\$K])	-0.002* (0.001)	-0.002** (0.001)	-0.003*** (0.001)	-0.003** (0.001)	-0.00002 (0.001)	-0.001 (0.001)	-0.001* (0.001)	-0.001** (0.001)								
INSIDER	-0.002 (0.002)	0.011*** (0.003)	-0.003* (0.002)	0.0003 (0.001)	-0.003 (0.002)	0.014*** (0.003)	0.001 (0.001)	-0.003 (0.002)	-0.168** (0.063)	0.473*** (0.071)	0.007 (0.006)	0.031** (0.013)	-0.003 (0.031)	0.083** (0.039)	-0.011 (0.008)	0.061*** (0.015)
FOREIGN	0.010*** (0.002)	0.010*** (0.002)	0.008*** (0.002)	0.007*** (0.002)	0.004*** (0.001)	0.004*** (0.001)	0.005** (0.002)	0.006** (0.002)	0.145*** (0.044)	0.207*** (0.054)	-0.014** (0.006)	0.004 (0.007)	-0.063** (0.028)	-0.079** (0.030)	-0.013 (0.011)	0.027*** (0.007)
log(FLOAT [\$M])		0.006*** (0.001)		0.002** (0.001)		0.007*** (0.001)		-0.001 (0.001)		0.278*** (0.035)		0.012* (0.006)		0.032*** (0.008)		0.035*** (0.004)
D(R&D)		-0.010*** (0.002)		-0.007*** (0.001)				-0.011*** (0.001)								
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	137,909	124,616	109,720	99,895	137,909	124,616	138,099	124,753	137,891	123,922	100,783	90,631	83,356	74,127	140,485	128,290
R ²	0.749	0.753	0.855	0.856	0.679	0.686	0.897	0.898	0.959	0.964	0.841	0.842	0.917	0.915	0.829	0.833
Adjusted R ²	0.704	0.711	0.826	0.828	0.621	0.632	0.878	0.881	0.952	0.958	0.808	0.809	0.897	0.896	0.799	0.805

Note:

*p<0.1; **p<0.05; ***p<0.01

A.7 2SLS: First stage

Table 18: 2SLS: First stage.

This table shows the first stages of the 2SLS regressions with MSCI ACWI membership as the instrument for passive ownership. All variables are constructed as described in chapter 4.1.2. For each long-term orientation variable, two models are built. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_STAFF_COST) | (15)-(16) SG&A. The sample consists of firm-year combinations from Worldscope from 2000 to 2019. The standard errors are clustered on the country and year level and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

	<i>Dependent variable:</i>															
	PO															
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
MSCI	0.013*** (0.001)	0.011*** (0.001)	0.012*** (0.001)	0.012*** (0.002)	0.013*** (0.001)	0.012*** (0.001)	0.013*** (0.001)	0.011*** (0.001)	0.013*** (0.001)	0.012*** (0.001)	0.011*** (0.001)	0.011*** (0.001)	0.011*** (0.001)	0.011*** (0.001)	0.013*** (0.001)	0.012*** (0.001)
log(SALES [\$M])	0.002 (0.002)	0.001 (0.001)	0.002 (0.001)	0.001 (0.001)	0.002 (0.002)	0.001 (0.001)	0.002 (0.002)	0.001 (0.001)	0.001** (0.0002)	0.001*** (0.0002)	0.0003 (0.0002)	0.0003 (0.0002)	0.0002 (0.0002)	0.0001 (0.001)	0.001* (0.0004)	0.001*** (0.0002)
log(AGE)		0.0004* (0.0002)		0.0004* (0.0002)		0.0004* (0.0002)		0.0004* (0.0002)		0.0004* (0.0002)		0.0002* (0.0001)		0.0002 (0.0001)		0.0003* (0.0002)
ROA		0.006 (0.005)		0.010* (0.005)		0.007 (0.005)		0.006 (0.005)		0.007* (0.004)		0.005*** (0.001)		0.005** (0.002)		0.008* (0.004)
TOBIN Q	0.0004 (0.0004)	-0.0002 (0.0004)	-0.0003* (0.0002)	-0.001*** (0.0003)	0.0004 (0.0004)	-0.0002 (0.0004)	0.0004 (0.0004)	-0.0002 (0.0004)	0.0003 (0.0004)	-0.0002 (0.001)	0.0005 (0.0003)	0.0002 (0.0003)	0.001 (0.0004)	0.0003 (0.0003)	0.0005 (0.0003)	-0.0002 (0.001)
LEVERAGE	0.012* (0.006)	0.014** (0.006)	0.007* (0.004)	0.010** (0.004)	0.012* (0.006)	0.014** (0.006)	0.012* (0.006)	0.014** (0.006)	0.013* (0.007)	0.015* (0.007)	-0.001 (0.002)	0.0003 (0.002)	-0.001 (0.002)	0.0002 (0.002)	0.014* (0.007)	0.015** (0.007)
TANGIBILITY	0.013 (0.008)	0.016* (0.008)	0.012 (0.008)	0.013 (0.008)	0.013 (0.008)	0.016* (0.008)	0.013 (0.008)	0.016* (0.008)	0.013 (0.007)	0.014 (0.008)	0.002 (0.003)	0.003 (0.003)	0.003 (0.004)	0.003 (0.004)	0.013* (0.007)	0.014* (0.008)
CASH	-0.001 (0.003)	-0.001 (0.003)	0.002 (0.003)	0.002 (0.003)	-0.001 (0.003)	-0.002 (0.003)	-0.001 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.002 (0.003)	-0.002 (0.003)
FCF	0.003 (0.002)	0.0001 (0.001)	0.0001 (0.002)	-0.004* (0.002)	0.003 (0.002)	0.0001 (0.001)	0.003 (0.002)	0.0001 (0.001)	0.005*** (0.001)	0.001 (0.001)	0.003* (0.002)	0.001 (0.002)	0.002 (0.002)	0.001 (0.002)	0.006*** (0.002)	0.001 (0.002)
log(CAPITAL/LABOR [\$K])	0.00001 (0.002)	-0.001 (0.001)	0.00000 (0.001)	-0.0004 (0.001)	0.00001 (0.002)	-0.001 (0.001)	-0.00002 (0.002)	-0.001 (0.001)								
INSIDER	-0.024*** (0.006)	-0.020*** (0.005)	-0.021*** (0.005)	-0.018*** (0.004)	-0.024*** (0.006)	-0.021*** (0.005)	-0.024*** (0.006)	-0.020*** (0.005)	-0.024*** (0.006)	-0.021*** (0.004)	-0.012*** (0.003)	-0.010** (0.004)	-0.011*** (0.003)	-0.010* (0.005)	-0.025*** (0.006)	-0.020*** (0.004)
FOREIGN	-0.003 (0.003)	-0.003 (0.003)	-0.002 (0.002)	-0.003 (0.003)	-0.003 (0.003)	-0.003 (0.003)	-0.003 (0.003)	-0.003 (0.003)	-0.002 (0.003)	-0.003 (0.002)	0.001 (0.001)	0.0004 (0.001)	0.0001 (0.001)	-0.00001 (0.001)	-0.003 (0.003)	-0.003 (0.003)
log(FLOAT [\$M])		0.002 (0.001)		0.001 (0.001)		0.002 (0.001)		0.002 (0.001)		0.002 (0.002)		0.001 (0.001)		0.001 (0.001)		0.003 (0.002)
D(R&D)		0.009*** (0.002)		0.007*** (0.002)				0.009*** (0.002)								
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	137,909	124,616	109,720	99,895	137,909	124,616	138,099	124,753	137,891	123,922	100,783	90,631	83,356	74,127	140,485	128,290
R ²	0.825	0.829	0.824	0.828	0.825	0.827	0.824	0.828	0.822	0.825	0.824	0.827	0.835	0.838	0.824	0.828
Adjusted R ²	0.793	0.799	0.789	0.795	0.793	0.797	0.793	0.799	0.790	0.796	0.788	0.791	0.797	0.801	0.793	0.798
Partial F-Statistic	79.95	60.73	73.93	52.44	79.95	62.04	80.16	60.63	94.59	72.00	175.30	158.20	203.4	176.2	97.03	62.58

Note:

*p<0.1; **p<0.05; ***p<0.01

A.8 2SLS: Second stage

Table 19: 2SLS: Second stage.

This table shows the second stages of the 2SLS regressions with MSCI ACWI membership as the instrument for passive ownership. All variables are constructed as described in chapter 4.1.2. For each long-term orientation variable, two models are built. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_STAFF_COST) | (15)-(16) SG&A. The sample consists of firm-year combinations from Worldscope from 2000 to 2019. All independent variables are lagged by one year. The standard errors are clustered on the country and year level and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO(fit)	0.090 (0.087)	-0.054 (0.084)	-0.050 (0.070)	-0.086 (0.077)	0.126** (0.054)	-0.058 (0.059)	-0.037 (0.060)	0.008 (0.046)	15.571*** (1.949)	5.402*** (1.342)	0.626** (0.245)	0.867** (0.378)	3.362 (2.483)	1.060 (2.820)	1.361*** (0.391)	1.450** (0.546)
log(SALES [\$M])	0.0001 (0.001)	-0.005*** (0.001)	-0.003*** (0.001)	-0.005*** (0.001)	0.001 (0.001)	-0.006*** (0.001)	-0.0001 (0.0003)	0.001* (0.0004)	0.050*** (0.013)	0.069* (0.033)	-0.018*** (0.003)	-0.039** (0.016)	0.025** (0.009)	0.080*** (0.020)	-0.059*** (0.012)	-0.095*** (0.008)
log(AGE)		-0.0001 (0.0001)		0.0001 (0.0001)		-0.0001 (0.0001)		-0.00000 (0.00005)		0.0004 (0.002)		0.0001 (0.0004)		-0.003 (0.002)		0.001 (0.001)
ROA		0.095*** (0.022)		0.056*** (0.011)		0.115*** (0.014)		-0.016** (0.006)		-0.118 (0.097)		-0.186*** (0.042)		-0.295** (0.109)		-0.493*** (0.102)
TOBIN Q	0.003*** (0.001)	0.001 (0.0005)	0.002*** (0.0004)	0.001*** (0.0004)	0.004*** (0.001)	0.001** (0.0003)	-0.0004*** (0.0001)	0.0001 (0.0002)	-0.018* (0.009)	-0.085*** (0.006)	-0.004*** (0.001)	-0.006** (0.002)	-0.024 (0.015)	-0.027* (0.013)	-0.007* (0.003)	-0.011*** (0.004)
LEVERAGE	-0.049*** (0.005)	-0.035*** (0.003)	-0.038*** (0.005)	-0.031*** (0.004)	-0.040*** (0.005)	-0.025*** (0.004)	-0.007*** (0.001)	-0.009*** (0.002)	0.134 (0.134)	0.323*** (0.042)	-0.029** (0.014)	-0.015 (0.016)	0.041 (0.052)	0.016 (0.056)	-0.098*** (0.029)	-0.070* (0.036)
TANGIBILITY	0.008 (0.009)	0.011 (0.010)	-0.004 (0.009)	-0.006 (0.009)	0.0003 (0.007)	0.002 (0.007)	0.009* (0.005)	0.009* (0.005)	-0.111 (0.213)	0.157 (0.154)	-0.025 (0.018)	-0.003 (0.016)	-0.257* (0.135)	-0.238* (0.123)	-0.168*** (0.051)	-0.099** (0.045)
CASH	0.024*** (0.006)	0.021*** (0.005)	0.017*** (0.004)	0.015*** (0.004)	0.018** (0.007)	0.016** (0.006)	0.004 (0.003)	0.003 (0.003)	-0.452*** (0.140)	-0.411** (0.144)	0.057* (0.021)	0.042** (0.017)	-0.001 (0.068)	0.039 (0.069)	0.192** (0.090)	0.158 (0.096)
FCF	-0.057*** (0.006)	-0.097*** (0.012)	-0.019*** (0.004)	-0.042*** (0.006)	-0.033*** (0.010)	-0.081*** (0.014)	-0.018*** (0.005)	-0.012*** (0.002)	0.126*** (0.031)	0.002 (0.042)	-0.110*** (0.021)	-0.028** (0.012)	-0.118*** (0.037)	-0.063 (0.042)	-0.354*** (0.051)	-0.136*** (0.015)
log(CAPITAL/LABOR [\$K])	-0.002* (0.001)	-0.002** (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	-0.00004 (0.001)	-0.001 (0.001)	-0.001** (0.001)	-0.001** (0.001)								
INSIDER	-0.002 (0.003)	0.009* (0.005)	-0.006* (0.003)	-0.002 (0.003)	-0.001 (0.003)	0.012*** (0.003)	-0.0003 (0.002)	-0.003 (0.003)	0.195** (0.082)	0.564*** (0.072)	0.015* (0.008)	0.039** (0.014)	0.054 (0.036)	0.110** (0.038)	0.025* (0.012)	0.087*** (0.017)
FOREIGN	0.010*** (0.002)	0.010*** (0.002)	0.007*** (0.002)	0.007*** (0.002)	0.004*** (0.001)	0.003** (0.001)	0.005*** (0.002)	0.006*** (0.002)	0.180*** (0.047)	0.219*** (0.056)	-0.014** (0.006)	0.004 (0.007)	-0.062* (0.031)	-0.078** (0.031)	-0.009 (0.014)	0.031*** (0.010)
log(FLOAT [\$M])		0.006*** (0.001)		0.002*** (0.001)		0.007*** (0.001)		-0.001* (0.001)		0.265*** (0.029)		0.010* (0.005)		0.028*** (0.010)		0.030*** (0.005)
D(R&D)		-0.009*** (0.002)		-0.006*** (0.001)				-0.011*** (0.001)								
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	137,909	124,616	109,720	99,895	137,909	124,616	138,099	124,753	137,891	123,922	100,783	90,631	83,356	74,127	140,485	128,290
R ²	0.749	0.752	0.854	0.855	0.678	0.685	0.896	0.898	0.937	0.962	0.840	0.840	0.914	0.914	0.828	0.832
Adjusted R ²	0.704	0.710	0.825	0.827	0.621	0.631	0.878	0.881	0.926	0.955	0.807	0.807	0.895	0.895	0.797	0.803

Note:

*p<0.1; **p<0.05; ***p<0.01

A.9 Same sample size

Table 20: Regression results: Same amount of observations.

This table shows the OLS and IV regression results for a sample with the same number of observations for all dependent variables. The model specifications follow Bena et al. (2017) (Panel A) and the full model (Panel B) as defined in chapter 4.1.2.2. For all variables used in those models, the observations with missing values have been excluded. The reduced sample consists of 46,363 observations. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_STAFF_COST) | (15)-(16) SG&A. The sample consists of firm-year combinations from Worldscope from 2000 to 2019. All independent variables are lagged by one year. The standard errors are clustered on the country and year level and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

Panel A: Bena-specification

	Dependent variable:															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.031 (0.037)		-0.002 (0.027)		0.047 (0.034)		-0.018* (0.009)		1.377*** (0.454)		0.098 (0.067)		-1.271* (0.644)		0.162 (0.160)	
PO(fit)		0.142 (0.167)		-0.041 (0.167)		0.094 (0.150)		0.023 (0.054)		6.326*** (1.402)		0.644 (0.392)		-1.114 (3.088)		2.495** (0.899)
log(SALES [\$M])	0.003*** (0.001)	0.003*** (0.001)	-0.001 (0.001)	-0.001 (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.0001 (0.0005)	0.0001 (0.001)	0.413*** (0.022)	0.405*** (0.023)	-0.040*** (0.011)	-0.041*** (0.011)	0.079*** (0.021)	0.079*** (0.023)	-0.108*** (0.030)	-0.112*** (0.030)
TOBIN Q	0.003*** (0.001)	0.003*** (0.001)	0.002** (0.001)	0.002*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	-0.0003 (0.0002)	-0.0003 (0.0002)	-0.008* (0.004)	-0.007** (0.003)	-0.002 (0.002)	-0.001 (0.002)	0.012** (0.004)	0.012** (0.004)	0.001 (0.006)	0.001 (0.005)
LEVERAGE	-0.048*** (0.006)	-0.048*** (0.007)	-0.039*** (0.004)	-0.039*** (0.004)	-0.043*** (0.006)	-0.043*** (0.006)	-0.004** (0.001)	-0.004** (0.001)	0.101** (0.042)	0.104** (0.047)	0.014 (0.011)	0.014 (0.011)	-0.008 (0.067)	-0.008 (0.067)	0.030 (0.026)	0.031 (0.027)
TANGIBILITY	-0.009 (0.009)	-0.010 (0.009)	-0.017* (0.008)	-0.016* (0.008)	-0.012 (0.009)	-0.013 (0.009)	0.005** (0.002)	0.005** (0.002)	0.258* (0.124)	0.246* (0.129)	0.005 (0.022)	0.004 (0.023)	-0.182* (0.098)	-0.182* (0.101)	-0.105* (0.053)	-0.111* (0.059)
CASH	0.034*** (0.005)	0.034*** (0.005)	0.021*** (0.004)	0.021*** (0.004)	0.031*** (0.004)	0.031*** (0.004)	0.001 (0.003)	0.001 (0.003)	-0.101 (0.082)	-0.089 (0.078)	0.036* (0.018)	0.038* (0.019)	0.022 (0.049)	0.022 (0.051)	0.054 (0.057)	0.059 (0.058)
FCF	-0.048*** (0.013)	-0.048*** (0.013)	-0.012 (0.008)	-0.012 (0.008)	-0.040*** (0.011)	-0.040*** (0.011)	-0.005 (0.004)	-0.006 (0.004)	-0.027 (0.082)	-0.039 (0.080)	-0.057** (0.021)	-0.058** (0.021)	-0.150** (0.062)	-0.150** (0.059)	-0.148** (0.058)	-0.153** (0.059)
log(CAPITAL/LABOR [\$K])	0.0002 (0.002)	0.0003 (0.002)	-0.001 (0.001)	-0.002 (0.001)	0.001 (0.002)	0.001 (0.002)	-0.001* (0.0004)	-0.001 (0.0004)								
INSIDER	-0.002 (0.003)	-0.001 (0.004)	-0.003 (0.002)	-0.004 (0.003)	-0.001 (0.002)	-0.001 (0.003)	-0.001 (0.001)	-0.001 (0.001)	-0.038 (0.033)	0.009 (0.023)	0.002 (0.005)	0.007 (0.004)	0.037* (0.020)	0.039 (0.024)	-0.014 (0.013)	0.009 (0.013)
FOREIGN	0.006** (0.002)	0.006** (0.002)	0.005** (0.002)	0.005** (0.002)	0.003 (0.002)	0.003 (0.002)	0.002** (0.001)	0.003** (0.001)	0.008 (0.035)	0.010 (0.032)	-0.001 (0.006)	-0.001 (0.006)	-0.132*** (0.036)	-0.132*** (0.036)	0.016 (0.010)	0.016 (0.011)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes
Observations	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363
R ²	0.745	0.744	0.860	0.860	0.687	0.687	0.912	0.912	0.974	0.973	0.872	0.871	0.928	0.928	0.842	0.840
Adjusted R ²	0.667	0.666	0.818	0.817	0.592	0.592	0.885	0.885	0.966	0.964	0.833	0.832	0.906	0.906	0.794	0.791

Note:

*p<0.1; **p<0.05; ***p<0.01

A.9 Same sample size (continued)

Panel B: Full-specification

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST_CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.023		-0.003		0.031		-0.007		1.294***		0.102		-1.251*		0.140	
	(0.035)		(0.026)		(0.031)		(0.009)		(0.439)		(0.067)		(0.629)		(0.162)	
PO(fit)		0.021		-0.074		-0.055		0.061		2.717**		0.388		-1.842		1.511**
		(0.169)		(0.165)		(0.147)		(0.055)		(1.014)		(0.304)		(3.123)		(0.535)
log(SALES [\$M])	-0.003***	-0.003***	-0.003***	-0.003***	-0.003**	-0.003**	0.0002	0.0001	0.349***	0.348***	-0.042***	-0.042***	0.077***	0.077***	-0.124***	-0.125***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0004)	(0.0004)	(0.019)	(0.019)	(0.011)	(0.011)	(0.018)	(0.020)	(0.034)	(0.035)
log(AGE)	-0.0002	-0.0002	-0.0001	-0.0001	-0.0002*	-0.0002	-0.00001	-0.00002	-0.0004	-0.001	-0.00003	-0.0001	-0.0001	0.00003	0.001	0.001
	(0.0001)	(0.0002)	(0.0001)	(0.0001)	(0.0001)	(0.0001)	(0.0001)	(0.0001)	(0.002)	(0.002)	(0.001)	(0.0005)	(0.004)	(0.004)	(0.001)	(0.001)
ROA	0.118***	0.118***	0.058***	0.058***	0.118***	0.118***	0.0002	-0.0003	-0.357**	-0.368**	-0.139***	-0.141***	-0.462***	-0.458***	-0.167*	-0.178*
	(0.019)	(0.019)	(0.014)	(0.015)	(0.016)	(0.016)	(0.005)	(0.005)	(0.145)	(0.144)	(0.042)	(0.042)	(0.111)	(0.106)	(0.087)	(0.084)
TOBIN Q	0.0004	0.0004	0.001**	0.001**	0.001	0.001	-0.0001	-0.0001	-0.045***	-0.044***	-0.003	-0.003	0.008	0.008	-0.008	-0.008
	(0.0004)	(0.0004)	(0.001)	(0.001)	(0.0004)	(0.0004)	(0.0002)	(0.0002)	(0.007)	(0.007)	(0.003)	(0.002)	(0.007)	(0.007)	(0.007)	(0.007)
LEVERAGE	-0.038***	-0.038***	-0.035***	-0.035***	-0.032***	-0.032***	-0.005**	-0.005**	0.164***	0.164***	0.011	0.011	-0.020	-0.019	0.042*	0.041
	(0.006)	(0.006)	(0.004)	(0.004)	(0.005)	(0.005)	(0.002)	(0.002)	(0.035)	(0.036)	(0.010)	(0.010)	(0.065)	(0.064)	(0.024)	(0.025)
TANGIBILITY	-0.013	-0.013	-0.020**	-0.019**	-0.016*	-0.016	0.005**	0.005*	0.343**	0.340**	0.019	0.018	-0.138	-0.136	-0.078	-0.081
	(0.010)	(0.010)	(0.009)	(0.009)	(0.009)	(0.009)	(0.002)	(0.002)	(0.118)	(0.119)	(0.022)	(0.022)	(0.094)	(0.097)	(0.048)	(0.051)
CASH	0.032***	0.032***	0.020***	0.020***	0.029***	0.029***	0.002	0.002	-0.121	-0.117	0.036*	0.037*	0.023	0.021	0.050	0.053
	(0.005)	(0.005)	(0.004)	(0.004)	(0.003)	(0.003)	(0.003)	(0.003)	(0.075)	(0.074)	(0.018)	(0.018)	(0.050)	(0.052)	(0.057)	(0.057)
FCF	-0.092***	-0.092***	-0.033***	-0.033***	-0.084***	-0.084***	-0.005	-0.005	0.054	0.055	-0.011	-0.011	0.005	0.005	-0.101**	-0.100**
	(0.017)	(0.017)	(0.009)	(0.009)	(0.016)	(0.016)	(0.003)	(0.003)	(0.059)	(0.058)	(0.017)	(0.017)	(0.039)	(0.039)	(0.039)	(0.040)
log(CAPITAL/LABOR [\$K])	-0.0003	-0.0003	-0.002	-0.002	0.0002	0.0001	-0.001	-0.0005								
	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)	(0.002)	(0.004)	(0.0004)								
INSIDER	0.009**	0.009**	-0.0003	-0.001	0.012***	0.011***	-0.003*	-0.002	0.279***	0.290***	0.025**	0.027**	0.102**	0.097**	0.073**	0.083**
	(0.004)	(0.004)	(0.002)	(0.003)	(0.003)	(0.003)	(0.001)	(0.001)	(0.054)	(0.051)	(0.010)	(0.010)	(0.039)	(0.041)	(0.033)	(0.035)
FOREIGN	0.005**	0.005**	0.005**	0.005**	0.002	0.002	0.002**	0.002**	0.060	0.060	0.005	0.005	-0.113***	-0.113***	0.031*	0.032*
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.037)	(0.036)	(0.006)	(0.006)	(0.034)	(0.034)	(0.015)	(0.015)
log(FLOAT [\$M])	0.005***	0.005***	0.001	0.001*	0.005***	0.005***	-0.001*	-0.001**	0.131***	0.130***	0.010**	0.010**	0.027*	0.027*	0.035**	0.034**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0003)	(0.0003)	(0.017)	(0.017)	(0.004)	(0.004)	(0.013)	(0.013)	(0.015)	(0.015)
D(R&D)	-0.007***	-0.007***	-0.005**	-0.004**			-0.010***	-0.010***								
	(0.002)	(0.002)	(0.002)	(0.002)			(0.001)	(0.001)								
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363	46,363
R ²	0.750	0.750	0.862	0.862	0.695	0.695	0.914	0.914	0.974	0.974	0.873	0.873	0.928	0.928	0.843	0.842
Adjusted R ²	0.674	0.674	0.820	0.819	0.602	0.602	0.888	0.888	0.966	0.966	0.834	0.834	0.906	0.906	0.795	0.794

Note:

*p<0.1; **p<0.05; ***p<0.01

A.10 Analysis by country

Table 21: Regression results: By country.

This table shows the OLS and IV regression results for specific country subsets. The model specifications follow Bena et al. (2017) as defined in chapter 4.1.2.2. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_STAFF_COST) | (15)-(16) SG&A. The sample consists of firm-year combinations from Worldscope from 2000 to 2019. All independent variables are lagged by one year. The standard errors are clustered on the country and year level (for 'Non-US') and the year level (for individual countries) and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

Panel A: Non-US countries

	Dependent variable:															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.050*		0.019		0.054*		-0.008		1.605***		-0.045		-1.868**		-0.099	
	(0.026)		(0.024)		(0.028)		(0.011)		(0.489)		(0.090)		(0.731)		(0.138)	
PO(fit)		0.190*		-0.026		0.147		0.045		17.224***		0.606**		3.620		1.490***
		(0.095)		(0.092)		(0.092)		(0.033)		(3.460)		(0.252)		(2.624)		(0.505)
log(SALES [\$M])	0.001	0.001	-0.003**	-0.003**	0.001	0.001	0.0003	0.0003	0.071***	0.066**	-0.020***	-0.020***	0.027**	0.026**	-0.042***	-0.043***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0004)	(0.0004)	(0.021)	(0.024)	(0.004)	(0.004)	(0.010)	(0.010)	(0.007)	(0.007)
TOBIN Q	0.004***	0.003***	0.003***	0.003***	0.004***	0.004***	-0.0004**	-0.0004***	-0.013	-0.020*	-0.004***	-0.004***	-0.021*	-0.025	-0.004	-0.005
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0001)	(0.0001)	(0.008)	(0.010)	(0.001)	(0.001)	(0.012)	(0.014)	(0.004)	(0.004)
LEVERAGE	-0.053***	-0.053***	-0.043***	-0.043***	-0.045***	-0.045***	-0.006***	-0.006***	0.343***	0.409***	-0.030*	-0.028*	0.027	0.043	-0.072*	-0.066
	(0.005)	(0.005)	(0.004)	(0.004)	(0.005)	(0.005)	(0.001)	(0.001)	(0.052)	(0.088)	(0.015)	(0.014)	(0.054)	(0.056)	(0.040)	(0.042)
TANGIBILITY	0.004	0.004	-0.008	-0.008	0.001	0.001	0.004**	0.004*	0.197*	0.172	-0.023	-0.023	-0.251*	-0.245*	-0.186***	-0.191***
	(0.010)	(0.010)	(0.009)	(0.009)	(0.009)	(0.009)	(0.002)	(0.002)	(0.114)	(0.114)	(0.018)	(0.018)	(0.129)	(0.133)	(0.060)	(0.062)
CASH	0.031***	0.031***	0.021***	0.021***	0.027***	0.027***	0.002	0.002	-0.317***	-0.309***	0.055**	0.056**	-0.029	-0.017	0.071	0.071
	(0.005)	(0.005)	(0.004)	(0.004)	(0.004)	(0.004)	(0.003)	(0.003)	(0.095)	(0.086)	(0.021)	(0.021)	(0.064)	(0.068)	(0.056)	(0.057)
FCF	-0.060***	-0.060***	-0.018**	-0.018**	-0.047***	-0.047***	-0.010***	-0.010***	0.195***	0.178***	-0.111***	-0.112***	-0.116***	-0.118***	-0.280***	-0.284***
	(0.008)	(0.008)	(0.006)	(0.006)	(0.008)	(0.008)	(0.003)	(0.003)	(0.056)	(0.055)	(0.021)	(0.021)	(0.037)	(0.039)	(0.057)	(0.060)
log(CAPITAL/LABOR [\$K])	-0.001	-0.001	-0.002**	-0.002**	-0.001	-0.0004	-0.001**	-0.001*								
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0003)	(0.0003)								
INSIDER	-0.003	-0.001	-0.005**	-0.005*	-0.003	-0.002	0.0002	0.001	-0.105*	0.114	0.007	0.014*	-0.002	0.048	-0.008	0.015
	(0.003)	(0.004)	(0.002)	(0.003)	(0.003)	(0.004)	(0.001)	(0.001)	(0.052)	(0.068)	(0.006)	(0.008)	(0.032)	(0.035)	(0.012)	(0.014)
FOREIGN	0.009***	0.009***	0.007***	0.007***	0.005***	0.005***	0.003***	0.003***	0.149***	0.127**	-0.013**	-0.013**	-0.061**	-0.063*	-0.021	-0.024*
	(0.002)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)	(0.050)	(0.047)	(0.006)	(0.006)	(0.028)	(0.031)	(0.012)	(0.012)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes
Observations	102,952	102,952	81,082	81,082	102,952	102,952	103,110	103,110	102,515	102,515	98,110	98,110	80,771	80,771	105,599	105,599
R ²	0.699	0.698	0.826	0.826	0.647	0.646	0.882	0.881	0.958	0.947	0.836	0.836	0.914	0.912	0.800	0.799
Adjusted R ²	0.642	0.641	0.789	0.789	0.580	0.580	0.859	0.859	0.950	0.936	0.803	0.802	0.895	0.892	0.763	0.761

Note:

*p<0.1; **p<0.05; ***p<0.01

A.10 Analysis by country (continued)

Panel B: US countries

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	-0.013 (0.012)		-0.015 (0.012)		-0.008 (0.007)		-0.003 (0.009)		1.654*** (0.130)		-0.081 (0.178)		-0.035 (0.379)		0.615*** (0.137)	
PO(fit)		-2.723 (2.140)		-4.012 (4.083)		-0.182 (0.956)		-2.663 (2.039)		86.951*** (27.346)		16.119 (11.651)		1.146 (10.414)		8.278 (4.831)
log(SALES [\$M])	-0.002 (0.001)	0.010 (0.010)	-0.004*** (0.001)	0.011 (0.016)	-0.00001 (0.001)	0.001 (0.004)	-0.001* (0.0005)	0.011 (0.009)	0.046*** (0.003)	-0.015 (0.023)	0.003 (0.006)	-0.008 (0.013)	0.021* (0.012)	0.020 (0.015)	-0.079*** (0.007)	-0.086*** (0.010)
TOBIN Q	0.003*** (0.001)	0.003*** (0.001)	0.002*** (0.0004)	0.001 (0.002)	0.004*** (0.0002)	0.004*** (0.0003)	-0.001*** (0.0002)	-0.001* (0.001)	-0.011** (0.005)	0.026 (0.018)	-0.002 (0.006)	0.028 (0.026)	0.015 (0.010)	0.017 (0.024)	-0.011** (0.005)	-0.009 (0.005)
LEVERAGE	-0.043*** (0.003)	-0.045*** (0.006)	-0.031*** (0.003)	-0.044** (0.018)	-0.031*** (0.002)	-0.031*** (0.002)	-0.009*** (0.002)	-0.012** (0.005)	0.233*** (0.034)	0.159 (0.124)	-0.008 (0.025)	-0.095 (0.069)	0.181 (0.124)	0.175 (0.129)	-0.078* (0.041)	-0.084 (0.049)
TANGIBILITY	0.025** (0.010)	0.005 (0.019)	0.004 (0.010)	-0.016 (0.024)	0.001 (0.008)	-0.0002 (0.009)	0.024*** (0.002)	0.006 (0.016)	-0.331*** (0.062)	-0.978*** (0.248)	-0.098** (0.043)	0.169 (0.142)	0.010 (0.138)	0.003 (0.148)	-0.060 (0.050)	-0.117* (0.062)
CASH	0.014*** (0.004)	0.033* (0.016)	0.011*** (0.003)	0.045 (0.036)	0.002 (0.002)	0.003 (0.007)	0.009*** (0.003)	0.027* (0.016)	-0.840*** (0.044)	-1.151*** (0.135)	0.074 (0.055)	0.093 (0.112)	0.475*** (0.142)	0.474*** (0.140)	0.393*** (0.041)	0.370*** (0.037)
FCF	-0.053*** (0.008)	-0.073*** (0.018)	-0.024*** (0.005)	-0.050 (0.031)	-0.014*** (0.004)	-0.015** (0.007)	-0.029*** (0.005)	-0.048*** (0.016)	0.179*** (0.034)	0.444*** (0.121)	-0.021 (0.055)	-0.275 (0.220)	0.079 (0.098)	0.059 (0.207)	-0.414*** (0.066)	-0.393*** (0.067)
log(CAPITAL/LABOR [\$K])	-0.003** (0.001)	0.010 (0.010)	-0.006*** (0.001)	0.014 (0.019)	0.002*** (0.001)	0.003 (0.005)	-0.005*** (0.0005)	0.008 (0.010)								
INSIDER	0.002 (0.002)	-0.047 (0.038)	0.001 (0.001)	-0.054 (0.060)	0.001 (0.001)	-0.002 (0.017)	0.002* (0.001)	-0.046 (0.037)	-0.329*** (0.039)	1.337** (0.588)	0.006 (0.020)	0.432 (0.337)	-0.025 (0.055)	0.006 (0.260)	-0.021 (0.020)	0.130 (0.109)
FOREIGN	0.017*** (0.002)	0.012* (0.006)	0.013*** (0.002)	0.002 (0.014)	0.001 (0.002)	0.001 (0.002)	0.016*** (0.001)	0.011 (0.007)	0.093** (0.033)	0.294* (0.144)	-0.003 (0.013)	0.139 (0.131)	-0.201** (0.095)	-0.192 (0.118)	-0.018 (0.011)	-0.001 (0.024)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	No	—	No	—	No	—	No	—	No	—	No	—	No	—	No
Observations	34,957	34,957	28,638	28,638	34,957	34,957	34,989	34,989	35,376	35,376	2,673	2,673	2,585	2,585	34,886	34,886
R ²	0.799	0.480	0.877	0.209	0.760	0.757	0.898	0.402	0.963	0.246	0.897	0.351	0.958	0.957	0.850	0.828
Adjusted R ²	0.768	0.402	0.857	0.082	0.724	0.720	0.883	0.312	0.958	0.132	0.865	0.153	0.944	0.944	0.827	0.802

Note:

*p<0.1; **p<0.05; ***p<0.01

A.10 Analysis by country (continued)

Panel C: German countries

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.071		0.020		0.032		0.006		-1.465*		-0.172**		0.732**		-0.434	
	(0.065)		(0.065)		(0.030)		(0.044)		(0.815)		(0.079)		(0.280)		(0.405)	
PO(fit)		0.104		-0.148		-0.014		0.068		3.013		-0.599**		-0.090		-0.043
		(0.215)		(0.157)		(0.209)		(0.138)		(2.251)		(0.211)		(1.272)		(0.505)
log(SALES [\$M])	0.005**	0.005**	0.004	0.003	0.002	0.002	0.002**	0.002**	0.106***	0.107***	-0.003	-0.003	-0.013*	-0.013*	0.00002	0.0001
	(0.002)	(0.002)	(0.003)	(0.003)	(0.002)	(0.002)	(0.001)	(0.001)	(0.020)	(0.020)	(0.005)	(0.005)	(0.007)	(0.007)	(0.012)	(0.012)
TOBIN Q	0.003**	0.003**	0.003***	0.003***	0.005***	0.005***	-0.002*	-0.002*	0.039**	0.039*	-0.009***	-0.009***	-0.009***	-0.025	-0.025	-0.003
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.018)	(0.019)	(0.003)	(0.003)	(0.016)	(0.015)	(0.006)	(0.006)
LEVERAGE	-0.045***	-0.046***	-0.040***	-0.040***	-0.032***	-0.032***	-0.012***	-0.012***	0.434***	0.403***	0.010	0.011	0.023	0.026	-0.098	-0.101*
	(0.007)	(0.007)	(0.008)	(0.008)	(0.006)	(0.006)	(0.004)	(0.004)	(0.115)	(0.115)	(0.015)	(0.015)	(0.056)	(0.057)	(0.058)	(0.057)
TANGIBILITY	0.087***	0.087***	0.079***	0.077***	0.031	0.030	0.045***	0.046***	0.419**	0.468***	-0.008	-0.014	-0.117	-0.128	-0.042	-0.040
	(0.026)	(0.025)	(0.025)	(0.025)	(0.023)	(0.021)	(0.010)	(0.010)	(0.155)	(0.159)	(0.036)	(0.037)	(0.147)	(0.151)	(0.059)	(0.059)
CASH	0.062***	0.062***	0.038***	0.037***	0.046***	0.046***	0.015*	0.015*	0.079	0.103	-0.039	-0.043	-0.100	-0.107	-0.188	-0.187
	(0.015)	(0.016)	(0.010)	(0.010)	(0.012)	(0.013)	(0.008)	(0.008)	(0.167)	(0.164)	(0.057)	(0.056)	(0.125)	(0.126)	(0.138)	(0.138)
FCF	-0.054***	-0.054***	-0.032**	-0.032**	-0.046***	-0.046***	-0.007	-0.008	-0.083	-0.090	-0.052	-0.052	0.059	0.060	-0.138	-0.138
	(0.015)	(0.015)	(0.012)	(0.012)	(0.009)	(0.009)	(0.008)	(0.008)	(0.193)	(0.192)	(0.040)	(0.040)	(0.080)	(0.079)	(0.094)	(0.094)
log(CAPITAL/LABOR [\$K])	-0.008	-0.008	-0.018***	-0.018***	0.003	0.003	-0.007	-0.007								
	(0.006)	(0.006)	(0.004)	(0.004)	(0.002)	(0.002)	(0.005)	(0.005)								
INSIDER	-0.006	-0.006	0.0004	-0.002	-0.006**	-0.006	-0.002	-0.001	-0.074	-0.005	0.013*	0.007	0.003	-0.008	0.020	0.027
	(0.004)	(0.005)	(0.004)	(0.004)	(0.002)	(0.004)	(0.003)	(0.003)	(0.060)	(0.069)	(0.007)	(0.007)	(0.042)	(0.039)	(0.025)	(0.024)
FOREIGN	0.009	0.009*	0.002	0.001	0.007*	0.007*	0.002	0.002	0.147***	0.157***	-0.004	-0.005	0.012	0.011	0.022*	0.023*
	(0.005)	(0.005)	(0.003)	(0.003)	(0.004)	(0.004)	(0.002)	(0.002)	(0.037)	(0.039)	(0.005)	(0.004)	(0.036)	(0.036)	(0.012)	(0.013)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	3,005	3,005	2,484	2,484	3,005	3,005	3,009	3,009	3,011	3,011	2,821	2,821	2,809	2,809	2,818	2,818
R ²	0.731	0.731	0.829	0.828	0.611	0.611	0.852	0.852	0.964	0.963	0.865	0.865	0.803	0.803	0.829	0.829
Adjusted R ²	0.685	0.685	0.798	0.796	0.545	0.544	0.827	0.827	0.957	0.956	0.842	0.841	0.768	0.768	0.800	0.800

Note:

*p<0.1; **p<0.05; ***p<0.01

A.10 Analysis by country (continued)

Panel D: Chinese countries

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST_CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.067** (0.031)		0.010 (0.030)		0.059* (0.029)		0.008 (0.006)		3.609*** (0.963)		0.169*** (0.058)		0.897* (0.445)		-0.045 (0.134)	
PO(fit)		0.680*** (0.235)		0.212 (0.184)		0.548** (0.229)		0.134** (0.050)		13.541** (5.887)		0.506 (0.317)		9.015*** (2.578)		0.268 (0.560)
log(SALES [\$M])	0.004*** (0.001)	0.002* (0.001)	-0.0005 (0.001)	-0.001 (0.001)	0.004*** (0.001)	0.002* (0.001)	0.001* (0.0003)	0.0002 (0.0003)	0.228*** (0.053)	0.210*** (0.048)	-0.012*** (0.003)	-0.013*** (0.003)	0.031** (0.012)	0.015 (0.010)	-0.027** (0.010)	-0.027** (0.010)
TOBIN Q	0.002*** (0.0004)	0.002*** (0.0004)	0.001*** (0.0004)	0.001** (0.0005)	0.002*** (0.0004)	0.002*** (0.0004)	-0.0001* (0.0001)	-0.0002** (0.0001)	-0.025*** (0.006)	-0.027*** (0.007)	-0.002** (0.001)	-0.002** (0.001)	-0.015* (0.007)	-0.017** (0.007)	-0.002 (0.002)	-0.002 (0.002)
LEVERAGE	-0.037*** (0.005)	-0.036*** (0.006)	-0.031*** (0.005)	-0.030*** (0.005)	-0.033*** (0.005)	-0.032*** (0.005)	-0.004*** (0.001)	-0.004*** (0.001)	0.265*** (0.076)	0.273*** (0.073)	0.017* (0.009)	0.017* (0.009)	-0.039 (0.039)	-0.034 (0.039)	0.057 (0.039)	0.058 (0.039)
TANGIBILITY	-0.007 (0.011)	-0.005 (0.011)	-0.023** (0.009)	-0.022** (0.009)	-0.012 (0.010)	-0.010 (0.010)	0.007*** (0.001)	0.007*** (0.001)	0.380*** (0.080)	0.409*** (0.082)	-0.012 (0.017)	-0.011 (0.016)	-0.566*** (0.085)	-0.533*** (0.091)	-0.121 (0.077)	-0.120 (0.076)
CASH	0.035*** (0.005)	0.035*** (0.005)	0.022*** (0.004)	0.022*** (0.004)	0.034*** (0.004)	0.034*** (0.004)	0.0004 (0.001)	0.0004 (0.001)	0.067* (0.033)	0.075** (0.033)	-0.005 (0.010)	-0.004 (0.010)	-0.111*** (0.029)	-0.098*** (0.031)	-0.119** (0.042)	-0.119** (0.042)
FCF	-0.060*** (0.015)	-0.059*** (0.015)	-0.010 (0.009)	-0.009 (0.009)	-0.061*** (0.016)	-0.060*** (0.016)	-0.0001 (0.002)	0.00000 (0.002)	0.248** (0.113)	0.242** (0.105)	-0.096*** (0.012)	-0.096*** (0.012)	-0.192*** (0.064)	-0.197*** (0.066)	-0.297*** (0.061)	-0.297*** (0.061)
log(CAPITAL/LABOR [\$K])	-0.003*** (0.001)	-0.004*** (0.001)	-0.005*** (0.001)	-0.005*** (0.001)	-0.002** (0.001)	-0.003*** (0.001)	-0.001*** (0.0002)	-0.001*** (0.0002)								
INSIDER	0.005** (0.002)	0.005** (0.002)	0.0004 (0.002)	0.0004 (0.002)	0.006*** (0.002)	0.006*** (0.002)	-0.001 (0.001)	-0.001 (0.001)	0.103*** (0.034)	0.093** (0.035)	0.006 (0.005)	0.005 (0.005)	-0.022 (0.025)	-0.035 (0.028)	0.010 (0.021)	0.010 (0.021)
FOREIGN	0.006* (0.003)	0.007** (0.003)	0.010*** (0.003)	0.010*** (0.003)	-0.0001 (0.002)	0.001 (0.002)	0.004*** (0.001)	0.005*** (0.001)	-0.020 (0.050)	-0.014 (0.050)	-0.016*** (0.005)	-0.016*** (0.005)	-0.031 (0.028)	-0.028 (0.030)	-0.017 (0.015)	-0.017 (0.015)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	18,651	18,651	12,360	12,360	18,651	18,651	18,658	18,658	18,683	18,683	17,973	17,973	17,793	17,793	18,727	18,727
R ²	0.638	0.631	0.810	0.809	0.612	0.606	0.855	0.853	0.936	0.933	0.702	0.701	0.864	0.860	0.512	0.512
Adjusted R ²	0.549	0.541	0.748	0.747	0.516	0.509	0.819	0.817	0.920	0.917	0.625	0.625	0.829	0.823	0.392	0.392

Note:

*p<0.1; **p<0.05; ***p<0.01

A.10 Analysis by country (continued)

Panel E: Japanese countries

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST_CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.0005		-0.009		-0.015		0.015**		0.582***		0.335***		2.167***		0.123**	
	(0.018)		(0.023)		(0.013)		(0.006)		(0.114)		(0.058)		(0.452)		(0.053)	
PO(fit)		0.029		-0.003		0.083		-0.055		10.500		0.529*		1.903		0.349
		(0.210)		(0.158)		(0.139)		(0.096)		(6.317)		(0.285)		(1.355)		(0.451)
log(SALES [\$M])	0.007***	0.007***	0.003**	0.003***	0.007***	0.007***	0.0001	0.0002	0.430***	0.414***	-0.005	-0.005	0.118***	0.118***	-0.042***	-0.043***
	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0005)	(0.0005)	(0.092)	(0.095)	(0.007)	(0.007)	(0.036)	(0.036)	(0.009)	(0.009)
TOBIN Q	0.004***	0.004***	0.003***	0.003***	0.005***	0.005***	-0.001***	-0.001***	-0.023***	-0.027***	-0.003	-0.003	-0.009	-0.009	-0.007**	-0.007**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0002)	(0.0002)	(0.005)	(0.005)	(0.003)	(0.003)	(0.007)	(0.007)	(0.003)	(0.003)
LEVERAGE	-0.054***	-0.054***	-0.041***	-0.041***	-0.045***	-0.044***	-0.009***	-0.009***	0.431***	0.498***	0.003	0.006	-0.043	-0.048	0.039***	0.041***
	(0.006)	(0.006)	(0.006)	(0.005)	(0.006)	(0.005)	(0.001)	(0.001)	(0.073)	(0.111)	(0.012)	(0.009)	(0.055)	(0.052)	(0.014)	(0.014)
TANGIBILITY	0.019*	0.019	-0.011	-0.011	0.009	0.011	0.010***	0.009***	0.166***	0.274***	0.025**	0.025**	-0.110	-0.110	0.037**	0.040**
	(0.010)	(0.011)	(0.011)	(0.011)	(0.009)	(0.010)	(0.002)	(0.003)	(0.041)	(0.062)	(0.010)	(0.010)	(0.072)	(0.072)	(0.017)	(0.018)
CASH	0.005	0.005	0.003	0.003	0.013***	0.014**	-0.008***	-0.009***	-0.106	-0.036	0.007	0.008	-0.043	-0.045	0.046*	0.048*
	(0.005)	(0.006)	(0.003)	(0.003)	(0.004)	(0.005)	(0.002)	(0.002)	(0.082)	(0.059)	(0.016)	(0.016)	(0.042)	(0.040)	(0.024)	(0.025)
FCF	-0.068***	-0.068***	-0.023**	-0.023**	-0.054***	-0.053***	-0.012**	-0.013**	-0.118	-0.058	0.033***	0.032***	0.076	0.077	0.001	0.002
	(0.010)	(0.010)	(0.009)	(0.009)	(0.008)	(0.008)	(0.005)	(0.004)	(0.085)	(0.089)	(0.010)	(0.009)	(0.068)	(0.071)	(0.034)	(0.035)
log(CAPITAL/LABOR [\$K])	-0.0004	-0.0005	-0.002	-0.002	0.001	0.001	-0.001***	-0.001**								
	(0.002)	(0.002)	(0.001)	(0.001)	(0.002)	(0.002)	(0.0005)	(0.001)								
INSIDER	-0.001	0.0002	-0.0003	-0.0002	-0.002	0.001	0.001	-0.001	-0.156***	0.117	-0.002	-0.001	-0.010	-0.012	-0.001	0.005
	(0.002)	(0.006)	(0.001)	(0.004)	(0.002)	(0.004)	(0.001)	(0.003)	(0.044)	(0.178)	(0.010)	(0.010)	(0.045)	(0.042)	(0.007)	(0.015)
FOREIGN	0.002	0.002	-0.001	-0.001	0.0003	-0.001	0.002*	0.003*	0.097	-0.025	0.019***	0.017**	0.011	0.014	0.014*	0.011
	(0.003)	(0.004)	(0.001)	(0.002)	(0.002)	(0.003)	(0.001)	(0.002)	(0.060)	(0.068)	(0.006)	(0.007)	(0.045)	(0.047)	(0.007)	(0.010)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	No	—	No	—	No	—	No	—	No	—	Yes	—	Yes	—	No
Observations	23,332	23,332	18,923	18,923	23,332	23,332	23,338	23,338	23,247	23,247	10,731	10,731	10,620	10,620	23,117	23,117
R ²	0.748	0.748	0.857	0.857	0.653	0.652	0.902	0.901	0.982	0.975	0.903	0.903	0.955	0.955	0.928	0.928
Adjusted R ²	0.715	0.715	0.836	0.836	0.608	0.607	0.890	0.889	0.980	0.972	0.876	0.876	0.942	0.942	0.919	0.919

Note:

*p<0.1; **p<0.05; ***p<0.01

A.10 Analysis by country (continued)

Panel F: British countries

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	-0.076*		-0.060*		-0.057		-0.019		-0.543		0.190		0.739*		1.108***	
	(0.038)		(0.031)		(0.039)		(0.018)		(0.461)		(0.112)		(0.361)		(0.331)	
PO(fit)		0.351*		0.375**		0.195		0.144**		19.257***		0.717		2.945		1.549
		(0.172)		(0.130)		(0.161)		(0.054)		(5.365)		(0.450)		(1.848)		(1.485)
log(SALES [\$M])	0.001	0.001	-0.002*	-0.002**	0.003***	0.004***	-0.001	-0.001	0.040***	0.043***	-0.009*	-0.009*	0.0004	0.001	-0.038***	-0.038***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.007)	(0.007)	(0.005)	(0.005)	(0.002)	(0.002)	(0.013)	(0.013)
TOBIN Q	0.005***	0.005***	0.003***	0.003***	0.005***	0.005***	0.0003	0.0004	-0.017*	-0.008	-0.002	-0.002	-0.002	-0.002	0.013	0.014
	(0.001)	(0.001)	(0.001)	(0.001)	(0.0005)	(0.001)	(0.0004)	(0.0004)	(0.009)	(0.013)	(0.004)	(0.004)	(0.007)	(0.007)	(0.012)	(0.012)
LEVERAGE	-0.034***	-0.036***	-0.030***	-0.033***	-0.032***	-0.034***	-0.0004	-0.001	0.170**	0.036	-0.042***	-0.046***	0.029	0.016	-0.149**	-0.155**
	(0.007)	(0.007)	(0.006)	(0.007)	(0.006)	(0.006)	(0.003)	(0.003)	(0.069)	(0.084)	(0.013)	(0.014)	(0.035)	(0.033)	(0.060)	(0.062)
TANGIBILITY	0.042**	0.042**	0.009	0.008	0.029**	0.029**	0.012**	0.011**	0.065	-0.044	-0.154***	-0.155***	-0.101	-0.106	-0.502**	-0.505**
	(0.015)	(0.015)	(0.010)	(0.010)	(0.013)	(0.013)	(0.004)	(0.004)	(0.095)	(0.091)	(0.053)	(0.053)	(0.063)	(0.064)	(0.182)	(0.180)
CASH	0.048***	0.047***	0.021***	0.021***	0.030***	0.029***	0.019***	0.018**	-0.930***	-0.993***	0.131***	0.129***	0.019	0.010	0.521***	0.519***
	(0.007)	(0.007)	(0.005)	(0.005)	(0.005)	(0.005)	(0.006)	(0.007)	(0.077)	(0.102)	(0.042)	(0.041)	(0.063)	(0.066)	(0.140)	(0.137)
FCF	-0.062***	-0.063***	-0.030***	-0.031***	-0.037***	-0.037***	-0.021***	-0.021***	0.003	-0.046	-0.163***	-0.164***	-0.074*	-0.079*	-0.509***	-0.511***
	(0.009)	(0.009)	(0.009)	(0.010)	(0.008)	(0.008)	(0.003)	(0.003)	(0.055)	(0.055)	(0.041)	(0.041)	(0.040)	(0.039)	(0.155)	(0.154)
log(CAPITAL/LABOR [\$K])	-0.0005	-0.001	-0.0005	-0.001	0.002	0.002	-0.002**	-0.002***								
	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)								
INSIDER	0.003	0.007	-0.001	0.003	-0.004	-0.001	0.006**	0.007***	-0.302***	-0.088	-0.015	-0.011	-0.051	-0.034	-0.064	-0.060
	(0.005)	(0.005)	(0.004)	(0.004)	(0.004)	(0.004)	(0.002)	(0.002)	(0.050)	(0.090)	(0.022)	(0.022)	(0.030)	(0.036)	(0.071)	(0.071)
FOREIGN	0.004	0.006	0.003	0.005	0.003*	0.004*	0.001	0.002	-0.053*	0.046	-0.024***	-0.022***	-0.060***	-0.051**	-0.045**	-0.043**
	(0.003)	(0.003)	(0.002)	(0.003)	(0.001)	(0.002)	(0.002)	(0.002)	(0.026)	(0.057)	(0.007)	(0.007)	(0.018)	(0.020)	(0.017)	(0.018)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	7,230	7,230	5,758	5,758	7,230	7,230	7,246	7,246	7,347	7,347	6,932	6,932	6,868	6,868	5,816	5,816
R ²	0.777	0.773	0.868	0.865	0.714	0.712	0.893	0.892	0.964	0.951	0.872	0.872	0.883	0.882	0.862	0.862
Adjusted R ²	0.737	0.732	0.843	0.839	0.663	0.660	0.874	0.873	0.957	0.942	0.849	0.849	0.861	0.860	0.834	0.834

Note:

*p<0.1; **p<0.05; ***p<0.01

A.11 Analysis by market type

Table 22: Regression results: By market type.

This table shows the separate OLS and IV regression results for developed and emerging markets. The model specifications follow Bena et al. (2017) as defined in chapter 4.1.2.2. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_STAFF_COST) | (15)-(16) SG&A. The sample consists of firm-year combinations from Worldscope from 2000 to 2019. All independent variables are lagged by one year. The standard errors are clustered on the country and year level and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

Panel A: Developed markets

	Dependent variable:															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.035** (0.014)		0.041** (0.014)		0.018 (0.015)		0.014** (0.005)		1.174*** (0.237)		0.005 (0.141)		-0.252 (0.905)		0.089 (0.143)	
PO(fit)		0.088 (0.122)		0.004 (0.113)		0.141* (0.069)		-0.059 (0.080)		17.436*** (2.385)		0.514 (0.326)		2.637* (1.426)		1.308** (0.538)
log(SALES [\$M])	-0.0004 (0.001)	-0.001 (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	0.001 (0.001)	0.0004 (0.001)	-0.001*** (0.0002)	-0.0004 (0.0004)	0.051*** (0.009)	0.039*** (0.009)	-0.019*** (0.005)	-0.019*** (0.005)	0.011* (0.006)	0.010** (0.005)	-0.060*** (0.013)	-0.061*** (0.013)
TOBIN Q	0.004*** (0.0004)	0.004*** (0.001)	0.002*** (0.0004)	0.002*** (0.0004)	0.004*** (0.0004)	0.004*** (0.0004)	-0.001*** (0.0002)	-0.001*** (0.0002)	-0.013** (0.005)	-0.013* (0.007)	-0.003 (0.003)	-0.003 (0.003)	0.001 (0.006)	0.0003 (0.005)	-0.005 (0.005)	-0.005 (0.005)
LEVERAGE	-0.048*** (0.004)	-0.048*** (0.006)	-0.036*** (0.004)	-0.036*** (0.005)	-0.037*** (0.004)	-0.038*** (0.005)	-0.008*** (0.001)	-0.007*** (0.002)	0.321*** (0.157)	0.047 (0.157)	-0.050** (0.021)	-0.050** (0.021)	0.118*** (0.031)	0.122*** (0.036)	-0.115*** (0.034)	-0.137*** (0.037)
TANGIBILITY	0.020* (0.011)	0.020* (0.011)	0.001 (0.010)	0.001 (0.010)	0.005 (0.009)	0.005 (0.009)	0.015*** (0.005)	0.015*** (0.004)	0.026 (0.185)	-0.142 (0.259)	-0.039 (0.033)	-0.041 (0.034)	-0.124 (0.098)	-0.135 (0.103)	-0.199** (0.090)	-0.212** (0.090)
CASH	0.021*** (0.005)	0.021*** (0.005)	0.014*** (0.003)	0.014*** (0.003)	0.012** (0.005)	0.012** (0.006)	0.006* (0.003)	0.006 (0.003)	-0.630*** (0.116)	-0.561*** (0.161)	0.101*** (0.021)	0.103*** (0.021)	0.023 (0.035)	0.038 (0.039)	0.280*** (0.072)	0.285*** (0.070)
FCF	-0.052*** (0.005)	-0.052*** (0.005)	-0.021*** (0.004)	-0.021*** (0.004)	-0.023*** (0.007)	-0.023*** (0.007)	-0.022*** (0.005)	-0.022*** (0.005)	0.184*** (0.037)	0.126*** (0.042)	-0.133*** (0.028)	-0.135*** (0.029)	-0.067 (0.039)	-0.073 (0.043)	-0.386*** (0.045)	-0.391*** (0.046)
log(CAPITAL/LABOR [\$K])	-0.001 (0.001)	-0.001 (0.001)	-0.003** (0.001)	-0.003** (0.001)	0.001* (0.001)	0.001 (0.001)	-0.002** (0.001)	-0.002*** (0.001)								
INSIDER	-0.002 (0.002)	-0.001 (0.003)	-0.002 (0.001)	-0.003 (0.002)	-0.003 (0.002)	0.001 (0.002)	0.001 (0.001)	-0.001 (0.002)	-0.240*** (0.047)	0.214** (0.096)	0.003 (0.011)	0.011 (0.014)	-0.029 (0.019)	0.013 (0.037)	-0.011 (0.012)	0.023 (0.015)
FOREIGN	0.012*** (0.002)	0.012*** (0.002)	0.008*** (0.002)	0.008*** (0.002)	0.005*** (0.001)	0.005*** (0.001)	0.006** (0.002)	0.006** (0.002)	0.161** (0.059)	0.199*** (0.054)	-0.027*** (0.007)	-0.027*** (0.007)	-0.104*** (0.033)	-0.104*** (0.035)	-0.024 (0.014)	-0.020 (0.018)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	96,864	96,864	78,841	78,841	96,864	96,864	96,991	96,991	97,814	97,814	49,893	49,893	45,816	45,816	91,954	91,954
R ²	0.780	0.780	0.867	0.867	0.719	0.717	0.898	0.897	0.963	0.932	0.838	0.837	0.904	0.902	0.838	0.837
Adjusted R ²	0.746	0.746	0.845	0.845	0.676	0.673	0.882	0.881	0.957	0.921	0.805	0.804	0.884	0.882	0.812	0.811

Note:

*p<0.1; **p<0.05; ***p<0.01

A.11 Analysis by market type (continued)

Panel B: Emerging markets

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.034		−0.006		0.034		0.003		2.798**		0.146*		−0.356		0.263	
	(0.043)		(0.053)		(0.046)		(0.011)		(1.323)		(0.083)		(0.681)		(0.247)	
PO(fit)		0.123		−0.269		0.047		0.088**		11.925***		0.780**		3.677		2.095**
		(0.197)		(0.183)		(0.182)		(0.035)		(2.083)		(0.367)		(4.028)		(0.740)
log(SALES [\$M])	0.002	0.002	−0.003	−0.003	0.001	0.001	0.001***	0.001**	0.152***	0.144***	−0.018***	−0.018***	0.057***	0.052***	−0.039**	−0.042**
	(0.002)	(0.002)	(0.003)	(0.002)	(0.002)	(0.002)	(0.0003)	(0.0003)	(0.037)	(0.034)	(0.005)	(0.005)	(0.012)	(0.013)	(0.014)	(0.015)
TOBIN Q	0.003**	0.003**	0.002**	0.002**	0.003***	0.003**	−0.0002*	−0.0003**	−0.013	−0.016	−0.004***	−0.005***	−0.026***	−0.027**	−0.006**	−0.007**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0001)	(0.0001)	(0.011)	(0.012)	(0.001)	(0.001)	(0.008)	(0.009)	(0.003)	(0.003)
LEVERAGE	−0.051***	−0.051***	−0.042***	−0.042***	−0.046***	−0.046***	−0.004***	−0.004***	0.250***	0.244***	−0.011	−0.011	−0.111	−0.115	0.002	0.004
	(0.009)	(0.010)	(0.007)	(0.007)	(0.010)	(0.010)	(0.001)	(0.001)	(0.070)	(0.069)	(0.012)	(0.013)	(0.094)	(0.095)	(0.028)	(0.028)
TANGIBILITY	−0.020*	−0.019	−0.025**	−0.026**	−0.021**	−0.021*	0.003	0.003	0.240***	0.282***	−0.003	−0.0003	−0.278	−0.256	−0.067**	−0.062**
	(0.011)	(0.011)	(0.010)	(0.010)	(0.010)	(0.010)	(0.003)	(0.003)	(0.078)	(0.069)	(0.009)	(0.010)	(0.162)	(0.161)	(0.025)	(0.025)
CASH	0.038***	0.038***	0.027***	0.027***	0.035***	0.035***	0.001	0.001	−0.049	−0.038	0.004	0.004	−0.086	−0.080	−0.051	−0.053
	(0.004)	(0.005)	(0.004)	(0.004)	(0.004)	(0.004)	(0.001)	(0.001)	(0.061)	(0.059)	(0.011)	(0.010)	(0.060)	(0.062)	(0.033)	(0.033)
FCF	−0.075***	−0.075***	−0.014	−0.015	−0.071***	−0.071***	−0.003	−0.003	0.186***	0.183***	−0.067***	−0.067***	−0.158***	−0.159***	−0.178**	−0.179**
	(0.015)	(0.015)	(0.009)	(0.010)	(0.014)	(0.014)	(0.002)	(0.002)	(0.048)	(0.045)	(0.019)	(0.020)	(0.051)	(0.052)	(0.062)	(0.063)
log(CAPITAL/LABOR [\$K])	−0.001	−0.001	−0.002	−0.002*	−0.001	−0.001	−0.001*	−0.001								
	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0003)	(0.0003)								
INSIDER	0.002	0.002	−0.003	−0.005	0.003	0.003	−0.001	−0.001	0.003	0.056	0.009*	0.013**	0.036	0.059	−0.006	0.006
	(0.004)	(0.005)	(0.004)	(0.005)	(0.004)	(0.005)	(0.001)	(0.001)	(0.054)	(0.046)	(0.005)	(0.005)	(0.048)	(0.056)	(0.006)	(0.011)
FOREIGN	0.006**	0.006**	0.007*	0.007*	0.003	0.003	0.003***	0.003***	0.046	0.043	−0.0001	−0.001	−0.027	−0.029	−0.003	−0.006
	(0.002)	(0.003)	(0.004)	(0.004)	(0.002)	(0.002)	(0.001)	(0.001)	(0.041)	(0.041)	(0.004)	(0.004)	(0.045)	(0.045)	(0.006)	(0.007)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	41,045	41,045	30,879	30,879	41,045	41,045	41,108	41,108	40,077	40,077	50,890	50,890	37,540	37,540	48,531	48,531
R ²	0.621	0.621	0.787	0.786	0.599	0.599	0.865	0.864	0.950	0.948	0.799	0.798	0.871	0.870	0.713	0.711
Adjusted R ²	0.528	0.528	0.724	0.722	0.500	0.500	0.831	0.830	0.938	0.935	0.756	0.754	0.837	0.836	0.649	0.646

Note:

* p<0.1; ** p<0.05; *** p<0.01

A.12 Analysis by size

Table 23: Regression results: By size.

This table shows the separate OLS and IV regression results for small and large companies. The model specifications follow Bena et al. (2017) as defined in chapter 4.1.2.2. The size threshold is defined as the rounded sample median of market capitalization. For the calculation of the sample median, the sample excluding missing values as in chapter 4.3.3.1 is used. The calculated rounded sample median is \$694 million. Firm-year observations with a lower market capitalization in year t get assigned to the small group, while firm-year observations with a higher market capitalization get assigned to the large group. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_ST._CO.) | (15)-(16) SG&A. The sample consists of firm-year combinations from Worldscope from 2000 to 2019. All independent variables are lagged by one year. The standard errors are clustered on the country and year level and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

Panel A: Small (Market Capitalization < Median)

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.040 (0.073)		-0.025 (0.041)		0.019 (0.064)		0.016 (0.018)		1.422*** (0.382)		0.083 (0.192)		-0.834 (0.751)		0.218 (0.335)	
PO(fit)		0.706 (0.668)		-0.170 (0.465)		0.228 (0.452)		0.339 (0.339)		0.771 (8.714)		2.162 (1.567)		1.660 (9.988)		6.140* (3.394)
log(SALES [\$M])	0.005*** (0.001)	0.004*** (0.001)	0.001 (0.001)	0.001 (0.001)	0.005*** (0.001)	0.004*** (0.001)	0.001 (0.001)	0.0002 (0.001)	0.346*** (0.032)	0.346*** (0.035)	-0.062*** (0.010)	-0.065*** (0.010)	0.043 (0.026)	0.040 (0.031)	-0.171*** (0.034)	-0.177*** (0.035)
TOBIN Q	0.002 (0.001)	0.002 (0.001)	0.001* (0.001)	0.001* (0.001)	0.002* (0.001)	0.002* (0.001)	-0.001 (0.0003)	-0.0005 (0.0003)	-0.028* (0.014)	-0.028* (0.015)	-0.002 (0.005)	-0.001 (0.004)	0.022** (0.008)	0.022** (0.010)	0.005 (0.010)	0.007 (0.009)
LEVERAGE	-0.061*** (0.008)	-0.060*** (0.008)	-0.050*** (0.005)	-0.050*** (0.005)	-0.055*** (0.008)	-0.055*** (0.008)	-0.005** (0.002)	-0.004** (0.002)	0.183** (0.069)	0.182** (0.077)	0.017 (0.016)	0.021 (0.018)	-0.005 (0.097)	-0.0004 (0.110)	0.056 (0.050)	0.068 (0.058)
TANGIBILITY	-0.026 (0.016)	-0.029* (0.015)	-0.026* (0.012)	-0.025** (0.012)	-0.028* (0.016)	-0.029* (0.015)	0.004 (0.002)	0.002 (0.003)	0.326* (0.181)	0.328 (0.189)	0.013 (0.037)	0.007 (0.038)	-0.087 (0.116)	-0.094 (0.127)	-0.123 (0.096)	-0.140 (0.099)
CASH	0.033*** (0.006)	0.032*** (0.007)	0.020*** (0.005)	0.020*** (0.006)	0.028*** (0.005)	0.028*** (0.005)	0.002 (0.004)	0.002 (0.004)	0.020 (0.102)	0.021 (0.107)	0.067** (0.031)	0.065* (0.032)	0.010 (0.068)	0.007 (0.075)	0.130 (0.088)	0.123 (0.093)
FCF	-0.023* (0.012)	-0.023* (0.012)	0.001 (0.008)	0.001 (0.008)	-0.015 (0.009)	-0.015 (0.009)	-0.006 (0.005)	-0.006 (0.005)	0.029 (0.115)	0.029 (0.114)	-0.040 (0.027)	-0.039 (0.028)	-0.127 (0.083)	-0.126 (0.084)	-0.133 (0.077)	-0.132 (0.080)
log(CAPITAL/LABOR [\$K])	0.002 (0.001)	0.002 (0.001)	-0.0003 (0.001)	-0.0004 (0.001)	0.002 (0.001)	0.002 (0.001)	-0.001* (0.0003)	-0.001* (0.0003)	-	-	-	-	-	-	-	-
INSIDER	-0.002 (0.006)	0.001 (0.008)	-0.004 (0.004)	-0.004 (0.005)	0.002 (0.004)	0.002 (0.005)	0.003 (0.002)	-0.001 (0.002)	-0.021 (0.039)	-0.024 (0.048)	0.005 (0.007)	0.015 (0.009)	0.002 (0.054)	0.014 (0.063)	-0.021 (0.029)	0.007 (0.028)
FOREIGN	0.003 (0.003)	0.003 (0.002)	0.003 (0.002)	0.003 (0.002)	0.001 (0.002)	0.001 (0.002)	0.001 (0.001)	0.001 (0.001)	0.086 (0.066)	0.086 (0.066)	0.009 (0.007)	0.009 (0.007)	-0.149** (0.053)	-0.149** (0.054)	0.036** (0.014)	0.035** (0.014)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes
Observations	23,177	23,177	23,177	23,177	23,177	23,177	23,177	23,177	23,177	23,177	23,177	23,177	23,177	23,177	23,177	23,177
R ²	0.781	0.777	0.885	0.885	0.715	0.715	0.923	0.921	0.963	0.963	0.871	0.868	0.931	0.931	0.860	0.856
Adjusted R ²	0.679	0.673	0.831	0.831	0.583	0.582	0.888	0.884	0.947	0.947	0.811	0.807	0.899	0.899	0.795	0.790

Note:

*p<0.1; **p<0.05; ***p<0.01

A.12 Analysis by size (continued)

Panel B: Large (Market Capitalization $\geq$ Median)

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.081*		0.055*		0.086**		-0.011		0.442		0.081**		-0.856		0.198	
	(0.039)		(0.029)		(0.040)		(0.012)		(0.389)		(0.038)		(0.499)		(0.188)	
PO(fit)		0.201		0.025		0.162		0.019		5.192***		0.145		-1.235		0.817
		(0.190)		(0.178)		(0.172)		(0.040)		(1.448)		(0.233)		(3.061)		(0.507)
log(SALES [\$M])	0.003***	0.003**	-0.001	-0.001	0.003**	0.003**	0.001	0.001	0.409***	0.405***	-0.017**	-0.017**	0.122***	0.123***	-0.042**	-0.043**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.051)	(0.052)	(0.007)	(0.007)	(0.013)	(0.014)	(0.018)	(0.018)
TOBIN Q	0.004***	0.004***	0.003**	0.003**	0.004***	0.004***	0.0003	0.0003	0.0005	-0.001	-0.002	-0.002	-0.001	-0.001	-0.004	-0.004
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0004)	(0.0004)	(0.006)	(0.005)	(0.002)	(0.002)	(0.005)	(0.005)	(0.004)	(0.003)
LEVERAGE	-0.043***	-0.043***	-0.032***	-0.032***	-0.039***	-0.039***	-0.003	-0.003	0.031	0.034	0.010	0.010	0.061	0.061	0.0002	0.001
	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)	(0.006)	(0.002)	(0.002)	(0.056)	(0.071)	(0.013)	(0.013)	(0.079)	(0.080)	(0.025)	(0.024)
TANGIBILITY	0.003	0.001	-0.009	-0.009	-0.003	-0.004	0.007**	0.007**	0.249***	0.242***	0.0004	0.0003	-0.236**	-0.236**	-0.062	-0.063
	(0.011)	(0.012)	(0.009)	(0.009)	(0.009)	(0.009)	(0.003)	(0.003)	(0.070)	(0.078)	(0.019)	(0.019)	(0.091)	(0.090)	(0.054)	(0.054)
CASH	0.036***	0.037***	0.024***	0.023***	0.035***	0.035***	0.002	0.002	-0.161**	-0.139*	0.002	0.003	0.026	0.024	-0.043***	-0.040***
	(0.007)	(0.007)	(0.006)	(0.006)	(0.005)	(0.006)	(0.002)	(0.002)	(0.070)	(0.069)	(0.007)	(0.008)	(0.070)	(0.076)	(0.014)	(0.013)
FCF	-0.095***	-0.095***	-0.038**	-0.038**	-0.087***	-0.087***	-0.001	-0.001	-0.146**	-0.171**	-0.060**	-0.061**	-0.147*	-0.145*	-0.072	-0.076
	(0.019)	(0.019)	(0.015)	(0.015)	(0.016)	(0.016)	(0.003)	(0.003)	(0.065)	(0.075)	(0.023)	(0.024)	(0.076)	(0.072)	(0.049)	(0.050)
log(CAPITAL/LABOR [\$K])	-0.002	-0.002	-0.003	-0.003	-0.002	-0.002	-0.001	-0.0005								
	(0.003)	(0.003)	(0.002)	(0.002)	(0.003)	(0.003)	(0.001)	(0.001)								
INSIDER	-0.0001	0.001	-0.002	-0.002	-0.001	-0.0005	0.001	0.001	-0.046	0.003	-0.004	-0.003	0.017	0.013	-0.006	0.0003
	(0.003)	(0.004)	(0.001)	(0.002)	(0.003)	(0.004)	(0.001)	(0.001)	(0.034)	(0.040)	(0.005)	(0.005)	(0.028)	(0.050)	(0.011)	(0.013)
FOREIGN	0.008**	0.008**	0.007**	0.007**	0.005*	0.005*	0.003*	0.003*	-0.027	-0.033	-0.009	-0.009	-0.081**	-0.081**	-0.002	-0.003
	(0.003)	(0.003)	(0.002)	(0.002)	(0.003)	(0.003)	(0.001)	(0.001)	(0.043)	(0.040)	(0.006)	(0.006)	(0.034)	(0.035)	(0.009)	(0.009)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes
Observations	23,173	23,173	23,173	23,173	23,173	23,173	23,173	23,173	23,173	23,173	23,173	23,173	23,173	23,173	23,173	23,173
R ²	0.761	0.761	0.868	0.868	0.723	0.722	0.925	0.925	0.976	0.975	0.916	0.916	0.941	0.941	0.850	0.849
Adjusted R ²	0.683	0.683	0.824	0.824	0.632	0.632	0.901	0.900	0.968	0.966	0.889	0.889	0.921	0.921	0.800	0.800

Note:

*p<0.1; **p<0.05; ***p<0.01

A.13 Analysis by time periods

Table 24: Regression results: By time periods.

This table shows the separate OLS and IV regression results for three subsamples: 1. 2000-2006; 2. 2007-2013; 3. 2014-2019. The model specifications follow Bena et al. (2017) as defined in chapter 4.1.2.2. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_STAFF_COST) | (15)-(16) SG&A. All independent variables are lagged by one year. The standard errors are clustered on the country and year level and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

Panel A: 2000-2006

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	-0.035 (0.044)		0.032 (0.034)		-0.014 (0.037)		-0.013 (0.014)		1.452* (0.720)		0.245 (0.171)		-0.064 (0.965)		-0.035 (0.242)	
PO(fit)		-0.243 (0.562)		-0.211 (0.244)		-0.064 (0.436)		-0.162 (0.134)		10.704 (5.655)		2.373 (1.502)		1.049 (6.210)		3.619*** (0.728)
log(SALES [\$M])	0.003** (0.001)	0.003** (0.001)	-0.0004 (0.001)	-0.0004 (0.001)	0.003** (0.001)	0.003** (0.001)	0.001 (0.001)	0.001 (0.001)	0.029** (0.010)	0.029** (0.010)	-0.004* (0.002)	-0.004 (0.003)	0.019 (0.011)	0.019 (0.010)	-0.044 (0.024)	-0.044 (0.029)
TOBIN Q	0.002*** (0.001)	0.002** (0.001)	0.001 (0.0005)	0.001 (0.001)	0.003*** (0.0004)	0.003*** (0.001)	-0.001* (0.0004)	-0.001** (0.0003)	0.002 (0.005)	0.006 (0.007)	-0.006*** (0.001)	-0.006*** (0.001)	0.011 (0.011)	-0.011 (0.012)	-0.001 (0.002)	0.0002 (0.003)
LEVERAGE	-0.054*** (0.007)	-0.054*** (0.007)	-0.030*** (0.005)	-0.030*** (0.005)	-0.045*** (0.006)	-0.045*** (0.006)	-0.006*** (0.001)	-0.007*** (0.002)	0.209** (0.066)	0.227** (0.077)	-0.006 (0.010)	-0.002 (0.011)	0.010 (0.064)	0.012 (0.063)	-0.072* (0.028)	-0.068 (0.045)
TANGIBILITY	-0.046* (0.020)	-0.046* (0.020)	-0.036** (0.012)	-0.036** (0.012)	-0.052** (0.018)	-0.052** (0.019)	0.008* (0.004)	0.008* (0.004)	0.006 (0.097)	0.011 (0.101)	0.014 (0.025)	0.016 (0.024)	-0.042 (0.137)	-0.041 (0.138)	-0.194 (0.107)	-0.197 (0.108)
CASH	0.016 (0.008)	0.017* (0.008)	0.016** (0.004)	0.017*** (0.004)	0.012 (0.007)	0.012 (0.006)	0.004 (0.003)	0.005 (0.003)	-0.316*** (0.056)	-0.340*** (0.058)	0.063 (0.035)	0.063 (0.036)	-0.048 (0.066)	-0.048 (0.066)	0.177** (0.048)	0.166** (0.048)
FCF	-0.029* (0.014)	-0.029* (0.014)	0.002 (0.008)	0.001 (0.008)	-0.005 (0.007)	-0.005 (0.007)	-0.022** (0.006)	-0.022** (0.007)	0.120*** (0.028)	0.128** (0.036)	-0.029* (0.014)	-0.025 (0.013)	0.030 (0.078)	0.032 (0.077)	-0.282** (0.086)	-0.283** (0.085)
log(CAPITAL/LABOR [\$K])	-0.0004 (0.002)	-0.0003 (0.002)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.0001 (0.001)	-0.00001 (0.001)								
INSIDER	0.004 (0.002)	0.003 (0.003)	0.002 (0.002)	0.001 (0.002)	0.002 (0.002)	0.001 (0.003)	0.003 (0.002)	0.003* (0.001)	-0.172*** (0.032)	-0.134** (0.036)	0.009 (0.008)	0.012 (0.010)	0.052 (0.031)	0.054 (0.028)	0.037** (0.014)	0.052 (0.029)
FOREIGN	0.010** (0.003)	0.010** (0.003)	0.005 (0.003)	0.005 (0.003)	0.005 (0.003)	0.005 (0.003)	0.004** (0.001)	0.004** (0.001)	0.020 (0.040)	0.021 (0.029)	-0.020* (0.008)	-0.018* (0.008)	-0.001 (0.033)	-0.0002 (0.033)	-0.012 (0.012)	-0.010 (0.018)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	31,458	31,458	28,951	28,951	31,458	31,458	31,516	31,516	31,562	31,562	12,997	12,997	12,197	12,197	28,466	28,466
R ²	0.837	0.836	0.928	0.928	0.794	0.794	0.932	0.932	0.984	0.982	0.928	0.926	0.956	0.956	0.905	0.904
Adjusted R ²	0.773	0.773	0.900	0.900	0.714	0.714	0.906	0.905	0.977	0.975	0.895	0.891	0.935	0.935	0.868	0.866

Note:

*p<0.1; **p<0.05; ***p<0.01

A.13 Analysis by time periods (continued)

Panel B: 2007-2013

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.071*		0.094***		0.068*		0.010		1.286***		-0.120		0.971		0.188	
	(0.030)		(0.024)		(0.028)		(0.005)		(0.289)		(0.149)		(0.670)		(0.183)	
PO(fit)		0.181		0.017		0.148		0.038		11.059**		-0.005		3.916**		0.183
		(0.182)		(0.137)		(0.179)		(0.040)		(3.024)		(0.382)		(1.319)		(0.579)
log(SALES [\$M])	0.002	0.001	-0.004**	-0.004*	0.002	0.002	0.001	0.0005	0.035***	0.032**	-0.014***	-0.014***	-0.00002	-0.001	-0.034*	-0.034*
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.008)	(0.009)	(0.003)	(0.003)	(0.005)	(0.005)	(0.015)	(0.015)
TOBIN Q	0.004***	0.004***	0.003***	0.003***	0.006***	0.006***	-0.001**	-0.001**	-0.003	-0.002	-0.005	-0.005	-0.002	-0.003	-0.005	-0.005
	(0.001)	(0.001)	(0.0004)	(0.0005)	(0.001)	(0.001)	(0.0003)	(0.0003)	(0.008)	(0.008)	(0.003)	(0.003)	(0.007)	(0.006)	(0.008)	(0.007)
LEVERAGE	-0.066***	-0.065***	-0.044***	-0.045***	-0.055***	-0.055***	-0.007**	-0.007***	0.185**	0.204***	-0.038	-0.038	0.102*	0.102*	-0.048	-0.048
	(0.008)	(0.008)	(0.007)	(0.007)	(0.008)	(0.009)	(0.002)	(0.002)	(0.062)	(0.055)	(0.034)	(0.034)	(0.043)	(0.046)	(0.057)	(0.057)
TANGIBILITY	-0.060**	-0.060**	-0.052***	-0.052***	-0.059**	-0.060**	0.003	0.003	-0.031	-0.058	-0.073	-0.073	0.039	0.051	-0.197*	-0.197*
	(0.020)	(0.020)	(0.011)	(0.011)	(0.018)	(0.018)	(0.002)	(0.002)	(0.071)	(0.122)	(0.054)	(0.054)	(0.063)	(0.068)	(0.089)	(0.089)
CASH	0.021*	0.021*	0.011*	0.011*	0.024**	0.024**	-0.003	-0.003	-0.396***	-0.381***	0.071*	0.071*	0.129*	0.139*	0.166**	0.166**
	(0.009)	(0.009)	(0.005)	(0.004)	(0.008)	(0.009)	(0.002)	(0.002)	(0.078)	(0.080)	(0.031)	(0.031)	(0.059)	(0.062)	(0.061)	(0.061)
FCF	-0.036**	-0.036**	-0.006	-0.006	-0.025*	-0.025*	-0.009**	-0.009**	0.101**	0.071	-0.049	-0.049	-0.076	-0.079	-0.094	-0.094
	(0.013)	(0.013)	(0.009)	(0.009)	(0.012)	(0.012)	(0.003)	(0.003)	(0.037)	(0.038)	(0.029)	(0.029)	(0.063)	(0.065)	(0.089)	(0.088)
log(CAPITAL/LABOR [\$K])	0.002	0.002	-0.001	-0.001	0.003*	0.003*	-0.001	-0.001								
	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)								
INSIDER	-0.005	-0.004	-0.004*	-0.006*	-0.004	-0.003	-0.0004	-0.00001	-0.046*	0.091	0.013	0.014	-0.008	0.010	0.016	0.016
	(0.003)	(0.005)	(0.002)	(0.003)	(0.003)	(0.005)	(0.001)	(0.001)	(0.023)	(0.061)	(0.014)	(0.015)	(0.021)	(0.025)	(0.013)	(0.017)
FOREIGN	0.005*	0.005*	0.002	0.002	0.002	0.002	0.003*	0.003**	0.004	0.019	-0.007	-0.007	-0.019	-0.021	-0.006	-0.006
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.025)	(0.026)	(0.007)	(0.007)	(0.021)	(0.020)	(0.012)	(0.013)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	46,860	46,860	44,118	44,118	46,860	46,860	46,943	46,943	46,859	46,859	29,591	29,591	24,357	24,357	45,045	45,045
R ²	0.812	0.812	0.906	0.906	0.769	0.769	0.935	0.935	0.981	0.978	0.878	0.878	0.947	0.947	0.869	0.869
Adjusted R ²	0.749	0.749	0.875	0.875	0.691	0.691	0.914	0.914	0.974	0.970	0.822	0.822	0.920	0.919	0.825	0.825

Note:

*p<0.1; **p<0.05; ***p<0.01

A.13 Analysis by time periods (continued)

Panel C: 2014-2019

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.044** (0.014)		0.024 (0.011)		0.044* (0.017)		-0.004 (0.002)		1.456*** (0.223)		0.053 (0.064)		-1.734 (0.866)		-0.191* (0.092)	
PO(fit)		0.488** (0.169)		0.102 (0.113)		0.500** (0.169)		-0.003 (0.036)		13.733** (3.652)		0.515 (0.520)		6.566* (2.842)		1.436 (1.057)
log(SALES [\$M])	0.004** (0.001)	0.003 (0.001)	-0.0003 (0.001)	-0.001 (0.001)	0.003*** (0.001)	0.002 (0.001)	0.001* (0.0003)	0.001** (0.0003)	0.035* (0.014)	0.024 (0.016)	-0.007 (0.004)	-0.008 (0.004)	0.027* (0.011)	0.022 (0.011)	-0.043** (0.012)	-0.045** (0.012)
TOBIN Q	0.001** (0.0005)	0.001 (0.001)	-0.00003 (0.0002)	0.00003 (0.0002)	0.002** (0.001)	0.001 (0.001)	-0.001* (0.0003)	-0.001* (0.0003)	-0.004 (0.006)	-0.018 (0.015)	-0.004* (0.002)	-0.004* (0.002)	-0.043** (0.012)	-0.051** (0.018)	-0.010 (0.006)	-0.011* (0.005)
LEVERAGE	-0.042*** (0.005)	-0.047*** (0.006)	-0.021** (0.006)	-0.022** (0.007)	-0.034*** (0.005)	-0.039*** (0.005)	-0.007** (0.002)	-0.007** (0.002)	0.223*** (0.034)	0.078 (0.113)	-0.031 (0.019)	-0.030 (0.019)	0.067* (0.028)	0.078* (0.031)	-0.071 (0.057)	-0.089 (0.067)
TANGIBILITY	-0.047** (0.016)	-0.054** (0.014)	-0.055*** (0.008)	-0.056*** (0.008)	-0.049** (0.016)	-0.055*** (0.014)	0.005 (0.003)	0.005 (0.003)	0.149* (0.065)	-0.020 (0.142)	0.003 (0.021)	0.001 (0.023)	-0.479** (0.132)	-0.541** (0.148)	-0.070 (0.093)	-0.083 (0.100)
CASH	0.032*** (0.004)	0.033*** (0.003)	0.017*** (0.002)	0.017*** (0.002)	0.026*** (0.005)	0.026*** (0.004)	0.004 (0.002)	0.004 (0.002)	-0.152* (0.061)	-0.123** (0.036)	0.038 (0.022)	0.038 (0.022)	-0.158*** (0.031)	-0.160*** (0.036)	0.044 (0.066)	0.049 (0.067)
FCF	-0.032** (0.012)	-0.035** (0.013)	0.022** (0.006)	0.021** (0.006)	-0.019 (0.011)	-0.022 (0.012)	-0.010* (0.005)	-0.010* (0.005)	0.207** (0.060)	0.108 (0.079)	-0.068*** (0.016)	-0.069** (0.017)	-0.097 (0.066)	-0.126 (0.084)	-0.124 (0.068)	-0.138 (0.073)
log(CAPITAL/LABOR [\$K])	-0.001 (0.001)	-0.001 (0.001)	-0.002 (0.001)	-0.002 (0.001)	-0.0003 (0.001)	-0.0002 (0.001)	-0.001 (0.0005)	-0.001* (0.0004)								
INSIDER	0.008** (0.003)	0.010** (0.003)	0.005** (0.002)	0.005** (0.001)	0.007** (0.003)	0.009*** (0.002)	0.0003 (0.002)	0.0003 (0.001)	-0.005 (0.063)	0.048 (0.041)	0.001 (0.005)	0.003 (0.006)	-0.061 (0.030)	-0.038 (0.035)	-0.015 (0.010)	-0.006 (0.014)
FOREIGN	0.006** (0.002)	0.008** (0.003)	0.006 (0.003)	0.006 (0.003)	0.004* (0.002)	0.006** (0.002)	0.002* (0.001)	0.002* (0.001)	0.063** (0.021)	0.091** (0.034)	-0.009 (0.005)	-0.009* (0.004)	0.018 (0.021)	0.016 (0.020)	-0.002 (0.015)	0.001 (0.013)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	59,591	59,591	36,651	36,651	59,591	59,591	59,640	59,640	59,470	59,470	58,195	58,195	46,802	46,802	66,974	66,974
R ²	0.826	0.819	0.953	0.953	0.747	0.733	0.951	0.951	0.982	0.974	0.900	0.900	0.954	0.950	0.890	0.889
Adjusted R ²	0.766	0.757	0.928	0.927	0.661	0.642	0.935	0.935	0.976	0.965	0.868	0.867	0.938	0.932	0.855	0.853

Note:

*p<0.1; **p<0.05; ***p<0.01

A.14 Alternative passive ownership definitions

Table 25: Regression results: Alternative passive ownership definitions.

This table shows the separate OLS and IV regression results for alternative passive ownership definitions. The model specifications follow Bena et al. (2017) as defined in chapter 4.1.2.2. PO_13k contains not only passive fund holdings but also an index fund sponsors out-of-fund holdings which are expected to be held passively. PO_BT contains only the passively held fund holdings of BlackRock, Vanguard, and State Street. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_STAFF_COST) | (15)-(16) SG&A. The sample consists of firm-year combinations from Worldscope from 2000 to 2019. All independent variables are lagged by one year. The standard errors are clustered on the country and year level and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

Panel A: p13F-adjusted passive holdings (PO_p13F)

	Dependent variable:															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.045*** (0.015)		0.044*** (0.012)		0.040** (0.018)		0.004 (0.006)		1.280*** (0.134)		-0.007 (0.073)		-1.326** (0.613)		-0.048 (0.089)	
PO(fit)		0.068 (0.072)		-0.037 (0.050)		0.096** (0.045)		-0.028 (0.042)		11.544*** (1.744)		0.591** (0.230)		3.145 (2.336)		1.016*** (0.289)
log(SALES [\$M])	0.0001 (0.001)	-0.00002 (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	0.001 (0.001)	0.0005 (0.001)	-0.0002 (0.0004)	-0.00002 (0.0003)	0.059*** (0.011)	0.049*** (0.012)	-0.018*** (0.004)	-0.019*** (0.003)	0.027** (0.009)	0.025** (0.009)	-0.058*** (0.012)	-0.059*** (0.012)
TOBIN Q	0.003*** (0.001)	0.003*** (0.001)	0.002*** (0.0004)	0.002*** (0.0004)	0.004*** (0.001)	0.004*** (0.001)	-0.0005*** (0.0001)	-0.0005*** (0.0001)	-0.012* (0.006)	-0.015* (0.008)	-0.004*** (0.001)	-0.004*** (0.001)	-0.021* (0.012)	-0.024 (0.015)	-0.006* (0.003)	-0.007* (0.003)
LEVERAGE	-0.049*** (0.004)	-0.049*** (0.005)	-0.038*** (0.004)	-0.038*** (0.004)	-0.039*** (0.005)	-0.039*** (0.005)	-0.008*** (0.001)	-0.007*** (0.001)	0.310*** (0.042)	0.185** (0.077)	-0.029** (0.014)	-0.029** (0.014)	0.035 (0.051)	0.042 (0.052)	-0.080*** (0.024)	-0.094*** (0.025)
TANGIBILITY	0.009 (0.009)	0.008 (0.009)	-0.005 (0.008)	-0.004 (0.009)	0.001 (0.007)	0.0003 (0.007)	0.009** (0.004)	0.009* (0.005)	0.059 (0.138)	-0.100 (0.186)	-0.024 (0.018)	-0.025 (0.018)	-0.244* (0.127)	-0.259* (0.135)	-0.150*** (0.052)	-0.167*** (0.052)
CASH	0.024*** (0.006)	0.024*** (0.006)	0.016*** (0.004)	0.017*** (0.004)	0.018** (0.007)	0.018** (0.007)	0.004 (0.003)	0.004 (0.003)	-0.493*** (0.141)	-0.473*** (0.152)	0.055** (0.020)	0.057** (0.021)	-0.016 (0.064)	-0.001 (0.068)	0.188** (0.089)	0.190** (0.089)
FCF	-0.057*** (0.006)	-0.057*** (0.006)	-0.019*** (0.004)	-0.019*** (0.004)	-0.032*** (0.010)	-0.033*** (0.010)	-0.018*** (0.005)	-0.018*** (0.005)	0.189*** (0.031)	0.078* (0.040)	-0.108*** (0.021)	-0.110*** (0.021)	-0.109*** (0.035)	-0.118*** (0.038)	-0.345*** (0.050)	-0.357*** (0.052)
log(CAPITAL/LABOR [\$K])	-0.002* (0.001)	-0.002* (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	-0.00002 (0.001)	-0.00003 (0.001)	-0.001* (0.001)	-0.001* (0.001)	-0.156** (0.056)	0.202** (0.072)	0.007 (0.006)	0.015* (0.008)	-0.001 (0.031)	0.056 (0.037)	-0.012 (0.008)	0.026** (0.012)
INSIDER	-0.002 (0.002)	-0.002 (0.004)	-0.003 (0.002)	-0.006* (0.003)	-0.003 (0.002)	-0.001 (0.003)	0.001 (0.001)	-0.0004 (0.002)	0.145*** (0.056)	0.173*** (0.072)	-0.014** (0.006)	-0.014** (0.008)	-0.063** (0.029)	-0.062* (0.031)	-0.013 (0.011)	-0.009 (0.013)
FOREIGN	0.010*** (0.002)	0.010*** (0.002)	0.008*** (0.002)	0.007*** (0.002)	0.004** (0.001)	0.004*** (0.001)	0.005** (0.002)	0.005*** (0.002)	0.005*** (0.044)	0.145*** (0.042)	-0.014** (0.006)	-0.014** (0.006)	-0.063** (0.029)	-0.062* (0.031)	-0.013 (0.011)	-0.009 (0.013)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes
Observations	137,912	137,912	109,723	109,723	137,912	137,912	138,102	138,102	137,895	137,895	100,786	100,786	83,359	83,359	140,488	140,488
R ²	0.749	0.749	0.854	0.854	0.679	0.678	0.897	0.896	0.959	0.941	0.841	0.840	0.917	0.914	0.829	0.828
Adjusted R ²	0.704	0.704	0.826	0.825	0.621	0.621	0.878	0.878	0.952	0.931	0.808	0.807	0.897	0.894	0.799	0.797

Note:

*p<0.1; **p<0.05; ***p<0.01

A.14 Alternative passive ownership definitions (continued)

Panel B: Passive 'Big Three' ownership (PO_BT)

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.075** (0.028)		0.080*** (0.025)		0.067* (0.034)		0.004 (0.011)		1.617*** (0.247)		0.048 (0.133)		-2.355* (1.203)		-0.043 (0.163)	
PO(fit)		0.121 (0.115)		-0.065 (0.094)		0.169** (0.069)		-0.049 (0.080)		20.542*** (1.943)		0.841** (0.321)		4.526 (3.336)		1.774*** (0.509)
log(SALES [\$M])	0.0002 (0.001)	0.0001 (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	0.001 (0.001)	0.001 (0.001)	-0.0002 (0.0004)	-0.0001 (0.0003)	0.060*** (0.011)	0.053*** (0.011)	-0.018*** (0.003)	-0.018*** (0.003)	0.026** (0.009)	0.025** (0.009)	-0.058*** (0.012)	-0.059*** (0.012)
TOBIN Q	0.003*** (0.001)	0.003*** (0.001)	0.002*** (0.0004)	0.002*** (0.0004)	0.004*** (0.001)	0.004*** (0.001)	-0.0005*** (0.0001)	-0.0004*** (0.0001)	-0.012* (0.006)	-0.019** (0.007)	-0.004*** (0.001)	-0.004*** (0.001)	-0.021* (0.012)	-0.023 (0.014)	-0.006* (0.003)	-0.007* (0.003)
LEVERAGE	-0.049*** (0.004)	-0.050*** (0.005)	-0.039*** (0.004)	-0.037*** (0.005)	-0.039*** (0.005)	-0.040*** (0.005)	-0.008*** (0.001)	-0.007*** (0.001)	0.304*** (0.040)	0.052 (0.136)	-0.029** (0.014)	-0.030** (0.014)	0.039 (0.051)	0.035 (0.051)	-0.080*** (0.024)	-0.105*** (0.028)
TANGIBILITY	0.009 (0.009)	0.009 (0.009)	-0.005 (0.008)	-0.004 (0.009)	0.001 (0.007)	0.001 (0.007)	0.009** (0.004)	0.009* (0.005)	0.067 (0.136)	-0.081 (0.215)	-0.024 (0.018)	-0.025 (0.018)	-0.243* (0.126)	-0.260* (0.135)	-0.151*** (0.052)	-0.165*** (0.051)
CASH	0.024*** (0.006)	0.025*** (0.006)	0.017*** (0.004)	0.017*** (0.004)	0.018** (0.007)	0.018** (0.007)	0.004 (0.003)	0.004 (0.003)	-0.492*** (0.140)	-0.443*** (0.145)	0.055** (0.020)	0.056** (0.021)	-0.015 (0.063)	-0.006 (0.068)	0.188** (0.089)	0.193** (0.090)
FCF	-0.057*** (0.006)	-0.057*** (0.006)	-0.019*** (0.004)	-0.019*** (0.004)	-0.032*** (0.010)	-0.033*** (0.010)	-0.018*** (0.005)	-0.018*** (0.005)	0.197*** (0.031)	0.125*** (0.029)	-0.108*** (0.021)	-0.109*** (0.021)	-0.109*** (0.035)	-0.117*** (0.037)	-0.345*** (0.050)	-0.353*** (0.051)
log(CAPITAL/LABOR [\$K])	-0.002* (0.001)	-0.002* (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	-0.00005 (0.001)	-0.0001 (0.001)	-0.001* (0.001)	-0.001** (0.001)								
INSIDER	-0.003 (0.003)	-0.002 (0.003)	-0.003* (0.002)	-0.005** (0.003)	-0.003 (0.002)	-0.001 (0.003)	0.001 (0.001)	-0.0002 (0.002)	-0.174** (0.062)	0.144 (0.088)	0.007 (0.007)	0.014* (0.008)	-0.002 (0.032)	0.049 (0.035)	-0.011 (0.008)	0.020 (0.012)
FOREIGN	0.010*** (0.002)	0.010*** (0.002)	0.008*** (0.002)	0.007*** (0.002)	0.004** (0.001)	0.005*** (0.002)	0.005** (0.002)	0.005*** (0.002)	0.146*** (0.045)	0.204*** (0.056)	-0.014** (0.006)	-0.014** (0.006)	-0.063** (0.028)	-0.060* (0.031)	-0.013 (0.011)	-0.008 (0.014)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	137,896	137,896	109,708	109,708	137,896	137,896	138,086	138,086	137,877	137,877	100,770	100,770	83,343	83,343	140,475	140,475
R ²	0.749	0.749	0.855	0.854	0.679	0.678	0.897	0.896	0.959	0.938	0.841	0.840	0.917	0.915	0.829	0.828
Adjusted R ²	0.704	0.704	0.826	0.825	0.621	0.621	0.878	0.878	0.952	0.927	0.808	0.807	0.897	0.895	0.799	0.797

Note:

*p<0.1; **p<0.05; ***p<0.01

A.15 Analysis with bandwidths

Table 26: Regression results: 10% bandwidth analysis.

This table shows the OLS and IV regression results for the 10% bandwidth analysis. The model specifications follow Bena et al. (2017) as defined in chapter 4.1.2.2. For each year and each country, the market capitalization of the last included stock in the MSCI ACWI is used as the threshold. Based on this threshold for each year and each country the 10% of the stocks that are smaller and the 10% of the stocks that are larger than that threshold are used for the bandwidth analysis. This allows to analyze stocks with similar characteristics. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_STAFF_COST) | (15)-(16) SG&A. The sample consists of firm-year combinations from Worldscope from 2000 to 2019. All independent variables are lagged by one year. The standard errors are clustered on the country and year level and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.035** (0.012)		0.020 (0.015)		0.008 (0.010)		0.020* (0.011)		4.680*** (0.581)		0.388*** (0.106)		-1.622*** (0.353)		0.806*** (0.179)	
PO(fit)		0.238 (0.187)		0.296 (0.171)		-0.231 (0.138)		0.448* (0.221)		54.186*** (18.697)		3.097*** (0.841)		7.655*** (1.596)		13.073*** (3.214)
log(SALES [\$M])	-0.003** (0.001)	-0.004** (0.002)	-0.003*** (0.001)	-0.004** (0.002)	-0.0002 (0.001)	0.001 (0.001)	-0.002*** (0.001)	-0.004** (0.002)	0.319** (0.134)	0.202 (0.139)	-0.043*** (0.008)	-0.054*** (0.010)	0.054*** (0.014)	0.013 (0.015)	-0.128*** (0.014)	-0.171*** (0.017)
TOBIN Q	0.008*** (0.001)	0.008*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	-0.113*** (0.033)	-0.084*** (0.029)	-0.0003 (0.003)	-0.002 (0.002)	-0.00003 (0.011)	-0.006 (0.013)	0.016 (0.010)	0.018* (0.009)
LEVERAGE	-0.023*** (0.003)	-0.023*** (0.003)	-0.016*** (0.003)	-0.015*** (0.003)	-0.015*** (0.003)	-0.016*** (0.003)	-0.008*** (0.002)	-0.007** (0.003)	0.264* (0.148)	0.258 (0.224)	-0.030* (0.017)	-0.030 (0.018)	-0.171 (0.109)	-0.169 (0.102)	0.095*** (0.028)	0.110** (0.044)
TANGIBILITY	0.111*** (0.004)	0.110*** (0.004)	0.103*** (0.004)	0.102*** (0.004)	0.126*** (0.006)	0.127*** (0.007)	-0.015** (0.006)	-0.018** (0.008)	0.117 (0.145)	0.010 (0.160)	-0.028 (0.017)	-0.034* (0.019)	-0.423** (0.166)	-0.453** (0.174)	-0.264*** (0.039)	-0.287*** (0.038)
CASH	0.084*** (0.013)	0.084*** (0.013)	0.091*** (0.013)	0.091*** (0.013)	0.007 (0.008)	0.007 (0.008)	0.072*** (0.016)	0.071*** (0.016)	-0.777* (0.377)	-0.683*** (0.196)	0.125*** (0.026)	0.118*** (0.026)	0.382*** (0.086)	0.365*** (0.086)	0.627*** (0.145)	0.621*** (0.180)
FCF	-0.172*** (0.011)	-0.173*** (0.012)	-0.137*** (0.015)	-0.138*** (0.016)	-0.066*** (0.014)	-0.065*** (0.014)	-0.083*** (0.016)	-0.086*** (0.017)	-0.235 (0.234)	-0.627*** (0.100)	-0.367*** (0.074)	-0.367*** (0.075)	-0.314** (0.122)	-0.325** (0.132)	-1.449*** (0.159)	-1.520*** (0.204)
log(CAPITAL/LABOR [\$K])	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.002** (0.001)	-0.002*** (0.001)	0.001 (0.0005)	0.001 (0.001)								
INSIDER	0.001 (0.004)	0.008 (0.006)	0.001 (0.005)	0.009 (0.006)	0.004* (0.002)	-0.004 (0.006)	-0.003 (0.003)	0.011 (0.009)	0.566*** (0.174)	2.006 (1.173)	0.034 (0.022)	0.085*** (0.027)	-0.004 (0.046)	0.166** (0.061)	0.112** (0.044)	0.480** (0.205)
FOREIGN	0.016*** (0.003)	0.016*** (0.003)	0.013*** (0.003)	0.014*** (0.003)	0.006*** (0.002)	0.006*** (0.002)	0.009*** (0.002)	0.010*** (0.002)	0.624*** (0.122)	0.654*** (0.155)	0.015 (0.013)	0.018 (0.014)	-0.199** (0.070)	-0.183** (0.076)	0.013 (0.012)	0.028 (0.025)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes
Observations	36,951	36,951	30,033	30,033	36,951	36,951	36,992	36,992	36,652	36,652	27,187	27,187	22,565	22,565	37,514	37,514
R ²	0.377	0.371	0.407	0.395	0.378	0.363	0.423	0.355	0.550	-0.239	0.402	0.333	0.552	0.529	0.418	0.080
Adjusted R ²	0.374	0.368	0.404	0.393	0.375	0.361	0.421	0.353	0.548	-0.244	0.399	0.330	0.549	0.526	0.416	0.076

Note:

*p<0.1; **p<0.05; ***p<0.01

A.16 Analysis with alternative lagging periods

Table 27: Regression results: Alternative lagging periods.

This table shows the separate OLS and IV regression results for alternative lagging periods. The model specifications follow Bena et al. (2017) as defined in chapter 4.1.2.2. In the main analysis in chapter 4.3 the independent variables were lagged by one period. Three alternative lagging periods are tested: two periods, three periods, and five periods. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_STAFF_COST) | (15)-(16) SG&A. The sample consists of firm-year combinations from Worldscope from 2000 to 2019. The standard errors are clustered on the country and year level and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

Panel A: Two periods

	Dependent variable:															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_STAFF_COST)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.054*** (0.015)		0.050*** (0.016)		0.046** (0.019)		0.003 (0.008)		1.297*** (0.182)		-0.006 (0.068)		-1.347* (0.758)		-0.092 (0.073)	
PO(fit)		-0.049 (0.072)		-0.162** (0.071)		-0.002 (0.066)		-0.038 (0.055)		11.680*** (1.501)		0.204 (0.233)		3.381 (2.164)		0.607* (0.335)
log(SALES [\$M])	-0.003*** (0.001)	-0.003*** (0.001)	-0.005*** (0.001)	-0.004*** (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	-0.0001 (0.0004)	0.00002 (0.0003)	0.049*** (0.009)	0.044*** (0.010)	-0.011*** (0.003)	-0.011*** (0.003)	0.015** (0.006)	0.014** (0.006)	-0.036*** (0.010)	-0.037*** (0.010)
TOBIN Q	0.002*** (0.0004)	0.002*** (0.0004)	0.001*** (0.0003)	0.001** (0.0004)	0.003*** (0.0004)	0.003*** (0.0004)	-0.0004* (0.0002)	-0.0004* (0.0002)	0.004 (0.006)	0.004 (0.007)	-0.002 (0.002)	-0.002 (0.002)	-0.007 (0.007)	-0.008 (0.008)	-0.003 (0.004)	-0.003 (0.004)
LEVERAGE	-0.038*** (0.004)	-0.037*** (0.004)	-0.025*** (0.004)	-0.025*** (0.004)	-0.031*** (0.004)	-0.030*** (0.004)	-0.005*** (0.001)	-0.005*** (0.001)	0.165*** (0.041)	0.068 (0.085)	-0.012 (0.012)	-0.012 (0.012)	0.017 (0.053)	0.025 (0.056)	-0.050* (0.025)	-0.057** (0.027)
TANGIBILITY	-0.010 (0.008)	-0.009 (0.008)	-0.010 (0.007)	-0.007 (0.007)	-0.015** (0.007)	-0.015** (0.007)	0.005 (0.003)	0.006 (0.004)	0.041 (0.126)	-0.074 (0.177)	-0.029 (0.017)	-0.029 (0.017)	-0.157 (0.102)	-0.165 (0.106)	-0.135** (0.060)	-0.143** (0.059)
CASH	0.019*** (0.003)	0.019*** (0.003)	0.007** (0.003)	0.008*** (0.002)	0.014*** (0.005)	0.014*** (0.004)	0.003 (0.003)	0.003 (0.003)	-0.378*** (0.128)	-0.360** (0.134)	0.025 (0.017)	0.026 (0.017)	-0.003 (0.056)	0.012 (0.063)	0.091 (0.064)	0.092 (0.064)
FCF	-0.005 (0.004)	-0.005 (0.004)	0.003 (0.004)	0.003 (0.004)	0.004 (0.003)	0.004 (0.003)	-0.008*** (0.002)	-0.008*** (0.002)	0.239*** (0.036)	0.208*** (0.033)	-0.038** (0.016)	-0.038** (0.016)	-0.078* (0.037)	-0.079* (0.038)	-0.075*** (0.021)	-0.079*** (0.022)
log(CAPITAL/LABOR [\$K])	-0.003** (0.001)	-0.003*** (0.001)	-0.004*** (0.001)	-0.004*** (0.001)	-0.002* (0.001)	-0.002* (0.001)	-0.001 (0.001)	-0.001* (0.001)								
INSIDER	-0.003 (0.002)	-0.005 (0.003)	-0.004** (0.001)	-0.008*** (0.002)	-0.004* (0.002)	-0.005 (0.003)	0.001 (0.001)	-0.0003 (0.002)	-0.177*** (0.056)	0.074 (0.051)	0.009 (0.006)	0.012* (0.006)	0.0002 (0.034)	0.056 (0.041)	0.016* (0.009)	0.034*** (0.008)
FOREIGN	0.008*** (0.002)	0.008*** (0.002)	0.005** (0.002)	0.005** (0.002)	0.005*** (0.002)	0.005*** (0.002)	0.003* (0.001)	0.003** (0.001)	0.121*** (0.040)	0.145*** (0.039)	-0.005 (0.004)	-0.005 (0.004)	-0.065** (0.028)	-0.065* (0.031)	-0.006 (0.008)	-0.004 (0.008)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes	-	Yes
Observations	122,559	122,559	96,369	96,369	122,559	122,559	122,754	122,754	121,507	121,507	88,561	88,561	72,985	72,985	124,207	124,207
R ²	0.757	0.756	0.860	0.857	0.686	0.686	0.901	0.901	0.961	0.950	0.840	0.840	0.918	0.916	0.825	0.825
Adjusted R ²	0.711	0.711	0.830	0.827	0.627	0.626	0.883	0.882	0.953	0.941	0.804	0.804	0.898	0.896	0.792	0.792

Note:

*p<0.1; **p<0.05; ***p<0.01

A.16 Analysis with alternative lagging periods (continued)

Panel B: Three periods

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.044**		0.039**		0.033*		0.009		1.305***		-0.015		-0.830		-0.120*	
	(0.016)		(0.016)		(0.019)		(0.008)		(0.218)		(0.070)		(0.696)		(0.058)	
PO(fit)		-0.172**		-0.252***		-0.113		-0.041		9.407***		0.090		3.446		0.074
		(0.076)		(0.072)		(0.078)		(0.064)		(1.347)		(0.198)		(2.160)		(0.302)
log(SALES [\$M])	-0.005***	-0.004***	-0.005***	-0.005***	-0.005***	-0.004***	-0.0002	-0.0001	0.040***	0.036***	-0.005*	-0.005*	0.014**	0.013**	-0.019**	-0.019**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0004)	(0.007)	(0.008)	(0.003)	(0.003)	(0.007)	(0.006)	(0.008)	(0.008)
TOBIN Q	0.001***	0.001**	0.0003	0.0003	0.001***	0.001***	-0.0001	-0.0001	0.009	0.011	-0.002	-0.002	0.010	0.010	-0.004	-0.004
	(0.0004)	(0.001)	(0.0004)	(0.0004)	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.007)	(0.007)	(0.002)	(0.002)	(0.007)	(0.007)	(0.003)	(0.003)
LEVERAGE	-0.025***	-0.024***	-0.012***	-0.012***	-0.021***	-0.020***	-0.002**	-0.002*	0.085**	0.030	-0.010	-0.010	-0.010	-0.005	-0.053*	-0.055*
	(0.003)	(0.003)	(0.004)	(0.004)	(0.003)	(0.003)	(0.001)	(0.001)	(0.033)	(0.052)	(0.012)	(0.012)	(0.049)	(0.051)	(0.027)	(0.028)
TANGIBILITY	-0.008	-0.006	-0.006	-0.003	-0.011*	-0.009	0.003	0.004	0.050	-0.031	-0.030**	-0.030**	-0.112	-0.115	-0.122***	-0.124***
	(0.007)	(0.007)	(0.005)	(0.007)	(0.006)	(0.006)	(0.002)	(0.003)	(0.095)	(0.134)	(0.012)	(0.012)	(0.079)	(0.079)	(0.037)	(0.038)
CASH	0.008***	0.009***	-0.0005	0.001	0.005	0.005*	0.003	0.003	-0.285**	-0.279**	0.015	0.015	-0.012	0.001	0.049	0.049
	(0.002)	(0.002)	(0.002)	(0.002)	(0.003)	(0.002)	(0.002)	(0.002)	(0.110)	(0.122)	(0.017)	(0.017)	(0.061)	(0.069)	(0.031)	(0.031)
FCF	0.002	0.002	0.008	0.008	0.008**	0.008**	-0.005***	-0.005***	0.249***	0.225***	-0.007	-0.007	-0.058	-0.060	-0.003	-0.004
	(0.005)	(0.005)	(0.005)	(0.005)	(0.003)	(0.003)	(0.001)	(0.001)	(0.028)	(0.024)	(0.007)	(0.007)	(0.040)	(0.041)	(0.015)	(0.016)
log(CAPITAL/LABOR [\$K])	-0.004***	-0.004***	-0.005***	-0.005***	-0.003***	-0.003***	-0.001	-0.001								
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)								
INSIDER	-0.003**	-0.008**	-0.003**	-0.009***	-0.003**	-0.006**	-0.0003	-0.001	-0.179***	-0.002	0.012	0.013	0.038	0.085	0.034***	0.039***
	(0.001)	(0.003)	(0.001)	(0.002)	(0.001)	(0.002)	(0.001)	(0.002)	(0.045)	(0.037)	(0.008)	(0.009)	(0.042)	(0.049)	(0.011)	(0.012)
FOREIGN	0.005**	0.004**	0.003*	0.003	0.004**	0.004**	0.001	0.001	0.096**	0.108***	-0.003	-0.004	-0.069**	-0.069**	-0.006	-0.005
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.034)	(0.030)	(0.003)	(0.003)	(0.030)	(0.032)	(0.006)	(0.007)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	108,397	108,397	83,273	83,273	108,397	108,397	108,585	108,585	106,289	106,289	77,278	77,278	63,279	63,279	109,099	109,099
R ²	0.764	0.761	0.865	0.861	0.692	0.690	0.904	0.903	0.963	0.957	0.851	0.851	0.920	0.919	0.829	0.829
Adjusted R ²	0.717	0.714	0.835	0.830	0.631	0.629	0.885	0.884	0.955	0.949	0.815	0.815	0.899	0.898	0.795	0.795

Note:

*p<0.1; **p<0.05; ***p<0.01

A.16 Analysis with alternative lagging periods (continued)

Panel C: Five periods

	<i>Dependent variable:</i>															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.013		0.012		0.007		0.006		1.284***		0.0001		-0.620		-0.226**	
	(0.019)		(0.023)		(0.020)		(0.008)		(0.304)		(0.070)		(0.725)		(0.082)	
PO(fit)		-0.333***		-0.375***		-0.272***		-0.040		4.579***		0.327		4.279**		-0.169
		(0.077)		(0.077)		(0.067)		(0.045)		(1.468)		(0.244)		(1.801)		(0.318)
log(SALES [\$M])	-0.006***	-0.005***	-0.006***	-0.005***	-0.005***	-0.005***	-0.0001	-0.00003	0.019***	0.018**	-0.003	-0.003	0.009	0.007	-0.002	-0.002
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.006)	(0.006)	(0.003)	(0.003)	(0.005)	(0.005)	(0.004)	(0.004)
TOBIN Q	-0.001**	-0.001**	-0.001***	-0.001**	-0.001**	-0.001**	-0.001**	0.00003	0.00003	0.010	0.011	0.002	0.002	0.005	0.006	-0.006
	(0.0003)	(0.0003)	(0.0002)	(0.0003)	(0.0002)	(0.0003)	(0.0001)	(0.0001)	(0.008)	(0.008)	(0.003)	(0.002)	(0.007)	(0.007)	(0.005)	(0.005)
LEVERAGE	-0.003	-0.003	0.003	0.002	-0.004	-0.003	0.001	0.001	-0.001	-0.005	0.002	0.002	-0.006	-0.005	-0.085*	-0.085*
	(0.004)	(0.004)	(0.003)	(0.003)	(0.003)	(0.003)	(0.001)	(0.001)	(0.032)	(0.030)	(0.012)	(0.012)	(0.036)	(0.039)	(0.048)	(0.048)
TANGIBILITY	-0.003	0.001	-0.007*	-0.003	-0.003	0.0004	-0.001	-0.0001	0.033	0.001	-0.011	-0.011	-0.134*	-0.141*	-0.043	-0.043
	(0.004)	(0.006)	(0.004)	(0.005)	(0.004)	(0.005)	(0.001)	(0.001)	(0.051)	(0.062)	(0.010)	(0.010)	(0.067)	(0.070)	(0.034)	(0.034)
CASH	-0.005*	-0.004	-0.006***	-0.004	-0.005**	-0.004*	0.0002	0.0004	-0.197**	-0.205**	-0.010	-0.009	-0.063	-0.049	-0.046**	-0.046**
	(0.003)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.085)	(0.094)	(0.009)	(0.009)	(0.049)	(0.055)	(0.019)	(0.020)
FCF	0.012**	0.012**	0.009**	0.009**	0.014***	0.014***	-0.001	-0.001	0.241***	0.236***	-0.006	-0.006	-0.024	-0.027	0.002	0.002
	(0.004)	(0.004)	(0.003)	(0.003)	(0.004)	(0.004)	(0.001)	(0.001)	(0.038)	(0.036)	(0.011)	(0.011)	(0.043)	(0.044)	(0.032)	(0.032)
log(CAPITAL/LABOR [\$K])	-0.004***	-0.004***	-0.004***	-0.004***	-0.004***	-0.004***	-0.001	-0.001*								
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.0004)	(0.0004)								
INSIDER	-0.002	-0.008**	-0.001	-0.008**	-0.001	-0.006***	-0.001	-0.002	-0.133**	-0.072	-0.003	0.001	-0.017	0.034	0.015**	0.016**
	(0.001)	(0.003)	(0.001)	(0.003)	(0.001)	(0.002)	(0.001)	(0.002)	(0.048)	(0.047)	(0.004)	(0.005)	(0.035)	(0.040)	(0.005)	(0.006)
FOREIGN	0.002	0.002	0.002	0.002	0.002**	0.002*	0.00000	-0.00004	0.074**	0.073**	-0.002	-0.002	-0.050**	-0.049**	-0.002	-0.002
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.027)	(0.026)	(0.003)	(0.003)	(0.018)	(0.019)	(0.007)	(0.007)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	82,005	82,005	63,029	63,029	82,005	82,005	82,145	82,145	79,436	79,436	56,693	56,693	46,461	46,461	81,469	81,469
R ²	0.781	0.776	0.876	0.870	0.709	0.703	0.911	0.911	0.966	0.966	0.876	0.876	0.924	0.922	0.829	0.829
Adjusted R ²	0.733	0.727	0.849	0.842	0.645	0.638	0.892	0.892	0.959	0.958	0.842	0.842	0.902	0.900	0.792	0.792

Note:

*p<0.1; **p<0.05; ***p<0.01

A.17 Controlling for foreign ownership and institutional ownership

Table 28: Regression results: Controlling for foreign ownership and institutional ownership.

This table shows the OLS and IV regression results for the regressions from chapter 4.3 including additional controls for foreign institutional ownership and total institutional ownership. Panel A shows the results for the Bena-specification and Panel B shows the results for the Full-specification. Both specifications are built as defined in chapter 4.1.2.2. The dependent long-term orientation proxies are: (1)-(2) CAPEX+R&D | (3)-(4) CAPEX+R&D (3yr avg.) | (5)-(6) CAPEX | (7)-(8) R&D | (9)-(10) log(EMPLOYEES) | (11)-(12) STAFF_COST | (13)-(14) log(AVG_STAFF_COST) | (15)-(16) SG&A. The sample consists of firm-year combinations from Worldscope from 2000 to 2019. All independent variables are lagged by one year. The standard errors are clustered on the country and year level and are reported in the parentheses. All numeric variables are winsorized to their 1% and 99% quantile.

Panel A: Controlling for foreign ownership and institutional ownership (Bena-specification)

	Dependent variable:															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST._CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.051** (0.019)		0.060*** (0.018)		0.044* (0.023)		0.005 (0.007)		0.463*** (0.158)		-0.031 (0.078)		-1.388* (0.677)		-0.060 (0.107)	
PO(fit)		0.082 (0.090)		-0.041 (0.073)		0.118** (0.053)		-0.038 (0.062)		15.102*** (2.292)		0.730** (0.326)		5.047 (3.377)		1.261** (0.485)
IO	0.005* (0.003)	0.003 (0.005)	-0.001 (0.003)	0.006 (0.006)	0.008*** (0.003)	0.003 (0.004)	-0.003*** (0.001)	-0.00002 (0.005)	0.499*** (0.056)	-0.568** (0.201)	0.017 (0.014)	-0.011 (0.022)	-0.114 (0.117)	-0.350 (0.203)	-0.001 (0.022)	-0.099* (0.056)
IO_FOR	0.003 (0.006)	0.003 (0.006)	-0.005 (0.006)	-0.006 (0.006)	0.004 (0.005)	0.003 (0.004)	-0.0003 (0.002)	0.0001 (0.002)	0.640*** (0.127)	0.488* (0.255)	0.006 (0.022)	-0.029 (0.027)	-0.096 (0.129)	-0.364 (0.247)	0.117** (0.048)	0.098* (0.053)
log(SALES [\$M])	-0.00003 (0.001)	-0.0001 (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	0.001 (0.001)	0.0005 (0.001)	-0.0001 (0.0004)	-0.0001 (0.0003)	0.057*** (0.012)	0.053*** (0.013)	-0.018*** (0.003)	-0.018*** (0.003)	0.027** (0.009)	0.026*** (0.009)	-0.058*** (0.012)	-0.059*** (0.012)
TOBIN Q	0.003*** (0.001)	0.003*** (0.001)	0.002*** (0.0004)	0.002*** (0.0004)	0.004*** (0.001)	0.004*** (0.001)	-0.0004*** (0.0001)	-0.0004*** (0.0001)	-0.016** (0.006)	-0.015 (0.012)	-0.004** (0.002)	-0.004** (0.002)	-0.019 (0.012)	-0.021 (0.014)	-0.006* (0.004)	-0.006* (0.003)
LEVERAGE	-0.049*** (0.004)	-0.049*** (0.005)	-0.038*** (0.004)	-0.038*** (0.005)	-0.039*** (0.005)	-0.040*** (0.005)	-0.008*** (0.001)	-0.007*** (0.001)	0.331*** (0.047)	0.146 (0.129)	-0.029** (0.014)	-0.030** (0.014)	0.031 (0.052)	0.025 (0.053)	-0.079*** (0.024)	-0.097*** (0.028)
TANGIBILITY	0.009 (0.009)	0.009 (0.009)	-0.005 (0.008)	-0.004 (0.009)	0.001 (0.007)	0.0004 (0.007)	0.009** (0.004)	0.009* (0.005)	0.069 (0.134)	-0.101 (0.205)	-0.023 (0.018)	-0.025 (0.018)	-0.242* (0.122)	-0.258* (0.131)	-0.152*** (0.052)	-0.167*** (0.052)
CASH	0.024*** (0.006)	0.024*** (0.006)	0.017*** (0.004)	0.017*** (0.004)	0.017** (0.007)	0.017** (0.007)	0.005 (0.003)	0.004 (0.003)	-0.507*** (0.137)	-0.454*** (0.140)	0.056** (0.020)	0.058*** (0.020)	-0.013 (0.061)	0.010 (0.065)	0.188** (0.086)	0.193** (0.087)
FCF	-0.057*** (0.006)	-0.057*** (0.006)	-0.019*** (0.004)	-0.020*** (0.004)	-0.033*** (0.010)	-0.033*** (0.010)	-0.018*** (0.005)	-0.018*** (0.005)	0.165*** (0.030)	0.151*** (0.026)	-0.109*** (0.021)	-0.110*** (0.021)	-0.100*** (0.033)	-0.106*** (0.036)	-0.346*** (0.051)	-0.348*** (0.050)
log(CAPITAL/LABOR [\$K])	-0.002* (0.001)	-0.002* (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	-0.00004 (0.001)	-0.00005 (0.001)	-0.001* (0.001)	-0.001** (0.001)								
INSIDER	-0.002 (0.002)	-0.001 (0.003)	-0.004* (0.002)	-0.005* (0.002)	-0.001 (0.002)	-0.0005 (0.003)	0.0002 (0.001)	-0.0003 (0.001)	-0.077 (0.046)	0.107* (0.052)	0.008 (0.007)	0.013 (0.008)	-0.018 (0.036)	0.014 (0.040)	-0.007 (0.008)	0.010 (0.008)
FOREIGN	0.010*** (0.002)	0.010*** (0.002)	0.008*** (0.002)	0.008*** (0.002)	0.004*** (0.001)	0.004*** (0.001)	0.005** (0.002)	0.005*** (0.002)	0.143*** (0.044)	0.176*** (0.044)	-0.014** (0.006)	-0.014** (0.006)	-0.060** (0.028)	-0.057* (0.032)	-0.014 (0.011)	-0.010 (0.013)
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	137,583	137,583	109,462	109,462	137,583	137,583	137,772	137,772	137,554	137,554	100,461	100,461	83,051	83,051	140,171	140,171
R ²	0.749	0.749	0.855	0.854	0.679	0.679	0.897	0.896	0.960	0.939	0.842	0.840	0.917	0.913	0.829	0.828
Adjusted R ²	0.704	0.704	0.826	0.825	0.622	0.621	0.878	0.878	0.953	0.928	0.808	0.807	0.898	0.893	0.799	0.798

Note:

*p<0.1; **p<0.05; ***p<0.01

A.17 Controlling for foreign ownership and institutional ownership (continued)

Panel B: Controlling for foreign ownership and institutional ownership (Full-specification)

	Dependent variable:															
	C.+R.		C.+R. (3yr avg.)		CAPEX		R&D		log(EMPLOYEES)		STAFF_COST		log(AVG_ST_CO.)		SG&A	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
PO	0.059*** (0.019)		0.062*** (0.018)		0.043* (0.022)		0.017*** (0.006)		0.432 (0.259)		-0.011 (0.075)		-1.655** (0.678)		-0.003 (0.103)	
PO(fit)		-0.046 (0.079)		-0.071 (0.074)		-0.053 (0.052)		0.009 (0.046)		4.658*** (1.226)		0.940* (0.459)		2.251 (3.498)		1.192* (0.570)
IO	-0.002 (0.003)	0.006 (0.006)	-0.004 (0.003)	0.004 (0.007)	0.001 (0.003)	0.008** (0.003)	-0.002** (0.001)	-0.002 (0.004)	0.184*** (0.042)	0.129 (0.105)	0.015 (0.015)	-0.023 (0.028)	-0.140 (0.116)	-0.298 (0.197)	-0.005 (0.020)	-0.094 (0.063)
IO_FOR	-0.003 (0.006)	-0.002 (0.007)	-0.006 (0.007)	-0.006 (0.007)	-0.002 (0.005)	-0.0003 (0.006)	-0.001 (0.002)	-0.001 (0.002)	0.384*** (0.120)	0.322* (0.162)	0.028 (0.026)	-0.017 (0.031)	-0.217 (0.130)	-0.389 (0.229)	0.130*** (0.042)	0.108* (0.052)
log(SALES [\$M])	-0.006*** (0.001)	-0.006*** (0.001)	-0.006*** (0.001)	-0.006*** (0.001)	-0.006*** (0.001)	-0.006*** (0.001)	0.001** (0.0003)	0.001** (0.0004)	0.073** (0.033)	0.071* (0.034)	-0.039** (0.016)	-0.039** (0.016)	0.081*** (0.019)	0.080*** (0.020)	-0.096*** (0.009)	-0.096*** (0.010)
log(AGE)	-0.0001 (0.0001)	-0.0001 (0.0001)	0.00001 (0.0001)	0.00005 (0.0001)	-0.0001 (0.0001)	-0.0001 (0.0001)	-0.00000 (0.0001)	0.00000 (0.0001)	0.002 (0.002)	0.001 (0.002)	0.0002 (0.0004)	0.0001 (0.0005)	-0.002 (0.003)	-0.003 (0.003)	0.001 (0.001)	0.001 (0.001)
ROA	0.094*** (0.022)	0.094*** (0.022)	0.055*** (0.011)	0.056*** (0.011)	0.115*** (0.014)	0.115*** (0.014)	-0.016** (0.007)	-0.016** (0.007)	-0.092 (0.097)	-0.106 (0.096)	-0.185*** (0.042)	-0.186*** (0.042)	-0.276** (0.115)	-0.280** (0.113)	-0.482*** (0.106)	-0.487*** (0.104)
TOBIN Q	0.001* (0.001)	0.001* (0.0005)	0.001*** (0.0004)	0.001*** (0.0004)	0.001** (0.0004)	0.001** (0.0003)	0.0002 (0.0002)	0.0002 (0.0002)	-0.085*** (0.006)	-0.085*** (0.006)	-0.006** (0.002)	-0.006** (0.002)	-0.025** (0.012)	-0.026* (0.013)	-0.012*** (0.004)	-0.012*** (0.003)
LEVERAGE	-0.037*** (0.003)	-0.036*** (0.003)	-0.033*** (0.004)	-0.032*** (0.004)	-0.026*** (0.003)	-0.025*** (0.004)	-0.009*** (0.002)	-0.009*** (0.002)	0.398*** (0.040)	0.340*** (0.042)	-0.014 (0.015)	-0.016 (0.016)	0.009 (0.058)	0.003 (0.057)	-0.047 (0.029)	-0.064* (0.032)
TANGIBILITY	0.010 (0.010)	0.011 (0.010)	-0.008 (0.009)	-0.007 (0.009)	0.001 (0.007)	0.002 (0.007)	0.009** (0.004)	0.009* (0.005)	0.226* (0.124)	0.171 (0.148)	-0.001 (0.016)	-0.003 (0.017)	-0.226* (0.110)	-0.238* (0.120)	-0.082* (0.044)	-0.097** (0.046)
CASH	0.021*** (0.005)	0.021*** (0.005)	0.015*** (0.004)	0.015*** (0.004)	0.016** (0.006)	0.016** (0.006)	0.003 (0.003)	0.003 (0.003)	-0.432*** (0.145)	-0.415*** (0.141)	0.040** (0.016)	0.043** (0.017)	0.033 (0.067)	0.047 (0.068)	0.152 (0.094)	0.157 (0.094)
FCF	-0.097*** (0.012)	-0.097*** (0.012)	-0.042*** (0.006)	-0.042*** (0.006)	-0.081*** (0.014)	-0.081*** (0.014)	-0.012*** (0.002)	-0.012*** (0.002)	0.002 (0.046)	0.001 (0.044)	-0.026** (0.012)	-0.028** (0.012)	-0.059 (0.041)	-0.065 (0.043)	-0.133*** (0.018)	-0.133*** (0.016)
log(CAPITAL/LABOR [\$K])	-0.002** (0.001)	-0.002** (0.001)	-0.003** (0.001)	-0.003*** (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001** (0.001)	-0.001** (0.001)								
INSIDER	0.011*** (0.003)	0.009** (0.004)	0.00005 (0.001)	-0.002 (0.002)	0.014*** (0.003)	0.012*** (0.003)	-0.003 (0.002)	-0.003 (0.003)	0.488*** (0.070)	0.544*** (0.070)	0.032** (0.013)	0.037** (0.014)	0.072 (0.042)	0.093* (0.044)	0.061*** (0.015)	0.076*** (0.016)
FOREIGN	0.010*** (0.002)	0.010*** (0.002)	0.007*** (0.002)	0.007*** (0.002)	0.004*** (0.001)	0.003** (0.001)	0.006** (0.002)	0.006*** (0.002)	0.204*** (0.054)	0.216*** (0.055)	0.004 (0.007)	0.004 (0.007)	-0.076** (0.029)	-0.073** (0.032)	0.027*** (0.008)	0.031*** (0.009)
log(FLOAT [\$M])	0.006*** (0.001)	0.006*** (0.001)	0.002** (0.001)	0.002** (0.001)	0.007*** (0.001)	0.007*** (0.001)	-0.001 (0.001)	-0.001 (0.001)	0.268*** (0.033)	0.269*** (0.032)	0.011* (0.006)	0.011* (0.006)	0.037*** (0.008)	0.037*** (0.008)	0.034*** (0.004)	0.034*** (0.005)
D(R&D)	-0.010*** (0.002)	-0.009*** (0.002)	-0.007*** (0.001)	-0.006*** (0.001)			-0.011*** (0.001)	-0.011*** (0.001)								
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Strong instrument?	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes	—	Yes
Observations	124,316	124,316	99,653	99,653	124,316	124,316	124,452	124,452	123,616	123,616	90,332	90,332	73,842	73,842	128,003	128,003
R ²	0.753	0.752	0.856	0.855	0.686	0.685	0.898	0.898	0.965	0.963	0.842	0.839	0.915	0.914	0.834	0.833
Adjusted R ²	0.711	0.710	0.829	0.827	0.633	0.631	0.881	0.881	0.959	0.956	0.809	0.807	0.896	0.894	0.805	0.804

Note:

*p<0.1; **p<0.05; ***p<0.01