

Legal Form and Corporate Outcomes: Evidence from the Societas Europaea

Finance Working Paper N° 1137/2026

May 2026

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Abstract

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Keywords: legal form, Societas Europaea, Board structure, Family firms, Foreign investors, Cross-border acquisitions

JEL Classifications: G32, G34, K22

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Evidence from the *Societas Europaea**

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1. Introduction

When they are founded, companies adopt a legal form, and they can change this form if needed, with potentially significant economic consequences. For example, the motivation for fast-growing firms to change their legal form may be related to the need to write complex contracts with their shareholders that their current legal form does not allow (Beaumont et al., 2024). The search for greater legal flexibility may motivate companies to change their legal form but, even more frequently, to change jurisdictions, as demonstrated by Eldar and Magnolfi (2025) in their study of firms' choice to incorporate in Delaware. Tax reasons are another important determinant of changes in legal form. In the U.S., since the 1986 tax reform, pass-through businesses (where business income passes through to the owners' income taxes) have become more attractive than corporations, leading to a growing number of firms converting to pass-through firms (Dyrda and Pugsley, 2025; Bilicka and Raei, 2023).

This paper examines why companies decide to change their legal form to become a European company (*Societas Europaea*, SE) and the impact of such a change on firms' outcomes and value. For the largest and most mature firms, especially those that are listed, changes in legal form are rare because the current form is likely to represent an optimal equilibrium. However, this equilibrium may be called into question if a new Pareto-improving legal form emerges. In the EU, each of the 27 member states offers its own legal forms, with considerable diversity across countries. Since 2004, the SE legal form has enabled EU companies to operate under a unified framework that combines supranational and national legal options. Over the past two decades, firms of all sizes—from small and medium-sized enterprises (SMEs) to multinationals—have adopted the SE structure. By the end of 2024, SEs accounted for more than 25% of the market capitalization of the EURO STOXX 50. As the EU prepares to introduce the EU-INC statute for growth companies in 2027, our study provides a

timely assessment of the SE's impact on adopting firms, offering insights for the ongoing policy debate.¹

According to its promoters (e.g., former European Commissioner Frits Bolkestein), the SE legal form gives companies a "European flag" which has value in terms of publicity and will prompt a European outlook on doing business (Cremers, 2013). The SE statute gives companies greater flexibility to set up in other EU countries, conduct cross-border mergers (Siems, 2004), and relocate their headquarters (Ringe, 2007). Companies can also expand their activities into other European countries by setting up branches in them rather than creating subsidiaries under local law. With respect to governance, the SE offers a choice between a unitary board and a dual board, as well as greater flexibility in shaping board-level employee representation (Eidenmüller et al., 2012).

In this paper, we use a sample of all European listed firms that changed their legal form to the SE form between 2003 and 2024. We first review the reasons for changing to the SE form that firms disclose. We then examine how the choice of the SE legal form is related to firm characteristics. Studying the causal impact of the legal form change on firm outcomes is challenging because the option to become an SE company is endogenous, as all European companies can do so. Using a sample of firms that have opted for the SE legal form and their propensity score-matched control firms, we conduct a difference-in-differences analysis to examine the impact of the legal change on the outcomes of companies that have become SEs relative to similar companies that have remained under national legal forms.

¹ [This EU-INC](#), to be registered digitally within 48 hours, will be a nonlisted limited liability company with a seat in one of 27 EU countries and with the possibility to change its seat to another EU country without having to dissolve and re-establish. The European Commission aims for parliamentary approval by the end of 2026, enabling the first EU-INC companies to launch in 2027 or 2028.

The reasons for changing their legal form that companies have given are mostly linked to internationalization, European identity, or a desire to be a European firm.² In line with these claims, we find that companies undertake cross-border acquisitions more frequently after changing to the SE statute. Notably, acquisitions outside Europe but not within Europe are more likely. This result suggests that it is not only the legal flexibility brought by the statute but also the image of a European company that can develop in other parts of the world that matters. Furthermore, once a firm has become an SE, the proportion of its capital held by foreign investors, especially nondomestic European investors, increases significantly. This result suggests that the domestic bias of investors, which has been widely documented in the literature (see, e.g., Coval and Moskowitz (1999)), appears to diminish following the transition to SE status, recognizing a form of European supranational company.

Compared with their peers, companies that change their legal form have higher operating growth and market performance in the three years preceding the change. R&D expenditures appear to be a significant determinant of the choice of SE form, which is consistent with the findings of Fiedler et al. (2021), who argue that providing formal transnational employee voice arrangements builds the capacity to facilitate multifaceted and multilateral knowledge exchange (which is crucial for R&D-intensive firms). However, companies that switch are also likely to be seeking to optimize their tax organization, as they have a higher average income tax rate than comparable firms do. In addition, they are more often family-owned companies.

We next investigate the pattern of firm characteristics following the adoption of the SE legal form. Our results indicate that the conversion to SE status has no statistically significant effect on profitability, Tobin's Q, capital expenditures, effective tax rates, or payout ratios.

² For example, Schneider Electric stated the following in 2013: “*The SE statute would enable Schneider Electric to project to all its stakeholders an image of economic power, of talent pool, of technological excellence and of leadership in the sustainable development principles advocated by Europe throughout the world.*”

However, across most specifications, the legal transition is associated with a negative—albeit only marginally significant at the 10% level—effect on subsequent stock returns and sales growth. As a result, firms that previously outperformed their peers tend to converge toward industry averages after the conversion. In addition, we document a postadoption increase in information asymmetry, estimated by the Amihud (2002) illiquidity measure. Overall, our findings suggest that the enhanced flexibility afforded by the SE legal form facilitates cross-border acquisitions and foreign investor ownership but has little effect on most operating and financial outcomes.

To gain further perspective on the relationship between the change in legal form and firm value, we conduct event studies on the announcement dates, general meetings of shareholders that approve changes, and registration dates (i.e., effective date on which a company becomes an SE). The first two dates imply uncertainty about the actual outcome of the change process because companies can revert at any time, such that each date delivers information to shareholders. An event study methodology provides the financial market's assessment of the effect of a change in legal form on firm value. Our results indicate no price reaction to the announcement of the project to change legal form, which is in line with the findings of Eidenmüller et al. (2010) and Hornuf et al. (2019), even though the latter provide some evidence of positive, mostly nonsignificant reactions. However, we find a significantly negative market reaction on the date of the general meeting of shareholders that adopted the project based on a detailed report. The market reaction is also negative on the registration date when a company becomes an SE with certainty. These results indicate that the flexibility offered by the SE does not convince shareholders that it creates value. In a multivariate analysis, controlling for country, year, and industry fixed effects, we show that the share price reaction on the date of the general meeting is positive (+5.6%) for companies planning to relocate their headquarters, a result in line with the findings of Hornuf et al. (2019). At the time

of registration, family firms also see their share prices decrease relative to those of firms with dispersed ownership. Overall, our findings indicate that although the European company (SE) statute enables firms to project a supranational identity, thereby facilitating cross-border acquisitions and attracting foreign investors, the flexibility embedded in this legal framework generates substantial uncertainty for shareholders. On average, this uncertainty translates into a lack of market reaction or even a negative reaction in some cases.

Our evidence further suggests that a transition to a more flexible legal form is likely to create value only when shareholders can clearly assess the available alternatives and identify the option that best serves the firm's interests. For example, Belot et al. (2014) find a positive impact of changes in board structures that appear optimal given the firm's characteristics. In contrast, when flexibility extends across multiple organizational dimensions, as in the case of SEs, some features may be perceived as beneficial, while others raise concerns. In such settings, shareholders may find it more difficult to assess the overall net effect of the change, especially in closely held firms.³ The resulting opacity may help explain the adverse shareholder reaction. In addition to the potential increase in information asymmetry surrounding the change in legal form, the negative stock price response may reflect the substantial costs associated with conversion to the SE statute.⁴ Beyond pecuniary costs, the process often entails protracted negotiations with employee representatives, which can be time

³ As highlighted by Anderson et al. (2009), corporate opacity leads to severe conflicts of interest between majority and minority shareholders and potential negative wealth effects for the latter, which appears to be the case around legal form changes to SEs.

⁴ According to Eidenmüller et al. (2009), Allianz SE (in 2006) and BASF SE (in 2007) estimated their reincorporation costs at €95 million and €5 million, respectively. According to the BASF conversion report, the estimate includes, in particular, “*the costs of the conversion audit by the court-appointed conversion auditor, the costs of the notarization of the Conversion Plan, [...] the costs of external advisors, [...] the costs for the conduction of the procedure for the involvement of employees as well as the costs of the change of the stock exchange listing of BASF AG shares to BASF SE shares*”.

consuming and divert managerial attention, potentially affecting operational efficiency and firm performance.

Our paper contributes to several lines of research. First, this research is related to the literature on changes in legal form and their outcomes. Several articles emphasize the importance of the tax dimension in choosing a legal form. For example, the impact of tax distortions has been examined in the context of the European tonnage tax (Elschner, 2013), foreign direct investment by multinational companies (Amberger and Kohlhase, 2023), and the choice between a corporation and a pass-through entity in the United States (Bilicka and Raei, 2023). In principle, without relocation, there are no tax advantages from opting for an SE since SEs are subject to the same tax rules in their country of incorporation as domestic public limited companies are. However, an SE can relocate its registered office to a lower-tax jurisdiction. Hornuf et al. (2019) report that headquarters transfers accompanying SE adoptions are associated with a significant 5.7% reduction in corporate tax rates, reflecting the differences between origin and host countries. Even without relocation, the SE structure may facilitate transfer pricing practices or clustering-specific activities, such as innovative activities, in more favorable tax environments. However, tax aspects are not the only considerations at stake, as, on average, we do not observe any significant change in effective tax rates following the conversion.

More broadly, prior research shows that legal form choices respond to regulatory considerations. For example, Becht et al. (2008) report that, following a 1999 decision of the European Court of Justice (ECJ) allowing firms to choose their country of incorporation regardless of their real seat, differences in minimum capital requirements and incorporation costs drove incorporation decisions across Europe, leading an increasing fraction of European entrepreneurs to incorporate in the UK. After the ECJ decision, several countries, notably Spain, France, Hungary, Germany, and Poland, decreased the minimum capital required to

incorporate, offering more sophisticated legal forms to SMEs. These reforms have fostered business formation and growth (Braun et al., 2013; Beaumont et al. 2024). We contribute to this literature by showing that the flexibility offered by SEs also makes it easier for companies to conduct cross-border acquisitions.

Second, our paper contributes to the literature on firms' identity and nationality, cross-border acquisitions, and foreign investors. Nationality remains a key dimension for classifying firms and understanding their strategic behavior. Firm nationality is typically anchored in the place of incorporation or headquarters, which determines the applicable legal framework, but it may also reflect the listing location, shareholder nationality, or the operational footprint.⁵ While SE firms operate under EU law, they remain institutionally tied to their home country, and their European positioning is largely identity driven. Our findings nonetheless indicate tangible economic effects of the SE transition. Specifically, firms are more likely to engage in cross-border acquisitions after they adopt SE status.⁶ This change may signal a more international orientation, stronger institutional credibility, and a reduced symbolic distance to foreign targets, facilitating postacquisition integration (Erel et al., 2012; Chan et al., 2024; Kuchler et al., 2022). We also document an increase in foreign investors' ownership after the switch to SEs. This pattern may reflect foreign investors' perceptions of improved governance (Leuz et al., 2009; Ferreira and Matos, 2008; Kho et al., 2009) and a reduction in home bias, particularly among nondomestic European investors (Coval and Moskowitz, 1999; Beugelsdijk and Frijns, 2010). Finally, while we discuss alternative mechanisms underlying the observed increase in information asymmetry after the SE switch, our results are also consistent with

⁵ In some European countries (e.g., Sweden), a company's initial nationality remains unchanged, regardless of its subsequent decisions. The successive crises of the last two decades have seen a rise in nationalism, with countries being increasingly inclined to protect their national companies and to erect trade or regulatory barriers. For a discussion of the "nationality of a company" concept, see Kronstein (1952), Gehlen et al. (2020), Godelier (2020), and Reckendrees et al. (2022) for a survey.

⁶ For a comprehensive overview of the literature on cross-border acquisitions, see Erel et al. (2024).

those of Ng et al. (2016), who show that direct foreign ownership can reduce liquidity, whereas institutional ownership enhances it. Because both categories increase after the transition, the net effect on information asymmetry and liquidity remains theoretically ambiguous.

Third, our paper is related to the literature on how governance flexibility affects shareholder value. A central feature of the SE legal form is the option to choose between a dual board structure and a unitary board structure. Prior research suggests that contractual freedom over board design can generate value (Adams and Ferreira, 2007; Belot et al., 2014). Following the introduction of SEs, several European countries revised their corporate frameworks to permit such a choice.⁷ In contrast, German firms remain subject to a mandatory dual board system, which may help explain their disproportionate adoption of the SE form in our sample. Consistent with this institutional constraint, Hornuf et al. (2019) find that at the date of the first public information about SE incorporation, the market reaction is greater when the company is located in Germany and Austria, which allow only a two-tier board. However, our findings emphasize that the market does not react significantly to the adoption of a unitary board, suggesting that other countries' characteristics may explain the results. Furthermore, even in Germany, most firms retain their original board structure after they transition to an SE, suggesting that board flexibility is not the primary driver of the choice of legal form, which our country-year tests confirm.

Employee participation represents another important dimension of SE governance. SE adoption requires negotiated arrangements over worker representation, introducing contractual flexibility that may enhance firm value depending on the negotiated outcome (see Eidenmüller et al., 2012; Fiedler et al., 2021). Our country-year regressions indicate that board-level

⁷ France has permitted public companies since 1966 to adopt either a unitary or a dual board. Since 2004, nine countries have adopted new national corporation laws or codes that incorporate this choice: Italy (2004); Hungary, Luxemburg, Portugal, Romania, and Slovenia (2006); Bulgaria (2008); Denmark (2010); and the Netherlands (2013).

employee representation requirements are a significant determinant of the share of firms that adopt the SE legal form within a country.

Fourth, our paper contributes to the knowledge of closely held companies and the potential conflicts between majority and minority shareholders. The reasons why companies opt for the SE statute appear diverse, and discerning the underlying motives is difficult. The change in legal form generates greater information asymmetry. Some argue that majority shareholders, who are often family shareholders, have more incentives to monitor CEO decisions, reducing the potentially negative consequences of increased information asymmetry for shareholders (Shleifer and Vishny, 1986; Anderson and Reeb, 2003). Others point to the risk that decisions may go against the interests of minority shareholders in the absence of transparency (Lang et al., 2004; Leuz et al., 2003). Our results fall into the second category, as the stock prices of family-owned companies react slightly more negatively to an SE transformation, reflecting the fear of a decision that favors majority shareholders.

Finally, we believe that our findings may be relevant to policymakers. Two decades after the introduction of this legal framework, our study offers a comprehensive global analysis of companies that have embraced the SE statute. The negative market reaction around SE changes suggests that current shareholders are unable to perceive the gains associated with the change in legal form. On the other hand, once the change has been made and its terms are clarified, our results show that firms attract new foreign investors. To make this statute more attractive and to strengthen European economic integration (which appears as the initial motivation of SE proponents), policymakers should ensure that the SE legal form does not come at the cost of increased information asymmetry between insiders and outside investors, thus ensuring better protection of the latter.

The rest of this paper is structured as follows. In Section 2, we present the institutional features of the SE form. Section 3 presents our sample of firms that have changed to the SE

legal form. Section 4 examines the characteristics of firms opting for the SE legal form. We analyze which firms switch to SEs and the consequences of their choice for firm outcomes and firm value in Section 5, and Section 6 concludes.

2. The SE legal form: Institutional features and its prevalence over the past two decades

This section examines the institutional features (2.1) and offers a comprehensive assessment of the *Societas Europaea* as of 2024, over two decades after the introduction of this supranational corporate form (2.2). We then provide a cross-country analysis aimed at examining the correlation between country-specific legal and socioeconomic conditions and the prevalence of SEs (2.3).

2.1 Institutional features

On October 8, 2001, Council Regulation (EC) No 2157/2001 introduced the statute for a European company (SE, *Societas Europaea*), which came into force three years later on October 8, 2004. This new legal form enables companies to operate across EU member states under a unified legal framework, facilitating cross-border business activities and corporate mobility within Europe. The SE regulation does not cover tax, competition, insolvency, or intellectual property law. Furthermore, national laws supplement the SE regulation for all matters not covered by it. The main features of the SE legal form are as follows:

- Formation and structure: An SE can be established through a merger of two companies from two different states, the creation of a holding SE with at least two companies operating in two different states, the formation of a subsidiary SE, or the conversion of an existing public

limited company if it held a subsidiary in another state for at least two years. The minimum share capital requirement is €120,000.

- Corporate governance: SEs can choose between a one-tier (board of directors) or a two-tier (supervisory board and management board) governance structure. In an SE, the company's articles of association allow for flexibility in majority and quorum rules for the board of directors, which can provide more flexibility than national legal forms can in some countries.

- Employee involvement: Employees have the right to form a special negotiating body (SNB) to negotiate employee involvement with an SE's management. This feature can be attractive if companies can negotiate an agreement that is more efficient than that prevailing under national law. If no agreement is reached, the SNB is dissolved, and the default rules under Directive 2001/86/EC automatically apply. By default, employees' rights must be the same as those before the SE switch. Although employee board representation is common across Europe (see Conchon (2011)), Germany imposes comparatively stringent codetermination rules. German law mandates employee representation of more than one-third of supervisory board seats in firms with more than 500 employees and more than one-half in firms with more than 2,000 employees. While this institutional framework may motivate some firms to seek the greater governance flexibility offered by the SE form, Kim et al. (2018) find no impact of codetermination on firm performance and no evidence of firms manipulating employment thresholds.

- Taxation and financial reporting: SEs are subject to the taxation rules of the member state where they are registered. The SE has no tax advantages or disadvantages. However, there may be tax consequences when transferring the registered office.

- Cross-border mobility: An SE can transfer its registered office to another EU member state without dissolution or reincorporation. However, employee representatives must be given

timely access to relevant information and be consulted before final decisions. A transfer of the head office may result in stakeholders losing information rights if disclosure rules are less stringent in the host country than in the origin country.

2.2 *SEs: An overview in 2024*

Table 1 lists the firms that were components of the EURO STOXX 50 index at the end of 2024 and that had adopted the SE legal form. Allianz was one of the first movers (in 2006), while TotalEnergies converted to the SE form in 2020. Representing 14% of the index constituents (7 out of 50), SEs hold substantial importance, accounting for 26.30% of the market capitalization of the index.

***** Insert Table 1 about here *****

From the universe of public companies in the EU, we then identify SE firms using the European Company Database, provided by the European Trade Union Institute (ETUI), which contains information on established SEs, and we supplement this dataset with research from LSEG, Bloomberg, and Factiva.

As of December 31, 2024, 176 European listed firms were registered as SEs. Table 2 shows a country breakdown. Germany accounts for more than half of the sample (64.77%), France is the second most represented country (19.88%), while other European countries represent between 1 and 5 conversions to SE status.⁸ German companies are the most interested

⁸ As a consequence of Brexit, since 1 January 2021, SEs can no longer register in the UK. Any pre-existing UK SEs that were registered in the UK at that date were automatically converted to a “UK Societas”. Our sample does not include any Italian listed companies. The European company is governed by the EU's founding regulation in a very incomplete manner; thus, it must be supplemented by the national laws of the place where the European company is registered. According to Rescio (2007), while other member states have accepted the European companies in their territory, the Italian legislature has not done so, making the establishment of an SE in that country complicated, if not impossible. Furthermore, although Norway is not a member of the European Union, it is part of the European Economic Area, which extends EU internal market legislation (including the rules on SEs) to Norway, allowing an SE to be established in Norway.

in the flexibility offered by SEs, but some listed companies in 15 European countries are also finding it worthwhile to convert to an SE.

We use three measures of the importance of SEs within each country: the percentage of listed SEs among the total number of listed firms, the percentage of SEs' market capitalization in the total market capitalization, and the percentage of listed SEs' assets in the total assets of listed companies. The large discrepancy between the percentage of SEs and their share in a country's market capitalization suggests a bias toward large, well-established companies.

***** Insert Table 2 about here *****

2.3 *Macrolevel evidence*

We have attempted to identify the characteristics of countries that are likely to affect the frequency of conversion to SE status. For each EU country and for each year between 2004 and 2024, we compute our three measures of SE importance and collect legal, macroeconomic, and social characteristics.⁹ Among the governance features, we create dummy variables indicating whether firms are required to adopt a two-tier board structure (*Two-tier board*) and whether employee representation on the board of directors is mandatory (*Employees on board*). To assess the influence of taxation, we collect the country's corporate income tax rate (*Corporate tax rate*). To the extent that workers are given a voice during the conversion process, we collect data on the unionization rate (*Unionization*) in each country. We also collect the sentiment toward the European Union (*Europhilia*), which we approximate as voter turnout in European elections. Finally, we control for the country's population (*Log(Population)*),

⁹ In subsequent microlevel analyses, we use country fixed effects that capture such country-specific traits.

wealth per capita ($\text{Log}(\text{GDP per capita})$) and export dynamism ($\text{Log}(\text{Exports per capita})$). The definitions of and sources for these variables appear in Panel A of the Appendix. The final dataset is a longitudinal panel encompassing 565 country-year observations.

Table 3 presents descriptive statistics for our explanatory variables and standard tests of differences in means. Table 4 reports country-year OLS regression results that explain the share of SEs as a function of national characteristics. It appears that SEs are more common in countries where the population exhibits a strong pro-European stance. SEs are more prevalent when national law mandates a two-tier structure and employee representation on boards. A higher unionization rate is associated with a lower share of SE firms. This pattern suggests that firms may adopt the SE structure to avoid or lock in lower levels of employee board representation, while strong unions may constrain such strategies. Finally, macroeconomic conditions do not have any significant correlation with the emergence of SEs.

***** Insert Tables 3 and 4 about here *****

3. Firms changing their legal form to SE status

3.1 Data

To provide microlevel evidence on the determinants and impacts of SE adoption, we construct a sample of listed SE firms that converted over the 2004–2024 period. Because we require various financial, accounting, and ownership variables to analyze the determinants of conversion and the evolution of firm performance and financial policies *before* and *after*

conversion, we exclude listed companies that adopted the SE form *prior* to going public.¹⁰ Firm financial and accounting data are from LSEG. To reduce the influence of outliers, these variables are winsorized at the 1st and 99th percentiles.

From companies' annual reports, we manually collect ownership structures, relying on the ultimate ownership methodology (La Porta et al., 1999). We consider a company to be controlled by a blockholder when the ultimate shareholder holds at least 20% of the voting rights of the firm (*Blockholder*). As family businesses represent a substantial portion of European companies (Aminadav and Papaioannou, 2020), we compute three variables that capture various levels of family control over the firm: *Family Firm* is a binary variable that equals one when the largest ultimate shareholder is a family; *Family Ownership* and *Family Voting* are continuous variables that measure the ultimate cash-flow rights and voting rights held by the controlling family.

Further analyses of ownership (see Section 5.3.2) rely on aggregated data extracted from the ownership module of LSEG. We use the investor “Country/Region” item to identify domestic shareholders (i.e., those located in the same country as the company). For nondomestic investors, we compute the aggregate equity stakes of shareholders originating from other European Union countries and from the United States. This decomposition is applied to the subsample of institutional investors, which we identify using the “Investor Type” and “Investor Sub-Type” items, following the definition in Bourveau et al. (2022).

We also aim to test whether SE adoption affects firms' acquisitiveness. We thus retrieve deal activity data from the LSEG/SDC M&A database. We extract all deals that were initiated by a public company headquartered in the European Union from 2001 to 2024. Following Erel et al. (2024), we exclude partial equity stake acquisitions and deals that are classified as

¹⁰ We identify 80 firms that went public after their conversion to an SE.

acquisitions of remaining interests. We then match this dataset with our SE and control samples. For a given year, we define several dummy variables equal to 1 if the company announces at least one acquisition in the following year. Deals are classified as cross-border acquisitions when the target's nation differs from that of the acquirer. Within the subsample of cross-border deals, we distinguish between targets located within the European Union and those outside its borders. We also examine whether these transactions constitute diversification acquisitions by constructing a binary variable equal to one when the acquirer and target mid industries (as defined by SDC) differ.

The definitions of all variables are reported in the Appendix.

3.2 Firms changing their legal form to SEs

From 2003 to 2024, 178 European listed firms announced their intention to change their legal form to become an SE.¹¹ By the end of 2024, 171 of them had effectively completed their conversion.¹² Five companies ultimately abandoned the conversion project, while two conversions were still pending as of the end of 2024.

The distribution of these firms over time is shown in Figure 1. It highlights the time lag between the announcement and the realization of the transformation. The figure also shows that since the SE legal form became available, the number of annual conversions has remained relatively stable.

¹¹ One company announced its intention to become an SE in 2003, before the 2001 European directive came into force in 2004.

¹² Notably, this sample size differs from that used in our macrolevel analysis for two reasons. First, some firms were delisted after converting to the SE form. For example, Gameloft (France) went public in 2000, converted to an SE in 2012, and was acquired and delisted in 2016; it is therefore not included in our 2024 sample. Second, conversely, some firms that were listed in 2024 went public after their conversion. For example, Zalando (Germany) transformed into an SE in May 2014 and went public in October 2014. Hence, it is included in the sample used in Sections 2.2 and 2.3 but is excluded from subsequent analyses.

***** Insert Figure 1 about here *****

The distribution of SEs by industry is shown in Figure 2. Companies deciding to convert to an SE belong to three main sectors: services (35.6%), manufacturing (33.3%), and finance (17.2%).

***** Insert Figure 2 about here *****

A breakdown of SE conversions by country is shown in Figure 3. Germany accounts for more than half the sample (60.2%), France is the second most represented country (21.1%), while other European countries (18.7%) represent between 1 and 9 conversions to SE status over the period.

***** Insert Figure 3 about here *****

3.3 Disclosure of reasons for the change

Table 5 summarizes the reasons that companies disclosed when they announced their plans to convert to an SE. Firms often cited multiple motives (averaging 1.51 per company); thus, the total number of reasons exceeds the number of conversions. The most frequently stated rationale, accounting for 61.7% of disclosures, is the desire to reflect a European or global identity, signaling a shift from national to European self-perception. Governance flexibility is the second most common reason (11.2%), particularly the ability for companies with a dual board structure to switch to a unitary board. Changes in the composition of the board of

directors are also envisaged by switching firms (e.g., regulations on quotas or the number of members may not apply when the head office changes location; compulsory negotiations on employee participation may lead to balances that are different from the current balances). Relocation of the head office accounts for 8.2% of motives, while organizational, efficiency, or cost considerations account for 6.0%. Notably, 35 companies did not provide any reason.

In summary, emphasizing a European or international identity is the predominant motivation, which is consistent with the profile of some SEs as large multinationals operating across Europe and globally. However, disclosures are voluntary, and firms may have other motives that are less socially acceptable, such as tax considerations, which are unlikely to be publicly reported.

***** Insert Table 5 about here *****

3.4 SE options: Headquarters moves and boards

Panel A of Table 6 reports the frequency of changes in registered office locations following SE conversion. Eighteen companies, approximately 10% of all conversions, relocated their headquarters. All but one of the firms that had announced the move carried it out, while four firms that had not previously announced their intention to transfer their headquarters eventually did so. Rather than being concentrated, relocations are dispersed across multiple countries, suggesting varied motivations. Panel B shows movements from nine origin countries to twelve destinations, with most countries appearing in both groups. Once a firm adopts the SE form, it may relocate its headquarters even long after the conversion.

Panel C of Table 6 reports the frequency of changes in board structures. Eighteen companies announced plans to switch from a dual board to a unitary board, of which 12

implemented the change; 2 others considered the switch, with one ultimately doing so. Additionally, two firms that had not previously disclosed intentions shifted from dual to unitary boards. No companies switched from unitary to dual boards, indicating that governance flexibility mainly benefits firms in countries such as Germany, where national law mandates a dual board. With respect to German firms, SE adoption can also enable adjustments to supervisory board composition within the constraints of codetermination. In our sample, seven German firms modified their supervisory board composition, with four disclosing the change (Table 6, Panel D).

3.5 Timing of conversion to an SE

Panel E of Table 6 highlights the lengthy process of converting a company to an SE. On average, 262 days elapse from the announcement to official registration. This period is split between the time from announcement to the general meeting approving the conversion (112 days) and the interval from the general meeting to registration (150 days). Once the decision to convert has been made at a general meeting, the company cannot be registered as an SE until the negotiation process with employees has been completed. This requirement explains the length of time between the date of the general meeting and the date of registration. The process involves uncertainties, and some firms abandon conversion at either stage; for example, Bechtle AG, BioMérieux, Nordea, and PSA initially announced SE adoption but later discontinued the project.

The conversion duration varies across countries. Among the three nations with the highest number of SEs, Germany has the longest average process (282 days), likely reflecting codetermination rules and requirements for employee representation on supervisory boards. The shortest average duration is observed in the Netherlands, at 190 days.

*** Insert Table 6 about here ***

4. The characteristics of firms opting for the SE legal form

We employ a propensity score matching (PSM) procedure to compare firms that announced their willingness to adopt the SE statute to a group of similar firms that retain their legal form, selected from the same country, industry, year, and matched by market capitalization. Peer firms are chosen using a nearest-neighbor propensity score match with replacement.

Panel A of Table 7 describes the data for the year before the change in the legal form of the firms processed, which is the year for which matching is performed. Panel B of Table 7 describes panel data for the three years before the conversion to an SE.

In our matched sample, companies that change their legal form do not differ from those that retain their national legal form in terms of many characteristics. By construction, they are similar in terms of size, year, country, and industry. Their financial and industrial policies, investment, profitability, and asset tangibility do not differ. The intensity of information asymmetry, which we approximate using Amihud's (2002) illiquidity ratio¹³, is similar for companies that switch to an SE and those that do not. However, foreign assets are greater for switching firms (28% compared to 23%), and their abnormal annual performance over three years is higher (14% compared to 7%). Fifty-seven percent of companies that opt to become an SE are family owned, compared with 44% among paired firms. They have also been listed for fewer years (firm age). Another significant difference is the tax rate, which is higher for

¹³ The relationship between measures of market liquidity and information asymmetry has been documented by numerous authors; for example, see Kyle (1985) and Amihud and Mendelson (1980). For the use of Amihud's (2002) ratio in corporate finance, see Bharath et al. (2009).

companies opting for the SE legal form (33% vs. 26%, as calculated by LSEG). Companies that switch to SE also experience greater growth before the switch, over one year (Panel A), and, even more significantly, over three years (22% vs. 13% annual sales growth, Panel B).

In summary, compared with their peers, companies that opt for the SE legal form achieve higher sales growth and market returns, and they are taxed more heavily before changing their legal form than are those that do not change their legal form.

***** Insert Table 7 about here *****

5. Switching to the SE legal form and its consequences

5.1 Why do firms choose the SE legal form?

Given the dichotomous nature of the SE legal form choice, we estimate a binomial logit model of SE choice using the maximum likelihood method. The aim of the analysis is to determine the economic factors that explain the discrete choice made by European listed firms. We run the regression on a sample of listed firms that announced their intention to convert to an SE between 2003 and 2024 and their matched firms for the year before the switch.

Table 8 presents our results. Models 1 to 4 outline the baseline regression specifications, both with and without year and country fixed effects. Our results indicate that firms adopting the SE legal form are younger and spend more on R&D than their peers do. This prevalence of R&D-intensive firms among SE adopters likely reflects the cross-border collaborative demands of innovation, where the SE framework supports the international integration of research teams and knowledge exchange. Additionally, firms adopting the SE structure face higher income tax rates than do those that retain their national legal form. However, while the SE does not

inherently alter tax regimes beyond relocating the registered office, our results do not preclude the possibility that tax incentives, such as France's innovation tax credit, may be more effectively leveraged under the SE structure than within national legal frameworks.

In Models 5 to 9, we extend our analysis by incorporating ownership variables into the regressions. We find that family-controlled firms are significantly more likely to adopt the SE statute, particularly when they own a substantial share of capital or voting rights. These findings suggest that listed family firms view the SE as a mechanism for streamlining wealth organization at the European level and potentially facilitating business succession.

In summary, our analysis demonstrates that firms characterized by large R&D expenditures, high tax rates, and family ownership are more inclined to adopt the SE legal form. These findings underscore the strategic motivations behind SE adoption, including operational flexibility, tax optimization, and succession planning.

***** Insert Table 8 about here *****

5.2 Firm-level outcomes of choosing to become an SE

All European companies can change their legal form to become an SE. Studying the causal impact of this change in legal form on firm outcomes is challenging because choosing to become an SE company is endogenous. We conduct a difference-in-differences analysis using our sample of firms that choose the SE legal form and their propensity score-matched control firms to examine the impact of selecting the SE legal form on firm outcomes after the switch (Equation 1). Our sample covers the three years before and after the change (including the year of the change).

$$Outcome_{i,t} = \beta_0 + \beta_1 Treated + \beta_2 Post + \beta_3 SE \times Post + X_{it} + country_i + industry_i + year_t + \varepsilon_{it} \quad (\text{Equation 1})$$

SE is an indicator variable for firms that choose the SE legal form. *Post* equals 1 for the years after the change, and our variable of interest is the interaction term *Treated*Post*; its coefficient β_3 measures the real effect of the change in legal form on the considered outcomes. X_{it} is a set of time-varying firm-level control variables. The model includes country-of-incorporation and industry fixed effects, as well as year fixed effects. Alternatively, we use firm fixed effects to control for all time-invariant firm characteristics. Table 9 reports the results. Companies that switch to SEs stand out for their strong sales growth over the three years before the change, but growth decreases (significantly at the 10% level) after they become SEs (Columns 1 and 2). Similarly, stock market performance declines after the change, compared with companies that have retained their national statute; thus, the performance of SE companies becomes comparable to that of non-SE companies after their transformation (Columns 3 to 6). R&D expenses also decrease (significantly at the 10% level, Columns 7 and 8) after the switch to SEs when firm fixed effects are considered. When firm fixed effects are included, the Amihud ratio, our proxy for information asymmetry, increases significantly for companies that become SEs, which may reflect uncertainty surrounding the transformation and the actual decisions that companies make among the options offered by the statute (Columns 9 and 10). The results displayed in Columns 11 to 20 suggest that the flexibility provided by the SE legal form has no real effect on profitability, Tobin's Q, capital expenditures, tax rates, or payout ratios during the three years after the change. To summarize our results, most firm outcomes are unchanged after the legal change, but the reduced stock performance over the three years after the shift suggests that adopting the SE legal form may be detrimental to shareholders.

*** Insert Table 9 about here ***

5.3 *Globalization: Cross-border acquisitions and foreign investors*

The primary reason that companies cite for adopting the SE legal form is the formal recognition of their supranational identity and the expansion of their international operations. To assess the trajectory of internationalization after the switch to an SE, we examine cross-border acquisitions (5.3.1) and foreign investor ownership (5.3.2).

5.3.1 *Cross-border acquisitions*

We examine whether companies that transition to SE status are more inclined to engage in cross-border acquisitions than are similar companies that retain their domestic legal form. Panel A of Table 10 displays the descriptive statistics of our variables before the switch (preperiod) and after the switch (postperiod). The acquisition policies of both types of companies are similar before the change in legal form. However, after the change, companies that opt for SE status pursue a significantly more dynamic acquisition policy.

Panel B of Table 10 presents the results of logit regressions explaining the propensity to make acquisitions, cross-border acquisitions, and diversifying acquisitions. The coefficient of the SE variable is not significantly different from 0 for most regressions, confirming that the acquisition policies of the companies in the sample are similar before the change in legal form, except for diversification acquisitions within the EU, which are significantly more likely for companies planning to switch to SE status. Our variable of interest is $SE*Post$, which captures changes in acquisition policy following the switch in legal form. We find that the propensity to acquire increases for companies that have opted for SE status. This increase is concentrated on cross-border acquisitions in non-EU countries, although there is a nonsignificant increase

in acquisitions within the EU. This result highlights that it is not only administrative simplifications of acquisitions within the EU that are at stake. Rather, adopting a European corporate identity under the SE framework facilitates firms' pursuit of cross-border acquisitions outside the European Union. Post-SE adoption acquisitions exhibit a greater propensity for diversification, an effect that is especially pronounced in transactions involving non-EU targets. One plausible explanation for this trend is that the supranational identity conferred by SE status enhances the acquiring firm's visibility among potential targets, particularly in industries outside the firm's core sector. This increased recognition may facilitate entry into new markets or sectors.¹⁴

***** Insert Table 10 about here *****

5.3.2 *Foreign investor ownership*

The second aspect of internationalization that we examine is the presence of foreign investors, both European and non-European. Panel A of Table 11 displays the descriptive statistics of our variables before the switch (preperiod) and after the switch (postperiod). The first observation is that before adopting SE status, firms exhibit a higher proportion of institutional investors, both domestic and foreign, than do firms that retain their national legal form. Following the conversion to SE status, we find a statistically significant difference in the level of foreign ownership for both institutional and noninstitutional investors between SE and non-SE firms. Panel B of Table 11 presents the results of the regression analysis investigating whether foreign ownership increases after the switch to SE status. The columns with odd numbers include year,

¹⁴ We conducted an event study analyzing market reactions to acquisition announcements by firms both prior to and following their conversion to SE status. The results indicate that, on average, stock price reactions are significantly positive in both periods. Statistical tests comparing the means of these reactions reveal no significant differences between pre- and postconversion acquisition announcements by SE firms.

country, and industry fixed effects, while the columns with even numbers include firm and year fixed effects. The coefficient of the *SE*Post* interaction variable shows a slight increase in foreign shareholding in general (significant at the 10% threshold). However, when we delve more deeply into the analysis, it is the shareholding of nondomestic European investors that is increasing.¹⁵ The transition to SE status enhances these companies' attractiveness to nondomestic European investors by giving them a supranational image, thereby reducing the home bias observed in the literature.

In conclusion, our findings indicate that adopting supranational SE status enhances firms' appeal to nondomestic European investors and increases their likelihood of successfully executing cross-border acquisitions outside Europe. These results align with the primary motivation cited by firms for transitioning to an SE: the pursuit of greater global integration and reach.

***** Insert Table 11 about here *****

5.4 Market reaction to the change in legal form

To gain further perspective on the relationship between the change in legal form and firm value, we conduct event studies on the announcement date of the change, the date of the general meetings of shareholders that approve the change, and the registration date. The market reaction is defined as the cumulative abnormal return (CAR) over the three, five, or seven days surrounding the event date. The market model parameters are estimated over 150 days from

¹⁵ The results are similar when we consider only institutional investors. These results are available upon request.

event day -160 to event day -11. We use the STOXX Europe 600 index to compute daily market returns.

Our results are presented in Panel A of Table 12. The market does not react to the announcement of the change in legal form. However, we find a significantly negative market reaction on the date of the general meeting of shareholders that adopted the project based on a detailed report. The market reaction is also negative over the 7 days around the registration date when the company becomes an SE with certainty (Panel A). To understand these differences, it is important to bear in mind that the information available at the time of the initial announcement is limited and that, given the large number of options involved in the conversion to an SE, it is difficult for shareholders to grasp the consequences of a possible change. We count the number of words in the documents published on these three dates. Among the companies for which we were able to retrieve historical documents, the average is only 240 words when the plan to convert to an SE is announced, 17,298 words when it is presented at the shareholders' meeting, and 1,441 words on the date the company is registered. These findings justify the use of the shareholders' meeting date as the primary source of information for shareholders. Furthermore, a company is registered as an SE only after successful negotiations with employees. The share price reaction on the date of registration may also reflect the market's assessment of the outcome of these negotiations. Overall, the negative market reaction to the general meeting and registration dates suggests that shareholders are not convinced that the SE's flexibility creates value.

We then delve more deeply into this result by running a regression that explains the cumulative abnormal returns at the general meeting and at the registration dates (Table 12, Panel B). Year, country, and industry fixed effects are included in the regressions. On the general meeting date, we observe that the transfer of the head office to another country is the only significant variable, leading to a strong positive reaction in the share price (+5.6%). The

easier transfer of the company's head office is one of the advantages of SEs, as it enables tax and organizational optimization. Shareholders value this advantage at more than 5% of the company's market capitalization. The governance issue frequently cited to justify the choice of an SE form—moving from a dual board to a unitary structure—has no effect on the price reaction, not on the general meeting date or on the registration date. Similarly, a company's emphasis on its desire to internationalize by converting to an SE has no effect on the share price reaction at any of the dates considered. On the date of registration, i.e., when the change in articles of association becomes effective, we find that the share price reaction increases with operating profitability, suggesting that the legal change is positive when it is not intended as a diversion in the presence of deteriorating results. In contrast, price reactions to SE status registration are significantly (at the 10% level) more negative for family-controlled firms. This pattern suggests two potential interpretations: either minority shareholders anticipate that majority shareholders may exploit the flexibility afforded by the SE structure to their own advantage, or the preregistration negotiations with employees in family firms are more likely to result in value-destructive outcomes. These results are consistent with those showing an increase in information asymmetry after the switch to an SE. Shareholders are uncertain about whether the change is in their favor (although our previous finding that the share of foreign investors increases over the three years following the change suggests that some shareholders do indeed see benefits in the medium term).

To summarize our results, the flexibility of the SE legal form is beneficial to shareholders when the company clearly announces its intentions, e.g., by transferring its headquarters to another country. On the other hand, in the absence of precise announcements, flexibility leaves a great deal of latitude for CEOs or majority shareholders by creating information asymmetry about the firm's actual choices. Minority shareholders may find it difficult to appreciate the full consequences of the switch to SE status for firm value.

***** Insert Table 12 about here *****

6. Conclusion

We examine firms' adoption of the Societas Europaea (SE) legal form, a choice often justified by a desire to emphasize a European identity. Our findings confirm this rationale: postadoption, firms increase their cross-border acquisitions and attract significantly higher ownership from nondomestic European investors. However, while most firm outcomes remain stable after the transition, shareholder returns decline over the subsequent three years, suggesting potential detriments to shareholder value. The negative market reaction to SE adoption—except in cases involving headquarters relocation—further supports this conclusion.

The SE statute appears to enhance firms' global positioning, but its contractual flexibility introduces uncertainty. Our results indicate that shareholder value is preserved only when the motivations for adoption are transparent. As policymakers consider reforms to strengthen European economic integration, our analysis, which spans two decades of SE adoption among listed firms, highlights the need to mitigate information asymmetry between insiders and outside investors. Addressing this imbalance could make the SE framework more attractive while safeguarding shareholder interests.

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Figure 1 – Distribution of SE firms (by year)

The sample consists of 178 listed firms that announced their intention to convert to an SE over the period 2003–2024. By the end of 2024, 171 of them had effectively completed their conversion.

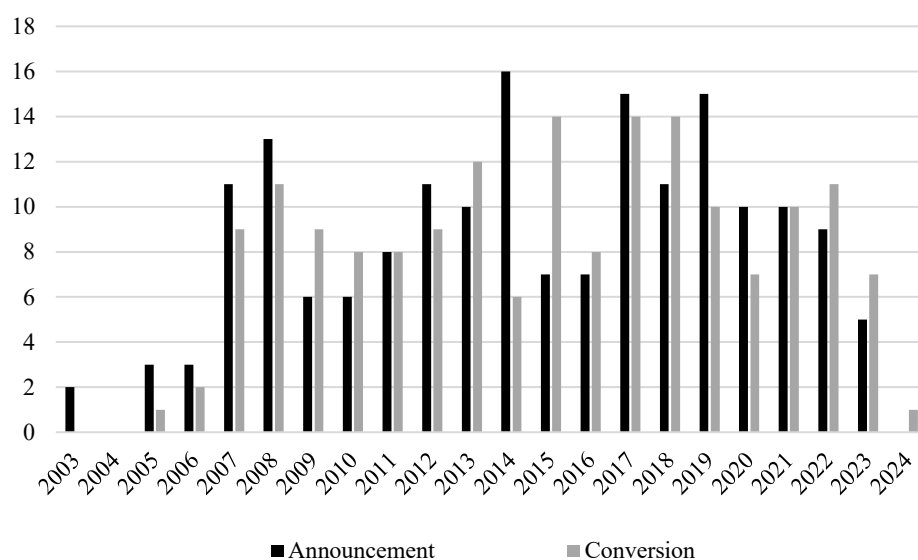


Figure 2 – Distribution of SE firms (by industry)

This figure reports the sample composition by industry (one-digit SIC code). The sample consists of 178 listed firms that announced their intention to convert to an SE over the period 2003–2024. By the end of 2024, 171 of them had effectively completed their conversion.

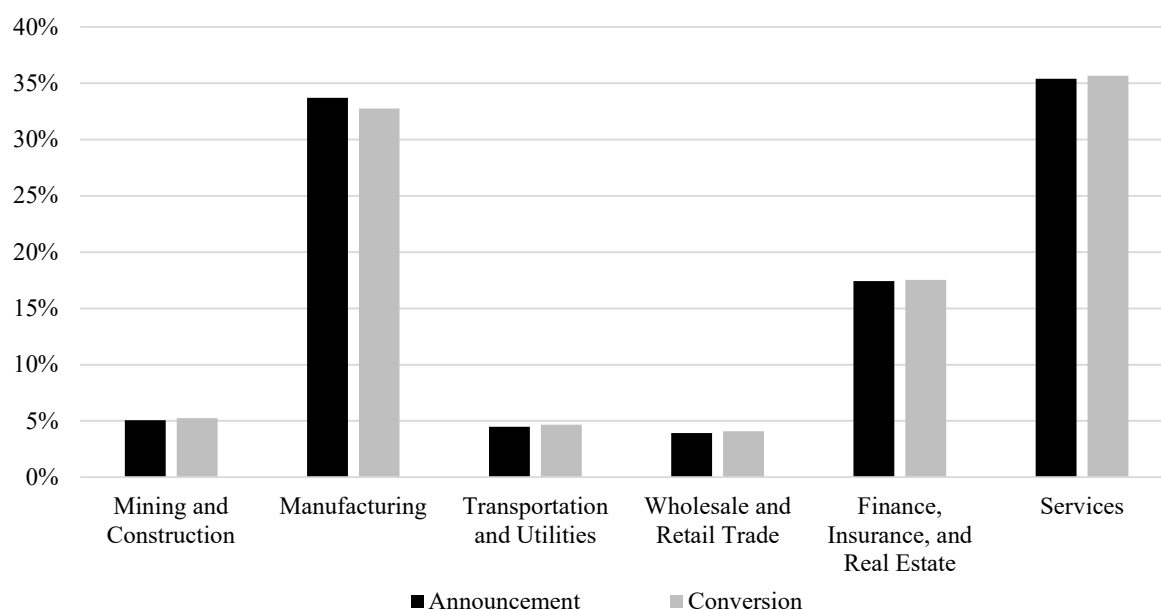


Figure 3 – Distribution of SE firms (by country of incorporation)

The sample consists of 171 listed firms that completed their conversion to the SE legal form over the period 2005–2024.

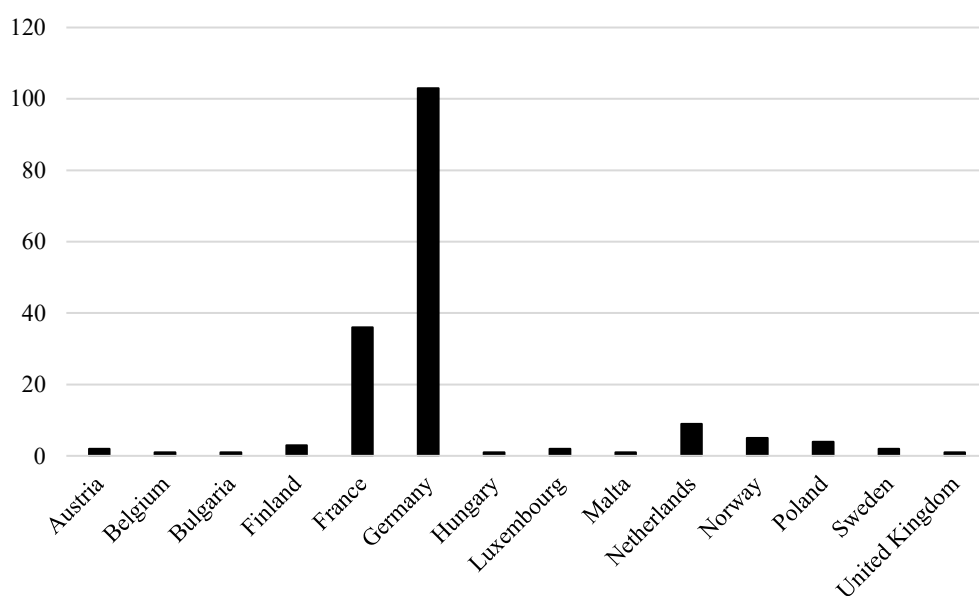


Table 1 – Largest conversions to SEs

This table reports the largest conversions to SEs within the Euro Stoxx 50, including the year of conversion, the country of incorporation, and their percentage weight in the index at the end of 2024.

Company	Year of conversion	Country of incorporation	% in the Euro Stoxx 50
LVMH	2015	France	7.30%
SAP	2014	Germany	6.60%
Schneider Electric	2014	France	3.20%
TotalEnergies	2020	France	2.90%
Airbus	2015	France	2.80%
Allianz	2006	Germany	2.60%
BASF	2008	Germany	0.90%
Total			26.30%

Table 2 – Country-level descriptive statistics

This table reports country-level descriptive statistics for 2024. It presents the number of listed firms, the number of listed SEs, the percentage of listed SEs in the total number of listed firms, the percentage of the market capitalization of listed SEs in the total market capitalization of listed companies, and the percentage of the assets of listed SEs in the total assets of listed companies. The sample consists of listed firms from 29 countries with available data on total assets and market capitalization.

Country	Obs.	Nb. SEs	% SEs	% MV SEs	% Assets SEs
Austria	60	2	3.33%	3.78%	1.55%
Belgium	110	2	1.82%	10.67%	0.58%
Bulgaria	171	1	0.58%	3.83%	0.26%
Croatia	59	0	0.00%	0.00%	0.00%
Cyprus	73	0	0.00%	0.00%	0.00%
Czech Republic	14	1	7.14%	4.55%	1.51%
Denmark	145	0	0.00%	0.00%	0.00%
Estonia	26	0	0.00%	0.00%	0.00%
Finland	178	2	1.12%	0.03%	0.02%
France	567	35	6.17%	34.22%	9.64%
Germany	567	114	20.11%	33.72%	24.07%
Greece	134	0	0.00%	0.00%	0.00%
Hungary	38	1	2.63%	0.00%	0.17%
Ireland	36	0	0.00%	0.00%	0.00%
Italy	377	0	0.00%	0.00%	0.00%
Latvia	9	0	0.00%	0.00%	0.00%
Lithuania	27	1	3.70%	3.49%	0.56%
Luxembourg	24	5	20.83%	9.07%	43.77%
Malta	29	1	3.45%	12.45%	3.26%
Netherlands	93	0	0.00%	0.00%	0.00%
Norway	309	3	0.97%	0.20%	0.25%
Poland	516	5	0.97%	0.57%	0.07%
Portugal	35	0	0.00%	0.00%	0.00%
Romania	128	0	0.00%	0.00%	0.00%
Slovakia	3	0	0.00%	0.00%	0.00%
Slovenia	18	0	0.00%	0.00%	0.00%
Spain	238	1	0.42%	3.75%	0.60%
Sweden	807	2	0.25%	0.98%	0.78%
United Kingdom	1,146	0	0.00%	0.00%	0.00%

Table 3 – Comparison of listed SEs' shares across country characteristics

This table compares the percentage of listed SEs in the total number of listed firms, the percentage of SEs' market capitalization in the total market capitalization, and the percentage of listed SEs' assets in the total assets of listed companies across various country-level time-varying characteristics. We create various binary variables (e.g., “High tax rate”), which are set equal to one when the country value is larger than the sample median. The sample consists of listed firms of 29 countries with available data on total assets and market capitalization over the period 2004–2024. The variable definitions are in the Appendix. Standard t-tests for differences in means are used. Asterisks denote statistical significance at the 1% (***), 5% (**), and 10% (*) levels.

Var. = country characteristic	% SEs			% MV SEs			% Assets SEs		
	Var. = 0	Var. = 1	t-test	Var. = 0	Var. = 1	t-test	Var. = 0	Var. = 1	t-test
Two-tier board	0.96%	1.76%	***	2.82%	2.95%		2.82%	2.21%	
Employees on board	0.47%	2.01%	***	2.04%	3.73%	**	1.45%	3.87%	***
High unionization rate	1.34%	1.14%		2.71%	1.61%	**	1.62%	2.39%	
High tax rate	0.60%	1.86%	***	1.91%	3.86%	***	1.46%	3.84%	***
Europhile	0.56%	1.93%	***	0.50%	5.56%	***	0.27%	5.30%	***
High GDP per capita	0.56%	1.88%	***	1.02%	4.73%	***	0.88%	4.40%	***
High exports per capita	0.41%	2.03%	***	1.39%	4.35%	***	0.61%	4.64%	***

Table 4 – Country-level regressions on the share of listed SEs

This table reports the results of regressions of the percentage of listed SEs in the total number of listed firms, the percentage of the market capitalization of SEs in the total market capitalization, and the percentage of the assets of listed SEs in the total assets of listed companies. The sample consists of listed firms of 29 countries with available data on total assets and market capitalization over the period 2004–2024. The variable definitions are provided in the Appendix. All standard errors are clustered at the country level. The corresponding t-statistics are reported in parentheses. Asterisks denote statistical significance at the 1% (***), 5% (**), and 10% (*) levels.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	% SEs	% Ses	% SEs	% SEs	% SEs	% SEs	% MV SEs	% Assets SEs
Log(Population)	0.001 (0.19)	0.000 (0.06)	-0.002 (-0.40)	0.000 (0.01)	0.006 (1.35)	0.000 (0.05)	0.000 (0.06)	-0.007 (-0.68)
Log(GDP per capita)	0.013 (1.59)	0.004 (0.65)	0.021** (2.11)	0.012 (1.34)	-0.015 (-1.36)	0.008 (0.63)	0.040 (1.60)	0.034 (1.09)
Europhile	0.000 (1.61)	0.000 (1.48)	0.000* (1.72)	0.000 (0.97)	0.000 (0.89)	0.001** (2.29)	0.002*** (2.93)	0.002** (2.70)
Two-tier board	0.021** (2.26)					0.011 (1.27)	0.023 (1.15)	0.009 (0.38)
Employees on board		0.017* (1.88)				0.020** (2.19)	0.049*** (3.15)	0.051** (2.57)
Unionization			-0.001** (-2.68)			-0.001** (-2.66)	-0.001*** (-3.50)	-0.002** (-2.38)
Corporate tax rate				0.000 (0.18)		-0.000 (-0.10)	0.001 (0.96)	0.000 (0.06)
Log(Exports per capita)					0.024* (1.85)	0.004 (0.32)	-0.022 (-1.07)	0.001 (0.05)
Constant	-0.099 (-1.62)	-0.053 (-0.99)	-0.061 (-1.00)	-0.066 (-1.04)	-0.253* (-1.92)	-0.097 (-0.98)	-0.077 (-0.43)	-0.113 (-0.49)
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	565	565	545	565	565	545	545	545
R-squared	0.266	0.239	0.291	0.182	0.238	0.401	0.363	0.361
Adjusted R-squared	0.234	0.205	0.259	0.146	0.204	0.368	0.328	0.327

Table 5 – Disclosed reasons for conversion to an SE

This table reports the frequency of motives for conversion to an SE. The sample consists of 178 listed firms that announced their intention to incorporate as an SE over the period 2003–2024. To the extent that the same firm may have several motives, the total number of motives exceeds the number of firms.

Motive	Count
European identity/international motivation	N = 166 (61.71%)
Reflecting growing European business activity	66
Reflecting growing global business activity	64
Facilitating a global corporate culture	15
Completing a cross-border merger	13
Developing the firm	8
Governance reasons	N = 30 (11.15%)
Changing the board structure from a two-tier to a one-tier board	18
Changing the composition of the board	8
Possibly changing the board structure from a two-tier to a one-tier board	2
Maintaining family control	2
Moving headquarters	N = 22 (8.18%)
Moving the firm's registered office	13
Possibly moving the firm's registered office	8
Changing the registration of units	1
Organization and costs	N = 16 (5.95%)
Improving the company's competitiveness, flexibility, and organization	14
Saving on administrative, operating, and legal costs	2
No motives	N = 35 (13.01%)
No motive	31
Changing the form of the company	4
Total number of disclosed reasons	269 (100.00%)

Table 6 – Headquarters moves, changes in corporate governance, and the timing of conversion to an SE

Panel A reports the frequency of planned and effective transfers of the registered offices of SEs. Panel B reports the frequency of jurisdictions of origin and destination of SEs that changed their registered office. Panel C reports the frequency of planned and effective conversions of SEs from a two-tier to a one-tier board structure. Panel D reports the frequency of planned and effective changes in the composition of the supervisory boards of SEs. Panel E reports descriptive statistics on the number of days between announcements, shareholders' meetings, and conversion dates to an SE. The variable definitions are provided in the Appendix. The sample consists of 171 listed firms that completed conversion to an SE over the period 2003–2024.

Panel A: Announcements and effective transfers of the registered office of SE companies

	Obs.	Effective transfer of the registered office
SE companies that announced their intention to transfer their registered office	13	12
SE companies that announced the possibility of transferring their registered office	8	2
SE companies that did not announce a transfer of their registered office	150	4
Total	171	18

Panel B: Changes in the registered office of SE companies

	To:												Total
	Austria	Belgium	Cyprus	France	Germany	Ireland	Luxembourg	Malta	Norway	Poland	Spain	United Kingdom	
From: Finland								1					1
France		1					1					1	3
Hungary							1						1
Luxembourg					1			1					2
Malta							1						1
Netherlands				1		1				1	1	1	5
Norway			3										3
Sweden									1				1
United Kingdom	1												1
Total	1	1	3	1	1	1	3	2	1	1	1	2	18

Panel C: Announcements and effective conversions of SE companies from a two-tier to a one-tier board structure

	Obs.	Effective conversion to a one-tier board structure
SE companies that announced their intention to convert to a one-tier board structure	18	12
SE companies that announced the possibility of converting to a one-tier board structure	2	1
SE companies that did not announce a conversion to a one-tier board	151	2
Total	171	15

Panel D: Announcements and effective change in the composition of the supervisory board of SE companies

	Obs.	Effective change in the composition of the supervisory board
SE companies that announced their intention to change the composition of the supervisory board	8	4
SE companies that did not announce a change in the composition of the supervisory board	163	3
Total	171	7

Panel E: Duration of conversion to an SE

	Number of days between the announcement and the shareholders' meeting dates	Number of days between the shareholders' meeting and registration dates	Number of days between the announcement and registration dates
Mean	112	150	262
Median	56	98	251
Minimum	0	0	0
Maximum	649	1,176	1,220
Observations	167	167	167
Germany (mean)	112	170	282
France (mean)	112	125	237
Netherlands (mean)	151	39	190
Other countries (mean)	97	146	242

Table 7 – Descriptive statistics

This table reports summary statistics (means, medians, standard deviations, and tests of differences in means and medians) for various firm-level time-varying characteristics. In Panel A, the sample consists of 178 listed firms that announced their intention to convert to an SE over the period 2003–2024 along with their matched peers for the year before the switch to the SE legal form. Each treated firm is matched along the size dimension (market capitalization) to a control firm from the same country, industry, and year. Control firms are selected via nearest-neighbor propensity score matching with replacement. In Panel B, the sample consists of 1,035 firm-year observations of SEs and their propensity score-matched control firms before conversion to the SE form (preperiod). All accounting and financial variables are winsorized at the 0.01 and 0.99 percentiles. The variable definitions are in the Appendix. Standard t-tests and Wilcoxon tests for differences in means and medians are used. Asterisks denote statistical significance at the 1% (***), 5% (**), and 10% (*) levels.

Panel A: Characteristics of listed firms the year before the announcement of conversion to an SE and their matched firms

Variables	Total				SEs				Non-SEs				Tests	
	Obs.	Mean	Median	St. Dev.	Obs.	Mean	Median	St. Dev.	Obs.	Mean	Median	St. Dev.	t-test	z-test
Log(Assets)	332	13.772	13.533	2.441	169	13.733	13.438	2.361	163	13.812	13.552	2.528		
Leverage	332	0.243	0.222	0.187	169	0.246	0.216	0.179	163	0.241	0.229	0.196		
ROA	332	0.066	0.068	0.103	169	0.062	0.069	0.091	163	0.069	0.067	0.114		
Tobin's Q	332	1.773	1.387	1.179	169	1.702	1.388	1.011	163	1.846	1.387	1.331		
R&D/Assets	332	0.019	0.000	0.046	169	0.022	0.000	0.050	163	0.016	0.000	0.041		*
Capex/Assets	332	0.045	0.029	0.051	169	0.041	0.028	0.045	163	0.050	0.033	0.056		
Tangibility	332	0.219	0.143	0.235	169	0.212	0.139	0.229	163	0.226	0.152	0.242		
Sales Growth	332	0.182	0.083	0.543	169	0.210	0.100	0.515	163	0.153	0.067	0.570		***
Log(Firm Age)	332	3.272	3.178	1.013	169	3.180	3.045	1.005	163	3.366	3.296	1.017	*	*
Tax Rate	263	0.298	0.291	0.232	136	0.327	0.305	0.295	127	0.267	0.273	0.129	**	
Assets % Foreign	200	0.251	0.189	0.260	101	0.285	0.214	0.278	99	0.216	0.143	0.238	*	*
Amihud Illiquidity	325	0.006	0.001	0.020	167	0.005	0.001	0.020	158	0.006	0.001	0.021		
Blockholder	356	0.688	1.000	0.464	178	0.680	1.000	0.468	178	0.697	1.000	0.461		
Family Firm	356	0.503	1.000	0.501	178	0.567	1.000	0.497	178	0.438	0.000	0.498	**	**
Family Ownership	356	0.228	0.000	0.274	178	0.260	0.239	0.271	178	0.195	0.000	0.274	**	**
Family Voting	356	0.252	0.003	0.291	178	0.283	0.284	0.287	178	0.220	0.000	0.293	**	**

Panel B: SE firms and their matched firms (preperiod, panel data)

Variables	Total				SEs				Non-SEs				Tests	
	Obs.	Mean	Median	St. Dev.	Obs.	Mean	Median	St. Dev.	Obs.	Mean	Median	St. Dev.	t-test	z-test
Sales Growth	990	0.172	0.081	0.524	499	0.216	0.104	0.539	491	0.128	0.059	0.505	***	***
Stock Perf. 1y	929	0.187	0.136	0.491	474	0.220	0.153	0.538	455	0.154	0.117	0.435	**	
Mkt-adj. Perf. 1y	929	0.105	0.041	0.454	474	0.137	0.055	0.497	455	0.070	0.013	0.403	**	**
R&D/Assets	1,008	0.018	0.000	0.044	504	0.020	0.000	0.048	504	0.015	0.000	0.038	*	***
Amihud Illiquidity	954	0.007	0.001	0.029	485	0.008	0.001	0.034	469	0.006	0.001	0.022		
ROA	985	0.057	0.064	0.122	497	0.051	0.068	0.113	488	0.063	0.062	0.131		
Tobin's Q	982	1.804	1.364	1.299	494	1.698	1.347	1.100	488	1.912	1.396	1.466	***	
Capex/Assets	982	0.043	0.029	0.047	499	0.041	0.028	0.044	483	0.045	0.030	0.050		
Tax Rate	772	0.300	0.290	0.208	387	0.325	0.300	0.253	385	0.275	0.277	0.146	***	**
Pay Out Ratio	978	0.327	0.267	0.331	491	0.309	0.264	0.312	487	0.345	0.272	0.349	*	
Assets % Foreign	592	0.255	0.187	0.264	309	0.277	0.200	0.277	283	0.230	0.165	0.249	**	*
Log(Assets)	1,008	13.553	13.349	2.411	504	13.555	13.343	2.301	504	13.550	13.352	2.518		
Leverage	1,008	0.236	0.218	0.188	504	0.247	0.222	0.181	504	0.225	0.214	0.194	*	**
Log(Firm Age)	1,008	3.225	3.135	1.050	504	3.134	2.996	1.043	504	3.316	3.258	1.050	***	***
Tangibility	1,008	0.217	0.135	0.239	504	0.216	0.140	0.233	504	0.217	0.132	0.244		
Family Firm	1,035	0.511	1.000	0.500	525	0.568	1.000	0.496	510	0.453	0.000	0.498	***	***

Table 8 – Determinants of SE adoption

This table presents a logit regression analysis of the adoption of SE status using a sample of SEs and their propensity score-matched control firms. The sample consists of listed firms that announced their intention to convert to an SE over the period 2003–2024 and their matched firms. All accounting and financial variables are winsorized at the 1st and 99th percentiles. The variable definitions are provided in the Appendix. All standard errors are clustered at the firm level. The corresponding z statistics are reported in parentheses. Asterisks denote statistical significance at the 1% (***), 5% (**), and 10% (*) levels.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	SE(1,0)	SE(1,0)	SE(1,0)	SE(1,0)	SE(1,0)	SE(1,0)	SE(1,0)	SE(1,0)	SE(1,0)
Log(Assets)	0.009 (0.15)	0.009 (0.14)	0.041 (0.60)	-0.064 (-0.82)	0.008 (0.14)	0.044 (0.75)	0.047 (0.80)	0.040 (0.68)	0.080 (1.14)
Leverage	0.438 (0.59)	0.562 (0.70)	-0.038 (-0.04)	0.300 (0.27)	0.440 (0.59)	0.413 (0.53)	0.417 (0.54)	0.437 (0.57)	-0.031 (-0.03)
ROA	0.798 (0.62)	1.124 (0.77)	-2.965 (-1.13)	2.076 (1.08)	0.805 (0.62)	0.461 (0.34)	0.439 (0.32)	0.465 (0.35)	-2.861 (-1.06)
Tobin's Q	-0.175* (-1.68)	-0.185* (-1.65)	-0.077 (-0.51)	-0.344** (-2.39)	-0.175* (-1.68)	-0.185* (-1.74)	-0.184* (-1.76)	-0.184* (-1.75)	-0.095 (-0.61)
R&D/Assets	4.373 (1.51)	4.992* (1.70)	12.109** (2.26)	8.536* (1.96)	4.356 (1.50)	5.115* (1.74)	5.240* (1.80)	5.164* (1.77)	13.413** (2.46)
Capex/Assets	-5.196* (-1.80)	-5.944* (-1.81)	-1.998 (-0.54)	-7.480 (-1.56)	-5.199* (-1.80)	-5.373* (-1.85)	-5.036* (-1.74)	-5.078* (-1.75)	-2.493 (-0.66)
Tangibility	0.199 (0.32)	0.241 (0.36)	-0.215 (-0.28)	0.442 (0.52)	0.199 (0.32)	0.181 (0.28)	0.126 (0.20)	0.147 (0.23)	-0.134 (-0.17)
Sales Growth	0.209 (0.75)	0.220 (0.75)	0.107 (0.31)	0.177 (0.40)	0.208 (0.75)	0.230 (0.86)	0.220 (0.81)	0.218 (0.81)	0.134 (0.41)
Log(Firm Age)	-0.231* (-1.68)	-0.248* (-1.69)	-0.328** (-2.09)	-0.255 (-1.37)	-0.230* (-1.67)	-0.268* (-1.95)	-0.284** (-2.04)	-0.285** (-2.05)	-0.371** (-2.33)
Tax Rate			1.390** (2.39)						1.322** (2.27)
Assets % Foreign				1.083* (1.80)					
Blockholder					-0.015				

Family Firm					(-0.06)	0.634***			0.581**
						(2.63)			(2.05)
Family Ownership							1.157**		
							(2.47)		
Family Voting								0.996**	
								(2.35)	
Constant	0.897	0.887	0.570	1.921*	0.913	0.250	0.313	0.424	-0.125
	(1.18)	(0.73)	(0.59)	(1.77)	(1.13)	(0.31)	(0.40)	(0.55)	(-0.12)
Year fixed effects	No	Yes	No	No	No	No	No	No	No
Country fixed effects	No	Yes	No	No	No	No	No	No	No
Observations	332	331	263	200	332	332	332	332	263
Pseudo R-squared	0.026	0.030	0.054	0.064	0.026	0.041	0.041	0.039	0.067

Table 9 – Difference-in-differences analysis

This table presents the results of difference-in-differences analyses using sample firms of SEs and their propensity score-matched control firms. The dependent variables are various financial characteristics of companies. Odd-numbered columns include year, industry, and country fixed effects, while even-numbered columns include firm and year fixed effects. The sample consists of listed firms that completed conversion to an SE over the period 2003–2024 and their matched firms. All accounting and financial variables are winsorized at the 1st and 99th percentiles. The variable definitions are provided in the Appendix. All standard errors are clustered at the firm level, except for models that include firm fixed effects (in that case, we present robust standard errors). The corresponding t-statistics are reported in parentheses. Asterisks denote statistical significance at the 1% (***), 5% (**), and 10% (*) levels.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Sales Growth	Sales Growth	Stock Perf. 1y	Stock Perf. 1y	Mkt-adj. Perf. 1y	Mkt-adj. Perf. 1y	R&D/Assets	R&D/Assets	Amihud Illiquidity	Amihud Illiquidity
Log(Assets)	-0.006 (-0.85)	0.110 (1.54)	0.003 (0.53)	-0.104** (-2.19)	0.003 (0.54)	-0.102** (-2.16)	-0.004*** (-2.90)	-0.003* (-1.78)	-0.004*** (-3.71)	-0.008*** (-2.64)
Leverage	-0.022 (-0.29)	-0.081 (-0.54)	-0.313*** (-4.30)	-0.721*** (-4.74)	-0.317*** (-4.34)	-0.731*** (-4.84)	-0.047*** (-3.95)	-0.001 (-0.23)	0.003 (0.40)	0.001 (0.12)
Log(Firm Age)	-0.063*** (-3.49)	-0.833*** (-4.70)	-0.005 (-0.47)	0.115 (0.83)	-0.006 (-0.54)	0.130 (0.94)	0.004* (1.80)	0.000 (0.07)	-0.001 (-0.60)	0.011 (1.09)
Tangibility	-0.019 (-0.29)	-0.336 (-1.12)	0.049 (0.97)	-0.233 (-0.58)	0.051 (1.01)	-0.173 (-0.41)	-0.014** (-2.03)	0.006 (1.27)	-0.001 (-0.12)	-0.019 (-0.80)
SE	0.077** (2.23)		0.073** (2.44)		0.075** (2.49)		0.008* (1.74)		0.002 (0.71)	
Post	0.005 (0.17)	0.025 (0.62)	0.002 (0.08)	0.021 (0.61)	0.005 (0.21)	0.023 (0.66)	0.003 (0.98)	0.002 (1.44)	0.001 (1.04)	-0.001 (-0.71)
SE*Post	-0.072* (-1.66)	-0.069* (-1.78)	-0.076* (-1.90)	-0.066* (-1.73)	-0.080** (-1.99)	-0.070* (-1.84)	-0.002 (-0.68)	-0.003* (-1.74)	0.003 (1.62)	0.003** (2.10)
Family Firm	0.001 (0.05)	0.020 (0.23)	0.006 (0.26)	-0.047 (-0.61)	0.005 (0.23)	-0.052 (-0.66)	-0.012** (-2.53)	-0.001 (-0.21)	-0.002 (-0.81)	-0.003 (-1.05)
Constant	0.343** (2.22)	1.661 (1.49)	-0.099 (-0.47)	1.370* (1.68)	0.208 (1.01)	1.179 (1.45)	0.059** (2.46)	0.070** (2.29)	0.073*** (3.82)	0.095*** (2.61)
Firm fixed effects	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country fixed effects	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No

Industry fixed effects	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Observations	2,195	2,195	2,132	2,132	2,132	2,132	2,222	2,222	2,143	2,143
R-squared	0.064	0.269	0.211	0.340	0.094	0.243	0.178	0.889	0.171	0.718
Adjusted R-squared	0.041	0.131	0.190	0.213	0.070	0.097	0.158	0.869	0.150	0.663

Table 9 (continued)

	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	ROA	ROA	Tobin's Q	Tobin's Q	Capex/Assets	Capex/Assets	Tax Rate	Tax Rate	Pay Out Ratio	Pay Out Ratio
Log(Assets)	0.007** (2.33)	0.057*** (5.20)	-0.120*** (-4.16)	-0.245*** (-3.38)	-0.001 (-1.07)	-0.001 (-0.36)	0.003 (0.86)	-0.050** (-2.16)	0.026*** (3.63)	-0.017 (-0.82)
Leverage	-0.074*** (-2.75)	-0.221*** (-6.45)	-1.187*** (-3.95)	-1.141*** (-5.21)	0.006 (0.73)	-0.012 (-1.21)	0.058 (0.91)	0.161** (2.55)	-0.128* (-1.73)	-0.155** (-2.09)
Log(Firm Age)	0.013** (2.30)	-0.075*** (-3.31)	-0.044 (-0.83)	-0.422** (-2.21)	-0.002 (-1.27)	-0.012 (-1.39)	-0.001 (-0.07)	-0.119* (-1.65)	0.029* (1.68)	-0.072 (-1.15)
Tangibility	0.061*** (3.18)	-0.030 (-0.38)	-0.353* (-1.68)	-0.192 (-0.54)	0.080*** (7.39)	0.124*** (5.77)	-0.058 (-1.62)	0.096 (0.57)	0.135* (1.92)	-0.137 (-1.26)
Family Firm	0.029** (2.44)	-0.001 (-0.08)	-0.080 (-0.67)	-0.108 (-1.15)	-0.001 (-0.22)	-0.000 (-0.04)	0.030* (1.96)	-0.003 (-0.12)	0.008 (0.26)	-0.029 (-0.75)
SE	-0.012 (-1.08)		-0.196* (-1.70)		-0.005 (-1.36)		0.039** (2.02)		-0.030 (-1.00)	
Post	-0.018*** (-2.74)	-0.001 (-0.15)	-0.009 (-0.12)	-0.093 (-1.50)	-0.003 (-1.07)	-0.003 (-1.61)	0.026 (1.60)	0.039** (2.19)	-0.029 (-1.39)	-0.016 (-0.87)
SE*Post	0.005 (0.48)	0.002 (0.33)	-0.001 (-0.01)	0.053 (0.89)	0.002 (0.73)	0.003 (1.49)	-0.012 (-0.45)	-0.003 (-0.12)	0.024 (0.97)	0.027 (1.37)
Constant	-0.093 (-1.09)	-0.483*** (-3.29)	5.370*** (4.70)	7.079*** (5.55)	0.067*** (2.60)	0.056 (1.31)	-0.064 (-0.67)	1.370*** (3.36)	0.142 (0.64)	0.953** (2.58)
Firm fixed effects	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country fixed effects	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Industry fixed effects	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Observations	2,171	2,171	2,181	2,181	2,149	2,149	1,659	1,659	2,173	2,173
R-squared	0.140	0.672	0.247	0.790	0.366	0.712	0.060	0.340	0.132	0.620
Adjusted R-squared	0.118	0.609	0.227	0.750	0.350	0.657	0.028	0.176	0.109	0.547

Table 10 – Firm acquisitiveness

Panel A reports summary statistics (means, medians, standard deviations, and tests of differences in means and medians) for various variables on firm acquisitiveness for 1,035 firm-year observations of SEs and their propensity score-matched control firms before conversion to an SE (preperiod) and 1,329 firm-year observations of SEs and their propensity score-matched control firms after conversion to an SE (postperiod). Panel B presents a logit regression analysis of the propensity to make acquisitions. All accounting and financial variables are winsorized at the 1st and 99th percentiles. The variable definitions are provided in the Appendix. All standard errors are clustered at the firm level. The corresponding t-statistics are reported in parentheses. Asterisks denote statistical significance at the 1% (***), 5% (**), and 10% (*) levels.

Panel A: Descriptive statistics

Variables	Total				SEs				Non-SEs				Tests	
	Obs.	Mean	Median	St. Dev.	Obs.	Mean	Median	St. Dev.	Obs.	Mean	Median	St. Dev.	t-test	z-test
preperiod														
Bidder (t+1)	1035	0.07	0.00	0.26	525	0.08	0.00	0.28	510	0.06	0.00	0.24		
Cross-Border (t+1)	1035	0.05	0.00	0.23	525	0.06	0.00	0.24	510	0.05	0.00	0.21		
Cross-Border EU (t+1)	1035	0.03	0.00	0.17	525	0.03	0.00	0.18	510	0.02	0.00	0.15		
Cross-Border Non-EU (t+1)	1035	0.03	0.00	0.17	525	0.03	0.00	0.18	510	0.03	0.00	0.16		
Diversifying (t+1)	1035	0.05	0.00	0.22	525	0.06	0.00	0.24	510	0.04	0.00	0.20		
Diversifying Cross-Border (t+1)	1035	0.03	0.00	0.18	525	0.04	0.00	0.20	510	0.03	0.00	0.17		
Diversifying Cross-Border EU (t+1)	1035	0.02	0.00	0.14	525	0.03	0.00	0.16	510	0.01	0.00	0.11	*	*
Diversifying Cross-Border Non-EU (t+1)	1035	0.03	0.00	0.18	525	0.04	0.00	0.19	510	0.03	0.00	0.17		
postperiod														
Bidder (t+1)	1329	0.06	0.00	0.24	674	0.09	0.00	0.28	655	0.03	0.00	0.18	***	***
Cross-Border (t+1)	1329	0.04	0.00	0.20	674	0.07	0.00	0.25	655	0.02	0.00	0.13	***	***
Cross-Border EU (t+1)	1329	0.02	0.00	0.14	674	0.03	0.00	0.18	655	0.01	0.00	0.10	***	***
Cross-Border Non-EU (t+1)	1329	0.02	0.00	0.15	674	0.04	0.00	0.19	655	0.01	0.00	0.10	***	***
Diversifying (t+1)	1329	0.04	0.00	0.19	674	0.06	0.00	0.23	655	0.02	0.00	0.13	***	***
Diversifying Cross-Border (t+1)	1329	0.03	0.00	0.16	674	0.04	0.00	0.20	655	0.01	0.00	0.09	***	***
Diversifying Cross-Border EU (t+1)	1329	0.02	0.00	0.12	674	0.02	0.00	0.15	655	0.01	0.00	0.08	***	***
Diversifying Cross-Border Non-EU (t+1)	1329	0.02	0.00	0.15	674	0.03	0.00	0.18	655	0.01	0.00	0.11	***	***

Panel B: Propensity to make acquisitions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Bidder (t+1)	Cross-Border (t+1)	Cross-Border EU (t+1)	Cross-Border Non-EU (t+1)	Diversifying (t+1)	Diversifying Cross-Border (t+1)	Diversifying Cross-Border EU (t+1)	Diversifying Cross-Border Non-EU (t+1)
Log(Assets)	0.335*** (5.29)	0.326*** (4.71)	0.331*** (4.59)	0.297*** (2.88)	0.289*** (3.77)	0.316*** (3.31)	0.351*** (3.25)	0.265*** (2.94)
Leverage	-1.761** (-2.16)	-1.000 (-1.12)	-2.473* (-1.79)	-0.361 (-0.38)	-0.892 (-0.83)	-0.231 (-0.17)	-1.449 (-0.86)	-1.204 (-1.05)
Log(Firm Age)	-0.087 (-0.55)	-0.116 (-0.67)	-0.435** (-1.99)	0.245 (0.97)	-0.201 (-1.02)	-0.231 (-1.04)	-0.637** (-2.52)	0.023 (0.09)
Tangibility	1.735*** (2.98)	0.896 (1.36)	1.871** (2.24)	-0.512 (-0.61)	1.667*** (2.80)	0.746 (1.04)	1.598* (1.72)	1.707*** (2.61)
Family Firm	-0.426 (-1.54)	-0.512* (-1.69)	-0.448 (-1.24)	-0.522 (-1.35)	-0.367 (-1.11)	-0.464 (-1.21)	-0.347 (-0.81)	-0.237 (-0.62)
SE	0.485 (1.64)	0.406 (1.24)	0.470 (1.19)	0.131 (0.30)	0.485 (1.34)	0.411 (0.97)	1.011** (2.21)	0.285 (0.66)
Post	-0.577* (-1.89)	-0.783** (-2.03)	-0.934* (-1.87)	-0.826* (-1.66)	-0.926** (-2.44)	-1.393*** (-2.79)	-0.816 (-1.26)	-0.976** (-2.21)
SE*Post	0.914** (2.43)	1.149** (2.49)	0.915 (1.58)	1.420** (2.44)	0.999** (2.12)	1.576** (2.54)	0.525 (0.71)	1.082** (1.98)
Constant	-9.466*** (-6.77)	-9.888*** (-6.16)	-9.715*** (-5.69)	-9.633*** (-5.28)	-7.929*** (-4.99)	-8.913*** (-4.44)	-9.782*** (-4.24)	-8.449*** (-4.64)
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2032	1963	1788	1664	1934	1601	1377	1728
Pseudo R-squared	0.284	0.269	0.279	0.260	0.259	0.259	0.326	0.197

Table 11 – Changes in ownership structures

Panel A reports summary statistics (means, medians, standard deviations, and tests of differences in means and medians) for various ownership variables. The sample consists of 944 firm-year observations of SEs and their propensity score-matched control firms before conversion to an SE (preperiod) and 1,122 firm-year observations of SEs and their propensity score-matched control firms after conversion to an SE (postperiod). Panel B presents the results of difference-in-differences analyses for all investors using sample firms of SEs and their propensity score-matched control firms. The sample consists of listed firms that completed conversion to an SE over the period 2003–2024 and their matched firms. All accounting and financial variables are winsorized at the 1st and 99th percentiles. The variable definitions are provided in the Appendix. All standard errors are clustered at the firm level, except for models that include firm fixed effects (in that case, we present robust standard errors). The corresponding t-statistics are reported in parentheses. Asterisks denote statistical significance at the 1% (***), 5% (**), and 10% (*) levels.

Panel A: SE firms and their matched firms

Variables	Total				SEs				Non-SEs				Tests	
	Obs.	Mean	Median	St. Dev.	Obs.	Mean	Median	St. Dev.	Obs.	Mean	Median	St. Dev.	t-test	z-test
preperiod														
Domestic Ownership	944	0.38	0.38	0.28	485	0.35	0.33	0.27	459	0.41	0.40	0.29	***	***
Foreign Ownership	944	0.23	0.17	0.23	485	0.24	0.18	0.22	459	0.22	0.17	0.23		*
Nondomestic Euro. Ownership	944	0.14	0.08	0.18	485	0.15	0.09	0.17	459	0.13	0.07	0.19		***
US Ownership	944	0.06	0.02	0.10	485	0.07	0.03	0.10	459	0.06	0.02	0.09		**
Domestic Inst. Ownership	944	0.24	0.20	0.22	485	0.26	0.21	0.22	459	0.22	0.18	0.21	**	***
Foreign Inst. Ownership	944	0.16	0.11	0.17	485	0.18	0.13	0.18	459	0.14	0.10	0.16	***	***
Nondomestic Euro. Inst. Ownership	944	0.09	0.06	0.11	485	0.11	0.07	0.11	459	0.08	0.05	0.10	***	***
US Inst. Ownership	944	0.06	0.02	0.09	485	0.07	0.03	0.10	459	0.05	0.02	0.09	*	**
postperiod														
Domestic Ownership	1,122	0.37	0.36	0.28	580	0.35	0.33	0.27	542	0.40	0.37	0.29	***	***
Foreign Ownership	1,122	0.26	0.20	0.24	580	0.29	0.22	0.24	542	0.23	0.18	0.23	***	***
Nondomestic Euro. Ownership	1,122	0.16	0.10	0.18	580	0.19	0.12	0.19	542	0.13	0.08	0.16	***	***
US Ownership	1,122	0.07	0.04	0.10	580	0.08	0.04	0.10	542	0.07	0.03	0.10	**	***
Domestic Inst. Ownership	1,122	0.26	0.22	0.22	580	0.29	0.23	0.22	542	0.24	0.20	0.20	***	***
Foreign Inst. Ownership	1,122	0.18	0.14	0.18	580	0.21	0.17	0.19	542	0.15	0.11	0.16	***	***
Nondomestic Euro. Inst. Ownership	1,122	0.10	0.08	0.11	580	0.12	0.09	0.12	542	0.08	0.05	0.09	***	***
US Inst. Ownership	1,122	0.07	0.04	0.10	580	0.08	0.04	0.10	542	0.06	0.03	0.09	**	***

Panel B: Difference-in-differences analysis (all investors)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Domestic Ownership	Domestic Ownership	Foreign Ownership	Foreign Ownership	Nondomestic Euro. Ownership	Nondomestic Euro. Ownership	US Ownership	US Ownership
Log(Assets)	-0.010 (-1.16)	-0.037*** (-3.27)	0.026*** (4.27)	0.037*** (3.13)	0.004 (0.84)	0.020* (1.72)	0.019*** (7.48)	0.007* (1.82)
Leverage	0.017 (0.21)	-0.077* (-1.86)	-0.020 (-0.34)	-0.004 (-0.10)	-0.025 (-0.49)	0.021 (0.70)	-0.005 (-0.16)	0.001 (0.04)
Log(Firm Age)	0.056*** (3.20)	-0.098** (-2.41)	-0.062*** (-4.14)	0.106*** (2.89)	-0.017 (-1.46)	0.086*** (2.91)	-0.027*** (-4.00)	-0.010 (-0.53)
Tangibility	-0.023 (-0.29)	-0.005 (-0.05)	0.027 (0.41)	-0.059 (-1.30)	0.063 (1.08)	-0.029 (-0.74)	-0.013 (-0.68)	-0.018 (-0.89)
SE	-0.041 (-1.41)		0.007 (0.30)		0.015 (0.80)		0.006 (0.69)	
Post	-0.025 (-1.60)	-0.005 (-0.49)	-0.002 (-0.13)	-0.014** (-1.98)	-0.003 (-0.24)	-0.012** (-2.27)	-0.006 (-0.95)	-0.009*** (-2.81)
SE*Post	0.002 (0.12)	0.015 (1.44)	0.033* (1.94)	0.017* (1.80)	0.040*** (2.76)	0.022*** (2.98)	0.000 (0.05)	0.002 (0.51)
Constant	0.362** (2.07)	1.279*** (5.21)	-0.099 (-0.98)	-0.587*** (-2.82)	0.024 (0.28)	-0.429** (-2.18)	-0.154*** (-4.46)	0.056 (0.60)
Firm fixed effects	No	Yes	No	Yes	No	Yes	No	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country fixed effects	Yes	No	Yes	No	Yes	No	Yes	No
Industry fixed effects	Yes	No	Yes	No	Yes	No	Yes	No
Observations	2,066	2,066	2,066	2,066	2,066	2,066	2,066	2,066
R-squared	0.139	0.887	0.184	0.864	0.076	0.849	0.264	0.830
Adjusted R-squared	0.117	0.865	0.163	0.838	0.052	0.819	0.245	0.797

Table 12 – Cumulative abnormal returns around the announcement, annual general meeting, and registration dates

Panel A shows the cumulative abnormal returns (CARs) around the announcements of the intention to convert to the SE legal form (159 events for which we can compute CARs over the 2003–2024 period), the annual general shareholder meetings that must vote on a resolution to convert to the SE legal form (157 events), and official registrations as SEs (157 events). The CARs are computed over the three, five, or seven days surrounding the event date. The market model parameters are estimated over a 150-day period from event day -160 to event day -11, with the *STOXX Europe 600* index used to compute daily market returns. The CARs are winsorized at the 1st and 99th percentiles. The table reports the mean and median CARs and whether they are significantly different from zero (medians are reported in italics). Panel B presents the results from regressing the cumulative abnormal returns (CARs) on various firm-level characteristics. All accounting and financial variables are winsorized at the 1st and 99th percentiles. The variable definitions are provided in the Appendix. The corresponding t-statistics, computed using robust standard errors, are reported in parentheses. Asterisks denote statistical significance at the 1% (***), 5% (**), and 10% (*) levels.

Panel A: Event study

Obs.	Date of Annual		
	Date of Announcement	General Meeting	Date of Registration
	159	157	157
[-1;+1]	0.32%	-0.62%**	-0.28%
	<i>0.11%</i>	<i>-0.86%**</i>	<i>-0.23%</i>
[-2;+2]	-0.01%	-0.70%*	-0.60%
	<i>-0.27%</i>	<i>-0.51%**</i>	<i>-0.36%</i>
[-3;+3]	0.14%	-0.51%	-1.35%***
	<i>-0.18%</i>	<i>-1.13%**</i>	<i>-0.40%**</i>

Panel B: Cross-sectional variation in the market reaction

	(1) AGM [-3;+3]	(2) AGM [-3;+3]	(3) Registration [-3;+3]	(4) Registration [-3;+3]	(5) Registration [-3;+3]	(6) Registration [-3;+3]
Log(Assets)	0.002 (0.64)	0.001 (0.36)	-0.000 (-0.02)	-0.002 (-0.51)	-0.002 (-0.49)	-0.002 (-0.48)
Leverage	0.025 (0.83)	0.026 (0.88)	-0.003 (-0.08)	-0.001 (-0.02)	0.007 (0.20)	0.006 (0.17)
ROA	0.039 (0.50)	0.047 (0.59)	0.117* (1.67)	0.136* (1.92)	0.137* (1.98)	0.137** (2.00)
Tobin's Q	0.003 (0.60)	0.003 (0.64)	-0.007 (-0.93)	-0.007 (-1.00)	-0.007 (-1.05)	-0.007 (-1.04)
Log(Firm Age)	0.003 (0.38)	0.003 (0.49)	0.002 (0.20)	0.003 (0.39)	0.005 (0.56)	0.005 (0.60)
International	0.001 (0.10)	-0.000 (-0.02)	0.003 (0.22)	-0.000 (-0.03)	-0.003 (-0.22)	-0.003 (-0.22)
Governance	0.013 (0.90)	0.013 (0.91)	0.011 (0.61)	0.011 (0.64)	0.011 (0.62)	0.011 (0.63)
Transfer	0.056*** (2.75)	0.057*** (2.71)	-0.007 (-0.27)	-0.005 (-0.19)	-0.008 (-0.31)	-0.008 (-0.29)
Family Firm		-0.010 (-0.81)		-0.025* (-1.70)		
Family Ownership					-0.044* (-1.75)	
Family Voting						-0.045* (-1.94)
Constant	-0.091 (-1.63)	-0.076 (-1.30)	-0.036 (-0.67)	0.002 (0.04)	-0.005 (-0.08)	-0.007 (-0.12)
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Country fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	157	157	157	157	157	157
R-squared	0.429	0.433	0.354	0.377	0.376	0.379
Adjusted R-squared	0.159	0.157	0.050	0.075	0.073	0.077

Appendix – Variable definitions

This Appendix describes the variables used in the analyses.

Panel A: Country-level characteristics

% SEs	Percentage of listed SEs relative to the country's stock exchange (i.e., companies for which the ISIN code, total assets and market value are available after eliminating duplicate firms) (source: LSEG).
% MV SEs	Percentage of the total market value of listed SEs relative to the total market value of the country's stock exchange (i.e., companies for which the ISIN code, total assets and market value are available after eliminating duplicate firms) (source: LSEG).
% Assets SEs	Percentage of the total assets of listed SEs relative to the total assets of the country's stock exchange (i.e., companies for which the ISIN code, total assets and market value are available, after eliminating duplicate firms) (source: LSEG).
Log(Population)	The natural logarithm of population (source: Eurostat).
Log(GDP per capita)	The natural logarithm of GDP (in millions of euros) per capita (source: Eurostat).
Europhile	Voter turnout in the most recent European elections in percentage terms (source: European Parliament).
Two-tier board	A binary variable that equals one if a two-tier board structure is required without the possibility of choosing a unitary board structure and zero otherwise (source: Belot et al. (2014) and authors' researches).
Employees on board	A binary variable that equals one if board-level employee representation is required and zero otherwise (sources: OECD and ETUI).
Unionization	Trade union density rate (source: International Labour Organization).
Corporate tax rate	Corporate tax rate (source: Tax Foundation).
Log(Exports per capita)	The natural logarithm of exports (in millions of euros) per capita (source: Eurostat).

Panel B: Firm characteristics

Log(Assets)	The natural logarithm of the book value of total assets (in millions of euros) (source: LSEG).
Leverage	The ratio of financial debt to total assets (source: LSEG).
ROA	The ratio of EBIT to total assets (source: LSEG).
Tobin's Q	Tobin's Q, defined as the market value of equity at the end of the fiscal year plus the book value of assets minus the book value of equity, all divided by the book value of assets (source: LSEG).
Stock Perf. 1y	12-month stock price performance (source: LSEG).
Mkt-adj. Perf. 1y	The difference between the stock return and the <i>STOXX Europe 600</i> index return for the fiscal year (source: LSEG).
R&D/Assets	The ratio of R&D expenditures to total assets (source: LSEG).
Capex/Assets	The ratio of capital expenditures to total assets (source: LSEG).
Tangibility	The ratio of tangible assets to total assets (source: LSEG).
Sales Growth	The growth rate computed as the 1-year change in net sales (source: LSEG).
Log(Firm Age)	The logarithm of the number of years since the firm's year of incorporation (source: LSEG).
Tax Rate	Tax rate of the firm (source: LSEG).
Amihud	Amihud's (2002) illiquidity measure – our proxy for information asymmetry (source: Authors' calculations based on data from LSEG).
Assets % Foreign	The ratio of assets located in a foreign country to total assets (source: LSEG).
Pay-out Ratio	The ratio of cash dividend payments to net income. The ratio is set equal to 1 if it turns negative due to negative earnings or if the firm pays out more than 100% of its earnings (source: LSEG).

Panel C: Reasons for conversion

International	A binary variable that equals one if the reasons disclosed by companies for converting to an SE include reflecting growing international business activity, reflecting growing European business activity, facilitating an international corporate culture, completing a cross-border merger, and/or developing the firm and zero otherwise (source: press releases).
Governance	A binary variable that equals one if the reasons disclosed by companies for converting to an SE include changing the board structure from a two-tier to a one-tier board, changing the composition of the board, and/or maintaining family control and zero otherwise (source: press releases).
Transfer	A binary variable that equals one if the reasons disclosed by companies for converting to an SE include moving the firm's registered office and/or the registration of units and zero otherwise (source: press releases).

Panel D: Firm acquisitiveness

Bidder (t+1)	A binary variable that equals one if the company announces at least one corporate acquisition in the subsequent year (t+1) and zero otherwise (source: Authors' calculations based on data from LSEG).
Cross-Border (t+1)	A binary variable that equals one if the company announces at least one corporate cross-border acquisition in the subsequent year (t+1) and zero otherwise (source: Authors' calculations based on data from LSEG).
Cross-Border EU (t+1)	A binary variable that equals one if the company announces at least one corporate cross-border acquisition in the EU in the subsequent year (t+1) and zero otherwise (source: Authors' calculations based on data from LSEG).
Cross-Border Non-EU (t+1)	A binary variable that equals one if the company announces at least one corporate cross-border acquisition outside Europe in the subsequent year (t+1) and zero otherwise (source: Authors' calculations based on data from LSEG).
Diversifying (t+1)	A binary variable that equals one if the company announces at least one corporate diversifying acquisition in the subsequent year (t+1) and zero otherwise (source: Authors' calculations based on data from LSEG).
Diversifying Cross-Border (t+1)	A binary variable that equals one if the company announces at least one corporate cross-border diversifying acquisition in the subsequent year (t+1) and zero otherwise (source: Authors' calculations based on data from LSEG).
Diversifying Cross-Border EU (t+1)	A binary variable that equals one if the company announces at least one corporate cross-border diversifying acquisition in the EU in the subsequent year (t+1) and zero otherwise (source: Authors' calculations based on data from LSEG).
Diversifying Cross-Border Non-EU (t+1)	A binary variable that equals one if the company announces at least one corporate cross-border diversifying acquisition outside Europe in the subsequent year (t+1) and zero otherwise (source: Authors' calculations based on data from LSEG).

Panel E: Ownership variables

Blockholder	A binary variable that equals one when the largest shareholder holds at least 20% of the voting rights of the firm and zero otherwise (source: Authors' calculations from annual reports).
Family Firm	A binary variable that equals 1 when the largest shareholder of the firm owns at least 20% of the voting rights and is directly or ultimately controlled by a family (at the 20% threshold) and zero otherwise (source: Authors' calculations from annual reports).
Family Ownership	Ultimate cash-flow rights (in %) held by the controlling family (source: Authors' calculations from annual reports).
Family Voting	Ultimate voting rights (in %) held by the controlling family (source: Authors' calculations from annual reports).
Domestic Ownership	The percentage of cash-flow rights held by domestic investors (source: Authors' calculations from LSEG).
Foreign Ownership	The percentage of cash-flow rights held by nondomestic investors (source: Authors' calculations from LSEG).
Nondomestic Euro. Ownership	The percentage of cash-flow rights held by nondomestic European investors (source: Authors' calculations from LSEG).

US Ownership	The percentage of cash-flow rights held by US investors (source: Authors' calculations from LSEG).
Domestic Inst. Ownership	The percentage of cash-flow rights held by domestic institutional investors (source: Authors' calculations from LSEG).
Foreign Inst. Ownership	The percentage of cash-flow rights held by nondomestic institutional investors (source: Authors' calculations from LSEG).
Nondomestic Euro. Inst. Ownership	The percentage of cash-flow rights held by nondomestic European institutional investors (source: Authors' calculations from LSEG).
US Inst. Ownership	The percentage of cash-flow rights held by US institutional investors (source: Authors' calculations from LSEG).

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