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The Effects of International Joint Ventures on Shareholder Wealth

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Abstract

The purposes of this study are to measure the wealth effects of international joint ventures on the U.S. firms' shareholders and to determine whether these effects are related to the economics status of the partner's home country. The results indicate that overall investor reactions to joint ventures with foreign firms are negative and that only joint ventures with firms from lesser developed countries have nonnegative effects on shareholders' wealth. These findings are in contrast with previous reports of positive stock price reactions to both dimestic and international joint ventures.

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