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Abstract

In this study, we investigate how the average cultural values of parent bank board members affect lending by foreign subsidiaries and how this influence is moderated by board members' personal traits. Using a new dataset that includes information on foreign banks and their parent companies from 66 and 29 countries, respectively, we find that loan growth of foreign subsidiaries is faster when parent boards exhibit, on average, higher uncertainty avoidance and power distance but lower individualism and indulgence. Notably, the identified regularities are significantly moderated by gender, busyness, and firm ownership of parent bank board members.

Keywords: foreign bank, lending, national culture, directors, board members, bank managers

JEL: G01; G21

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1. Introduction

In recent decades, the economic role of foreign banks has increased worldwide. Claessens and van Horen (2012) underscore that these banks grant 20% of loans in OECD countries and almost 50% in emerging economies. More recent data from the European Central Bank Statistical Warehouse illustrate that in 2020, foreign banks controlled 16% of total banking assets in the entire European Union and as much as 64% in post-transition European countries. In this context, it is not surprising that foreign banks, their performance, lending, risk-taking, impact on competition, influence on financial stability, role in the transmission of economic shocks, effect on international trade, and significance for economic outcomes have been thoroughly studied by numerous academics. Despite the vast literature on foreign banks, gaps in our knowledge still exist. In this paper, we attempt to address one such lacuna; namely, examining the issue of whether the personal traits of parent bank board members modify the relevance of their cultural values for the lending activities of foreign subsidiaries.

Recent literature demonstrates that national culture affects various phenomena in banking, such as risk-taking (Ashraf and Arshad, 2017; Illiashenko and Laidroo, 2020), probability of failure (Berger et al., 2021), financial performance (Boubakri et al., 2017), and propensity to lend (Giannetti and Yafeh, 2012; Fisman et al., 2017; He and Hu, 2016; Jin et al., 2019; Dheeraumpon, 2019). Empirical evidence on the impact of parent bank cultural values on foreign subsidiaries is limited (Ashraf and Arshad, 2017; Cheung et al., 2020)¹, although the literature suggests that those values may significantly affect subsidiaries through various channels, such as the degree of autonomy (Anginer et al., 2017), the intensity of home bias in allocational decisions (Garcia-Herrero and Vázquez, 2013), and perceptions present in the internal capital market functioning within multinational banks (De Haas and van Lelyveld, 2010). In conjunction with the economic significance of foreign banks, the facts mentioned above constituted the main motivation for this study.

We base our investigation on a new dataset encompassing 456 foreign-owned banks operating in 66 host countries and controlled by parent organizations from 29 countries for the 2007–2018 period. Notably, to infer the link between the cultural values of parent bank board members and lending by foreign bank subsidiaries, we do not assume that parent bank boards represent the national culture of a home country. Instead, we consider the average cultural values of board members because the latter exhibit non-trivial diversification of cultural backgrounds. In our sample, on average, almost 16% of the parent bank board members

¹ One citation was removed from this sentence to preserve authors' anonymity.

originate from a country different from the parent bank's home country. Consequently, 79% of all observations in our sample comprise the situation where at least one board member of the parent bank belongs to a different cultural environment.

Our study begins with the empirical observation that, after controlling for a plethora of factors (bank fundamentals, economic features of home and host countries, host country cultural values), the average cultural values of parent bank board members constitute an additional variable that significantly impacts lending by foreign subsidiaries. More specifically, the loan growth of foreign banks, adjusted to account for the median loan growth of domestic banks, is faster when parent bank boards reveal higher uncertainty avoidance and power distance and lower individualism and indulgence. However, we find that the overall relationship between the cultural values of parent bank board members and the lending outcomes of foreign subsidiaries is mediated by board members' gender, busyness, and share in parent bank's ownership. First, concerning gender issues, we establish that the impact of cultural dimensions of individualism and uncertainty avoidance on foreign bank lending does not differ. By contrast, power distance and indulgence affect foreign bank lending only in the case of male and female board members, respectively. In a broader sense, this regularity indicates that while board members share a common cultural background, different sensitivities of females and males to risk-taking, business ethics, and corporate social responsibility may modify the relevance of individual cultural dimensions in shaping various economic phenomena. Second, when we control for board members' busyness, we find that the cultural values of parent bank board members influence lending by subsidiaries only when they have enough time to manage, monitor, or advise a company on a day-to-day basis. By contrast, the cultural values of busy directors holding multiple board positions were irrelevant in explaining the dependent variable. Third, the increased involvement of parent bank board members in ownership structures translates into a higher sensitivity of subsidiaries' lending to the cultural values of parent bank board members. Consequently, these empirical patterns signify that board members' ownership and their reduced personal financial diversification diminish agency costs and augment the economic significance of cultural factors. Notably, the results on the mediating role of board members' gender, busyness, and ownership were not only statistically significant but also relevant in economic terms.

The results concerning the relationship between the cultural values of parent bank board members and the lending activities of foreign banks, as well as factors moderating this relationship, withstand several robustness checks. First, following numerous studies on the impact of cultural values on economic outcomes (e.g., Gorodnichenko and Roland, 2012;

Boubakri and Saffar, 2016; El Ghouli and Zheng, 2016; Jin et al., 2019; Mourouziidou-Damtsa et al., 2019), we consider the potential endogeneity of board members' cultural values and re-estimate our models applying two-stage least squares (2SLS) regressions with instrumental variables (IVs) used as proxies for our cultural dimensions. The outcomes corroborate our findings on the moderating factors in the relationship between the cultural values of parent bank board members and lending at foreign-owned subsidiaries. Second, we changed the econometric approach and replaced static panel models with random effects with a hierarchical linear model separating the variance attributable to variables illustrating the characteristics of the home country, host country, and the bank (Mourouziidou-Damtsa et al., 2019). We found that our results and conclusions are not dependent on the choice of the method used for statistical inferences. Third, we tested for a potential non-linearity in the influence of female board members (Owen and Temesvary, 2018; Fan et al., 2019) and failed to find any support for the notion that female board members' cultural values dramatically increase their relevance when female representation on boards reaches certain thresholds. Finally, we verified whether the cultural values of parent bank chief executive officers (CEOs) alone also affect the lending outcomes of foreign subsidiaries. We found that, while weaker than in the case of entire boards, the impact of CEOs' cultural values remained significant for the dimensions of individualism and indulgence.

Our study supplements the existing literature in four ways. First, it confirms that cultural considerations are important for bank lending decisions (Giannetti and Yafeh, 2012; He and Hu, 2016; Fisman et al., 2017; Dheera-aumpon, 2019; Jin et al., 2019). However, we also demonstrate that the impact of cultural values is significantly moderated by board members' personal traits, such as gender, busyness, and wealth diversification. Second, this study enriches the growing literature on gender issues in banking. Existing studies seek to assess the impact of female representation on boards, for example, on bank performance or risk-taking (Sahay et al., 2018; Ghosh, 2017; Cardillo et al., 2020), bank misconduct (Arnaboldi et al., 2021), and bank earnings management (Fan et al. 2019). However, to the best of our knowledge, this is the first study to investigate whether the impact of cultural values on lending by foreign subsidiaries depends on the gender of the parent company's board members. Additionally, in the context of foreign bank lending, we do not find support for the notion that the significance of women on boards changes when it reaches a certain threshold (Owen and Temesvary, 2018; Fan et al., 2019; Garanina and Muravyev, 2020; Atif et al., 2021). Third, the study contributes to the ongoing and unresolved debate on the negative (Fich and Shivdasani, 2006; Jiraporn et al., 2009a; Chen and Guay, 2020) or positive (di Pietra et al., 2008; Elyasiani and Zhang, 2015;

Chakravary and Rutherford, 2017) role played by busy directors (directors with multiple posts in various companies). We add a piece of new evidence that busy directors are less involved in monitoring and decision-making processes than their non-busy counterparts. Thus, our results confirm previous findings that busy directors are linked to poorer corporate governance (Fich and Shivdasani, 2006; Jiraporn et al., 2009a and 2009b). Finally, our results relate to the ongoing debate on the role of directors' ownership in solving agency problems. The existing literature almost unanimously suggests that managerial ownership is highly relevant for different corporate outcomes, such as financial performance (Bhagat and Bolton, 2008 and 2019; Fahlenbrach and Stulz, 2009), firm diversification (Denis et al., 2012), workers' pay (Cronqvist et al., 2009), investment timing (Gurthrie and Hoobs, 2021), and quality of corporate governance (Yu et al., 2012; Lilienfeld-Toal and Ruenzi, 2014). Our study complements the areas in which managerial ownership is an important factor, as it shows that board members' ownership strengthens the impact of their cultural values on lending by foreign subsidiaries. The remainder of this paper proceeds as follows. In Section 2, we review the relevant strands of the literature and substantiate the hypothesis. Section 3 discusses the data sources and applies econometric methodology. In Section 4, we present the main findings, while in Section 5, we conduct various robustness checks. Section 6 concludes the paper and presents some policy implications.

2. Literature review and hypotheses development

The extant and rather scant literature suggests that home-country cultural values are relevant for foreign subsidiaries. Ashraf and Arshad (2017) establish that the risk-taking of foreign subsidiaries of multinational banks is shaped by the national culture of the parent bank's home country. Similarly, Abdelsalam et al. (2020) report that a high level of societal trust in the countries from which the major shareholders originate translate into lower levels of the market risk of foreign subsidiaries, while Jackowicz et al. (2021) underscore that the impact of home country culture on foreign banks strengthens during crisis periods. Finally, Cheung et al. (2020), in a specific context of corporate social responsibility (CSR), note that banks originating from countries with higher CSR cultural awareness compared to countries where loans are granted offer lower loan spreads for borrowers with superior CSR performance. Considering this empirical evidence, we start our empirical investigation by checking whether the influence of home-country cultural values on foreign bank subsidiaries exists in our sample. This initial check will allow us to focus our main reasoning on the factors mediating the relationship between the average cultural values of parent bank board members and the lending activities of

foreign subsidiaries. We consider three factors, namely, directors' gender, busyness, and ownership, which, according to the literature, present strong mediating potential in our area of interest.

The literature on the issue of women's presence on corporate boards reveals two main empirical patterns. First, it illustrates that women are discriminated against on the boards. Second, the literature documents that the presence of women on boards changes company performance. In short, women are treated differently regarding board positions, and once appointed, act differently compared to men.

Women are still underrepresented on corporate boards, particularly in the top positions. Girardone et al. (2021), based on Bloomberg's Gender Equality Index, estimate that the proportion of women in senior management and executive posts was 27% and 19%, respectively, in 2020. The situation is worse when we consider CEO positions, for which, the share of women drops to 6%. The gender gap is even wider in finance. Sahay et al. (2018) note that women account for less than 2% of CEOs and less than 20% of executive board members in financial institutions. Discrimination against women exists not only in private companies but also in central banks. Charlety et al. (2017) find that in countries, the predicted probability of appointing a female to a central bank board is four times greater when the departing member is also a female.

Women are discriminated against with regard to board roles, not only ex-ante but also ex-post. Field et al. (2020) demonstrate that women's share among board leaders lags significantly behind their total share in all board positions. Moreover, Duchin et al. (2021) establish that male CEOs allocate more investment capital to male-managed than female-managed divisions, while Fang and Huang (2017) find that men benefit more from various connections than women in both job performance and subjective evaluation by others. Consequently, data and studies suggest that numerous boardroom gender equality policies implemented in recent years have been only partially effective (Adams, 2016).

The literature on the consequences of women's presence on corporate boards is immense. For example, one of the recent review papers identifies 634 relevant studies (Nguyen et al., 2020). The extant studies assess the impact of women on firm profitability, risk-taking, market value, corporate governance, audit quality, earnings management, social and environmental responsibility, disclosure and compliance, fraud prevention, and many other areas. Therefore, in the hypothesis development process, we consider the abovementioned banking literature. Several studies indicate that the presence of women on boards improves bank safety. Sahay et

al. (2018) find that the presence of women and the share of women on bank boards are associated with greater financial resilience.

Interestingly, a higher share of women on boards of banking supervision authorities is linked to greater banking sector stability. Similarly, Ghosh (2017) concludes that women on boards improve bank soundness. Moreover, female representation on bank boards significantly reduces the frequency of misconduct fines because of the ethicality and risk aversion of women holding director positions (Arnaboldi, 2021). It also diminishes the earnings management policies (Fan et al., 2019). The only study contradicting these empirical findings is that of Baleselga-Pascual and Vahamaa (2021), who report that Latin American banks with higher proportions of female representation among executives are riskier.

The impact of women on bank boards with regard to profitability is ambiguous. Using a sample of European banks, Cardillo et al. (2020) find that gender diversity has a positive impact on bank accounting and market performance, consistent with the hypothesis that female directors are better monitors than male directors. However, banks with more gender-diverse boards are less likely to receive a public bailout and a lower amount of bailout funds than their peers with a more modest presence of female directors. Owen and Temesvary (2018) confirm the positive relationship between board gender diversity and various performance measures for bank holding companies in the United States, although only when female representation on boards reaches a certain threshold. Further, Ghosh (2017), in line with some studies on non-financial entities (Yang et al., 2019), concludes that women on bank boards fail to improve bank value and profitability. Departing from the banking literature, evidence exists that women reveal different sensitivities than men within the shared context of national cultures to sustainability and social and environmental responsibility issues. Girardone et al. (2021) underscore that women in key positions are associated with more prudent and sustainable decision-making. Byron and Post (2016) review 87 relevant studies and conclude that women on boards generally have a positive impact on the social performance of firms. Finally, Atif et al. (2021) find that female directors increase firms' consumption of renewable energy.

Women and men on bank boards share the same national culture. However, as the reviewed literature demonstrates, women usually manifest higher risk aversion, ethicality, and sensitivity to social and environmental problems. Therefore, different sensitivities of women may result in differential impacts of female and male board members' cultural values on lending, including lending by foreign bank subsidiaries. We express this conjecture in H1.

H1: The cultural values of female and male board members of parent companies differently affect lending by foreign subsidiaries.

Directors' busyness is the second factor that may influence the relationship between their cultural values and lending by subsidiaries. In the literature, busy directors are understood as individuals who hold multiple posts in different companies. From a theoretical perspective, the consequences of directors' busyness are unclear. On the one hand, busy directors are overloaded with work and have limited time resources to advise and monitor firms (Cashman et al., 2012; Field et al., 2013). On the other hand, directors' busyness may signal their high qualifications, deep business knowledge, vast experience, and possession of valuable political or social links (di Pietra et al., 2008; Elyasiani and Zhang, 2015). Unfortunately, the empirical literature does not unambiguously answer the question of whether busy directors are detrimental or beneficial for companies.

The majority of existing studies conclude that directors' busyness influences firms negatively, particularly in the areas of corporate governance and oversight. As expected, busy directors exhibit a higher tendency to be absent from board meetings, regardless of the various monetary inducements (Jiraporn et al., 2009a) and serve fewer board committees (Jiraporn et al., 2009b). Similarly, Fich and Shivdasani (2006) add that boards with busy members are associated with weak corporate governance and low sensitivity of CEO turnover to firm performance. Directors' busyness also seems to be a source of shareholders' dissatisfaction. Chen and Guay (2020), using voting outcomes in annual director elections, establish that shareholders perceive busy directors negatively because the latter receive statistically significantly fewer votes than non-busy directors. Moreover, based on busy directors' departures, Fich and Shivdasani (2006), and employing busy directors' deaths, Falato et al. (2014) demonstrate that their presence reduces shareholder value. Relatively weak performance (Fich and Shivdasani, 2006; Cashman et al., 2012; Ferris et al., 2020) or increased risk (Cooper and Uzun, 2012) of firms with busy boards constitute the most probable causes of shareholders' negative assessments.

However, the rule of the detrimental role of busy directors has some notable exceptions that concern small or young firms, complex and opaque organizations, and situations in which directors' social networks are especially important. First, the literature suggests that busy directors are more valuable for firms that need experience and advice the most. Ferris et al. (2020) note that the negative link between busy boards and weak firm performance does not hold for younger firms. Field et al. (2013) illustrate that among companies undertaking initial public offerings (IPOs), busy boards are not only common but also contribute positively to firms' value. Similarly, Cashman et al. (2012), when aiming to explain contradictory results in the extant literature, find that the inclusion of small firms in research samples turns the relation between busy directors and firm performance into positive. Second, according to Elyasiani and

Zhang (2015), directors' busyness in the case of large and complex bank holding companies is positively associated with performance measures and inversely related to risk measures. Third, the social networks of busy directors are valuable during the consolidation process or when firms contract debt. Benson et al. (2015) illustrate that busy CEOs of acquirer firms are associated with lower premiums, suggesting that they do not shirk their responsibilities, while Chakravarty and Rutherford (2017) provide evidence that board busyness diminishes vulnerability to hostile takeovers. Moreover, the latter study concludes that the cost of debt decreases as the level of board busyness increases.

The cultural values of directors should be relevant to the lending activities of foreign subsidiaries when they are deeply involved in management or monitoring on a day-to-day basis. As the literature indicates, this type of involvement is unlikely in the case of busy directors (Fich and Shivdasani, 2006; Jiraporn et al., 2009a; Jiraporn et al., 2009b). Therefore, we predict that the cultural values of busy board members are less relevant in shaping foreign subsidiaries' lending outcomes than the cultural values of other board members. This conjecture is expressed in H2.

H2: The cultural values of busy board members are less important in the studied context than the cultural values of other board members.

Based on the reviewed literature, we expect a positive verification of H2, although a negative verification is also conceivable. Elyasiani and Zang (2015) underscore the special significance of busy directors for big banks (such as parent banks in our study), while Kutubi et al. (2018) suggest that the relationship between directors' busyness and bank performance may be non-linear.

Directors' ownership constitutes the third and last factor under investigation, which may influence the relationship between the cultural values of parent bank directors and the lending outcomes of foreign subsidiaries. The relevance of these factors stems from the fact that managerial ownership is one of the main governance mechanisms that can alleviate agency problems. The most prolific theoretical expectations stipulate that as managerial ownership increases, managers' interests converge with shareholders' goals (Jensen and Meckling, 1976). However, this convergence-of-interest hypothesis may not hold when managers are entrenched (Morck et al., 1988). The entrenchment hypothesis suggests that as managers' ownership rises beyond a certain threshold, the discipline from the managerial labor market and the market for corporate control declines. Consequently, entrenched managers are more likely to act in their interests instead of focusing on shareholder wealth (Holderness and Sheehan, 1991).

The empirical literature on managerial ownership is immense. Therefore, we concentrate on studies on banks. Two main conclusions emerge from this strand of the literature. First, several authors establish that managerial ownership significantly affects bank performance and risk. Bhagat and Bolton (2019), in line with their earlier findings using non-financial firms (Bhagat and Bolton, 2008), demonstrate for the largest financial institutions in the United States that director stock ownership is positively related to future bank performance and negatively to future bank risk both before and during the recent financial crisis. Further, Sullivan and Spong (2007) document that bank earnings variation falls when bank managers have more of their wealth concentrated in their banks. Boroichin and Knopf (2021) add that for post-IPO thrifts, insider ownership co-determines equity issuance, leverage, and share liquidity. Second, the literature indicates that in banking, a complex interplay may exist between convergence-of-interest and entrenchment effects. Indeed, De Young et al. (2001) and Griffith et al. (2002), in different empirical settings, confirm that the relationship between managerial ownership and bank performance is non-linear. They conclude that the positive effects of the convergence-of-interests prevail over negative entrenchment consequences only up to a certain ownership threshold, beyond which the possibilities of realizing private benefits are sufficiently large to distort managers' actions from the goal of shareholder value maximization.

Based on the extant literature, we conjecture that managerial ownership should also impact the significance of board members' cultural values. Interestingly, both competing hypotheses (convergence-of-interest and entrenchment) suggest that the relevance of directors' cultural values should increase with the increase in their ownership. As directors' ownership increases, the incentives to spare no effort and actively engage in all duties also increase. Consequently, we propose the following hypothesis H3:

H3: Higher involvement of board members in company ownership translates into the greater significance of their cultural values for subsidiaries' lending.

3. Data and methodology

3.1. Dataset

In our study, we amalgamate several datasets to construct a panel with bank-year observations for foreign-owned banks. We start our sequential procedure by linking foreign-owned banks from host countries to their parent banks from home countries. We augment this dataset with information on parent banks' board and ownership structure and describe the cultural values of parent banks' board members based on their nationalities. Finally, using different country-level

indicators, we reflect the environment of each foreign-owned bank and its parent. We present the details of all the individual datasets employed in our investigation.

First, we use Orbis's BankFocus ownership dataset to list foreign-owned banks and their parents for the 2007–2018 period. This dataset reflects changes in the ownership structure of the subsidiaries throughout the analyzed period; thus, it allows us to precisely identify subsidiaries' parent banks in each year. Second, we utilize the BankFocus database to describe our foreign-owned banks with different financial indicators to constitute dependent or control variables in our regression models. Third, we employ a comprehensive dataset on the board and ownership structure of the listed banks. It was provided by NRG Metrics, a team of market professionals and academic researchers in corporate governance. The dataset includes information on individual board members, describing their nationality, age, and gender, as well as the share of board members in the ownership structure of a bank. Fourth, by collecting information on the nationalities of board members at parent banks, we link them to Hofstede's cultural values reported for individual countries. The original framework developed by Hofstede covers four major cultural dimensions that reflect a country's cultural values: power distance, uncertainty avoidance, individualism, and masculinity (Hofstede, 1980, 1983a, 1983b, 1984a, 1984b, 2001, 2010). We supplement this list with additional dimensions for the long-/short-term orientation and indulgence/restraint (Minkov and Hofstede, 2011). The Hofstede framework has been generally accepted by scholars because of its robustness, simplicity, and conciseness. It is usually preferred over alternative approaches (Schwartz, 1994; House et al., 2004) and has been extensively employed in financial studies (e.g., Kreiser et al., 2010; Bae et al., 2012; Zheng et al., 2012; Li et al., 2013; Boubakri and Saffar, 2016; El Ghouli and Zheng, 2016; Song et al., 2018; Gaganis et al. 2019; Chang et al., 2020). In this study, we use it in two ways: to describe the cultural values of parent banks' board members and to reflect the dominant culture in host countries. The fifth and final data source utilized in our study is the set with World Development Indicators provided by the World Bank. It allows us to reflect on the macroeconomic situation in each year and each host and home country.

The mixture of information from the five abovementioned data sources allows us to construct an unbalanced panel sample with 2,023 bank-year observations covering 456 foreign-owned banks from 66 host countries. Table 1 presents the structure of the sample by year. It is slightly skewed toward more recent years, mostly because of limited data available on the ownership structure of foreign-owned banks in the initial period.

[Table 1 here]

3.2. Methodology

To verify our research hypotheses, we estimate the panel regression models. As the sample contains time-invariant country-level characteristics for each foreign-owned bank and average board members' cultural dimensions, which are relatively stable over time within each bank, we employ random-effects models with standard errors clustered at the bank level. Thus, we follow Zheng et al. (2012), Boubakri and Saffar (2016), El Ghouli and Zheng (2016), and Jin et al. (2019), who present approaches based on non-dynamic models. However, in the robustness checks section, we additionally analyze the resistance of our main findings to the model assumptions. We start our analyses with estimations of baseline models in which loan dynamics for foreign subsidiaries are regressed against a set of lagged bank-level and host- and home-country-level control variables as well as cultural values of the parent banks' board members (averaged over all board members of a parent bank in a given year). We approach H1 by including only the average cultural values of either female or male board members.

Similarly, we verify H2, that is, we construct regressors that reflect the cultural values of the parent bank's board members with or without positions on boards of other public companies. To test the veracity of H3, we augment our baseline models with an additional regressor representing the share of board members of a parent bank in the ownership structure of this bank and the interaction terms of this variable with each of the regressors representing the average cultural values of a parent bank's board members. Eq.(1) presents the general construction of our baseline models, while Eq. (2), Eq.(3), and Eq.(4) reflect the conception of models used for verification of H1, H2, and H3, respectively:

$$\text{LOAN. GR}_{i,t} = f \left(\begin{array}{c} \text{BANK. FUNDAMENTALS}_{i,t-1}; \\ \text{HOME. COUNTRY}_{i,t}; \\ \text{HOST. COUNTRY}_{i,t}; \\ \text{DIR. CULTURE}_{i,t}; \\ \text{year dummies} \end{array} \right), \quad (1)$$

$$\text{LOAN. GR}_{i,t} = f \left(\begin{array}{c} \text{BANK. FUNDAMENTALS}_{i,t-1}; \\ \text{HOME. COUNTRY}_{i,t}; \\ \text{HOST. COUNTRY}_{i,t}; \\ \text{FEM. CULTURE}_{i,t} \text{ or } \text{MALE. CULTURE}_{i,t}; \\ \text{year dummies} \end{array} \right), \quad (2)$$

$$\text{LOAN. GR}_{i,t} = f \left(\begin{array}{c} \text{BANK. FUNDAMENTALS}_{i,t-1}; \\ \text{HOME. COUNTRY}_{i,t}; \\ \text{HOST. COUNTRY}_{i,t}; \\ \text{BUSY. CULTURE}_{i,t} \text{ or } \text{UNBUSY. CULTURE}_{i,t}; \\ \text{year dummies} \end{array} \right), \quad (3)$$

$$\text{LOAN.GR}_{i,t} = f \left(\begin{array}{c} \text{BANK.FUNDAMENTALS}_{i,t-1}; \\ \text{HOME.COUNTRY}_{i,t}; \\ \text{HOST.COUNTRY}_{i,t}; \\ \text{DIR.CULTURE}_{i,t}; \\ \text{BOARD.OWN.SHARE}_{i,t}; \\ \text{DIR.CULTURE}_{i,t} \times \text{BOARD.OWN.SHARE}_{i,t}; \\ \text{year dummies} \end{array} \right), \quad (4)$$

where $\text{LOAN.GR}_{i,t}$ is the i -th foreign-owned bank's growth rate of loans in year t as compared to the median reported by all domestic banks in the country; $\text{BANK.FUNDAMENTALS}_{i,t-1}$ represents the values of bank-level control variables for the i -th foreign-owned bank in year t ; $\text{HOME.COUNTRY}_{i,t}$, and $\text{HOST.COUNTRY}_{i,t}$ denote sets of regressors describing the specificity of the home and host country for the i -th bank in year t , respectively; $\text{DIR.CULTURE}_{i,t}$ is a set of variables that describe cultural values of the parent bank's board members (averaged over all board members of the parent bank of the i -th foreign-owned bank in year t); $\text{FEM.CULTURE}_{i,t}$ and $\text{MALE.CULTURE}_{i,t}$ reflect cultural values of the parent bank's female or male board members only, while $\text{BUSY.CULTURE}_{i,t}$, and $\text{UNBUSY.CULTURE}_{i,t}$ refer to cultural values of the parent bank's board members with or without positions on boards of other public companies, respectively; finally, $\text{BOARD.OWN.SHARE}_{i,t}$ denotes the share of the parent bank's equity controlled by its board. Except for LOAN.GR and BOARD.OWN.SHARE , all symbols used in Eq.(1)–Eq. (4) do not represent individual variables, but indicate sets of regressors.

The set of regressors BANK.FUNDAMENTALS describes a bank's assets in relation to the largest bank for a given country and year (BANK.SIZE), its equity-to-assets ratio (EQUITY), deposits from banks to total liabilities ratio (BANK.DEPOSITS), the share of loans in total assets (LOANS), the cost to income ratio (COST.TO.INC), and the ratio of non-interest income to total operating income (NON.INT.INC). We expect a negative relationship between LOAN.GR and BANK.SIZE , as smaller banks have a better capacity to develop their lending faster. By contrast, BANK.DEPOSITS and COST.TO.INC should positively influence our dependent variable. This results from the fact that the former regressor reflects a bank's access to deposits, while the latter could be used as a proxy for the expenses related to marketing, new staff employment, or expansion of communication channels, and all of them could stimulate sales of credit products. The NON.INT.INC variable is expected to be negatively related to LOAN.GR because wholesale banks with a high proportion of non-interest income in total operating income are usually less likely to increase their activities through increased lending. Finally, we have ambiguous expectations about the coefficients for the EQUITY and LOANS

variables. Although Peek and Rosengren (1997) and Jeon et al. (2013) provide empirical arguments that well-capitalized and more liquid banks have a better capacity to increase lending, De Haas and van Lelyveld (2010) and Black and Strahan (2002) present contradictory evidence and argue that this empirical pattern stems from the fact that less liquid and undercapitalized entities are prone to moral hazard.

While constructing our HOME.COUNTRY and HOST.COUNTRY variable sets, we reflect the gross domestic product (GDP) growth rate and unemployment rate both in the home and host countries (HOME.GDP.GROWTH, HOST.GDP.GROWTH, HOME.UNEMPL, and HOST.UNEMPL), and the size of the host country's credit market, measured as domestic credit to the private sector by banks in relation to the host-country's GDP (HOST.CREDIT.MARKET). The set of host country-level characteristics is supplemented with six cultural variables that illustrate cultural dimensions within the Hofstede framework (Hofstede, 2010; Minkov and Hofstede, 2011): power distance (HOST.PWR.DIST), individualism (HOST.INDIVID), masculinity (HOST.MASCUL), uncertainty avoidance (HOST.UN.AVOID), long-term orientation (HOST.LONG.TR), and indulgence (HOST.INDULG). The power distance index measures the extent to which a society accepts a hierarchy and unequal distribution of power. The uncertainty avoidance index reflects society's need to have fixed habits and rituals and its anxiety and distrust in the face of the unknown. The individualism index describes the extent to which members of society prefer to target their own goals over those of their groups. The masculinity dimension takes higher values in societies, preferring achievement, heroism, assertiveness, and material rewards for success to cooperation, modesty, caring for the weak, and quality of life. The long-term orientation index describes the extent to which people view pragmatic problem-solving, adaptation, and preparation for the future as a necessity and opposes the belief that the past and traditions could be used to confront the future. Finally, indulgence refers to the degree of freedom that social norms provide to members of society in fulfilling their desires. The incorporation of cultural variables at the host country level in our regression models is justified by the evidence provided in the literature. This suggests that a country's cultural values may influence a bank's risk-taking or loan expansion strategy (Mourouzidou-Damtsa et al., 2019; Jin et al., 2019), a firm's access to debt, or its propensity to borrow (Zheng et al., 2012; Aggarwal and Godell, 2014; El Ghouli and Zheng, 2016; He and Hu, 2016).

The variable sets DIR.CULTURE, FEM.CULTURE, MALE.CULTURE, BUSY.CULTURE, and UNBUSY.CULTURE play a crucial role in the verification of hypotheses. Each includes six cultural variables that measure the average cultural values of specific groups of a parent

bank's board members along six Hofstede cultural dimensions. For example, the first set, DIR.CULTURE, encompasses DIR.PWR.DIST, DIR.INDIVID, DIR.MASCUL, DIR.UN.AVOID, DIR.LONG.TR, and DIR.INDULG to respectively reflect the average index of power distance, individualism, masculinity, uncertainty avoidance, long-term orientation, and indulgence for board members of the parent bank, while each board member is assigned cultural values in line with their nationality. Similarly, we construct variables measuring the average cultural values of female (e.g., FEM.PWR.DIST or FEM.INDIV) or male (e.g., MALE.PWR.DIST or MALE.INDIV) board members only, as well as average cultural values for board members with (e.g., BUSY.PWR.DIST or BUSY.INDIV) or without (e.g., UNBUSY.PWR.DIST or UNBUSY.INDIV) positions on boards of other companies.

Table 2 summarizes all definitions of the variables used in our study, while Table 3 includes descriptive statistics for the sample. We can observe that the cultural values of parent bank board members are substantially diversified across banks, and in five out of six cases, the interquartile range exceeds 20 on the 0–100 scale. However, the heterogeneity of the sample is even higher in the case of variables describing the cultural values of host countries. Here, the interquartile range usually exceeds 30 on the 0–100 scale. The diversity of cultural values in the sample is advantageous for our investigations. For brevity, while presenting distributions for variables describing the cultural values of parent bank board members, we include only regressors from our baseline models (i.e., DIR.PWR.DIST, DIR.INDIVID, DIR.MASCUL, DIR.UN.AVOID, DIR.LONG.TR, and DIR.INDULG), while descriptive statistics for female and male board members and board members with or without positions on boards of other public companies are available upon request.

[Table 2 here]

[Table 3 here]

4. Empirical results

Table 4 presents the results of our baseline estimations, in which we regress foreign banks' loan growth against a set of control variables and the cultural values of their parent bank's board members. The coefficients for a few control variables are statistically significant. First, in line with the presumption that smaller banks are more likely to increase their loan portfolios faster, we consistently observe negative coefficients for the BANK.SIZE variable, and in all specifications, they are statistically significant at levels below 1%. Second, in two out of six specifications, we observe a positive and statistically significant coefficient for the equity-to-assets ratio (EQUITY), which is in line with the arguments provided by Peek and Rosengren (1997) and Jeon et al. (2013), who document that well-capitalized banks have a better capacity

to increase lending. Third, in all specifications, the coefficient for HOME.GDP.GROWTH is positive and strongly statistically significant, that is, at levels below 1%. These results confirm the links between the environment of parent banks and lending by their subsidiaries in host countries. Fourth, the coefficients for GDP growth in the host country (HOST.GDP.GROWTH) are negative and statistically significant in four out of six specifications (at least at the 5% level). This outcome may seem counterintuitive at first. However, it should be remembered that our dependent variable (LOAN.GR) represents the loan growth of a foreign-owned bank in relation to median of domestic banks in a given country and year. Thus, the negative coefficient for the HOST.GDP.GROWTH variable suggests that foreign-owned banks lend less than domestic banks in prosperous times for a host economy. These outcomes fully corroborate the findings of Dages et al. (2000), De Haas and van Lelyveld (2004, 2006), Martinez Peria et al. (2005), and Allen et al. (2017). Fifth, in specification (3), we observe that higher growth of loan portfolios is reported in host countries with less feminine cultures that appreciate cooperation and quality of life. The rest of the cultural values describing host countries are statistically insignificant.

[Table 4 here]

In four out of six specifications, the cultural values of the parent bank board members are statistically significant. This empirical pattern supports the view that cultural values constitute a separate channel through which parent banks may influence their subsidiaries in host countries. The positive and statistically significant coefficients for DIR.PWR.DIST (at the 10% level) and DIR.UNCERT.AVOID (at the 5% level), accompanied by negative and statistically significant coefficients for DIR.INDULG and DIR.INDIVID generally suggests that increased lending of foreign-owned banks is observed when boards of their parents are dominated by people from more collectivist cultures preferring hierarchy, stiff codes of behavior, and less freedom to fulfill human desires. Although our study does not have direct equivalence in the literature, these findings corroborate previous evidence that bank lending and a firm's access to debt are influenced by the cultural values of bank directors, firm managers, or societies in which these banks or firms operate (Zheng et al., 2012; Aggarwal and Godell, 2014; El Ghouli and Zheng, 2016; He and Hu, 2016; Mourouzidou-Damtsa et al., 2019; Jin et al., 2019). As the estimation results for all variables in Table 4 generally remain stable, in further tables (corresponding to Eq.2–Eq.4), we present empirical outcomes only for newly introduced variables used for hypothesis-testing purposes.

After establishing a statistically significant link between the average cultural values of parent bank board members and the loan growth of foreign subsidiaries, we draw our attention to the

issues of potential factors moderating this relationship. In Table 5, we address H1, that is, we verify whether the cultural values of female and male board members of parent companies differently affect the dependent variable. Thus, in Panel A, we evaluate the impact exerted on subsidiaries' lending by female board members of their parent banks, while Panel B concerns the influence of the cultural values of male board members. The outcomes in both panels are similar for cultural values of individualism and uncertainty avoidance of the parent bank's board members. Regardless of board members' gender, their scores within these two Hofstede cultural dimensions have a concordant direction-wise and statistically significant impact (mostly at the 5% level) on the lending activities of subsidiaries operating in host countries. However, substantial differences can be found in the context of power distance and indulgence—the impact of the former cultural value seems to be observed only in the case of male board members, while the latter cultural value gains importance only in the case of female board members. Interestingly, the coefficient for FEM.INDULG is not only statistically significant but also has a different sign than the insignificant coefficient for MALE.INDULG. The research outcomes presented in Table 5 provide at least two important implications. First, although females and males are supposed to share the same national culture, their respective cultural values may affect economic outcomes in various ways because of differences in sensitivities of female and male board members concerning risk-taking, ethicality, and social responsibility, as described in Section 2 (Sahay et al., 2018; Atif et al., 2021; Arnaboldi, 2021). Second, the results add to the immense literature on the consequences of women's presence on corporate boards in a novel way. To be more precise, our evidence corroborates the literature findings that the presence of women on boards changes company performance, and in our study, it relates to the women's influence on a firm's subsidiaries. We observe that bank boards with women from cultures with high indulgence scores are less likely to support increased lending activities at subsidiaries in host countries. These findings are not only statistically but also economically relevant. For example, if female board members of a parent bank belong to a country with very a high indulgence score (e.g., the United States, the United Kingdom, or the Netherlands with a score equal to ca. 69 on the 0–100 scale), then the loan growth at its subsidiary in a host country is expected to be lower by 10 percentage points (i.e., ca. 50% of the LOAN.GR's interquartile range in the sample) than at a comparable subsidiary with female board members of a parent bank originating from a country with very low indulgence score (e.g., Russia with indulgence score equal to ca. 20). A similar phenomenon is not observed in the case of the indulgence score of male board members at a parent bank. In summary, the empirical evidence in Table 5 supports H1.

[Table 5 here]

The second factor that may affect the relationship between the cultural values of parent bank board members and lending by subsidiaries is directors' busyness. Table 6 presents the estimation results related to H2, which posits that the cultural values of busy board members are relatively less important than the cultural values of other board members. Panel A contains research outcomes for models, including the average cultural values of busy board members, while Panel B concerns the average cultural values of board members that do not hold positions at other firms (i.e., they are not occupied with other business activities). The estimation results in Table 6 are fully in line with the theoretical expectations that busy directors are overloaded with work and have limited time resources to manage or advise a bank (e.g., Fich and Shivdasani, 2006; Jiraporn et al., 2009a and 2009b; Cashman et al., 2012; Field et al., 2013). We find that neither cultural variables in Panel A are statistically significant.

By contrast, four out of six variables representing cultural values in Panel B are statistically significant, in one case at the 1% level, in two cases at the 5% level, and in one case at levels below 1%. In other words, the cultural values of parent bank board members matter for a subsidiary only if directors are involved in management or monitoring on a day-to-day basis. Further, all the signs of coefficients for cultural variables in Panel B are concordant with the estimation results in Table 4, which does not distinguish between the types of directors. Therefore, the estimation results from Table 6 support our main findings of the impact of cultural values of parent banks' board members on lending by foreign subsidiaries and point to the substantial moderating effect of board members' involvement in other positions. Thus, the empirical findings validate H2.

[Table 6 here]

In Table 7, we proceed with the verification of H3 and check whether a higher involvement of board members in the ownership of a parent bank stimulates the significance of their cultural values for a subsidiary's lending. The results are unambiguous and we obtain statistically significant coefficients for all the interaction terms of board members' cultural values and a variable reflecting their involvement in a parent bank's ownership (BOARD.OWN.SHARE). In five out of six cases, the relevant coefficients are significant at levels below 1%, and in one case at the 10% level. Additionally, the signs of coefficients for the interaction terms are the same as the signs for the corresponding variables representing the cultural values of parent bank board members. This means that the change in lending at a subsidiary because of a change in the cultural values of parent bank board members is substantially greater in the case of their greater involvement in the ownership of the parent bank. For example, when board members

are not involved in the ownership of a parent bank, the increase in the power distance index of board members by 20.8 (the interquartile range of DIR.PWR.DIST in the sample) is expected to stimulate loan growth at a subsidiary by 1.32 p.p. However, if board members hold 0.5% of the parent bank's shares (the sample mean), this stimulating effect grows by approximately 50%, that is, to 1.94 p.p. These observations clearly support H3, and in more general terms, confirm the important role of directors' ownership in banking (DeYoung et al., 2001; Griffith et al., 2002; Bhagat and Bolton, 2019; Borochin and Knopf, 2021).

[Table 7 here]

5. Robustness checks

To check the validity of our conclusions, we conducted several robustness checks. First, we addressed the issue of the potential endogeneity of parent bank board members' cultural values. Next, we verified whether the results hold when we allow for non-linearity, restrict our focus to CEOs only, and directly account for the multilevel data structure. None of the robustness checks undermined the research outcomes reported in the previous section.

Endogeneity problems have been widely discussed in studies on the impact of cultural values on economic outcomes (e.g., Gorodnichenko and Roland, 2012; Boubakri and Saffar, 2016; El Ghouli and Zheng, 2016; Jin et al., 2019; Mourouziidou-Damtsa et al., 2019). While reverse causality (i.e., the impact of subsidiaries' lending on the cultural values of parent bank board members) is less likely to arise in our investigations, a simultaneity bias or omitted variable bias cannot be entirely ruled out. For example, El Ghouli and Zheng (2016) argue that trade credit policies may influence a country's culture, thereby rendering cultural dimensions endogenous in models explaining trade credit provisions. By analogy, in our environment, international banking regulations may simultaneously influence lending policies at subsidiaries and the cultural values of parent bank board members. However, this phenomenon tends to be constrained by the proven stability of cultural values over decades and even centuries (North, 1991; Williamson, 2000). Nevertheless, to be on the safe side and to confirm the robustness of our results, we performed a check addressing potential endogeneity problems.

We re-estimate our models with the 2SLS regressions using IVs as proxies for the cultural values of parent bank board members. We carefully select IVs to ensure that they meet the requirements of relevance and exclusion. Thus, on the one hand, our instruments should be strongly correlated with cultural values (both theoretically and statistically), and on the other hand, they must influence the lending of subsidiaries only through the cultural values of parent bank board members, that is, they must be uncorrelated with the error term. Following Mourouziidou-Damtsa et al. (2019), we apply a few instruments to each of the six cultural

dimensions, and our choice of particular IVs is inspired by previous studies suggesting to proxy cultural norms with measures describing a society's genes (Gorodnichenko and Roland, 2012; Boubakri and Safar, 2016), ethnicity (Mourouzidou-Damtsa et al., 2019), language (Licht et al., 2007; Kashima and Kashima, 1998; El Ghouli and Zheng, 2016; Davis and Abdurazokzoda, 2016; Mourouzidou-Damtsa et al., 2019), and religion (Huang, 2008; Li et al., 2013; El Ghouli and Zheng, 2016; Mourouzidou-Damtsa et al., 2019). Given that our cultural variables represent the average cultural dimensions of parent bank board members, we are obliged to construct IVs similarly, that is, in the case of each instrument, we assign instrument values to each board member (based on his/her nationality) and then average these values over all board members of a given parent bank in a given year to obtain the final IV that could be employed in estimations of our models. We describe our instruments in detail below.

In the construction of our first instrument built independently for each cultural dimension), we follow Gorodnichenko and Roland (2012) and Boubakri and Safar (2016), who proxied each cultural dimension with Spolaore and Wacziarg's (2009) genetic distance between a given country and the country with the largest value of a given cultural dimension. Similarly, we construct our second instrument (also independently for each cultural dimension); we employ Melitz and Toubal's (2014) linguistic proximity between a given country and the country with the largest value of a given cultural dimension. Our third instrument, ethnic fractionalization, is identical for each cultural dimension, and its construction is directly inspired by Mourouzidou-Damtsa et al. (2019), who used fractionalization measures developed by Alesina et al. (2003). Finally, following Huang (2008), Li et al. (2013), and El Ghouli and Zheng (2016), we use the percentage of a country's population that is Protestant, Catholic and Muslim, to construct three instruments related to religion prevalent in a given country.

Before employing our instruments in the second-stage regressions, we use the approach described by Baum et al. (2011), that is, we test whether the IVs are appropriate for our investigations and perform tests for under-identification, weak-identification, and over-identification. First, with the under-identification test, we check whether the instruments are relevant, meaning correlated with the endogenous regressors. In the case of all models (of which second-stage regressions are presented in Table 8), we obtain statistically significant values (at levels below 1%) of the Kleibergen–Paap rank LM statistic, which allows for the rejection of the null hypothesis that the instruments are redundant. Second, the Cragg–Donald and Kleibergen–Paap test statistics substantially exceed the benchmark values of Stock and Yogo (2005), which rejects the weak IV hypothesis. Third, the Hansen test of overidentifying restrictions produces statistically insignificant J test statistics (with p-values above 0.10) in all

cases. Thus, we do not reject the null hypothesis that the instruments are valid (i.e., uncorrelated with the error term). In summary, the results of the under-identification, weak-identification, and over-identification tests allowed us to safely move to the second-stage regressions.

Table 8 presents the outcomes of the second-stage regressions and corroborates our previous findings. First, the outcomes from Panel A support the role of parent board members' gender in the transmission of their cultural values to subsidiaries and altering their lending policies. In the case of female board members, we observe a statistically significant and negative coefficient for the cultural dimension of indulgence, while for male board members, the coefficient is statistically significant but positive. This outcome further corroborates the supposition that the cultural values of females and males may affect economic outcomes in various ways because of gender-related differences in sensitivities to risk-taking, ethicality, and social responsibility. Second, the results presented in Panel B confirm our findings of the role of busy board members at parent banks in shaping lending policies of subsidiaries; that is, in four out of six cases, cultural values of unbusy board members at parent banks play a statistically significant role in explaining loan dynamics at subsidiaries, while in the case of busy directors, we observe such a phenomenon only in the case of busy board members' individualism index. Finally, similar to the results in Table 7, the outcomes from Panel C of Table 8 strongly support the hypothesis that higher involvement of parent bank board members in company ownership translates into the greater significance of their cultural values for subsidiaries' lending.

[Table 8 here]

To further verify the stability of our findings, we performed, as mentioned above, tests that encompass: (a) the identification of potential non-linearity in the relationship between the presence of female board members and lending outcomes of foreign subsidiaries, (b) the modification of the main explanatory variable, and (c) the changes in the estimation procedures. The empirical evidence presented thus far supports (at least partially) H1 stating that the cultural values of female board members affect the lending outcomes of subsidiaries differently than the cultural values of male board members. However, several previous studies demonstrate that the influence of women on boards starts to be significant or changes its direction when their presence reaches a certain threshold. As we already mentioned, Owen and Temesvary (2018) observed such a phenomenon in the case of the relationship between gender diversity on boards and bank performance, while Fan et al. (2019) documented it for earnings management activities of banks. Similarly, non-linear relationships between female representation and firm outcomes have also been identified for non-financial companies (Garanina and Muravyev, 2020; Atif et al., 2021). Therefore, we conduct additional estimations in which we supplement

the variables included in Panel A of Table 5 with a dummy pinpointing a high number of female board members at parent banks and an interaction term of this dummy with relevant average cultural values of female board members at parent banks. Table 9 presents the estimation outcomes. In Panel A, we introduce a binary variable, FEMALE.S.HIGH, encoding observations with female board members at parent banks greater than the sample median. In turn, the regressions in Panel B include a binary variable FEMALE.S.V.HIGH, which identifies records with female board members at parent banks greater than the third quartile in the sample. Neither FEMALE.S.HIGH nor FEMALE.S.V.HIGH is significant in any of the specifications. The same regularity concerns the interaction terms of each of these variables with the average cultural values of female board members at parent banks. By contrast, three or two variables representing the average cultural values of female board members remain statistically significant, that is, for uncertainty avoidance, long-term orientation, and indulgence in Panel A, and uncertainty avoidance and indulgence in Panel B. Thus, we do not find evidence that the culture of female board members gains in significance when their board number reaches a certain threshold.

[Table 9 here]

In the previous section, we averaged cultural values over the entire board. Nonetheless, the literature illustrates that CEOs alone can significantly affect company risk and performance, particularly when they are powerful. Such CEOs, as Jiraporn et al. (2016) underscore, may exacerbate agency problems. However, from our research perspective, the most relevant studies are those addressing the relationship between CEO power and firm risk-taking. Liu and Jiraporn (2010) note that companies with powerful CEOs have lower credit ratings and higher yield spreads. Mamun et al. (2020) report that CEOs with more decision-making power are associated with higher crash risk. Finally, Braga-Alves et al. (2020) find that increases in credit default swap spreads around CEO turnovers are higher for firms with powerful incumbent CEOs. Considering the role of CEOs in shaping risk appetite, we decided to check whether our results hold when we substitute CEOs' cultural values for average board values. Table 10 presents the relevant estimation outcomes. We observe that CEOs from more collectivist cultures (CEO.INDIV) with lower indulgence scores (CEO.INDULG) are more likely to accept faster loan growth rates at subsidiaries.

Nevertheless, compared to our outcomes from Table 5, the power distance and uncertainty avoidance indices lose their significance in the adjusted specifications presented in Table 10. Thus, the outcomes demonstrate that the cultural values of the parent bank matter. However, the average impact of the whole board's cultural values appears to be more important.

[Table 10 here]

We choose static panel models with random effects as the main tool of statistical inferences. However, some authors argue that when the data are structured on two or more levels, hierarchical linear modeling constitutes an interesting alternative to more traditional techniques (Mourouzidou-Damtsa et al., 2019). Consequently, we re-estimated all specifications from Tables 4 to 7 using a hierarchical linear modeling approach while identifying three levels in our sample: home countries, host countries, and banks. This approach allowed us to explore a multilevel dataset and account for the clustered structure of the data. In other words, we separated the variance attributable to home country-, host country-, and bank-level variables. As the new outcomes fully corroborate our initial results, we do not present them for brevity, although they are available upon request.

6. Concluding remarks

In this study, we examined factors moderating the impact of parent bank board members' cultural values on the lending activities of foreign subsidiaries. We formulated and verified three hypotheses related to directors' gender, busyness, and ownership. Our main findings can be summarized in three points. First, we established that while cultural dimensions of individualism and uncertainty avoidance influence lending by foreign banks similarly in the case of female and male board members, power distance and indulgence are relevant only for male and female parent bank members, respectively. The latter empirical pattern supports H1, stipulating the differentiated economic roles of female and male board members' cultural values. Second, we documented that the cultural values of busy directors are irrelevant for the lending outcomes of foreign subsidiaries. This observation, in turn, favors H2, positing that the materiality of parent bank board members' impact is conditional upon their ability to engage in advisory or monitoring activities. Third, as predicted in H3, we illustrated that higher ownership shares of parent bank directors reduce agency problems and increase the significance of their average cultural values. All our conclusions were robust.

Our investigation was based on more than 2,000 bank-year observations concerning 456 foreign banks operating in 66 countries and owned by parent companies originating from 29 economies. Although the sample size allows for sound statistical inferences about the impact of cultural values and factors moderating this influence, an even greater number of home and host countries would be welcomed as cultural values do not exhibit variability in time. Unfortunately, increasing the sample size is not an easy task and requires numerous, unautomated operations linking parent companies and their board members' traits with the

performance of foreign subsidiaries. Considering this fact and the stability of our results demonstrated in Section 5, we believe that we managed a fair balance between the time-consuming construction of the database and the necessity to assure the reliability of the empirical findings. Consequently, we believe that the sample size is not an important limitation of our study.

This study has policy implications for financial regulators, who are concerned with potential shocks to domestic lending imported from abroad. Thus, they traditionally evaluate the financial condition of parent banks, analyze the economic situation in countries from which parent banks originate, and investigate the concentration of foreign investments in the banking sector. Our empirical results suggest that the scope of regulators' investigations should be broader and also encompass the structure and traits of parent bank boards. As we demonstrated, the lending outcomes in host countries depend on the cultural values of parent bank board members and several moderating factors such as gender, busyness, and ownership. To a lesser degree, the results are also of interest to borrowing firms. Their managers should consider that foreign banks do not constitute a homogenous group. As we illustrated in Section 4, firm access to financing may depend, to an economically relevant extent, on such fine and difficult-to-follow factors as personal traits of parent company board members.

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Table 1. Sample structure by year

This table presents the sample composition by year based on observations included in the estimations of specification (4) from Table 4.

Year	Observations	Host countries	Home countries
2007	71	9	11
2008	69	9	11
2009	69	9	11
2010	78	11	13
2011	80	12	15
2012	112	30	20
2013	224	49	27
2014	289	64	27
2015	280	62	26
2016	288	61	27
2017	288	59	25
2018	175	43	24
Total	2023	66	29

Table 2. Definitions of variables

Variable name	Definition	Source of data
<i>A. Bank-level fundamentals:</i>		
LOAN.GR	Yearly growth rate of loans minus the country-year median of the annual growth rate of loans for all domestic banks	Bureau van Dijk's BankFocus
BANK.SIZE	Bank assets in relation to the highest value of bank assets in a given country and year	Bureau van Dijk's BankFocus
EQUITY	Equity to assets	Bureau van Dijk's BankFocus
BANK.DEPOSITS	Deposits from banks to total liabilities	Bureau van Dijk's BankFocus
LOANS	Loans to assets	Bureau van Dijk's BankFocus
COST.TO.INC	Overheads to total operating income	Bureau van Dijk's BankFocus
NON.INT.INC	Non-interest income to total operating income	Bureau van Dijk's BankFocus
<i>B. Specificity of the home and host country:</i>		
HOME.GDP.GROWTH	GDP growth rate in the home country	World Development Indicators
HOME.UNEMPL	Unemployment rate in the home country	World Development Indicators
HOST.CREDIT.MARKET	Domestic credit to the private sector by banks (% of GDP) in the host country	World Development Indicators
HOST.GDP.GROWTH	GDP growth rate in the host country	World Development Indicators
HOST.UNEMPL	Unemployment rate in the host country	World Development Indicators
HOST.PWR.DIST	Hofstede's index of power distance for the host country	Hofstede et al. (2010)
HOST.INDIVID	Hofstede's index of individualism for the host country	Hofstede et al. (2010)
HOST.MASCUL	Hofstede's index of masculinity for the host country	Hofstede et al. (2010)
HOST.UN.AVOID	Hofstede's index of uncertainty avoidance for the host country	Hofstede et al. (2010)
HOST.LONG.TR	Hofstede's index of long-term orientation for the host country	Hofstede et al. (2010)
HOST.INDULG	Hofstede's index of indulgence for the host country	Hofstede et al. (2010)
<i>C. Board members of a parent's bank and their cultural values:</i>		
DIR.PWR.DIST, FEM.PWR.DIST, MALE.PWR.DIST, BUSY.PWR.DIST, UNBUSY.PWR.DIST	Average index of power distance for board members of the parent bank, male board members of the parent bank, female board members of the parent bank, board members with positions on boards of other public companies, and board members without positions on boards of other public companies, respectively (based on their nationalities)	NRG and Hofstede et al. (2010)
DIR.INDIVID, FEM.INDIVID, MALE.INDIVID, BUSY.INDIVID, UNBUSY.INDIVID	Average index of individualism for board members of the parent bank, male board members of the parent bank, female board members of the parent bank, board members with positions on boards of other public companies, and board members without positions on boards of other public companies, respectively (based on their nationalities)	NRG and Hofstede et al. (2010)
DIR.MASCUL, FEM.MASCUL,	Average index of masculinity for board members of the parent bank, male board members of the parent bank, female board members of the parent bank, board members with positions	NRG and Hofstede et al. (2010)

MALE.MASCUL, BUSY.MASCUL, UNBUSY.MASCUL	on boards of other public companies, and board members without positions on boards of other public companies, respectively (based on their nationalities)	
DIR.UN.AVOID, FEM.UN.AVOID, MALE.UN.AVOID, BUSY.UN.AVOID, UNBUSY.UN.AVOID	Average index of uncertainty avoidance for board members of the parent bank, male board members of the parent bank, female board members of the parent bank, board members with positions on boards of other public companies, and board members without positions on boards of other public companies, respectively (based on their nationalities)	NRG and Hofstede et al. (2010)
DIR.LONG.TR, FEM.LONG.TR, MALE.LONG.TR, BUSY.LONG.TR, UNBUSY.LONG.TR	Average index of long-term orientation for board members of the parent bank, male board members of the parent bank, female board members of the parent bank, board members with positions on boards of other public companies, and board members without positions on boards of other public companies, respectively (based on their nationalities)	NRG and Hofstede et al. (2010)
DIR.INDULG, FEM.INDULG, MALE.INDULG, BUSY.INDULG, UNBUSY.INDULG	Average index of indulgence for board members of the parent bank, male board members of the parent bank, female board members of the parent bank, board members with positions on boards of other public companies, and board members without positions on boards of other public companies, respectively (based on their nationalities)	NRG and Hofstede et al. (2010)
BOARD.OWN.SHARE	Percentage of the parent bank's shares held by its board	NRG

Table 3. Descriptive statistics

Variable name	Observations	Banks	Mean	Std. Dev.	Min	1 st Quartile	2 nd Quartile	3 rd Quartile	Max
<i>A. Bank-level fundamentals:</i>									
LOAN.GR	2,036	461	-0.009	0.266	-1.219	-0.121	-0.020	0.070	2.396
BANK_SIZE	2,036	461	0.240	0.305	0.000	0.016	0.103	0.330	1.000
EQUITY	2,036	461	0.130	0.083	0.000	0.086	0.115	0.150	0.957
BANK.DEPOSITS	2,036	461	0.197	0.215	0.000	0.034	0.123	0.298	0.990
LOANS	2,036	461	0.579	0.200	0.000	0.457	0.615	0.711	0.997
COST.TO.INC	2,036	461	0.613	0.243	0.020	0.460	0.576	0.709	2.484
NON.INT.INC	2,036	461	0.344	0.172	-0.099	0.225	0.325	0.431	0.998
<i>B. Specificity of the home and host country:</i>									
HOME.GDP.GROWTH	2,036	461	0.014	0.021	-0.091	0.007	0.017	0.024	0.111
HOME.UNEMPL	2,036	461	0.089	0.056	0.001	0.053	0.075	0.103	0.275
HOST.CREDIT.MARKET	2,036	461	0.612	0.338	0.102	0.406	0.521	0.685	1.733
HOST.GDP.GROWTH	2,036	461	0.026	0.029	-0.144	0.016	0.026	0.041	0.167
HOST.UNEMPL	2,036	461	0.081	0.046	0.005	0.049	0.069	0.100	0.290
HOST.PWR.DIST	1,794	391	64.469	21.014	11.000	46.000	68.000	80.000	104.000
HOST.INDIVID	1,794	391	49.456	23.330	6.000	30.000	51.000	67.000	91.000
HOST.MASCUL	1,794	391	54.353	21.276	8.000	40.000	56.000	66.000	110.000
HOST.UN.AVOID	1,794	391	71.844	20.626	13.000	51.000	80.000	90.000	104.000
HOST.LONG.TR	2,023	456	53.606	21.213	3.526	37.783	52.141	70.025	100.000
HOST.INDULG	2,017	455	38.381	20.504	0.000	23.661	31.473	49.107	97.321
<i>C. Board members of a parent's bank and their cultural values:</i>									
DIR.PWR.DIST	2,029	459	47.620	15.087	11.000	39.188	48.941	60.000	94.000
DIR.INDIVID	2,029	459	67.195	15.808	18.000	55.000	72.600	77.750	91.000
DIR.MASCUL	2,029	459	57.934	18.234	5.000	46.813	61.043	69.000	95.000
DIR.UN.AVOID	2,029	459	69.059	20.857	23.000	49.238	75.000	83.000	112.000
DIR.LONG.TR	2,036	461	56.034	16.786	21.159	45.340	59.940	63.786	100.000
DIR.INDULG	2,020	457	51.525	13.906	19.866	41.741	49.821	64.251	97.321
BOARD.OWN.SHARE	2,036	461	0.502	3.510	0.000	0.000	0.010	0.040	63.000

Table 4. Cultural values of a parent bank's board members vs. bank lending in host countries

This table presents the results of the estimations for the random-effects model. For brevity, we do not present estimations for the year dummies and the constant term. Standard errors clustered at the bank level are shown in parentheses. *, **, and *** refer to significance at the 10%, 5%, and 1% levels, respectively.

Variables:	(1)	(2)	(3)	(4)	(5)	(6)
	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
<i>Bank-level fundamentals:</i>						
BANK_SIZE _{t-1}	-0.0971*** (0.0335)	-0.109*** (0.0335)	-0.123*** (0.0357)	-0.104*** (0.0330)	-0.107*** (0.0292)	-0.104*** (0.0297)
EQUITY _{t-1}	0.337* (0.201)	0.315 (0.199)	0.313 (0.199)	0.336* (0.198)	0.257 (0.180)	0.252 (0.179)
BANK.DEPOSITS _{t-1}	-0.0702 (0.0573)	-0.0738 (0.0572)	-0.0773 (0.0568)	-0.0836 (0.0599)	-0.0697 (0.0541)	-0.0739 (0.0537)
LOANS _{t-1}	-0.0686 (0.0679)	-0.0629 (0.0672)	-0.0795 (0.0675)	-0.0808 (0.0673)	-0.0688 (0.0628)	-0.0737 (0.0624)
COST.TO.INC _{t-1}	-0.0401 (0.0477)	-0.0365 (0.0478)	-0.0290 (0.0467)	-0.0401 (0.0473)	-0.0515 (0.0397)	-0.0579 (0.0397)
NON.INT.INC _{t-1}	-0.00180 (0.0595)	0.00266 (0.0593)	-0.0163 (0.0596)	-0.00999 (0.0600)	0.0169 (0.0551)	0.0180 (0.0551)
<i>Specificity of the home and host country:</i>						
HOME.GDP.GROWTH _t	1.716*** (0.405)	1.726*** (0.407)	1.630*** (0.408)	1.850*** (0.416)	1.866*** (0.399)	1.915*** (0.409)
HOME.UNEMPL _t	-0.255 (0.171)	-0.236 (0.171)	-0.209 (0.166)	-0.328* (0.178)	0.0585 (0.149)	-0.0268 (0.141)
HOST.CREDIT.MARKET _t	-0.0305 (0.0313)	-0.0211 (0.0311)	-0.0284 (0.0302)	0.00989 (0.0377)	-0.0151 (0.0311)	-0.0142 (0.0301)
HOST.GDP.GROWTH _t	-0.890** (0.357)	-0.958*** (0.347)	-0.827** (0.343)	-0.804** (0.351)	-0.479 (0.301)	-0.487 (0.305)
HOST.UNEMPL _t	0.174 (0.369)	0.178 (0.361)	0.149 (0.355)	0.0498 (0.345)	0.172 (0.243)	0.138 (0.243)
HOST.PWR.DIST	-0.000188 (0.000485)					
HOST.INDIVID		-0.000577 (0.000381)				
HOST.MASCUL			-0.00190*** (0.000500)			
HOST.UNC.AVOID				0.000956 (0.000590)		
HOST.LONG.TR					-1.19e-05 (0.000407)	
HOST.INDULG						-0.000263 (0.000444)
<i>Cultural values of the parent bank's board members:</i>						
DIR.PWR.DIST _t	0.00131* (0.000789)					
DIR.INDIVID _t		-0.00157** (0.000717)				
DIR.MASCUL _t			-0.000710 (0.000521)			
DIR.UNC.AVOID _t				0.00136** (0.000565)		
DIR.LONG.TR _t					0.000759 (0.000649)	
DIR.INDULG _t						-0.00177** (0.000783)
Observations	1,794	1,794	1,794	1,794	2,023	2,001
Wald's χ^2	98.32***	100.7***	115.6***	103.0***	88.80***	87.06***

Table 5. Impact exerted by female and male board members of a parent bank

This table presents the results of the estimations for the random-effects model. For brevity, we do not present estimations for year dummies, the constant term, bank-level fundamentals (BANK.SIZE, EQUITY, BANK.DEPOSITS, LOANS, COST.TO.INC, and NON.INT.INC), and host/home country control variables (HOME.GDP.GROWTH, HOME.UNEMPL, HOST.CREDIT.MARKET, HOST.GDP.GROWTH, HOST.UNEMPL, HOST.PWR.DIST, HOST.INDIVID, HOST.MASCUL, HOST.UNC.AVOID, HOST.LONG.TR, and HOST.INDULG). Standard errors clustered at the bank level are shown in parentheses. *, **, and *** refer to significance at the 10%, 5%, and 1% levels, respectively.

Panel A. Impact exerted by female board members of a parent bank

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	FEM.PWR.DIST _t	FEM.INDIVID _t	FEM.MASCUL _t	FEM.UNC.AVOID _t	FEM.LONG.TR _t	FEM.INDULG _t
<i>Cultural regressor</i> _t	0.00112 (0.000813)	-0.00123* (0.000727)	-0.000179 (0.000683)	0.00154** (0.000655)	0.000886 (0.000722)	-0.00195** (0.000810)
Observations	1,642	1,642	1,642	1,642	1,867	1,845
Wald's χ^2	68.63***	69.50***	81.21***	71.71***	60.70***	60.51***

Panel B. Impact exerted by male board members of a parent bank

	(7)	(8)	(9)	(10)	(11)	(12)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	MALE.PWR.DIST _t	MALE.INDIVID _t	MALE.MASCUL _t	MALE.UNC.AVOID _t	MALE.LONG.TR _t	MALE.INDULG _t
<i>Cultural regressor</i> _t	0.00135* (0.000767)	-0.00152** (0.000718)	-0.000694 (0.000505)	0.00129** (0.000552)	0.000707 (0.000643)	0.00162 (0.00268)
Observations	1,794	1,794	1,794	1,794	2,023	1,992
Wald's χ^2	98.38***	100.6***	115.6***	102.6***	88.70***	85.58***

Table 6. Impact exerted by a parent bank's board members with or without positions on boards of other public companies

This table presents the results of the estimations for the random-effects model. For brevity, we do not present estimations for year dummies, the constant term, bank-level fundamentals (BANK.SIZE, EQUITY, BANK.DEPOSITS, LOANS, COST.TO.INC, and NON.INT.INC), and host/home country control variables (HOME.GDP.GROWTH, HOME.UNEMPL, HOST.CREDIT.MARKET, HOST.GDP.GROWTH, HOST.UNEMPL, HOST.PWR.DIST, HOST.INDIVID, HOST.MASCUL, HOST.UNC.AVOID, HOST.LONG.TR, and HOST.INDULG). Standard errors clustered at the bank level are shown in parentheses. *, **, and *** refer to significance at the 10%, 5%, and 1% levels, respectively.

Panel A. Impact exerted by a parent bank's board members with positions on boards of other public companies.

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	BUSY.PWR.DIST _t	BUSY.INDIVID _t	BUSY.MASCUL _t	BUSY.UNC.AVOID _t	BUSY.LONG.TR _t	BUSY.INDULG _t
<i>Cultural regressor_t</i>	0.000738 (0.000643)	-0.000585 (0.000658)	-0.000284 (0.000511)	0.000624 (0.000461)	0.000617 (0.000614)	-0.00113 (0.000692)
Observations	1,693	1,693	1,693	1,693	1,911	1,892
Wald's χ^2	89.12***	89.88***	114.9***	93.14***	81.26***	80.19***

Panel B. Impact exerted by a parent bank's board members without positions on boards of other public companies.

	(7)	(8)	(9)	(10)	(11)	(12)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	UNBUSY.PWR.DIST _t	UNBUSY.INDIVID _t	UNBUSY.MASCUL _t	UNBUSY.UNC.AV _t	UNBUSY.LONG.TR _t	UNBUSY.INDULG _t
<i>Cultural regressor_t</i>	0.00132* (0.000762)	-0.00170** (0.000676)	-0.000661 (0.000515)	0.00147*** (0.000554)	0.000636 (0.000629)	-0.00156** (0.000719)
Observations	1,794	1,794	1,794	1,794	2,023	2,001
Wald's χ^2	98.19***	100.8***	115.9***	103.2***	88.72***	86.76***

Table 7. Impact exerted by a parent bank's board members depending on their share in the ownership structure of the parent bank

This table presents the results of the estimations for the random-effects model. For brevity, we do not present estimations for year dummies, the constant term, bank-level fundamentals (BANK.SIZE, EQUITY, BANK.DEPOSITS, LOANS, COST.TO.INC, and NON.INT.INC), and host/home country control variables (HOME.GDP.GROWTH, HOME.UNEMPL, HOST.CREDIT.MARKET, HOST.GDP.GROWTH, HOST.UNEMPL, HOST.PWR.DIST, HOST.INDIVID, HOST.MASCUL, HOST.UNC.AVOID, HOST.LONG.TR, and HOST.INDULG), and the percentage of parent banks' shares held by its board (BOARD.OWN.SHARE). Standard errors clustered at the bank level are shown in parentheses. *, **, and *** refer to significance at the 10%, 5%, and 1% levels, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	DIR.PWR.DIST _t	DIR.INDIVID _t	DIR.MASCUL _t	DIR.UNC.AVOID _t	DIR.LONG.TR _t	DIR.INDULG _t
<i>Cultural regressor</i> _t	0.000636 (0.000556)	-0.00108* (0.000619)	-0.000400 (0.000482)	0.00103** (0.000491)	0.000493 (0.000594)	-0.00116* (0.000656)
<i>Cultural regressor</i> _t x BOARD.OWN.SHARE _t	0.000587*** (0.000110)	-0.000606*** (0.000171)	-0.000852*** (0.000174)	0.000320* (0.000184)	0.000616*** (0.000175)	-0.000500*** (0.000177)
Observations	1,794	1,794	1,794	1,794	2,023	2,001
Wald's χ^2	138.6***	117.0***	175.3***	105.8***	105.0***	97.85***

Table 8. Endogeneity tests

This table presents the results of the second-stage regressions of the 2SLS estimations. For brevity, we do not present estimations for year dummies, the constant term, bank-level fundamentals (BANK.SIZE, EQUITY, BANK.DEPOSITS, LOANS, COST.TO.INC, and NON.INT.INC), host/home country control variables (HOME.GDP.GROWTH, HOME.UNEMPL, HOST.CREDIT.MARKET, HOST.GDP.GROWTH, HOST.UNEMPL, HOST.PWR.DIST, HOST.INDIVID, HOST.MASCUL, HOST.UNC.AVOID, HOST.LONG.TR, and HOST.INDULG), and the percentage of the parent bank's shares held by its board (BOARD.OWN.SHARE) in Panel C. Standard errors clustered at the bank level are shown in parentheses. *, **, and *** refer to significance at the 10%, 5%, and 1% levels, respectively.

Panel A. Female/male board members of a parent bank

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	FEM.PWR.DIST _t	FEM.INDIVID _t	FEM.MASCUL _t	FEM.UNC.AVOID _t	FEM.LONG.TR _t	FEM.INDULG _t
<i>Cultural regressor</i> _t	-0.000621 (0.00120)	-0.00163*** (0.000620)	0.00167* (0.000921)	0.000697 (0.000601)	0.00184** (0.000756)	-0.00173** (0.000752)
Observations	1,573	1,573	1,573	1,573	1,798	1,776
Wald's F	2.348***	2.569***	3.710***	2.470***	2.371***	2.379***
<i>Continued</i>						
	(7)	(8)	(9)	(10)	(11)	(12)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	MALE.PWR.DIST _t	MALE.INDIVID _t	MALE.MASCUL _t	MALE.UNC.AVOID _t	MALE.LONG.TR _t	MALE.INDULG _t
<i>Cultural regressor</i> _t	0.000632 (0.00109)	-0.000844 (0.000561)	0.00126* (0.000663)	0.000610 (0.000536)	0.00157** (0.000735)	0.00885* (0.00526)
Observations	1,766	1,766	1,766	1,766	1,995	1,964
Wald's F	3.406***	3.597***	4.741***	3.546***	3.226***	3.296***

Panel B. Board members with/without positions on boards of other public companies

	(13)	(14)	(15)	(16)	(17)	(18)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	BUSY.PWR.DIST _t	BUSY.INDIVID _t	BUSY.MASCUL _t	BUSY.UNC.AVOID _t	BUSY.LONG.TR _t	BUSY.INDULG _t
<i>Cultural regressor</i> _t	0.000471 (0.00107)	-0.00120* (0.000673)	0.000403 (0.000739)	0.000283 (0.000565)	0.000975 (0.000758)	-0.00131 (0.000828)
Observations	1,625	1,625	1,625	1,625	1,843	1,824
Wald's F	3.013***	3.333***	4.226***	3.220***	2.870***	2.846***
<i>Continued</i>						
	(19)	(20)	(21)	(22)	(23)	(24)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	UNBUSY.PWR.DIST _t	UNBUSY.INDIVID _t	UNBUSY.MASCUL _t	UNBUSY.UNC.AV _t	UNBUSY.LONG.TR _t	UNBUSY.INDULG _t
<i>Cultural regressor</i> _t	0.000778 (0.00113)	-0.00171*** (0.000603)	0.00131* (0.000730)	0.000813 (0.000526)	0.00175** (0.000714)	-0.00179** (0.000737)
Observations	1,759	1,759	1,759	1,759	1,988	1,966
Wald's F	3.412***	3.666***	4.767***	3.559***	3.238***	3.307***

Panel C. Board members' share in the ownership structure of the parent bank

	(25)	(26)	(27)	(28)	(29)	(30)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	DIR.PWR.DIST _t	DIR.INDIVID _t	DIR.MASCUL _t	DIR.UNC.AVOID _t	DIR.LONG.TR _t	DIR.INDULG _t
<i>Cultural regressor_t</i>	0.000222 (0.00115)	-0.00138** (0.000615)	0.000488 (0.000866)	0.000606 (0.000538)	0.00105 (0.000715)	-0.00154** (0.000716)
<i>Cultural regressor_t</i> x BOARD.OWN.SHARE _t	0.000741*** (0.000106)	-0.000711*** (0.000172)	-0.000892*** (0.000206)	0.000441*** (0.000153)	0.000624*** (0.000172)	-0.000516*** (0.000158)
Observations	1,766	1,766	1,794	1,766	1,995	1,973
Wald's F	6.046***	4.244***	5.987***	3.644***	3.706***	3.563***

Table 9. Impact of female board members' cultural values in case of a high and very high number of females at a parent bank's board

This table presents the results of the estimations for the random-effects model. For brevity, we do not present estimations for year dummies, the constant term, bank-level fundamentals (BANK.SIZE, EQUITY, BANK.DEPOSITS, LOANS, COST.TO.INC, and NON.INT.INC), and host/home country control variables (HOME.GDP.GROWTH, HOME.UNEMPL, HOST.CREDIT.MARKET, HOST.GDP.GROWTH, HOST.UNEMPL, HOST.PWR.DIST, HOST.INDIVID, HOST.MASCUL, HOST.UNC.AVOID, HOST.LONG.TR, and HOST.INDULG). Standard errors clustered at the bank level are shown in parentheses. *, **, and *** refer to significance at the 10%, 5%, and 1% levels, respectively.

Panel A. Controlling for a high number of female board members (i.e., above the median)

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	FEM.PWR.DIST _t	FEM.INDIVID _t	FEM.MASCUL _t	FEM.UNC.AVOID _t	FEM.LONG.TR _t	FEM.INDULG _t
FEMALES.HIGH _t	0.00712 (0.0570)	-0.001000 (0.100)	-0.0223 (0.0745)	-0.0105 (0.0680)	0.0630 (0.0543)	-0.0653 (0.0550)
<i>Cultural regressor_t</i>	0.00116 (0.000990)	-0.00119 (0.000779)	-0.000290 (0.000938)	0.00148* (0.000788)	0.00125* (0.000746)	-0.00233** (0.000921)
<i>Cultural regressor_t</i> x FEMALES.HIGH _t	-0.000325 (0.00119)	-5.57e-05 (0.00134)	0.000189 (0.00121)	8.84e-05 (0.00100)	-0.00134 (0.00100)	0.00118 (0.000961)
Observations	1,642	1,642	1,642	1,642	1,867	1,845
Banks	377	377	377	377	443	438
Wald's χ^2	70.13***	70.17***	81.14***	71.94***	61.61***	61.04***

Panel B. Controlling for a very high number of female board members (i.e., above the third quarter)

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	FEM.PWR.DIST _t	FEM.INDIVID _t	FEM.MASCUL _t	FEM.UNC.AVOID _t	FEM.LONG.TR _t	FEM.INDULG _t
FEMALES.V.HIGH _t	-0.0425 (0.0734)	0.0121 (0.199)	0.0386 (0.0821)	-0.0107 (0.0747)	0.106 (0.151)	-0.0466 (0.0632)
<i>Cultural regressor_t</i>	0.00105 (0.000830)	-0.00121 (0.000739)	-3.71e-05 (0.000762)	0.00152** (0.000677)	0.00101 (0.000733)	-0.00204** (0.000848)
<i>Cultural regressor_t</i> x FEMALES.V.HIGH _t	0.000865 (0.00149)	-0.000224 (0.00261)	-0.000964 (0.00138)	8.34e-05 (0.00108)	-0.00203 (0.00250)	0.000593 (0.00113)
Observations	1,642	1,642	1,642	1,642	1,867	1,845
Banks	377	377	377	377	443	438
Wald's χ^2	69.98***	70.06***	82.34***	71.71***	60.71***	60.47***

Table 10. Cultural values of a parent bank's CEO vs. bank lending in host countries

This table presents the results of the estimations for the random-effects model. For brevity, we do not present estimations for year dummies, the constant term, bank-level fundamentals (BANK.SIZE, EQUITY, BANK.DEPOSITS, LOANS, COST.TO.INC, and NON.INT.INC), and host/home country control variables (HOME.GDP.GROWTH, HOME.UNEMPL, HOST.CREDIT.MARKET, HOST.GDP.GROWTH, HOST.UNEMPL, HOST.PWR.DIST, HOST.INDIVID, HOST.MASCUL, HOST.UNC.AVOID, HOST.LONG.TR, and HOST.INDULG). Standard errors clustered at the bank level are shown in parentheses. *, **, and *** refer to significance at the 10%, 5%, and 1% levels, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent variable:	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t	LOAN.GR _t
Employed <i>Cultural regressor</i> :	CEO.PWR.DIST _t	CEO.INDIVID _t	CEO.MASCUL _t	CEO.UNC.AVOID _t	CEO.LONG.TR _t	CEO.INDULG _t
<i>Cultural regressor_t</i>	0.000460 (0.000600)	-0.00155** (0.000659)	-0.000419 (0.000473)	0.000556 (0.000482)	-5.03e-05 (0.000520)	-0.00148** (0.000652)
Observations	1,720	1,720	1,720	1,720	1,941	1,919
Banks	385	385	385	385	449	444
Wald's χ^2	96.50***	96.75***	110.2***	98.10***	87.77***	85.85***