

# Corporate Raiders and their Disciplinary Role in the Market for Corporate Control

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## Abstract

Little research examines the supposed disciplinary effect of the market for corporate control on entrenched and ineffective management teams. Our analysis of the relationships between firm performance and both officer and director turnover in three groups of companies—those targeted by corporate raiders, their nearest competitors, and a control group—provided little support for this hypothesized discipline. There was only evidence of market discipline among target firms and competitors with sustained histories of poor performance. Interestingly, takeover activity affected both the firms' officers and directors. We examine the implications of these results for our understanding of corporate control processes in particular and agency theory in general.



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