

Impact Factor: **2.2**

5-Year Impact Factor:

By clicking "Accept Non-Essential Cookies", you agree to the storing of cookies on your device to enhance site navigation, analyze site usage, and assist in our marketing efforts. [Privacy Policy](#) [Cookie Policy](#)

Manage Cookies

Accept Non-Essential Cookies

Reject Non-Essential Cookies

Contents

More

Abstract

In this article we consider the impact of other human resource practices, including that the impact tends to be heterogeneous phenomenon including the relative impact on employment, terms and conditions and job quality for managerial and non-managerial employees.

remuneration, and studies. We show equity is a are identified



Get full access to this article

View all access and purchase options for this article.

Get Access 

1.

1 Asset stripping in terms of purchasing a business with the intention of selling its assets and leaving its creditors (including its employees and pensioners) unpaid is a criminal offence. To prevent asset stripping it is illegal for a company to give Financial Assistance in the purchase of its own shares. In simple terms a company cannot generally pledge its assets as security to a bank to fund the purchasers bid. In the late 1970s and early 1980s it was found that this prohibition was preventing particularly rescues of foundering or failed companies using venture capital and bank borrowings. In 1981, The Companies Act was amended to allow a process where the justification for the purchase is a bona fide transaction undertaken for normal commercial purposes.

2.

2 For a review of the evidence regarding the effects on employment and HRM in privatization buyouts in developed and transition economies, see Wright et al. (2002). For transition economies, they identify

five studies reporting significant positive increases in employment, five with no significant effect and nine with significant negative effects on employment. In this article, we focus on developed markets.

3.

3 Note that although at the time the term private equity backed buyout was not in usage, the firms covered by this study were indeed private equity backed.

4.

4 Thanks to Andrew Pendleton for pointing this out.

References

Amess, K. and Wright, M. (2007a) 'The Wage and Employment Effects of Leveraged Buyouts in the U.K.', *International Journal of Economics and Business* 14(2):179-95.

[Crossref](#)

[Google Scholar](#)

Amess, K. and Wright, M. (2007b) *Barbarians at the Gate: Do LBOs and Private Equity Destroy Jobs?* Occasional Paper, Centre for Management Buy-Out Research .

[Google Scholar](#)

Amess, K., Brown, S. and Thompson, S. (2007) 'Management Buyouts, Supervision and Employee Discretion', *Scottish Journal of Political Economy* 54(4):447-74.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Amess, K., Girma, S. and Wright, M. (2008) What are the Wage and Employment Consequences of Leveraged Buy-Outs, Private Equity and Acquisitions in the UK? Occasional Paper, Centre for Management Buy-Out Research .

[Google Scholar](#)

Bacon, N., Wright, M. and Demina, N. (2004) 'Management Buyouts and Human Resource Management', *British Journal of Industrial Relations* 42(2):325-47.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Bacon, N., Wright, M., Demina, N., Bruining, H. and Boselie, P. (2008) 'HRM, Buy-outs and Private Equity in the UK and the Netherlands', *Human Relations* 61(10):1399-433.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Bradley, K. and Nejad, A. (1989) *Managing Owners: The NFC Buy-out*. Cambridge: Cambridge University Press.

[Google Scholar](#)

Bruining, H. (1992) '*Performance Improvement post-Management Buyout*', unpublished dissertation, Erasmus University Rotterdam, Haveka.

[Google Scholar](#)

Bruining, H., Boselie, P., Wright, M. and Bacon, N. (2005) 'The Impact of Business Ownership Change on Employee Relations: Buyouts in the UK and the Netherlands', *International Journal of Human Resource Management* 16:345-65.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Centre for Management Buy-Out Research (CMBOR) (2006) Buyouts in the UK. Quarterly Review from the Centre for Management Buyout Research. CMBOR: University of Nottingham.Autumn.

[Google Scholar](#)

Centre for Management Buy-Out Research (CMBOR) (2007) '*Trends in UK Management Buyouts*', *Management Buyouts: Quarterly Review from the Centre for Management Buyout Research, University of Nottingham*.

[Google Scholar](#)

Cressy, R., Munari, F. and Malipiero, A. (2007) *Creative Destruction: Evidence that Buyouts Cut Jobs to Raise Returns*, Working Paper No.5, Entrepreneurship and Innovation Centre, University of Birmingham.

[Google Scholar](#)

Cumming, D., Siegel, D.S. and Wright, M. (2007) 'Private Equity, Leveraged Buyouts and Governance', *Journal of Corporate Finance* 13:439-60.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Davis, S., Lerner, J., Haltiwanger, J., Miranda, J. and Jarmin, R. (2008) 'Private Equity and Employment', in J. Lerner and A. Gurung (eds) *The Global Impact of Private Equity Report 2008, Globalization of Alternative Investments, Working Papers* Volume 1, pp. 43-64. Davos: World Economic Forum.

[Google Scholar](#)
Financial Services Authority (2006) *Private Equity: A Discussion of Risk and Regulatory Engagement, Discussion Paper DP06/6*. London: Financial Services Authority.

[Google Scholar](#)

Gilligan, J. and Wright, M. (2008) *Private Equity Demystified: An Explanatory Guide*. London: Institute of Chartered Accountants in England and Wales (ICAEW).

[Google Scholar](#)

Hall, D. (2007) *Methodological Issues in Estimating the Effect of Private Equity on Employment, PSIRU*, University of Greenwich.

[Google Scholar](#)

Hansmann, H. (1990) 'When Does Worker Ownership Work?: ESOPs, Law Firms, Codetermination , and Economic Democracy', *Yale Law Journal* 99(8):1749-816.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Harris, R., Siegel, D.S. and Wright, M. (2005) 'Assessing the Impact of Management Buyouts on Economic Efficiency: Plant-level Evidence from the United Kingdom', *The Review of Economics and Statistics* 87:148-53.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Healy, J., Carty, S., Woodyard, C. and Krantz, M. (2007) 'Unprecedented Auto Deal: Daimler Essentially Pays to Part Ways withChrysler', *USA TodayMoney* (15May): 1B-2B.

[Google Scholar](#)

International Trade Union Confederation (ITUC) (2007) *Where the House always Wins: Private Equity, Hedge Funds and the New Casino Capitalism*. Brussels: ITUC.

[Google Scholar](#)

Kaplan, S.N. (1989) 'The Effects of Management Buyouts on Operations and Value', *Journal of Financial Economics* 24:217-54.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Lichtenberg, F.R. and Siegel, D.S. (1990) 'The Effect of Leveraged Buyouts on Productivity and Related Aspects of Firm Behavior', *Journal of Financial Economics* 27:165-94.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Muscarella, C. and Vetsuypens, M. (1990) 'Efficiency and Organizational Structure: A Study of Reverse LBOs', *Journal of Finance* 65:1389-413.

[Crossref](#)

[Google Scholar](#)

Opler, T.C. (1992) 'Operating Performance in Leveraged Buyouts', *Financial Management* 21:27-34.

[Web of Science](#)

[Google Scholar](#)

Pendleton, A., Wilson, N. and Wright, M. (1998) 'Employees Attitudes in Buy-outs of Privatised Bus Companies', *British Journal of Industrial Relations* 36(1):99-123.

[Google Scholar](#)

PSE Group in European Parliament (2007) *Hedge Funds and Private Equity: A Critical Analysis*. Report of the PSE-Group in European Parliament.

[Google Scholar](#)

Robbie, K. and Wright, M. (1995) 'Managerial and Ownership Succession and Corporate Restructuring: The Case of Management Buy-ins', *Journal of Management Studies* 32: 527-50.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Robbie, K., Wright, M. and Ennew, C. (1993) 'Management Buyouts from Receivership', *Omega* 21(5):519-30.

[Google Scholar](#)

Robbie, K., Wright, M. and Thompson, S. (1992) 'Management Buy-ins in the UK', *Omega* 20(4):445-56.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Smith, A. (1990) 'Capital Ownership Structure and Performance: The Case of Management Buyouts', *Journal of Financial Economics* 13:143-65.

[Crossref](#)
[Web of Science](#)

[Google Scholar](#)

Wieser, O., Wright, M. and Robbie, K. (1997) 'Management and Employee Buyouts from the Austrian Public Sector', *Annals of Public and Cooperative Economics* 68(4):689-712.

[Crossref](#)

[Google Scholar](#)

Work Foundation (2007) *Inside the Dark Box: Shedding Light on Private Equity*. London : Work Foundation.

Wright, M. and Coyne, J. (1985) *Management Buyouts*. Beckenham: CroomHelm.

[Google Scholar](#)

Wright, M., Buck, T. and Filatotchev, I. (2002) 'Post-Privatization Effects of Management and Employee Buyouts', *Annals of Public and Cooperative Economics* 73(3):303-52.

[Crossref](#)

[Google Scholar](#)

Wright, M., Burrows, A., Ball, R., Scholes, L., Meuleman, M. and Amess, K. (2007) *The Implications of Alternative Investment Vehicles for Corporate Governance: A Survey of Empirical Research. Report prepared for the Steering Group on Corporate Governance*. Paris: OECD.

[Google Scholar](#)

Wright, M., Chiplin, B., Thompson, S. and Robbie, K. (1990) 'Management Buyouts, Trade Unions and Employee Ownership', *Industrial Relations Journal* 21(2):137-46.

[Crossref](#)

[Google Scholar](#)

Wright, M., Coyne, J. and Lockley, H. (1984) 'Management Buyouts and Trade Unions: Dispelling the Myths', *Industrial Relations Journal* 15:45-52.

[Crossref](#)

[Google Scholar](#)

Wright, M., Thompson, S. and Robbie, K. (1992) 'Venture Capital and Management-led Leveraged Buy-outs: A European Perspective', *Journal of Business Venturing* 7:47-71.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Wright, M., Wilson, N., Robbie, K. and Ennew, C. (1996) 'An Analysis of Failure in UK Buy-outs and Buy-ins', *Managerial and Decision Economics* 17:57-70.

[Crossref](#)

[Google Scholar](#)

Similar articles:



Free access

[Private equity and human resource management: An emerging agenda](#)

Show Details ▾



Restricted access

[Assessing the impact of private equity on industrial relations in Europe](#)

Show Details ▾



Restricted access

[The effects of private equity and buy-outs on HRM in the UK and the Netherlands](#)

Show Details ▾

[View More](#)

Sage recommends:

SAGE Knowledge

Book chapter

[Pay and Remuneration in Multinationals](#)

Show Details ▾

SAGE Knowledge

Whole book

[The SAGE Handbook of Human Resource Management](#)

Show Details ▾

SAGE Knowledge

Entry

[Acquisitions, Takeovers, and Mergers](#)

Show Details 

[View More](#)

You currently have no access to this content. Visit the [access options](#) page to authenticate.

[Download PDF](#)

Also from Sage

CQ Library

Elevating debate

Sage Data

Uncovering insight

Sage Business Cases

Shaping futures

Sage Campus

Unleashing potential

Sage Knowledge

Multimedia learning resources

Sage Research Methods

Supercharging research

Sage Video

Streaming knowledge

Technology from Sage

Library digital services