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Information Sharing, Price Negotiation and Management Buy-outs of Private Family-owned Firms

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Abstract

Perspectives relating to agency theory, information asymmetries and game theory were utilized to explore two outcomes associated with the management buy-out (MBO) or management buy-in (MBI) of former private firms: whether information was shared equally between vendors (i.e., family firm owners) and purchasers (i.e., MBO/I management teams) and whether a mutually agreed price was achieved. With reference to the themes of company ownership structure, governance structure and company objectives several hypotheses were derived.

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been identified, a high focus on the strategic importance of the market value increment, and the involvement of venture capitalists in succession planning were more likely to report that a mutually agreed sale price had been achieved. Implications for practitioners and researchers are discussed.

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