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Journal of Management Studies / Volume 32, Issue 4 / pp. 527-549

MANAGERIAL AND OWNERSHIP SUCCESSION AND CORPORATE RESTRUCTURING: THE CASE OF MANAGEMENT BUY-INS*

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First published: July 1995

https://doi.org/10.1111/j.1467-6486.1995.tb00787.x

* Financial support from BZW Private Equity Limited and Touche Ross Corporate Finance is gratefully acknowledged. Thanks to Chris Ennew, David Hatherly, Ken Starkey, Steve Thompson and Pauline Wong, the editors, an anonymous *JMS* referee and several venture capitalists involved in funding management buy-ins for comments on an earlier draft.

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ABSTRACT

This paper addresses the effects on corporate restructuring of changing management and ownership. First, it synthesises a number of perspectives on corporate restructuring which involve managerial succession, voluntary restructuring, agency theory, incentives and entrepreneurship, to obtain insights into the relative impact of simultaneously changing either, neither or both management and ownership. Second, it uses case study evidence from management buy-ins to examine the effects of changing both management and ownership. the evidence suggests that whilst management may be adequately incentivized, problems may arise in respect of information asymmetries, difficulties in matching entrepreneurs to the context and monitoring by venture capitalists, and implementation of strategies.

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