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British Journal of Industrial Relations / Volume 42, Issue 2 / pp. 325-347

Management Buyouts and Human Resource Management

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First published: 29 April 2004

https://doi.org/10.1111/j.1467-8543.2004.00317.x

PDF

Abstract

This paper reports the findings from a survey of the effects of management buyouts on human resource management (HRM). Buyouts resulted in increased employment, the adoption of new reward systems, and expanded employee involvement. These developments support the resource-based view that buyouts develop internal assets over agency theory predictions that managers will adopt a cost reduction approach. The type of buyout influences the subsequent development of HRM. Buyouts report more commitment-orientated employment policies where employees own shares, and where the buyout pursues a 'buy and build' corporate strategy and adopts a business strategy of enhancing customer service and developing markets.

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