

# Buy-outs in Hungary, Poland and Russia: governance and finance issues<sup>1</sup>

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First published: May 1996

<https://doi.org/10.1111/j.1468-0351.1996.tb00162.x>

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<sup>1</sup> We are indebted to two anonymous referees for helpful comments and to Jacek Bukowski for interesting discussions. The following sources of financing for this research are acknowledged: Filatotchev, Wright and Buck thank the European Bank for Reconstruction and Development, Economic and Social Research Council grant no. R000221142, Touche Ross Corporate Finance and Barclays Development Capital Limited; Irena Grosfeld thanks Commissariat General au Plan and Ministtre de Recherche et de l'Espace; Judit Karsai thanks the Hungarian National Scientific and Research Foundation grant no. T 4583, "Domestic and foreign experience in management buy-out".



## Abstract

The governments of Hungary, Poland and Russia have used buy-outs as an important privatization strategy which can be viewed as forming a continuum from straightforward sales where management and employees generally achieve significant ownership, as in Hungary, *via* intermediate approaches as in Poland where both payment and free distribution of shares are involved, to the Russian case where state-owned enterprises were effectively "given away" through a voucher privatization scheme. This paper, first, presents preliminary evidence on the extent and nature of post-privatization restructuring in buy-outs in these three countries, which highlights the transitory nature of this form of organization. Second, in the light of these findings, the paper analyses the possibilities and difficulties associated with enhancing corporate governance and finance.

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