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Buy-outs in Hungary, Poland and Russia: governance and finance issues[1]

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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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