

February 01 2005

# Assessing the Impact of Management Buyouts on Economic Efficiency: Plant-Level Evidence from the United Kingdom

Richard Harris, Donald S. Siegel, Mike Wright

[> Author and Article Information](#)

*The Review of Economics and Statistics* (2005) 87 (1): 148–153.

<https://doi.org/10.1162/0034653053327540> [Article history](#) 

[Cite](#) [Permissions](#) [Share](#) 

## Abstract

We assess the total factor productivity of 35,752 manufacturing establishments before and after management buyouts (MBOs). MBO plants are less productive than comparable plants before the transfer of ownership. They experience a substantial increase in productivity after a buyout, which appears to be due to measures undertaken by new owners to reduce the labor intensity of production, via outsourcing of intermediate goods and materials. These findings, which are pervasive across industries, imply that MBOs reduce agency costs and enhance economic efficiency. Our evidence is consistent with Jovanovic and Rousseau (2002), who suggest that ownership changes shift resources to more efficient uses and to better managers.

This content is only available as a PDF.

© 2005 President and Fellows of Harvard College and the Massachusetts Institute of Technology

You do not currently have access to this content.

## Sign in

Don't already have an account? [Register](#)

## Client Account

Email address / Username

Password

Ski

[Sign In](#)

[Reset password](#)

[Register](#)

---

### Sign in via your Institution

Sign in via your Institution

---

[Buy This Article](#)

### Email Alerts

---

[Article Activity Alert](#)

[Latest Issue Alert](#)



[View Metrics](#)

### Latest

---

### Most Read

### Most Cited

A Retrospective Analysis of the Acquisition of Target's Pharmacy Business by CVS Health: Labor Market Perspective

Trade, Internal Migration, and Human Capital: Who Gains from India's IT Boom?

Does the Production Approach to Markup Estimation Match a Stylized Fact?

The Spillover (and Direct) Effects of Workplace Contact on Intergroup Attitudes

[Skip to Main Content](#)

### Cited By

Web of Science (144)

Google Scholar

Crossref (231)

## Related Articles

---

The Effect of Foreign Acquisitions on Total Factor Productivity: Plant-Level Evidence from U.K. Manufacturing, 1987–1992

*The Review of Economics and Statistics* (August,2002)

Measuring the Spillovers of Venture Capital

*The Review of Economics and Statistics* (March,2022)

Financial Factors and Investment in Belgium, France, Germany, and the United Kingdom: A Comparison Using Company Panel Data

*The Review of Economics and Statistics* (February,2003)

Mathematical reflections on modified fractional counting

*Quantitative Science Studies* (August,2025)

## Related Book Chapters

---

A Hymn in Praise of Pilotis – and in Praise of Jean-Jacques Rousseau

Le Corbusier, the Noble Savage: Toward an Archaeology of Modernism

Plants and Related Theory

Multicellularity: Origins and Evolution

Biology: Microbiology, Animals and Plants, Ecology, and Medicine and the Body

Information Arts: Intersections of Art, Science, and Technology

Rousseau: The Attempt to Purify Passion

The Nature of Love, Volume 3: The Modern World



**MIT Press Direct**

A product of The MIT Press

[Newsletter sign up](#)



## MIT Press Direct

[About MIT Press Direct](#)

[Books](#)

[Journals](#)

[CogNet](#)

## Information

[Accessibility at MIT](#)

[MIT Press Direct VPAT](#)

[For Authors](#)

[For Customers](#)

[For Librarians](#)

[Direct to Open](#)

[Open Access](#)

[Media Inquiries](#)

[Rights and Permissions](#)

[For Advertisers](#)

## MIT Press

[About the MIT Press](#)

[The MIT Press Reader](#)

[MIT Press Blog](#)

[Seasonal Catalogs](#)

[MIT Press Home](#)

[Give to the MIT Press](#)

[Skip to Main Content](#)

## Contact Us

[FAQ](#)

© 2026 The MIT Press

[Terms of Use](#) [Privacy Statement](#) [Crossref Member](#) [COUNTER Member](#)

The MIT Press colophon is registered in the U.S. Patent and Trademark Office