

# 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](#) ▾   [Views](#) ▾

## 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

Is Mobile Money Changing Rural Africa? Evidence from a Field Experiment

Inaccurate Statistical Discrimination: An Identification Problem

Revisiting the Origins of Business Cycles With the Size-Variance Relationship

Too Lucky to Be True: Fairness Views under the Shadow of Cheating

Skip to Main Content

## Cited By

---

Web of Science (140)

## 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)

Rousseau in England

*Daedalus* (April,2008)

## 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

Rousseau: The Attempt to Purify Passion

The Nature of Love, Volume 3: The Modern World

Rousseau: The Attempt to Purify Passion

The Nature of Love, Volume 2: Courtly and Romantic

# The Review of Economics and Statistics

[Skip to Main Content](#)



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

## Contact Us

FAQ

Direct Service Desk

Skip to Main Content

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

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