

Corp

Volume I: Aspects of Corporate

Edited by

*Leeds Permanent Building Society Professor of Financial Services and
Director of the International Institute of Banking and Financial Services,
Leeds University Business School, University of Leeds, UK*

and

Steve Thompson

*Professor of Economics
Department of Economics, University of Leicester, UK*

and

e

*Professor of Financial Studies and Director of the Centre for Management
Buy-Out Research
University of Nottingham, UK*

THE INTERNATIONAL LIBRARY OF CRITICAL WRITINGS IN ECONOMICS

Am Elgar Reference Collection
Cheltenham, UK^o Northampton, MA, USA

PART I DIFFERING PERSPECTIVES ON CORPORATE GOVERNANCE "

• FRAMEWORKS I - ECONOMIC, FINANCE, LEGAL, ETC. '

1. Kenneth J. Arrow (1974), 'Authority and Responsibility'! in *The Limits of Organization*, Chapter 4, New York and London: W.W. Norton & Company, 63-79 • 3
2. Andrei Shleifer and Robert W. Vishny (1997), 'A Survey of Corporate Governance', *Journal of Finance*, **LII** (2), June, 737-83 20
3. Herbert A. Simon (1991), 'Organizations and Markets', *Journal of Economic Perspectives*, 5 (2), Spring, 25-44 67
- ijk Mark J: Roe (1994), 'Preface', 'Introduction', 'Diffuse Ownership as Natural Economic Evolution', 'Fragmentation's Costs', 'Diffuse Ownership as Political Product', 'A Political Theory' and 'Conclusion', in *Strong Managers, Weak Owners: The Political Roots of American Corporate Finance*, Chapters \-A, Princeton, New Jersey: Princeton University Press, vii-xii, xiii-xvi, 3-8, 9-17, 21-25, 26-49, 283-87 87

PART II DIFFERING PERSPECTIVES ON CORPORATE GOVERNANCE FRAMEWORKS II - EXIT, VOICE, STAKEHOLDERS, ETC.

5. AlbertO. Hirschman (1970), 'Exit', 'Voice'-and 'The Elusive Optimal Mix of Exit and Voice', in *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*, Chapters 2, 3 and 9 and Appendices A and B, Cambridge, Massachusetts and London: Harvard University Press, 21-29, 30-43, 120-26, 129-37, 144 149
6. Michael C. Jensen (1993), 'The Modern Industrial Revolution, Exit, and the Failure of Internal Control Systems', *Journal of Finance*, **XLVIII** (3), July, 831-80 188
7. Oliver Hart (1995), 'Corporate Governance: Some Theory and Implications', *Economic Journal*, **105**, May, 678-89 .
8. Thomas M. Jones (1995), '-Instrumental Stakeholder Theory: A Synthesis of Ethics and Economics', *Academy of Management Review*, 20 (2), April, 404-37 .250
9. John Kay and Aubrey Silberston (1995), 'Corporate Governance', *National Institute Economic Review*, 3/95, Number 153, August, 84-97 284

PART III GOVERNANCE, STRATEGY AND ENTERPRISE

- | | | |
|-------------------|--|-----|
| 10. | Charles W.L. Hill and Scott A. Snell (1988), 'External Control, Corporate Strategy, and Firm Performance in Research-Intensive Industries', <i>Strategic Management Journal</i> , 9, 577-90 | 301 |
| 11. | Barry D. Baysinger, Rita D. Kosnik and Thomas A. Turk (1991), 'Effects of Board and Ownership Structure on Corporate R&D Strategy', <i>Academy of Management Journal</i> , 34 (1), March, 205-14 | 315 |
| 12. | Shaker A. Zahra (1996), 'Governance, Ownership, and Corporate Entrepreneurship: The Moderating Impact of Industry Technological Opportunities', <i>Academy of Management Journal</i> , 39 (6), December, 1713-35 | 325 |
| <i>Name Index</i> | | 349 |

Corporate Governance

i

Edited by

Kevin Keasey

*Leeds Permanent Building Society Professor of Financial Services and
Director of the International Institute, of Banking and Financial Services,
Leeds University Business School, University of Leeds, UK*

and

i

Steve Thompson

Professor of Economics

Department of Economics, University of Leicester, UK

and

John Wngj

*Professor of Financial Studies and Director of the Centre for Management
Buy-Out Research*

University of Nottingham, UK

THE INTERNATIONAL/LIBRARY OF CRITICAL WRITINGS IN ECONOMICS

An Elgar Reference Collection

Cheltenham, UK • Northampton, MA, USA

An Introduction by the editors to all four volumes appears in Volume I

PART I EQUITY OWNERSHIP STRUCTURE AND CONTROL

1. Adolf A. Berle and Gardiner C. Means (1968), 'The Evolution of Control', 'The Divergence of Interest Between Ownership and Control' and 'The New Concept of the Corporation', in *The Modern Corporation and Private Property*, Book 1, Chapters V and VI, Book 4, Chapter IV and Appendices O and P, New York: Harcourt, Brace & World, Inc., 66-111, 112-16, 309-13, 341-2 3
2. John Cubbin and Dennis Leech (1983), 'The Effect of Shareholding Dispersion on the Degree of Control in British Companies: Theory and Measurement', *Economic Journal*, 93, June, 351-69 61
3. Eugene F. Fama and Michael C. Jensen (1983), 'Separation of Ownership and Control', *Journal of Law and Economics*, XXVI (2), June, 301-25 80
4. Harold Demsetz and Kenneth Lehn (1985), 'The Structure of Corporate Ownership: Causes and Consequences', *Journal of Political Economy*, 93 (6), 1155-77 105
5. Oliver Hart (1995), 'The Structure of Voting Rights in a Public Company', in *Firms, Contracts, and Financial Structure*, Chapter 8, Oxford: Oxford University Press, 186-209, references 128

PART II THE ROLE OF CAPITAL STRUCTURE

6. Michael C. Jensen and William H. Meckling (1976), 'Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure', *Journal of Financial Economics*, 3, 305-60 155
7. Sanford J. Grossman and Oliver D. Hart (1982), 'Corporate Financial Structure and Managerial Incentives', in John J. McCall (ed.), *The Economics of Information and Uncertainty*, Chicago and London: University of Chicago Press, 107-37 211
8. Erik Berglöf (1990), 'Capital Structure as a Mechanism of Control: A Comparison of Financial Systems', in Masahiko Aoki, Bo Gustafsson and Oliver E. Williamson (eds), *The Firm as a Nexus of Treaties*, Part IV, Chapter 11, London: Sage Publications, 237-62 242
9. Milton Harris and Artur Raviv (1991), 'The Theory of Capital Structure', *Journal of Finance*, XLVI (1), March, 297-355 268

10. . Oliver E. Williamson (1988), 'Corporate Finance and Corporate
• Governance', *Journal of Finance*, **XIAU** (3), **July**, 567-9.1 327
11. Jonathan R. Macey and Geoffrey P. Miller (1995), 'Corporate
• Governance and Commercial Banking: A Comparative
Examination of Germany, Japan, and the United States', *Stanford
.Law.Review*, 48 (1), November, 73-112 352

PART III THE ROLE OF INSTITUTIONAL SHAREHOLDERS

12. John_Pound. (1988), 'Proxy Contests.and the Efficiency, of
Shareholder Oversight', *Journal of Financial Economics*, 20,
237-65 395'
13. John C. Coffee, Jr. (1991), 'Liquidity Versus Control: The
Institutional Investor as Corporate Monitor', *Columbia Law
Review*, 91 (6), October, 1277-368 424
14. Stephen'D. Prowse (1990), 'Institutional Investment Patterns and
Corporate Financial Behavior in the United States and Japan',
Journal of Financial Economics, 27, 43-66 516
15. Bernard S. Black and John C. Coffee, Jr. (1994), 'Hail Britannia?:
Institutional Investor Behavior Under Limited Regulation',
Michigan Law Review, 92 (7), June, 1997-2087 540
16. Helen Short and. Kevin Keasey (1997), 'Institutional Shareholders
and Corporate Governance in the United Kingdom', in Kevin
Keasey, Steve Thompson and Mike Wright (eds), *Corporate
Governance: Economic and Financial Issues*, Chapter 2, Oxford:
Oxford University Press, 18-53 631

Name Index , 667

I'

Edited by

Kevin Keasey

*Leeds Permanent Building Society Professor of Financial Services and
Director of the International Institute of Banking and Financial Services,
Leeds University Business School, University of Leeds, UK*

and

*Professor of Economics
Department of Economics, University of Leicester, UK*

and

*Professor of Financial Studies and Director of the Centre for Management
Buy-Out Research
University of Nottingham, UK*

THE INTERNATIONAL LIBRARY OF CRITICAL WRITINGS IN ECONOMICS

An Elgar Reference Collection
Cheltenham, UK« Northampton, MA, USA

An Introduction by the editors to all four volumes appears in Volume I

PART I BOARD STRUCTURE, PROCESSES AND NON-EXECUTIVE DIRECTORS

1. Eugene F. Fama (1980), 'Agency Problems and the Theory of the Firm', *Journal of Political Economy*, 88 (2), April, 288-307 3
2. Edward J. Zajac and James D. Westphal (1996), 'Director Reputation, CEO-Board Power, and the Dynamics of Board « Interlocks', *Administrative Science Quarterly*, 41, 507-29 23
3. Barry Baysinger and Robert E. Hoskisson (1990), 'The Composition of Boards of Directors and Strategic Control: Effects on Corporate Strategy', *Academy of Management Review*, 15 (1), 72-87 46
4. Kenneth J. Rediker and Anju Seth (1995), 'Boards of Directors and Substitution Effects of Alternative Governance Mechanisms', *Strategic Management Journal*, 16 (2), February, 85-99 62
5. Andrew Pettigrew and Terry McNulty (1995), 'Power and Influence in and Around the Boardroom', *Human Relations*, 48 (8), August, 845-73 77
6. • Brian G.M. Main and James Johnston (1993), 'Remuneration Committees and Corporate Governance', *Accounting and Business Research*, 23 (91 A), Corporate Governance Special Issue, 351-62 106

PART II DIRECTORS'REMUNERATION

7. George P. Baker, Michael C. Jensen and Kevin J. Murphy (1988), 'Compensation and Incentives: Practice vs. Theory', *Journal of Finance*, **XLIII** (3), July, 593-616 v121
8. Ellen L. Pavlik, Thomas W. Scott and Peter Tiessen (1993), 'Executive Compensation: Issues and Research', *Journal of Accounting Literature*, 12, 131-89 145
9. Kevin J. Murphy (1985), 'Corporate Performance and Managerial Remuneration: An Empirical Analysis', *Journal of Accounting and Economics*, 7 (1-3), April, 11-42 204
10. Michael C. Jensen and Kevin J. Murphy (1990), 'Performance Pay and Top-Management Incentives', *Journal of Political Economy*, 98 (2), April, 225-64 236_

Corporate Governance III

11. Brian G.M. Main, Alistair Bruce and Trevor Buck (1996), 'Total Board Remuneration and Company Performance', *Economic Journal*, **106**, November, 1627-4 276
12. Martin Conyon, Paul Gregg and Stephen Machin (1995), 'Taking Care of Business: Executive Compensation in the United Kingdom', *Economic Journal*, **105**, May, 704-14 294

PART III CORPORATE STRUCTURES AND INTERNAL GOVERNANCE

13. R.H. Coase (1937), 'The Nature of the Firm', *Economica* (New Series), **IV** (13-16), 386-405 307
14. Armen A. Alchian and Harold Demsetz (1972), 'Production, Information Costs, and Economic Organization', *American Economic Review*, **LXII** (5), December, 777-95 327
15. William G. Ouchi (1980), 'Markets, Bureaucracies, and Clans', *Administrative Science Quarterly*, **25**, March, 129-41 346
16. Benjamin Klein, Robert G. Crawford and Armen A. Alchian (1978), 'Vertical Integration, Appropriable Rents, and the Competitive Contracting Process', *Journal of Law and Economics*, **XXI** (2), October, 297-326 359
17. Robert E. Hoskisson, Charles W.L. Hill and Hicheon Kim (1993), 'The Multidivisional Structure: Organizational Fossil or Source of Value?', *Journal of Management*, **19** (2), 269-98 389
18. R.S. Thompson (1981), 'Internal Organization and Profit: A Note', *Journal of Industrial Economics*, **XXX** (2), December, 201-11 419
19. John Cable and Hirohiko Yasuki (1985), 'Internal Organisation, Business Groups and Corporate Performance: An Empirical Test of the Multidivisional Hypothesis in Japan', *International Journal of Industrial Organization*, **3** (4), December, 401-20 430
20. Ronald J. Gilson and Mark J. Roe (1993), 'Understanding the Japanese Keiretsu: Overlaps Between Corporate Governance and Industrial Organization', *Yale Law Journal*, **102** (4), January, 871-906 450

PART IV GOVERNANCE OF CROSS-NATIONAL CORPORATIONS

21. Peter J. Buckley and Mark Casson (1991), 'A Long-run Theory of the Multinational Enterprise', in *The Future of the Multinational Enterprise*, 2nd edition. Chapter 2, London: Macmillan Press Ltd, 32-65
22. Jean-Francois Hennart (1986), 'What Is Internalization?', *Weltwirtschaftliches Archiv*, **122**, 791-804
23. John H. Dunning (1988), 'The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions', *Journal of International Business Studies*, Spring, 1-31

Volume IV: Responses to Governance Issues

Edited by

*Leeds Permanent Building Society Professor of Financial Services and
Director of the International Institute of Banking and Financial Services,
Leeds University Business School, University of Leeds, UK*

and

Steve Thompson

*Professor of Economics
Department of Economics, University of Leicester, UK*

and

*Professor of Financial Studies and Director of the Centre for Management
Buy-Out Research
University of Nottingham, UK*

THE INTERNATIONAL LIBRARY OF CRITICAL WRITINGS IN ECONOMICS

An Elgar Reference Collection
Cheltenham, UK ° Northampton, MA, USA

An Introduction by the editors to all four volumes appears in Volume I

PART I THE ROLE OF FINANCIAL DISCLOSURE AND AUDITING

1. George J. Benston (1982), 'An Analysis of the Role of Accounting Standards for Enhancing Corporate Governance and Social Responsibility', *Journal of Accounting and Public Policy*, 1 (1), Fall, 5-17 3
2. Geoffrey Whittington (1993), 'Corporate Governance and the Regulation of Financial Reporting', *Accounting and Business Research*, 23 (91 A), 311-19 16
3. John J. Forker (1992), 'Corporate Governance and Disclosure Quality', *Accounting and Business Research*, 22 (86), Spring, 111-24 25
4. David B. Citron (1992), 'Accounting Measurement Rules in UK Bank Loan Contracts', *Accounting and Business Research*, 23 (89), Winter, 21-30 39
5. Keith W. Hoskin and Richard H. Macve (1988), 'The Genesis of Accountability: The West Point Connections', *Accounting, Organizations and Society*, 13 (1), 37-73 49

PART II THE ROLE OF THE MARKET FOR CORPORATE CONTROL

6. Henry G. Manne (1965), 'Mergers and the Market for Corporate Control', *Journal of Political Economy*, LXXIII, February-December, 110-20 89
7. Sanford J. Grossman and Oliver D. Hart (1980), 'Takeover Bids, the Free Rider Problem, and the Theory of the Corporation', *Bell Journal of Economics*, 11 (1), Spring, 42-64 100
8. Michael C. Jensen (1986), 'Agency Costs of Free Cash Flow, Corporate Finance, and Takeovers', *American Economic Review*, 76 (2), May, 323-9 123
9. Richard E. Caves (1989), 'Mergers, Takeovers, and Economic Efficiency: Foresight vs. Hindsight', *International Journal of Industrial Organization*, 7, 151-74 130
10. Julian Franks and Colin Mayer (1990), 'Capital Markets and Corporate Control: A Study of France, Germany and the UK', *Economic Policy*, 10, 191-231 154
11. Amar Bhidé (1993), 'The Hidden Costs of Stock Market Liquidity', *Journal of Financial Economics*, 34, 31-51 195

PART III GOVERNANCE ASPECTS OF CORPORATE RESTRUCTURING

12. Richard A. Johnson (1996), 'Antecedents and Outcomes of Corporate Refocusing', *Journal of Management*, Yearly Review of Management, A Special Issue, **22** (3), 439-83 219
13. Amar Bhidé (1990), 'Reversing Corporate Diversification', *Journal of Applied Corporate Finance*, 3 (2), Summer, 70-81 264
14. Robert E. Hoskisson, Richard A. Johnson and Douglas D. Moesel (1994), 'Corporate Divestiture Intensity in Restructuring Firms: Effects of Governance, Strategy, and Performance', *Academy of Management Journal*, 37 (5), October, 1207-51 276
15. Mike Wright (1986), 'The Make-Buy Decision and Managing Markets: The Case of Management Buy-Outs', *Journal of Management Studies*, 23 (4), July, 443-64 321

PART IV CORPORATE AND FUNDING CROSS-HOLDINGS

16. Mark J. Roe (1993), 'Some Differences in Corporate Structure in Germany, Japan, and the United States', *Yale Law Journal*, **102** (8), June, 1927-2003 345
17. W. Carl Kester (1992), 'Industrial Groups as Systems of Contractual Governance', *Oxford Review of Economic Policy*, 8 (3), Autumn, 24-44 422

PART V EMPLOYEE INVOLVEMENT

18. Eric Batstone, Anthony Ferner and Michael Terry (1983), 'Union Nominees on the Board', in *Unions on the Board: An Experiment in Industrial Democracy*, Chapter 4, Oxford: Basil Blackwell Publishers for Economic and Social Research Council, 74-96, references 445
19. Jonathan P. Charkham (1995), 'Germany', in *Keeping Good Company: A Study of Corporate Governance in Five Countries*, Chapter 2 and Appendix 2A, Oxford and New York: Oxford University Press, 6-58, 59-60, references 468
20. Michael A. Conte and Jan Svejnar (1988), 'Productivity Effects of Worker Participation in Management, Profit-Sharing, Worker Ownership of Assets and Unionization in U.S. Firms', *International Journal of Industrial Organization*, 6(1), March, 139-51 523
21. Derek C. Jones and Takao Kato (1995), 'The Productivity Effects of Employee Stock-Ownership Plans and Bonuses: Evidence from Japanese Panel Data', *American Economic Review*, 85 (3), June, 391-414 536

PART VI GOVERNANCE IN THE PUBLIC SECTOR, MUTUALITY AND PRIVATIZATIONS

22. J.A. Kay and D.J.Thompson (1986), 'Privatisation: A Policy in Search of a Rationale', *Economic Journal*, 96, March, 18-32 563
23. Maxim Boycko, Andrei Shleifer and Robert W. Vishny (1993), 'Privatizing Russia', *Brookings Papers on Economic Activity*, 2, 139-92 .578
24. S.G. Ogden (1995), 'Transforming Frameworks of Accountability: The Case of Water Privatization', *Accounting, Organizations and Society*, 20(2/3), February/April, 193-218 632
25. Ewan Ferlie, Lynn Ashburner and Louise Fitzgerald (1995), 'Corporate Governance and the Public Sector: Some Issues and Evidence from the NHS', *Public Administration*, 73, Autumn, 375-92 658
26. John Kay (1991), 'The Economics of Mutuality', *Annals of Public and Cooperative Economics*, 62 (3), July—September, 309-18 676

Name Index

687