

# Working Paper Series

## **Privatization and Firm Restructuring in Transition Economies: The Effects of Governance and Organizational Capabilities**

Igor Filatotchev  
Mike Wright  
Klaus Uhlenbruck  
Laszlo Tihanyi  
Robert E. Hoskisson

Working Paper No 02/17

*August 2002*

*The working papers are produced by the Bradford University School of Management and are to be circulated for discussion purposes only. Their contents should be considered to be preliminary. The papers are expected to be published in due course, in a revised form and should not be quoted without the author's permission.*

**PRIVATIZATION AND FIRM RESTRUCTURING  
IN TRANSITION ECONOMIES: THE EFFECTS  
OF GOVERNANCE AND ORGANIZATIONAL  
CAPABILITIES**

**Igor Filatotchev**

School of Management and Organizational  
Psychology  
Birkbeck College  
University of London  
Malet Street, London WC1E 7HX  
Tel: (44) 20 7631-6742  
Fax: (44) 20 7631-6769  
E-mail: i.filatotchev@mbs.bbk.ac.uk

**Mike Wright**

Center for Management Buyout Research  
Business School  
University of Nottingham  
Nottingham, United Kingdom  
Tel: 44-1159-515257  
Fax: 44-1159-515204  
E-mail: mike.wright@nottingham.ac.uk

**Klaus Uhlenbruck**

Department of Management  
Texas A&M University  
College Station, TX 77843-4221  
Tel: (979) 845-1445  
Fax: (979) 845-9641  
E-mail: kuhlenbruck@tamu.edu

**Laszlo Tihanyi**

Michael F. Price College of Business  
University of Oklahoma  
Norman, Oklahoma 73019-4006  
Tel: (405) 325-5699  
Fax: (405) 325-1957  
E-mail: ltihanyi@ou.edu

**Robert E. Hoskisson**

Michael F. Price College of Business  
University of Oklahoma  
Norman, Oklahoma 73019-4006  
Tel: (405) 325-3982  
Fax: (405) 325-1957  
E-mail: rhoskiss@ou.edu

**ABSTRACT**

This paper seeks to make a contribution to the restructuring literature by contrasting agency theory and organization learning theory predictions in a highly turbulent environment, the transition economies of Central and Eastern Europe (CEE). In particular, we seek to open the black box between privatization and firm performance by focusing on the links between governance, organizational, and managerial capabilities and firm restructuring in CEE. In developed economies restructuring is forced by strategic issues, while in transition economies it is being forced by political and institutional changes and less so by increasing penetration of foreign investment and competition. Accordingly, change is brought about by political processes which has resulted in political solutions such as "give-away" privatizations. These privatizations, in contrast to divestitures to outside owners, have realized less substantive restructuring because non-market incentives (e.g., too much managerial equity ownership) have created managerial entrenchment. Thus, this paper presents a contribution to agency theory suggesting that entrenchment is associated with managerial ownership and lack of board evolution towards better governance compared to more developed countries. Furthermore, learning is inhibited by such managerial ownership and lack of board knowledge regarding its oversight function. Additionally, this entrenchment and poor board functioning may be perpetuated in financial groups, which have emerged, and that have been argued in other treatises to be substitutes for market intermediaries in emerging economies. Thus, outside ownership involvement and foreign cooperative ventures together with associated managerial change are encouraged to facilitate restructuring and learning to promote more efficiency, strategic flexibility, innovation and recognition of entrepreneurial opportunities.

**INTRODUCTION**

In recent years, business organizations have increasingly responded to environmental changes by restructuring their operations (Bergh, 1995; Johnson, 1996; Hoskisson & Hitt, 1994). For example, mergers, acquisitions, downsizing, spin-offs, divestitures, and buyouts have gained popularity among U.S. firms due to changes in their external environment. These changes have been fostered through trends such as increased market liberalization and competition, globalization, regulatory and technological changes (Sikora, 1995). To date, corporate restructuring has become a common means for firms in many developed and

developing countries to maintain the alignment with the changing external environment.

Of the different developed and developing country settings, the business environments in several emerging and transition economies have been characterized by the highest level of turbulence, resulting in a large-scale restructuring activity in these countries (Hoskisson, Eden, Lau, and Wright, 2000). Although various antecedents and outcomes of restructuring have been identified in the prior literature (e.g., Bergh, 1997; Duhaime & Grant, 1994; Hoskisson, Johnson, & Moesel, 1994; Liebeskind, Wiersema & Hansen, 1992; Markides, 1992), researchers interested in examining the restructuring phenomenon in transition economies have discovered numerous important contextual variables that may affect firm restructuring. Recent studies have identified the level of government intervention, development of market institutions, and industry structure as critical determinants of restructuring (Chang & Hong, 2000; Khanna & Palepu, 1997; Newman, 2000). These results have already led to important modifications in prior theoretical frameworks of restructuring. Thus, continued research efforts in emerging and transition markets have the promise to extend the findings of existing studies on restructuring.

A group of transition economies in Central and Eastern Europe (CEE) has been increasingly seen by researchers as an appropriate field to explore the effects of previously unobserved contextual differences in relationship to firm restructuring. Recent findings suggest that the socioeconomic transition from socialism to capitalism in general presents a unique task for organizational adaptation in these countries. As firms restructure to adapt to the norms of the emerging market system, the institutional setting itself evolves as well by learning from firm-level actions. Furthermore, the performance benefits resulting from the proper alignment of firms with their external environment may contribute to the competitiveness and value-creation of local industries and, in turn, result in macroeconomic benefits. This multi-level change takes place in a relatively short period of time in transition economies and is atypical in developed markets. Thus, this context of firm restructuring provides an opportunity to extend the generalizability of earlier research findings from developed country settings.

By examining restructuring in the context of transition economies of CEE, contributions to the literature can be made in several areas of focus.

Among the potential extensions, the most promising are the examination of the effects of ownership change, corporate governance, organizational and managerial capabilities on firm restructuring (Cuervo & Villalonga, 2000; Ramamurti, 2000; Spicer, McDermott, & Kogut, 2000; Zahra, Ireland, Gutierrez, & Hitt, 2000). Accordingly, we examine first the linkages between the type of ownership change and the outcomes in terms of managerial turnover and board strength. Privatization of formerly state-owned enterprises is one of the fundamental challenges of the socioeconomic transition in CEE (Doh, 2000; Megginson & Netter, 2001; Uhlenbruck & DeCastro, 1998). In this study, however, we go beyond the effect of ownership change. Central to our argument is that different privatization methods of state-owned enterprises, such as sale to strategic foreign investors, buyouts by local management, and give-away deals will be associated with different governance, organizational and managerial effects.

Limited empirical evidence indicates that the evolving corporate governance is important for the outcome of firm restructuring at privatized firms in transition economies (Antal-Mokos, 1998; Filatotchev et al., 2000). Although governance mechanisms have been linked to restructuring in developed country setting (see Johnson, 1996 for a review), transition markets present distinct settings in this regard. The evolution of modern corporate governance in the former Eastern Bloc countries is characterized by learning at both ends; not only do managers need to satisfy the demands of multiple stakeholders, principals need to learn their role and develop monitoring systems (Filatotchev, Hoskisson, Buck & Wright, 1996). Setting up efficient monitoring systems, however, is difficult due to the new "rules of the game" (North, 1990; 1994). Thus, besides governance mechanisms, we propose that the capabilities of managers and their organizations will be critical for the outcome of firm restructuring in this context. The development of a market system in transition economies has made the set of skills possessed by managers of firms in formerly planned economies obsolete. A small number of studies in this area suggest that learning and absorptive capacity may help firms to successfully adapt to the changing environment (Lyles & Salk, 1996; Steensma & Lyles, 2000).

Accordingly, in this paper, we focus on firm restructuring in the transition economies of CEE. We develop a framework that links restructuring with privatization, governance, and managerial

capabilities. Drawing from agency and learning theories, we provide an integrated theoretical perspective on the effects of governance and managerial and organizational capabilities on restructuring. Such an integrative approach is expected to enhance earlier theories on restructuring and, likewise, the understanding of organizational adaptation in emerging economies.

#### **THE TRANSITION CONTEXT AND PRIVATIZATION**

Derived from the principles of Marxism, previously planned economies were characterized by the exclusivity of state-owned property, resulting in acute inefficiencies at the firm as well as the macro level (Kornai, 1992). A major objective of reforms in countries undergoing transition to a market economy is to increase the productive efficiency of former planned enterprises and to make their outputs competitive on world markets (Sachs & Warner, 1995). Privatization emerged as central to effecting such reform due to its sociopolitical importance and potential macroeconomic benefits (Megginson & Netter, 2001). It was designed to enhance restructuring in failing state-owned companies through the elimination of the major constraints on managerial strategic actions imposed by state ownership and central planning, and to provide new incentives for managers to make important strategic decisions. Typically, programs have used a mixture of privatization methods, with the dominant approach varying between countries (Brada, 1996). In the former Soviet Union (FSU), countries have generally imitated Russia in the application of "give-away" privatization to incumbent management and through vouchers distributed to adult citizens which are then used to bid for shares in enterprises (Estrin & Wright, 1999)<sup>1</sup>. In most cases, these privatizations were accomplished without any additional infusion of new capital. Direct sales to inside management and employees as "privatization buy-outs" or to foreign investors as "privatization divestments" have been a secondary method of transfer to the private sector. Among the FSU countries, only Estonia has pursued a policy primarily focused on direct sales, and therefore is likely to encourage widespread outsider ownership. In the countries of Central Europe, direct sales or voucher privatizations, often in favor of outside owners, have predominated (EBRD, 1998).

#### **THEORETICAL EMPHASIS AND CONTRIBUTION**

Corporate restructuring has gained popularity in the past two decades; first in developed and later in developing countries. This trend has been a product of numerous competitive, regulatory and technological changes affecting firms worldwide. Research on firm-level restructuring is characterized by a broad range of antecedents, processes and outcomes (Johnson, 1996). Of the numerous antecedents, restructuring has been linked to environmental changes, corporate governance, firm strategies and prior performance (Bergh, 1997; 1998; Bergh & Lawless, 1998; Duhaime & Grant, 1994; Hoskisson, Johnson, & Moesel, 1994; Markides, 1992). In these studies, a wide range of restructuring modes have been examined, including mergers, acquisitions, divestitures, refocusing, and leveraged buyouts. While earlier studies have made implicit assumptions about better financial performance subsequent to restructuring, more recent research has shown additional important restructuring benefits, such as synergies, innovative capabilities, improved resource allocation, and competitiveness (Bethel & Liebeskind, 1993; Bergh, 1998; Chatterjee, 1986; 1992; Hoskisson & Johnson, 1992).

Researchers studying firm restructuring from the perspective of agency theory (Fama & Jensen, 1983; Jensen and Meckling, 1976) have made important contributions. This stream focuses on restructuring as an alternative mechanism to reduce agency costs (Hoskisson & Turk, 1990), thus, it provides an appropriate theoretical lens for this paper. Agency theorists consider governance mechanisms as a means to restrain the diversification efforts of firms fueled by managerial self-interest. Findings on the effectiveness of corporate governance on restructuring, however, have been mixed (Johnson, 1996). Studies by Gibbs (1993), Jensen (1993), and Hoskisson and Turk (1990) found that board of directors, managerial incentives, and ownership concentration have been largely inadequate mechanisms to prevent overdiversification by managers of the firm. These findings suggest that board of directors tend to be involved with restructuring when the performance of the firm is low (Johnson, Hoskisson, & Hitt, 1993) and/or have equity stakes in the firm (Kosnik, 1990). Poor performance has also been found to increase the involvement of blockholders in restructuring. Specifically, these concentrated owners appear to

<sup>1</sup> In this paper we focus on the "give-away" privatization to incumbent management, as both individual outside owners and institutions with voucher investments have been found to be passive regarding firm strategies in CEE, turning over control to insiders (Frydman, Pistor, and Rapaczynski, 1996). In addition, we will not discuss restitution, another specific form of privatization in CEE. Despite its political importance, returning state assets to their original owners has been difficult in CEE due to inadequate or conflicting ownership records (Brada, 1996; Megginson & Netter, 2001).

pressure managers of poor performing firms to sell unrelated businesses and improve synergy of related operations (Bergh, 1995; Bethel & Liebeskind, 1993).

Studies on emerging economies have uncovered important contextual factors that may contribute to agency theoretic explanations of firm restructuring in a transitional context. These factors include the development of market institutions, (high) levels of government involvement, industry structures, ownership patterns and enforcement of business laws (Chang and Hong, 2000; Khanna and Palepu, 1997; 2000; La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1998; North, 1994). For instance, because of the weak corporate governance and control, business groups have become intermediaries and organizational arrangements which fill "institutional voids" in some emerging economies (Khanna & Palepu, 2000). These groups have also been found to play an important role in firm restructuring in some developing countries (Hoskisson, Cannella, Tihanyi, & Faraci, 2001). A study by La Porta and colleagues (1998) also substantiates the importance of contextual examination. These authors found that variations in ownership protection and enforcement of the laws in different countries may affect the potential involvement of owners on firm strategy.

Focusing on firm restructuring in the context of transition economies of CEE, researchers have found mixed outcomes. For example, restructuring of formerly state-owned enterprises often resulted in the emergence of different organizational forms, such as networks, "recombinant properties", or heterarchies (Peng & Heath, 1996; Spicer, McDermott, & Kogut, 2000; Stark, 1996). These organizational forms represent the redefinition or recombination of previously state-owned organizational assets, blurring the boundary between public and private property in transition economies (Stark, 1996). An important reason for these restructuring outcomes might be the limited impact of new private owners on firm restructuring. The study of Filatotchev and colleagues (2000) indicates that managerial opportunism during downsizing is not controlled effectively by the institutional owners of the firm. These suboptimal outcomes of firm restructuring are often explained by the fluid state of the institutional environment in transition economies (Newman, 2000; Whitley & Czaban, 1998). Thus, one potential contribution of our work will be to examine the ownership differences in transition economies which accentuate problems with

restructuring because monitoring is not adequate or because managers have too much ownership (Morck, Shleifer & Vishny, 1988).

Although the adaptation of firms in CEE involves a complex set of agency problems, studies agree that the shift from state to private ownership is one of the most important contextual factors associated with firm restructuring in these countries. There is substantial evidence in prior studies on the positive performance effects of privatization. These benefits might be due to the improved effectiveness of ownership control in privatized firms, as government bureaucrats had little interest and expertise to control managerial opportunism in the formerly state-owned firms (Kornai, 1992). In addition to much needed capital, private owners may provide skills and effective control mechanisms for the management of firms in CEE. Indeed, privatized firms sold to foreign owners have been found to outperform state-owned firms (Frydman, Gray, Hessel, & Rapaczynski, 1999). D'Souza and Megginson (1999) have also reported a significant post-privatization performance improvements in the areas of profitability, sales, operating efficiency, and dividend payments. Sachs, Zinnes, and Eiliat (2000) note that the benefits of privatization may be related to the parallel institutional reforms, such as improved legal frameworks, better enforcement, hardened budget constraints, and new industry entrants.

Despite the well-documented performance gains of privatizations in the region, little research has focused on how this and other benefits are created *inside the firm*. This extension is important, since CEE governments, that are expecting to gain macroeconomic benefits (e.g., employment, enhanced local supply, and trade balance) from improved firm performance, have experimented with a diverse set of privatization methods. Moreover, the outcome of restructuring is of interest to the new owners concerned about designing proper control systems at newly privatized firms.

Thus, the observed firm-level variance of privatization may partly be explained by taking into account additional contextual variables (Cuervo and Villalonga, 2000). Beyond the methods of privatization, these researchers propose that the replacement of management and effective governance mechanisms may lead to greater performance increases in privatized firms. Recent reviews of the privatization literature (e.g., Cuervo & Villalonga, 2000; Megginson & Netter,

2001) conclude that continued research on firm restructuring processes has the promise to open the black box between privatization and firm performance. Our paper aims to enhance current research by focusing on the effects of governance, organizational, and managerial capabilities on firm restructuring in CEE.

### **Privatization, Corporate Governance, and Restructuring**

Different privatization modes may be associated with different corporate governance mechanisms. For example, there has been a considerable debate about the first stage of economic reforms in CEE and the FSU concerning the possible restructuring benefits from privatizing enterprises to incumbent managers. This debate is rooted in the agency theory literature on the importance of managerial equity ownership for firm strategies. In particular, the extent of managerial equity ownership has been identified as a crucial aspect of managerial willingness and capacity to implement strategic change (Daily & Johnson, 1997; Finkelstein, 1992). The private nature of shareholdings provides manager-owners with the incentive to consider the consequences of their actions on the market value of their property rights and the proper motivation of managers through incentive alignment may prove a powerful mechanism to ensure that managers implement value-enhancing restructuring actions (Holderness & Sheehan, 1988; Jensen & Meckling, 1976; Tosi, Katz & Gomez-Mejia, 1997). However, some researchers have noted that managerial shareholding may create a trade-off between managerial incentives and entrenchment. For example, Morck, Shleifer and Vishny (1988) demonstrated a curvilinear relationship between managerial equity ownership and performance. A study of forty-one privatizations in 15 countries conducted by Andrews & Dowling (1998) showed that a precondition of successful turnaround was the replacement of top managers rather than their endowment with equity. These findings have been replicated in transition economies.

"Give-away" privatizations, where insiders become majority shareholders, are unlikely to create efficient governance systems, since they tend to promote managerial entrenchment and opportunism. A survey from Russia indicates that managers use their equity as a deterrent against outside investors who may threaten them with dismissal (Filatotchev et al., 1999). Diffused share ownership among individual, inexperienced shareholders is unlikely to provide an effective constraint on self-serving behavior by former "Red

Directors". Moreover, the give away nature of the distribution of equity means that insiders have no significant investment to protect their firm, thus further encouraging shirking (Filatotchev, Wright, & Buck, 1995). Privatization buy-outs that involve insiders purchasing the firm's assets and thus taking on a commitment to reimburse outside funding may introduce a stronger pressure to restructure. However, these pressures may be weakened where budget constraints remain relatively soft.

When entrenched former "Red Directors" are unable to introduce the very often painful restructuring measures, "...externally imposed change may be the only way to bring the organization back into fit with its environment" (Dunphy & Stace, 1988:320). For example, outside shareholders may be powerful enough to engage in screening and managerial selection mechanisms, when inefficient managers are identified and replaced with more able and better trained corporate entrepreneurs (Boeker, 1997; Gunz & Jalland, 1996; Holderness & Sheehan, 1988). There is strong evidence from turnaround research that recovery from decline is often facilitated by replacing the CEO and other top managers (Pearce & Robbins, 1993; Barker & Duhaime, 1997). Therefore, we suggest:

*P1a. Both "give-away" privatizations and privatization buy-outs are less likely to be associated with higher managerial turnover than privatization divestments.*

However, CEO replacement is usually the result of an acute conflict of interests between top managers and shareholders (Gibbs, 1993). Outside shareholders and their representative bodies (corporate boards, board committees etc.) must have the experience and the necessary expertise to be able to encourage restructuring actions through counseling and oversight (Hill & Snell, 1989; Mikkelsen & Partch, 1997). Management buyouts in developed countries are characterized by strong boards of directors in which active investors such as LBO associations and private equity providers play a key role (Sahlman, 1990). The combination of managerial equity incentives and governance by outsiders is important in increasing attention to value-enhancing activities in management buyouts (Zahra, 1995).

In "give-away" privatizations, incumbents with substantial majority holdings have the power to prevent outside minority shareholders obtaining

board seats or even access to information. Frydman and colleagues (1996) show that, although voucher investment funds in Russia have board representation in at least some of the enterprises in their portfolio, they are either passive investors in insider-dominated enterprises or attempt to find some way of working with management in order to have some limited influence. Unless a close relationship can be developed in such cases between the outside investor and management, outsiders even if they have board seats may need to obtain majority stakes in order to obtain strong influence on the strategic direction of the enterprise (Wright, Buck & Filatotchev, 1998). In privatization buy-outs in Hungary, banks providing finance have the power to obtain informational and control rights in the company as a condition of extending the loan (Karsai & Wright, 1994; Wright, Hoskisson, Busenitz, & Dial, 2000). Further evidence from Hungary indicates that venture capital firms play an important role in financing privatization buyouts and attach great importance to board membership and their role in helping to form and manage the board, monitoring financial performance and managing crises and problems (Karsai, Wright & Filatotchev, 1997). Hence:

*P1b. Privatization buyouts that involve the purchase of insider equity are more likely to be associated with development of effective corporate boards than "give-away" privatizations.*

However, banks may be more likely to monitor investments through receipt of regular reports than through active board involvement (Karsai & Wright, 1994), so that board composition may still be weak. Similarly, the expertise of venture capital firms may be immature in Hungary compared to developed markets and contextual factors may mean that their board role may be significantly reduced if they do not have majority ownership (Karsai, et al., 1997). In their analysis of the privatization of Russian shops, Barberis, Boycko, Shleifer, and Vishny (1996) find that those shops sold to outsiders were significantly more likely to lay-off managers. Although the authors concede that their findings may not be directly applicable to industrial firms, this evidence suggests that privatization divestments to financial institutions and foreign strategic investors in contrast to privatization to insiders could be followed by the development of more effective systems of corporate governance and control that identify and remove underperforming managers. Therefore, we suggest the following proposition:

*P1c. Privatization divestments are more likely to be associated with development of effective corporate boards than "give-away" privatizations and buy-outs.*

### **The Organizational and Managerial Capabilities of Privatized Firms in CEE**

Robust corporate governance may be a necessary but not sufficient condition for the strategic re-orientation of former state-owned enterprises. To be implemented effectively, restructuring intentions should be supported by an organization's "ability to change", usually operationalized as a function of firm size, diversity, financial resources available (Barker and Duhaime, 1997), and, more generally, of organizational "slack" (Cameron, 1994; Greenhalgh et al., 1988; Singh, 1986). These organizational capabilities are particularly important in the context of CEE. The weak financial position of SOEs-the populist rationale and justification of insider "give-away" privatization programs-has resulted in a general lack of working capital in privatized firms. Moreover, because CEE economies have undeveloped capital markets and can offer only limited legal protection to foreign investors (EBRD, 1998), for most privatized firms substantial, new capital investments are not usually possible. While firms in developed economies may hire human capital or acquire other organizations in order to obtain necessary resources, this is largely impossible for firms in transitional countries. Consequently, organizational restructuring in CEE needs to be accompanied by internal firm resource development and learning.

Further obstacles in this process come from the characteristics of CEE firms, in particular their limited absorptive capacity. Absorptive capacity is the ability of firms "to recognize the value of new information, assimilate it, and apply it to commercial ends" (Cohen & Levinthal, 1990: 128). Absorptive capacity, nonetheless, depends on firms' prior related knowledge. Yet, the socialist experience in CEE has equipped firms with little prior knowledge of how to adapt to a market environment (Newman, 2000). Knowledge needed to fulfill plans designed by the central planning bureaucracy varies significantly from recognizing and meeting demand in a competitive environment. Accordingly, the learning process of how to restructure a privatized firm in CEE presents significant challenges. Below we discuss the relationship between privatization mode, corporate governance, management, and these daunting learning processes.

Learning how to adapt an organization to its environment rests largely with the top management of a firm. Firm leaders' knowledge determines an organization's ability to leverage and exploit its resources (Mahoney, 1995; Penrose, 1959). Traditionally, business leaders in CEE were highly qualified in technological skills. Also, they had to use their relationships with political authorities for the firm to achieve planned targets and obtain resource allocations (Ledeneva, 1999). Furthermore, the socialist system and the subsequent inefficient markets early in the transition process required firms to engage in informal interactions with each other to overcome shortages (Peng & Heath, 1996). The stability of five-year plans, however, did not require major organizational restructuring and adaptation to a changing environment. The slow change of firms since the beginning of the economic transition indicates a limited ability of established leaders in general to adjust their organizations to the new context (Blasi et al., 1997; Carlin & Aghion, 1996; Newman, 2000; Stiglitz, 1999; Wright et al., 1998).

Earlier research has identified three levels of managerial learning needed in CEE organizations (Child, 1993; Villinger, 1996). First, new techniques had to be acquired such as measurement methods and engineering techniques. Second, new organizational systems and procedures had to be adopted requiring learning at the firm level. Third, managers had to accept new criteria for evaluating business success and recognizing factors contributing to organizational innovation and strategies that lead to success in the new environment.

The extent to which this learning will take place is not clear a priori. Privatization may unleash latent managerial talent that may be exercised when control by politicians disappears (Shleifer & Vishny, 1994; Cuervo & Villalonga, 2000). The fundamental changes in corporate governance following privatization have the potential to improve the learning ability of a firm. Investment incentives for managers may lead to shifts in firm investments and strategic focus. Appropriate board membership may add to the restructuring of the firm beyond changes in monitoring of managers when directors are also considered a resource to the firm that enhances its capacity to learn (Demb & Neubauer, 1992).

However, while some learning may be achieved via training programs, others are difficult to achieve due to the required shifts in managers'

cognitive frameworks. Therefore, some have suggested that the changes in the organizational environment of firms in CEE are too fundamental for managers to absorb and comprehend them and thus they would be largely unable to transform their firms accordingly (Bonin & Abel, 1998; Carlin & Aghion, 1996; Whitley & Czaban, 1998; World Bank, 1996).

Given the limited experience of managers and board members in CEE firms, the changes may strongly depend on the mode of privatization. As suggested above, privatization divestments create the opportunity for major change in the governance as well as the management of the privatized firm. Foreign strategic investors, for instance, have often replaced the CEO and CFO of the former SOE with new management brought in through the support of outside investors (McDonald, 1993). In some cases, they have created a heterogeneous top management team consisting of managers with market experience as well as those with local experience and thus complementary knowledge which facilitates both adaptation to market forces and local and internal firm conditions. These strategic investors have also affected learning at lower levels in the organization via exchange of personnel, training, adaptation of the organizational structure, and systems and resource upgrades (Uhlenbruck, 2000).

In contrast, privatization buyouts and "give-away" privatizations cannot readily take advantage of all these opportunities to improve the learning capacity of the firm. If an effective capital market is in place, lenders to the inside owners will be able to control the owner/manager(s) (Spicer et al., 2000; Wright et al., 2000). However, they have to establish a board that is involved in the selection of additional managers, setting of strategic goals, providing contacts to alliance partners, etc. to contribute to the learning of the privatized firm and its restructuring efforts. Otherwise, lenders are relying on the latent managerial talent of the former managers that now also become owners.

Managers engaging in buyouts anticipate performance improvements after privatization (Cuervo & Villalonga, 2000). This requires either recognizing market trends favorable to the firm or potential returns of firm restructuring, or both. That is, managers involved in privatization buyouts may indicate that they have absorptive capacity; they may have understood the complex relationships between the firm and its market environment and subsequently decided to enter

into the transaction. This entrepreneurial talent (which may also be recognized by lenders) provides the foundation for effective restructuring of the privatized firm. Managers signal their ability to do this by their willingness to take on the commitment to service external finance. "Give-away" privatization, on the other hand, neither provides incentives to establish a board that provides new resources to the firm, nor does "give-away" privatization indicate entrepreneurial talent of the new owners because they take on no additional risk with firm ownership.

*P2a. Privatization divestments are more likely to be associated with high absorptive capacity and learning than "give-away" privatizations or privatization buyouts.*

*P2b. Privatization buyouts are more likely to be associated with high absorptive capacity and learning than "give-away" privatizations.*

A traditional source of learning and resources in the socialist firm is the development of informal networks based on implicit and open-ended contracts (Jones, Hesterly & Borgatti, 1997; Stark, 1996). The latter may be a particularly widespread type of restructuring because it is based on the "network contacts that are extensively used to coordinate economic activity before the transition" (Peng & Heath, 1996: 14). The pressures of rapidly changing environmental conditions on formerly highly integrated industries may lead to attempts to reinforce these networks (Filatotchev, Buck and Wright, 1993; Stark, 1996). This defensive ossification of established networks may perpetuate the inefficiencies of the former regime and delay necessary restructuring.

Weaknesses in regulatory and legal environments may provide managers of former SOEs with other strategic options, such as building up "environmental support" and the extraction of non-economic rents (Rajagopalan & Spreitzer, 1997; Rumelt, 1987). For example, managers of privatized firms may use their links with the state authorities to obtain "soft" loans, delay taxes or payments to state-owned utility companies (Brada et al., 1997; Török, 1993). In Russia, this managerial behavior created what Graddy and Ickes (1998) called the "virtual economy" in which enterprises either do not pay their suppliers and taxes, or make payment through barter transactions. Hence,

*P3. "Give-away" privatizations and privatization buy-outs are more likely to be associated with the maintenance and further defensive development of traditional inter-firm networks than privatization divestments.*

However, while some consider these networks the primary route to firm growth in transitional economies (Peng & Heath, 1996), others are concerned that such "webs of mutual support" maintain non-market interaction (Ericson, 1998: 104) and thus impede restructuring as adaptation to the market-based economy. On the other hand, recent research identifies significant learning success for firms involved in joint ventures with firms outside their traditional network (Lyles & Salk, 1996; Steensma & Lyles, 2000). From a sample of almost 200 joint ventures in Hungary, they found significant knowledge acquisition by the organization, typically in existing Hungarian firms cooperating with foreign partners. In particular, Lyles and Salk (1996) identify that type of organizational structure within a JV, written goals for collaboration, and personnel training by the foreign partner contributed to learning, and mainly to the acquisition of managerial as compared to technical knowledge. We conclude from this that managers can and do improve learning and absorptive capacity within their organizations despite their limitations because cooperation outside the traditional network, changes in organizational structure, the setting of goals, and personnel training require relatively little financial resources.

*P4. Inter-firm cooperation outside traditional networks will lead to more organizational capability development than cooperation within traditional networks.*

## DISCUSSION

In this paper we have developed a framework of firm restructuring in CEE transition economies. Despite the extant literature on the subject, firm processes in this important group of emerging countries are not yet fully understood (Spicer et al., 2000; Ramamurti, 2000). This is an important limitation considering the growing body of evidence on the role of different institutional environments for firm strategies, including restructuring (Chang & Hong, 2000; Khanna & Palepu, 1997; 2000; Hoskisson et al., 2001). This paper represents an effort to extend the generalizability of prior findings in agency theory and organizational learning to the context of emerging markets. Our model attempts to highlight the importance of governance

mechanisms and managerial and organizational capabilities in strategic reorientation of firms in the former Eastern Bloc. In particular, we emphasize that governance changes may be a necessary but not sufficient condition for effective restructuring. Although a growing number of studies have focused on the general importance of enhancing corporate governance in transition economies, it is the link between the corporate governance structures associated with different types of privatization and internal firm processes that is important for the nature of restructuring.

Firms in transition economies have been privatized to generate various macroeconomic benefits, such as employment, competitiveness, and a positive trade balance. In addition to the macroeconomic benefits, privatization (using financial markets and infusion of new capital) has been linked directly to improvements in firm performance (Megginson & Netter, 2001). Recent studies in CEE, however, have found that firm performance may depend on additional factors (Frydman et al., 1999; Sachs et al., 2000), underlining the importance of continued contextual examinations of privatization (Cuervo & Villalonga, 2000). This paper seeks to contribute to this stream of research by differentiating the organizational impacts of such commonly used privatization methods as divestment, buyout, and "give-away." Drawing from agency theory, we propose that privatization divestments might be associated with higher managerial turnover than other methods of privatization. On the other hand, sales of the firms to foreign owners may lead to the emergence of more effective boards of directors. In addition, "give-away" privatizations are less likely to be associated with effective corporate governance.

Another potential contribution of this paper is the emphasis on managerial and organizational capabilities. Although these capabilities are considered important in restructuring regardless of the context, the shift from central planning to a market system has created an environment in CEE where the ability to apply new knowledge has become central for organizational survival (Steensma & Lyles, 2000). Again, we propose that the methods of privatization determined by CEE government policies have implications for the use of firm capabilities. Countries that have relied more on privatization divestments (e.g., Poland and Hungary), may be able to generate higher absorptive capacity and learning, than governments that have been hesitant to sell state-owned firms to foreign investors (e.g., Czech Republic, Russia, Slovakia, and Slovenia) and

implemented buyouts and "give-away" privatizations. Buyouts and "give-away" privatizations may also lead to the formation of networks (Peng & Heath, 1996; Stark, 1996). However, in contrast to privatization divestments, these networks may be more defensive and may reinforce former non-commercial patterns of working that inhibit much needed restructuring.

From an agency perspective, privatization should promote managerial "ability to change" by providing a new, market-based set of managerial incentives, as well as creating effective, firm-level systems of monitoring and control that are able to identify inefficient and complacent managers and replace them with "true" corporate entrepreneurs (Shleifer and Vishny, 1997). We suggest that privatization and restructuring may be affected by managerial "ability to change" (Filatotchev et al., 1996; 2000) in transition economies. Prior research on strategic change and corporate entrepreneurship in developed economies links managerial "ability to change" with such factors as managerial expertise, flexibility, learning capacity, ability to make unorthodox, risky decisions, etc. (Dunphy & Stace, 1988; Pettigrew et al., 1992; Rajagopalan & Spreitzer, 1997; Mintzberg & Westley, 1992; Tichy, 1983). In CEE at the start of the reform process there was a general absence of sufficiently skilled managers in existing businesses trained to compete in a market-based economy (Puffer, 1994). As managers were largely chosen by the "negative selection" of the former regime, they were less likely to possess sufficient restructuring expertise and display entrepreneurial drive (Dunphy & Stace, 1988: 319). As a result, "Red Directors" may have been so imbued with the *modus operandi* of the former system that they were unable to take risk and engage in restructuring actions following privatization (Linz, 1996). Since the present generation of managers in former command economies developed their careers in a central planning bureaucracy where meeting output targets and organizational growth were considered to be a major feature of managerial success, it is clear that restructuring requires dramatic change in managerial mind-sets and priorities (Tichy, 1983:11). Thus, one may assume that restructuring in the region is impeded by the lack of entrepreneurial orientation as a consequence of the specific characteristics of the managers of the former system (McCarthy et al., 1993). For example, analyzing the so-called "drifting" firms in Hungary, Török (1993) showed that lack of entrepreneurial orientation is related to reduced strategic choice and, in fact, an effort to preserve the *status quo*.

Given the history of SOEs in the former communist countries of CEE, little organizational capacity or managerial ability to change can be expected. Privatization in itself changes the ownership of firms but does not necessarily lead to more effective governance. Unless the mode of privatization promotes the establishment of effective boards, governments rely heavily on the latent managerial talent of incumbent managers when expecting effective post-privatization organizational restructuring.

Although enterprises in transition economies may be dominated by entrenched Red Directors, there is likely to be some heterogeneity with respect to managers' entrepreneurial skills and mindsets (Filatotchev, Buck and Wright, 1992; Hisrich and Grachev, 1993; Krueger, 1995). If there are fundamental differences in the ways such managers think and make decisions, these differences may lead to a greater willingness on the part of some managers to undertake privatization buyouts that involve the purchase of equity. In comparison to divestments to foreign firms, such managers also benefit from knowledge of the privatized firm and its local environment. However, in the highly uncertain and dynamic environment that characterizes transition economies, incumbent management with an entrepreneurial mindset, able to use simplifying heuristics to identify upside opportunities to enhance the performance of the business, rather than simply attempting to entrench themselves and preserve their jobs (Wright, et al., 2000), are likely to be a very rare commodity. This suggests that an emphasis on learning is likely to be more fruitful in generating more effective corporate restructuring. There is, therefore, a need for empirical research that compares those firms that had an infusion of outside talent such as through outside foreign investment or joint ventures with the entrepreneurial action and progress (learning) accomplished by incumbent managers.

This paper has focused on the links between modes of privatization, corporate governance and managerial and organizational capabilities. These links suggest implications for different restructuring outcomes. Weak corporate governance combined with low absorptive capacity and defensive networks that reinforce behavior from the former regime and an absence of entrepreneurial mindsets, appear more likely in "give-away" privatizations. In this case, there is likely to be less improvement in strategic efficiency and low levels of strategic innovativeness. Reverse entrepreneurship may also

result as incumbent managers entrench themselves and continue to engage in activities that subtract value from resource combinations. Privatization divestments may be more likely to lead to improved efficiency and strategic innovativeness as they introduce scope for the replacement of ineffective management and greater managerial and organizational capabilities that enhance learning. In general, privatization buyouts may be expected to lead to outcomes that are intermediate between those found in "give-away" privatizations and privatization divestments. Further theoretical development is required to examine the precise nature of these links between privatization modes, governance, managerial and organizational capabilities and restructuring outcomes.

## REFERENCES

- Andrews, W.A., & Dowling, M.J. 1998. Explaining performance changes in newly privatized firms. *Journal of Management Studies*, 35: 601-617.
- Antal-Mokos, Z. 1998. Privatization, politics, and economic performance in Hungary. Cambridge, UK: Cambridge University Press.
- Barberis, N., Boycko, M., Shleifer, A., & Tsukanova, N. 1996. How does privatization work: Evidence from the Russian shops. *Journal of Political Economy*, 104: 764-790.
- Barker, V.L., & Duhaime, I.M. 1997. Strategic change in the turnaround process: Theory and empirical evidence. *Strategic Management Journal*, 18: 13-38.
- Barney, J.B. 1997. Gaining and sustaining competitive advantage. New York, Amsterdam: Addison-Wesley Publishing Co.
- Baucus, M.S., & Near, J.P. 1991. Can illegal corporate behavior be predicted? An event history analysis. *Academy of Management Journal* 34: 9-36.
- Baysinger, B.D., & Hoskisson, R.E. 1990. The composition of boards of directors and strategic control: Effects on corporate strategy. *Academy of Management Review*, 15: 72-87.
- Bergh, D.D. 1995. Size and relatedness of units sold: An agency theory and resource-based perspective. *Strategic Management Journal*, 16: 221-239.
- Bergh, D. D. 1997. Predicting divestiture of unrelated acquisitions: An integrative model of ex ante conditions. *Strategic Management Journal*, 18: 715-731.
- Bergh, D.D. 1998. Product-market uncertainty, portfolio restructuring and performance: An information-processing and resource-based view. *Journal of Management*, 24: 135-156.
- Bergh, D.D. & Lawless, M.W. 1998. Portfolio restructuring and limits to hierarchical governance: The effects of environmental uncertainty and diversification strategy. *Organization Science*, 9: 87-102.
- Bethel, J.E., & Liebeskind, J. 1993. The effects of ownership structure on corporate restructuring. *Strategic Management Journal*, 14: 15-31.
- Bim, A. 1996. Ownership and control of Russian enterprises and strategies of shareholders. *Communist Economies and Economic Transformation*, 8: 471-500.
- Blackwell, D.W., Marr, M.W., & Spivey, M.F. 1990. Plant-closing decisions and the market value of the firm. *Journal of Financial Economics*, 26: 277-288.
- Blasi, J., Kroumova, M., & Kruse, D. 1997. Kremlin capitalism. Privatizing the Russian economy. Ithaca and London: Cornell University Press.
- Boeker, W. 1997. Strategic change: The influence of managerial characteristics and organisational growth. *Academy of Management Journal*, 40: 152-170.
- Bonin, J. P. & Abel, I. 1998. Will restructuring Hungarian companies innovate? *Comparative Economic Studies*, 40: 53-74.
- Brada, J. 1996. Privatization is transition: Or is it? *Journal of Economic Perspectives*, 10: 67-86.
- Brada, J.C., King, A.E., & Chia Ying Ma. 1997. Industrial economics of the transition: Determinants of enterprise efficiency in Czechoslovakia and Hungary. *Oxford Economic Papers*, 49: 104-127.
- Cameron, K.S. 1994. Strategies for successful organizational downsizing. *Human Resource Management*, 33: 189-211.
- Cameron, K.S., Kim, M.U., & Whetten, D.A. 1987. Organizational effects of decline and turbulence. *Administrative Science Quarterly*, 32: 222-240.
- Carlin, W. & Aghion, P. 1996. Restructuring outcomes and the evolution of ownership patterns in Central and Eastern Europe. *Economics of Transition*, 4: 371-388.
- Chang, S.J. & Hong, J. 2000. Economic performance of group-affiliated companies in Korea: Intragroup resource sharing and internal business transactions. *Academy of Management Journal*, 43: 429-448.
- Chatterjee, S. 1986. Type of synergy and economic value: The impact of acquisitions on merging and rival firms. *Strategic Management Journal*, 7: 119-139.

- Chatterjee, S. 1992. Sources of value in takeovers: Synergy or restructuring-Implications for target and bidder firms. *Strategic Management Journal*, 13: 267-286.
- Child, J. 1993. Society and enterprise between hierarchy and market. In J. Child (Ed.), *Societal change between market and organization*. Aldershot: Avebury.
- Child, J, & Czeglédy, A.P. 1996. Managerial learning in the transformation of Eastern Europe: Some key issues. *Organization Studies*, 17: 167-179.
- Cohen, W. M. & Levinthal, D. A. 1990. Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 35: 128-152.
- Cuervo, A. & Villalonga, B. 2000. Explaining the variance in the performance effects of privatization. *Academy of Management Review*, 25: 581-590.
- Daily, C.M., & Johnson, J.L. 1997. Sources of CEO power and firm financial performance: A longitudinal assessment. *Journal of Management*, 23: 97-117.
- Demb, A. & Neubauer, F. F. 1992. *The corporate board*. New York: Oxford University Press.
- Doh, J. P. 2000. Entrepreneurial privatization strategies: Order of entry and local partner collaboration as sources of competitive advantage. *Academy of Management Review*, 25: 551-571.
- D'Souza, J.D. & Megginson, W.L. 1999. The financial and operating performance of privatized firms during the 1990s. *Journal of Finance*, 54: 1397-1438.
- Duhaime, I.M. & Grant, J.H. 1984. Factors influencing divestment decision-making: Evidence from a field study. *Strategic Management Journal*, 5: 301-318.
- EBRD (European Bank for Reconstruction & Development). 1998. *Transition Report, 1998: Enterprise performance and growth*. London: EBRD.
- Ericson, R. E. 1998. Restructuring in transition: Conception and measurement. *Comparative Economic Studies*, 40: 103-108.
- Estrin, S. & Wright, M. 1999. Corporate governance in the former Soviet Union: An overview of the issues. *Journal of Comparative Economics*.
- Fama, E.F. & Jensen, M.C. 1983. Separation of ownership and control. *Journal of Law and Economics*, 26: 301-325.
- Filatotchev, I., Buck, T., & Zukov, V. 2000. Downsizing in privatized firms in Russia, Ukraine, and Belarus. *Academy of Management Journal*, 43: 286-304.
- Filatotchev, I., Hoskisson, R., Buck, T., & Wright, M. 1996. Corporate restructuring in Russian privatizations: Implications for US investors. *California Management Review*, 38: 87-105.
- Filatotchev, I., Wright, M. & Buck, T. 1995. *Annals of Public and Cooperative Economics*,
- Filatotchev, I., Wright, M., Buck, T., & Zhukov, V. 1999. Corporate entrepreneurs and privatized firms in Russia, Ukraine and Belarus. *Journal of Business Venturing*, 14: 475-492.
- Finkelstein, S. 1992. Power in top management teams: Dimensions, measurement, and validation. *Academy of Management Journal*, 35: 505-538.
- Finkelstein, S., & Hambrick, D.C. 1990. Top-management-team tenure and organizational outcomes: The moderating role of management discretion. *Administrative Science Quarterly*, 35: 484-503.
- Frydman, R., Pistor, K. & Rapaczynski, A. 1996. Investing in insider-dominated firms: A study of Russian voucher privatization funds, ch.5 pp.187-241 in Frydman, R., Gray, C. & Rapaczynski, A. (eds.), *Corporate governance in Central Europe and Russia: Vol. 2 Insiders and the State*, London:CEU Press.
- Frydman, R., Gray, C., Hessel, M., & Rapaczynski, A. 1999. When does privatization work? The impact of private ownership on corporate performance in the transition economies. *The Quarterly Journal of Economics*, 114: 1153-1191.
- Gibbs, P.A. 1993. Determinants of corporate restructuring: The relative importance of corporate governance, takeover threat, and free cash flow. *Strategic Management Journal*, 14: 51-68.

- Graddy, C., & Ickes, B. 1998. To restructure or not to restructure. Informal activities and enterprise behaviour in transition. Brookings Institution Working Paper, Washington, D.C.: Brookings Institution.
- Greenhalgh, L., Lawrence, A.T., & Sutton, R.I. 1988. Determinants of work force reduction strategies in declining organizations. *Academy of Management Review*, 13: 241-254.
- Gunz, H.P., & Jalland, M.R. 1996. Managerial careers and business strategies. *Academy of Management Review*, 21: 718-756.
- Hill, C.W.L., & Snell, S.A. 1988. External control, corporate strategy, and firm performance in research-intensive industries. *Strategic Management Journal*, 9: 577-590.
- Holderness, C.G., & Sheehan, D. P. 1988. The role of majority shareholders in publicly held corporations. *Journal of Financial Economics*, 20: 317-346.
- Hoskisson, R.E. Cannella, A.A.Jr., Tihanyi, L., & Faraci, R. 2001. The effects of group affiliation on asset restructuring. Paper at the 2001 Annual Academy of Management Meeting, Washington, DC.
- Hoskisson, R. E., Eden, L., Lau, C. M., & Wright, M. 2000. Strategy in emerging economies. *Academy of Management Journal*, 43: 249-267.
- Hoskisson, R.E. & Hitt, M.A. 1994. *Downscoping: How to tame the diversified firm*. New York: Oxford University Press.
- Hoskisson, R.E. & Johnson, R.A. 1992. Corporate restructuring and strategic change: The effect on diversification strategy and R&D intensity. *Strategic Management Journal*, 13: 625-634.
- Hoskisson, R.E., Johnson, R.A. & Moesel, D.D. 1994. Corporate divestiture intensity in restructuring firms: Effects of governance, strategy and performance. *Academy of Management Journal*, 37: 1207-1251.
- Hoskisson, R.E. & Turk, T.A. 1990. Corporate restructuring: Governance and control limits of the internal capital market. *Academy of Management Review*, 15: 459-477.
- Jensen, M.C. 1993. The modern industrial revolution, exit, and the failure of internal control systems. *Journal of Finance*, 48: 831-880.
- Jensen, M., & Meckling, W.H. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3: 305-360.
- John, K., Lang, L.H.P., & Netter, J. 1992. The voluntary restructuring of large firms in response to performance decline. *Journal of Finance*, 47: 891-917.
- Jones, C., Hesterly, W.S., & Borgatti, S.P. 1997. A general theory of network governance: Exchange conditions and social mechanisms. *Academy of Management Review*, 22: 911-945.
- Johnson, R.A. 1996. Antecedents and outcomes of corporate restructuring. *Journal of Management*, 22: 439-483.
- Johnson, R.A., Hoskisson, R.E., & Hitt, M.A. 1993. Board of director involvement in restructuring: The effects of board versus managerial controls and characteristics. *Strategic Management Journal*, 14(special issue): 33-50.
- Karsai, J. & Wright, M. 1994. Accountability, Governance and Finance in Hungarian Buyouts. *Europe-Asia Studies*, 46: 997-1016.
- Karsai, J., Wright, M. & Filatotchev, I. 1997. Venture capital in transition economies: The case of Hungary. *Entrepreneurship Theory & Practice*, 21: 93-110.
- Khanna, T. & Palepu K. 1997. Why focused strategies may be wrong for emerging markets. *Harvard Business Review*, 75(July-August): 3-10.
- Khanna, T. & Palepu, K. 2000. The future of business groups in emerging markets: Long-run evidence from Chile. *Academy of Management Journal*, 43: 268-285.
- Kornai, J. 1992. *The socialist system*. Princeton, NJ: Princeton University Press.
- Kosnik, R.D. 1990. Effects of board demography and directors' incentives on corporate greenmail decisions. *Academy of Management Journal*, 33: 129-150.

- Krueger, G. 1995. Transition strategies for former state-owned enterprises in Russia. *Comparative Economic Studies*, 37: 89-110.
- La Porta, R., Lopez-de-Silanes F., Shleifer A., & Vishny R. 1998. Law and finance. *Journal of Political Economy*, 106: 1113-1155.
- Ledeneva, A. 1999. *Russia's economy of favours*. Cambridge: Cambridge University Press.
- Liebeskind, J.P., Wiersema, M.F. & Hansen, G. 1992. LBOs, corporate restructuring, and the incentive intensity hypothesis. *Financial Management*, 21: 73-88.
- Linz, S. 1996. Russian firms in transition: Champions, challengers or chaff? *Comparative Economic Studies*, 39: 1-36.
- Lyles, M.A. & Salk, J.E. 1996. Knowledge acquisition from foreign parents in international joint ventures: An empirical examination in the Hungarian context. *Journal of International Business Studies*, 27: 877-903.
- Mahoney, J. T. 1995. The management of resources and the resource of management. *Journal of Business Research*, 33: 91-102.
- Markides, C.C. 1992. Consequences of corporate refocusing: Ex ante evidence. *Academy of Management Journal*, 35: 398-412.
- McCarthy, D., Puffer, S., & Shekshnia, S. 1993. The resurgence of an entrepreneurial class in Russia. *Journal of Management Inquiry*, 2: 125-137.
- McDonald, K. R. 1993. Why privatization is not enough. *Harvard Business Review*, 71: 49-50+.
- Meggison, W. L. & Netter, J. M. 2001. From state to market: A survey of empirical studies on privatization. *Journal of Economic Literature*, forthcoming.
- Mikkelsen, W.H., & Partch, M.M. 1997. The decline of takeovers and disciplinary managerial turnover. *Journal of Financial Economics*, 44: 205-228.
- Mintzberg, H., & Westley, F. 1992. Cycles of organizational change. *Strategic Management Journal*, 13: 39-59.
- Morck, R., Shleifer, A., & Vishny, R. 1988. Management ownership and market valuation: An empirical analysis. *Journal of Financial Economics*, 20: 293-316.
- Mueller, S.L., & Clarke, L.D. 1998. Political-economic context and sensitivity to equity: Differences between the United States and the transition economies of central and eastern Europe. *Academy of Management Journal*, 41: 319-329.
- Newman, K. 2000. Organizational transformation during institutional upheaval. *Academy of Management Review*, 25: 602-619.
- North, D. C. 1990. *Institutions, institutional change, and economic performance*. Cambridge ; New York: Cambridge University Press.
- North, D.C. 1994. Economic performance through time. *American Economic Review*, 84: 359-368.
- Pearce, J.A., & Robbins, K.D. 1993. Toward improved theory and research on business turnaround. *Journal of Management*, 19: 613-636.
- Peng, M.W., & Heath, P.S. 1996. The growth of the firm in planned economies in transition: Institutions, organizations and strategic choice. *Academy of Management Review*, 21: 492-528.
- Penrose, E. T. 1959. *The theory of the growth of the firm*. New York: Wiley.
- Pettigrew, A., Ferlie, E. & McKee, L. 1992. *Shaping strategic change*. London: Sage Publications.
- Puffer, S. 1994. Understanding the bear: A portrait of Russian business leaders. *Academy of Management Executive*, 8: 41-54.
- Rajagopalan, N., & Spreitzer, G.M. 1997. Toward a theory of strategic change: A multi-lens perspective and integrated framework. *Academy of Management Review*, 22:48-79.
- Ramamurti, R. 2000. A multilevel model of privatization in emerging economies. *Academy of Management Review*, 25: 525-550.
- Reilly, A.H., Brett, J.M., & Stroh, L.K. 1993. The impact of corporate turbulence on managers' attitudes. *Strategic Management Journal*, 14: 167-179.

- Rumelt, R.P. 1987. Theory, strategy and entrepreneurship. In D.J. Teece (Ed.), *The competitive challenge*: 137-158. Cambridge MA: Ballinger Publishing Co.
- Sahlman, W. 1990. The structure and governance of venture capital organizations. *Journal of Financial Economics*, 27: 473-521.
- Sachs, J. & A. Warner. 1995. Economic reform and the process of global integration. *Brookings Papers on Economic Activity* 2: 1-118.
- Sachs, J., Zinnes, C., & Eilat, Y. 2000. The gains from privatization in transition economies: Is change of ownership enough? CAER II Discussion Paper 62, Cambridge, MA: Harvard Institute for International Development.
- Shleifer, A. & Vishny, R. 1994. Politicians and firms. *Quarterly Journal of Economics*, 109: 995-1025.
- Shleifer A, Vishny R. 1997. A survey of corporate governance. *Journal of Finance* 52: 737-783.
- Sikora, M. 1995. The winding trail: A 30-year profile of M&A dynamism. *Mergers and Acquisitions*, 30: 45-51.
- Singh, J.V. 1986. Performance, slack and risk taking in organizational decision-making. *Academy of Management Journal*, 29: 562-585.
- Spicer, A., McDermott, G.A., & Kogut, B. 2000. Entrepreneurship and privatization in Central Europe: The tenuous balance between construction and creation. *Academy of Management Review*, 25: 630-649.
- Stark, D. 1996. Recombinant property in East European capitalism. *American Journal of Sociology*, 101: 993-1027.
- Steensma, H.K. & Lyles, M.A. 2000. Explaining IJV survival in a transition economy through social exchange and knowledge-based perspectives. *Strategic Management Journal* 21: 831-851.
- Stiglitz, J. E. 1999. *Whither reform? Ten years of the transition*. Washington, DC: World Bank Annual Conference on Development Economics.
- Tichy, N.M. 1983. *Managing strategic change: Technical, political and cultural dynamics*. New York: John Wiley & Son.
- Török, A. 1993. Trends and motives of organizational change in Hungarian industry: A synchronic view. *Journal of Comparative Economics*, 17: 366-384.
- Tosi, H., Katz, J., & Gomez-Mejia, L. 1997. Disaggregating the agency contract: The effects of monitoring, incentive alignment, and term in office on agent decision making. *Academy of Management Journal*, 40: 584-602.
- Uhlenbruck, K. 2000. Acquired foreign subsidiaries in transitional economies: Capability development and its obstacles. Paper presented at the annual meeting of the Academy of International Business, Phoenix, AZ.
- Uhlenbruck, N. & De Castro, J. 1998. Privatization from the acquirer's perspective: A mergers and acquisitions based framework. *Journal of Management Studies*, 35: 619-640.
- Villinger, R. 1996. Post-acquisition managerial learning in Central East Europe. *Organization Studies*, 17: 181-206.
- Whitley, R. & Czaban, L. (1998). Institutional transformation and enterprise change in an emergent capitalist economy: The case of Hungary. *Organization Studies*, 19: 259-280.
- Wright, M., Buck, T. and Filatotchev, I. 1998. Bank and investment fund monitoring of privatized firms in Russia. *Economics of Transition*, 6: 361-387.
- Wright, M., Hoskisson, R. E., Busenitz, L. W., & Dial, J. 2000. Entrepreneurial growth through privatization: The upside of management buyouts. *Academy of Management Review*, 25: 591-601.
- Wright, M., Hoskisson, R. E., Filatotchev, I., & Buck, T. 1998. Revitalizing privatized Russian enterprises. *Academy of Management Executive*, 12: 74-85.
- Zahra, S.A. 1995. Corporate entrepreneurship and financial performance: The case of management leveraged buy-outs. *Journal of Business Venturing*, 10: 225-248.
- Zahra, S.A., Ireland, R.D., Gutierrez, I., & Hitt, M.A. 2000. Privatization and entrepreneurial transformation: Emerging issues and a future research agenda. *Academy of Management Review*, 25: 509-524.

**LIST OF WORKING PAPER TITLES****2002**

- 02/20** – Mary S Klemm & Sarah J Kelsey  
*Catering for a Minority? Ethnic Groups and the British Travel Industry*
- 02/19** – Craig Johnson & David Philip Spicer  
*The Action Learning MBA: A New Approach Management Education*
- 02/18** – Lynda M Stansfield  
*An Innovative Stakeholder Approach to Management Education: A Case Study*
- 02/17** – Igor Filatotchev, Mike Wright, Klaus Uhlenbruck, Laszlo Tihanyi & Robert Hoskisson  
*Privatization and Firm Restructuring in Transition Economies: The Effects of Governance and Organizational Capabilities*
- 02/16** – Mike Tayles, Andrew Bramley, Neil Adshead & Janet Farr  
*Dealing with the Management of Intellectual Capital: The Potential Role of Strategic Management Accounting*
- 02/15** – Christopher Pass  
*Long-Term Incentive Schemes, Executive Remuneration and Corporate Performance*
- 02/14** – Nicholas J Ashill & David Jobber  
*An Empirical Investigation of the Factors Affecting the Scope of Information Needed in a MkIS*
- 02/13** – Bill Lovell, Dr Zoe Radnor & Dr Janet Henderson  
*A Pragmatic Assessment of the Balanced Scorecard: An Evaluation use in a NHS Multi-Agency Setting in the UK*
- 02/12** – Zahid Hussain & Donal Flynn  
*Validating the Four-Paradigm Theory of Information Systems Development*
- 02/11** – Alexander T Mohr & Simone Klein  
*The Adjustment of American Expatriate Spouses in Germany – A Qualitative and Quantitative Analysis*
- 02/10** – Riyad Eid & Myfanwy Trueman  
*The Adoption of The Internet for B-to-B International Marketing*
- 02/09** – Richard Pike & Nam Cheng  
*Trade Credit, Late Payment and Asymmetric Information*
- 02/08** – Alison J Killingbeck & Myfanwy M Trueman  
*Redrawing the Perceptual Map of a City*
- 02/07** – John M T Balmer  
*Corporate Brands: Ten Years On – What's New?*
- 02/06** – Dr Abdel Moniem Ahmed & Professor Mohamed Zairi  
*Customer Satisfaction: The Driving Force for Winning Business Excellence Award*
- 02/05** – John M T Balmer & Stephen A Greyser  
*Managing the Multiple Identities of the Corporation*
- 02/04** – David Philip Spicer  
*Organizational Learning & The Development of Shared Understanding: Evidence in Two Public Sector Organizations*
- 02/03** – Tamar Almor & Niron Hashai  
*Configurations of International Knowledge-Intensive SMEs: Can the Eclectic Paradigm Provide a Sufficient Theoretical Framework?*
- 02/02** – Riyad Eid, Myfanwy Trueman & Abdel Moniem Ahmed  
*The Influence of Critical Success Factors on International Internet Marketing*
- 02/01** – Niron Hashai  
*The Impact of Distance Sensitivity and Economics of Scale on the Output and Exports of Israel and its Arab Neighbours*

**2001**

- 01/18** – Christopher M Dent  
*Transnational Capital, the State and Foreign Economic Policy: Singapore, South Korea and Taiwan*
- 01/17** – David P Spicer & Eugene Sadler-Smith  
*The General Decision Making Style Questionnaire: A Confirmatory Analysis*
- 01/16** – David P Spicer  
*Expanding Experimental Learning: Linking Individual and Organisational learning, Mental Models and Cognitive Style*
- 01/15** – E Grey & J Balmer  
*Ethical Identity; What is it? What of it?*
- 01/14** – Mike Tayles & Colin Drury  
*Autopsy of a Stalling ABC System: A Case Study of Activity Based Cost Management and Performance Improvement*
- 01/13** – N Esho, R Zurbrugg, A Kirievsky & D Ward  
*Law and the Dominants of International Insurance Consumption*

- 01/12** – J Andrews Coutts & Kwong C Cheung  
*Trading Rules and Stock Returns: Some Preliminary Short Run Evidence from the Hang Seng 1985-1997*
- 01/11** – D McKechnie & S Hogarth-Scott  
*Linking Internal Service Encounters and Internal Transactions: Unravelling Internal Marketing Contract Workers*
- 01/10** – M Webster & D M Sugden  
*Operations Strategies for the Exploitation of Protected Technology: Virtual Manufacture as an Alternative to Outward licensing*
- 01/09** – Axèle Giroud  
*Buyer-Supplier Transfer and Country of Origin: An Empirical Analysis of FDI in Malaysia*
- 01/08** – Damian Ward  
*Do Independent Agents Reduce Life Insurance Companies' Free Cash Flow?*
- 01/07** – Daragh O'Reilly  
*Corporate Images in 'Jerry Maguire': A Semiotic Analysis*
- 01/06** – Tony Lindley & Daragh O'Reilly  
*Brand Identity on the Arts Sector*
- 01/05** – M Trueman, J Balmer & D O'Reilly  
*Desperate Dome, Desperate Measures! Managing Innovation at London's Millennium Dome*
- 01/04** – M Trueman, M Klemm, A Giroud & T Lindley  
*Bradford in the Premier League? A Multidisciplinary Approach to Branding and Re-positioning a City*
- 01/03** – A Harzing  
*Self Perpetuating Myths and Chinese Whispers*
- 01/02** – M Webster  
*Supply Systems Structure, Management and Performance: A Research Agenda*
- 01/01** – A Harzing  
*Acquisitions Versus Greenfield Investments: Exploring the Impact of the MNC's International Strategy*

**2000**

- 0031** – John Ritchie & Sue Richardson  
*Leadership and Misleadership in Smaller Business Governance*
- 0030** – Mary Klemm  
*Tourism and Ethnic Minorities in Bradford: Concepts and Evidence*
- 0029** – (not available)
- 0028** – (not available)
- 0027** – Axèle Giroud  
*Determinant Factors of the Degree of Supply-Related Technology Transfer: A Comparative Analysis Between Asian Affiliates*
- 0026** – A Cullen, M Webster & A Muhlemann  
*Enterprise Resource Planning (ERP) Systems: Definitions, Functionality and the Contribution to Global Operations*
- 0025** – B Chennoufi & M Klemm  
*Managing Cultural Differences in a Global Environment*
- 0024** – (not available)
- 0023** – Simon Best & Devashish Pujari  
*Internet Marketing Effectiveness: An Exploratory Examination in Tourism Industry*
- 0022** – Dr Myfanwy Trueman  
*Divided Views, Divided Loyalties: Changing Customer Perceptions by Design*
- 0021** – Yasar Jarrar  
*Becoming World Class Through a Culture of Measurement*
- 0020** – David Spicer & Eugene Sadler-Smith  
*Cognitive Style & Decision Making*
- 0019** – Z J Radnor & R Boaden  
*A Test for Corporate Anorexia*
- 0018** – (not available)
- 0017** – Peter Prowse  
*Public Service Union Recruitment Workplace Recovery or Stagnation in a Public Services Union? Evidence From a Regional Perspective*
- 0016** – Yasar F Jarrar & Mohamed Zairi  
*Best Practice Transfer for Future Competitiveness: A Study of Best Practices*
- 0015** – Mike Tayles & Colin Drury  
*Cost Systems and Profitability Analysis in UK Companies: Selected Survey Findings*
- 0014** – B Myloni & A Harzing  
*Transferability of Human Resource Management Practices Across Borders: A European Reflection on Greece*

- 0013** – (not available)
- 0012** – Nick J Freeman  
*Asean Investment Area: Progress and Challenges*
- 0011** – Arvid Flagestad & Christine A Hope  
*A Model of Strategic Success in Winter Sports Destinations: the Strategic Performance Pyramid*
- 0010** – M Poon, R Pike & D Tjosvold  
*Budget Participation, Goal Interdependence and Controversy: A Study of a Chinese Public Utility*
- 0009** – Patricia C Fox, John M T Balmer & Alan Wilson  
*Applying the Acid Test of Corporate Identity Management*
- 0008** – N Y Ashry & W A Taylor  
*Information Systems Requirements Analysis in Healthcare: Diffusion or Translation?*
- 0007** – T Lindley, D O'Reilly & T Casey  
*An Analysis of UK Television Advertisements for Alcohol*
- 0006** – Eric Lindley & Frederick Wheeler  
*The Learning Square: Four Domains that Impact on Strategy*
- 0005** – K K Lim, P K Ahmed & M Zairi  
*The Role of Sharing Knowledge in Management Initiatives*
- 0004** – C De Mattos & S Sanderson  
*Expected Importance of Partners' Contributions to Alliances in Emerging Economies: A Review*
- 0003** – A Harzing  
*Acquisitions Versus Greenfield Investments: Both Sides of the Picture*
- 0002** – Stuart Sanderson & Claudio De Mattos  
*Alliance Partners' Expectations Concerning Potential Conflicts and Implications Relative to Trust Building*
- 0001** – A Harzing  
*An Empirical Test and Extension of the Bartlett & Ghoshal Typology of Multinational Companies*
- 
- 1999**
- 9922** – Gerry Randell & Maria del Pilar Rodriguez  
*Managerial Ethical Behaviour*
- 9921** – N Y Ashry & W A Taylor  
*Requirements Analysis as Innovation Diffusion: A Proposed Requirements Analysis Strategy for the Development of an Integrated Hospital Information Support System*
- 9920** – C Hope  
*My Way's The Right Way! Or, With Particular Reference to Teaching on Tourism Courses, is 'Best Practice' in Operations Management Dependent Upon National Culture?*
- 9919** – A Harzing  
*Of Bumble-Bees and Spiders: The Role of Expatriates in Controlling Foreign Subsidiaries*
- 9918** – N Y Ashry & W A Taylor  
*Who will take the Garbage Out? The Potential of Information Technology for Clinical Waste Management in the NHS*
- 9917** – D O'Reilly  
*Nice Video(?), Shame about the Scam... Paedagogical Rhetoric Meets Commercial Reality at Stew Leonard's*
- 9916** – A Harzing  
*The European Monolith: Another Myth in International Management?*
- 9915** – S MacDougall & R Pike  
*The Influence of Capital Budgeting Implementation on Real Options: A Multiple-Case Study of New Technology Investments*
- 9914** – C Pass, A Robinson & D Ward  
*Performance Criteria of Corporate Option and Long-Term Incentive Plans: A Survey of 150 UK Companies 1994-1998*
- 9913** – R Beach, A P Muhlemann, D H R Price, J A Sharp & A Paterson  
*Strategic Flexibility and Outsourcing in Global networks*
- 9912** – H M Stewart, C A Hope & A P Muhlemann  
*The Legal Profession, Networks and Service Quality*
- 9911** – J F Keane  
*Design and the Management Paradigms of Self-Organisation*
- 9910** – D O'Reilly  
*On the Precipice of a Revolution with Hamel and Prahalad*
- 9909** – S Cameron & D Ward  
*Abstinence, Excess, Success?: Alcohol, Cigarettes, Wedlock & Earnings*
- 9908** – M Klemm & J Rawel  
*Eurocamp – Strategic Development and Internationalisation in a European Context*
- 9907** – M Webster & R Beach  
*Operations Network Design, Manufacturing Paradigms and the Subcontractor*
- 9906** – D Ward  
*Firm Behaviour and Investor Choice: A Stochastic Frontier Analysis of UK Insurance*
- 9905** – D Ward, C Pass & A Robinson  
*LTIPS and the Need to Examine the Diversity of CEO Remuneration*
- 9904** – C Smallman  
*Knowledge Management as Risk Management: The Need for Open Corporate Governance*
- 9903** – R Beach, D Price, A Muhlemann & J Sharp  
*The Role of Qualitative Research in the Quest for Strategic Flexibility*
- 9902** – N Hiley & C Smallman  
*Predicting Corporate Failure: A Literature Review*
- 9901** – M Trueman  
*Designing Capital: Using Design to Enhance and Control Technological Innovation*
- 
- 1998**
- 9826** – A Harzing  
*Cross-National Industrial Mail Surveys: Why do Response Rates Differ Between Countries?*
- 9825** – B Dewsnap and D Jobber  
*The Sales-Marketing Interface: A Synthesis of Theoretical Perspectives and Conceptual Framework*
- 9824** – C De Mattos  
*Advantageous Executives' Characteristics in Establishing Biotechnology Alliances in an Emerging Economy: The Case of Brazil*
- 9823** – C A Howorth  
*An Empirical Examination of the Usefulness of the Cash Conversion Cycle*
- 9822** – A Harzing  
*Who's in Charge? An Empirical Study of Executive Staffing Practices in Foreign Subsidiaries*
- 9821** – N Wakabayashi & J Gill  
*Perceptive Differences in Interorganizational Collaboration and Dynamics of Trust*
- 9820** – C Smallman  
*Risk Perception: State of the Art*
- 9819** – C Smallman  
*The Breadth of Perceived Risk: Why Integrated Risk Management of Health, Safety & Environmental Risks is only the End of the Beginning*
- 9818** – P S Budhwar, A Popof & D Pujari  
*Evaluating Sales Management Training at Xerox in Greece: An Exploratory Study*
- 9817** – W A Taylor  
*An Information-Based Perspective on Knowledge Capture in Business Processes*
- 9816** – S Hogarth-Scott  
*Category Management Relationships: Is it Really Trust Where Choice is Limited?*
- 9815** – W A Taylor  
*Sustaining Innovation in Organisations: Managing the Intangibles A Study of TQM Implementation in Northern Ireland Organisations 1991-1996*
- 9814** – M Webster, A Muhlemann and C Alder  
*Subcontract Manufacture in Electronics Assembly: A Survey of Industry Practice*
- 9813** – M J S Harry  
*Is Object-Orientation Subject-Oriented?: Conflicting and Unresolved Philosophies in Object-Oriented Information Systems Development Methodology*
- 9812** – J Jackson  
*The Introduction of Japanese Continuous Improvement Practices to Traditional British Manufacturing Site: The Case of RHP Bearings (Ferrybridge)*
- 9811** – C De Mattos  
*A Comparative Study Between Perceptions of British and German Executives, in the Biotechnology Sector, Relative to Potential Future Contributions of Greatest Importance to and from Transnational Alliance Partners in Emerging Economies*
- 9810** – J Martin-Hirsch & G Wright  
*The Cost of Customer Care – A Value Analysis of Service Delivery Approaches*

- 9809** – J Martin-Hirsch & G Wright  
*A Service Provider's View of Success Factors in Alternative Service Strategies*
- 9808** – J Martin-Hirsch & G Wright  
*A Professional's Evaluation of Alternative Service Delivery Regimes for Customer Care and Satisfaction*
- 9807** – J Martin-Hirsch & G Wright  
*A User's Perspective of Alternative Service Delivery: A Comparative Study of the Evaluation of Service Strategies*
- 9806** – J Martin-Hirsch & G Wright  
*The Case for Choice in Health Care: A Comparison of Traditional and Team Midwifery in Effective Service Provision*
- 9805** – M Woods, M Fedorkow and M Smith  
*Modelling the Learning Organisation*
- 9804** – W A Taylor  
*An Action Research Study of Knowledge Management in Process Industries*
- 9803** – C Singleton  
*Quantitative and Qualitative – Bridging the Gap Between Two Opposing Paradigms*
- 9802** – R McClements & C Smallman  
*Managing in the New Millennium: Reflections on Change, Management and the Need for Learning*
- 9801** – P Eyre & C Smallman  
*Euromanagement Competencies in Small and Medium Sized Enterprises: A Development Path for the New Millennium*
- 
- 1997**
- 9729** – C Smallman  
*Managerial Perceptions of Organisational Hazards and their Associated Risks*
- 9728** – C Smallman & D Weir  
*Managers in the Year 2000 and After: A Strategy for Development*
- 9727** – R Platt  
*Ensuring Effective Provision of Low Cost Housing Finance in India: An In-Depth case Analysis*
- 9726** – (not available)
- 9725** – (not available)
- 9724** – S Estrin, V Perotin, A Robinson & N Wilson  
*Profit-Sharing Revisited: British and French Experience Compared*
- 9723** – (not available)
- 9722** – R Beach, A P Muhlemann, A Paterson, D H R Price and J A Sharp  
*Facilitating Strategic Change in Manufacturing Industry*
- 9721** – R Beach, A P Muhlemann, A Paterson, D H R Price and J A Sharp  
*The Strategy Options in Manufacturing Industry: Propositions Based on Case Histories*
- 9720** – A Giroud  
*Multinational Firms Backward Linkages in Malaysia: A Comparison between European and Asian Firms in the Electrical and Electronics Sector*
- 9719** – L Kening  
*Foreign Direct Investment in China: Performance, Climate and Impact*
- 9718** – H Mirza  
*Towards a Strategy for Enhancing ASEAN's Locational Advantages for Attracting Greater Foreign Direct Investment*
- 9717** – B Summers & N Wilson  
*An Empirical Study of the Demand for Trade Credit in UK Manufacturing Firms*
- 9716** – R Butler & J Gill  
*Reliable Knowledge and Trust in Partnership Formation*
- 9715** – R Butler  
*Stories and Experiments in Organisational Research*
- 9714** – M Klemm & L Parkinson  
*British Tour Operators: Blessing or Blight*
- 9713** – C A Hope  
*What Does Quality Management Mean for Tourism Companies and Organisations?*
- 9712** – S Hogarth-Scott & P Dapiran  
*Do Retailers and Suppliers Really have Collaborative Category Management Relationships?: Category Management Relationships in the UK and Australia*
- 9711** – C De Mattos  
*The Importance of Potential Future Contributions from/to Transnational Joint Venture Partners: Perception of Brazilian Managing Directors and Specialists Linked to Biotechnology*
- 9710** – N T Ibrahim & F P Wheeler  
*Are Malaysian Corporations Ready for Executive Information Systems?*
- 9709** – F P Wheeler & A W Nixon  
*Monitoring Organisational Knowledge in Use*
- 9708** – M Tayles & C Drury  
*Scoping Product Costing Research: A Strategy for Managing the Product Portfolio – Cost System Design*
- 9707** – N Wilson, B Summers & C Singleton  
*Small Business Demand for Trade Credit, Credit Rationing and the Late Payment of Commercial Debt: An Empirical Study*
- 9706** – R Beach, A P Muhlemann, A Paterson, D H R Price & J A Sharp  
*The Management Information Systems as a Source of Flexibility: A Case Study*
- 9705** – E Marshall  
*Business Ethics: The Religious Dimension*
- 9704** – M Wright, N Wilson & K Robbie  
*The Longer Term Effects of Management-Led Buy-Outs*
- 9703** – G Hopkinson & S Hogarth Scott  
*Quality of Franchise Relationships: The Implications of Micro Economic Theories of Franchising*
- 9702** – G C Hopkinson & S Hogarth-Scott  
*Channel Conflict: Critical Incidents or Telling Tales. Methodologies Compared*
- 9701** – K Watson, S. Hogarth-Scott & N Wilson  
*Marketing Success Factors and Key Tasks in Small Business Development*
- 
- 1996**
- 9619** – B Summers & N Wilson  
*Trade Credit Management and the Decision to use Factoring: An Empirical Study*
- 9618** – M Hiley & H Mirza  
*The Economic Prospects of ASEAN : The Role of AFTA in the Future Development of the Region*
- 9617** – A Brown  
*Prospects for Japanese Foreign Direct Investment in Thailand*
- 9616** – H Mirza, K H Wee & F Bartels  
*The Expansion Strategies of Triad Corporations in East Asia*
- 9615** – M Demirbag & H Mirza  
*Inter-Partner Reliance, Exchange of Resources & Partners' Influence on JV's Strategy*
- 9614** – R H Pike & N S Cheng  
*Motives for Investing in Accounts Receivable: Theory and Evidence*
- 9613** – R H Pike & N S Cheng  
*Business Trade Credit Management: Experience of Large UK Firms*
- 9612** – R Elliott, S Eccles & K Gournay  
*Man Management? Women and the Use of Debt to Control Personal Relationships*
- 9611** – R Elliott, S Eccles & K Gournay  
*Social Support, Personal Relationships & Addictive Consumption*
- 9610** – M Uncles & A Manaresi  
*Relationships Among Retail Franchisees and Franchisors: A Two-Country Study*
- 9609** – S Procter  
*Quality in Maternity Services: Perceptions of Managers, Clinicians and Consumers'*
- 9608** – S Hogarth-Scott & G P Dapiran  
*Retailer-Supplier Relationships: An Integrative Framework Based on Category Management Relationships*
- 9607** – N Wilson, S Hogarth-Scott & K Watson  
*Factors Contributing to Entrepreneurial Success in New Start Small Businesses*
- 9606** – R Beach, A P Muhlemann, A Paterson, D H R Price & J A Sharp  
*The Evolutionary Development of the Concept Manufacturing Flexibility*
- 9605** – B Summers  
*Using Neural Networks for Credit Risk Management: The Nature of the Models Produced*
- 9604** – P J Buckley & M Carter  
*The Economics of Business Process Design: Motivation, Information & Coordination Within the Firm*
- 9603** – M Carter  
*Is the Customer Always Right? Information, Quality and Organisational Architecture*
- 9602** – D T H Weir  
*Why Does the Pilot Sit at the Front? And Does it Matter?*

**9601** – R A Rayman  
*A Proposal for Reforming the Tax System*

---

**1995**

**9506** – A L Riding & B Summers  
*Networks that Learn and Credit Evaluation*

**9505** – R A Rayman  
*The Income Concept: A Flawed Ideal?*

**9504** – S Ali & H Mirza  
*Market Entry Strategies in Poland: A Preliminary Report*

**9503** – R Beach, A P Muhlemann, A Paterson, D H.R Price & J A Sharp  
*An Adaptive Literature Search Paradigm*

**9502** – A S C Ehrenberg & M Uncles  
*Direchlet-Type Markets: a Review, Part 2: Applications & Implications*

**9501** – M Uncles & A S C Ehrenberg  
*Direchlet-Type Markets: A Review, Part 1: Patterns and Theory*

---

**1994**

**9411** – R A Rayman  
*The Real-Balance Effect Fallacy and The Failure of Unemployment Policy*

**9410** – R A Rayman  
*The Myth of 'Says' Law*

**9409** not issued

**9408** not issued

**9407** not issued

**9406** not issued

**9405** – F Bartels & N Freeman  
*Multinational Enterprise in Emerging Markets: International Joint Ventures in Côte D'Ivoire Vietnam*

**9404** – E Marshall  
*The Single Transferable Vote – A Necessary Refinement Abstract*

**9403** – G R Dowling & M Uncles  
*Customer Loyalty programs: Should Every Firm Have One?*

**9402** – N Wilson, A Pendleton & M Wright  
*The impact of Employee Ownership on Employee Attitudes: Evidence from UK ESOPS*

**9401** – N Wilson & M J Peel  
*Working Capital & Financial Management Practices in the Small Firm Sector*

---

**1993**

**9310** – R Butler, L Davies, R Pike & J Sharp  
*Effective Investment Decision-Making: The Concept and its Determinants no longer available*

**9309** – A Muhlemann, D Price, M Afferson & J Sharp  
*Manufacturing Information Systems as a Means for Improving the Quality of Production Management Decisions in Smaller Manufacturing Enterprises*

**9308** – F P Wheeler, R J Thomas & S H Chang  
*Towards Effective Executive Information Systems*

**9307** – F P Wheeler, S H Chang & R J Thomas  
*The Transition from an Executive Information System to Everyone's Information System: Lessons from a Case Study*

**9306** – S H Chang, F P Wheeler & R J Thomas  
*Modelling Executive Information Needs*

**9305** – S. Braga Rodrigues & D Hickson  
*Success in Decision Making: Different Organisations, Differing Reasons for Success.*

**9304** – R J Butler, R S Turner, P D Coates, R H Pike & D H R Price  
*Ideology, Technology and Effectiveness*

**9303** – R J Butler, R S Turner, P D Coates, R H Pike & D H R Price  
*Strategy, Structure and Technology*

**9302** – R J Butler, R S Turner, P D Coates, R H Pike & D H R Price  
*Competitive Strategies and New Technology*

**9301** – R J Butler, R S Turner, P D Coates, R H Pike & D H R Price  
*Investing in New Technology for Competitive Advantage*

Copies of the Proceedings of the Arab Management Conferences are available for purchase at a cost of £40.00 per volume.

Copies of the above papers can be obtained by contacting the Research Secretary at the address below:

Bradford University School of Management  
Emm Lane  
Bradford  
West Yorkshire  
BD9 4JL

Tel: 01274 234323 (mornings only)  
Fax: 01274 546866