Index

accountability 1, 14, 234
accounting studies 228
acquisitions, see mergers and takeovers
Adams, Renée 95
Adelphia 83
agency conflict 151
agency theory
  corporate governance and 4–8, 15
  principal–agent theory 1, 320
Aghion, P. 317, 320, 321
Aiginger, K. 322, 323, 329, 343
Akella, A.A. 152
Akerlof, George A. 4, 270
Alchian, A.A. 155
Allen, F. 14
Allen, M.P. 251
alliances 11
  pharmaceuticals industry 263, 265
  effects 273–4
  as substitutes or complements to
  mergers 269–70
allocation efficiency 319
Almazan, Andres 95
American Finance Association 191
American Steel and Wire Company 171
Amgen 263
Andrade, G. 266
Angelini, P. 124
Antidirector Rights Index (ADRI) 3
antitrust law in USA 68, 168, 172–3,
  175, 190, 270–71
Arora, Ashish 270, 273, 274, 280
Arrow, Kenneth J. 60, 66, 269, 320
Ashby, W. Ross 103, 104
Association of British Insurers (ABI) 232
asymmetric information 105, 107,
  221
atmospherics 93
audits 234
augmented Dickey–Fuller (ADF) tests 39
Australia, relation between
  competition and economic growth
  in 337, 341, 343
Autoregressive Distributive Lag
  (ARDL) 22, 42, 44, 45
Bailey, David 65, 67
Baird, Douglas 96, 97
Banerjee, A. 180
Bank Holding Company Act (USA,
  1956) 128
bankruptcy 110
banks 15, 105–7, 136–7
  bank relationships and credit
  conditions 117–24
  cash-flow investment sensitivity and
  108–10
  corporate boards and 7, 96, 106,
  132–6
  debt finance and 105, 107–28
  German 7, 15, 146–7, 161–2
  corporate governance 149–50
  goals 149–50
  industry structure 147–9
  market shares depending on
  relative costs 159–60
  model 155–8
  performance 149–50, 152–5
  profitability of commercial banks
  158–9
  as shareholders 106, 131–2
  hold-up problem 105, 107
  loan/distress/merger announcements
  111, 114–17
  non-profit firms 146, 147, 150, 152,
  161–2
  performance of companies and
  110–11, 112–13
  profit-seeking firms 146, 147,
  158–9

349
as shareholders 7, 105, 106, 128–32, 137
Barnard, Chester I. 90, 93
barriers to entry 176
Basel II regulations 160
Baysinger, B. 251
Bebchuk, Lucien Arye 90
Berle, Adolf A. 1, 54, 87, 97, 226
Berlin, M. 128
Bertrand, M. 5
Bhagat, S. 5
Bhide, A. 175
Billett, M.T. 117
Black, B. 5, 177
Black, Fischer 179, 191
boards of directors, see corporate boards
Boettcher, Erik 151
Bolton, P. 107, 108
Branston, J. Robert 69, 70
Brick, I.E. 124
Bris, A. 108
broadcasting industry 69–71
Brown, M. 124, 128
BSkyB 67–8, 70
building societies 147
Burns, Lawton R. 266, 268
Business Roundtable 83
business schools 192–7
bust-up takeovers 175
Butters, J. Keith 166, 167
Byrd, D.T. 106, 132, 137
Byrd, J.W. 5
Cadbury Report 11, 226, 229, 232, 233, 240, 245
Canada, relation between competition and economic growth in 343
capabilities 209
capital
  accumulation 44
costs 175
overcapitalization 171
capital markets
  internal 175
merger waves and 8, 168, 169, 170, 172, 175, 176
shareholder protection and stock market development 38–44
stock market crash (October 1929) 166
Carletti, E. 108
Carlton, Dennis W. 271
Carrier, Michael J. 271
cash flow
  cash flow rights 6
cash-flow investment sensitivity 108–10
debt and 7
free cash flow theory of takeovers 227
Caves, R.E. 179
CenterWatch 267
Chairman, separation of CEO role from 240, 248
Chandler, Alfred D. 167, 172, 209
Chatterjee, K. 289
chief executives (CEOs) 89
corporate boards and 90–91, 92, 95–6
de facto control 90–91
functions 81, 82
remuneration 10, 83, 95, 241
separation of role from Chairman 240, 248
share ownership 251–2
Church, J. 303
City Code on takeovers and mergers 22
civil law systems 2, 20
Claessens, S. 6
Clark, Iain 266
Clements, M.T. 303
Clemenz, G. 302
Coase, R.H. 55, 71, 87
Cochrane–Orcutt correction 198
Cockburn, Iain 263, 268, 272, 273
codes on corporate governance 22, 232–5, 241
collusion 174, 323
  as reason for mergers 208–9
Comanor, W.S. 302
Combined Code on Corporate Governance 232–5, 241
commercial banks 149
  corporate governance 151–2
  profitability 158–9
common law systems 2, 20
Commons, John R. 78
communications sector, corporate democracy in 69–71

competition
Cournot 303
definition 322–3
imperfect 60
innovation and 317
macroeconomic performance and 13–14, 317–18, 342–4
descriptive evidence 329–38
impact in theory 318–22
impact of competition in stylized model 338–40
relation between competition policy and socio-economic models 340–42
measuring toughness of 322–9
mergers and 168, 170
New Growth Theory and 320–21
perfect 319
policy 340–42
public policy objective and 60–61
spatial 12
Competition Commission 67–8
complementary assets 209
conglomerates, conglomerate mergers 8, 9, 173–7
consumer surplus 12, 221
consumerism 63
contracting, credible 78–81, 92–5
control, see monitoring and control
convergence-of-interest effect 249
Conyon, M.J. 240
coop erative banks 147, 148, 149, 150, 161
corporate governance 152
market shares 159
co-ordination of post-merger activities 171
corporate boards 5–6, 77–8, 97–8
appointment of directors 90–91
approval by 91
banks and 7, 106, 132–6, 151–2
Combined Code on Corporate Governance and 233–4
composition 5–6, 235, 245–7
as credible commitment for equity finance 79–80, 92–5
de facto control 90–91
delegation by 88–9
double-feedback model 103–4
elections 63–4
expertise 91
functions 81–3
as active participant 85–6
as monitor 84–5
restoration to intended purposes 83–9
independent members 90, 238–40
inertia 92
information 91
lessons 89–92
monitoring and control 5
non-executive directors 10, 235–40
other contrarian literature on 95–7
outside directors and 5–6, 90
ownership and 248–52
performance of companies and 5–6
public interest and 65–6
relationship with managers 94–5
remediableness 86–7
remuneration of directors 232, 234, 241
size 5, 10, 235, 238
as stakeholders 80
worker representation 62–3
see also chief executives (CEOs)
corporate culture mismatches 9
corporate governance 1–3, 15–16
agency theory and 4–8, 15
banks and 105–7
broader view 14–15
challenge for public policy and 55–62
competition and the policy objective 60–61
strategic failure and the public interest 58–9
strategy 55–6
voice and 61–2
who governs and what are the implications 56–8
codes 22, 232–5, 241
German banks 149–50, 151–2
increased participation and effective democracy 62–71, 72
communications sector 69–71
corporate law and 62–6
regulations to help achieve democratic economy 66–9
public interest and 14, 54–5, 72
regulation 229–35
impact 235–43
structures 1–2
Cosh, Andy 215, 235, 240, 241, 242, 243,
244, 245, 247, 250, 251, 252, 253
costs
capital 175
cost–income ratio 152
fixed 170
reductions 12
Cournot competition 303
Cournot models 10, 11, 161
endogenous mergers 288–9
characteristics of the benchmark
equilibrium of the
production stage 293–5
endogenous horizontal mergers
295–8
ownership stage 289–91
production stage 291–3
mergers in
Cournot oligopoly model 205–7,
220
with efficiency improvement 211–14
Cowling, Keith 56, 58, 59
Craig, R.J. 58
creative destruction 319
credit
bank relationships and credit
conditions 117–24
credit market structure 124–8
credit rationing 107
criminal activities 54
Cubbin, J. 249
Cynak, A.W. 124
Czech Republic, relation between
competition and economic growth
in 337
Daimler Chrysler 177
Danzon, Patricia 263, 267, 268, 272,
273, 274
Davidson, C. 11, 288
de Jong, A. 109
Deakin, S. 250
Debreu, Gerard 60
debt 7
cash-flow investment sensitivity and 109
debt finance 78, 79
banks and 105
default 79, 107
structure 107–8
Dechow, P. 5
decision-review 79
Degryse, H. 109, 111, 117, 124
delegation 6, 88–9
democracy, corporate 14–15, 58, 59,
61, 62–71, 72
communications sector 69–71
corporate law and 62–6
regulations to help achieve
democratic economy 66–9
Demsetz, Harold 87, 155
Deneckere, R. 11, 288
Denmark, relation between
competition and economic growth
in 330, 337, 341, 344
Department of Justice (USA) 270
Dewey, John 39, 65, 72
Dewing, Arthur Stone 171, 177
Diamond, D. 105
dickey–Fuller tests 39
DiMasi, Joseph 262, 269, 271, 275
directors, see corporate boards
distress 11, 111, 114–17, 272
diversification 174, 176
dividends 7
Dixit, Avinash 87
Djankov, S. 3, 20, 124
Dockner, E.J. 12, 288, 293, 294,
295
Dorey, Emma 269
double-feedback model 103–4
downside drift 87–8
duopoly, model of German banking
155–7
dynamic efficiency 319
Eckard, E.W. 180
economic growth and development
222, 326
competition and 13–14, 317–18,
342–4
descriptive evidence 329–38
impact in theory 318–22
impact of competition in stylized
model 338–40
relation between competition
policy and socio-economic models 340–42
mergers and 217–20
natural rate of economic growth 219
stock market development and 44
economic planning 14, 55–6, 71
Edwards, J. 131, 137
efficiency 6
incentives and 319
empirical evidence from Japan 215–17
Eis, C. 172, 173
dominance-seeking as reason for mergers 10, 175, 178, 208, 222
employment 326
mergers and 216
endogenous growth theory 319
endogenous mergers 288–9, 299
horizontal 295–8
model
criteria of the benchmark equilibrium of the production stage 293–5
ownership stage 289–91
production stage 291–3
Enron 54, 83, 232
entrenchment effect 6, 249, 250
entrepreneurship 222
entry barriers 176
equal mergers 215–16
equity 78, 79
corporate boards as credible commitment for equity finance 79–80, 92–5
Ericson, R. 289
Ernst & Young 265
‘escape-competition effect’ 320, 321
exit 61
exogenous mergers 12, 288
expense preference 152
expertise, corporate boards and 91
Faccio, M. 250
Fama, Eugene 79, 105, 117
Farrell, J. 303, 307, 315
Fazzari, S.M. 108
Federal Trade Commission (FTC; USA) 271
Ferreira, Daniel 95
Fifth Merger Wave 166, 177
Filatotchev, I. 252
financial development, legal origin and 20–45
financial economics, mergers and 179
Financial Reporting Council 232
Finkelstein, Sydney 266, 270
Finland, relation between competition and economic growth in 330, 337, 341, 344
First Merger Wave (1890s) 8, 166–72, 180
fixed costs 170
Food and Drug Administration (FDA; USA) 270, 275
Fourth Merger Wave (1980s) 8, 166
Fox, Alan 94
France 2
relation between competition and economic growth in 329, 341, 344
shareholder protection in 21–2, 23, 27, 29, 34, 38, 39, 42, 44, 45
Franks, J. 131, 137, 247
Frech, H.E. 302
free cash flow theory of takeovers 227
Fried, Jesse 90
Friedman, Lawrence M. 68
Fukamachi, Masanori 215, 217
Fuss, C. 109
Gale, Douglas 14
Gandal, N. 303
Garretsen, H. 109
Gaudet, G. 302, 303
Gaunersdorfer, A. 12, 288, 293, 294, 295
general equilibrium models 60
General-to-specific (GS) criterion 39
Germany
corporate boards as shareholders 106, 131–2
corporate governance 149–50, 151–2
goals 149–50
industry structure 147–9
market shares depending on relative costs 159–60
model 155–8
Klaus Gugler and B. Burcin Yurtoglu - 9781848443921
Downloaded from Elgar Online at 03/27/2019 07:58:27PM via free access
performance of banks 149–50, 152–5
profitability of commercial banks 158–9
governance systems 2
relation between competition and economic growth in 337, 338, 341, 342, 344
reunification 44
shareholder protection in 21, 23, 27, 31, 34, 38, 39, 42, 44, 45
Gilbert, Richard J. 271
Gilson, S.C. 132
Glassman, D.M. 175
Glass–Steagall Act 128
GlaxoSmithKline 269
Global Competition Review 325
Global Crossing 83
globalization 160, 177
Goldman Sachs 194
Gordon, David 70
Gort, Michael 266
Gorton, G. 7, 106, 131, 137
Goto, Akira 222
government intervention 214, 329
Gowrisankaran, G. 289
Grabowski, Henry 262, 267, 269
Gramm–Leach–Bliley Act (USA 1999) 128
Great (First) Merger Wave 8, 166–72, 180
Greece, relation between competition and economic growth in 337
Green, Stephan 158
Greenbaum, S.I. 152
Greenbury Committee 232
Griffith, J.M. 251
Grossma, S.J. 8
growth
economic, see economic growth and development
of firms
growth-maximizing behaviour 175, 217
managerial capitalism and 227 through internal means 219
Guedj, Ilan 280
Guest, P.M. 235
Guger, A. 343
Gugler, Klaus 2, 6, 7, 8
Hall, B.J. 4
Hambrick, D.C. 252
Hampel Committee 62, 232
Hannah, L. 170
Hannan, T. 124
Hansmann, Henry 92
Harley, C.K. 167
Harper Collins 70
Harrod, R.F. 219
Hart, O.D. 8, 108
Harvard Business School 192, 193
Hase, T. 215
Hapeslagh, Philippe 270
Haubrich, J. 4
Hayek, Friedrich A. von 319
Hayward, M.L.A. 252
Hellwig, Martin 89
Henderson, Rebecca 268, 272
Herfindahl–Hirschmann Index (HHI) 124
Hermalin, B.E. 5, 247, 249
Hickman, K.A. 5
Higgins, Matthew J. 267, 270, 274
Higgs Report 232–3, 239
Hirsch, Fred 70
Hirschman, Albert O. 61, 62, 64, 66
Hitt, Michael 273
Hogan, S.D. 166, 175
Hokuetsu Paper 222
hold-up problem 105, 107
Holmstrom, Bengt 82, 83, 96–7
Homan, Paul T. 168, 170
horizontal mergers 8, 11, 167, 171, 177, 190, 219–20
endogenous 295–8
Horn, H. 289, 290, 291
Hoshi, T.A. 109, 110
Hoskisson, R.E. 251
hostile takeovers 8, 83
Hotelling’s linear city model 12, 301, 303
Huang, W. 117
Hubbard, R.G. 176
hubris 251
Hughes, Alan 215, 235, 240, 241, 242, 247, 250
Huie, M.C. 166, 175
Hunt, Pearson 193
IMD World Competitiveness Yearbook 323
imperfect competition 60
IMS R&D Focus 275, 276
incentives 4–5
  alignment effects 151
  efficiency and 319
  failures of 4–59
income, cost–income ratio 152
independent directors 90, 238–40
industrial economics 55, 178
industrial organization 9, 319, 340
industrial policy 55
  competition and 60–61
informal organizations 93
information 65
  asymmetric 105, 107, 221
  corporate boards and 91
  sharing 124
innovation
  economic growth and development
    and 317, 318–20
  markets 271
  mergers and 262
  New Growth Theory and 320–21
  ‘insider’ governance systems 2, 16
Institute of Chartered Accountants in England and Wales (ICAEW) 232
institutions 2
  innovation and 317
  institutional shareholders 10–11,
    234, 241–3, 252–3
  banks 7, 105, 106, 128–32, 137
  interest 79
  internal capital markets 175
International Mercantile Marine
  Company (IMM) 169
‘inverted U-Shape’ hypothesis 321
investment
  banks and 107
  impact on investment-cashflow
    sensitivities 108–10
  regulation 7
  returns on 6
Ireland, relation between competition
  and economic growth in 337, 341, 343
Iron Law of Oligarchy 87
Italy, relation between competition and
  economic growth in 337, 341, 342, 344
J & J 263
Jahera, J.S. 152
James, C. 117
Japan
  bankruptcy in 110
  banks in
    cash-flow investment sensitivity
      and 109
    on corporate boards 132
    performance of companies and
      111
    as shareholders 106, 131
  economic growth 222
  governance systems 2
  mergers in 9–10, 203, 204, 215–17
  Merger Guidelines 220–21
  relation between competition and
    economic growth in 329
  Japan Air Systems (JAS) 209–10
  Japan Airlines (JAL) 209–10
  Jemison, David 270
  Jenkinson, T. 137
  Jensen, Michael 4, 7, 79, 85, 106, 109, 227, 252
Kamien, M.I. 288
Kang, J. 111
Kaplan, Steven 83, 132, 137, 215
Keasey, K. 250
Kennedy School 195
Klempner, P. 315
Knauth, Oswald 82
knowledge spillovers 209
Koenig, Michael 263, 272
Kole, S.R. 249
Kroszner, R.S. 106, 136, 137
labour productivity, see productivity
Laing, D. 245
Lamoreaux, Naomi R. 167, 170, 172
LaPorta, R. 2, 3, 20–23, 44
Larsson, Rikard 266, 270
Lasfer, M. 250
law
  company law 15
  corporate democracy and 62–6
  law and finance view 2–3
learning, mergers and 209
Leech, D. 249
legal systems 2–3
Index

shareholder protection and legal origin 20–45
aggregate index of shareholder protection 29–38, 48–53
differences in shareholder protection 23–7
legal data and descriptive analysis 22–38
modelling approach 39–44
Principal Component Analysis (PCA) 22, 27–9
stock market development and 38–44
Lele, P.P. 3, 22
lemons hypothesis 4, 270, 273
leveraged buyouts (LBOs) 80–81, 85–6, 175
Li, D. 106, 128
Liebmann, J.B. 4
limited-liability corporation 169
liquidation 79, 107
liquidity 79
problems 108
Lithuania, relation between competition and economic growth in 337
Ljungqvist, A. 137
loans
announcements 111, 114–17
demand for 159–60
London Stock Exchange 232
Long, N.E. 59, 72
Long, N.V. 302, 303
Long, William F. 263, 266, 267
Lopez-de-Silanes, F. 2, 3, 20–23
Lummer, S.L. 117
McConnell, J.J. 117, 249
Mace, Myles 77, 81–2, 89, 92
McFadden, J.M. 171
Main, B. 241
Makino, Mai 215, 217
Malkiel, Burton G. 173
managers
conglomerates 175–6
as constituency 94–5
delegation to 88–9
debt to 88–9
efficiency 178, 188–91
empire-building 10, 175, 178, 208, 222
incentives 4–5
managerial capacity 174
managerial capitalism 217–18, 227
mergers and 10, 226–9
remuneration 2, 4–5, 178
remuneration 2
shareholdings 2
Manchester United plc 67–8
Manne, H. 8, 227
March, James 89
marginal q 6
markets
banking
market shares depending on relative costs 159–60
mergers and market shares 160
for corporate control 8
natural selection role 227–8
entry barriers 176
for lemons 4, 270, 273
market-centred theories 55, 60
pharmaceuticals industry 263, 270–71
Markham, Jesse W. 165, 172
Markov perfect equilibrium 293–4
Marris, Robin 217, 227, 249
Martin, Stephen 172, 178, 302, 303
Marx, Karl 87
Mathieu, Mark 269
Matsuoka, Kenji 215
Matsusaka, J.G. 176
Matutes, C. 314
Mayer, C. 131, 137
MBAs 9, 192–7
Means, Gardiner C. 1, 54, 87, 97, 226
Meckling, W. 4, 7
media 69–71
Merck 192, 263
mergers and takeovers 8–9, 15–16, 92, 165, 200
alliances as substitutes or complements to mergers 269–70
announcements 111, 114–17
bust-up takeovers 175
conglomerate mergers 8, 9, 173–7
Cournot oligopoly model 205–7
effects 178–80, 187, 203
economic growth and development 217–20
Index

pharmaceuticals industry 272–82
productivity 9, 10, 197–200, 216
profitability 10, 12, 215–17
research and development (R&D) 274–82
endogenous, see endogenous mergers
exogenous mergers 12, 288
German banking sector 160
horizontal 8, 11, 167, 171, 177, 190, 219–20
endogenous horizontal mergers 295–8
hostile takeovers 8, 83
managerialism and 226–9
‘merger for monopoly’ 8, 171
merger waves 8, 166–77
Fifth Merger Wave 166, 177
First Merger Wave (1890s) 8, 166–72, 180
Fourth Merger Wave (1980s) 8, 166
Second Merger Wave (1920s) 8, 166, 172–3
Third Merger Wave (1960s) 8, 166, 173–7
performance of companies and 9–10, 243–53
pharmaceuticals industry 262–6, 282–4
alliances as substitutes or complements to mergers 269–70
determinants 266–71
effects 272–82
reasons/causes 177–8, 208–10
collusion 208–9
economies of scale and scope 268–9
empire-building 10, 175, 178, 208, 222
increasing market share and antitrust consideration 270–71
pharmaceuticals industry 266–71
strategic response to environmental change 266–8
recent trends 187–8
regulation 220–23
vertical, see vertical integration/mergers
what business schools teach 192–7
Mezick, Elizabeth 263, 272
Michels, Robert 87–8
Microfit programme 42
Mikkelsen, WH. 117
minority shareholders 2, 3, 31, 39
Minton, B.A. 132, 137
Mizruchi, M.S. 106, 132, 137
Moeller, S.B. 8
monitoring and control 5
control rights 6
corporate boards and 84–5
market for corporate control 8, 174
transnational corporations 65
monopolies 169, 295–6, 323
endogenous growth theory and 319
innovation and 317
‘merger for monopoly’ 8, 171
Monopolies and Mergers Commission 67–8
Monopolkommission (Germany) 152
Montoriol Garriga, J. 111
Moore, J. 108
Morck, R. 131, 137, 249, 250
Morgan, Eleanor J. 271
Morgan (J.P.) & Company 169
mortgage institutions 147
Mullainathan, S. 5
multimarket diversification 174
Myers, Stewart 7
MySpace 70
Nagaoka, Sadao 215, 216, 217
natural rate of economic growth 219
Navin, T.R. 168–9
‘neck-to-neck’ rivals 321
Nelson, Ralph L. 166, 171, 187
Nelson, Richard R. 209
Netherlands
cash-flow investment sensitivity in 109
relation between competition and economic growth in 337
Klaus Gugler and B. Burcin Yurtoglu - 9781848443921
Downloaded from Elgar Online at 03/27/2019 07:58:27PM
to via free access
Index

network effects 13
vertical integration/mergers in
markets with 301–3, 314–15
basic model 303–6
with all firms independent 306–7
with one integrated firm 310–14
with two integrated firms 307–10
network goods 12
Neumann, M. 157, 303
New Growth Theory 317, 319
competition and innovation in
320–21
New York University 192
News Corporation 70
Nguyen-Dang, Bang 90
Nibler, M. 131, 137
Nicoletti, G.A. 318, 321, 322
non-executive directors 10, 235–40
non-profit firms 15
banks 146, 147, 150, 152, 161–2
Northern Securities decision 166
Norway, banks in 111
O’Brien, A.P. 167–8
Odagiri, Hiroyuki 215, 217, 219, 222
Oji Paper 222
oligarchy 87–8
oligopoly 172–3
mergers in Cournot oligopoly model
205–7
model of German banking 157–8
Ongena, S. 111, 117, 124
opportunity costs 152
Ordover, J. 302, 303
Organization for Economic
Co-operation and Development
(OECD) 323, 325
organization theory
downside drift 87–8
informal organizations 93
Ornaghi, Carmine 272
out-licensing, pharmaceuticals
industry 265
outside board members 5–6, 90
‘outsider’ governance systems 2, 16
outsourcing 160
overcapitalization 171
overinvestment 109
ownership 1
concentration 20, 21, 27, 39
owner-managers 4
performance of firms and 248–52
Pakes, A. 289
Pulia, D. 124, 176
Pammolli, Fabio 270
Paquette, Cherie 271
Pareto optimality 60
Partch, M.M. 117
partnerships, see alliances
patents
expiration 11
knowledge spillovers 209
Peasnell, K.V. 247
Peck, S.I. 240
perfect competition 319
performance of companies
bank relationships and 110–11,
112–13
corporate boards and 5–6
corporate governance and 244–53
German banks 149–50, 152–5
large shareholders and 6–7
mergers/takeovers and 9–10, 243–53
post-merger performance 272
Perry, M.K. 12, 288
Persson, L. 289, 290, 291
Pesaran, M.H. 42
Petersen, M.A. 124
Pfaffermayr, M. 323
Pfizer 268, 269
pharmaceuticals industry 11
mergers and alliances 262–6, 282–4
determinants 266–71
effects 272–82
research and development (R&D)
262, 263, 267–83
Pharmacia 268
Pisano, Gary 270, 273
planning, economic 14, 55–6, 71
poison pills 83
politics and finance view 3
Porter, M.E. 320, 342
Porter, R.H. 12, 288
Portugal, relation between competition
and economic growth in 337
post-merger performance 272
Powell, M. 244
Powell, Walter 270
prices, mergers and 217, 221

Klaus Gugler and B. Burcin Yurtoglu - 9781848443921
Downloaded from Elgar Online at 03/27/2019 07:58:27PM
via free access
Principal Component Analysis (PCA) 22, 27–9
principal–agent theory 1, 320
private commercial banks 147
private equity transactions 243
product differentiation 172
production costs 79
productive efficiency 319
productivity 340
mergers and 9, 10, 197–200, 216, 262, 272
research and development (R&D) 262, 263, 267
profits
mergers and 173–4
profitability
commercial banks 158–9
mergers and 10, 12, 215–17
profit-seeking firms 15
banks 146, 147, 158–9
project finance 78
promoters 168, 169–70
propensity score method 11
proxy-voting 131
public interest
corporate governance and 14, 54–5, 72
strategic failure and 58–9
theory of regulation 60
public policy, corporate governance and 55–62
competition and the policy objective 60–61
strategic failure and the public interest 58–9
strategy 55–6
voice and 61–2
who governs and what are the implications 56–8
public sector banks 147
Purroy, P. 152
quality 79
Quella, James 270
Radice, H.K. 249
Rajan, R. 3, 21, 107, 111, 124
Rapp, Richard T. 271
Rasmussen, Robert 96, 97
rational expectations 4
Rau, R.P. 8
Ravenscraft, David J. 8, 9, 166, 188, 190, 197, 208, 263, 266, 267
reciprocity 174
Recof 203
Recombinant Capital 265
Regibeau, P. 315
regional banks 147
regional protection (Regionalprinzip) 149
regulation
Basel II regulations 160
corporate governance 229–35
impact 235–43
economic growth and development and 317, 318–20, 321–2
investment 7
mergers 220–23
public interest theory of 60
regulations to help achieve democratic economy 66–9
Reichel, R. 157
Reiffen, D. 302
remediableness criterion 86–7
remuneration
chief executives (CEOs) 10, 83, 95, 241
directors 232, 234, 241
managers 2, 4–5, 178
remuneration committees 241
research and development (R&D)
alliances and 269–70, 273–4
antitrust law and 271
competition and 340
mergers and 219–20, 262, 272, 274–82, 283
pharmaceuticals industry 262, 263, 267–83
alliances and 265, 273–4
productivity 267
scale and scope economies 268–9
restructuring 83
Reynolds, R.J. 288
Riccaboni, Massimo 270
Ridgway, Nicole 194, 197
Riordan, M. 302
Rodriguez, Daniel 267, 270, 274
Roe, Mark J. 106, 128
Röller, L.-H. 215
Romania, relation between
competition and economic growth in 337
Royal Dutch Shell Group 54
Rumble, A.S. 106, 136
Salant, S.W. 288
Salas, V. 152
Salinger, M.A. 302, 303
Saloner, G. 303, 307
Santos, J.A.C. 106, 136
Sarbanes–Oxley Act 77
Sarkar, Prabirjit 39, 44
savings banks 147, 148, 149, 150
scale economies 11, 12, 167, 209, 268–9
Scandinavia 2
Scarlotta, S. 318, 322
Scharfstein, David S. 107, 108, 280
Scherer, F.M. 8, 9, 166, 179, 190, 208, 269
Schmid, F.A. 7, 106, 131, 137
Schrader, A. 302, 303
Schumpeter, Joseph 222, 317, 319, 320
Schwarz Bayesian criterion (SBC) 42
scope economies 11, 268–9
search and discovery process 319
Sears, M.V. 168–9
Second Merger Wave (1920s) 8, 166, 172–3
Selznick, Philip 87
Seraes, H. 249
Shane, Scott 86
shareholders 56–7, 234
activism 607
board members 248–52
elite 57
institutional 10–11, 234, 241–3, 252–3
banks 7, 105, 106, 128–32, 137
large 6–7
meetings
proxy voting 131
special meetings 2
mergers and 179
minority 2, 3, 31, 39
monitoring and control 5
owner-managers and 4
protection 3, 4
legal origin and 20–45
legal system and 20
stock market development and 38–44
value 14
Sharp & Dohme 192
Sherman, Michael 175
Sherman Act 68, 168
Shikimi, M. 124
Shin, Y. 42
shirking 152
Shivdasani, A. 5
Shleifer, A. 1, 2, 3, 20–23
shocks 266, 283
Short, H. 250
Shy, O. 303
Siems, M.M. 3, 22
Simon, Herbert 88, 89
Singh, Ajit 227, 228
sinking funds 79
Slovakia, relation between competition and economic growth in 337
Slovín, M.B. 117
Smith, Kenneth 270
Sorge, M. 124
Southern Pacific Railroad 178
Spain banks in 111
relation between competition and economic growth in 337, 338, 344
Spamann, Holger 3
spatial competition 12
special meetings 2
specialized banks 147
Spreeckels, Rudolf 85
staggered boards 83
stakeholders 1, 14, 62, 80
Stark, A. 244
start-up firms 85, 86
state ownership 329
Steiner, Peter O. 173
Stewart, G.B. 175
Stigler, George 8, 165, 169, 171, 172, 173
Stiglitz, J. 107
stock markets, see capital markets
Strahan, P.E. 106, 136, 137
strategy 71
corporate governance and challenge for public policy 55–6
strategic failure and the public interest 58–9
strategic response to environmental change 266–8
Suarez, Javier 95
Sugden, Roger 55, 56, 58, 59
Sunshine, Steven C. 271
Sunstein, Cass R. 63
Suzuki, S. 110
Sweden, relation between competition and economic growth in 330, 341, 344
Switzer, S. 288
Switzerland, relation between competition and economic growth in 330
Symeonidis, George 168
takeovers, see mergers and takeovers
taxation 342
technological progress, mergers and 177–8
Teece, David J. 209, 270
Teva 263
Theodorou, E. 245
theory of the firm 55, 226
agency theory of the firm and corporate governance 4–14
Third Merger Wave (1960s) 8, 166, 173–7
Thorp, W.L. 172
Tirole, Jean 1, 14, 57, 80, 90–91
Tirri, V. 124
Tobin’s q 6, 109, 131, 187, 218, 245, 249
trade, openness 13
transaction cost economics 78, 160, 209
transition economies 124
transnational corporations 65
travelling costs 307–14
Treasury Select Committee 243
Turnbull Report 232
Turner, Frederick Jackson 167
Tyco 83
underinvestment 108, 109
unemployment 326
Union Pacific Railroad 178
United Kingdom
City Code on takeovers and mergers 22
corporate governance in 2, 10, 229–43
firm performance and 244–53
institutional shareholders 241–3, 252–3
mergers/takeovers in 171, 226–9, 243–4, 254
non-executive directors 235–40
regulation of corporate governance 229–35
relation between competition and economic growth in 337, 341
shareholder protection in 21, 27, 29, 34, 38, 39, 42, 44, 45
United States of America
antitrust law 68, 168, 172–3, 175, 190, 270–71
banks in on corporate boards 132, 136
as shareholders 128
business schools 192–7
credit market structure 124
governance systems 2
mergers 9, 228
First Merger Wave (1890s) 166–72
recent trends 187–8
Second Merger Wave (1920s) 172–3
US Merger Guidelines 220
Sarbanes–Oxley Act 77
shareholder protection in 21, 27, 31, 34, 38, 39, 42, 44, 45
Waxman–Hatch Act 262
universal banks 147
universities 57–8
US Steel Corporation 166
Utton, M.A. 171
Vafeas, N. 245, 250
Valbonesi, Paola 178
Valetti, T.M. 303, 315
valuation ratio, see Tobin’s q
valuation-growth frontier 218
Van Ees, H. 109
venture capital 85
Verbrugge, J.A. 152
Verdoorn’s law 198, 199
Vermaelen, T. 8
Index

Vermeulen, P. 109
vertical disintegration 177
vertical integration/mergers 12, 172, 177, 190
in markets with network effects 301–3, 314–15
basic model 303–6
with all firms independent 306–7
with one integrated firm 310–14
with two integrated firms 307–10

Vishny, R.W. 1, 2, 3, 20–23
Vives, Xavier 209
Vodafone Mannesmann 177
Vogt, S.C. 109
voice 61–2, 64
von Thadden, E.L. 105, 107

Warner Lambert 268
Watkins, Myron W. 172
Waxman–Hatch Act 262
WEF Global Competitiveness Report 323
Weinstein, D.E. 111
Weir, C. 245, 250, 251
Weisbach, M.S. 5, 247, 249
Weiss, A.M. 107
Welch, I. 108

welfare, mergers and 10, 217
Wharton School 194, 197
Whyte, William H. 194, 196
Williams, Charles 193
Williams, Raymond 58, 69, 70–71
Williamson, Dean 88
Williamson, Oliver 80, 81, 87, 174, 209, 211, 214
Wilson, James R. 69, 70
winner’s curse 9, 190
Winter, Sidney G. 209
WorldCom 83, 232
Wright, R.W. 110

Yafeh, Y. 111
Yellen, Janet L. 166, 177, 178
Yermack, D. 5
Yosha, O. 111
Yoshida, Kenji 216, 217
Yurtoglu, B. Burcin 2, 6, 7, 8

Zajac, E.J. 252
Zehnder, C. 128
Zeitlin, M. 56, 57, 71
Zhang, C. 124
Zhang, I. 289
Zhao, S. 117
Zingales, L. 3, 21