accounting principles, German corporate governance ratings 364–5
Adams, R. 142
administered price hypothesis 48
agency
  costs 140, 141, 163, 210
  and institutional ownership 229, 230
principal–agent contracts 4, 52, 53–4, 86, 87
principal–agent model 202, 204
and property rights theory 86 theory 86, 99, 188
Alchian, A. 31, 86, 87
allocation and economic growth 124–7
all-or-one trading rule 24
Amadeus database 294
antitrust 4–5
  crisis in (1970) 11–12
  general application to 18–19
  inhospitality tradition in 22
  objections to exchanges 26–7
appropriable quasi-rent 68, 79
arbitrage pricing theory (APT) 171, 180, 183
‘The Architecture of Complexity’ (Simon) 31
Areeda, Philip 23, 24
Arrow, K.J. 105, 130
asset specificity 14, 19–20
associated families, Balearic region see family businesses, Balearic region
auction rule, US 192, 197
authority
  bureaucratic 88
  definitions 83–4, 90
  delegation of 89
  formal and real 88–90, 91
managerial see managerial authority
automotive industry 67–8
backward integration 21
Bain, J. 20
Balearics region (Spain), family firms in see family businesses, Balearic region
bargaining power, and authority 85
Barnard, Chester 14, 83
Baumol, William 49
bauxite ore, raw materials procurement 21–2
Bebchuk, L. 142
behavioral attributes 14
Bennedsen, M.B. 143
Berle, A.A.
  The Modern Corporation and Private Property 2, 45, 46
  on ownership concentration 140, 141, 142, 162
  and takeover regulation 190
Bertrand, M. 329
bilateral dependency, asset specificity 14
Bjuggren, P.-O. 148, 151, 152, 155
Black, B. 211
black box of firm, opening
  antitrust analysis 19
  exchange agreements 26
  firm size, limits to 30
  and market organization 1, 11, 33
  and neoclassical model 64
Blair, M.M. 326
Blake, H.M. 33
board composition 5–7
board neutrality rule, Thirteenth Company Law Directive 209
board size, German corporate governance ratings 364
Bohren, O. 324, 326, 330
Bonacich, P. 382, 387–8
Booth, J. 385
boundary of firm issue, scaling up 31
bounded rationality (contractual incompleteness) 14, 79
Brick, I.E. 330
Burkart, M. 142, 383–4
business judgment rule, US 192
business opportunities space (universal state space) 104, 107, 108
and competence bloc theory 111–12
CAPM (capital asset pricing model) 4
  conventional 180
  institutional risk and uncertainty 170–71, 175, 178, 182
  multi-beta 171
cargo shipping 71
Carlsson, Bo 113
Carter, D.A. 330
cash flows
  cash flow rights and control rights 142, 143, 163
  cash flow rights and performance 142, 158
  and dual-class shares 163
  and neoclassical model 50
  rates of return on 49
  role in investment 56–7
Chandler, Alfred 33
Cheung, Stephen 86, 87
Chicago School, antitrust scholars from 18
civil law
  shareholder value and legal conception of firm 186–90
  takeover bids
    Europe 201–4
    Japan 204–7
Claessens, S. 142
Club Med, shareholder agreements 261, 267, 271, 273, 275, 276
Coase, Ronald H. 15, 63, 85, 87, 108 ‘The Nature of the Firm’ 84
cognition, transaction cost economics
  14
cognitive competence 13
commercialization competence 114
company interest, concept 190
Company Law Directive (13th), takeover bids 194, 196, 201, 203, 204, 209
Company Law Review Steering Committee/Group 187, 188
competence 13
  bloc theory see competence bloc theory
  business, nature of 110–13
  commercialization 114
  horizontal diversity 116–17
  receiver 113
  and social capital 121
  specification of firm in EOE 107–9
  venture capital 115
competence bloc theory 107
  actors in 3, 110, 111, 113–17
  decision structure of bloc 111
  definitions 126
  hierarchies, limits 112
  industrial spillover generator, bloc as 117
  institutions and incentives/competition 120–21
  econometric evidence 339–46, 340, 343, 345
employee directors, effects 6
  estimation and method 338–9
  fixed effects estimations 325, 338
  lagged firm performance 328, 352
  leverage 330, 342, 355
  literature review 325–6
  methodology 338, 339
  reverse causation hypothesis, and co-dermination hypothesis 329
  robustness checks 339, 346–53, 347, 350–51
  simultaneity and endogeneity 323–4, 328–31
  stakeholder or interest group 326–8
  theory and hypotheses 326–31
  three-stage least squares (3SLS) methodology 6, 325, 338
  Wald test 342, 352
see also employees

nature of business competence and efficiency of project selection 110–13
theory of firm 117–20
vertical completeness of bloc 115–16
competition
endogenous growth through 121–4
and institutions 120–21
product market 51
Compustat Global database 148
concentration of ownership
in Anglo-Saxon countries 144
and descriptive statistics 235–9
Germany, corporate governance in 7, 363
intermediate levels of 263, 264–5
and investment performance 141–2
non-linear effects on performance 141–2, 156, 162–3, 226
and ownership structure 142
in Scandinavia 144, 145
see also Scandinavian countries
contract of affreightment (COA) 71, 72
contracts
contract as framework/contract as legal rules 17
employment 66, 84–5, 100
firm as nexus of 64, 65–8, 66
freight 72
hazards, contractual 20
insecure, risk of 170
long-term 68
in maritime transport 66, 75–8
and markets and firms 68–70
principal–agent 52, 53–4, 86, 87
spot 76–7
wide spectrum of 86, 87
see also contractual perspective of firm; freedom of contracts
contractual perspective of firm 2, 64–70
firm as nexus of contracts 64, 65–8, 66
flexibility 68
maritime industry 2, 74–8
mutual dependency 2, 69–70, 78
specialization and institutions 65
water tightness 68
see also contracts
contractual specificities 76
control enhancing mechanisms (CEM) 142
control rights, shareholder agreements 270–71
Conyon, M. 383
coordination 93–8
problem 85–6, 94, 96
corporate control
economists’ view of market 209–13
and investment, in Scandinavia 140–44
market for 52, 53, 213–14
stock market prices and market 213–16
corporate governance
Anglo-Saxon model 212, 225
Codes 365–7
French model 189
in Germany 361–79
governance structures 14–15
and ownership 227–32
principal–agent model 202, 204
in Scandinavia 139–40, 143–4, 145
corporate return, in Scandinavia 149, 151–6
cash-flow rights and performance 158
concentration of control, voting rights and performance 159
dual-class shares 160, 161
and ownership structure 156–7, 160–62
corporate value, concept of 206, 207
corporation
Anglo-Saxon version 43
centralized/de-centralized 33
and early economists 43–6
managerial discretion 51–4, 56
managerialist challenge 48–51
‘marginalist’ controversies 46–8
M-form structure 33
modern see modern corporation
recent developments 54–5
Cosh, A. 216
creative destruction process,
Schumpeterian 106, 121, 124
credible commitments 25–8
Cronqvist, H. 143
<table>
<thead>
<tr>
<th>Term</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>cross-holdings</td>
<td>142, 143, 203, 204</td>
</tr>
<tr>
<td>Cyert, R.M.</td>
<td>49</td>
</tr>
<tr>
<td>de Beers</td>
<td>24, 25</td>
</tr>
<tr>
<td>de la Torre, C.</td>
<td>240</td>
</tr>
<tr>
<td>De Soto, Hernando</td>
<td>168–9</td>
</tr>
<tr>
<td>Debreu, G.</td>
<td>130</td>
</tr>
<tr>
<td>dedicated assets</td>
<td>69, 80</td>
</tr>
<tr>
<td>Delaware courts, US</td>
<td>189, 192</td>
</tr>
<tr>
<td>delegation</td>
<td></td>
</tr>
<tr>
<td>of authority</td>
<td>96–8</td>
</tr>
<tr>
<td>of discretion</td>
<td>92, 97</td>
</tr>
<tr>
<td>Deli, D.</td>
<td>385</td>
</tr>
<tr>
<td>Demsetz, H.</td>
<td>35</td>
</tr>
<tr>
<td>on experimentally organized economy</td>
<td>105</td>
</tr>
<tr>
<td>on managerial authority, knowledge economy</td>
<td>86, 87</td>
</tr>
<tr>
<td>on ownership concentration</td>
<td>141, 144</td>
</tr>
<tr>
<td>on scaling up</td>
<td>31</td>
</tr>
<tr>
<td>Denmark</td>
<td></td>
</tr>
<tr>
<td>dominant firm</td>
<td>152</td>
</tr>
<tr>
<td>dual-class shares</td>
<td>143, 144</td>
</tr>
<tr>
<td>networking in experimentally organized economy</td>
<td>105</td>
</tr>
<tr>
<td>descriptive statistics</td>
<td>235–9, 390–91</td>
</tr>
<tr>
<td>diffusion, technological</td>
<td>125–6</td>
</tr>
<tr>
<td>disclosure requirements, shareholder agreements</td>
<td>258</td>
</tr>
<tr>
<td>discount rate</td>
<td>169, 170</td>
</tr>
<tr>
<td>discretion</td>
<td>88–9</td>
</tr>
<tr>
<td>delegation of</td>
<td>89, 97</td>
</tr>
<tr>
<td>exercise by employees</td>
<td>89</td>
</tr>
<tr>
<td>managerial</td>
<td>51–4, 56</td>
</tr>
<tr>
<td>discriminating alignment hypothesis</td>
<td>15</td>
</tr>
<tr>
<td>distribution, vertical market relations</td>
<td>22</td>
</tr>
<tr>
<td>dividends, and institutional ownership</td>
<td></td>
</tr>
<tr>
<td>see institutional ownership and dividends</td>
<td></td>
</tr>
<tr>
<td>Drobetz, W.</td>
<td>361, 362, 378</td>
</tr>
<tr>
<td>dual-class shares</td>
<td>3</td>
</tr>
<tr>
<td>and cash-flow rights/control rights</td>
<td>163</td>
</tr>
<tr>
<td>Denmark</td>
<td>143, 144</td>
</tr>
<tr>
<td>effects</td>
<td>142</td>
</tr>
<tr>
<td>Finland</td>
<td>143, 144</td>
</tr>
<tr>
<td>Norway</td>
<td>3, 143</td>
</tr>
<tr>
<td>ownership and performance</td>
<td>160, 161</td>
</tr>
<tr>
<td>Sweden</td>
<td>3, 5, 143, 144</td>
</tr>
<tr>
<td>early economists</td>
<td>43–6</td>
</tr>
<tr>
<td>Easterbrook, F.H.</td>
<td>330</td>
</tr>
<tr>
<td>economic mistakes, informational</td>
<td></td>
</tr>
<tr>
<td>assumptions</td>
<td>105</td>
</tr>
<tr>
<td>educational background, networking</td>
<td>391–2</td>
</tr>
<tr>
<td>efficient capital market</td>
<td>2, 51, 52–3</td>
</tr>
<tr>
<td>Eisenberg, T.</td>
<td>330</td>
</tr>
<tr>
<td>Eliasson, G.</td>
<td>108, 109, 119</td>
</tr>
<tr>
<td>Elster, Jon</td>
<td>34</td>
</tr>
<tr>
<td>employees</td>
<td></td>
</tr>
<tr>
<td>on board see co-determination,</td>
<td></td>
</tr>
<tr>
<td>impact upon firm performance</td>
<td></td>
</tr>
<tr>
<td>costs of bargaining with</td>
<td>91</td>
</tr>
<tr>
<td>discretion, exercise of</td>
<td>89, 100</td>
</tr>
<tr>
<td>and hostile bids</td>
<td>198, 199, 200</td>
</tr>
<tr>
<td>employment contracts</td>
<td>66, 84–5, 100</td>
</tr>
<tr>
<td>endogenous growth</td>
<td></td>
</tr>
<tr>
<td>competition, through</td>
<td>121–4</td>
</tr>
<tr>
<td>micro-to-macro model, Swedish</td>
<td>122</td>
</tr>
<tr>
<td>Salter curves</td>
<td>122–3</td>
</tr>
<tr>
<td>entrenchment effect</td>
<td>141, 142, 163, 383, 385</td>
</tr>
<tr>
<td>entrepreneurs</td>
<td>114, 115, 168</td>
</tr>
<tr>
<td>EOE (experimentally organized economy)</td>
<td></td>
</tr>
<tr>
<td>see experimentally organized economy (EOE)</td>
<td></td>
</tr>
<tr>
<td>equity rights, shareholder agreements</td>
<td>269</td>
</tr>
<tr>
<td>Ericsson</td>
<td>152</td>
</tr>
<tr>
<td>Europe</td>
<td></td>
</tr>
<tr>
<td>Codes of Corporate Governance</td>
<td>365–7</td>
</tr>
<tr>
<td>takeover bids</td>
<td>201–4</td>
</tr>
<tr>
<td>Eurostat</td>
<td>149</td>
</tr>
<tr>
<td>exchange agreements</td>
<td>25–8</td>
</tr>
<tr>
<td>Canadian Study</td>
<td>26, 28</td>
</tr>
<tr>
<td>entry fees</td>
<td>26–7</td>
</tr>
<tr>
<td>growth and supplementary supply constraints</td>
<td>27–8</td>
</tr>
<tr>
<td>objections to exchanges</td>
<td>26–7</td>
</tr>
<tr>
<td>petroleum exchanges</td>
<td>26</td>
</tr>
<tr>
<td>executive remuneration, German</td>
<td></td>
</tr>
<tr>
<td>corporate governance ratings</td>
<td>365</td>
</tr>
<tr>
<td>experimentally organized economy (EOE)</td>
<td>104–27</td>
</tr>
</tbody>
</table>
allocation and economic growth 124–7
business opportunities space 104, 107, 108, 111–12
competence bloc theory see competence bloc theory
competence specification of firm in 107–9
critical mass 117
dominant selection problem 109, 110
efficient selection in 111
endogenous growth 121–4
flexibility 117
informational assumptions 104–10
macro dynamics, experimental
selection 109–10
MOSES model 127, 128
opportunities space assumption 109
property rights 120
static equilibrium 128
tacit dimension 108
Federal Trade Commission, US 26, 35
Ferreira, D. 142
ferry/cruise market, maritime industry 71
financial contracting 255, 279
Finland
dominant firm 152, 153
dual-class shares 143, 144
firm interaction, social network
analysis 386
flip-in/flip-over, anti-takeover defences 193
Ford Motor Company, raw materials procurement 21
forward contracts
contractual specificities 76
tramp shipping 70
Frank, Robert 50
freedom of contracts 168, 262–74
freight market 70–71
Fuchs, Victor 11
Fudenberg, Drew 14, 35
Fuerst, M.E. 325, 352, 353
functional efficiency of capital markets 146, 162
fundamental valuation efficiency (FVE) 213
General Motors 54
Georgescu-Roegen, N. 112
Germany, corporate governance in 361–79
accounting principles 364–5
board size 364
Code of Corporate Governance 367
‘comply or explain’ kind 6
see also corporate governance: Codes
concentration of ownership 7, 363
data description 367–71
empirical results 372, 373, 374
executive remuneration 365
explanatory variables 369, 370, 371
HGB rules 364, 365
hypotheses 363–5
IAS rules 362, 364, 365
ownership concentration 363
ratings 367–9
components of 376, 377, 378
Faccio, M. 142
Falaye, O. 326
Fama, Eugene 51, 118
family businesses, Balearic region
292–319
business group directors and family
312–15
business groups under control of
associated families 305–17
companies under control of
associated families 298–305
data sources and methodology
294–8
definition of family business 292–4
family group heterogeneity 306–7
measurement of family group
diversification 307–12
relevance of associated family
companies in region 296–8
representative company 298–9
sector diversification and family
control 315–17
sector of activity diversity 303–5
size, differences according to 299–300, 301, 302–3
‘two-surnames’ system 6
Faure, M. 167
Fauver, L. 325, 352, 353
Per-Olof Bjuggren and Dennis C. Mueller - 9781848449053
Downloaded from Elgar Online at 02/20/2019 10:28:52PM
via free access
robustness tests 374–6
US-GAAP rules 362, 364, 365, 378
Gierke, Otto von 190
Gilson, R. 211
Gompers, P. 329
governance structures 14–15
Grabowski, H. 49
Gugler, K. 148, 155–6
Hall, R. L. 47, 48
Hannah, Leslie 200, 201
Hart, Oliver 86
Hayek, Friedrich 14
‘Heisenbergian flux’, economy in 105
Heritage Foundation 167, 173, 177
Hermalin, B.E. 331
hierarchies, governance structures 15
High Level Group of Experts, on takeover bids 201, 202, 203, 204
Hitch, C.J. 47, 48
Holmstrom, Bengt 14, 92
horizontal diversity, competence 116–17
horizontal mergers 32
Hughes, A. 216
human capital (production factor) 65
Hume, David 168, 180
hybrid contracting, governance structures 15
IBM 111, 118
Imperial–Shell exchange agreement 27–8
incentives business opportunities space (universal state space) 107
concentration of ownership 141
and institutions 120–21
in knowledge economy 92
Särîrimeb effect 107
use of authority from perspective of 90–93
Industry and Trade (Marshall) 45
information arbitrage efficiency (IAE) 213
informational assumptions allocation and economic growth 126–7
competence specification of firm in EOE 107–9
economic mistakes 105
grossly ignorant actor 105
industrial development theory 104–10
Särîrimeb effect 106–7
innovations, market for 114
in-or-out trading rule 24, 25
institutional ownership and dividends 5
agency arguments 229, 230
Breusch-Pagan/Cook-Weisberg test 241
concentration, and descriptive statistics 235–9
earnings trend model, modified 232–4
empirical results and analysis 239–45, 246
FGLS estimations 241, 242, 243
fixed effects estimations 244
full and partial adjustment models 232
Hausman test 243
hypotheses 230–32
institutional shareholdings, positive effect on dividend changes 231
non-linear relationship 231, 241
OLS regression 241, 245
research methodology 232–4
signalling arguments 229–30
taxation arguments 228–9
variables 234, 235
vote-differentiated shares 231–2, 242, 244, 245
Waud model 232, 233
see also ownership
institutional risk and uncertainty adaptations to 85
estimations of risk and return 171–2, 180
first-pass regression 173, 177
freedom of contracts 168
insecure property rights and contracts, risk of 170
models and results 177–80, 179
net present value 169
political risk 168
portfolio theory and investment 170–71, 180
property rights 4, 168–9
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>regression specification error test (RESET)</td>
<td>180</td>
</tr>
<tr>
<td>research data</td>
<td>172–3, 174–5, 176</td>
</tr>
<tr>
<td>risk-free rate plus risk premiums</td>
<td>181–2</td>
</tr>
<tr>
<td>second-pass regression</td>
<td>177, 178</td>
</tr>
<tr>
<td>transaction attributes</td>
<td>14</td>
</tr>
<tr>
<td>world market portfolio</td>
<td>177</td>
</tr>
<tr>
<td>Institutional Shareholders Committee, guidelines</td>
<td>217–18</td>
</tr>
<tr>
<td>institutions and incentives/competition</td>
<td>120–21</td>
</tr>
<tr>
<td>institutional environment, importance</td>
<td>3–5</td>
</tr>
<tr>
<td>and specialization</td>
<td>65</td>
</tr>
<tr>
<td>intermediate product market transaction (paradigm transaction)</td>
<td>15–18</td>
</tr>
<tr>
<td>Node A (unassisted market)</td>
<td>16</td>
</tr>
<tr>
<td>Node B (unrelieved hazard)</td>
<td>16–17, 23</td>
</tr>
<tr>
<td>Node C (credible commitment)</td>
<td>17, 23</td>
</tr>
<tr>
<td>Node D (integration)</td>
<td>17, 18</td>
</tr>
<tr>
<td>simple contractual schema</td>
<td>16</td>
</tr>
<tr>
<td>International Country Risk Guide (ICRG)</td>
<td>173, 177, 178</td>
</tr>
<tr>
<td>International Stock Exchange, Pre-emption Group</td>
<td>217</td>
</tr>
<tr>
<td>investor rights protection (IRP)</td>
<td>173</td>
</tr>
<tr>
<td>Japan, takeover bids</td>
<td>204–7</td>
</tr>
<tr>
<td>Jensen, Michael</td>
<td>30–31, 54–5, 92, 140–41, 143</td>
</tr>
<tr>
<td>joint stock companies</td>
<td>43</td>
</tr>
<tr>
<td>Jorgenson, Dale</td>
<td>50, 211</td>
</tr>
<tr>
<td>Kaplan, A.D.H.</td>
<td>47</td>
</tr>
<tr>
<td>Kaplan, S.</td>
<td>255</td>
</tr>
<tr>
<td>Kasper, W.</td>
<td>168</td>
</tr>
<tr>
<td>Kay, John</td>
<td>214</td>
</tr>
<tr>
<td>Kelly, Marjorie</td>
<td>208</td>
</tr>
<tr>
<td>Kennedy, Allen</td>
<td>208</td>
</tr>
<tr>
<td>Kenney, Roy</td>
<td>24</td>
</tr>
<tr>
<td>Keynes, John Maynard/Keynesian economics</td>
<td>46, 113</td>
</tr>
<tr>
<td>Kindahl, James</td>
<td>48</td>
</tr>
<tr>
<td>kinked-demand schedule hypothesis</td>
<td>47, 48</td>
</tr>
<tr>
<td>Kirzner, I.M.</td>
<td>105</td>
</tr>
<tr>
<td>Klein, Benjamin</td>
<td>17, 24, 68</td>
</tr>
<tr>
<td>Knight, Frank</td>
<td>29</td>
</tr>
<tr>
<td>knowledge economy</td>
<td>3</td>
</tr>
<tr>
<td>centralized decision making</td>
<td>95</td>
</tr>
<tr>
<td>diminishing use of authority in</td>
<td>3, 92, 98–9</td>
</tr>
<tr>
<td>information dispersal</td>
<td>91–2</td>
</tr>
<tr>
<td>informational assumptions</td>
<td>104</td>
</tr>
<tr>
<td>investment in assets</td>
<td>91</td>
</tr>
<tr>
<td>managerial authority</td>
<td>82–99</td>
</tr>
<tr>
<td>and bargaining power</td>
<td>85</td>
</tr>
<tr>
<td>centralized 94–6</td>
<td></td>
</tr>
<tr>
<td>change in relative use</td>
<td>90–98</td>
</tr>
<tr>
<td>diminishing of use, in knowledge economy</td>
<td>3, 92, 98–9</td>
</tr>
<tr>
<td>from incentive perspective</td>
<td>90–93</td>
</tr>
<tr>
<td>from production coordination</td>
<td>perspective 93–8</td>
</tr>
<tr>
<td>coordination problem</td>
<td>85–6</td>
</tr>
<tr>
<td>delegating, setting</td>
<td>96–8</td>
</tr>
<tr>
<td>in firms and markets</td>
<td>84–90</td>
</tr>
<tr>
<td>incentive perspective, use from</td>
<td>90–93</td>
</tr>
<tr>
<td>managerial, in knowledge economy</td>
<td>82–99</td>
</tr>
<tr>
<td>measurement costs</td>
<td>87</td>
</tr>
</tbody>
</table>

Kogut, B. 383
Koopmans, Tjalling 11
Kuth, E. 57

La Porta, R. 144, 226, 383
Lang, L.H.P. 142
lateral integration 20–21
Lee, S. 142
legal conception of firm, and
shareholder value, in common
and civil law 186–90
Legrand, shareholder agreements 261, 267–8, 276
Lehn, K. 144
lens of contract/governance 12, 13, 34
Lester, Richard 47
Lewis, Tracy 29
life-cycle hypothesis 49, 50
liner market, maritime industry 71
Lintner, J. 232
Llewellyn, Karl 17

Magirou, E. 70
managerial authority
and bargaining power 85
centralized 94–6
change in relative use of 90–98

diminishing of use, in knowledge economy 3, 92, 98–9
from incentive perspective 90–93
from production coordination
perspective 93–8
coordination problem 85–6
delegating, setting 96–8
in firms and markets 84–90
incentive perspective, use from 90–93
managerial, in knowledge economy 82–99
measurement costs 87

Per-Olof Bjuggren and Dennis C. Mueller - 9781848449053
Downloaded from Elgar Online at 02/20/2019 10:28:52PM
via free access
orders 82–3, 87, 99
production coordination
 perspective, use from 93–8
and property rights 82, 85–6
relations between employer/
employees 2–3
subordinate’s acceptance of 84
see also authority
managerial discretion
constraints on 51–2
 strength of constraints 52–4
end to 56
managers
managerialist challenge 48–51
market for 51, 53
of private-sector companies 186
see also managerial authority;
managerial discretion
mandatory bid rule, United Kingdom
194, 209
Manne, Henry 52
March, J.G. 49
marginal q, use of 3, 4, 55
agency hypothesis 148
cumulative distribution 150–51
definitions 145–6
measurements 146, 162
ratios 146
in Scandinavia 3, 149, 150–51, 152
see also Tobin, J./Tobin’s q
marginalist pricing models 46–8
maritime industry 2
 bulk shipping, contracting practices
  77
carrier and shipper, link between
  78
characteristics of maritime transport
  70–74, 77–8
contractual perspective 74–8
contracts in maritime transport
  66, 72, 75–8
see also contractual perspective
of firm
economic organization 74–8
freight loading, and scaling-up 31
freight market 70–71
shipping company 72–4
structure of shipping services
in relation to cars/car
manufacturers 69
third-party ship management 66,
  74–5, 79
tramp shipping 70, 71
vessel as fungible asset 67
mark-up pricing model 47
market
corporate control 209–16
see also corporate control
economists’ view of, for corporate
control 209–13
for innovations 114
for managers 51, 53
‘pure vanilla’ type 1
and stock market prices 213–16
market organization
antitrust see antitrust
credible commitments 25–8
intermediate product market
transaction (paradigm
transaction) 15–18
lens of contract/governance 12, 13, 34
microanalytics 13–15
and opening black box of firm 1,
  11, 33
price theoretic issues 22–5
vertical market see vertical market
relations
see also corporation; modern
corporation
market-for-corporate control 52
Marris, Robin 49, 52
Marshall, Alfred 2, 45, 46
Masten, S. 75
Matthews, R.C.O. 35
Maury, B. 143
McConnell, J.J. 141
Means, G.C. 46–7, 48
The Modern Corporation and Private
Property 2, 45
on ownership concentration 140,
  141, 142, 162
Meckling, William 30–31, 92, 140–41,
  143
mergers 32, 208
Merrick Dodd, E. 190
METI (Japanese economics ministry)
206
Meyer, J.R. 57
micro-to-macro model, Swedish 122,
  124, 125
Miguel, A. 245
Milgrom, Paul 14, 92
Mill, John Stuart 2, 44, 45, 46
Mitroussi, K. 74, 75
modern corporation
conglomerates 33
firm size, limits to 29–30
horizontal mergers 32
scaling up 30–32
modified earnings trend model,
institutional ownership 232–4
Modigliani and Miller cost of capital
50
The Modern Corporation and Private
Property (Berle and Means) 2,
45, 46
Moller-Maersk 152
monopolies, oligopoly–monopoly
comparisons 32
moral hazard 91, 92
Morck, R. 139, 141, 227
Morgan Stanley world market index
171, 172, 173
MOSES (Model of the Swedish
Economic System) 127, 128
Mueller, D.C. 145, 148, 149
Muldoon, M. 383
Mullainathan, S. 329
Muris, Timothy 19, 35
mutual dependency, contractual
perspective of firm 2, 69–70, 78
NACE (economic business activity)
codes 294, 309
one-digit level 303
two- and three- digit levels 308, 310
‘The Nature of the Firm’ (Coase) 84
NBS (Nippon Broadcasting System)
205
neoclassical model 2, 45
assumptions 106
‘black box’ theory 64
corporate control and investment
140
investment 50
limitations of 50
and marginalist controversies 46, 47
net present value (NPV) 169
networking
activities 384–5
Bonacich approach 382, 387–8
data description 389–92
in Denmark 7, 382–98
descriptive statistics 390–91
educational background 391–2
empirical model/results 392–5
and firm performance 383–4
network ties
French shareholder agreements
273–4
internal and external 7, 389, 392
measuring, using ownership
structure information 388–9
nodes and lines 356
social network analysis 386–9
translog specification 392
new growth theory 114
New York Stock Exchange index 171
nexus of contracts, firm as 64, 65–8
Nielsen, K.M. 143
Nilsson, M. 143
Nippon Broadcasting System (NBS)
205
‘Nirvana fallacy’ 105, 128
Node A (unassisted market)
contracting 16
Node B (unrelieved hazard) 16–17, 23,
27, 35
Node C (credible commitment) 17,
23, 35
Node D (integration) contracting 17, 18
Nokia 152
Norsk Hydro 152
Nortel 214
North, D.C. 168
Norway
dominant firm 152, 153, 154
dual-class shares 3, 143
marginal q, use of 4
proportionality principle 144
oligopolies 32, 47
one-share-one vote principle 142, 144
opportunism 14
organization of economic activities 2–3
over-searching 24–5
ownership
and capital 65–6
categories 235
Index

concentration see concentration of ownership
and corporate governance 227–32
institutional see institutional ownership and dividends
nature of, and shareholder agreements 262–8, 264–5
nominal 142
pyramid 142, 143
single owners 143
structure see ownership structure
ownership structure
and board composition/firm performance 5–7
and concentration of ownership 142
and corporate return, Scandinavia 156–7, 158–9, 160–62
measuring network ties between firms using information on 388–9
Pajuste, A. 143
Panel on Mergers and Takeovers, UK 194
paradigm transaction 15–18
Pernod Richard, shareholder agreements 259–60, 266, 267, 272, 276
Perotti, E. 330
physical capital (production factor) 65
Pindado, J. 240
Pirrong, Stephen 64, 75–6
poison pills, anti-takeover defence 193
political risk 167, 168
Political Risk Group 167
Porter, Michael 212
portfolio theory and investment 170–71, 180
Pound, J. 229, 230
predatory pricing 23–4
present value (PV) 169
price discrimination 22–3
price rigidity 47, 48
price theoretic issues
marginal cost pricing test 24
mark-up pricing model 47
output test 24
over-searching 24–5
predatory pricing 23–4
price discrimination 22–3
repositioning 24
Robinson-Patman Act 23
trading rules 24, 25
principal–agent contracts 4, 52, 53–4
principal–agent corporate governance model 202, 204
private equity market, competence bloc theory 110
product market competition 51, 52
product variation 112
production coordination, use of authority from perspective of 93–8
profit disgorge ment 193
profit maximization 47, 48, 141
‘proper purposes’ doctrine 196
property rights
and agency 86
experimentally organized economy 120
insecure, risk of 170
institutional risk and uncertainty 168–9
and managerial authority 82, 85–6
nexus of contracts, firm as 65–6
property rights protection (PRP) index 173
proportionality principle, Norway 144
Publicis, shareholder agreements 260, 266, 267, 276
pyramid ownership 142, 143
Raheja, C. G. 327
Rathenau, Walther 190
raw materials procurement, vertical market relations 21–2
Reardon, Elizabeth 54, 145, 148, 149
regression specification error test (RESET) 180
remuneration, German corporate governance ratings 365
repositioning, predatory pricing 24
RESET (regression specification error test) 180
Robinson-Patman Act (Anti-Price Discrimination Act) 1936 23
robustness tests
co-determination, impact upon firm performance 339, 346–53, 347, 350–51
<table>
<thead>
<tr>
<th>Topic</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>German corporate governance</td>
<td>374–6</td>
</tr>
<tr>
<td>Roe, M.</td>
<td>278</td>
</tr>
<tr>
<td>Roll, R.</td>
<td>171, 177</td>
</tr>
<tr>
<td>Ruback, Richard</td>
<td>54</td>
</tr>
<tr>
<td>rules, formal and informal</td>
<td>168, 170</td>
</tr>
<tr>
<td>Särimner effect, informational assumptions 106–7</td>
<td></td>
</tr>
<tr>
<td>scaling up 30–32</td>
<td></td>
</tr>
<tr>
<td>Scandinavian countries 3, 139–6</td>
<td>158</td>
</tr>
<tr>
<td>cash-flow rights and performance</td>
<td></td>
</tr>
<tr>
<td>corporate control and investment</td>
<td>140–44</td>
</tr>
<tr>
<td>corporate governance in 139–40, 143–4, 145</td>
<td></td>
</tr>
<tr>
<td>corporate return in 149, 151–6 and ownership structure 156–7, 158–9, 160–62</td>
<td></td>
</tr>
<tr>
<td>dual-class shares 142, 160, 161</td>
<td></td>
</tr>
<tr>
<td>homogeneity of 140, 144</td>
<td></td>
</tr>
<tr>
<td>hostile bids rare in 143</td>
<td></td>
</tr>
<tr>
<td>largest countries in 153–4</td>
<td></td>
</tr>
<tr>
<td>marginal q, use of 3, 149, 150–51, 152</td>
<td></td>
</tr>
<tr>
<td>micro-to-macro model, Swedish 122, 124, 125</td>
<td></td>
</tr>
<tr>
<td>over-investment 4</td>
<td></td>
</tr>
<tr>
<td>research methodology 145–9</td>
<td></td>
</tr>
<tr>
<td>vote-differentiated shares in 142, 143, 157, 162</td>
<td></td>
</tr>
<tr>
<td>Schneider Electric, shareholder agreements 261, 272, 273, 275</td>
<td></td>
</tr>
<tr>
<td>Schumpeter, J. 55, 130</td>
<td></td>
</tr>
<tr>
<td>creative destruction process 106, 121, 124</td>
<td></td>
</tr>
<tr>
<td>on innovator and entrepreneur 129</td>
<td></td>
</tr>
<tr>
<td>self-interest, transaction cost economics 14</td>
<td></td>
</tr>
<tr>
<td>Servaes, H. 141</td>
<td></td>
</tr>
<tr>
<td>shareholder agreements 5, 253–80</td>
<td></td>
</tr>
<tr>
<td>antecedents of 262–74</td>
<td></td>
</tr>
<tr>
<td>background 255–6</td>
<td></td>
</tr>
<tr>
<td>cases</td>
<td></td>
</tr>
<tr>
<td>Club Med 261, 267, 271, 273, 275, 276</td>
<td></td>
</tr>
<tr>
<td>Legrand 261, 267–8, 276</td>
<td></td>
</tr>
<tr>
<td>Pernod Richard 259–60, 266, 267, 272, 276</td>
<td></td>
</tr>
<tr>
<td>Publicis 260, 266, 267, 276</td>
<td></td>
</tr>
<tr>
<td>Schneider Electric 261, 272, 273, 275</td>
<td></td>
</tr>
<tr>
<td>control rights 270–71</td>
<td></td>
</tr>
<tr>
<td>definition of 255–6</td>
<td></td>
</tr>
<tr>
<td>disclosure requirements 258</td>
<td></td>
</tr>
<tr>
<td>duration of 257</td>
<td></td>
</tr>
<tr>
<td>empirical setting and methods 256–61</td>
<td></td>
</tr>
<tr>
<td>equity rights 269</td>
<td></td>
</tr>
<tr>
<td>in France 256–8</td>
<td></td>
</tr>
<tr>
<td>impact 274–7</td>
<td></td>
</tr>
<tr>
<td>listed firms, used by 256–7</td>
<td></td>
</tr>
<tr>
<td>minority investors, protection 271</td>
<td></td>
</tr>
<tr>
<td>more likely to be found, where in companies with intermediate levels of ownership concentration 263, 264–5</td>
<td></td>
</tr>
<tr>
<td>incumbent shareholders seeking to maintain dominant control 268</td>
<td></td>
</tr>
<tr>
<td>large investors seeking to protect bargaining power 272</td>
<td></td>
</tr>
<tr>
<td>long-term interest of shareholders 266–7</td>
<td></td>
</tr>
<tr>
<td>non-financial objectives of owners 267–8</td>
<td></td>
</tr>
<tr>
<td>shareholders addressing complex and conditional issues with intermediate information asymmetry 271–2</td>
<td></td>
</tr>
<tr>
<td>social ties of leading officers and directors 273–4</td>
<td></td>
</tr>
<tr>
<td>stable businesses with small lock-in costs 268–9</td>
<td></td>
</tr>
<tr>
<td>takeover risk 272</td>
<td></td>
</tr>
<tr>
<td>nature of contract items 269–72, 270</td>
<td></td>
</tr>
<tr>
<td>nature of industry 268–9</td>
<td></td>
</tr>
<tr>
<td>nature of ownership 262–8, 264–5</td>
<td></td>
</tr>
<tr>
<td>negatively perceived where 276 network ties 273–4</td>
<td></td>
</tr>
<tr>
<td>non-equity and control issues 271</td>
<td></td>
</tr>
<tr>
<td>positively perceived where 276–7 related literature 256</td>
<td></td>
</tr>
<tr>
<td>sources and methods 258–9</td>
<td></td>
</tr>
<tr>
<td>typical contracts 257</td>
<td></td>
</tr>
<tr>
<td>written contracts 255</td>
<td></td>
</tr>
</tbody>
</table>
shareholder value and legal conception of firm, in common and civil law 186–90
shareholders
free-riding by 197, 230
issues addressed by, with
intermediate information asymmetry 271–2
long-term interest of 266–8
as owners of firm 67
primacy, notion of 187, 208
see also shareholder agreements
shark repellents, anti-takeover defence 192–3
ship-management companies 75
shipping company, and marine industry 72–4
see also maritime industry
Shleifer, A. 142
Short, H. 232
‘short-termism’ 212, 247
Shrader, C.B. 330
Siebert, Calvin 50
Simon, Herbert 13
on authority 83–4, 85, 90
on knowledge economy 91, 97
on managers 49
on scaling up 31
Sinani, E. 383
Singh, A. 212, 216
size of firm
and associated families 299–300, 301, 302–3
limits to 29–30
Skogh, G. 167
Smith, Adam 2, 43–4, 45, 46, 63
on property rights 168, 180
The Wealth of Nations 44, 65
Smith, N. 330
social capital, and competence 121
social network analysis
firm interaction 386
measuring power using 386–8
measuring ties between firms 388–9
Solow, R. 30
specialization 65, 67
Spier, K.E. 330
spot markets/contracts 15, 70, 76–7
Standard and Poor’s 500 index 171
The State of Competition in the Canadian Petroleum Industry 26
static equilibrium, EOE 128
Stigler, George 47, 48
stock market
corporate control, market for 214–15
as evolutionary mechanism 213–14
in developed countries 175
efficiency types 146, 162, 213
mispricing of shares 214–15
over- or under- estimation of 160
pricing process 213
in Scandinavia 148–9
swings, sensitivity to 151
see also takeover bids
Stout, L.A. 326
strategic acquisitions market,
competence bloc theory 110
Streit, M.E. 168
Strine, Leo 189
Ström, R.O. 324, 326, 330
Strömberg, P. 255
Stuckey, John 21
Summers, Larry 212
Sweden
dividends 228, 230
dominant firm 154
dual-class shares 3, 5, 143, 144
economic tradition 115
innovation capacity 119
micro-to-macro model 122, 124, 125
MOSES model 127, 128
mutual funds 227
shipping industry 64, 71
taxation system 228–9
Sweezy, P.M. 47, 48
takeover bids
anti-takeover defences 192–3, 196, 207
British model 194–201
City Code 194, 197, 202, 203
civil law model, mainland Europe 201–4
Company Law Directive (13th) 194, 196, 201, 203, 204, 209
High Level Group of Experts on
201, 202, 203, 204
hostile takeovers 4, 55
and employees 198, 199, 200
rare, in Scandinavia 143
rise of 191
’just say no’ defence 191, 192
legal regulation of 190–209
origins of takeover regulation
190–92
regulation in emerging and
transition systems 208–9
stakeholder statutes 193
tender offers 55
US model 192–4
taxation, and institutional ownership
228–9
teamwork 31, 86
technological core 20, 31
technological diffusion 125–6
temporal specificities 75, 76
tender offers 55
theory of firm 31, 117–20
thermal economies 20
third-party ship management 66, 74–5, 79
Thomsen, S. 383
three-stage least squares (3SLS)
methodology 6, 325, 338
time charter, freight contract 72
time contracts, contractual specificities
76
time series analysis 171
Tirole, J. 330
Tobin, J./Tobin’s q 143, 146, 162
codetermination, impact upon firm
performance 325, 326, 343
definition of Tobin’s q 145
Germany, corporate governance in
375
marginal q distinguished 148
see also marginal q, use of
measuring 142
relationship between ownership and
Tobin’s q 141
Tokyo Stock Exchange (TSE) 207
total market value of firm, defined 148
trading rules 24, 25
tramp shipping 70, 71
transaction cost economics
and authority 3
cognition and self-interest 14
costly nature of transactions 64
intermediate product market
transaction (paradigm
transaction) 17
lateral integration 20
tensor of contract/governance 13
and managerial authority 82
predatory pricing 23
Robinson-Patman Act 23
scaling up 31
shareholder agreements 5
transactions, attributes of 14
transparency, and takeover regulation
192
Turner, Donald 23, 24
United Kingdom
City Code on Takeovers and
Mergers 194, 197, 202, 203
Companies Act 2006 188
Company Law Review Steering
Committee/Group 187, 188
deregulation policy 190–91
mandatory bid rule 194, 209
networking and firm performance
383
privatization policy 190
takeover bids 194–201, 203
United States
corporate law 189, 192
Delaware courts 189, 192
deregulation policy 190–91
economy, during 1990s 43
Federal Trade Commission 26, 35
marginal q, use of 55
networking and firm performance
383
privatization policy 190
Sarbanes-Oxley Act 361
takeover bids 192–4
utility maximization 141
value added chains 67–8
Veblen, Thorstein 141
venture capital market 110, 115
vertical integration 36, 67, 69, 70
vertical market relations 19–22
distribution 22
<table>
<thead>
<tr>
<th>Term</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>lateral integration</td>
<td>20–21</td>
</tr>
<tr>
<td>raw materials procurement</td>
<td>21–2</td>
</tr>
<tr>
<td>vertical market restrictions</td>
<td>12, 22</td>
</tr>
<tr>
<td>Vishny, R. W.</td>
<td>142</td>
</tr>
<tr>
<td>vote-differentiated shares</td>
<td></td>
</tr>
<tr>
<td>and dividend changes</td>
<td>231–2</td>
</tr>
<tr>
<td>institutional ownership and dividends</td>
<td>231–2, 242, 244, 245</td>
</tr>
<tr>
<td>in Scandinavia</td>
<td>142, 143, 157, 162</td>
</tr>
<tr>
<td>voyager charter, freight contract</td>
<td>72</td>
</tr>
<tr>
<td>Walker, G.</td>
<td>383</td>
</tr>
<tr>
<td>Walras, L.</td>
<td>130</td>
</tr>
<tr>
<td>Walras–Arrow–Debreu (WAD) model</td>
<td>106, 127, 129</td>
</tr>
<tr>
<td>The Wealth of Nations (Smith)</td>
<td>44</td>
</tr>
<tr>
<td>Weber, Max</td>
<td>88</td>
</tr>
<tr>
<td>Weisbach, M. S.</td>
<td>331</td>
</tr>
<tr>
<td>Weiss, Leonard</td>
<td>48</td>
</tr>
<tr>
<td>Wibert, D. K.</td>
<td>151</td>
</tr>
<tr>
<td>Wicksell, Knut</td>
<td>105</td>
</tr>
<tr>
<td>Wieberg, D.</td>
<td>152, 155</td>
</tr>
<tr>
<td>Williams Act, US</td>
<td>192, 193</td>
</tr>
<tr>
<td>Williamson, Oliver</td>
<td>49, 63, 68</td>
</tr>
<tr>
<td>Yermack, D.</td>
<td>330</td>
</tr>
<tr>
<td>Yurtoglu, B. B.</td>
<td>148</td>
</tr>
<tr>
<td>Zeckhauser, R.</td>
<td>229, 230</td>
</tr>
</tbody>
</table>

Per-Olof Bjuggren and Dennis C. Mueller - 9781848449053  
Downloaded from Elgar Online at 02/20/2019 10:28:52PM  
via free access