Index

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-none 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
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
co-determination, impact upon firm performance 6, 323–54
board employee directors 326, 330, 331
negative employee director effect 327–8, 355
data and institutional background 331–8, 335–7
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
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
Index

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
conglomerates 33
ccontract 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
Index

cross-holdings 142, 143, 203, 204
Cyert, R.M. 49

dele Beers 24, 25
de la Torre, C. 240
De Soto, Hernando 168–9
Debreu, G. 130
dedicated assets 69, 80
Delaware courts, US 189, 192
delagation
of authority 96–8
of discretion 92, 97
Deli, D. 385
Demsetz, H. 35
on experimentally organized economy 105
on managerial authority, knowledge economy 86, 87
on ownership concentration 141, 144
on scaling up 31
Denmark
dominant firm 152
dual-class shares 143, 144
networking in see networking: in Denmark
descriptive statistics 235–9, 390–91
diffusion, technological 125–6
disclosure requirements, shareholder agreements 258
discount rate 169, 170
discretion
defined 88–9
degregation of 89, 97
exercise by employees 89
managerial 51–4, 56
discriminating alignment hypothesis 15
distribution, vertical market relations 22
dividends, and institutional ownership see institutional ownership and dividends
Drobetz, W. 361, 362, 378
dual-class shares 3
and cash-flow rights/control rights 163
Denmark 143, 144
effects 142
Finland 143, 144
Norway 3, 143
ownership and performance 160, 161
Sweden 3, 5, 143, 144

ey early economists 43–6
Easterbrook, F.H. 330
economic mistakes, informational assumptions 105
educational background, networking 391–2
efficient capital market 2, 51, 52–3
Eisenberg, T. 330
Eliasson, G. 108, 109, 119
Elster, Jon 34
employees
on board see co-determination, impact upon firm performance
costs of bargaining with 91
discretion, exercise of 89, 100
and hostile bids 198, 199, 200
employment contracts 66, 84–5, 100
endogenous growth
competition, through 121–4
micro-to-macro model, Swedish 122
Salter curves 122–3
entrenchment effect 141, 142, 163, 383, 385
entrepreneurs 114, 115, 168
EOE (experimentally organized economy) see experimentally organized economy (EOE)
equity rights, shareholder agreements 269
Ericsson 152
Europe
Codes of Corporate Governance 365–7
takeover bids 201–4
Eurostat 149
exchange agreements 25–8
Canadian Study 26, 28
growth and supplementary supply restraints 27–8
objections to exchanges 26–7
petroleum exchanges 26
executive remuneration, German corporate governance ratings 365
experimentally organized economy (EOE) 104–27
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

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

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
Index

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
Särinner 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
Särinner 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
regression specification error test (RESET) 180
research data 172–3, 174–5, 176
risk-free rate plus risk premiums 181–2
second-pass regression 177, 178
transaction attributes 14
world market portfolio 177
Institutional Shareholders Committee, guidelines 217–18
institutions
and incentives/competition 120–21
institutional environment, importance 3–5
and specialization 65
intermediate product market transaction (paradigm transaction) 15–18
Node A (unassisted market) 16
Node B (unrelieved hazard) 16–17, 23
Node C (credible commitment) 17, 23
Node D (integration) 17, 18
simple contractual schema 16
International Country Risk Guide (ICRG) 173, 177, 178
International Stock Exchange, Pre-emption Group 217
investor rights protection (IRP) 173
Japan, takeover bids 204–7
Jensen, Michael 30–31, 54–5, 92, 140–41, 143
joint stock companies 43
Jorgenson, Dale 50, 211
Kaplan, A.D.H. 47
Kaplan, S. 255
Kasper, W. 168
Kay, John 214
Kelly, Marjorie 208
Kennedy, Allen 208
Kenney, Roy 24
Keynes, John Maynard/Keynesian economics 46, 113
Kindahl, James 48
kinked-demand schedule hypothesis 47, 48
Kirzner, I.M. 105
Klein, Benjamin 17, 24, 68
Knight, Frank 29
knowledge economy 3
centralized decision making 95
diminishing use of authority in 3, 92, 98–9
information dispersal 91–2
informational assumptions 104
investment in assets 91
managerial authority in 82–99
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
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
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
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 disgorgement 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
German corporate governance 374–6
Roe, M. 278
Roll, R. 171, 177
Ruback, Richard 54
rules, formal and informal 168, 170

Särimner effect, informational assumptions 106–7
scaling up 30–32
Scandinavian countries 3, 139–63
cash-flow rights and performance 158
corporate control and investment 140–44
corporate governance in 139–40, 143–4, 145
corporate return in 149, 151–6
and ownership structure 156–7, 158–9, 160–62
dual-class shares 142, 160, 161
homogeneity of 140, 144
hostile bids rare in 143
largest countries in 153–4
marginal q, use of 3, 149, 150–51, 152
micro-to-macro model, Swedish 122, 124, 125
over-investment 4
research methodology 145–9
total-differentiated shares in 142, 143, 157, 162
Schneider Electric, shareholder agreements 261, 272, 273, 275
Schumpeter, J. 55, 130
creative destruction process 106, 121, 124
on innovator and entrepreneur 129
self-interest, transaction cost economics 14
Servaes, H. 141
shareholder agreements 5, 253–80
antecedents of 262–74
background 255–6
cases
Club Med 261, 267, 271, 273, 275, 276
Legrand 261, 267–8, 276

Pernod Richard 259–60, 266, 267, 272, 276
Publicis 260, 266, 267, 276
Schneider Electric 261, 272, 273, 275
corporate return 270–71
definition of 255–6
disclosure requirements 258
duration of 257
empirical setting and methods 256–61
equity rights 269
in France 256–8
impact 274–7
listed firms, used by 256–7
minority investors, protection 271
more likely to be found, where in companies with intermediate levels of ownership concentration 263, 264–5
incumbent shareholders seeking to maintain dominant control 268
large investors seeking to protect bargaining power 272
long-term interest of shareholders 266–7
non-financial objectives of owners 267–8
shareholders addressing complex and conditional issues with intermediate information asymmetry 271–2
social ties of leading officers and directors 273–4
stable businesses with small lock-in costs 268–9
takeover risk 272
nature of contract items 269–72, 270
nature of industry 268–9
nature of ownership 262–8, 264–5
negatively perceived where 276
network ties 273–4
non-equity and control issues 271
positively perceived where 276–7
related literature 256
sources and methods 258–9
typical contracts 257
written contracts 255
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
Index

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
lens 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
lateral integration 20–21
raw materials procurement 21–2
vertical market restrictions 12, 22
Vishny, R. W. 142
vote-differentiated shares
and dividend changes 231–2
institutional ownership and
dividends 231–2, 242, 244, 245
in Scandinavia 142, 143, 157, 162
voyager charter, freight contract 72
Walker, G. 383
Walras, L. 130
Walras–Arrow–Debreu (WAD) model
106, 127, 129
The Wealth of Nations (Smith)
44
Weber, Max 88
Weisbach, M. S. 331
Weiss, Leonard 48
Wibert, D. K. 151
Wicksell, Knut 105
Wieberg, D. 152, 155
Williams Act, US 192, 193
Williamson, Oliver 49, 63, 68
Yermack, D. 330
Yurtoglu, B. B. 148
Zeckhauser, R. 229, 230