

Contents

<i>List of Figures</i>	vii
<i>List of Tables</i>	viii
<i>Preface</i>	xi
1. Introduction	1
2. Theory and Empirical Research	6
2.1 Introduction	6
2.2 The evolution of ownership and control	7
2.3 Ownership and firm value	11
2.4 Conclusion	22
3. The German and UK Capital Markets	25
3.1 Some stylized facts	25
3.2 UK and German listing requirements	26
3.3 Inheritance tax	31
3.4 Conclusion	34
4. The Evolution of Ownership and Control in German IPOs	36
4.1 Introduction	36
4.2 Is ownership equivalent to control?	36
4.3 Management structure of German companies	40
4.4 A test of conjectures	41
4.5 Data description and definitions	43
4.6 Ownership and its evolution	44
4.7 Sales of share stakes and change of the major shareholder	51
4.8 Control exercised by the incumbent family shareholder	57
4.9 Relegation of control to other stakeholders	65
4.10 Conclusion	68
5. British and German IPOs – A Comparison	72
5.1 Introduction	72
5.2 Characteristics of quoted firms and conjectures to be tested	73
5.3 Data description	76
5.4 The separation of ownership and control	78

5.5 Conclusion	82
Appendix: Additional data on the industry-matched sample	85
6.Explaining the Evolution of Ownership	88
6.1 Introduction	88
6.2 Specification of the model	89
6.3 Results of the estimation	102
6.4 Changes of ownership: two different modes	110
6.5 Conclusion	119
Appendix: Data on the industry-matched sample	122
7.Do German Firms have a Better Performance?	128
7.1 Introduction	128
7.2 Does ownership matter?	129
7.3 Data description and measures of performance used	133
7.4 Discussion of the results	134
7.5 Conclusion	155
Appendix: Additional tables	159
8.Conclusion and Policy Implications	161
<i>Bibliography</i>	167
<i>Index</i>	175

List of Figures

4.1: Number of years after IPO when second class of shares is listed	38
6.1: The evolution of ownership around IPOs	89

List of Tables

3.1: Listing requirements for the London and German Stock Exchanges	30
4.1: Number of IPOs in Germany from 1970 to 1995	39
4.2: Conjectures tested	43
4.3: Changes in the proportion of voting rights held in 86 German firms	45
4.4: Changes in the proportion of equity held in 86 German firms	47
4.5: Size distribution of the proportion of voting rights held by the old shareholders after the IPO in 86 German firms	49
4.6: Size distribution of the proportion of voting rights held by the new shareholders after the IPO in 86 German firms	50
4.7: Size distribution of the proportion of widely held voting shares after the IPO in 86 German firms	51
4.8: Change of the major shareholder of the voting equity in 86 German firms within six years of going public	52
4.9: Voting rights in excess of 25%, 50%, 75% and equal to 100% held by the major shareholder in 86 German firms immediately before the IPO	53
4.10: Voting rights in excess of 25%, 50%, 75% and equal to 100% held by the major shareholder in 86 German firms immediately after the IPO	54
4.11: Voting rights in excess of 25%, 50%, 75% and equal to 100% held by the major shareholder in 86 German firms six years after the IPO	55
4.12: Representation of the large family shareholder on the boards of 51 German firms at the moment of going public	57
4.13: Representation of the (former) large family shareholder on the boards of 51 German firms five years after going public	60
4.14: Relationship between the proportion of seats for family members and the voting rights of the family five years after the IPO in 51 German firms	64
4.15: Supervisory board representation of shareholders and other stakeholders immediately after the IPO in 48 German firms	66

4.16: Supervisory board representation of shareholders and other stakeholders five years after the IPO in 40 German firms	67
5.1: Industry distribution of German and UK IPOs between 1981 and 1988	74
5.2: Average proportion of voting rights held by the old and new shareholders in 55 German and UK firms matched by size	78
5.3: Voting rights in excess of 25% and 50% held by the major shareholder in 55 German and UK firms matched by size six years after the flotation	81
5A.1: Average proportion of voting rights held by the old and new shareholders in 59 German and UK firms matched by industry	85
5A.2: Voting rights in excess of 25% and 50% held by the major shareholder in 59 German and UK firms matched by industry six years after the flotation	87
6.1: Sample characteristics of the size sample	97
6.2: Sample characteristics of the industry sample	98
6.3: Tests of significance of differences between means of the German and UK industry samples	99
6.4: Tests of significance of differences between means of the German and UK size samples	101
6.5: Results from the OLS estimation of the models for the pooled size samples using CF1	106
6.6: Results from the OLS estimation of the models for the pooled size samples using CF2	107
6.7: Results from the OLS estimation of the models for the pooled size samples using CARs	109
6.8: Performance of German (partial) takeovers and UK takeovers using CF1	115
6.9: Performance of German (partial) takeovers and UK takeovers using CF2	116
6.10: Performance of German (partial) takeovers and UK takeovers using CARs	117
6A.1: Results from the OLS estimation of the models for the pooled industry samples using CF1	122
6A.2: Results from the OLS estimation of the models for the pooled industry samples using CF2	124
6A.3: Results from the OLS estimation of the models for the pooled industry samples using CARs	126
7.1: Performance of German firms remaining under family control and UK firms becoming widely held using CF1	136

7.2:	Performance of German firms remaining under family control and UK firms becoming widely held using CARs	137
7.3:	Performance of all the firms remaining under family control and all the firms becoming widely held using CF2	139
7.4:	Performance of all the firms remaining under family control and all the firms becoming widely held using CARs	140
7.5:	Performance model with CF1 and the proportion of widely held voting shares	144
7.6:	Performance model with CF1 and the largest pre-IPO shareholder and largest post-IPO shareholder	146
7.7:	Performance model with CF1 and the total stake held by all pre-IPO shareholders and post-IPO shareholders	148
7.8:	Performance model with CF1 and the concentration ratios	150
7.9:	Tests of significance of the differences between the means of performance of German and UK size or industry samples	153
7.10:	Tests of significance of the differences between the means of performance of closely held UK firms and widely held UK firms	155
7A.1:	Performance of German firms remaining under family control and UK firms becoming widely held using CF2	159
7A.2:	Performance of all the firms remaining under family control and all the firms becoming widely held using CF1	160