Call for Papers

Corporate Governance
An International Review

Special Issue on "Private Equity, LBOs, and Corporate Governance: International Evidence"

Deadline for Paper Submissions: March 1, 2010

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Rationale:
According to the British Venture Capital Association (2007), private equity occurs "when medium to long-term finance is provided in return for an equity stake in potentially high-growth private companies." A leveraged buyout is a specific type of private equity investment, where an individual investor or group of investors purchases all of the outstanding equity of a firm or a division of a company, typically using the assets of the acquired entity as collateral. When incumbent management is involved in this transaction, it is referred to as a management buyout.

In recent years, there has been a resurgence of leveraged buyouts and private equity investment in many nations. These trends have important global implications for the governance and performance of corporations. Disclosure and other governance requirements associated with the Sarbanes-Oxley Act have substantially increased regulatory compliance costs for listed corporations. The costs associated with a stock market listing, including the costs of analysts' scrutiny, have important implications regarding the attractiveness of the stock market for firms. As a result, firms of modest size with growth potential may have great difficulty securing funding. Larger firms may find the regulatory burden and scrutiny too severe. An overemphasis on accountability could stifle the ability of firms to realize entrepreneurial opportunities.

Under these circumstances, private equity investors can provide funding to realize growth opportunities, as well as active, specialist governance. Pension funds and other institutional investors, including sovereign wealth funds have also been attracted to the private equity market by superior returns. The end result is that private equity funds have become larger, raising the likelihood of further acquisitions of large corporations.

The rise of the private equity market raises important research questions regarding how private equity transactions increase value. Private equity firms may need to adopt strategies to secure attractive deals without engaging in a public auction, which have become prevalent. While private equity transactions have often been associated with cost-cutting to improve efficiency, there may need to be stronger emphasis on entrepreneurial activity to realize the upside potential of these firms. Changes in the stock market and the market for corporate control also raise issues concerning the ability of private equity firms to realize the gains from their investments, especially for modest sized deals in mature sectors, while at the same time meeting investors' expectations of significant returns within a particular time period. High risk-adjusted returns from private equity transactions have attracted new types of entrants seeking to reap such returns. In particular, hedge funds have actively entered this market, which raises several concerns, given their transaction-oriented nature and a sense that their ability to add real value (in a managerial sense) to enterprises may be limited.

Private equity is also increasingly becoming an international phenomenon. Leveraged and management buy-out markets are developing in Europe, Japan, and other Asian nations, as these countries come under increasing pressure to restructure their economies. Public to private LBOs have been occurring in significant volumes in these countries over the past five years where they were previously absent. The development of these types of organization, in contexts where they were previously absent, adds to the growing interest in the influence of contextual factors in finance and governance. The actions of multinational firms in these markets and the controversy this has generated (especially in Europe) also heightens the importance of examining international evidence on this phenomenon. In sum, these developments have salient managerial and policy implications. The proposed special issue seeks to bring together papers that address these issues.

Research Questions:

Some potential research questions that contributors to the special issue might address are:

- How do private equity deals affect corporate governance and corporate social responsibility?
- What factors are influential in determining private equity deals now compared to the 1980s? Are private equity deals now occurring in more innovative sectors?
- What are the implications for failure rates and returns of the entry of new 'learner' entrepreneurs in private equity deals?
- What is the role of the board of directors in LBOs and private equity?
- What are the implications of new forms of financial instruments and the holders of these instruments, such as hedge funds?
- How do the determinants of private equity deals differ across countries?
- What factors are important in driving the increase in value of private equity deals now compared to the 1980s? What is the active role of private equity firms?
- What are the longer term effects of private equity deals (e.g., financial and real performance)?
- How do changes in stock markets' appetites for smaller and more mature businesses affect the long-term performance of private equity deals?
- How does private equity financial backing affect the performance of newly listed firms (IPOs)?
- What is the role of secondary LBOs and re-leveraging in enhancing the longevity of private equity deals? What are the implications of secondary LBOs for returns to private equity funds and Limited Partners?
- What are the implications of different forms of private equity provider on governance and firm performance? For example, what are the implications of hedge funds entering the private equity market?
- What are the governance and performance implications of private equity firms becoming publicly listed?
- We are especially interested in cross-country comparisons of these phenomena, and in publishing research that is both rigorous and relevant.

Submission Details

The deadline for submissions is March 1, 2010. All papers will be externally reviewed according to standard policies of **Corporate Governance: An International Review**. Please refer to our author submission guidelines located at our journal website (**www.cgir.org**) and submit your papers via our manuscript central website which is located at: **http://mc.manuscriptcentral.com/corg**.

The Review Process

All papers will be externally reviewed according to standard CGIR policy. After the first round of initial reviews, a select number of authors will be invited to present their papers at a special developmental workshop organized by the guest editors. We have secured financial support for authors attending the conference. The authors will then be invited to revise and resubmit their papers based on the comments and suggestions received at the workshop. The papers will then be reviewed again by the Guest Editors and the external reviewers, with final decisions made at this stage.

Conference Details and Time Line

To aid in the development of papers, a special issue conference will be held at the **School of Business, University at Albany, SUNY in Albany, NY on June 25-26, 2010**. Accommodation and meals will be provided for all authors and discussants attending the conference. Financial support (for accommodation and meals only) will be provided by the School of Business at the University at Albany and Centre for Management Buyout Research at the Nottingham University Business School. As the deadline for submission approaches, please consult the web site of the School of Business, University at Albany, SUNY (**http://www.albany.edu/business/**), for additional details on the special issue conference.

March 1, 2010	Deadline for electronic submission of papers to the CGIR special issue
May 15, 2010	Deadline for notification to authors regarding acceptance to the CGIR Special Issue Conference on Private Equity
June 25-26, 2010	CGIR Special Issue Conference at the University at Albany, SUNY
Winter, 2010	Final decisions on papers for CGIR Special Issue

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Reference:
British Venture Capital Association (2007), http://www.bvca.co.uk/index.html