

A Dissertation Defense has been scheduled for Michael Braun, Ph.D. candidate in Strategy, for Friday, June 30 at 9:30am in SOM 112. All are invited to attend.

**Committee Chair:** Anurag Sharma

**Title:** The Governance of Reverse Leveraged Buyouts

**Abstract:**

In this dissertation, I explore the evolution of corporate board structures in leveraged buyouts (LBOs). As a particular form of corporate restructuring activity, the LBO is deemed the most efficient in enhancing corporate performance (Bowman, Singh, Useem & Bhadury 1999). To account for the LBO's success and staying power, the discipline of debt and the incentives of managerial equity participation represent the leading explanations (Halpern, Kieschnick & Rotenberg 1999; Jensen 1989). A third, although much less studied, source of value in the LBO is the board of directors.

To explore board restructurings in LBOs, I focus on the reverse leveraged buyout, or R-LBO. Because an R-LBO involves a going-private transaction that re-enters the public markets via a secondary initial public offering (SIPO), its use allows for a "peek behind the curtain" to observe organizational changes accomplished during the private phase of the restructuring and the impact of those changes on post-buyout firm performance. Specifically, I examine changes in the board composition of 65 R-LBOs and 65 time-, size- and industry-matched Continuing Firms spanning a 25-year period (1979-2004). I rely on agency theory and the resource dependence perspective to investigate the following three research questions: Do board structures predict companies engaging in buyouts versus those that do not engage in buyouts? To what extent are the boards of R-LBOs altered during the buyout phase? What are the linkages between the R-LBOs' board characteristics and the performance of these restructured firms?

This dissertation contributes to the ongoing debate on whether the LBO creates value, and if so, how and for whom. I report several results from the descriptive statistics and econometric analyses of the data. For instance, firms with a dual (CEO-chair) structure are more likely to engage in R-LBO. I find that modifications to R-LBO boards are strongly related to changes in performance. As such, my dissertation finds support for both agency and resource dependence arguments for the board as a distinctive source of value in leveraged buyouts. I discuss the implications of these and additional results for research and practice.