Abstract

We analyse the effects of different types and concentration of ownership on performance using a large population of firms in the Czech Republic after mass privatization. Specifications based on first-differences combined with instrumental variables show that the performance effects of different types and concentration of ownership are limited when compared to earlier studies. Often, concentrated ownership has a positive effect, a finding that supports the agency theory. The positive effect of foreign ownership is detected primarily for majority ownership and for ownership by foreign industrial firms. The state as a holder of the golden share has a positive effect on employment and sometimes, also on output and profitability. Overall, our results highlight the benefits of strategic restructuring accompanied by an inflow of new capital and managerial culture.

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