
Publicly Owned Corporations Are Different From Wholly Owned Subsidiaries

PUBLICLY OWNED CORPORATIONS	WHOLLY OWNED SUBSIDIARIES
<ul style="list-style-type: none">▪ Thousands of passive shareholders who cannot act directly	<ul style="list-style-type: none">▪ Single shareholder who can act directly
<ul style="list-style-type: none">▪ Managers who control the firm may seek their own interests (separation between ownership and control)	<ul style="list-style-type: none">▪ No separation between ownership and control; shareholder can act directly
<ul style="list-style-type: none">▪ Shareholders appoint board to act in the interest of shareholders	<ul style="list-style-type: none">▪ Less active boards because shareholder can act directly