Investors' Perceptions of Activism via Voting: Evidence from Contentious Shareholder Meetings[*]

FRANCOIS BROCHET, *Boston University*

FABRIZIO FERRI, *University of Miami*[†]

GREGORY S. MILLER, *University of Michigan*

ABSTRACT

Motivated by the increasing influence of shareholder votes on corporate policies, we examine investors' perceptions of activism via voting. To identify instances of activism via voting, we focus on annual meetings with at least one ballot item where a substantial fraction of shareholders is expected to vote against management's voting recommendation, indicating an increase in their monitoring activity. We define such meetings as "contentious." Using a sample of almost 28,000 meetings between 2003 and 2012, we examine stock returns over the period between the proxy filing and the annual meeting. This period captures when investors learn about the contentious nature of the upcoming meeting and form expectations about its likely impact on firms' policies. We find that abnormal stock returns prior to contentious meetings are significantly positive and higher than those prior to noncontentious meetings. These higher abnormal returns increase with the contentiousness of the meeting; are more pronounced in firms with poor past performance, which are more likely to respond to shareholder pressure; and persist after controlling for firm-specific news and proxies for risk factors. Our results are consistent with investors' expecting activism via voting to have a positive impact on firm value, on average, and cast doubts on regulatory attempts to restrict the use of shareholder votes.

Keywords: shareholder votes, shareholder activism, disclosures, annual meetings, corporate governance

Perceptions des investisseurs concernant l'activisme par le vote : données issues d'assemblées d'actionnaires conflictuelles

RÉSUMÉ

Prenant acte de l'influence croissante des votes des actionnaires sur les politiques des entreprises, nous examinons les perceptions des investisseurs sur l'activisme par le vote. Afin de cerner des

occurrences de ce type d'activisme, nous nous penchons sur des assemblées annuelles où au moins une proposition était soumise au vote des actionnaires et où on s'attendait à ce qu'une proportion importante des actionnaires rejettent la recommandation des gestionnaires, révélant ainsi une augmentation de leurs activités de surveillance. Nous qualifions de telles assemblées de « conflictuelles ». À l'aide d'un échantillon de près de 28 000 assemblées tenues entre 2003 et 2012, nous analysons le rendement des actions entre le dépôt des circulaires de procuration et l'assemblée annuelle. C'est lors de cette période que les investisseurs prennent connaissance du caractère conflictuel de l'assemblée à venir et se forgent des attentes quant à ses répercussions probables sur les politiques de l'entreprise. Nous montrons que les rendements boursiers anormaux qui précèdent les assemblées conflictuelles sont considérablement plus positifs et élevés que ceux qui précèdent les assemblées non conflictuelles. Les rendements élevés anormaux s'accroissent en fonction du caractère conflictuel de l'assemblée, sont plus prononcés chez les entreprises qui ont présenté un faible rendement par le passé et sont donc plus susceptibles de répondre à la pression exercée par les actionnaires, et persistent après la prise en compte des nouvelles sur l'entreprise et des indicateurs relatifs aux facteurs de risque. Nos résultats sont conformes aux attentes des investisseurs selon lesquelles l'activisme par le vote a, en moyenne, un impact positif sur la valeur des entreprises, et soulèvent des doutes concernant les approches réglementaires visant à limiter le recours aux votes des actionnaires.

Mots-clés : votes des actionnaires, activisme actionnarial, divulgations, assemblées annuelles, gouvernance d'entreprise

BlackRock and rivals Vanguard Group and State Street Global Advisors are increasingly among the largest shareholders in many S&P 500 companies. But unlike Wall Street's traditional stock pickers, index-fund managers are unable to sell companies whose actions they disagree with, because those money managers must own shares in the companies that comprise a given benchmark. That leaves proxy voting and talks with the company as the main avenues index-fund managers can use to press for changes. (*Wall Street Journal*, January 16, 2018)

1. Introduction

We examine investors' perceptions of shareholder activism via voting. This form of activism occurs when shareholders use "dissent votes" at the annual meeting with the intent to influence management's actions and firms' policies. Dissent votes are votes against management's position on a given ballot item, including votes in favor of shareholder proposals opposed by management, votes against management proposals, and votes withheld from director nominees proposed by management in uncontested director elections.

Historically viewed as an ineffective monitoring mechanism, activism via voting has been increasingly used by shareholders. Beginning with the Enron-type scandals, votes in favor of (against) proposals opposed (supported) by management have become more frequent. Further, firms have become more responsive, even when votes are nonbinding. Prior studies find that large voting dissent is associated with subsequent governance and nongovernance changes in firms' policies, some as a direct result of the voting outcome (e.g., adopting a specific shareholder proposal), others as a result of the greater monitoring pressure reflected in high voting dissent.[1]

While this evidence suggests that votes "matter" in affecting firms' behavior, whether and how activism via voting affects firm value remains an open question. Proponents of greater

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1.   Examples of such studies include Del Guercio et al. (2008), Cai et al. (2009), Ferri and Sandino (2009), Fischer et al. (2009), Ertimur et al. (2011), Dao et al. (2012), Cuñat et al. (2012, 2016), Armstrong et al. (2013), Ertimur et al. (2013, 2016), Ferri and Oesch (2016), Aggarwal et al. (2019), and Baloria et al. (2019). These studies link shareholder votes to various subsequent firm outcomes such as adoption of certain governance provisions, changes in CEO compensation, board and CEO turnover, acquisitions and divestitures, level of capital expenditures, profitability, and so forth. For a review of the theory of shareholder voting, see Edelman et al. (2014).

shareholder voice argue that shareholder votes pressure reputation-sensitive boards to better moni- tor management, with a positive impact on firm value. This view has informed several policy reforms, such as mandatory say on pay votes. In contrast, critics contend that reputation concerns push boards to pander to unsophisticated or uninformed shareholders who are often driven by special interests, ultimately reducing firm value. This view underlies recent proposals which would raise eligibility and resubmission thresholds for shareholder proposals and require new dis- closures from proxy advisors (Financial Choice Act of 2017; SEC 2019). Thus, understanding the effect of activism via voting is of the utmost relevance to both researchers and policymakers.

We investigate this question by examining the stock price reaction to instances of activism via voting, as captured by annual meetings with expected voting dissent (on at least one ballot item) high enough to affect firms' policies. For ease of exposition, we define such "high dissent" items and, thus the underlying meeting, as "contentious" and rely on prior studies to identify the dissent threshold for each type of item.[2] News of a contentious meeting communicates to the mar- ket that shareholders are stepping up the level of scrutiny by casting a dissent vote large enough to affect firms' policies. If so, the stock price reaction to news of a contentious meeting will reflect investors' perception of the consequences of such dissent votes on firm value. Because voting outcomes are largely anticipated prior to the vote on meeting day (Cuñat et al. 2012), we examine stock returns between the filing of the proxy statement and the annual meeting (hereinaf- ter the "proxy-to-meeting" window), when important information is released that affects inves- tors' expectations about the voting outcome and its likely impact on firms' policies.

Our sample consists of almost 28,000 uncontested (i.e., with no proxy contest) annual meetings of Russell 3000 firms between 2003 and 2012. About 23% of the meetings are classified as contentious, with director elections representing the most frequent contentious item. Univariate tests indicate that over the proxy-to-meeting window, firms facing contentious meetings experience significantly positive cumulative abnormal returns (CAR) ranging from 0.6% to 1.8%, depending on the type of ballot item. Consistent with the notion that poorly performing firms are more likely to respond to shareholder votes, the results are more pronounced for the subset of poorly performing firms, defined as those with nega- tive abnormal returns over the prior 12-month period, where the proxy-to-meeting CAR range from 2.3% to 4.0%. More importantly, the CAR before contentious meetings are significantly higher than before noncontentious meetings, with differences ranging from 1.7% to 3.4% in the subset of poorly performing firms. Notably, the magnitude of CAR (and the difference relative to noncontentious meet- ings) increases with the degree of contentiousness of the meeting. For example, across the three items (director elections, management proposals, and shareholder proposals), it is higher when we tighten the definition of a contentious item to capture greater expected voting dissent and thus greater expected impact on firms' policies. We find a similar pattern around proxy filing dates—the first news of a likely contentious vote—and three specific events occurring during the proxy-to-meeting window, arguably signaling an increase in the likelihood of a contentious vote: exempt solicitation campaigns, proxy amendments, and vote-no campaigns.[3]

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2.   For example, shareholder proposals are far more likely to be adopted when more than 50% of the votes are cast in favor (e.g., Ertimur et al. 2010). Thus, we classify a shareholder proposal as contentious if historically that type of proposal has received at least 45% of the votes (i.e., it is expected to receive enough voting support to affect firms' policies). We follow a similar approach to identify contentious management proposals and director elections (see section 2 for details).

3.   Exempt solicitations are communications used by shareholders to explain the rationale behind their vote to other shareholders and thus implicitly are an attempt to influence their voting decisions but without soliciting their prox- ies, which is why the SEC exempts the communicating shareholder from distributing proxy materials to all share- holders (Blank et al. 2015). Amendments of proxy filings are often filed by management to include additional information in support of its recommendation on certain items on the ballot. Vote-no campaigns are organized efforts by activists to convince fellow shareholders via letters, press releases, or Internet communications to with- hold their vote from one or more directors (Del Guercio et al. 2008). Section 3 discusses each of these events in more detail.

Next, we perform a multivariate test by regressing the proxy-to-meeting *CAR* on our proxy for contentious meetings, a set of variables capturing firm-specific disclosures and other value-relevant events taking place during the same window, controls for firm characteristics, and year-quarter and firm fixed effects. Also, we use entropy balancing to match contentious and noncontentious meetings in terms of firm characteristics. In all tests, we continue to find positive and higher *CAR* prior to contentious meetings, with the result holding for all three types of contentious items. The higher returns for contentious meetings persist (i.e., do not reverse) over a longer window that includes a 40-day period after the meeting. Thus, it does not appear that our findings are driven by the strategic timing of positive firm-specific news before the meeting. Finally, our results hold when adjusting abnormal returns for Fama-French risk factors as well as controlling for firm characteristics associated with risk factors. Also, the higher proxy-to-meeting *CAR* are unique to the window immediately prior to the meeting and do not occur in the adjacent windows. Hence, for an omitted risk factor to explain our results, it would need to be present in our proxy-to-meeting window, but not in the adjacent periods, and also be somehow correlated to, but not driven by, the contentious votes.

While we acknowledge that our research design does not lend itself to a causal interpretation (Gow et al. 2016), our evidence of positive abnormal returns prior to contentious meetings is consistent with investors having a favorable view of the impact of activism via voting at poorly performing firms, on average.[4]

There are two important caveats in interpreting our study. First, similar to other event studies, we capture investors' perceptions of the effect of contentious votes (i.e., instances of high voting dissent), rather than the long-term effect on firm value. These perceptions may or may not materialize, though they should be informed by investors' past experience of the effects of similar votes at other firms. Second, by design, we capture investors' perceptions of the net aggregate effect of contentious votes, on average, using a large sample over a relatively long period. We acknowledge that the impact of contentious votes may differ across firms and that a given contentious vote may be expected to have both positive and negative effects.

Our study contributes to a growing body of research on shareholder voting. Three features have made this area increasingly relevant to accounting research. First, over the past decade shareholder votes have emerged as an important performance metric, capturing investors' perceptions of board performance above and beyond traditional metrics (e.g., stock price, return on assets; Fischer et al. 2009). Second, shareholder votes are an external control and monitoring system used by shareholders to hold management accountable and influence firms' policies (e.g., Balachandran et al. 2012; Dao et al. 2012). Third, they can be viewed as a communication channel to express shareholders' preferences over governance and disclosure/reporting practices (Ferri and Sandino 2009; Ertimur et al. 2011; Baloria et al. 2019), with proxy advisors playing a key information intermediary role in this process (Ertimur et al. 2013; Hayne and Vance 2019; Lehmann 2019). Understanding the value implications of activism via voting speaks to its validity and usefulness as a performance metric and control system element.

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4. Our findings are also consistent with evidence of substantial share lending activity around the proxy record date in equity loan markets reported by Christoffersen et al. (2007). Votes accrue to record-date owners, and thus equity loans around the record date are effectively a form of "vote trading." Christoffersen et al. (2007) document that vote trading correlates with support (opposition) for shareholder (management) proposals and that it is higher in poorly performing firms and when the vote is (ex post) closer. Similarly, Aggarwal et al. (2015) examine the securities lending market and find that investors restrict lendable supply and/or recall loaned shares prior to the proxy record date to exercise voting rights. The recall of shares is higher in firms with poor performance and weak governance, and when there are more "important" proposals on the ballot (e.g., antitakeover-related measures). In addition, they document that higher recall is associated with more (less) support for shareholder (management) proposals at the subsequent vote. These results support the hypothesis that shareholders value their vote, particularly when the vote is likely to affect firms' actions.

While many studies analyze the impact of shareholder votes on specific firms' policies, attempts to examine the shareholder wealth effects of this form of activism have had limited success. The key challenge is to identify an event that clearly captures an increase in activism via voting. Numerous studies examine proxy filings "announcing" shareholder proposals. Yet, this research has struggled to identify reliable and consistent evidence of a systematic price effect.[5] We improve upon those studies in three ways. First, our contentious classification allows us to partition proxy filings based on the likelihood that the upcoming meeting will result in changes in firms' policies—a more powerful partition to detect any price effect. Second, our contentious classification allows us to capture all voting items, rather than only shareholder proposals. This is important since director elections represent the most frequent contentious item and since we want to speak to the overall effects of activism via voting. Third, we examine the entire proxy-to-meeting window, to fully capture the information flow that affects investors' expectations about the upcoming meeting.

Our study is related to, but quite different from, a body of research that examines returns around close call votes (i.e., votes around the passing 50% threshold) on shareholder proposals at the annual meeting date (e.g., Cuñat et al. 2012, 2016; Ertimur et al. 2015). Those studies capture investors' perception of the valuation effect of the specific governance change voted upon (hence their focus on close call shareholder proposals).[6] In contrast, our study captures investors' overall perception of the net impact of activism via voting. This includes not only the valuation effect of the specific governance change voted upon (if any; director elections are not votes about a specific governance provision), but also the valuation effect of any other governance and/or operating change expected as a result of the vote, as well as any valuation effects resulting from concerns that management will be distracted by the vote or that activists may use the vote to extract other concessions or pursue special interests.

More broadly, our study adds to the literature on shareholder activism. That literature has focused on "activism via ownership," where the power to influence the firm derives from the costly acquisition of a significant equity stake, which allows the large owner to use the threat of gaining control and/or the threat of "exit" (Admati and Pfleiderer 2009; Brav et al. 2008; Cronqvist and Fahlenbrach 2009; Klein and Zur 2009; Alexander et al. 2010; Fos 2017; Hope et al. 2017; de Haan et al. 2019). Activism via ownership, however, is not an option for a large class of investors (e.g., highly diversified funds with small stakes in individual firms) and may be prohibitively costly to implement in large firms. Besides, as exemplified in the opening quote, it is not a valid option for index funds even when they own a significant stake because the threat of exit is not credible. In contrast, we examine activism via voting, a form of activism available to all shareholders at a relatively low cost, where the power to influence the firm is predicated upon shareholders' ability to build consensus and crystallize it in a symbolic and highly visible vote that may be used to put pressure on management (Ferri 2012). In this respect, our study may be viewed as the counterpart to studies that infer investors' perceptions of the net effect of hedge

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5.   See Denes et al. (2017) for a comprehensive review, and Gillan and Starks (2007) for a discussion of the challenges of event studies around proxy filings, a contaminated and hard-to-interpret event. Another approach is to focus on a specific instance of activism via voting. For example, Del Guercio et al. (2008) document a positive price reaction (0.85%, significant at the 10% level) in a sample of 48 vote-no campaign announcements between 1990 and 2003. We show that this positive reaction is not limited to fairly rare, well-publicized vote-no campaigns orchestrated by a shareholder, but extends to a much larger sample of contentious director elections as well as other types of contentious votes.

6.   The underlying idea is that the passage of a proposal via a close vote substantially and unexpectedly increases the probability of adoption of the specific governance provision voted upon. Thus, the market reaction at the vote (annual meeting date) speaks to investors' perceptions of the valuation effect of such a governance provision. Interestingly, Cuñat et al. (2012) do not find a price reaction for votes considerably away from the passing threshold, suggesting that the price implications of these votes are incorporated into stock prices prior to the annual meeting, thus providing indirect support for our focus on the entire proxy-to-meeting window.

fund activism (a special case of activism via ownership) by examining the market reaction to news of such activism (the filing of a 13-D form; e.g., Brav et al. 2008). We infer investors' perceptions of the net effect of activism via voting from the market reaction to news of contentious meetings.

Finally, our study contributes to the literature examining firms' disclosures. Earlier studies examine information flow and disclosure practices around various forms of activism (DeAngelo 1988; Collins and DeAngelo 1990; Alexander et al. 2010; Baginski et al. 2014; Bourveau and Schoenfeld 2017; Khurana et al. 2018). More recently, Dimitrov and Jain (2011) document that poorly performing firms strategically disclose good news prior to annual meetings, resulting in positive premeeting returns. We extend their study by showing that such returns mostly reflect the expected effect of contentious meetings. Importantly, our lack of findings of opportunistic disclosures prior to contentious meetings suggests that firms do not believe that earnings news prior to the meeting can affect shareholders' voting preferences and is consistent with firms resorting instead to direct engagement and soft communications via the investor relation function (NIRI 2016; Chapman et al. 2021). Our findings also suggest that proxy filings—a mandatory disclosure not much examined in prior research—are an important source of value-relevant information when contentious items are on the ballot.

2. Sample selection, definition of contentious meetings, and event window

Sample selection and measurement of stock returns

Our initial sample includes 220,620 ballot items at 28,729 uncontested (i.e., with no proxy contest) annual meetings of Russell 3000 firms between 2003 and 2012, as reported in the Institutional Shareholder Services (ISS) Voting Analytics database. For each item, the database includes an indicator denoting a management proposal (214,332 items, of which 160,500 relate to director elections) or a shareholder proposal (6,288 items), topic and voting outcome of the proposal, and the voting recommendations of management and the proxy advisor ISS. Not surprisingly, management recommends in favor (against) of management (shareholder) proposals, while ISS recommends against management (shareholder) proposals 11.6% (60.8%) of the time.

To avoid the "small denominator" effect on the measurement of stock returns, similar to Dimitrov and Jain (2011), we focus on firms with a stock price greater than $1 and with no more than 50 missing daily returns over the 251 trading days around the annual meeting. This results in a final sample of 27,834 annual meetings, 26,283 of which have proxy filing dates. For each of these meetings, we compute stock returns over the proxy-to-meeting window using four measures: *Size-adjusted CAR* (the sum of daily size-adjusted returns, based on NYSE/AMEX size deciles), *Market-adjusted CAR* (the sum of daily market-adjusted returns, based on a value-weighted index), *Size-adjusted B&H* (the buy-and-hold returns less the buy-and-hold returns of firms in the same NYSE-AMEX size decile) and *Market-adjusted B&H* (the buy-and-hold returns less the buy-and-hold returns of the value-weighted index). In computing *CAR*, missing daily returns are set to zero.[7]

Identifying contentious meetings

To measure investors' perceptions of activism via voting, we compare stock returns prior to "contentious" meetings to the stock returns prior to other, more "routine" meetings. We define as

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7. In their sample, Dimitrov and Jain (2011) find that the average size-adjusted cumulative abnormal returns over the 251 trading days centered around the annual meeting is 2.8201% (rather than zero), reflecting perhaps a sample selection bias (coverage by ISS) or the limitations of using size as a proxy for risk. To correct for this, they adjust each firm's daily size-adjusted returns by 0.01124% (2.8201%/251 days). We observe a similar phenomenon in our sample and perform an analogous downward adjustment for each of our four measures. While this adjustment affects the level of returns reported in the following analyses, it does not affect our inferences on the differences in returns between contentious and noncontentious meetings—the focus of our study.

contentious those meetings where substantial voting dissent (i.e., a vote against management's recommendations) is expected on at least one of the items on the ballot—an indication that shareholders are using their voting rights to monitor and influence management's actions. Also, as detailed below, prior studies suggest that firms' responsiveness to shareholder votes increases with the degree of voting support for the underlying item. Thus, we view the degree of voting support for (opposition to) an item opposed (proposed) by management as capturing both an increase in shareholders' monitoring and the likelihood that such monitoring will affect firms' policies.

Prior research shows that the voting outcome likely to affect firms' actions depends on the item voted upon. Accordingly, we tailor our definition of contentious items to the three types of items voted upon: director elections, (other) management proposals, and shareholder proposals.

Contentious director elections

At each annual meeting, management proposes a list of nominees for the board of directors. In firms with annual elections, all directors must be elected every year. In firms with classified boards, only a fraction of directors (typically one-third) are elected each year. In uncontested elections, each nominee is virtually guaranteed to be reelected (Ertimur et al. 2015). Yet prior studies show that voting dissent has economic consequences. For example, when more than 20% of votes are withheld from one or more directors, about half of the firms make governance changes that address the specific concern behind the adverse vote (Ertimur et al. 2016).[8] Thus, we use expected votes withheld to capture an upcoming contentious director election.

To proxy for high expected votes withheld, we use a "withhold" recommendation from ISS. On average, ISS recommendations are associated with 20% more votes withheld, with a stronger effect when issued against an entire committee or board (Ertimur et al. 2016). Based on this evidence, we define a meeting as contentious if more than one-third of the directors up for election receive a withhold recommendation (resulting in 14.9% of the meetings classified as contentious). Alternatively, we define a meeting as contentious if at least two directors receive a withhold recommendation from ISS (resulting in 15.3% of the meetings classified as contentious). Both definitions aim at identifying withhold recommendations likely to be at the committee or board level (and thus associated with higher expected votes withheld).[9] For sensitivity, we also present the results defining a meeting as contentious if at least one director receives a withhold recommendation resulting in 28.3% of the meetings being classified as contentious.

Contentious management proposals

Management proposals rarely fail (less than 1% in our sample) and are usually approved with large voting support (e.g., Morgan and Poulsen 2001; Armstrong et al. 2013), making instances of high voting dissent especially salient. Compared to director elections and shareholder proposals, for management proposals, there is limited evidence on the degree of voting dissent likely to affect firms' policies. Ertimur et al. (2013) is an exception, finding that more than half of the firms receiving a 20% or higher vote against say on pay proposals make changes to their compensation plans explicitly in response to the vote. Previous studies also show that voting patterns

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8.   In a similar vein, Cai et al. (2009) find that higher votes withheld are associated with (subsequent) higher probability of removing poison pills, declassifying the board, replacing the CEO, and reducing abnormally high CEO pay. Fischer et al. (2009) document that higher votes withheld are associated with (subsequent) higher probability of CEO and board turnover, and less (more) frequent and better-received acquisitions (divestitures). Aggarwal et al. (2019) report that directors targeted by high voting dissent face reputation penalties in the director labor market.

9.   For a typical board with a classified structure (e.g., nine members, three up for election each year), these two definitions are basically equivalent. However, for a board with annual elections, the former definition is more likely to capture committee-level and board-level concerns.

depend on the type of proposal. Combining these two pieces of evidence, we classify a meeting as contentious if there is a type of management proposal that historically has received more than 20% voting opposition. This definition results in 2.0% of all management proposals and 3.6% of all meetings being classified as contentious. We also present results using 15% and 25% thresholds.[10]

The most common management proposals classified as contentious are proposals regarding stock option plans (55%), stock option repricings (17%), preferred stock (8%), and poison pill adoption (6%), with 14 other types of proposals accounting for the rest.

Contentious shareholder proposals

Under Rule 14a-8 of the Securities Exchange Act of 1934, shareholders can submit proposals on a number of topics, typically in the form of nonbinding resolutions. For many decades, shareholder proposals have been largely inconsequential, even when receiving significant voting support (Gillan and Starks 2000; Karpoff 2001). However, since the governance scandals of 2001–2002, the frequency of and voting support for governance-related shareholder proposals have rapidly increased, and boards have become more responsive to winning proposals (Ertimur et al. 2010; Levit and Malenko 2011). For example, Cuñat et al. (2012) estimate a 31% increase in the probability of implementation for shareholder proposals that pass. Using a regression discontinuity design, they also find that passing proposals are associated with a reduction in acquisitions and capital expenditures, suggesting more judicious investment decisions.

Previous studies also show that voting patterns vary systematically with the type of shareholder proposals. Combining this evidence with the findings on firms' responsiveness to passing proposals, we classify a meeting as contentious if there is a shareholder proposal that historically has received more than 45% voting support and thus with a significant likelihood to pass and trigger a firm's change in policies. This definition results in 24.8% of all shareholder proposals and 4.7% of all meetings in our sample being classified as contentious.
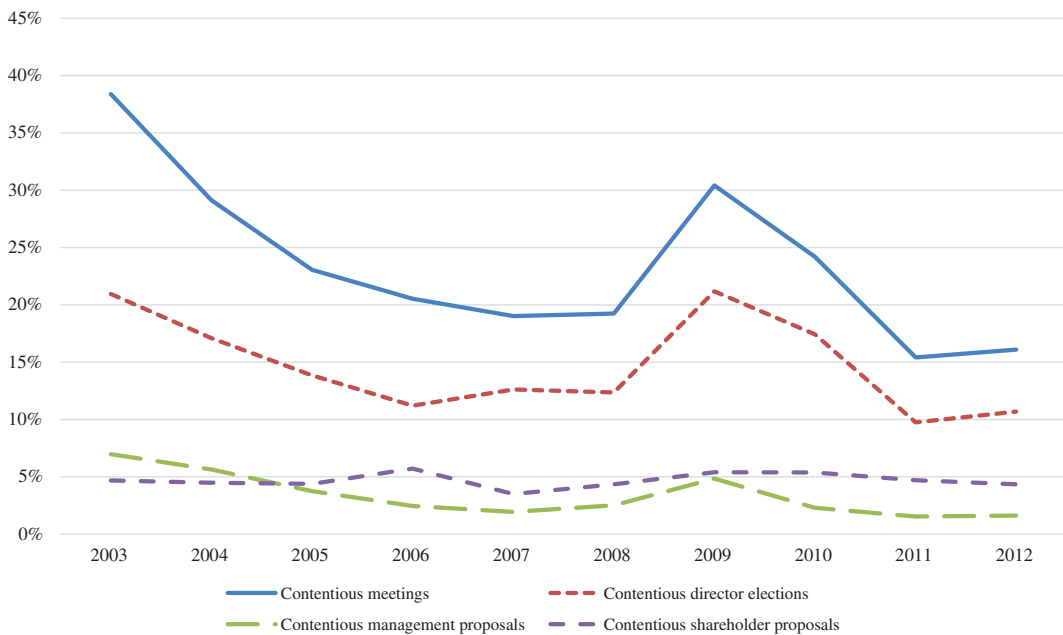
Among contentious shareholder proposals, the most common are proposals to declassify the board (30%), adopt a majority voting standard for director elections (22%), enhance shareholders' power to call a special meeting (13%), and require shareholder approval to adopt a poison pill (11%), with 10 other types of proposals accounting for the remaining 24%.

For comparison purposes, we also present results based on voting thresholds lower than 45% (namely, 30% and 40%) and based on redefining meetings as contentious if there is at least one governance-related shareholder proposal (regardless of its expected voting support).

To sum up, for each type of shareholder and management proposal, we use the voting history for that type of proposal as a proxy for expected voting dissent. For director elections, since past votes withheld do not predict future votes withheld, we use the presence of an ISS withhold recommendation, the key determinant of votes withheld. For all three items, we rely on prior studies to identify the degree of voting dissent likely to changes in firms' policies.[11]

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10. When using a 25% voting threshold, only 1.46% of the meetings are classified as contentious. A 15% voting threshold results in 34.7% of the meetings classified as contentious. This degree of sensitivity occurs because some frequent types of management proposals historically average between 15% and 20% (e.g., proposals to approve/amend omnibus stock plans) and between 20% and 25% (e.g., proposals to amend the stock option plan).

11. Because we measure stock returns over the proxy-to-meeting window, our definition of contentious items is based on the *expected* voting outcomes. Using actual voting outcomes would introduce hindsight bias (especially if pre-meeting returns affect shareholder votes). However, we verify that our ex ante classifications predict voting outcomes. The mean percentage of votes for contentious shareholder proposals, against contentious management proposals and withheld in contentious director elections are, respectively, 56.0%, 24.0%, and 19.8%, versus 21.3%, 7.3%, and 4.1% for the corresponding noncontentious items (not tabulated).

Figure 1 Frequency of contentious shareholder meetings over the 2003–2012 period

Notes: This figure plots the annual percentage of annual meetings that are classified as contentious, those with a contentious director election, those with a contentious management proposal, and those with a contentious shareholder proposal. The sample period is 2003–2012, and the sample universe includes Russell 3000 constituents, as available in ISS Voting Analytics.

Contentious annual meeting: Definition and descriptive statistics

After analyzing each contentious item separately, we combine them into a single indicator variable denoting a *Contentious Annual Meeting*. This variable is equal to one if there is a *Contentious Director Election* (i.e., more than one-third of directors receiving a negative recommendation), a *Contentious Management Proposal* (i.e., with historical voting dissent of more than 20%), or a *Contentious Shareholder Proposal* (i.e., with historical voting support of more than 45%), and it is equal to zero if none of the three item types are contentious.

Overall, 5,959 (23.3%) of the 25,623 sample meetings are classified as contentious. The most contentious years were 2003–2005, in the aftermath of the Enron-type corporate scandals, and 2009–2010, right after the financial crisis, whereas contentiousness declined during the bull market pre-2008 and then again at the onset of the post-2009 bull market (see Figure 1). This pattern is driven by director elections and management proposals, while the frequency of contentious shareholder proposals is more stable. As shown in Table 1, panel A, 93.5% (6.5%, less than 0.1%) of the contentious meetings have one (two, three, respectively) contentious items. Panel B reports that over our 10-year sample period, 2,676 distinct firms experience at least one contentious meeting, with 47% (23%, 13%, 17%) of these firms experiencing one (two, three, more than three, respectively) contentious meetings.

The "proxy-to-meeting" window

Our purpose is to examine the stock price reaction to instances of activism via voting (i.e., contentious votes). We argue that investors form expectations regarding the occurrence of a contentious vote and its likely impact on firms' behavior mostly over the period between the

TABLE 1
Descriptive statistics

Panel A: Co-occurrence of contentious items by annual meeting

Contentious	One item	Two items	Three items	Total
Number	5,571	385	3	5,959
Percentage	93.5%	6.5%	0.1%	100%
Director election (DE)	3,752			
Management prop. (MP)	733			
Shareholder prop. (SP)	1,086			
DE and MP		165		
DE and SP		190		
SP and MP		30		
DE, MP, and SP			3	

Panel B: Contentious meeting frequency by firm during sample period

Number of contentious annual meetings over 2003–2012	Number of firms	Percentage among firms with contentious meetings
One	1,269	47%
Two	616	23%
Three	343	13%
Four	184	7%
Five	102	4%
Six or more	162	6%
Total	2,676	100%

Notes: This table reports descriptive statistics on the incidence of contentious annual meetings. Panel A reports the number and percentage of shareholder meetings with one, two, and three contentious items (where an item is either a director election, a management proposal, or a shareholder proposal). Panel A also reports, among contentious single-item meetings, the frequency of each type of contentious item, and among contentious multiple-item meetings, the frequency of each combination of contentious items. Panel B reports the number (and the percentage breakdown) of firms with one, two, . . ., six and more contentious annual meetings during the sample period 2003–2012.

release of the proxy statement and the annual meeting, making it the appropriate window for our tests. Below we describe the flow of information taking place during this period.

The release of a proxy statement is the logical starting date as proxy statements list the ballot items and provide important details about each item, such as proponents' and boards' positions on any shareholder proposals, the identity of the shareholder submitting the proposal, and the rationale behind management proposals. Also, proxy statements contain information that may help investors assess the likelihood of a contentious vote, such as details about executive pay and information about directors (e.g., independence, other seats held, meeting attendance).

However, the proxy statement represents only one piece of information about the upcoming vote. Shortly after the proxy statement is filed (usually within three weeks), proxy advisors release a report to their clients with their recommendations—a key determinant of voting outcomes (Larcker et al. 2013; Malenko and Shen 2016).[12] Management may choose to submit additional information to shareholders (via amended proxy filings) to counter proponents' arguments

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12. Since ISS and Glass Lewis clients include over 2,000 institutional investors (GAO 2007) and the recommendations are often picked up by the press (Henry and Rothacker 2012), it is plausible to assume that shortly after the report release, key market participants learn about the recommendations and their rationale.

or question proxy advisors' methodologies (Ertimur et al. 2013; Larcker et al. 2015). In some cases, management discusses the contentious item and its planned response in public venues or private conversations with institutional investors and proxy advisors (Strine 2005; E&Y 2014; Gelles 2014). Key institutional investors may disclose how they plan to vote and the underlying reasons, while activist shareholders may engage with management and rally other shareholders around their position via public as well as private communications (Del Guercio et al. 2008; Blank et al. 2015). Throughout this process, business press and governance blogs provide coverage of the most contentious votes. Furthermore, because of the clustering of meetings between April and June, during the proxy-to-meeting window, investors often learn about the voting outcomes of similar items at peer firms and/or these firms' responses. Finally, on the day of the meeting, vote tallies are disclosed, and there may be some surprising results, particularly for close votes (Cuñat et al. 2012).

In sum, information released during the proxy-to-meeting window is likely to affect investors' expectations about the occurrence of a contentious vote and its impact on firms' policies. Consistent with this notion, Iliev et al. (2021) find that mutual funds download proxy filings throughout the entire proxy-to-meeting window—rather than only around the proxy filing date—and especially in the few weeks immediately prior to the meeting date.

3. Stock returns before contentious meetings: Univariate evidence

Stock returns before annual meetings: The role of past performance

Using an earlier sample period (1996–2005), Dimitrov and Jain (2011) document positive abnormal returns during the 40-day period prior to the annual meetings. When they split the sample based on whether the 12-month market-adjusted buy-and-hold returns ending 40 days prior to the annual meeting are positive (*Past Winners*) or negative (*Past Losers*), they find that the positive abnormal returns are driven by poorly performing firms (*Past Losers*).

For comparison purposes, in Table 2, panel A, we replicate their analysis in our sample period. On average, our sample firms have significantly positive abnormal returns during the 40-day period prior to the meeting. For example, the *Size-adjusted* (*Market-adjusted*) *CAR* over the 40-day window prior to the meeting are 0.661% (0.750%). The *Size-adjusted* (*Market-adjusted*) *B&H* returns are 0.925% (1.030%). Also, *Size-adjusted* (*Market-adjusted*) *CAR* are significantly positive at 1.634% (1.777%) for *Past Losers* while slightly negative at −0.311% (−0.276%) for *Past Winners*. The difference at 1.945% (2.053%) is statistically significant at the 1% level. The results are similar using buy-and-hold returns. As in Dimitrov and Jain (2011), the premeeting *CAR* are higher when past performance is lower. For example, firms in the bottom two deciles of past returns experience a *Size-adjusted CAR* of 4.056% and 2.712%, respectively (untabulated).

Next, in panel B, we repeat the analysis for the proxy-to-meeting window. The findings are similar. On average, our sample firms experience significantly positive abnormal returns, with the effect being driven by poorly performing firms. For example, the difference in *Size-adjusted CAR* between *Past Losers* and *Past Winners* is 1.353%, statistically significant at the 1% level. Because the results are qualitatively similar across all four measures of returns, in the rest of the study, we tabulate only the results based on proxy-to-meeting *Size-adjusted CAR* (hereinafter *CAR*).

Stock returns before annual meetings: The role of contentious votes

Table 3 reports the proxy-to-meeting *CAR* when there is a *Contentious Director Election*, a *Contentious Management Proposal*, a *Contentious Shareholder Proposal*, or any of the three contentious items (*Contentious Annual Meeting*), using the definitions introduced in section 2. The *CAR*

TABLE 2
Stock returns prior to annual shareholder meetings

Panel A: 40-day window

	Full sample (N = 27,834)	Past Losers (N = 13,871)	Past Winners (N = 13,943)	Difference Past Losers – Past Winners
Size-adjusted CAR (%)	0.661***	1.634***	−0.311**	1.945***
Market-adjusted CAR (%)	0.750***	1.777***	−0.276**	2.053***
Size-adjusted B&H (%)	0.925***	2.179***	−0.325**	2.504***
Market-adjusted B&H (%)	1.030***	2.357***	−0.293**	2.650***

Panel B: Proxy-to-meeting window

	Full sample (N = 26,283)	Past Losers (N = 13,095)	Past Winners (N = 13,168)	Difference Past Losers – Past Winners
Size-adjusted CAR (%)	0.366***	1.043***	−0.310***	1.353***
Market-adjusted CAR (%)	0.381***	1.099***	−0.336***	1.435***
Size-adjusted B&H (%)	0.541***	1.340***	−0.256**	1.596***
Market-adjusted B&H (%)	0.530***	1.375***	−0.313***	1.688***

Notes: This table reports mean stock returns prior to annual shareholder meetings for Russell 3000 firms between 2003 and 2012. In panel A, returns are measured over the 40-trading-day window ending on the annual shareholder meeting. In panel B, returns are measured over the firm-specific window from the proxy filing date to the annual meeting date (proxy-to-meeting window). The first column reports the results for the full sample. In the second and third columns, the sample is split between *Past Losers* and *Past Winners*. See the Appendix for variable definitions. ** and *** represent significance levels of 0.05 and 0.01, respectively, for two-tailed tests of differences from zero.

are compared to meetings where none of the three items is contentious (according to the specific definition in each row).

In the full sample (panel A), proxy-to-meeting *CAR* before contentious director elections are positive and significant, with the magnitude increasing from 0.705% to 1.314% as we tighten the definition of contentious (i.e., ISS withhold recommendations against multiple directors rather than a single director). Importantly, *CAR* before contentious director elections are also significantly higher than before noncontentious meetings (at the 5% or 1% level), with the difference increasing from 0.542% to 1.221% as we tighten the definition of contentious. Similarly, proxy-to-meeting *CAR* before contentious management proposals are positive and significant, with the magnitude increasing from 0.675% to 3.050% as we tighten the definition of contentious (i.e., increase the voting threshold used to identify contentious management proposals from 15% to 25%). The difference between meetings with contentious management proposals and noncontentious meetings is also positive and significant (at the 1% level), increasing from 0.675 pecent to 2.932% as we tighten the definition of contentious. The results are weaker for contentious shareholder proposals: while proxy-to-meeting *CAR* are significantly positive when using the 45% voting threshold, where we expect the strongest effect, they are no different than for noncontentious meetings. Finally, when we combine the three items into a single variable capturing a contentious annual meeting, we find that proxy-to-meeting *CAR* are positive and significant at 1.222% and significantly higher (by 1.129%) than before noncontentious meetings.

Poorly performing firms are more likely to respond to shareholder votes (Ertimur et al. 2010, 2016). Hence, we predict that investors expect a contentious vote to have a greater impact on firms' behavior in poorly performing firms. Consistent with this prediction, panel B shows that the effects are much more pronounced in the subsample of *Past Losers*: for all three contentious items,

TABLE 3

Stock returns prior to contentious annual shareholder meetings

Panel A: Proxy-to-meeting *CAR*—Full sample

Criteria for contentious	Contentious N	Noncont. N	Contentious mean (%)	Noncont. mean (%)	Difference
Director elections—ISS withhold for:					
At least one director	7,316	15,867	0.705	0.163	0.542**
At least two directors	3,932	18,603	1.076	0.144	0.932***
>1/3 of directors	3,849	18,625	1.314	0.093	1.221***
Management proposals					
Historical dissent >15%	8,135	12,633	0.675	$0.000^{\dagger}$	0.675***
Historical dissent >20%	860	18,625	1.835	$0.093^{\dagger}$	1.742***
Historical dissent >25%	333	19,022	3.050	$0.118^{\dagger}$	2.932***
Shareholder proposals					
At least one proposal	2,162	17,831	0.405†	$0.093^{\dagger}$	0.312
Historical support >30%	1,593	18,309	0.455†	$0.102^{\dagger}$	0.353
Historical support >40%	1,434	18,454	0.403†	$0.108^{\dagger}$	0.295
Historical support >45%	1,226	18,625	0.639	$0.093^{\dagger}$	0.546
Annual meeting	5,577	18,625	1.222	$0.093^{\dagger}$	1.129***

Panel B: Proxy-to-meeting *CAR*—Past Losers

Criteria for contentious	Contentious N	Noncont. N	Contentious mean (%)	Noncont. mean (%)	Difference
Director elections—ISS withhold for:					
At least one director	3,655	7,908	1.552	0.660	0.893**
At least two directors	2,023	9,233	2.310	0.628	1.682***
>1/3 of directors	1,967	9,262	2.459	0.570	1.889***
Management proposals					
Historical dissent >15%	3,822	6,457	1.781	0.384	1.397***
Historical dissent >20%	397	9,262	4.006	0.570	3.436***
Historical dissent >25%	191	9,420	4.368	0.628	3.740**
Shareholder proposals					
At least one proposal	1,097	8,854	1.549	0.569	0.980*
Historical support >30%	801	9,099	1.883	0.572	1.311**
Historical support >40%	716	9,177	2.033	0.574	1.459**
Historical support >45%	608	9,262	2.285	0.570	1.715**
Annual meeting	2,797	9,262	2.522	0.570	1.952***

Panel C: Proxy-to-meeting *CAR*—Past Winners

Criteria for contentious	Contentious N	Noncont. N	Contentious mean (%)	Noncont. mean (%)	Difference
Director elections—ISS withhold for:					
At least one director	3,647	7,954	−0.148†	−0.335	0.187
At least two directors	1,901	9,361	−0.216†	−0.339	0.123
> 1/3 of directors	1,876	9,352	0.125†	−0.382	0.507
Management proposals					
Historical dissent >15%	4,304	6,171	−0.316†	−0.407	0.091
Historical dissent >20%	462	9,352	−0.122†	−0.382	0.260

TABLE 3 (continued)

Panel C: Proxy-to-meeting *CAR—Past Winners*

Criteria for contentious	Contentious N	Noncont. N	Contentious mean (%)	Noncont. mean (%)	Difference
Historical dissent >25%	141	9,591	0.969†	−0.385	1.354
Shareholder proposals					
At least one proposal	1,065	8,966	−0.773	−0.380	−0.393
Historical support >30%	792	9,199	−0.989	−0.365	−0.624*
Historical support >40%	718	9,266	−1.222	−0.357	−0.865**
Historical support >45%	618	9,352	−0.981	−0.382	−0.599
Annual meeting	2,773	9,352	−0.095†	−0.382	0.287

Notes: This table reports mean stock returns prior to annual shareholder meetings for Russell 3000 firms between 2003 and 2012. Returns are *CAR* adjusted for size (based on the CRSP market capitalization deciles) over the firm-specific window from the proxy filing date to the annual meeting date (proxy-to-meeting window). We compare mean returns prior to annual meetings classified as contentious to noncontentious ones, with alternative classifications based on the characteristics on the three items on the ballot (director elections, management proposals, and shareholder proposals). Panel A includes the full sample, while panel B and panel C include, respectively, only *Past Losers* and *Past Winners*. In the last column, *, **, and *** represent significance levels of 0.10, 0.05, and 0.01, respectively, for two-tailed tests of differences from zero. In the third and fourth columns, all mean returns are significantly different from zero at least at the 0.10 level, unless noted with the symbol †. All variables are defined in the Appendix.

proxy-to-meeting *CAR* are higher, and the differences in *CAR* between contentious and noncontentious items are larger. For example, using our main definitions, the difference in *CAR* between meetings with contentious director elections (management proposals) and noncontentious meetings is 1.889% (3.436%), versus 1.221% (1.742%) in the full sample. Notably, the difference in *CAR* between meetings with contentious shareholder proposals and noncontentious meetings is now significant, reaching 1.715% (5% level) when using our main definition based on the 45% threshold. Accordingly, the difference in *CAR* between contentious and noncontentious annual meetings at 1.952% is larger than in the full sample. As in panel A, the difference in *CAR* between contentious and noncontentious items increases as we tighten the definition of contentious.

Finally, panel C indicates that the contentious nature of the meeting is not related to premeeting returns among *Past Winners*. Proxy-to-meeting *CAR* before contentious director elections and management proposals are not significantly different from zero, nor are they different from noncontentious meetings. As for contentious shareholder proposals, the proxy-to meeting *CAR* are slightly negative and, for certain thresholds (30% and 40%), significantly more so than before noncontentious meetings, perhaps an indication that at well-performing firms, shareholder proposals are generally viewed as a distraction (Gantchev and Giannetti 2020).[13]

Overall, our analyses in Table 3 indicate a positive association between premeeting returns and our proxies for a contentious meeting, consistent with investors expecting instances of activism via voting to have a positive net effect, on average, especially in poorly performing firms.

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13.   In untabulated tests we find that proxy-to-meeting *CAR* do not depend on whether the firm has been targeted by other forms of monitoring/activism in the past year, such as the occurrence of a 13-D filing (investor crossing the 5% threshold with "active" intent) or 13-G filing (investor crossing the 5% threshold with "passive" intent) or the presence of a 5% institutional blockholder. Interestingly, the difference in proxy-to-meeting *CAR* between contentious and noncontentious meetings is more pronounced during "highly contentious" years (i.e., sub-periods with more contentious meetings: 2003–2005 and 2009–2010; see Figure 1), consistent with firms being more likely to respond to shareholder pressure after periods of crisis and/or with the value of vote-induced changes being higher during those times.

Stock returns around specific events during the proxy-to-meeting window

We focus on stock returns over the entire proxy-to-meeting window rather than around individual events within this window due to the difficulty of identifying the specific events that impact the likelihood of a contentious vote in a large sample. These events differ across firms and across item types, are context-specific, and at times are unobservable to researchers (e.g., private communications). Nonetheless, in this section, we examine returns around four observable events.

The first, available for all firms, is the filing of the proxy statement, which provides contextual information relevant to investors' assessment of the upcoming vote. In Table 4, panel A, we examine the stock price reaction over a three-day window centered on the proxy filing date. An important caveat is that because proxy statements contain multiple pieces of information, it is hard to attribute the returns to a specific piece of information (Gillan and Starks 2007). However, the pattern is generally similar to Table 3. There is a positive stock price reaction to proxy filings prior to contentious annual meetings, whereas returns around noncontentious meetings are insignificant, and the difference is positive at 0.22% and significant. The effect is driven by the subsample of *Past Losers*, where the difference in returns increases to 0.40% and is present for all three items, although it is not significant at conventional levels for management proposals.[14]

The other three events take place during the proxy-to-meeting window and affect a smaller number of firms: exempt solicitation campaigns, vote-no campaigns, and amendments of proxy filings. "Exempt" solicitations are communications between shareholders in which the SEC exempts the communicating shareholder from distributing proxy materials to all shareholders (and from other onerous proxy rules), as long as the shareholder is not requesting the authorization to vote other shareholders' proxies on their behalf. These communications are used by shareholders to explain the rationale behind their vote to other shareholders and thus, implicitly, to influence their voting decisions (but without soliciting their proxies). Relevant to our study, when the shareholder using this exemption holds more than $5 million worth of shares of the company's equity, each written communication must be filed with the SEC, using forms PX14A6G and PX14A6N. Using these filings, Blank et al. (2015) identify 141 exempt proxy solicitations campaigns between 1997 and 2008 and find that exempt solicitations are (i) mostly used to support a shareholder proposal or oppose a director nominee, (ii) associated with greater voting support (withholding) for the shareholder proposals (director nominee), and (iii) associated with greater vote-induced changes such as implementing the proposal or CEO turnover. In other words, they enhance the effectiveness of activism via voting and thus represent an information event that increases the likelihood of a contentious vote. In our sample, we identify 90 contentious meetings with PX14A6G and PX14A6N filings during the proxy-to-meeting window (44 of these contentious meetings are in the *Past Losers* subsample). As shown in Table 4, panel B (first row), the mean *3-Day CAR* around these filings is significantly positive at 1.03% in the full sample and 2.19% in the *Past Losers* sample. This is consistent with a positive stock price reaction to an event signaling an increase in activism via voting.

The second event is vote-no campaigns—that is, organized efforts by activists to convince fellow shareholders via letters, press releases or Internet communications to withhold their vote from one or more directors. Del Guercio et al. (2008) find that vote-no campaigns are associated with an increase in the likelihood of high votes withheld from directors as well as postvote governance and operating changes. Thus, similar to exempt solicitation campaigns, this type of event increases the likelihood of a contentious vote. Del Guercio et al. (2008) also document a positive price reaction (0.85%, significant at the 10% level) around 48 noncontaminated announcements of vote-no campaigns (out of 112

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14.   Prior research has generally struggled to find reliable evidence of a systematic market reaction around proxy filings (see Gillan and Starks 2007; Denes et al. 2017, for a review). One notable exception is Renneboog and Szilagyi (2011), who document a positive reaction around proxy filings containing shareholder proposals that ex post are approved (similar in spirit to our "contentious" definition). However, Renneboog and Szilagyi (2011) only focus on shareholder proposals, while our definition of contentious items allows for an examination of director elections and management proposals as well. Also, we extend the analysis to the entire proxy-to-meeting window.

TABLE 4

Stock returns around specific events during the proxy-to-meeting window

Panel A: *3-Day CAR* around proxy filings

	Contentious N	Noncont. N	Contentious mean (%)	Noncont. mean (%)	Difference
Full sample					
Director elections	3,839	20,541	0.31	0.05†	0.26***
Management proposals	858	18,729	0.19†	0.05†	0.14
Shareholder proposals	1,225	20,677	0.24	0.05	0.19
Annual meeting	5,564	18,597	0.27	0.05†	0.22***
Past Losers					
Director elections	1,969	10,235	0.54	0.11	0.43***
Management proposals	397	9,323	0.43†	0.11	0.32
Shareholder proposals	608	10,299	0.51	0.12	0.39*
Annual meeting	2,799	9,262	0.51	0.11	0.40***
Past Winners					
Director elections	1,870	10,306	0.07†	−0.01†	0.08
Management proposals	471	9,407	−0.02†	−0.01†	−0.01
Shareholder proposals	617	10,378	−0.02†	−0.01†	−0.01
Annual meeting	2,765	9,335	0.02†	−0.01†	0.03

Panel B: *3-Day CAR* around exempt solicitations, vote-no campaigns, and proxy amendments

	Full sample			Past Losers		
Contentious meetings	N	Mean (%)	*p*-value	N	Mean (%)	*p*-value
Exempt proxy solicitation filings	90	1.03	0.05	44	2.19	0.01
"Vote no" campaigns	17	0.29	0.87	13	0.60	0.80
Proxy amendments	606	0.64	0.01	349	0.98	0.02

Notes: This table reports mean three-day *CAR* around specific events during the window from the proxy filing to the annual shareholder meeting for Russell 3000 firms between 2003 and 2012. Panel A reports mean three-day *CAR* around proxy filing dates prior to contentious and noncontentious annual shareholder meetings, with alternative classifications based on the characteristics on the three items on the ballot (director elections, management proposals, shareholder proposals), as defined in the Appendix. For contentious director elections, management proposals, and shareholder proposals, the noncontentious control sample includes only meetings without *any* contentious item. Panel B reports mean three-day *CAR* around exempt proxy solicitation filings (Forms PX14A6G and PX14A6N), vote-no campaign announcements, and proxy amendment filings (Forms DEFA 14A) that fall between the proxy filing and the annual meeting date prior to a contentious annual meeting, separately for the full sample and *Past Losers*. In panel A, in the last column, * and *** represent significance levels of 0.10 and 0.01, respectively, for two-tailed tests of differences from zero. In the third and fourth columns, all mean returns are significantly different from zero at least at the 0.10 level unless noted with the symbol †. All variables are defined in the Appendix.

campaigns during the 1990–2003 period). We obtain a list of 122 vote-no campaigns for our sample period, of which 92 refer to firms covered by ISS Voting Analytics. However, we are able to identify a clear announcement date during the contentious proxy-to-meeting window only for 17 campaigns (many campaigns are announced prior to the proxy filing date), of which 13 are among *Past Losers*. As shown in Table 4, panel B (second row), we find a positive mean *3-Day CAR* of 0.29% in the full sample and 0.60% among *Past Losers*, but both are insignificant, likely due to the limited sample size.

Finally, we examine amendments of proxy filings. To the extent that such amendments reveal management's concern about the extent of voting dissent and its consequences, then this event may

signal to investors an increase in the likelihood of a contentious vote. We identify 606 (349) proxy amendments filed during the proxy-to-meeting window prior to a contentious meeting in our full (*Past Losers*) sample and find a mean *3-Day CAR* of 0.64% (0.98%) (third row of Table 4, panel B), both significant at the 5% level. Since some proxy amendments are technical in nature (corrections of factual inaccuracies), the magnitude of the *3-Day CAR* is likely understated.

Overall, subject to all the limitations of single-event studies in the context of shareholder activism (Gillan and Starks 2007), the analyses in Table 4 are consistent with our evidence on the association between contentious votes and stock returns over the entire proxy-to-meeting window.

4. Alternative explanations

In this section, we address the possibility that abnormal returns prior to contentious meetings reflect firm characteristics associated with contentious meetings or other events occurring during the proxy-to-meeting window.

Firm characteristics: Differences between contentious and noncontentious meetings

The occurrence of a contentious meeting is not a random event. Prior studies identify several factors explaining the occurrence of contentious votes (see Ferri 2012 for a review). However, these studies typically focus only on one type of contentious item, and it is not clear whether there are common factors explaining the occurrence of contentious meetings in general.

We examine potential factors in Table 5 by comparing firm-years with noncontentious meetings (column (1)) to those with contentious meetings (columns (2)–(5)) along the following dimensions: (i) financial characteristics, (ii) ownership structure, (iii) governance characteristics, (iv) information environment, and (v) the occurrence of certain events during the year prior to the meeting (hedge fund activism, lawsuits, restatements). The variables are detailed in the Appendix.

Table 5 provides three key insights. First, while firms facing contentious votes are systematically different (e.g., larger firms with weaker monitoring),[15] there is no obvious characteristic that is associated with contentious votes *and* likely to explain the abnormal positive returns during the proxy-to-meeting window. The characteristics examined in Table 5 are known to the market and thus should be priced prior to the proxy-meeting window.

Second, the factors associated with contentious votes differ substantially between director elections, management proposals, and shareholder proposals. For example, relative to firms with noncontentious meetings, firms with contentious shareholder proposals are much larger (see column (5) relative to column (1))—consistent with prior studies (e.g., Ferri and Sandino 2009)—while firms with contentious director elections and contentious management proposals tend to be smaller (see columns (3) and (4) relative to column (1)). Many other financial and governance characteristics also exhibit a positive association with one contentious item but a negative one with the others.[16]

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15.   Based on Table 5, panel A (columns (1)–(2)), firms facing contentious meetings are larger ($8.1 vs. $6.2 billion in *Total Assets*) and have lower *Sales Growth*, greater press coverage (*Press Articles*), and higher *Total CEO Pay* (but not higher *Excess CEO Pay*). They also exhibit a lower level of monitoring and a higher level of entrenchment (as proxied by lower *Institutional Ownership*, lower *Analyst Following*, higher *Executive Ownership*, lower *Director Ownership*, lower *ISS Governance Rating*, lower % *Independent Directors*, and more cases of *Poor Meeting Attendance* by directors). The results are generally similar for the subsets of *Past Losers* (panel B) and *Past Winners* (untabulated).

16.   Relative to firms with noncontentious meetings, firms with contentious shareholder proposals exhibit higher *Institutional Ownership*, lower *Executive Ownership*, higher *Total CEO Pay*, higher *Analyst Following*, greater press coverage (*Press Articles*), lower *Sales Growth*, higher *ROA*, lower *Leverage*, lower *Volatility*, and more *Lawsuits*. In contrast, firms with contentious director elections and contentious management proposals exhibit lower *Institutional Ownership*, higher *Executive Ownership*, lower *Analyst Following*, less press coverage (*Press Articles*), lower *ROA*, and higher *Volatility*. With respect to governance characteristics, some variables (e.g., *ISS Governance Rating*, % *Coopted Directors*) are associated with contentious director elections and contentious management proposals, but not with contentious shareholder proposals, while others only play a role in the latter (e.g., *CEO-Chairman* duality). The results are generally similar among *Past Losers* (panel B) and *Past Winners* (untabulated).

TABLE 5

Characteristics of firms with contentious annual meetings

Panel A: Full sample

	Noncontentious annual meetings	Contentious			
		Annual meetings	Director elections	Management proposals	Shareholder proposals
Financial characteristics and performance					
Total Assets	6,210	8,113***	3,343***	4,420***	25,894***
Market Cap	4,545	6,702***	2,221***	2,779***	23,360***
Book-to-Market	0.545	0.549	0.553	0.570	0.543
Leverage	0.222	0.238***	0.236***	0.210	0.270***
Sales Growth	0.110	0.094***	0.103	0.115	0.046***
ROA	0.052	0.050	0.045**	0.030***	0.084***
Change in ROA	0.009	0.006	0.004	0.022	−0.003***
Past Returns	0.094	0.087	0.087	0.141**	0.040***
Volatility	0.107	0.118***	0.126***	0.130***	0.082***
Ownership composition					
Institutional Ownership	0.711	0.626***	0.591***	0.651***	0.734***
Executive Ownership	0.030	0.043***	0.059***	0.044***	0.015***
Governance characteristics					
% Independent Directors	0.768	0.718***	0.687***	0.717***	0.789***
% Coopted Directors	0.467	0.460	0.491**	0.529***	0.405***
CEO-Chairman	0.736	0.748	0.717*	0.686**	0.818***
Poor Meeting Attendance	0.095	0.146***	0.159***	0.133**	0.123**
Director Ownership	0.013	0.010***	0.014	0.013	0.007***
Classified Board	0.536	0.535	0.522	0.475**	0.557
Poison Pill	0.366	0.367	0.358	0.453***	0.353
ISS Governance Rating	0.132	−0.338***	−0.462***	0.001***	0.142
Total CEO Pay	5,076	6,652***	4,941	4,793	9,839***
Excess CEO Pay	0.039	0.022	−0.017***	0.036	0.070
Information environment					
Analyst Following	10.10	9.58***	7.25***	9.12***	17.85***
Press Articles	53.12	57.95***	36.75***	41.99***	138.9***

TABLE 5 (continued)

Panel A: Full sample

	Noncontentious annual meetings	Contentious			
		Annual meetings	Director elections	Management proposals	Shareholder proposals
Notable events					
13-D Filing	0.020	0.018	0.019	0.018	0.020
Restatements	0.059	0.064	0.070**	0.060	0.055
Lawsuits	0.021	0.028**	0.0401	0.024	0.043***

Panel B: *Past Losers*

	Noncontentious annual meetings	Contentious			
		Annual meetings	Director elections	Management proposals	Shareholder proposals
Financial characteristics and performance					
Total Assets	6,473	8,618***	3,733***	5,274	27,471***
Market Cap	4,130	6,504***	2,052***	2,730***	23,095***
Book-to-Market	0.626	0.634	0.630	0.726**	0.631
Leverage	0.225	0.244***	0.242***	0.220	0.275***
Sales Growth	0.101	0.081***	0.090	0.093	0.026***
ROA	0.039	0.036	0.029**	0.010**	0.076***
Change in ROA	−0.002	−0.007	−0.007	−0.009	−0.011***
Past Returns	−0.232	−0.257***	−0.267***	−0.272***	−0.216**
Volatility	0.103	0.116***	0.125***	0.126***	0.084***
Ownership composition					
Institutional Ownership	0.702	0.625***	0.597***	0.644***	0.722***
Executive Ownership	0.029	0.040***	0.055***	0.047***	0.015***
Governance characteristics					
% Independent Directors	0.767	0.717***	0.686***	0.727***	0.789***
% Coopted Directors	0.471	0.457	0.503**	0.503	0.386***
CEO-Chairman	0.721	0.739	0.723	0.673	0.791***

TABLE 5 (continued)

Panel B: *Past Losers*

	Noncontentious annual meetings	Contentious			
		Annual meetings	Director elections	Management proposals	Shareholder proposals
Poor Meeting Attendance	0.100	0.137***	0.144***	0.150*	0.115
Director Ownership	0.013	0.011**	0.014	0.011	0.007***
Classified Board	0.532	0.522	0.470	0.457**	0.559
Poison Pill	0.353	0.362	0.352	0.452***	0.341
ISS Governance Rating	0.108	−0.351***	−0.469***	0.025	0.103
Total CEO Pay	4,745	6,561***	5,030	5,385	9,377***
Excess CEO Pay	0.016	0.016	−0.030	0.111	0.022
Information environment					
Analyst Following	10.24	9.89*	7.71***	10.24	17.41***
Press Articles	51.98	59.20***	36.95***	50.24	141.0***
Notable events					
13-D Filing	0.025	0.025	0.024	0.023	0.032
Restatements	0.065	0.068	0.077*	0.046*	0.061
Lawsuits	0.033	0.040	0.037	0.042	0.057*

Notes: This table reports univariate comparisons of various firm characteristics measured before contentious and noncontentious annual meetings. Panel A reports variable means for noncontentious annual meetings versus contentious annual meetings, contentious director elections, contentious management proposals, and contentious shareholder proposals, respectively. Panel B reports variable means for the same subgroup, but only among *Past Losers*. Sample size varies based on data availability. In particular, governance characteristics and executive ownership are available only for subsets of the main sample. In columns (2) to (5), *, **, and *** indicate that the mean for the contentious group is significantly different from the noncontentious group (column (1)) at the significance levels of 0.10, 0.05, and 0.01, respectively. All variables are defined in the Appendix.

The evidence that many firm characteristics differ in the sign of their association to the three types of contentious items is important because our results on the proxy-to-meeting *CAR* are generally consistent across the three contentious items. Thus, to explain such results, it should be the case that different characteristics associated with different types of contentious items all happen to explain the abnormal returns during the proxy-to-meeting window. This seems unlikely.

The third key insight relates to an especially important variable: past stock performance (*Past Returns*). As noted in section 3, among *Past Losers* premeeting *CAR* are higher for firms with worse past stock performance (i.e., firms in the bottom two deciles of past stock returns). If contentious votes were more likely at firms with the worst performance, our results may be driven by past performance (i.e., reversal in returns after poor performance) rather than by the contentious nature of the meeting. The evidence on the relation between performance and meetings' contentiousness is somewhat mixed. Contentious meetings exhibit significantly lower *Past Returns* (-25.7% vs. -23.3%) among *Past Losers* (panel B), but not in the full sample (panel A). Also, differences in performance are not consistent across the three contentious items (e.g., firms with contentious shareholder proposals have lower *Past Returns* in the full sample but slightly higher among *Past Losers*, while the opposite is true for contentious management proposals).

Notwithstanding the above considerations, in the multivariate analysis in section 5, we will control for size, growth, and past performance, to capture risk factors potentially associated with these characteristics. Also, we will employ the entropy balancing technique to essentially "match" contentious and noncontentious meetings in terms of a broad set of firm characteristics.

Firm-specific news during the proxy-to-meeting window: Differences between contentious and noncontentious meetings

Firms facing a contentious meeting may be in the process of restructuring their policies in response to increasing shareholder dissatisfaction. These actions may manifest themselves in better-than-expected reported earnings or management forecasts, disclosure of specific value-increasing initiatives in 8-K filings or press releases (e.g., restructurings, changes in management team), and/or announcements of repurchases. In other words, it is possible that firms facing contentious meetings experience higher premeeting returns not because of investors' expectations about the impact of activism via voting, but because the same factors underlying the contentious meeting (performance issues, shareholder pressure) have given them the incentive to take more value-increasing actions relative to other firms and/or signal better prospects via disclosures (Bourveau and Schoenfeld 2017; Dimitrov and Jain 2011). Thus, we examine five sets of firm disclosures: earnings announcements, releases of management forecasts, announcements of stock repurchases, 8-K filings, and firm-initiated press releases.

Other news not captured by firm disclosures may also have a positive effect on stock returns *and* be more likely to take place at firms facing contentious meetings. The filing of a 13-D form by a hedge fund activist is an example. Prior studies document a strong, positive market reaction around 13-D filing dates (e.g., Brav et al. 2008; Klein and Zur 2009; Gow et al. 2014), and it is plausible that hedge funds would target firms facing contentious meetings in order to exploit shareholders' discontent. As for all other potentially relevant news, rather than trying to separately identify them, we capture their overall impact in two ways. First, using data from Raven-Pack, we measure the number (*Press Articles*) and "sentiment" (*Press Articles Sentiment*) of press articles with a "relevant" mention of the firm. Second, we examine sell-side analysts' outputs. If analysts react to value-relevant news regarding the firm, their forecast revisions and recommendations can be used to control for the effect of these events.

Table 6 reports the results (see the Appendix for details on variables and data sources). For parsimony, we tabulate the results only for the full sample (panel A) and *Past Losers* (panel B).[17] Since the higher proxy-to-meeting *CAR* before contentious meetings are driven by poorly performing firms (see Table 3), we focus our comments on *Past Losers* (results for the full sample are generally similar), where concerns with alternative explanations are highest.

Overall, we find no evidence of more positive news prior to contentious meetings in terms of the magnitude of *Earnings Surprise*, management forecast surprise (*Guidance Surprise*), and frequency of repurchase announcements (*Share Buyback*). Interestingly, firms facing contentious meetings have a higher number of firm-initiated *Press Releases* (consistent with the notion that these firms are undergoing more changes), but a slightly lower number of 8-K filings, as well as 8-K filings with Item 8.01 "Other Events."[18] To capture the information content of these disclosures, we also look at the *Press Releases Sentiment* and the *3-Day CAR* around 8-K filings and repurchase announcements. The average *Press Releases Sentiment* is slightly lower before contentious meetings. The three-day mean *CAR* around *Share Buyback*, *# 8-K Filings*, and *# 8-K Filings Item 8.01* is, respectively, 2.35%, 0.67%, and 0.50% before contentious meetings and 2.16%, 0.26%, and 0.27% before noncontentious meetings. These differences are not statistically significant, except for *# 8-K Filings*, but only at the 10% level (p-value = 0.09).

We find no evidence of more positive news prior to contentious meetings in terms of the magnitude of analysts' *Forecast Revision* and the frequency of *Buy Recommendation* or *Strong Buy Recommendation*. If anything, analysts seem to offer a slightly less optimistic assessment of future prospects (as evidenced by the lower proportion of analysts with *Buy Recommendation*). Also, the frequency of *13-D Filing* and the *3-Day CAR* around them does not differ between contentious and noncontentious meetings. As for media coverage, there are more *Press Articles* about firms facing contentious meetings, but the *Press Articles Sentiment* is not different. Finally, firms with and without contentious meetings do not differ in terms of the frequency of being acquired within 12 months after the meeting (1.67% vs. 1.84%; untabulated). Thus, higher returns prior to contentious meetings are unlikely to reflect expectations of a rumored takeover.

Overall, our analyses do not suggest that positive firm-specific news explains the higher *CAR* before contentious meetings documented in section 3. Nevertheless, we will control for their occurrence in the multivariate analysis.

5. Stock returns before contentious meetings: Multivariate evidence
Determinants of proxy-to-meeting CAR: A multivariate analysis
Table 7, panel A, reports the results of an OLS regression of the proxy-to-meeting *CAR* on our *Contentious Annual Meeting* indicator, control variables capturing "news" (firm disclosures and

17. The sample size for each analysis depends on data availability. For example, *Guidance Surprise* can only be computed for firms issuing guidance. The data on *Earnings Surprise*, *Guidance Surprise*, and *# 8-K Filings* refers to the subset of firms, respectively, issuing an earnings announcement (71.1% among contentious firms vs. 72.5% among noncontentious firms), providing guidance (17.4% vs. 20.9%), and issuing at least one 8-K filing (78.1% vs. 80.2%) during the proxy-to-meeting window (all percentages untabulated). As for analysts' data, untabulated analyses indicate that 19.7% (14.7%) of firms with contentious (noncontentious) meetings have no analyst coverage. Accordingly, they are less likely to have an analyst report between the proxy filing and the annual meeting (73.0% vs. 78.4%) but contingent on having one, they have a similar number of analysts' reports (7.90 vs. 7.76). We winsorize *Earnings Surprise* and *Guidance Surprise*, and analyst *Forecast Revision* at 1% each tail to reduce the effect of outliers. However, our inferences are unaffected if we do not winsorize (untabulated).
18. Item 8.01 is a discretionary item for reporting any other event (i.e., other than those explicitly mandated by the SEC) that the firm deems of importance to investors, and it represents about 25% of all 8-K filings (Lerman and Livnat 2010). If firms facing contentious meetings were experiencing more positive news during the proxy-to-meeting window, Item 8.01 would be an ideal channel for voluntary disclosure of such news.

TABLE 6

Firm-specific news prior to contentious meetings: Univariate results

Panel A: Full sample

	Mean		
Variable (in %)	Contentious	Noncontentious	Difference
Firm-initiated disclosures			
Earnings Surprise	−0.102	−0.025	−0.077
Guidance Surprise	0.104	0.039	0.066
# 8-K Filings	1.971	2.040	−0.070**
* 3-Day CAR*	0.349	0.202	0.146
# 8-K Filings Item 8.01	0.361	0.353	0.008
* 3-Day CAR*	0.053	0.239	−0.186
Share Buyback	1.686	2.144	−0.457**
* 3-Day CAR*	1.760	1.531	0.229
Press Releases	2.775	2.551	0.224***
* Press Release Sentiment*	0.011	0.012	−0.001**
Disclosures about the firm			
Forecast Revision	−0.083	−0.054	−0.032
Strong Buy Recommendation	20.300	21.255	−0.956
Buy Recommendation	44.005	46.047	−2.041**
Press Articles	6.260	5.784	0.476***
Press Article Sentiment	−0.003	−0.005	0.001**
Other events			
13-D Filing	0.169	0.311	−0.143**
* 3-Day CAR*	3.729	3.751	−0.022

Panel B: *Past Losers*

	Mean		
Variable (in %)	Contentious	Noncontentious	Difference
Firm-initiated disclosures			
Earnings Surprise	−0.159	−0.125	−0.033
Guidance Surprise	0.009	0.047	−0.038
# 8-K Filings	1.991	2.058	−0.067**
* 3-Day CAR*	0.668	0.256	0.412*
# 8-K Filings Item 8.01	0.336	0.347	−0.011
* 3-Day CAR*	0.497	0.269	0.228
Share Buyback	1.840	2.265	−0.457**
* 3-Day CAR*	2.351	2.160	0.192
Press Releases	2.843	2.574	0.269***
* Press Release Sentiment*	0.009	0.011	−0.001**
Disclosures about the firm			
Forecast Revision	−0.253	−0.192	−0.061
Strong Buy Recommendation	19.225	19.011	0.215
Buy Recommendation	39.770	42.536	−2.766**
Press Articles	6.081	5.534	0.547
Press Article Sentiment	−0.004	−0.005	0.001
Other events			
13-D Filing	0.234	0.410	−0.176
* 3-Day CAR*	4.843	3.621	1.222

TABLE 6 (continued)

Notes: This table reports the frequency and information content of firm-specific news in the window from the proxy statement filing to the annual meeting, separately for contentious and noncontentious meetings. In panel A, the sample consists of 25,521 annual meetings, and in panel B, 12,746 meetings of *Past Losers*. *, **, and *** represent significance levels of 0.10, 0.05, and 0.01, respectively, for two-tailed tests of differences from zero. All variables are defined in the Appendix.

other events) taking place during the proxy-to-meeting window and key firm characteristics associated with risk factors—namely, *Past Returns*, *Firm Size* (log of *Total Assets*), and growth (*Book-to-Market* ratio). In all models, we control for year-quarter fixed effects to capture both time trends in returns and the fact that most annual meetings occur in the second quarter. We also control for the firm-specific number of trading days in the proxy-to-meeting window, *Days from Proxy to Meeting* (on average, 27.9 for contentious meetings and 28.4 for noncontentious ones). We cluster standard errors by firm and year-quarter to account for cross-sectional and time-series correlations across error terms (Petersen 2009; Gow et al. 2010). In columns (1), (2), and (3), respectively, we present the results for the full sample, *Past Losers*, and *Past Winners*.

Both in the full sample and among *Past Losers*, the coefficient of *Contentious Annual Meeting* is positive and significant, respectively, at 1.12 (p-value = 0.06) and 1.26 (p-value = 0.04). For *Past Winners* the coefficient is positive (0.55) but not significant (p-value = 0.13). In untabulated tests, we find that the results are robust to excluding vote-no campaigns (Del Guercio et al. 2008) and close call shareholder proposals (Cuñat et al. 2012), suggesting that our findings are not driven only by these specific instances of activism via voting examined in prior studies.

As for the control variables, we find a strong positive association between the proxy-to-meeting *CAR* and our measures of positive firm-specific news (*Earnings Surprise*, *Guidance Surprise*, *Forecast Revision*, *Buy Recommendation*, *13-D Filing*). As for firm characteristics, *Book-to-Market* is positively related to the proxy-to-meeting *CAR* (but only among *Past Losers*), while *Firm Size* exhibits a negative association (but only among *Past Winners*). Past stock performance (*Past Return*) exhibits no significant association, alleviating concerns that our results merely capture a returns reversal for poorly performing stocks.

Overall, consistent with the univariate analyses, the multivariate tests suggest that investors expect contentious votes to have a positive net effect on firm value, on average, with the effect largely driven by poorly performing firms.

Do returns before contentious meetings reflect firm characteristics?

To further ensure that our results are not driven by differences between firms with and without contentious meetings, we perform additional tests. First, to control for time-invariant firm characteristics, we include firm fixed effects. As shown in Table 7, panel B, both in the full sample and among *Past Losers*, the coefficient of *Contentious Annual Meeting* remains positive and significant, respectively, at 1.68 (p-value < 0.01) and 1.59 (p-value = 0.05). Interestingly, it also becomes positive and significant among *Past Winners* at 1.30 (p-value = 0.01). This suggests that investors perceive activism via voting to be beneficial for at least some well-performing firms.

Second, we employ an entropy balancing technique. Entropy balancing consists of assigning weights to each observation in the control sample (here, noncontentious meetings) to achieve balance in terms of distributional properties of the matching variables across the treatment and control groups (Hainmueller 2012; McMullin and Schonberger 2020). As matching variables we choose *Total Assets*, market capitalization (*Market Cap*), *Book-to-Market*, *Leverage*, S*ales Growth*, *ROA*, *Change in ROA*, *Past Return*, *Volatility*, *Institutional Ownership*, *Analyst Following*, *Press Articles*, *13-D Filing*, *Restatements*, and *Lawsuits*. Those variables result in minimal

TABLE 7

Determinants of proxy-to-meeting *CAR*: Multivariate analysis

Panel A: OLS regression

	Full sample		Past Losers		Past Winners	
	Coefficient	*p*-value	Coefficient	*p*-value	Coefficient	*p*-value
Contentious Annual Meeting	1.12	0.06	1.26	0.04	0.55	0.13
Earnings Surprise Indicator	−0.00	0.27	0.01	0.17	−0.02	<0.01
Earnings Surprise[a]	3.42	<0.01	3.03	<0.01	4.23	<0.01
Guidance Indicator	−0.01	0.10	−0.01	0.10	−0.01	0.21
Guidance Surprise[a]	6.67	<0.01	8.41	<0.01	5.10	<0.01
Press Releases Sentiment	−0.00	0.93	−0.02	0.81	0.07	0.23
# 8-K Filings	−0.00	0.05	−0.00	0.07	−0.00	0.02
Share Buyback	0.01	0.51	0.02	0.14	−0.01	0.60
Forecast Revision Indicator	0.01	0.04	0.00	0.81	0.01	0.02
Forecast Revision[a]	0.03	0.01	0.13	0.03	0.01	0.01
Recommendation Indicator	−0.01	0.03	−0.02	<0.01	−0.01	0.01
Buy Recommendation[a]	0.05	<0.01	0.07	<0.01	0.03	<0.01
Press Article Sentiment	0.18	<0.01	0.22	<0.01	0.15	<0.01
13-D Filing	0.11	<0.01	0.13	<0.01	0.07	<0.01
Past Returns	−0.017	0.21	−0.08	0.23	−0.01	0.11
Firm Size	−0.00	0.01	−0.00	0.92	−0.00	0.01
Book-to-Market	0.02	<0.01	0.01	<0.01	0.00	0.39
Days from Proxy to Meeting	0.00	0.26	0.00	0.13	0.00	0.44
Fixed effects	Year-quarter		Year-quarter		Year-quarter	
N	20,066		9,866		10,200	
Adjusted R^2	0.070		0.146		0.068	

Panel B: Firm fixed effects

	Full sample		Past Losers		Past Winners	
	Coefficient	*p*-value	Coefficient	*p*-value	Coefficient	*p*-value
Contentious Annual Meeting	1.68	<0.01	1.59	0.05	1.30	0.01
Controls	Included		Included		Included	
Fixed effects	Year-quarter, firm		Year-quarter, firm		Year-quarter, firm	
N	19,501		8,826		9,210	
Adjusted R^2	0.112		0.166		0.113	

Panel C: Entropy-balanced sample

	Full sample		Past Losers		Past Winners	
	Coefficient	*p*-value	Coefficient	*p*-value	Coefficient	*p*-value
Contentious Annual Meeting	1.08	0.07	1.71	0.06	0.30	0.47
Controls	Included		Included		Included	
Fixed effects	Year-quarter		Year-quarter		Year-quarter	
N	17,025		8,344		8,681	
Adjusted R^2	0.071		0.095		0.072	

(The table is continued on the next page.)

TABLE 7 (continued)

Panel D: OLS regression by contentious item

	Full sample		Past Losers		Past Winners	
	Coefficient	*p*-value	Coefficient	p-value	Coefficient	*p*-value
Contentious Shareholder Proposal	0.71	0.06	1.40	<0.01	−0.25	0.51
Contentious Management Proposal	0.90	0.15	1.34	0.07	0.04	0.96
Contentious Director Election	1.34	0.03	1.19	0.04	1.01	0.04
Controls	Included		Included		Included	
Fixed effects	Year-quarter		Year-quarter		Year-quarter	
N	19,504		9,603		9,901	
Adjusted R^2	0.071		0.149		0.069	

Panel E: OLS regression using Fama-French returns

	Full sample		Past Losers		Past Winners	
	Coefficient	*p*-value	Coefficient	*p*-value	Coefficient	*p*-value
Contentious Annual Meeting	0.88	0.05	1.19	0.04	0.27	0.36
Controls	Included		Included		Included	
Fixed effects	Year-quarter		Year-quarter		Year-quarter	
N	19,452		9,540		9,912	
Adjusted R^2	0.112		0.119		0.098	

Notes: This table reports the results of a multivariate analysis of the determinants of proxy-to-meeting *CAR*. The sample includes all observations in our sample from 2003 to 2011. The sample ends in 2011 due to management forecast data availability from FirstCall; including 2012 observations without data for *Forecast Revision* does not affect our results. Panel A includes year-quarter fixed effects. Panel B replicates panel A with the inclusion of firm fixed effects. The sample size decreases because firms with only one observation are dropped. In panel C, observations with noncontentious annual meetings are weighted using entropy balance, based on firm characteristics measured over the year prior to the *CAR* window (based on Table 5). In panel D, the *Contentious Annual Meeting* indicator is replaced by three indicators for *Contentious Director Election*, *Contentious Management Proposal*, and *Contentious Shareholder Proposal*. In panel E, the dependent variable is the Fama-French four-factor adjusted *CAR*. In all panels, the sample is split between annual meetings preceded by below-median (column (2)) and those preceded by above-median stock returns (column (3)). For continuous control variables only available in certain subsets, we use indicator variables to indicate that they are nonmissing and set the continuous variable to zero if they are not. For example, *Earnings Surprise Indicator* equals one if the firm has an earnings announcement and data available to compute *Earnings Surprise*. Otherwise, it equals zero and *Earnings Surprise* is also set to zero. *Guidance Indicator*, *Forecast Revision Indicator*, and *Recommendation Indicator* are similarly defined. Regression standard errors are clustered by firm and year-quarter. All variables are defined in the Appendix. [a]Set to zero if unavailable to maintain constant sample size.

loss of observations, unlike the other governance-related variables in Table 5.[19] As for the distributional properties, we focus on mean and variance. In untabulated results, we confirm that the entropy matching technique converges and achieves balance in terms of these three moments for

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19.   In untabulated tests, we also perform entropy balancing by adding *Poor Meeting Attendance*, *% Independent Directors*, and *ISS Governance Rating* to the matching variables. We choose those variables because their means differ significantly between contentious and noncontentious meetings, and because they come from the same data source (thus minimizing the loss of observations). We obtain similar results for our variables of interest to those reported in Table 7, panel C. In particular, the coefficient of *Contentious Annual Meeting* is larger and more significant both in the full sample and in the *Past Losers* sample.

Figure 2 *Size-adjusted CAR from day* −80 *to* +40 *around contentious and noncontentious annual meetings:* Full sample
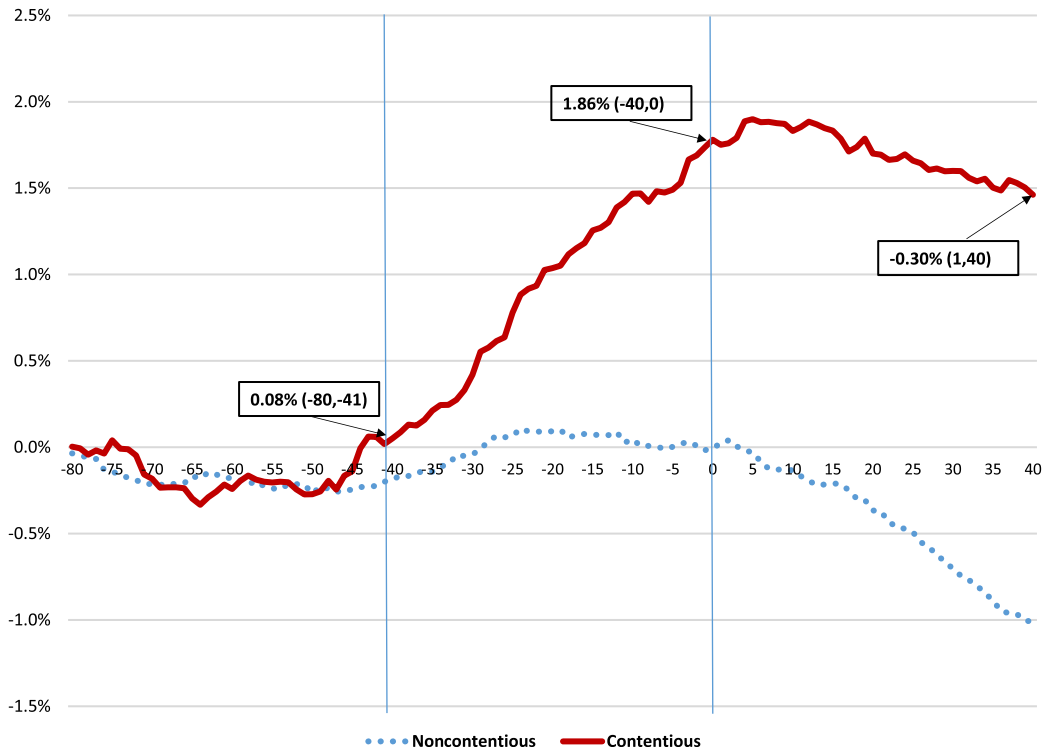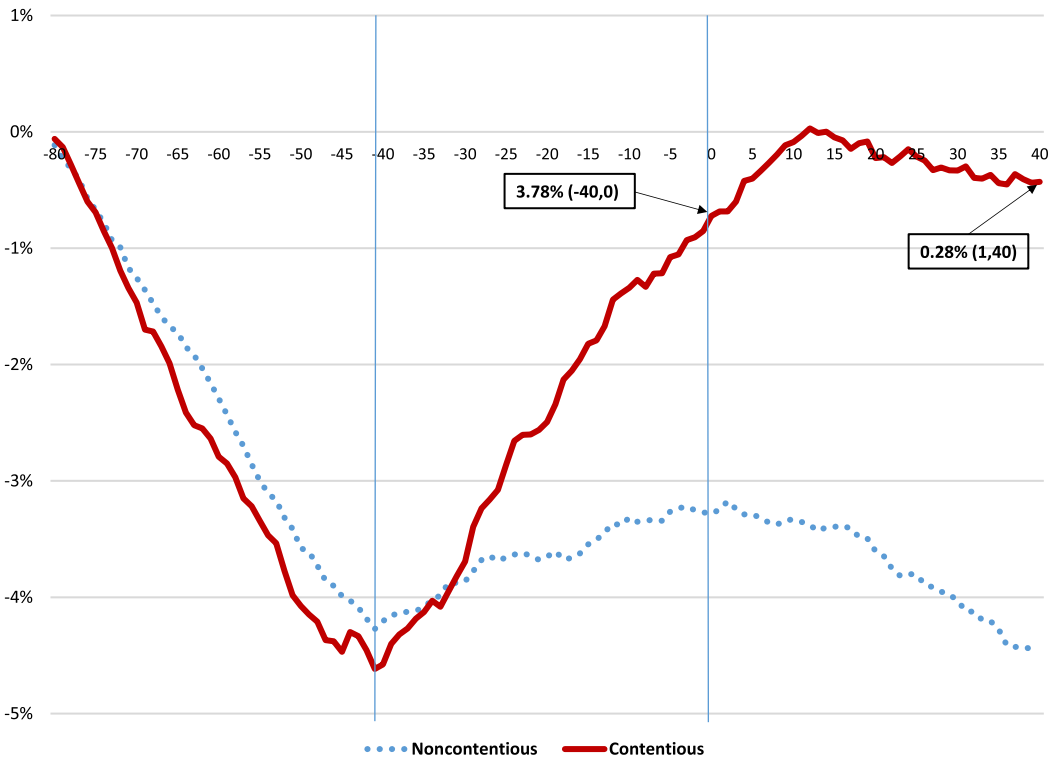

Notes: This figure plots equal-weighted mean cumulative daily *Size-adjusted CAR* from day −80 to +40 around annual meetings for Russell 3000 firms between 2003 and 2012. The solid line indicates contentious meetings (as defined in Table 3), and the dotted line noncontentious meetings (i.e., the rest of the sample). Because the length of the proxy-to-meeting window differs across firms, to "standardize" the measurement, we set the annual meeting date to "day 0" and plot *CAR*s over 40-day adjacent windows.

all the listed covariates. Table 7, panel C, reports the regression results (for parsimony, we suppress all the control variables). The coefficient on *Contentious Annual Meeting* remains positive and significant both in the full sample (1.08, with *p*-value = 0.07) and within *Past Losers*, where the magnitude is higher than in panel A (1.71, with *p*-value = 0.06).

Finally, in panel D, we replace the *Contentious Annual Meeting* indicator with indicators for each of the three types of contentious items: director elections, shareholder proposals, and management proposals. Among *Past Losers*, all three coefficients are positive and significant, with magnitudes ranging from 1.19 to 1.40. The consistency in results across the three items further alleviates the concerns that our results may reflect firm characteristics associated with contentious meetings and with returns. This is because, as noted in section 4 (see Table 5), the determinants of each type of contentious item are not the same. Hence, to explain our results, it must be that the different determinants of each contentious item, for some reason, all predict positive abnormal returns during the proxy-to-meeting window, which seems unlikely.[20]

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20. Table 7, panel D, also shows a positive coefficient for *Contentious Director Election* among *Past Winners*. Combined with the generally negative coefficient on *Contentious Shareholder Proposal* (though significant only in the univariate tests of Table 3, panel C) this finding suggests that, among well performing firms, shareholder pressure on board members is viewed as beneficial, while shareholder proposals are viewed as distracting and costly.

Figure 3 *Size-adjusted CAR from day −80 to +40 around contentious and noncontentious annual meetings: Past Losers*
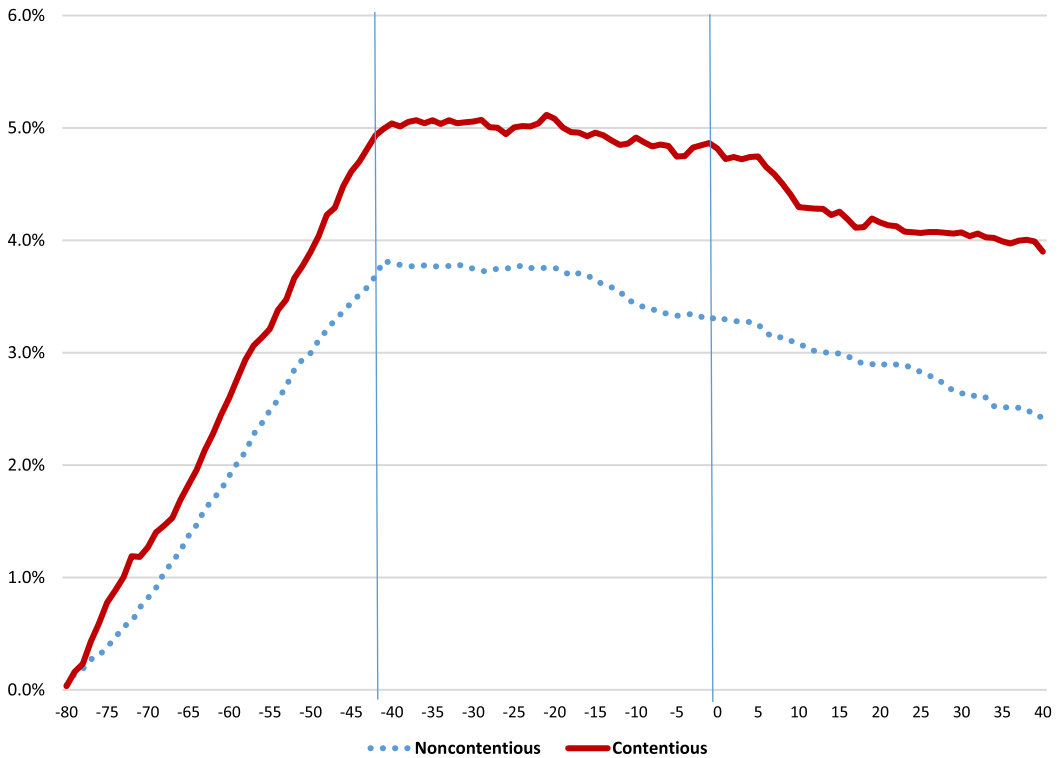

Notes: This figure plots equal-weighted mean cumulative daily *Size-adjusted CAR* from day −80 to +40 around annual meetings for Russell 3000 firms between 2003 and 2012 that are preceded by below-sample-median stock returns over the 12 months prior to day −40. The solid line indicates contentious meetings (as defined in Table 3), and the dotted line noncontentious meetings (i.e., the rest of the sample). Because the length of the proxy-to-meeting window differs across firms, to "standardize" the measurement, we set the annual meeting date to "day 0" and plot *CAR*s over 40-day adjacent windows.

Overall, these tests provide some comfort that the higher returns prior to contentious meetings are not simply the manifestation of firm characteristics or other factors associated with the occurrence of contentious votes, though we cannot fully rule out this possibility.

Do returns before contentious meetings reflect a risk factor?

As in similar work, an alternative interpretation of our results is that the abnormal returns reflect a risk factor. While it is impossible to fully rule out a risk explanation, four considerations make it unlikely. First, our multivariate analyses control for firm characteristics typically viewed as proxies for risk factors (*Firm Size*, *Book-to-Market*, *Past Returns*). Second, as noted earlier, our results hold when we use entropy balancing. Third, in Table 7, panel E, we rerun the test reported in panel A using abnormal returns adjusted for Fama-French risk factors as the dependent variable instead of size-adjusted abnormal returns. The coefficient on *Contentious Annual Meeting* remains positive and significant both in the full sample and among *Past Losers*.

Finally, we examine returns in the periods immediately contiguous to the proxy-to-meeting window. Figures 2–4 plot the *CAR* for the 40-day window prior to the annual meeting (and thus including our proxy-to-meeting window) and the two adjacent, same-length windows—that is,

Figure 4 *Size-adjusted CAR from day −80 to +40 around contentious and noncontentious annual meetings: Past Winners*

Notes: This figure plots equal-weighted mean cumulative daily *Size-adjusted CAR* from day −80 to +40 around annual meetings for Russell 3000 firms between 2003 and 2012 that are preceded by above-sample-median stock returns over the 12 months prior to day −40. The solid line indicates contentious meetings (as defined in Table 3), and the dotted line noncontentious meetings (i.e., the rest of the sample). Because the length of the proxy-to-meeting window differs across firms, to "standardize" the measurement, we set the annual meeting date to "day 0" and plot *CAR*s over 40-day adjacent windows.

(−80,−41) and (+1,+40), respectively, for the full sample, for *Past Losers*, and for *Past Winners*. Examining the full sample, Figure 2 shows that the 40-day *CAR* before contentious meetings, at 1.86% (as per the full line between days −40 and 0), are higher than in the prior and subsequent 40-day windows (respectively, 0.08% as per the full line between days −80 and −41 and −0.30% as per the full line between days 1 and 40). The differences are statistically significant at the 1% level (untabulated). Turning to *Past Losers*, we can only examine the window subsequent to the contentions meetings as the returns prior to the (−40,0) window are used to define the group (and are therefore negative by definition). As shown in Figure 3, the (−40,0) *CAR* before contentious meetings, at 3.78% (as per the full line between days −40 and 0), are higher than in the subsequent 40-day window (0.28% as per the full line between days 1 and 40), with the difference statistically significant at the 1% level (untabulated). This evidence suggests that the difference in returns is unique to the window immediately prior to the meeting. Hence, for an omitted risk factor to explain our results, it would need to be present in our proxy-to-meeting window, but not in the adjacent periods, and also be somehow correlated with, but not driven by, the contentious votes.

TABLE 8

Determinants of *CAR* from proxy filing date to 40 days after meeting

Dependent variable: Size-adjusted CAR	Full sample		Past Losers		Past Winners	
	Coefficient	*p*-value	Coefficient	*p*-value	Coefficient	*p*-value
Contentious Annual Meeting	1.57	0.02	2.03	0.01	0.66	0.16
Earnings Surprise Indicator	−0.032	<0.01	−0.019	0.10	−0.047	<0.01
Earnings Surprise[a]	4.176	<0.01	4.265	<0.01	3.898	<0.01
Guidance Indicator	−0.013	0.02	−0.014	0.08	−0.009	0.12
Guidance Surprise[a]	8.408	<0.01	8.649	<0.01	8.313	<0.01
Press Releases Sentiment	−0.026	0.79	−0.138	0.35	0.143	0.01
# 8-K Filings	0.000	0.58	−0.001	0.17	−0.000	0.79
Share Buyback	−0.006	0.43	0.009	0.54	−0.012	0.23
Forecast Revision Indicator	0.026	<0.01	0.029	<0.01	0.018	0.03
Forecast Revision[a]	3.293	<0.01	3.162	<0.01	3.845	<0.01
Recommendation Indicator	−0.015	0.10	−0.021	0.08	−0.012	0.11
Buy Recommendation[a]	0.063	<0.01	0.083	<0.01	0.045	<0.01
Press Article Sentiment	0.329	<0.01	0.308	<0.01	0.401	<0.01
13-D Filing	0.043	<0.01	0.043	0.02	0.043	0.14
Past Returns	−0.031	0.04	−0.054	0.52	−0.024	0.01
Firm Size	−0.009	<0.01	−0.009	0.02	−0.009	<0.01
Book-to-Market	0.017	0.30	0.011	0.38	−0.005	0.65
Days from Proxy to Meeting	0.000	0.13	0.000	0.39	0.001	0.14
Fixed effects	Year-quarter		Year-quarter		Year-quarter	
N	20,129		9,931		10,198	
Adjusted R^2	0.100		0.146		0.105	

Notes: This table replicates the analysis in Table 7, panel A, except that the dependent variable is the *Size-adjusted CAR* computed over the window from the proxy filing date to 40 trading days after the annual meeting date. Similarly, all the control variables reflecting events occurring during the window of interest are now measured over this extended window. The sample includes all observations in our sample from 2003 to 2011 (column (1)), split between annual meetings preceded by below-median (column (2)) and those preceded by above-median stock returns (column (3)). Regression standard errors are clustered by firm and year-quarter. All variables are defined in the Appendix. [a]Set to zero if unavailable to maintain constant sample size.

Are returns before contentious meetings the result of strategic news timing?

Management knows ahead of time whether there will be contentious items on the ballot.[21] Thus, the release of positive news prior to contentious meetings may be the result of strategic timing (e.g., management shifting earnings from the prior quarter or borrowing earnings from next quarter; Dimitrov and Jain 2011), perhaps to influence the vote. Based on the evidence in Table 6, it does not appear that positive abnormal returns prior to contentious meetings are due to an unusual release of good news. Table 7 explicitly controls for disclosure events in the multivariate analysis, and Figures 2 and 3 do not suggest any obvious price reversal. Nonetheless, to further investigate this possibility, we replicate our multivariate tests using an extended window from the proxy filing date to 40 days after the annual meeting, consistent with Dimitrov and Jain (2011). If firms facing contentious meetings strategically accelerate the release of good news that would be

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21.   Shareholder proposals must be submitted to the firm 120 days before the proxy statement is mailed to shareholders. As for director elections and other management proposals, management knows long before the proxy filing date any proposals that it intends to submit. Also, management knows of any past events that, once disclosed in the proxy statement, may trigger a negative vote on director elections and management proposals (e.g., poor directors' attendance at board meetings, controversial compensation provisions).

otherwise released shortly after the meeting and/or defer bad news that would have been released prior to the meeting, then we should observe no differences in returns between contentious and noncontentious meetings over the extended time period which should capture all news. However, as shown in Table 8, for both the full sample and the subset of *Past Losers*, the coefficient, at 1.57 and 2.03, continues to be positive and statistically significant (the results are similar if we use an 80-day window centered on the annual meeting date).

Combined, our tests suggest that the higher premeeting returns for poorly performing firms facing a contentious meeting are not driven by strategic timing of disclosures, firm characteristics, or risk factors and do not reverse immediately after the meeting. The pattern we document is consistent with investors expecting instances of activism via voting to have a positive effect on firm value at poorly performing firms, on average.

6. Conclusions

We examine investors' perceptions of the value of shareholder activism via voting. To identify instances of activism via voting, we focus on annual meetings with at least one ballot item where a substantial fraction of shareholders is expected to vote against management's voting recommendation, indicating an increase in their monitoring activity. We define such items and the underlying meeting as "contentious." Using a sample of almost 28,000 meetings between 2003 and 2012, we examine stock returns over the period between the proxy filing and the annual meeting, when investors learn about the contentious nature of the meeting and form expectations about its likely impact on firm's behavior. Using various definitions of contentious meetings, we find that abnormal stock returns prior to contentious meetings are significantly positive and higher than those prior to noncontentious meetings. These higher abnormal returns increase with the contentiousness of the meeting, are more pronounced in firms with poor past performance (i.e., firms under greater pressure to respond), do not reverse immediately after the meeting, and persist after controlling for firm-specific news, proxies for risk factors, and various firm characteristics. Our results are consistent with investors expecting shareholder activism via voting to have a positive impact on firm value, on average. As such, they contribute to the research and policy debate on the value of shareholder activism in general and to the nascent literature on the value of activism via shareholder voting specifically.

Appendix: Variable definitions

Variable	Definition
Past Winners (*Losers*)	Firms with a positive (negative) buy-and-hold market-adjusted return over the 12-month period ending 40 days prior to the annual shareholder meeting, where the market return is based on the CRSP value-weighted index. Buy-and-hold returns are winsorized at the 1st and 99th percentile
Size-adjusted CAR	Sum of daily returns over the window from the proxy statement filing to the annual meeting minus daily returns on the firm's NYSE/AMEX/NASDAQ market capitalization decile (as per CRSP) over the same period
Market-adjusted CAR	Sum of daily returns over the window from the proxy statement filing to the annual meeting minus daily returns on the CRSP value-weighted market index over the same period
Size-adjusted B&H	Buy-and-hold return minus the buy-and-hold return on the firm's NYSE/AMEX/NASDAQ market capitalization decile (as per CRSP) over the window from the proxy statement filing to the annual meeting
Market-adjusted B&H	Buy-and-hold return minus the buy-and-hold return on the CRSP value-weighted market index over the window from the proxy statement filing to the annual meeting

Variable	Definition
Contentious Director Election	Indicator equal to one if more than one-third of the directors up for election at the annual meeting receive a withhold recommendation from ISS, and zero otherwise
Contentious Management Proposal	Indicator equal to one if at the annual meeting there will be a vote on a type of management proposal averaging more than 20% voting opposition in our sample period, and zero otherwise
Contentious Shareholder Proposal	Indicator equal to one if at the annual meeting there will be a vote on a type of shareholder proposal averaging more than 45% voting support in our sample period, and zero otherwise
Contentious Annual Meeting	Indicator equal to one if either *Contentious Director Elections*, *Contentious Management Proposal* or *Contentious Shareholder Proposal* are equal to one, and zero otherwise
3-Day CAR	Sum of daily returns over the three-day window centered around the event date minus daily returns on the firm's NYSE/AMEX/NASDAQ market capitalization decile (as per CRSP) over the same period. In Table 4, the events of interest include proxy filings (Form DEF14A), exempt proxy solicitation filings (Forms PX14A6G and PX14A6N), vote-no campaign announcements, and proxy amendments (Form DEFA14A). In Table 6, the events of interest include the filing of Form 8-K, the filing of Form 8-K with Item 8.01, the announcement of a *Share Buyback*, and the filing of Form 13-D by an activist shareholder (13-D data are obtained from the authors of Brav et al. 2008). When the event is a the filing of Form 8-K, the *3-Day CAR* is recomputed as the sum of daily returns from the underlying event reported in the Form 8-K until the 8-K filing date minus daily returns on the firm's NYSE/AMEX/NASDAQ market capitalization decile (as per CRSP) over the same period, summed across all 8-K filed between the proxy filing date and annual meeting, excluding overlapping days
Total Assets	Total assets as of the end of the previous fiscal year, from Compustat
Market Cap	Stock price times shares outstanding as of the end of the previous fiscal year, from Compustat
Book-to-Market	Book value of shareholders' equity divided by *Market Cap* as of the end of the previous fiscal year, from Compustat
Leverage	Sum of long-term debt and debt in current liabilities divided by *Total Assets* as of the end of the previous fiscal year, from Compustat
Sales Growth	Total revenue for previous fiscal year minus total revenue for the preceding fiscal year, scaled by total revenue for the preceding fiscal year, from Compustat
ROA	Earnings before interest and taxes divided by *Total Assets* as of the end of the previous fiscal year, from Compustat
Change in ROA	*ROA* minus one-year lagged *ROA*
Past Returns	Twelve-month buy-and-hold market-adjusted returns ending 40 days before the annual shareholder meeting
Volatility	Standard deviation of monthly market-adjusted returns over the previous fiscal year, from CRSP
Institutional Ownership	Percentage of shares outstanding held by institutional investors, measured as of the latest 13-F filing date prior to the proxy statement filing, from Thomson Reuters Institutional Holdings
Executive Ownership	Total shares held by top five executives by compensation, scaled by shares outstanding as of the end of the previous fiscal year, from ExecuComp
% Independent Directors	Percentage of board members classified as independent ("I") as of the end of the previous fiscal year, from ISS/RiskMetrics

(continued)

Variable	Definition
% Coopted Directors	Percentage of directors classified as coopted, as per Coles et al. (2014). Data are available at https://sites.temple.edu/lnaveen/data/
CEO-Chairman	Indicator equal to one if the CEO is also chairman of the board as of the end of the previous fiscal year, from ExecuComp, and zero otherwise
Poor Meeting Attendance	Percentage of directors who attended less than 75% of meetings during the previous fiscal year, from ISS/RiskMetrics
Director Ownership	Total shares held by directors classified as independent ("I") as of the end of the previous fiscal year, scaled by shares outstanding, from ISS/RiskMetrics
Classified Board	Indicator equal to one if the firm has a classified board as of the end of the previous fiscal year, from ISS/RiskMetrics, and zero otherwise
Poison Pill	Indicator equal to one if the firm has a poison pill in place as of the end of the previous fiscal year, from ISS/RiskMetrics, and zero otherwise
ISS Governance Rating	Standardized ISS QualityScore for the firm for the previous fiscal year
Total CEO Pay	CEO total annual compensation (TDC1) for the previous fiscal year, from ExecuComp
Excess CEO Pay	Percentage residual CEO annual compensation for the previous fiscal year, estimated as in Core et al. (2008), from ExecuComp
Analyst Following	Number of unique analysts issuing an EPS forecast for the firm between the end of the previous fiscal year and the proxy statement filing date, from I/B/E/S
Press Articles	Number of Dow Jones news items mentioning the firm classified as "Full Article" and with a relevance score of 90 or more, from RavenPack. Calculated over the one-year period preceding the proxy statement filing in Table 5, and between the proxy statement filing and annual meeting in Tables 6 and 7
13-D Filing	Indicator equal to one if a 13-D form is filed, and zero otherwise. Calculated over the one-year period preceding the proxy statement filing in Table 5, and between the proxy statement filing and annual meeting in Tables 6 and 7. Data obtained from the authors of Brav et al. (2008)
Restatements	Number of restatements filed by the firm during the one-year period preceding the proxy statement filing, as per Audit Analytics
Lawsuits	Number of 10b-5 shareholder class action lawsuits filed against the firm during the one-year period preceding the proxy statement filing, as per the Securities Class Action Services from ISS
Earnings Surprise Indicator	Indicator equal to one if there is data available to compute *Earnings Surprise* between the proxy filing date and annual meeting
Earnings Surprise	Actual reported EPS minus the most recent analyst consensus forecast, scaled by stock price as of the end of the latest fiscal period, measured between the proxy filing date and annual meeting. Both actual and forecast EPS are from I/B/E/S. *Earnings Surprise* is winsorized at the 1st and 99th percentile
Guidance Indicator	Indicator equal to one if the firm issued guidance between the proxy filing date and annual meeting, as per FirstCall, and zero otherwise
Guidance Surprise	Management EPS forecast minus the most recent analyst consensus forecast for the same horizon, scaled by stock price as of the end of the latest fiscal period measured between the proxy filing date and annual meeting. Management forecasts are from FirstCall and analyst forecasts from I/B/E/S. For management forecasts, the midpoint is used for range forecasts, and the lower or upper bound for open-ended range forecasts. Annual forecasts are divided by four. *Guidance Surprise* is winsorized at the 1st and 99th percentile

(The table is continued on the next page.)

(continued)

Variable	Definition
Press Releases	Number of Dow Jones news items classified as "Press-Release" between the proxy filing date and annual meeting and with a relevance score of 90 or more, from RavenPack
Press Releases Sentiment	Average Composite Sentiment Score (transformed so that a neutral sentiment equals zero) across all *Press Releases* as described above, from RavenPack. Set to zero if there is no press release during the window
# 8-K Filings	Number of Form 8-K filings, as retrieved from the SEC EDGAR system, between the proxy filing date and annual meeting
# 8-K Filings Item 8.01	Number of Form 8-K filings containing Item 8.01 ("Other Events") between the proxy filing date and annual meeting, as retrieved from the SEC EDGAR system. The new item classification only applies for 8-K forms filed after August 23, 2004
Share Buyback	Indicator equal to one if the firm announced its intent to buy back shares during the window between the proxy filing date and the annual meeting, as per Thomson SDC, and zero otherwise
Forecast Revision Indicator	Indicator equal to one if there is data available to compute *Forecast Revision* between the proxy filing date and annual meeting, and zero otherwise
Forecast Revision	Average EPS forecast based on the most recent forecast issued by each analyst between the proxy filing date and annual meeting minus the previous average EPS forecast issued by the same analysts (up to a year prior to the annual shareholder meeting), scaled by stock price as of the end of the most recent fiscal period. "1-year" is based on I/B/E/S forecast period indicator (FPI) 1
Recommendation Indicator	Indicator equal to one if there is data available to compute *Buy Recommendation* between the proxy filing date and annual meeting, and zero otherwise
(Strong) Buy Recommendation	Proportion of analyst recommendations issued between the proxy filing date and the annual meeting that are either a "Buy" or "Strong Buy" (only "Strong Buy"), based on the I/B/E/S 1–5 scale, where 1 = Strong Buy and 2 = Buy
Press Article Sentiment	Average Composite Sentiment Score (transformed so that a neutral sentiment equals zero) across all *Press Articles* as described above, from RavenPack. Set to zero if there is no press article during the window
Firm Size	Natural logarithm of *Total Assets* as of the end of the previous fiscal year
Days from Proxy to Meeting	Number of trading days between proxy filing date and annual meeting date

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