

December 8, 2013  
(corrected copy)

New Empirical Studies Support Director-centric Governance

Two very recently released academic papers, reporting impressive empirical work, call into question the empirical studies relied on by academics and others who campaign against staggered boards and the other means of preserving director-centric governance, and who support activist hedge fund attacks on companies and oppose anything that would limit shareholder-centric governance. The papers are:

Staggered Boards and Firm Value, Revisited, by K.J. Martijn Cremers, Lubomir P. Litov and Simone M. Sepe. <http://ssrn.com/abstract=2364165>

A Corporate Culture Channel: How Increased Shareholder Governance Reduces Firm Value, by Jillian A. Popadak. <http://ssrn.com/abstract=2345384>

Hopefully, these new studies will be taken into account by the SEC, ISS, the stock exchanges and the major institutional investors in formulating regulations and policies.

Martin Lipton