THE ROLE OF TIME HORIZONS IN SHAPING THE ANTECEDENTS AND CONSEQUENCES OF HEDGE FUND ACTIVISM

by

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DISSERTAION

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ABSTRACT

THE ROLE OF TIME HORIZONS IN SHAPING THE ANTECEDENTS AND CONSEQUENCES OF HEDGE FUND ACTIVISM

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While the general stream of shareholder activism literature examines the antecedents and consequences of hedge fund activism, this dissertation investigates this phenomenon from a different angle. I examine the impact of time-related antecedents on the choice of campaigns initiated by hedge fund activists and the consequences of such interventions. To be specific, I study the impact of the shareholder mix, i.e. long-term (dedicated) vs. short-term (transient) ownership, and firm investment horizon on the choice of two most common hedge fund demands: governance changes and business strategy-related changes. Building on prior research, I argue that governance changes are associated with long-term consequences, while business strategy demands are associated with short-term consequences. I propose that hedge funds align the choice of demands with the interests of the majority of intuitional shareholders in the firm. Thus, hedge fund activists initiate governance campaigns in firms with the higher proportion of dedicated shareholders and business strategy demands in firms with the higher proportion of transient ownership. Moreover, I argue that, to avoid the negative consequences of firms' overemphasizing either short- term or long-term investment horizon, hedge funds try to balance

it out by initiating governance campaigns in firms that overemphasize short-term horizons and business strategy changes on firms that overemphasize long-term investment horizon (e.g. family firms). The empirical results suggest that matching the type of campaign with the interests of the shareholders is supported only for alignment of business strategy changes and higher proportion of transient shareholder ownership. Such alignment has a positive impact on cumulative abnormal returns and market value. A significant, but negative relationship was found for balancing out the overemphasize of short- or long-term firm investment horizon, which implies that hedge funds actually try to align the type of campaign with the type of overemphasis. Thus, they initiate firm governance campaigns in firms that overemphasize long-term investment horizon and business strategy changes in firms that overemphasize short-term investment horizons.

Key Words: hedge fund activist investors, investment horizon, shareholder mix, performance

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CHAPTER 1. INTRODUCTION

Corporate world is facing the phenomenon called "Shareholder Spring" (Goranova & Ryan, 2014). In the last two decades, shareholder activists have become more numerous and powerful, their demands are bolder, and the changes they push for go way beyond corporate governance and performance issues (Goranova, Abouk, Nystrom, & Soofi, 2017). A typical weak does not pass without multiple discussions of hedge funds or other institutional investors' interventions and demands in top business-related media outlets (e.g. Financial Times, Economist, Bloomberg, Reuters). While corporations are looking for the ways to effectively handle the arising pressure from shareholder activists, academic scholars and practitioners have been trying to examine and to understand the antecedents and consequences of such interventions. Shareholder activism is considered to be quite a young research area (Goranova & Ryan, 2014). However, the interest in shareholder activism has significantly increased in the last several years. Research on activist investors is published more often in financial journals. However, it is becoming a popular topic in the management field. Many articles have been published in the last few years (especially in 2016-2017) in top management journals.

Nevertheless, there is a lot of controversy in terms of whether shareholder activism actually helps firms or not. Research outcomes across empirical studies provide varying results that make it difficult to make any specific conclusions. Thus, more recent publications call for investigation of different types of institutional investors separately to better understand the antecedents and consequences shareholder activism (Goranova & Ryan, 2014). Responding to this call, I examined hedge fund activists.

Traditionally, hedge fund activist investors get more criticism compared to other types of institutional investors (e.g. pension funds, mutual funds). The research findings for this group of

investors are also the most controversial because they do not provide a clear picture of who hedge funds target, why they make certain demands, and how they impact firm outcomes. Two shareholder literature reviews summarize that, unlike institutional investors that target larger firms, hedge funds may target firms of all sizes (Denes et al., 2017), they may request for a whole array of diverse changes (Brav et al. 2008a,b), and the results of their interventions may be either positive or negative (Goranova & Ryan, 2014). My study aims at adding more clarity to the literature on antecedents and consequences of hedge fund activism. Furthermore, while prior literature has concentrated on the examination of antecedents and consequences of hedge fund activism, it has failed to investigate why these activists choose to pursue certain types of campaigns over the others. It is important for firms to understand which campaigns hedge fund activists are more likely to request in order to be able to better handle and withstand the interventions or even to convince the activists to withdraw the requests. Therefore, instead of examining the antecedents of hedge fund activism like prior research does, I examine the antecedents of the type of campaigns that hedge fund activists try to initiate and their consequences. Thus, the main research question of the study is to find out whether the choice of hedge funds activists' campaigns depends on time-related characteristics of the firm.

I argue that the notion of time, more specifically, time-related characteristics of the firm are the key to understanding what causes this group of investors to target companies and what they demand for. Earlier studies imply that activist investors push firms to maximize short-term outcomes (Bushee, 1998). However, the studies published in the last decade imply that this may not really be the case or even the opposite, they contribute to long-term performance improvement. I suggest that hedge fund are interested in maximizing performance in general, and they are interested in doing so in a most efficient way. This is when the time characteristics

of the firm and their actual demands become particularly important. I investigate the impact of the shareholder mix, i.e. long-term or dedicated shareholder ownership and short-term or transient shareholder ownership, and firm investment horizon on the choice of campaigns that hedge funds choose to initiate.

Based on prior literature, I argue that the two most common campaigns, governance change demands and business-related strategies, are also tied to time. Thus, governance-related demands are more long-term oriented because they produce smaller gains immediately after the implementation and take time to accumulate higher returns. Business strategy-related demands are more short-term because they contribute to immediate gains, but may not necessarily lead to value accumulation over time.

Hedge fund activists spend a lot of money on the campaigns to push through their demands. An average campaign may cost more than 10 million dollars (Gantchev, 2013). Thus, I argue that, not interested in losing the money invested in campaigns, hedge funds push for the demands that are likely to be accepted by the majority of shareholders. Typically, institutional investors represent the majority of the shareholders. I suggest that hedge fund demands match the interests of largest group of institutional owners. Hedge funds will push for campaigns oriented towards long-term performance maximization in firms with the higher proportion of institutional investors who tend to hold shares for longer periods of time and in fewer firms (dedicated shareholders). On the contrary, hedge funds will initiate campaigns oriented towards short-term performance maximization in firms where the majority of intuitional ownership is represented by investors who hold shares for a shorter period of time in multiple firms (transient shareholders). I also argue that firms performance will improve when the alignment of the interests and campaign type occurs.

While I suggest that hedge funds will align the type of demand with the interests of the majority of the shareholders, they will do the opposite in cases where firms overemphasize long-term or short-term investment horizon. Literature review implies that overemphasis on either investment horizon leads to negative consequences on firm performance. Since the main interest of hedge fund activists is to maximize firm performance, they will push for long-term-oriented (governance) demands in firms that overemphasize short-term investment horizons and short-term-oriented (business strategy) demands in firms that overemphasize long-term investment horizon (family-owned firms). I suggest that performance will improve in firms where hedge funds find a way to balance out the investment horizon through demands.

My thesis contributes to hedge fund activism research in many different ways. First, my study responds to the recent call in the shareholder literature review to examine different groups of institutional investors separately instead of investigating all types in one study (Goranova & Ryan, 2014) in order to better understand the differences and important characteristics of each group. I examined the most controversial group – hedge fund activists. Second, besides examining only the antecedents or consequences like prior research did, my study aims at understanding which type of campaigns hedge funds will try to implement. Such an approach has not been taken in previous studies. Thus, this study is the first step in developing the literature that aims at helping managers to anticipate which changes hedge fund may request and to be better prepared to resist unwanted adjustments. Third, my study is the first one, to my knowledge, to examine time-related antecedents (shareholder long-term or short-orientation and firm investment horizon) to hedge fund activism. Prior literature examined these antecedents across all types of institutional investors. Fourth, my sample of hedge funds is based on the most

recent data (2010-2016). Prior empirical studies on hedge fund activism often do not go further than 2007 (see Table 2).

The remainder of the study is organized in the following order: the literature overview of shareholder activism in general and hedge fund activism is provided in the next chapter. Chapter 3 provides the theoretical development. Chapter 4 discusses methodology. Chapter 5 provides the discussion of the empirical results. Chapter 6 offers a discussion of the results, limitations, and directions for future research.

CHAPTER 2. LITERATURE REVIEW

Shareholder activism has changed and advanced significantly in just a few decades (Goranova & Ryan, 2014; Goranova et al., 2017; Gillan & Starks, 2007) due to bigger stakes investor activists own in targeted firms, their more aggressive moves, and, recently, even more specific demands than ever before. Shareholder activists are the "investors who, dissatisfied with some aspect of a company's management or operations, try to bring about change within the company without a change in control" (Gillan & Starks, 2007: 55). Shareholder activism is often referred to in literature as investor activism since investors are, typically, the most involved group when it comes to defending the interests of all shareholders. Scholars define investor activism as employment of ownership power to pressure managers (David, Hitt, & Gimeno, 2001) to implement strategic changes and impact governance mechanisms that eventually improve firm performance (Ryan & Schneider, 2002) and, as a result, the shareholders' value.

Gillan & Starks (2007) attribute the year of 1942 with the rise of investor activism. This is the year when shareholders were allowed to submit shareholder proposals (Reid & Toffel, 2009). Since then, through 1970s, individual investors were the main players on the investor activism landscape (Gillan & Starks, 2007). Institutional investors, mainly pension funds,

dominated the scene in 1980s (Gillan & Starks, 2007). These investors are usually credited with initiating and pushing through financial activism (Goranova & Ryan, 2014). Typically, investors who engage in financial activism seek actions that have a stronger impact on firms' performance outcomes (Goranova & Ryan, 2014). The arsenal of financial activists' actions include filing proposals and pressuring management of the firms that have performance issues and poor governance both privately and publically (Gillan & Starks, 2007). In 1990s, labor unions surpassed pension funds on proposal submission (Goranova & Ryan, 2014; Agrawal, 2012). Mutual funds became more active during that period as well (Brandes, Goranova, & Hall, 2008). Hedge funds and private equity funds were the next to take over the shareholder activism landscape. These relatively new players, especially hedge funds, became the most impactful group of investors in a little more than a decade.

However, there is also a lot of controversy around this group of investors (Schneider & Ryan, 2011) in terms of whether they actually create value for the targeted firms (Denes et al., 2017; Gillan & Starks, 2007; Lipton & Savitt, 2008). As it is discussed later in this chapter, some scholars report positive changes associated with hedge funds' presence, the others find the opposite results. It is important to note that hedge funds are a type of institutional investors along with pension funds, mutual funds, insurance companies and others. In recent literature, scholars tend to separate and to stress the differences between the finings related to hedge fund activism and other institutional investors (Goranova & Ryan, 2014, Gantchev, 2013). Thus, the institutional investors other than hedge funds are referred to as traditional institutional investors or traditional activist investors (Goranova & Ryan, 2014). Notably, shareholder activist scholars are divided on the gains and losses associated with the presence of traditional institutional investors as well. Thus, some scholars report positive consequences (Cunat, Gine, & Guadalupe,

2008; Del Guercio et al., 2008), while the others discuss negative results (Agrawal, 2012; Woidtke, 2002).

Who Investor Activists Target?

Research implies that large firms are the most common targets of traditional activist investors (Gillan & Starks, 2007; Cai & Walking, 2011; Karpoff, Malatesta, & Walking, 1996; Ertimur, Ferri, & Muslu, 2011). Goranova & Ryan (2014) note that large firms usually have agency problems because it is harder for shareholders to be more effective monitors in these firms. Thus, by targeting large firms, activists may generate more value for all shareholders (Strickland, Wiles, & Zenner, 1996). However, hedge funds, besides targeting larger firms, target smaller firms as well (Denes et al., 2017). The most recent survey of 73 studies on shareholder activism suggests these activists tend to target firms that have performance issues related to "poor prior stock returns, sales growth, and market-to-book ratios" (Denes et al., 2017: 415), with the exception of two studies that report firms with strong performance as targets (Klein & Zur, 2009; Brav et al., 2008b). This implies that hedge funds lean more towards targeting firms that have poor performance on a specific set of operating characteristics rather than all of them (Denes et al., 2017). To sum up, poor performance (Gillan & Starks, 2007; Renneboog & Szilagyi, 2011; Armour & Cheffins, 2012; Faleye, 2004; Bethel, Liebeskind & Opler, 1998; Gordon & Pound, 1993), mostly underperformance compared to the industry (Cyriac, De Backer, & Sanders, 2014), and firm size are common antecedents of interventions from different types of activist investors. Poor governance structure is just as common as the other two.

Governance issues that attract activism are similar across hedge funds and traditional institutional investors. These issues include board-related concerns (Gillan & Starks, 2007; Brav et al., 2008a, Brav et al., 2008b), executive compensation (Ertimur et al., 2010; Cai & Walking, 2011), executive ownership (Ryan, Buchholtz, & Kolb, 2010; Bizjak & Marquette, 1998) and many others. When it comes to governance changes, hedge funds prefer initiating board campaigns and pushing for CEO pay reduction and replacement (Venkiteshwaran, Iyer, & Rao, 2010). A recent study by Gupta, Mortal & Turban (2018) revealed that activist investors target firms where CEOs are females more often than those where CEOs are males. The authors use a large sample for a shareholder activism paper (1,090 firm targets). However, they do not report the differences between the types of investors. So, it is still not clear whether this finding would be consistent for all types of activist investors or a specific type would tend to favor firms with female CEOs as targets more often than the others. Brown, Anderson, Salas & Ward (2017) examined the relationship between director tenure and the perception of directors' value by investors. The authors found a curvilinear relationship. The most valued by investors directors have tenure between 7-18 years and serve on at least two board committees from the three (Brown et al., 2017).

Ownership is another common antecedent to investor activism. Literature on traditional investor activism implies such ownership-related antecedents as large holdings by institutional shareholders (Carleton, Nelson, & Weisbach, 1998; Smith, 1996; Bizjak & Marquette, 1998), lower ownership by insiders (Gillan & Starks, 2007), free cash flow/cash holdings (Goranova & Ryan, 2014; Brav et al., 2008a), debt (Hart, 1993; Klein & Zur, 2009), and liquidity (Norly, Ostergaard, & Schindele, 2015; Edmans, Fang, & Zur, 2013). This literature is divided on the consequences of the presence of institutional investors and blockholders as firm shareholders

(Goranova et al., 2017). Some scholars imply that firms that have blockholders do not get targeted as much as those who do not (Faleye, 2004; Goranova et al., 2017), while the others suggest exactly the opposite (Bizjak & Marquette, 1998; Karpoff et al., 1996, Goranova et al., 2017). Research on hedge fund activists suggests that these invetors tend to target firms with "high institutional ownership, low dividend yields, high cash flow from operations, and high liquidity" (Denes et al., 2017). Overall, hedge funds and traditional activists (Goranova & Ryan, 2014) have quite a few similarities and differences in terms of the firms they target. Hence, what hedge funds seek from activism differs significantly compared to traditional activists.

What Do Investor Activists Seek?

Hedge fund activists have multiple goals. The most common goals include board campaign initiation to gain power to influence board decision making process on strategic direction and governance changes, to provide advice on performance improvement, or, simply, to collect information about the firm that otherwise will not be available (e.g. tacit knowledge); enforcing restructuring (e.g. pushing for a buyout, spin-off, sell-off); improving cash distribution among the stockholders (e.g. stock repurchasing, higher dividends) (Gillan & Starks, 2007; Goranova & Ryan, 2014). While traditional institutional activists may have similar goals, their activism is reactive (Goranova & Ryan, 2014). These investors engage in activism to react to governance or performance issues (Cheffins & Armour, 2011). They seek to decrease agency costs by pushing through governance changes and manipulations to ensure performance improvement (Goranva & Ryan; 2014; Chen, 2004; Jensen & Meckling, 1976). Armour & Cheffins (2012) refer to this phenomenon as defensive activism. Hedge fund activism is, on the contrary, proactive. It is also labeled as offensive activism (Armour & Cheffins, 2012). It is also referred to as strategic activism because these activists invest in only those cases in when they

are confident about benefiting from activism (Armour & Cheffins, 2012; Cheffins & Armour, 2011). Hedge fund activists seek results that are more direct and instantaneous on financial performance and share prices (Goranova & Ryan, 2014; Brav et al., 2008a; Greenwood & Shor, 2009; Klien & Zur, 2009).

What Do Investor Activists Do?

What does not differ, however, is the array of actions that traditional institutional activists and hedge funds do to demonstrate activist intentions. The standard choice of actions includes public announcements, reaching out to the management team, proposals, and proxy contests (David et al., 2001; Gantchev, 2013; Goranova & Ryan, 2014; Denes et al., 2017). The majority of campaigns start as collaborative (1/3 hostile); hence, by the time the campaign is over, it turns out hostile or ends in a public threat in more than half of the cases (Cyriac et al., 2014). In addition, the majority of campaigns begin with a public announcement (Gantchev, 2013). This announcement is recorded with the U.S. Securities and Exchange Commission (SEC) through the filing of a form called Schedule13D (note: form 13G should be filed by everyone who plans to be a passive investor (Edmans et al., 2013)). Filing form 13D is a law requirement for everyone who obtains more than 5% of voting shares in public firms, and anticipates forcing changes in firm operations or in the governance structure (Gantchev, 2013; Edmans et al., 2013; Klein & Zur, 2009, 2011; Brav et al., 2008a, Brav et al., 2008b). It should be noted that activist investors use mass and social media to make sure their actions are publically available. Many activist investors have Twitter accounts (e.g. Carl Icahn, Jana Partners). Nevertheless, many campaigns are canceled without even declaring the demands (Gantchev, 2013). Also, some investors prefer to start off with a passive investment. For example, Carl Icahn, who is among the top hedge fund activists, often initiates a passive investment first (Venkiteshwaran et al., 2010). Later, he

reaches out to management to discuss intentions and demands before implementing any further or stronger moves (Venkiteshwaran et al., 2010). Activists typically contact management after filing a 13D form. It is the beginning of the demand negotiation stage which is quite often associated with activists' failures (Gantchev, 2013). Its average cost is about $2.94 million (Gantchev, 2013). It is done both in pubic and in private. Denes et al. (2017) note that the costs of private negotiation could be relatively low. Goranova et al. (2017) imply that more firms are trying to keep the negotiation process private.

The next stage – seeking board representation – is more productive with about 40% success rate, but it increases the cost of a campaign on average by $1.83 million (Gantchev, 2013). It should be noted though that not all activist investors seek board representation. Those activist investors who try and fail to gain a board seat often reach out to the rest of the shareholders by initiating a proxy statement or even a proxy contest (Gantchev, 2013). Moreover, activists have recently become more successful at gaining support from other shareholders (Reneboog & Szilagyi, 2011). Proxy statements document shareholders' proposals (David, Bloom, & Hillman, 2007). The requirement is that all shareholders have to get a proxy statement before the meeting of shareholders, it has to be filed with SEC (form 14A) before the shareholders vote on anything related to a firm's operation, and it should provide all important information related to the subject matter on which the shareholder will vote (SEC, 1998). Proxy statements allow activist investors to reach out to a larger audience (David et al., 2007; Guay, Doh, & Sinclair, 2004) (e.g. shareholders, stakeholders besides the shareholders, other investors). Proxy contests (also called proxy fights) happen when the shareholders, often two or several larger shareholder fractions, compete for control over the firm trying to convince other shareholders to vote for specific actions. Many proxy contests result in significant managerial

changes. Interestingly, proxy fights were very common in 1980s. Hence, the number of proxy contests significantly decreased due to high costs (Gillan & Starks, 2007). Today, a proxy contest is still the most expensive choice an activist can make. The average cost of a proxy fight is $5.94 million (Gantchev, 2013). However, a recent sharp increase in the number of proxy contests in the last decade (e.g. from 40 in 2005 to 91 in 2006) is attributed to the rise and overall impact of hedge fund activism (Gillan & Starks, 2007). To sum up, an activist campaign that extends to all of the described stages, i.e. demand negotiation ($2.94 million), board representation ($1.83 million), and proxy contest ($5.94 million), will cost on average about $10.71 million (Gantchev, 2013).

Whether a campaign ends on the first, the second, or the last stage, depends on the management reaction to activists' actions. An extended campaign may negatively impact both activists and firms. Campaigns that reach a proxy fight stage become quite expensive for activist investors and may hurt their reputation. At the same time, research suggests that companies that resist activists' suggestions experience decreases in shareholder value (Smith, 1996) and may suffer legitimacy consequences (DiMaggio & Powell, 1983). A firm's reaction to activism influences how shareholders and other stakeholders perceive management, and signals potential issues that are not yet visible, but may arise in the future (Rehbein, Logsdon, & Van Buren, 2013). Those shareholders who are not satisfied with the reaction will be more susceptible to activists' suggestions. Thus, these shareholders will be easy targets for activists to form coalitions with for putting even more pressure on managers (Rehbein et al., 2013). Negative responses from customers (e.g. refuse buying or even boycotting goods) (David et al., 2007; Hoyer & MacInnis, 1997) and employees (Turban & Greening, 1997) are possible as well.

Rehbein et al. (2013) grouped firm reactions into four categories: omission response, let-it-go-for-the-vote response, acquiescent response, and dialogue response. Omission response takes place when a firm requests a "no-action letter" from SEC (Rehbein et al., 2013). This letter gives a firm a permission to omit activists' suggestions from the proxy statement without legal consequences. The main benefit to the firm from not including these suggestions into the proxy statement is that less stakeholders will be exposed to the activists' concerns (Rehbein et al., 2013). Thus, it gives the firm an opportunity to avoid publically uncovering potential problems that may not necessarily be too obvious at the moment. Therefore, activists will have to find other ways to get their point across to management and shareholders (Rehbein et al., 2013). When a firm cannot avoid including activists' proposals into the proxy statement, there is no other choice but preparing for a let-it-go-for-the-vote response. While management has to include activists' proposals into the proxy statement with this option, it can express objection to the activists' proposals and provide voting recommendations to the shareholders (Rehbein et al., 2013). Basically, management has an option to resist even though the law requires inclusion of the proposals into the proxy statement (Reid & Toffel, 2009). Moreover, many firms do exercise this option in fear that other shareholders would attempt to initiate proposals as well (Reid & Toffel, 2009).

Another reaction option for a firm is when it can persuade an activist to withdraw proposals. This option is possible only when management agrees to pursue actions to partially or completely satisfy the activists' interests. It is referred to as acquiescent response (Rehbein et al., 2013). Firms tend to choose such a response when they deal with external uncertainty (Rehbein et al., 2013). For example, other shareholders may join forces with activists or initiate additional requests to ensure sufficient firm performance. While a firm has to give up something

in exchange for proposal withdrawals, it also benefits by having an opportunity to enhance shareholder relations, to avoid escalation of the conflict (Rehbein et al., 2013), and to improve its public image.

Dialogue is the fourth response option a firm may pursue. It is an alternative to proxy statements that requires all shareholders to vote, and involves mutual cooperation between activists and management on an ongoing basis to deal with arising issues (Logson & Van Buren, 2009). The main benefit of this option is that it is a private form of cooperation, meaning that the issues discussed by both parties are not publically available (Rehbein et al., 2013). It also leads to higher shareholder returns (Cyriac et al., 2014). Additionally, dialogue helps to better understand the external environment (Rehbein et al., 2013) and to decrease the probability of forming or extending shareholder alliances with each other (Rehbein, Waddock, & Graves, 2004). Basically, dialogue is a more political approach to dealing with activists. Moreover, large and medium size firms tend to be more proactive from this perspective. These firms have departments that deal with investor relations (IR Departments) (Beatty, 2017; Rao & Sivakumar, 1999). Such departments collect and analyze shareholder concerns and pass them over to the board for further evaluation and reaction. Some of the largest shareholders even get to meet with the board at the annual meeting (Beatty, 2017). Almost every single company in the sample for the given research has an "investor relations" section on the website that provides information necessary to make investment decisions. Moreover, many companies even provide links to all SEC filings for the current and several previous years. For comparison, only 56% of the Fortune 500 firms had an investor relations department in 1994 (Rao & Sivakumar, 1999). Cyriac et al. (2014) suggest that firms should develop activist thinking and invite activists to have a private

conversation (dialogue) once they appear at the doorstep. The authors also note that more firms have been choosing this approach recently.

Investor Activism Outcomes

Activism outcomes is the most researched and, at the same time, the most controversial topic in the shareholder activism literature. Denes et al. (2017) suggest that measuring firm-level consequences of activism is challenging. One of the main reasons for that is many firms are trying to resolve as much as they can in private (Cyriac et al., 2014). Thus, it is difficult in some cases to track whether activism has taken place or not (Denes et al., 2017). Another reason is that empirical research has demonstrated incosistency in results (Venkiteshwaran et al., 2010) ranging from positive impact to negative and insignificant (Goranova & Ryan, 2014). The most examined outcomes are related to market reactions, operating performance, and corporate governance (Goranova & Ryan, 2014).

Nevertheless, it should be noted that outcomes related to hedge fund activism are more conclusive and generally positive. Many scholars reported positive returns from hedge fund activism (Klein & Zur, 2009, 2011; Bebchuk, Brav, & Jiang, 2015; Brav et al., 2008a; Brav et al, 2008b; Gantchev, 2013; Becht, Franks, Mayer, & Rossi, 2009). Positive implications from hedge fund interventions were also reported on operating performance (Klein & Zur, 2009, 2011, Betcht et al., 2009; Brav et al., 2008a, Greenwood & Shor, 2009), and governance-related outcomes (Brav et al., 2008a; Klien & Zur, 2009).

Scholars who examined firm outcomes from traditional institutional activist investors, mostly found a negative impact on shareholder wealth (e.g. share prices, market reactions) (Karpoff et al., 1996; Prevost & Rao, 2000; Bizjak & Marquette, 1998; Cai & Walking, 2011) and insignificant results (Agrawal, 2012; Gillan & Starks, 2000; Wahal, 1996; Carleton, Nelson,

Weisbach, 1998). Reports on performance outcomes from this group of investors are quite similar. Some scholars report negative implications (Karpoff et al., 1998) and no improvement (Song & Szewczyk, 2003; Del Guercio & Hawkins, 1999). Several studies found positive results from pension fund activism (Nesbitt, 1994; Del Guercio, Seery, & Widtke, 2008), while others reported a negative impact (Prevost & Rao, 2000; Wahal, 1996).

Furthermore, studies reveal that activist investors are particularly successful with implementing governance changes (Thomas & Cotter, 2007). The most popular governance research questions include executive pay (Goranova & Ryan, 2014). Activist investors contribute to reduction of executive pay (Klien & Zur, 2009; Ertimur, Ferri, & Muslu, 2011). Other governance topics that received attention include governance mechanisms (Bushee, Carter, & Gerakos, 2014), board independence (Schnatterly & Johnson, 2014), CEO turnover (Brav et al., 2008a; Del Guercio et al., 2008; Karpoff et al., 1996; Smith, 1996; Parrino, Sias, & Starks, 2003).

Additionally, a relatively new stream under shareholder activism research investigates how investor activism impacts corporate social performance (CSP) (David et al., 2007; Neubaum & Zahra, 2006; Guya et al., 2004). The empirical results of these studies vary. David et al. (2007) found a negative relationship between activism and CSP. Neubaum & Zahra (2006) report similar findings for activists who invest for a short-term period and the opposite results for long-term-oriented activists.

Types of Investor Activists and Classifications

Recent literature acknowledges that institutional investors are not homogenous whether it comes to investment motives, goals (Goranova & Ryan, 2014; Schnatterly & Johnson, 2014), regulations (Tihanyi, Johnson, Hosskisson, & Hitt, 2003; Ryan & Schneider,2003), investment

level (Black, 1998), and the proportion of investments (Ryan & Schneider, 2002). For example, pension and mutual funds comprise 42% and 30.9% respectively of all institutional investments (Ryan & Schneider, 2002). Hedge funds are not subject to as many stringent regulations as pension funds are (Klein & Zur, 2009). Hedge funds turn over their investments more often than pension funds (Tihanyi et al., 2003). Hedge fund managers' salary depends on quarterly performance (Tihanyi et al., 2003), while pension fund managers get regular salaries that do not change based on performance (Neubaum & Zahra, 2009).

This recent literature investigates and discusses different types of institutional activist investors rather than all institutional investors in general as it was common in earlier papers. However, the majority of research that acknowledges institutional investors' heterogeneity mainly concentrates on the actual types of activist investors (e.g. hedge funds, pension funds, mutual funds, banks, insurance companies), but often ignores other investment characteristics that may be useful in obtaining more fine-grained knowledge about these types. Such an approach may also be the reason behind varying empirical results on firm outcomes. It should be noted, however, that some scholars do classify activist investors by investment characteristics. Goranova & Ryan (2014) classify activists into two categories: financial and social. Financial activists are concerned with maximizing shareholder value. The authors divide financial activists into two sub categories: governance-related activism and hedge fund activism. Both categories seek similar outcomes, but use different methods to achieve their goals. Hedge funds prefer direct impact on managerial actions, while governance-related activists tend to push through governance reforms (Goranova & Ryan, 2014). Social activists defend the interests of multiple stakeholders of the firm that go beyond performance outcomes. Goranova and Ryan (2014) discuss CSP (David et al., 2007; Neubaum & Zahra, 2006; Guya et al., 2004) and

environmental performance (Reid & Toffel, 2009; Lee & Lounsbury, 2011) as examples. Also, financial and social activism are not mutually exclusive (Goranova & Ryan, 2014).

Armour & Cheffins (2012) classify activism into offensive and defensive forms. Offensive activism happens when "an investor lacking a meaningful holding in a company builds one offensively on the presumption that changes will be made to correct failures, and thus, maximize shareholder returns" (Armour & Cheffins, 2012: 18). Defensive activism protects what has already been invested into a firm. Armour & Cheffins (2012) suggest that hedge funds typically take the offensive position, while traditional institutional investors (e.g. pension and mutual funds) take the defensive position.

Brickley, Lease, & Smith (1988) categorize institutional investors into three groups: pressure-sensitive, pressure-resistant, and pressure-interminate based on whether these investors are involved with a firm for business proposes or not. Pressure-sensitive are the institutional investors who depend on the firm they invest in for business. For example, institutional investors who deal with banks and insurance companies are pressure-sensitive (Ryan and Schneider, 2002). Pressure-sensitive investors have the lowest probability of becoming activists (Rubach, 1999). Pressure- resistant institutional investors, on the contrary, do not have a business relationship with the firm they invest in (e.g. public pension funds, foundations, mutual funds, endowments) (Rubach, 1999). "Pressure-inderminate institutions whose interaction with portfolio firms are undetermined, such as brokerage houses and private pension funds" (Ryan & Schneider, 2002: 561; Rubach, 1999).

Investment time horizon classification. Classifications related to investment time horizon (e.g. short-term vs. long-term activist investors) have received the most attention (Porter, 1992a; Ryan & Schneider, 2002; Neubaum & Zahra, 2006; Tihanyi et al., 2003; Bushee, 1998,

2001; Bushee & Noe, 2000), and have been gaining popularity in recent management journals (Zhang & Gimeno, 2016; Reilly, Souder, & Ranucci, 2016; Souder, Reilly, Bromiley, & Mitchell, 2016; Flammer & Bansal, 2017; Souder & Shaver, 2010; Souder & Bromiley, 2012; Connelly, Tihanyi, Certo, & Hitt, 2010a), financial and accounting journals (Attig, Cleary, El Ghoul, Guedhami, 2013; Venkiteshwaran et al., 2010; Bebchuk, Brav, & Jiang, 2015; Dikolli, Kulp, & Sedatole, 2009), and in practitioner journals (Barton & Wiseman, 2014; Financial times, 2017). Shareholder activism scholars refer hedge funds to short-term activists (Ryan & Schneider, 2002; Bebchuk et al., 2015; Klein & Zur, 2009, 2011; Brav et al., 2008a) along with banks, insurance companies (Ryan & Schneider, 2002), and mutual funds (Schnatterly & Johnson, 2014; Ryan & Schneider, 2002). Pension funds (Tihanyi et al., 2003), foundations, and endowments (Ryan & Schneider, 2002) are typically referred to as long-term investors. The general theme in the past research is that activist investors push management to concentrate on short-term gains at the expense of long-term outcomes (Laverty, 1996; Porter, 1992b; Jacobs, 1991; Bebchuk et al., 2015; Financial times, 2017). Researchers name this phenomenon temporal myopia (Levinthal & March, 1993; Bushee, 2001), and argue that it has negative impact on firm performance (Haynes & Abernathy, 1980; Marginson & McAulay, 2008). Graham, Harvey, & Rajgopal (2005) survey of decision- makers revealed that 78% of them rejected projects, which could generate good returns in the future, to take advantage of the opportunities at hand. The empirical evidence supporting these statements is far from clear. While managers and boards do tend to focus on short-term performance (Barton & Wiseman, 2014, 2015), it does not necessarily mean that it is due to activist investors' efforts. Recent empirical studies report that the presence of activist investors, on the contrary, contributes to long-term performance outcomes (Bebchuk et al., 2015; Gantchev, 2013; Venkiteshwaran et al.,

2010, Brav et al., 2008a). Moreover, these studies used hedge funds as a sample. Earlier studies that included different types of institutional investors in the sample reported short-termism as a consequence (Bushee, 2001) and its negative implications (Neubaum & Zahra, 2006). Flammer & Bansal (2017) argue that short-term orientation negatively impacts performance, while long-term goals contribute to performance improvement. On the other hand, Attig et al. (2013) state that long-term institutional shareholders cause a reduction of equity costs. The authors attribute this finding to long-term institutions being more effective monitors and having access to information of better quality. Overall, more research is necessary to better understand the impact of different types of activist investors on both short- and long-term firm outcomes and its further implications. Yet, the general trend is that long-term orientation is better for different firm outcomes (Flammer & Bansal, 2017; Souder & Bromiley, 2012).

Flammer & Bansal (2017) found that offering long-term incentives to decision-makers (e.g. long-term incentive plans, restricted stock and options) leads to positive changes in stock prices. Souder & Bromiley (2012) did not find support for compensation tied to stock contributing to asset durability. An empirical study by Souder et al. (2016) reveals improvement of returns when long-term firm orientation is coupled with capital patience. By capital patience, the authors mean investors' commitment to remaining on board until a firm achieves long-term outcomes. Traditionally, hedge funds are attributed with lower capital patience, while pension funds are considered to have higher capital patience (Sounder et al., 2016; Zahra, 1996). Souder et al. (2016) also provide a measure of firm investment horizon. Souder & Shaver (2010) report that long-term investments are less likely in firms with inferior short-term performance, which is particularly the case for relatively new firms. The authors found that long-term investments are common in firms that do not have exercisable managerial stock options yet.

Reilly et al. (2016) note that research on time horizons and resource allocation associated with these horizons is developing quite slowly. The authors conducted a literature overview on the constructs related to time horizons, and stressed the importance of further developing this research stream. This study joins and contributes to this conversation.

Furthermore, besides a simple classification of activists into short-term and long-term-oriented, Porter (1992) provides a classification that divides investors into three time horizon-related categories: transient, dedicated, and quasi-indexers. This classification received a lot of attention from shareholder activism scholars. Thus, it was applied in a number of empirical papers (Bushee, 1998, 2000; Bushee & Noe, 2001; Connelly et al., 2010a; Zhang & Gimeno, 2016). Brian Bushee developed a database on institutional investors that incorporates these categories to support further research efforts in this direction. Transient institutional investors are basically short-term activists. Thus, they trade quite often, invest in multiple firms, and encourage mangers to maximize financial performance in the short run. Long-term performance is not nearly as important to this group of investors (Connelly et al., 2010a; Schnatterlly, Shaw & Jennings, 2007). Dedicated institutional investors are essentially long-term activists. Unlike transient investors, they hold stock for longer periods of time and in fewer firms. Connelly et al. (2010a) note that dedicated investors are motivated to monitor managers to ensure long-term performance. Moreover, these investors are comfortable with poor short-term returns if they are sure in a firm's long-term performance (Koh, 2007). Finally, quasi-indexers are similar to dedicated investors in that they keep shares for longer periods of time. However, they are different in that they have highly diversified portfolios. Quasi-indexers are not interested in monitoring (Connelly et al., 2010). They are passive investors (Bushee, 2001). Therefore,

research concentrates mainly on transient and dedicated institutional investors. It is important to note that activist investors can change their investment practices over time (Bushee, 2000). Transient institutional investors have received more attention than dedicated investors. Empirical studies that applied this classification suggest that unlike dedicated investors, transient institutional investors contribute to a firm choosing strategic competitive actions (e.g. strategic alliances, restructuring, acquisitions, technology-related investments) (Connelly et al., 2010a), and lead to short-term overall orientation and improvement of short-term earnings (Bushee, 2001). Additionally, Bushee & Noe (2000) found that transient institutional investors tend to invest in firms that have demonstrated greater disclosure ratings. Nevertheless, more research is needed to better understand the consequences of transient and dedicated institutional investors on firm outcomes.

Theoretical Lenses in Shareholder Activism Literature

Shareholder activism literature employs a variety of theoretical lens. However, agency theory (Jensen & Meckling, 1976) is applied more often than any other theory (Goravova & Ryan, 2014; Goranova et al., 2017). This is explained by the monitoring function of activist investors who align the interests of managers and shareholders. While Reilly et al. (2016) imply that agency theory does not necessary explain investment horizons, this theory has been used to examine short- and long-term firm consequences as well. For example, long-term-oriented boards contribute to similar managerial interests (Arthus, Hoskisson, Busenitz, & Johnson, 2008); compensation-related incentives contribute to long-term orientation (Flammer & Bansal, 2017; Walsh & Seward, 1990).

Connelly et al. (2010b) call for investigating the agency relationship between the mangers and shareholders (including activist investors) through the lens of resource dependence

theory (Pferffer & Salancik, 1978). The authors suggest that investors are resource providers with diverse interests that may also be different from those of the firm managers, which causes uncertainty. They imply that resource dependence theory should help investigating how managers handle reliance on these investors for important resources. In particular, whether they give up under the pressure (power) from these resource providers (Connelly et al., 2010b).

Stakeholder theoretical (Freeman, Wicks, & Parmar, 2004) perspective has received attention as well (David et al., 2007; Chowdhury & Wang, 2009; Stevens, Stevens, Harrison, & Cochran, 2005). It implies that managers should protect the interests all stakeholder groups (e.g. customers, employees, community, suppliers) rather than those of only shareholders like agency theory posits. Goranova & Ryan (2014) state that other theories that have been used by shareholder activist scholars include institutional theory, social movement theory, political theory, social influence theory, and others.

Several recent papers discuss a behavioral perspective. The behavioral theory of the firm (BTOF) (Cyert & March, 1992) implies that management prefers to put emphasis on short-term goals rather than long-term goals. As a result, they tend to concentrate on the issues at hand, pretty much ignoring long-term goals (Reilly et al., 2016; Souder et al., 2016). Reilly et al. (2016) suggest that those firms that suffer from underperformance will typically concentrate on short-term outcomes and even invest in firms with higher risk because they have less resources to lose compared to more successful firms. Another relatively recent paper written by Connelly and colleagues (Connelly et al. 2010b) discusses investment horizons in the context of signaling theory (Spence, 1973). Thus, the authors state that "firms signal potential owners to indicate firm quality, legitimacy, top management team quality, or strategic direction" Connelly et al. (2010b: 1576). Therefore, depending on characteristics, institutional investors may make

judgement about the management team and make appropriate investment decisions. Examples of such characteristics include compensation incentives, executive ownership, the composition and prestige of the top management team and the board (Connelly et al., 2010b).

Literature Review Summary

Shareholder activism has become more impactful than ever before. The intensity of shareholder demands and their success in pushing through the changes have prompted additional interest from scholars in many research fields. If previously this topic appeared mostly in financial journals, now shareholder activism research has emerged in leading journals in such fields as management, accounting, economics, and law. Two literature reviews published in top management (Goranova & Ryan, 2014) and financial journals (Denes et al., 2017) in only three years support this statement. While the majority of literature concentrates on institutional investors, scholars tend to divide activist investors into traditional institutional investors and hedge fund investors. Moreover, scholars discuss the impact of shareholder activists on short-termism, or, simply, orientation towards goals that pay off in the short run. Usually, hedge funds get the most blame for it. However, several recent papers report the opposite findings.

Furthermore, literature implies that traditional institutional investors typically target larger, poorly performing firms with governance issues. Hedge fund activists, while tend to do the same for the most part, target firms that perform poorly on a specific set of performance indexes. Additionally, traditional institutional investors are reactive (defensive) activists in that they intervene when a firm experiences performance or governance problems. Hedge funds are proactive (offensive) in that they become activists when they are sure that they will be able to benefit from it. Moreover, these activists prefer immediate results such as share price improvement.

Activists' actions range from public announcements through filing 13Ds form and dialogues with managers to proxy statements and proxy fights. The more items from this list an activist's campaign involves, the more expensive it will get. The earlier an activist investor and firm mangers find a common ground, the cheaper the campaign will be for the activist and the more beneficial it will get in terms of legitimacy and reputation for the firm. Many corporations have actually created a department that handles investor relations. These departments communicate with activist investors and other large shareholders and report their concerns and suggestions to mangers and the board. The most common requests include board representation or governance changes.

Empirical studies on the consequences of the changes initiated by activist investors report varying results. Some scholars revealed positive outcomes, others arrived at negative conclusions, and a few researchers reported no relationship between activism and firm outcomes. However, the research on the impact of hedge funds reveals positive performance consequences for the most part with a few exclusions.

A special topic in shareholder activism literature is related to activists' classifications. While several classifications exists, the ones that are tied to investment time horizon have received more attention in recent publications. Thus, the most simple classification divides activist investors into long-term (e.g. pension funds, foundations) and short-term (e. g. hedge funds, mutual funds) (Ryan & Schneider, 2002; Tihanyi et al., 2003). A slightly more complicated version, and often applied in shareholder activism research, includes three categories: transient (short-term), dedicated (long-term), and quasi-indexers (passive). The general trend is to blame short-term oriented activists for a negative impact on long-term goals and performance. However, a number of recent publications did not find support for this

statement for hedge fund activists. To be specific, these empirical studies, with hedge fund samples, report long-term performance improvement (Bebchuk et al., 2015; Gantchev, 2013; Venkiteshwaran et al., 2010). These recent empirical findings imply that more research is needed to better understand how hedge funds influence firm outcomes and whether they contribute to long-term or short-term results. The research study under consideration moves forward in this direction.

Finally, the theoretical lenses that have been applied in shareholder activism research includes agency theory (the most common), stakeholder salience theory, institutional theory and others. However, the recent research on investment time horizons introduces new, to this stream of research, and interesting frameworks like behavioral theory (Reilly et al., 2016; Souder et al., 2016) and signaling theory (Connelly et al., 2010b; Gantchev & Jotikasthira, 2017). Moreover, some scholars call for applying resource dependence theory in research on activist investors in combination with agency theory (Connelly et al., 2010b).

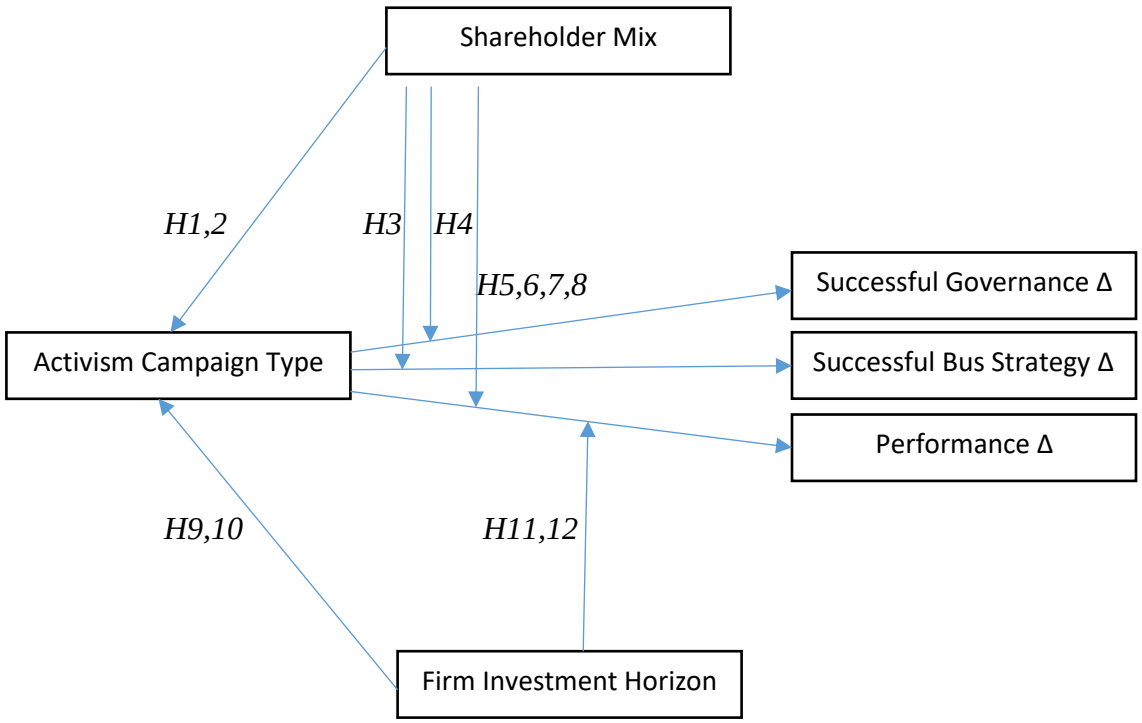
CHAPTER 3. THEORY DEVELOPMENT

Shareholder activism literature emphasizes the growing power of institutional activist investors in the last several decades and their tremendous, but varying impact on firm outcomes (Goranova & Ryan, 2014; Denes et al., 2017; Goranova et al., 2017). What is even more important шы ерy афсе that activists' moves have become bolder and more aggressive, while their demands are more specific and sophisticated than ever before. This is especially true about such relatively new players on the activism landscape as hedge funds activists (Goranova & Ryan, 2014). Since these funds are more active in terms of pushing through their improvement suggestions, they often get criticized for negative firm outcomes or for promoting short-term goals in the firms they invest in (Gantchev, 2013; Bebchuk et al., 2015; Goranova & Ryan,

2014). As it has been discussed in the literature review and will be addressed further in this chapter, this criticism may not necessarily be accurate.

Therefore, research on shareholder activism reports mixed results on the outcomes of activists' interventions. Moreover, unlike negative and insignificant results from empirical studies of traditional institutional activist investors on performance and governance outcomes (Karpoff et al., 1996; 1998; Prevost & Rao, 2000; Bizjak & Marquette, 1998; Cai & Walking, 2011; Agrawal, 2012; Gillan & Starks, 2000; Wahal, 1996; Carleton, Nelson, Weisbach, 1998; Song & Szewczyk, 2003; Del Guercio & Hawkins, 1999) and a few studies that found positive outcomes (Nesbitt, 1994; Del Guercio et al., 2008), the results from hedge fund activism studies for the same outcomes are often more positive than negative (Klein & Zur, 2009, 2001; Brav et al., 2008a; Brav et al., 2008b; Gantchev, 2013; Becht et al., 2009; Bebchuk et al., 2015; Greenwood & Shor, 2009).

Figure 1. The Model of the Study



The study under consideration joins the conversation on the antecedents and consequences of hedge fund activism. While prior research examined the antecedents and consequences to hedge fund activism in general, I examine the antecedents of the type of demands that hedge funds impose on firms and the consequences of these demands' implementation. This approach has not been taken in shareholder activism literature before and provides more fine-grained knowledge about the nature of hedge fund activism. Thus, the implications of this study will be the first step in helping managers to understand what exactly hedge activists may demand for and to be better prepared to withstand their interventions.

Thus, I argue that time-related characteristics of firms such as the shareholder mix (long-term vs. short-term owners) and firm investment horizon play an important role in the hedge fund decision-making process on the changes that this group of activists requests firms to implement. I examine the antecedents of two most popular hedge fund requests: business strategy changes and governance changes. To be specific, I suggest that hedge funds align their demands with the majority of the instructional shareholders' interests when it comes to the shareholder mix. On the other hand, I argue that hedge funds will try to minimize the overemphasis on long-term or short-term investment horizon by initiating either a business strategy or a governance campaign. Firm investment horizon is "ex ante average expected useful life of a firm's investments" (Souder et al., 2016: 1203). Figure 1 above is the model of the study that reflects the hypotheses and the relationships between the variables.

Shareholder Mix as an Antecedent

Hedge funds tend to invest in firms with poor performance and prominent information asymmetries (Brophy, Ouitment, & Sialm, 2009; Goranova & Ryan, 2014). They often consider bad performance as an opportunity (Armour & Cheffins, 2012). Hedge funds prefer more

immediate changes in share prices (Goranova & Ryan, 2014). At the same time, they do not look for total voting control in the firms that they invest in (Brav et al., 2008b). Thus, hedge funds expect to generate higher returns upon performance improvement as minority shareholders (Armour & Cheffins, 2012; note: they own blocks of shares but that is still minority compared to the total number of shares) through putting direct pressure on management to implement changes in a firm's governance and strategy (Goranova & Ryan, 2014, Brav et al., 2008a; Klien & Zur, 2009).

Hedge fund activists use an array of actions including public announcements, negotiations with management, shareholder proposals, and proxy fights just like traditional institutional investors (Rehbein et al., 2013; David et al., 2001; Ryan & Schneider, 2002). Hedge funds become activists when the buy a large block of shares (at least 5%) in a firm and fill out a 13D form at the SEC (Klein & Zur, 2009, Brav et al., 2008a, Brav et al., 2008b). Typically, they start an intervention by reaching out to the management either by calling or sending a letter demanding certain changes. If the management does not agree, the hedge fund increases pressure by using more hard-core moves (Armour & Cheffins, 2012) like shareholder proposals and proxy fights. However, today, managers are making more effort in tyring to cooperate with hedge fund activists. Many public companies now have departments that deal with investor relations that communicate with these shareholders and report their concerns to the board of directors (Beatty, 2017; Rao & Sivakumar, 1999). Nevertheless, it does not mean that mangers tend to agree with all recommended changes. Very often, they do not want to accept activists' suggestions for different reasons. Thus, hedge fund activists find themselves in the dilemma: on the one side, they want to push managers to make the changes that they are unwilling to make; on the other side, they want to seek the changes that are likely to go through.

Moreover, activist investors' campaigns are quite costly (Gantchev, 2013). Failure to convince managers to accomplish requested changes does not only equal to financial losses, but also negatively impacts hedge funds' reputation. As a result, hedge fund activists develop strategies that put additional sources of pressure on managers. One of these strategies is to seek support from other stakeholders. Shareholders represent the biggest group of stakeholders in any firm. Thus, finding allies among shareholders adds more power to hedge fund activists' initiatives. To be successful, hedge fund activists should convince other shareholders, especially bolckholders (Connelly et al., 2010b) that the requested changes will contribute to firm performance, and, as a consequence, increase shareholders' wealth. However, a firm's shareholder base is typically diverse, meaning that the interests of the shareholders may differ. While hedge fund activists are not likely to take into consideration all the interests of the variety of shareholders they have to deal with, they may concentrate on those, whose interests represent the majority. Therefore, the tactics that hedge fund activists use become particularly important.

I suggest that hedge fund activists mainly choose between two most popular tactics. These two tactics include demands related to governance changes and demands related to business strategy changes. Table 1 below represents a detailed classification of the specific hedge fund activists' demands that are represented in the final sample for the given study. It is important to note that the demands are not limited to requests in this table. Some events did not make it to the final sample because of the missing data in the databases that were used to obtain performance-related variables and a number of control variables related to governance as it is further discussed in the methodology section. Thus, from 499 qualifying for the study events, my sample was reduced to 413 events.

Table 1. Classification of Hedge Fund Activists' Demands

Governance Changes	
Board Related Activism	
Gain Board Representation	186
Removal Of CEO Or Other Board Member	25
Change Board Composition	17
Eliminate Staggered Board	11
Elect Director	5
Separate Chairman & CEO	5
Replace Management	2
Board Independence	1
Other governance	
Redemption/Amendment Of Poison Pill	8
Amend Bylaw	6
Lack Of/Inaccurate Information From Company	6
Adopt Majority Vote Standard	4
Remuneration	
Remuneration	11

Business Strategy Changes	
Business Focus & Operational Efficiency	
Push For Sale Of Company To Third Party	26
Business Focus (spin-off/sale-off , other restructuring types)	20
Operational Efficiency	5
Focus On Growth Strategies	2
General Cost Cutting	1
REIT / MLP Conversion	1
M&A activism	
Push For Merger of Company With Third..	4
Takeover Company	4
Oppose Takeover Terms	3
Push For Acquisition Of Third Party	3
Oppose Acquisition Of Third Party	1
Oppose Merger	1
Oppose Terms Of Merger	1
Balance sheet activism	
Share Repurchase	24
Dividends	11
Oppose Equity Issuance	4
Excess Cash	3
Return Cash To Shareholders	3
Sell/Retain Assets	3
Equity Issuance	1
Other	
Push For/Oppose Merging Of Shares	3
Cancel Contract	2

Notably, Brav et al. (2008 a), one of the most cited papers on hedge fund activism in financial literature, classified the sample of 1059 hand-collected events from 2001-2006 into five categories: general requests, capital structure, business strategy, target company sale, and governance. The authors note that events/demands of activists in their paper are not mutually

exclusive. Thus, one event may end up in several categories. Also, their sample includes "hedge funds, private equity/venture capital funds, and some nonfund investment advisors, categories that are often difficult to distinguish" (Brav et al., 2008a).

Today, more opportunities exist to obtain a cleaner sample. My sample of events is smaller, but my data allowed for a clean separation of hedge funds from all other activist investors, including nonfund, individual activists. A more recent study of hedge fund activism was able to separate hedge funds from other private equity funds. Gantchev (2013) examined over 5,000 13D filings from 2000 through 2007, identified 171 hedge funds and a little over a thousand other targets. These numbers are close to my sample (131 hedge funds). Moreover, my classification of two tactics is mutually exclusive which takes away the ambiguity from identifying the type of event and makes it more manageable for further application in management journals. Therefore, the event can be classified either as a governance change or a business strategy change request.

Tactic implementation depends on the support hedge funds can get from the shareholders and the likelihood that the tactic will enhance hedge fund value. Shareholders' support is contingent on the shareholder composition. The likelihood that the tactic will enhance hedge fund value is contingent on the asset composition. Typically, governance changes and business strategy adjustments are the two most popular requests by both traditional institutional investors and hedge fund investors. To be more specific, research suggests that the most common demands within these two categories are the demands to implement board changes (Goranva & Ryan, 2014) and different types of restructuring (Connelly et al., 2010a). Both types of campaigns are quite successful with business restructuring (ex. spin-offs, sale-offs, sale to the

third party) being the most efficient and board campaigns accumulating 40% success rate (Gantchev, 2013).

Interestingly, the sample for this study revealed that while campaigns related to board changes are by far the most common demand by hedge fund activists, business restructuring requests are not quite as popular with hedge fund activists as they are with traditional institutional investors. Yet, the restructuring category is the most popular among business strategy-related requests. Table 1 shows the breakdown of the hedge fund activists' demands in the final sample for the given study for the period from 2010 to 2016 (413events in total). Board representation campaigns are, by far, the most frequent hedge fund demands (186 events). Removal of the CEO or other board members (25 events) or changing board composition (17 events) are the next two common hedge fund requests among the governance changes. Remuneration-related requests are in top four (11 events). Overall, based on the data in the study sample, hedge funds tend to demand governance changes more often than business strategy-related changes (287 governance vs. 126 business strategy demands). The most frequent business strategy-related requests are pushing for sale of a company to the third party (26 events), repurchasing shares (24 events), narrowing down the business focus (20 events), and paying dividends to the shareholders (11 events).

It is important to note that both governance and business strategy changes that hedge fund activists call for are designed to improve firm performance. However, each of these tactics involves different mechanisms. I argue that governance-related requests are oriented towards long-term benefits, while business strategy changes leads to boosting more immediate results.

Governance changes as a long-term tactic. Board of directors performs a monitoring function (Jensen & Meckling, 1976). It makes sure that managers act in the best interests of

shareholders (Daily, Dalton, & Cannella, 2003). Poor performance signals that the board is failing to perform its function and, as a result, does not represent the shareholders' interests well enough. Thus, activist investors try to solve the problem by requesting a governance change. As it is mentioned above, the most popular requests related to board changes in the given sample are board representation campaigns, removal of board members, or making other changing to adjust board composition. Poor performance may also indicate that the management is not capable of proficiently running the current portfolio of businesses. If hedge fund activists view this as a governance problem, they try to push for CEO removal (which happens relatively often according to the sample) or remuneration adjustments. If they see it otherwise, they try to implement business strategy adjustments.

I suggest that governance changes represent a long-term tactic, meaning that these demands contribute to smaller gains right after the implementation and take time to accumulate higher returns. While governance changes, just as business strategy changes, do contribute to an immediate positive market reaction upon announcement, the abnormal returns differ significantly. For example, Brav et al. (2008a) report that abnormal returns increase by 1.73% after governance change announcements compared to 5.95% after business strategy changes announcements. This implies that hedge fund activists would have to stay longer with the company to accumulate the returns on the actual investment and on the campaign investments, or to gain the maximum profit. Additionally, the majority of hedge fund activists seek board representation (186 events from 413 in the sample). By putting a designated person on the board and investing resources into these campaigns (average board campaign is $ 1.83 million (Gantchev, 2013)), hedge funds make a statement that they are interested in staying with the firm for an extended period of time. Also, such governance requests as remuneration changes, which

are relatively common as well (e.g. bonus or pay-for-performance adjustments, pay reduction, gender disparity compensation adjustment), signal the same idea. When CEOs or the board of directors' salaries and bonuses depend on firm performance, they are more inclined to think about long-term outcomes. Moreover, Kulich, Trojanowski, Ryan, Alexander, & Renneboog (2011) found that male board members get higher bonuses compared to their female counterparts. Male directors' compensation is more sensitive to performance changes than the compensation of female directors (Kulich, et al., 2011). Since the majority of directors and CEOs are typically males and their salary often depends on firm performance, remuneration adjustment demands contributes to supporting the statement that hedge funds are interested in staying with the firm for an extended period.

Business strategy changes as a short-term tactic. I suggest that business strategy changes represent a short-term tactic, meaning that these demands contribute to higher gains right after the implementation. The most frequent business strategy changes include selling the company to a third party, narrowing business focus, and paying of dividends and initiating share repurchase (see Table 1).

Brav et al. (2008a) found that the abnormal return increases for (-20,+20) days for announcements of business strategy changes and the sale of the company to the third party are 5.95% and 8.54% respectively, compared to only 1.73% increase for governance changes. These two business strategy change requests are ideal for activists from the profit maximization point. Since these changes contribute to higher abnormal returns, hedge fund activists who are interested in short-term outcomes may just push for these changes, gain profit, and leave. Brav et al (2008a) also report that campaign announcements related to share repurchase and dividend payoffs generate relatively low increase in abnormal returns compared to other business strategy

related changes (1.47%). However, according to my sample, these requests often come as an "add-on" to another campaign initiated by the same activist. For example, an activist may initiate a sale to the third party campaign and a dividend payoff campaign or initiate a restructuring event and share repurchase campaign. So, those hedge fund activists still have an opportunity to quickly reap the benefits from higher abnormal returns after the announcements and leave.

While a sale of a company to the third party campaign is a straight forward request that generates fast and higher returns than the other requests, a campaign that narrows a business focus may take different forms. The most common forms of restructuring initiated by activist investors are spin-offs, sell-offs, and leveraged buy-outs (Connelly et al., 2010b). Spin-offs and sell-offs help to create a more focused portfolio by cutting off unrelated business lines, which allows the top management team to concentrate on the operations its can effectively manage (Desai & Jain, 1999; Daley, Mehrotra, & Sivakumar, 1997; Semadeni & Cannella, 2011). Leveraged buy-out is "a private purchase of private equity" (Connelly et al., 2010b: 1570), which contributes to governance and firm improvement through agency cost reduction and enhanced operating performance (Connelly et al., 2010b).

Connelly et al. (2010a) suggest that transient activist investors (short-term-oriented) typically prefer this tactic. Restructuring announcements improve share prices (Desai & Jain, 1999; Brav et al., 2008a) which provides an opportunity to generate profit fast. Many transient activists leave right after, since this is exactly what they look for: "more direct and immediate impact on the share price" (Goranova & Ryan, 2014: 1241) to maximize the profits. Research suggests that hedge fund activists' departure may negatively impact shareholders' value. For example, Venkiteshwaran et al. (2010) describe the negative consequences that Blockbuster Inc.

experienced after Carl Icahn sold his shares, including having to file a bankruptcy. Such negative implications may cause other investors to sell their shares, which will drop share prices even more.

Additionally, restructuring may not necessarily play out well for all shareholders. Connelly et al. (2010b) imply that some stakeholders may not gain profit in the short-run or face issues in the long-run. They particularly emphasize shareholders with long horizons among a few others (Connelly et al., 2010b; Fox & Marcus, 1992). Therefore, it is important for hedge fund activists to take into consideration the interests of the majority of the shareholders.

Shareholder mix. I argue that whether hedge fund activists choose to pursue a governance change or business change event depends on the shareholder mix. To be more specific, hedge fund activists' choice of tactic is contingent on the shareholder mix time horizon. Shareholder mix is the composition of the shareholders in a firm. Thus, some shareholders are more long-term-oriented (dedicated), while others are more short-term oriented (transient) (Bushee, 1998). There is a group in between the two main groups of shareholders (quasi-indexers), but they are mostly passive (Connelly et al., 2010a). Thus, they are excluded from the study following previous research (Connelly et al., 2010a; Zhang & Gimeno, 2016).

Agency theory implies that agents (management) should align their interests with principals (shareholders) (Jensen & Meckling, 1976). When principals (shareholders) join their forces together, they will put more pressure on agents (management) to pursue actions that maximize value creation (Dalton, Hitt, Certo, & Dalton, 2007). Hence, the more unified the shareholders are, the more pressure they put on managers, and the more successful they will be at pursuing their interests. Therefore, according to agency theorists, hedge fund activists should align their interests with the interests of other shareholders to achieve their goals. This means

that long-term shareholders are likely to be more convinced by long-term tactics, while short-term shareholders will be convinced by short-term tactics. Summarizing the discussion above, hedge fund activists will prefer to initiate governance campaigns in firms in which the proportion of ownership of long-term shareholders is higher. On the other hand, they will favor business strategy changes in firms that have a higher ownership proportion of short-term owners.

H1: Hedge fund activists are more likely to initiate business strategy changes in firms with a higher ownership proportion of short-term shareholders.

H2: Hedge fund activists are more likely to initiate governance-related changes in firms with a higher ownership proportion of long-term shareholders.

H3: Hedge fund activists are more successful at pushing through business strategy changes in firms with a higher ownership proportion of short-term shareholders.

H4: Hedge fund activists are more successful at pushing through governance-related changes in firms with a higher ownership proportion of long-term shareholders.

Consequences of Matching Tactics and Shareholders' Interests

Furthermore, joining forces together with other shareholders and choosing the tactics that match their interests should, in general, positively impact a firm's performance. The majority of activism-related research reports on the following performance indexes: abnormal returns (AR) or cumulative abnormal returns (CAR), Tobin q, market value (MV) and operating performance (ROA).

Cumulative abnormal returns and other market-related performance. Scholars examined CARs right after the announcement of a 13D filing (that claims activism intentions) (Brav et al., 2008a; Brav et al., 2008b; Klein & Zur, 2009; Renneboog & Szilagyi, 2011; Carleton et al., 1998; Smith, 1996), announcements to initiate governance changes (eg. board change) (Klien & Zur, 2009; Del Guerio & Hawkinsn, 1999) or strategic changes (e.g. M&A's) (Campbell, Sirmon, & Schijven, 2016; Haleblian, Devers, McNamara, Carpenter, & Davidson, 2009), announcements to restructure (Desai & Jain, 1999; Daley et al., 1997) and announcements

of shareholder proposals in general (Thomas & Cooter, 2007). Typically, abnormal returns are considerably higher after the announcements related to 13D filings or successful campaigns initiated by hedge fund activists (Klein & Zur, 2009; Klien & Zur, 2011). Successful campaigns are the ones when activists are able to push through the changes that they were interested in. Scholars report positive changes in abnormal returns after the announcements related to board campaigns (Filatotchev & Dotsenko, 2015; Klien & Zur, 2009). Del Guerio & Hawkinsn (1999) found a negative relationship. Significant abnormal returns are reported following restructuring announcements as well (Cusatis, Miles, & Wooldridge, 1993; Desai & Jain, 1999; Daley et al., 1997; Slovin, Sushka, & Ferraro, 1995).

It is important to note that cumulative abnormal returns are the reflection of investors' reaction to the latest updates on a firm (McWilliams & Siegel, 1997). This is when choosing the tactics that matches the interests of the majority of shareholders plays a significant role. Hedge fund activists are often quite open about what they ask from the management. For example, Carl Icahn is very active on Twitter where he expresses his opinion on the public information related to the companies he has invested in, shares his letters to management teams, and opens up about his future intentions, posts the names of the management representatives he is going to meet with, and praises the firms that continue to create value for all shareholders. In these circumstances, any tension that arises between hedge fund activists, the management, and other shareholders becomes publically available information that may negatively impact CARs. Hedge fund activists who are able to convince other shareholders to vote or to support their initiatives, create positive publicity and the impression that the majority shareholders are on board with proposed changes. Connelly et al. (2010b) imply that consistency of interests among

blockholders is an important attribute in pushing through different tactics. This is particularly true for restructuring changes (Connelly et al., 2010b).

Overall, adjusting the tactics according to the shareholder mix interests should be positively associated with higher CARs. This means that a governance change initiation in the firms that have more long-term-oriented shareholders will contribute to higher CARs. Similarly, a business change initiation in firms that have more short-term-oriented shareholders will contribute to higher CARs as well. Additionally, market value is also a reflection of how investors perceive a firm. Thus, I suggest that matching long-term and short-term tactics by hedge fund activists with the shareholder mix interests would contribute to market value improvement.

> *H5a: Initiation of business strategy changes by hedge fund activists in firms with a higher ownership proportion of short-term shareholders is positively related to market performance.*
>
> *H6a: Initiation of governance-related changes by hedge fund activists in firms with a higher ownership proportion of long-term shareholders is positively related to market performance.*

Operating performance. From published literature, Bebchuk et al. (2015) summarize that just 13D filings do not only contribute to stock performance improvement, but eventually lead to operating performance increases. Another recent literature review from Denes et al. (2017) implies that hedge fund activism leads to operating performance improvement to a higher degree comparted to activism from non-hedge fund activists. Thus, multiple empirical studies report positive changes in operating performance from hedge find activism (e.g. Klein & Zur, 2009; Gatchev et al., 2013; Clifford, 2008; Becht et al., 2009; Bechuck et al., 2015). However, I suggest that the consequences of matching the type of tactic and shareholder type would be different. I argue, taking into consideration the nature of the requests under the business strategy-related changes, that matching a short-term tactic of business strategy changes with

transient investors would have a positive or negative impact on operating performance depending on the business strategy activists demand for. On the other side, matching a long-term tactic of governance changes would contribute to operating performance improvement.

Business strategy changes and operating performance. The business strategy-related changes in the sample for this study can be divided into several categories. However, three categories are particularly more prominent: business focus and operating efficiency, M&A activism, and balance sheet activism. The first category is dominated by restructuring events (e.g. spin-off, sale-off, or push for sale to the third party). Research implies that typically restructuring is associated with firm performance improvements (Connelly et al., 2010b; Desai & Jain, 1999; Daley et al., 1997; Cusatis et al., 1993; Slovin et al., 1995). As discussed earlier, it allows mangers to create more focused and manageable portfolios (Semadeni & Cannella, 2011) and addresses agency issues (Connelly et al., 2010b). Thus, operating performance improvement would be a logical consequence in the cases when transient hedge fund activists push for a restructuring event.

Nevertheless, the other two categories may or not positively impact operating performance. In the balance sheet category, the two most popular demands are dividends and share repurchases. Typically, companies develop special rules that help limiting dividend payouts and repurchasing of shares (also referred to as buy backs) in order to avoid conflicts between the shareholders (Jung, Lee, Yang, 2016). These rules are called dividend covenants. Empirical research suggests that divided covenants do not only lead to over-investment, but also negatively impact future operating performance (Jung et al., 2016). This implies that when hedge fund activists push firms to remove dividend covenants, future operating performance should improve.

Research also suggests that share buy backs are a more common payout instrument than dividends (Bonaiméa, Hankins, & Jordanb, 2016; Bendig, Willmann, Strese, & Brettel, 2018). While share repurchasing should increase the shareholder value, it may not necessarily be the case in the long run (Bendig et al., 2018). Thus, some scholars imply that share repurchasing is negatively related to future operating performance (Chan, Ikenberry, Lee, & Wang, 2010).

To sum up, it is difficult to predict future operating performance implications for the most commonly demanded events from the balance sheet category. These demands may or may not contribute to operating performance improvement when initiated by transient hedge fund activists. It will depend on other conditions (e.g. performance indicators, company size, governance structure) as well.

The third category is related to M&A activism. Studies on performance consequences of M&A in the U.S. across several decades revealed negative implications for operating performance of the acquirers for a period from one year and more (Boateng, Bi, & Brahma, 2017; Clark and Ofek, 1994; Ravenscraft and Scherer 1987). Overall, the demands under the business strategy umbrella may lead to varying consequences on future operation performance. Thus, hedge fund intervention with such demands can contribute to both improvement and decrease in operating performance. However, transient investors are more concerned with short-term performance, which is represented by market returns. These investors often leave after they are able to gain a return on investment from CAR increases. So, they may not necessarily stay with the company until operating performance improves because it takes more time. This means they will not be concerned with pushing mangers to improve operating performance. Therefore, I suggest that operating performance will be negative when hedge fund activists push for business strategy changes in firms that have more transient shareholders.

H5b: Initiation of business strategy changes by hedge fund activists in firms with a higher ownership proportion of short-term shareholders is negatively related to operating performance.

Governance changes and operating performance. Board representation campaigns are, by far, the most popular among governance changes (see Table 1). Other common governance demands are removal of CEO or other board members, changing board composition, and remuneration. While all these demands are designed to address agency issues by aligning the interests of the shareholders and managers (Jensen & Meckling, 1976) which should contribute to future operating performance improvement, special attention should be given to board seat representation campaigns. These campaigns are not only the most frequent, but also performance implications from a successful board seat campaigns are more complex and are not limited to agency problems.

I suggest resource dependence theory is helpful in understanding this complexity. According to this theory, hedge fund activists play two important roles: providing resources (when they get a board seat) (Daily, Dalton, & Cannella, 2003; Pfefer & Salancik, 1978) and tackling power imbalance. Both contribute to operating performance improvement. The resources that hedge fund activists bring to the table include capital, important connections (e.g. through board interlocks and networks), reputation, information, expertise in pursuing certain strategies gained through other campaigns, and advice.

Power imbalance is related to the power difference of actors in the environment (Casciaro & Piskorski, 2005; Pfeffer & Salancik, 1978). There is a power imbalance between a firm management (eg. CEO, TMT, board of directors) and different constituents (e.g. outsiders, shareholders, potential investors) (Bergh, Johnson, & Dewitt, 2008; Cohen & Dean, 2005). To be clear, other constituents only have access to the knowledge and information about the firm

that managers share with them. This power imbalance arises from knowledge asymmetry, i.e. the differences in the amount and the kind of knowledge available to the firm mangers and other constituents (Bergh et al., 2008). Thus, managers tend to omit unfavorable information from the reports (Riley, 1979), exaggerate positive facts, and hide costs (Aaron, 1991). More recent literature implies that Sarbanes-Oxley Act has contributed to positive changes in board governance from the perspective of information disclosure and many others (Krause et al., 2014). While the law requires managers to share accurate information about the firm, it does not require revealing everything (Cohen & Dean, 2005). As a result, managers have more knowledge about the firm's operations and its overall potential (Cohen & Dean, 2005), deeper knowledge about available assets and a better understanding of their potential to generate strategic value and profit (Bergh et al., 2008; Hill, Hitt, & Hoskisson, 1992), more knowledge about the capabilities of employees and other managers (Leland & Pyle, 1977), etc. Overall, higher knowledge asymmetry leads to higher power imbalance between managers and different constituents.

Hedge fund activists typically own larger ownership stakes compared to other shareholders (Klein & Zur, 2009, 2011; Brav et al., 2008b). Gantchev (2013) reports that an average initial ownership of hedge funds at the very beginning of a campaign is a little over 8%. Large ownership stakes make them more influential in terms of impacting the firms' decision-making process as well as financial and governance changes (Goranova & Ryan, 2014). While hedge fund activists, like other shareholders, have access to the information that managers share with them, they may also obtain indirect knowledge about the firms through connections with their representatives (e.g. board interlocks). Yet, even additional sources may not eliminate knowledge asymmetry between management and the shareholders. As such, power imbalance is

still an issue. It is an issue because shareholders do not understand the real condition of the firm's affairs, cannot make an adequate decision regarding further investment in the company, and do know what to expect from management in the future. This unawareness may lead to negative consequences for firm performance.

Successful board seat campaigns initiated by hedge fund activists will reduce the power imbalance between the management and shareholders for several reasons. First, obtaining a board seat, coupled with large ownership stakes, increases activists' influence on the decision-making process. Thus, shareholders exercise more power in this case. Second, a board seat helps to decrease the knowledge asymmetry between the management and shareholders that leads to power imbalance in the first place. Therefore, obtaining a board seat provides access to the inside knowledge about the company and the main decision makers that otherwise may not be available through the information shared by the management. To be clear, once on the board of directors, hedge fund activists may have a better understanding of the firm's core competencies and issues, strategic direction and future plans as well as they will be able to figure out who makes the decisions, who has the most influence, what is the atmosphere inside the board room and the management team, who would replace the CEO or other members from the TMT. Basically, a board seat gives hedge fund activist investors an opportunity to acquire tacit knowledge, which is the knowledge that is difficult to gain and transfer (Polanyi, 1966; Uzzi, 1997) that would otherwise be problematic to get. Thus, by joining the board and interacting with board members, hedge fund activists combine the existing knowledge that they have about the company and their own experience with the tacit knowledge to understand how the firm operates (including norms, routines, and common practices). As a result, hedge fund activists have a better understating of the firm's current state of affairs and in which direction the firm is

moving. Therefore, there is a higher potential that they will be able to use power and resources to convince other shareholders, especially long-term oriented, to vote and push for the decisions necessary to improve a firm's operating performance.

To sum up, hedge fund activists push for an array of governance charges (see Table 1) to address agency issues and power imbalance that contribute to future operating performance improvement.

> *H6b: Initiation of governance-related changes by hedge fund activists in firms with a higher ownership proportion of long-term shareholders is positively related to operating performance.*

Long-term Performance. Research suggests that temporal myopia (Levinthal & March, 1993), or when managers undervalue long-term objectives and overestimate short-term outcomes, dominates the corporate scene (Souder & Bromiley, 2012; Barton & Wiseman, 2014). This phenomenon is also referred to as short-termism (Laverty, 1996), and received a lot of criticism from scholars and practitioners (Marginson & McAulay, 2008; Barton & Wiseman, 2014). Basically, temporal myopia implies that managers purposefully avoid opportunities that could generate value in the future to maximize benefits that come from short-term prospects (Marginson & McAulay, 2008; Levinthal & March, 1993). Empirical papers report support for short-termism claims take place in corporations (Flammer & Bansal, 2017; Graham et al., 2005; DeGeorge, Patel, Zeckhauser, 1999).

As discussed in details in the literature review, institutional activist investors are criticized for advocating and pushing firms towards short-termism. Moreover, hedge fund activists get the most blame for it. Nonetheless, these allegations have not been backed by evidence from large samples or empirical analysis (Bebchuk et al., 2015; Souder & Bromiley, 2012). It should be noted that empirical evidence from earlier samples support temporal myopia statements imposed by institutional investors (e.g. Bushee 1998, 2001). Paradoxically, however,

empirical evidence from more recent, large samples provides the results opposite to short-term orientation claims. Thus, quite a few of these studies report positive long-term performance outcomes (Bebchuk et al., 2015; Gantchev, 2013; Greenwood and Shor, 2009; Klein & Zur, 2009; Venkiteshwaran et al., 2010 (examine the consequences of on one hedge fund over a 10-year period); Brav et al., 2008a). The recent literature review on shareholder activism by Denes et al. (2017) concludes that hedge fund activism leads to long-term performance. Practical journals have started making similar implications (Financial Times, 2017).

Recent empirical studies also reveal that stock holding periods by hedge fund activists are not necessarily short too. For example, Venkiteshwaran et al. (2010) investigated Carl Icahn's (who gets a lot of criticism in practical journals) investments, and found that he holds stock on average for 12 months. However, many of his holdings last much longer than that. Also, some holdings extend to eight and even more years. The analysis of Carl Icahn's campaigns from 1994 to 2007 showed improvement of post-investment stock performance and ROA, but "found no significant changes in the target companies' profitability, capital spending, stock repurchase and dividend payouts, cash balances, and leverage (Venkiteshwaran et al., 2010: 51). Gantchev (2013) reports that an average hedge fund activist campaign lasts between 15 to 19 months, depending on the demands. The author did not find empirical support to the temporal myopia claim using a sample of hedge fund activist campaigns for the period from 2000 to 2007. Bebchuk et al. (2015) came to the same conclusion with a large sample of about 2,000 cases of hedge fund activism for the period from 1994 to 2007. The authors examined long-term stock returns and operating performance consequences of hedge fund activism three years (stock returns) and five years (Tobin' Q and ROA) after the intervention. Interestingly, the cut-off period for the studies that report positive long-term consequences from hedge fund activism is

around 2007, which was the beginning of the financial crisis. Overall, it is important to note that shareholder activism research related to the hedge funds and the concepts discussed on this study uses older samples (see Table 2).

Table 2. Sample Periods in Research Related to Topics in the Study

*Only the studies related to hedge funds required 13D examination

Authors	Period	Content
Brav et al., 2008a,b	2001 – 2006	Hedge funds
Klien & Zur, 2009	2003 – 2005	Hedge funds
Klein & Zur, 2011	1994 – 2006	Hedge funds
Gantchev, 2013	2000 – 2007	Hedge funds
Bebchuk et al., 2015	1994 – 2007	Hedge funds
Venkiteshwaran et al., 2010	1995 – 2007	Carl Icahn's hedge fund
Connelly et al. 2010a	1997-2006	Influence of transient and dedicated investors
Attig et al., 2013	1985 - 2007	Institutional investment horizons
Zhang & Gimeno, 2016	1994-2000	Long-term investors
Souder et al., 2016	1991 – 2011	Firm Investment horizons and institutional investors
Flammer & Bansal, 2017	1997 - 2012	Firm Investment horizon and shareholder proposals
Souder & Bromiley, 2012	1991 - 2007	Firm Investment horizon
Souder & Shaver, 2010	1972 - 1996	Firm Investment horizon

Furthermore, even though Denes et al. (2017) literature review concludes that hedge fund activism contributes to long-term performance, the authors also note that this view is still not common in literature. Thus, I suggest that more research is needed to understand long-term consequences of hedge fund activism with more contemporary samples to capture the changes that have taken place during and after the financial crisis. The study under consideration moves

in this direction. I examined hedge fund activists' campaigns for the period from 2010 through 2016. I argue that hedge fund activism does lead to positive long-term performance returns when they initiate campaigns that match the majority of the institutional shareholder interests. I suggest that behavioral theory of the firm (BTOF) framework and signaling theory, that have been applied in more recent shareholder activism literature (Souder et al.,2016; Souder & Bromiley, 2012; Connelly et al., 2010b), help explaining these relationships.

Thus, BTOF implies two important points. First, past organizational routines predict firm behavior (March & Simon, 1958). Second, one of the management's function is to avoid conflicts or uncertainty between the coalitions that firms consist of (Cyert & March, 1992). The coalitions represent groups of stakeholders with some having more weight on the decision-making process than the others. Research implies that shareholders, especially activist investors, have been particularly powerful (Goranova et al., 2017; Goranova & Ryan, 2014; Denes et al., 2017). Firms that resist shareholder activists' recommendations experience negative performance consequences (Smith, 1996; Rehbein et al., 2003). Thus, shareholder activists have been so powerful that many firms created departments that deal with shareholder recommendations and pass them over to mangers for further consideration (Beatty, 2017; Rao & Sivakumar, 1999). Moreover, both academic scholars and practitioners report that firms have been successful lately at initiating dialogue with activist investors (Rehbein et al., 2004; Cyriac et al., 2014). They encourage further cooperation and reaching out to the largest shareholders to prevent hostile interventions. I suggest that this recent cooperation phenomenon satisfies the management's function of avoiding conflict situations between the coalitions of various groups of stakeholders (Cyert & March, 1992). Besides, by doing this, firms develop routines (March & Simon, 1958) that help to more effectively interact with large, influential shareholders like hedge

fund activists on a continuous basis. Eventually, such practice leads to the reduction of uncertainty associated with dealing with this group of stakeholders. So, firms benefit from having a better understanding of what kind of moves to expect from these activist investors, and are able to plan ahead to tackle them or to cooperate depending on the situation they deal with.

Hedge fund activists, on the other hand, do receive important signals from the firms that are open to cooperation. Signaling theory implies that shareholders and potential investors make judgements about a firm from the signals in the form of information and other firm attributes (Connelly et al., 2010b; Spence, 1973). Research suggests that activist investors try approaching managers in private before making public statements (Rehbein et al., 2010; Goranova & Ryan, 2014). By initiating investor relations departments, firms signal that they are willing to listen and to cooperate with large shareholders. Hedge fund activists are among this group of shareholders, given their average holding stakes (8%, Gantchev, 2013), the amounts they spend on campaigns (average campaign that ends in a proxy fight is about $10 million; Gantchev, 2013) to achieve goals, and their increased activity in the last decades (Denes et al., 2017; Goranova & Ryan, 2014). A dialogue through investor relations departments helps to establish more effective, continuous communication links between mangers and hedge fund activists that contribute to the benefit of both sides in terms of costs, quality, reputation, and performance. The results of this dialogue are publically available (mass media, social media accounts of hedge funds) as previously discussed in this study. Thus, any tension or misunderstanding is immediately reflected on the firms' market performance.

Traditionally, scholars use Tobin's q to estimate firms' long-term performance (Fu, Singhal, & Parkash, 2016). Since Tobin's q is derived from market value, which is a form of market performance, any tension that arises between hedge funds and other shareholders will

have a negative impact on it. Similarly, positive news on the relationship between all shareholders and the shareholder and firms' managers have positive consequences. For example, Carl Ichan usually publically thanks shareholders and board members through the Twitter account when they vote to accept the changes that he requests. Therefore, I argue that alignment of hedge fund interests with the majority of the shareholders interests through initiation either a business strategy or a governance campaign will have a positive impact of long-term performance.

> *H7: Business strategy changes initiated by hedge fund activists in firms with a higher ownership proportion of short-term shareholders is positively related to long-term performance.*
>
> *H8: Governance-related changes initiated by hedge fund activists in firms with a higher ownership proportion of long-term shareholders is positively related to long-term performance.*

It should be noted, however, that research implies that overemphasis on either long-term or short-term performance negatively impacts firms (Souder et al., 2016). Some scholars discuss the importance of firms' finding the balance between either emphasis (Flammer & Bansal, 2017; Laverty, 1996). I argue that hedge fund activists do try to establish the balance by initiating different tactics depending on a firm's emphasis on these two extremes. I develop my theoretical perspective building on the Souder et al. (2016), Reilly et al.(2016), and Souder & Bromiley (2012) work on firm investment horizons.

Firm Investment Horizon as an Antecedent

The concept of investment horizon is not new in management research. Shareholder activism literature applies investment horizon to distinguish between investors' intentions in regards to a firm. As mentioned above, general literature in this research stream divides activist investors into long-term (e.g. pension funds; Tihanyi et al., 2003; Woods & Urwin, 2010; Ryan

& Schneider, 2002) or dedicated (Porter, 1992; Bushee et al., 1998, 2000) and short-term (e.g. hedge funds, mutual funds; Goranova & Ryan, 2014; Ryan & Schneider, 2002) or transient (Connelly et al., 2010a, Zhang & Gimeno, 2016). There is another group – quasi-indexers- these investors are often excluded from management journal studies because that are considered to be passive investors (Connelly et al, 2010a).

However, while the majority of studies concentrate on investment horizon at the investor level, Souder and colleagues have, relatively recently, discussed the concept of investment horizon at the firm level in the series of papers (Souder et al., 2016; Reilly et al., 2016; Souder & Bromiley, 2012; Souder & Shaver, 2010). Thus, this group of scholars introduced the concept of firm investment horizon which they define as "the ex ante managerial expectation about the duration of time over which potential firm investments will generate productive returns" (Reilly et al., 2016:1173) and measure "as the expected useful lives of capital expenditures" (Souder et al., 2016:1202). So far, they have examined different aspects of performance in relation to firm investment horizon. One very important empirical conclusion that they report is firms achieve higher performance outcomes when they have a longer investment horizon and shareholders to do not trade their stock very often. My study extends the theory developed by Souder and his colleagues by applying firm investment horizon in the context other than performance outcomes. Specifically, I suggest that the tactic that hedge fund activists choose to implement depends on a firm's investment horizon. I also join the conversation on differentiating between the impact of investors and mangers in shaping the investment horizon of a firm.

Firm investment horizon embodies a firm's dominant logic (Prahalad & Bettis, 1986). The dominant logic characterizes a firm's strategy, commonly accepted practices, and behavioral

patterns (Souder et al., 2016). Thus, firm investment horizon signals potential investors about the possible course of actions it may implement in the future.

Research implies that temporal myopia (March & Levinthal, 1993; Bushee,2001) or short-term orientation, contributes to inferior performance compared to firms where managers prefer to take advantage long-term prospects. Souder et al., (2016) and Souder & Bromiley (2012) explain this relationship by applying a net present value (NPV) rule. This rule is typically employed to assess investments, and implies that firms should invest in opportunities that lead to discounted cash flows above the invested amount (Souder & Shaver, 2010). Discounted cash flow rates are derived from opportunity costs that take into account the risks associated with an investment (Souder & Shaver, 2010). Sounder et al. (2016) argue that firms with high discounted cash flows encourage NPV analysis that leads to the preference of short-term returns. The opposite situation occurs when these discount rates are lower (Souder et al., 2016; Poterba & Summers, 1995). Moreover, research implies that firms tend to use discount rates that are considerably higher than the textbook rates (Jagannathan, Matsa, Meier, & Tarhan, 2016), which contributes to short-term overemphasis (Souder et al., 2016). "Compared to firms using textbook discount rates, firms that use high discount rates – and overly deflate the value of long-run cash flows – will achieve lower performance because these firms will reject many projects with positive NPV in the textbook analysis" (Souder et al., 2016: 1205).

At the same time, Souder et al. (2016) note that long-term investment horizons may not necessarily lead to higher performance compared to firms that exercise short-term horizons. On the contrary, using the discount rates approach, the authors argue that overemphasis on long-term investment horizons will actually hurt performance just like overemphasis on short-term

horizons does. However, they also state that long-termism is not quite as common. It is typically the case in family-owned firms (Reilly et al., 2016; Chua, Chrisman, & Bergiel, 2009). Furthermore, the general stream of research posits that hedge funds are oriented towards short-term goals (Goranova & Ryan, 2014; Klien & Zur, 2009). However, some scholars suggest that those institutional investors who engage in activism, besides buying large amounts of shares (blocks of shares), are leaning more towards longer investment horizons (Ryan & Schneider, 2002). Empirical studies on hedge fund activism report similar findings (Gantchev, 2013; Venkiteshwaran et al., 2010; Brav et al., 2008a). This implies that hedge fund activists seek short horizons as well as longer horizons. Since hedge fund activists may have short-term and long-term interests, they may seek changes that are associated with either direction. As previously discussed, the most common tactics used by activist investors, including hedge fund activists, are requesting governance-related changes and business strategy-related changes. Again, as discussed earlier, a business strategy change request represents a short-term tactic. Governance changes are more long-term.

While, hedge funds may be interested in both long and short-term returns, I contend that the sort of change that hedge fund activists look for depends on a firm's investment horizon. Sounder et al. (2016) suggest that firm investment horizon strategies may get misaligned when some firms become too short-term or too long-term. The NPV discussion above implies that both options alter firm performance (Sounder et al., 2016). Thus, I argue that hedge fund activists will seek changes designed to adjust this misalignment. This means that firms that are too long-term will be pushed to become less long-term, while firms that are too short-term will be pressed to become less short-term. As a result, hedge fund activists will initiate governance-related campaigns in firms that overemphasize short-term orientation and business strategy

campaigns in firms that overemphasize long-term orientation. The alignment of the tactic and a firm's investment horizon will contribute balancing out a firm's investment horizon emphasis and will be followed by performance improvement.

H9: Hedge fund activists are more likely to initiate a short-term tactic of changes in business strategy in firms that overemphasize a long-term horizon.

H10: Hedge fund activists are more likely to initiate a long-term tactic of governance-related changes in firms that overemphasize a short-term investment horizon.

H11: Initiation of a short-term tactic of changes in business strategy in firms that overemphasize a long-term horizon is positively related to performance.

H12: Initiation of a long-term tactic of governance-related changes in firms that overemphasize a short-term horizon is positively related to performance.

CHAPTER 4. METHODOLOGY

Sample

Research on activist investors is typically based on hand-collected samples pulled from the EDGAR database filings (Klein & Zur, 2009, 2011; Gantchev, 2013; Brav et al., 2008b) because a database on hedge fund activism does not exist (Brav et al., 2008a). This database is openly available to general public on the SEC website. All companies are required by law to submit appropriate filings through EDGAR. Activist investors are identified through the search of Schedule 13D filings, which should be filed within 10 days after investors purchase more than 5% of shares in a publicly traded firm (Klein & Zur, 2009, 2011; Brav et al., 2008b).

The initial sample for this study is developed from the 13D filings submitted to SEC by hedge fund activist investors from 2010 to 2016 for ownership in public U.S. firms. My sample is limited to this time frame for several reasons. First, the majority of the empirical studies, that have been widely acknowledged in shareholder activism literature, were published in the past 10 years, examined institutional investors' campaigns, and are related to the topics of the study

under consideration, examined data mainly through 2007 (see Table 2). This includes the papers that found a positive relationship between hedge fund activism and firm long-term performance. Similarly, the recent studies related to firm or institutional investment horizons mostly range within the same timeframe with a few exceptions (see Table 2). Thus, studies with more recent samples are necessary to examine new research questions that address the changes in the nature of shareholder activism in the years not included in the previous samples.

Second, the year of 2007 is associated with the financial crisis that had a tremendous impact on the corporate world and contributed to a huge economic downturn. The economy has never fully recovered from this crisis, but by 2010 it considerably improved. Shareholder activists, even though were still active, filed fewer 13D filings during that period as well. It was also not until around 2009-2010 when the number of 13D filings has significantly increased.

Third, my sample is ends at 2016 because hedge fund campaigns take on average about 15-19 months (Gantchev, 2013). This means that the outcome of the interventions may not necessarily be available by the end of the year it was initiated in. As a result, I had to exclude 2017 data because it was not clear whether hedge fund activists were even able to push through their demands or not for the majority of campaigns during that year.

As discussed in the literature review section, an individual investor or a fund should purchase more than 5% of shares, file a 13D form through the SEC website, and express activism intentions in this form to be considered an activist investor (Gantchev, 2013; Edmans et al., 2013; Brav et al., 2008). While 13D filings are publically available on the SEC website, the number of the 13D forms submitted on an annual basis is incredibly high. According to the SEC Analytics Suite query under the Wharton Research Data Services (WRDS), the number of 13D filings from 2009 through 2013 was over 48,000. The number of filings for 2014 (11,028), 2015

(11,387), and 2016 (11,317) was relatively steady (note: some 13D filings are filed jointly with 13A forms; the numbers provided include 13D and 13D/A filings). Overall, more than 80,000 13D filings were submitted to SEC for the period from 2010 through 2016. What is interesting, however, many of those investors who file never become "real" activists in terms of demanding a firm to make changes in governance or operation. This means that the just a 13D form, which provides the company name, the investor details, the percentage of shares owned, and investors' intentions, is simply not enough. Additional internet searches have to be made to figure out if an activist has tried to request changes and how successful the attempt has been. Going through all these filings, finding whether an activist investor who filed a 13D form has actually demanded any changes or not requires a lot of manual labor. Basically, it is virtually impossible to go through over 80,000 filings unless one has a whole team of staff or does not have any time constraints. The company called Activist Insight collects this information for investors along with many other important details related to investments. It also provides semi-annual and annual reports that describe the dynamics of shareholder activism. Activist Insight has been tracking this data from 2010 up to now. Thus, the information on the summary of hedge fund demands has been obtained from Activist Insight. This data was used as a filter to weed out the filings that were not related to hedge fund activism. Every single hedge fund activist intervention that qualified for the study was verified with the SEC website, the actual 13D filing was reviewed for accuracy, and additional searches for public announcements and proxy statements were made to verify the accuracy of the demands.

It should be noted as well that purchasing information on 13D filings is not unusual in hedge fund activism research. For example, Brav et al. (2008), one of the most cited paper on hedge fund activism, bought data from LiveEdgar for the period from 2001 to 2006 which

included 11,602 filings. The authors manually identified the types of institutional investors, but were not able to separate out nonfund individual investors and some private equity funds (Brav et al., 2008a). Since the number of 13D filings has increased significantly after 2006, going through these filings manually would be extremely time consuming. Activist Insight provides the data that is already classified by institutional investor types. Thus, I only purchased the 13D filings data on hedge fund activism.

The data provided revealed that hedge funds bought shares in public U.S. firms 4,421 times for the period from 2010 through 2016. These 4,421 investments included investors who owned less than 5% shares in the U.S. public firms (these investors are not required to file 13D forms by law). Only 449 investments from over 4,000 qualified for the "hedge activist investor" title, i.e. a hedge fund owned more than 5% shares, filed a 13D form, and actually demanded a change in operations or governance. To sum up, from over 80,000 13D filings from multiple individual investors and funds, only 449 filings (I will further refer to them as events) were filed by hedge fund activist investors. Once again, Activist Insight data was used only as a filter to drop the events that do not qualify for hedge fund activism and to make the process of investigation more manageable. All events were verified through the SEC website. The information on the demand requests was verified through public announcements. It should be noted that some hedge funds became activist investors in several companies. At the same time, some companies had several hedge fund activists as investors. Thus, the 449 events included 131 hedge fund activist investors and 213 public U.S. companies.

The data on 449 events collected from 13D filings and public announcements and proxy statements about the types of demands was merged with Compustat and BoardEx data to make performance-related calculations and to add some control variables. In the merging process, I

had to drop some companies because performance information (DV in some hypotheses) was not available. Thus, the final sample included 413 events initiated by hedge fund activists in 194 companies by 125 hedge funds.

Dependent Variables

The dependent variables (DV) in this study could be divided into two groups: the ones related to the type of the campaigns or their success and performance-related DVs . The *Type of Campaign* (for hypotheses H1, H2, H9, H10) includes a demand by hedge fund activist investors to make a business strategy change or a governance-related change demand. Since I am testing two different samples for shareholder mix hypotheses and firm investment horizon hypotheses, the type of campaign in each sample is defined differently. In the shareholder mix sample, I have created two dummy variables: Governance (1- yes, 0 - no) and Business Strategy (1-yes, 0 - no) and tested hypotheses for each type separately. See Table 1 for the actual campaigns that fall under each type. Such an approach allowed to easily identify the campaigns that were successful under each type of the campaign (the next DV below).

However, in the firm investment horizon sample, I created a binary variable business strategy change where it equals to 1 if a hedge fund activist requested a business strategy-related change and 0 otherwise. If the business strategy change equals to 0, it means that a hedge fund activist demanded a governance change. From 398 events in the final sample, in 278 events hedge fund activists requested governance changes and in 120 events they asked for business strategy-related changes.

Successful Governance Campaign (H3) is calculated by multiplying a dummy variable success, that equals to 1 if a hedge fund activist was able to push through governance-related agenda, and it equals to 0 otherwise, by governance campaign dummy. Basically, if both success

and governance dummy are one, than *Successful Governance Campaign* is 1 (it equals to zero otherwise). *Successful Business Strategy Campaign* (H4) is calculated by multiplying a dummy variable success by business strategy. If both success and business strategy are 1, than *Successful Business Strategy Campaign* is 1 (it equals to zero otherwise).

Business strategy changes (H7) is a dummy variable. The variable equals to 1 when a hedge fund activist initiates a business strategy change campaign, and it equals to 0 otherwise. *Governance-related Changes* (H8) is a dummy variable. The variable equals to 1 when a hedge fund activist initiates a governance change campaign, and it equals to 0 otherwise.

Performance variables (for hypotheses H5, H6, H11, H12) include *return on assets (ROA), market value (MV), Tobin's q, cumulative abnormal returns (CAR)*. These are the standard variables used in shareholder activism literature. The first three are calculated using data from Compustat. *ROA* is calculated by dividing net income by total assets (ni/at). *MV* is calculated by multiplying common shares outstanding by the closing price and taking the logarithm from that (mv=prcc_f*csho; lnmv2=log(mv). I used the natural log of *MV* for the analysis following the top-cited shareholder activism studies (Brav et al., 2008; Bushee, 1998). Tobin'q is calculated by dividing the sum of total assets and market value and subtracting total common/ordinary equity and deferred taxes by total assets ((at+mv-ceq-txdb)/at). CARs are calculated using Eventus software under WDRS. This program calculates cumulative abnormal returns based on company cusips and the dates of events. The event in my study is the date of hedge fund activist's demand. One can choose the return windows in the Eventus software. I chose (-20, +20) days following Brav et al. (2008a). Day 0 is the day of demand. Brav et al. (2008a) use this frame for 13D filings, not the demand dates. However, using the same logic as the authors do, I used the same window because information that a hedge fund is preparing to

demand certain changes may become (and most often is) publically available before it actually takes place. Thus, hedge funds often make announcements on their websites or social media accounts about the intention to demand changes and even provide the details. Also, 20 days after gives enough time to the market to reflect on the changes associated with the actual demand and the initial firm's reaction to it. So, I have taken the cumulative abnormal returns for each of the demands generated by the Eventus software and merged them into the main database with the rest of the variables.

Long-term Performance (for hypotheses H7, H8) is measured by Tobin's q (Tobin & Brainard, 1968). Traditionally, it has been used by scholars to measure a firm's future investment opportunities (Fu, Singhal, & Parkash, 2016). Fu et al. (2016) examined the relationship between Tobin's q and long-term operating performance (note: the authors refer to it as future performance). While a positive relationship between the two is, pretty much, an unspoken truth in financial literature, the authors provide empirical evidence to support it. Thus, Fu et al. (2016) conclude that higher Tobin's q ratio is positively related to long-term performance improvement.

Independent Variables

Shareholder Mix is typically represented by transient, dedicated, and quasi-indexers shareholders as described in the theory development section. However, in accordance with recent literature, I dropped quasi-indexers from the study because they are mostly passive investors, and calculated transient and dedicated ownership instead of just using the proportion of transient and dedicated shareholders in a firm (Connelly et al., 2010; Zhang & Gimeno, 2016). *Transient Ownership* is the number of shares owned by this group of investors at the end of the year divided by the total outstanding shares of the firm in the same year (Connelly et al., 2010a).

The same calculation was done for *Dedicated Ownership*. Shareholders were categorized into three groups following Bushee (1998) classification. Using institutional holdings data (13F filings) and conducting factor and cluster analyses, Bushee (1998) classified institutional investors into three categories (transient, dedicated, and quasi-indexers) by examining investment characteristics such as portfolio turnover and its concentration as well as "the institution's trading sensitivity to current earnings" (Bushee, 1998: 324). Institutional investors in the sample can be classified using two approaches. First, one may recreate the same study using 13F filings that are available in several databases under WRDS. Second, one may, simply, use Bushee's website where he has already classified all institutional investors and updates the data on the annual basis (note: the interests of institutional investors may change over the years; this classification captures the changes (Connelly et al., 2010a)). The data from Bushee's website should be merged with institutional holdings data from 13F filings in order to calculate the ownership proportion by each group of the investors in the firm. Following management literature (Connelly et al., 2010) I chose the second approach.

Firm Investment Horizon measure follows Souder et al. (2016) logic. The authors calculate the investment horizon by dividing a firm's gross PPE (stands for property, plant, equipment) by the depreciation (Compustat variables: ppegt/dp). The authors suggest that "accounting standards require that expected useful lives lie between 1 and 40" (1209). The authors limited their sample within this range. I did the same with my sample. Thus, investment horizon in my sample ranges from 1 to 40. Since investment horizon would have a different meaning for different industries (eg. in some industries investment horizon of 5 years would be short, it the others in will be long), Souder et al. (2016) suggest to use relative investment horizon instead. The *Relative investment horizon* is calculated by subtracting the median

investment horizon for the industry based on two-digit SIC codes in the given year from the investment horizon of a firm in the same year (Souder et al., 2016). To ensure robustness of the results, I have also created an additional measure for *Relative Investment Horizon* using the same calculation, but with the average industry investment horizon instead of median. The approach with the average has been applied in previous research when calculating the position of the firm relative to other firms. (Yasar, 2013; Yasar, Paul, & Ward, 2011).

One problem with a measure that includes PPE is that some firms simply do not have it or have a very small PPE. Therefore, to ensure robustness of the results, I ran analysis dividing the sample into sub-samples. However, before that, I dropped all variables that have zero PPE. My sample includes 8 firms from the Mining sector, only 3 firms from the Construction sector, 71 Manufacturing firms, 12 firms that belong to Transportation and Public Utilities sector, 14 firms from the Wholesale sector, 12 firms from the Finance Insurance, & Real Estate sector, and 43 firms in the Services sector. Data on PPE for 31 firms was not available. Souder et al. (2016) suggest used their measure on a sample of manufacturing firms because of the concern that other types of firms would not have high enough PPE. However, they noted that their measure could be relaxed to firms from other industries as well. To address the authors' concern related to low PPE in some industries, I examined a sample that includes several industries (more details in the results section) and a sub-sample with manufacturing firms. Running tests using a sub-sample of manufacturing firms would be particularly beneficial because firms from this industry are the most represented group in my sample. Thus, this sub-sample will also serve as a robustness check.

Control variables

Company size is a standard control variable in shareholder activism research. The general implication from the literature review is that activist investors tend to target larger firms (Goranova et al., 2017). I measured it in several ways: natural log of employees (Connelly et al., 2010), natural log of assets (Brown et al., 2017; Goranova et al., 2017; Schnattely et al., 2008), natural log of sales (David et al., 2001), and natural log of revenue (Souder & Bromiley, 2012). I also control for industry using a two-digit 2 code (Schnattely et al., 2008). Following Souder et al. (2016) investment horizon paper, I have included capital expenditures (CAPX) and R&D intensity. The first one is calculated by dividing CAPX by total assets, the second one is R&D divided by total assets. The expectation is that both control variables would be positively related to performance (Souder et al., 2016). All variables are from Compustat.

Additionally, I control for free cash and leverage. Prior research suggests that free cash may lead to an activist investor intervention (Brav et al., 2008a; Klein & Zur, 2009). It is tied to an agency problem when managers may spend excess cash inappropriately to serve their own interests rather than allocating it among the firm's shareholders (Jensen, 1986). I calculated free cash by subtracting interest expenses and dividends from sales divided by total assets (David et al., 2001). Goranova & Ryan (2014) note that firms with less leverage are more likely to experience interventions from activist investors. Leverage was calculated by taking the natural log of debt to equity ratio (Goranova et al., 2017) and log of debt to total assets (David et al., 2001). All variables were collected from Compustat.

Besides performance-related control variables, I included governance variables from the BoardEX database (all these variables come straight from this database; additional calculations are not necessary): CEO duality, board size, director time to retirement, director time in

company, director age, director network size, director interlocks, and director number of qualifications. All these variables are already calculated in the BoardEx database. CEO duality, when the CEO also serves as a board chair, is often discussed in literature as an agency issue that promotes entrenchment and gives more power to the CEO (Krause, Semadeni, & Cannella, 2013). Thus, those CEOs who also hold a board chair position, may be powerful enough to influence the decisions of the other board members and managers that further impacts firm performance and strategic decisions (Krause et al, 2014; Peni, 2014). I expect that CEO duality will be positively related to the governance-related requests. I created a dummy variable for CEO duality (1- yes, 0-no). Time to retirement of a board member brings up another agency issue. Those directors who are to retire soon may not be not necessarily care as much about organizational decisions and outcomes and may be more easily convinced by other board members, activist investors, or other shareholders. Since most directors have ownership stakes in the firm where they serve on board, the retiring director may push for the decisions that would maximize short-term investment horizons. Thus, I expect a positive relationship between time to retirement and business strategy-related changes initiated by hedge fund activist investors. Director age and number of director qualifications represent experience. Director qualifications is a BoardEX variable that provides the average number of degrees at and above the undergraduate level and additional qualifications. The older the director and the more qualifications he or she has, the more experienced this director should be. More experienced directors should be able to make more educated decisions that contribute to performance improvement. Director time in company is related to experience as well. Those directors who spend more time in the company accumulate both direct and indirect (tacit) knowledge which allows them to make better and more appropriate decisions that are positively related to

performance. Also, some directors are more connected than the others. Those directors who serve on other boards or have large enough networks may have access to the information about the hedge fund activists that a firm is dealing with. Thus, this information may help to withstand activists' interventions and to better handle the overall negotiation process. Thus, I included such control variables as director network size and director interlocks.

CEO-related variables (shares held, compensation packages, options) are often used as control variables in shareholder activism research. I used Execucomp from Compustat to find information on the CEOs for the companies in the sample. However, I experienced the same problem as Souder et al. (2016) described in their paper. Thus, I had to exclude CEO compensation as a control variable because the majority of this data was missing (data for only 63 companies from 194 was available). I encounted the same problem with calculating the exercisable option ratio. So, it had to be excluded from the control variable list as well.

CHAPTER 5A. RESULTS FOR SHAREHOLDER MIX

Descriptive Statistics and Correlations

Table 3 provides the descriptive statistics for the shareholder mix hypotheses (1- 8). As discussed above, the majority of the events in the sample are related to governance campaigns. Mean transient ownership is considerably lower than the mean of dedicated ownership with 0.35 (SD=1.2138) and 5.89 (SD=8.4175) respectively. This means that dedicated owners hold larger stakes in firms compared to transient investors which is consistent with prior research. It should be noted, however, that previous studies reported higher ownership proportions for dedicated and transient institutional owners. Yet, the higher proportions could be explained by the way the samples for the studies were pulled. For example Zhang and Gimeno (2016) have the highest proportions: about 17% for transient owners and about 22% for dedicated owners. However,

their sample is based on firms only from the airline industry. Connelly et al. (2011) reported that the average firm-year dedicated institutional ownership is almost 12%, while transient ownership is about 10.1%. The individual dedicated owner in their study holds a little over 6%, transient owner holds about 4.6%. Hence, their sample is based on 72 firms that come from Fortune 500, hit the top two places in the industry on sales, and have high market share. Bushee and Noe (2000) reported about 10% for dedicated institutional owners and 9.6% for transient owners in the study on firms' disclosure practices.

To sum up, the samples used in the previous studies are quite diverse. I suggest that the proportion holdings for transient and dedicated owners maybe lower in my study because I have only the companies that have experienced intervention from hedge funds. As literature review suggests, while hedge fund target firms with varying performance, they do tend to target firms with poor performance (Brophy et al., 2009; Goranova & Ryan, 2014). There are a lot of firms in the sample that have negative or very low ROA or issues with other performance indexes. The average ROA is 0.0089. CARs are also relatively low (0.0296). Since transient investors tend to prefer more immediate results, they may simply leave or hold smaller proportions of shares waiting for the performance situation to change. However, this explanation requires further empirical testing that could be address in the future research.

Furthermore, the mean for successful campaigns, when the hedge fund was able to push through the demand of interest, is relatively high 0.20 (1- successful, 0- not successful). About 20% of the campaigns initiated by hedge funds are successful which is consistent with previous literature. It should be noted that campaigns that are partially successful have been excluded from the tests. Also, some campaigns are still in the process, so the information on whether hedge funds have achieved progress in those campaigns in not available yet. Interestingly, the

number of dedicated institutional shareholders was considerably smaller than the number of transient investors and quasi-indexers (the largest group, has been excluded due to them being mostly passive investors (Connelly et al., 2010a)). Thus, the success rate for the interaction of business strategy campaign and transient ownership is 14%, while the success rate for the interaction of governance and dedicated ownership is less than one percent. There were only seven cases when governance campaign passed successfully and dedicated owners were present.

Table 4 provides correlation matrixes. I ran two correlations: one correlation matrix represents business strategy demands and transient ownership proportion (Table 4A) and the rest of the variables in shareholder mix hypotheses, the other represents governance demands and dedicated ownership with the rest of the variables (Table4B). I had to separate transient and dedicated ownership variables because of the way both ownership variables were calculated. The correlation between all variables are obviously the same. The differences between the two tables include the demand type, ownership type, and the discussed interaction variable in the Table 4B.

The correlation matrixes suggests (Table 4A&B) that director tenure and director time in company were highly and significantly correlated (0.8940). This means that one of these control variables should not be included into the models. Otherwise, both variables will contribute to multicollinearity and misleading results. Having examined the variables director tenure and time in company, I have noticed that there is barely any difference between the two (see Table 3- descriptive statistics). Thus, I will keep director tenure and exclude director time in company into the models since a recent study found an impact of director tenure on investor decisions (Brown et al., 2017). Director age is highly correlated with director time to retirement, director tenure, and director time to retirement. This variable will be removed. Director age and

director tenure represent experience, meaning that the older the director is or the longer his or her tenure is, the more experienced and more familiar with the firm background this director will be. Thus, removing director age and keeping director tenure still allows controlling for the experience that a director may accumulate over the years. Board size is highly and significantly correlated with all company size variables. This means that the larger the firm, the larger is the board size, which makes common sense. To avoid multicollinearity issues, I will not include board size as a control variable in all shareholder mix models.

Both measures for leverage are highly correlated with log of total assets, which is the most common measure of firm size in shareholder activism literature. The lowest correlation is observed with the firm size measures as log of employees. Leverage measured as the log of debt to equity ratio has relatively high correlation with all company size measures: log of total assets (0.4858), log of sales (0.3689), log of revenue (0.3689), and log of employees (0.2915). However, the leverage ratio measure as the log of debt to total assets has lower correlations with firm size variables: log of total assets (0.4191), log of sales (0.2965), log of revenue (0.2965), and log of employees (0.2002). Thus, I used log of employees as a firm size measure and log of debt to total assets as a leverage measure for shareholder mix hypotheses.

It should be noted that one of the performance measures, log of market value, is highly correlated with all firm size measures as well with the lowest correlation for the log of employees (0.7349). However, it is still too high. Therefore, I do not control for firm size in the hypothesis where log of market value is the DV. Also, Tobin's q and ROA are highly correlated with R&D intensity. Thus, this variable is excluded from the control list for hypotheses that with ROA and Tobin's q as DVs.

Hypotheses 1 and 2

Hypothesis 1 suggested that hedge fund activists push for a business strategy campaign in firms with a higher proportion of transient ownership. Hypothesis 2 suggested that hedge fund activists push for governance-related campaigns in firms with a higher proportion of dedicated ownership. Since the DV (type of campaign) is a binary variables. I ran logistic and robust regressions.

Table 5 shows the results for robust regressions for both hypotheses. I ran two models for H2. I removed the control variable for two-digit SIC because the number of observations for dedicated owners who initiated governance campaigns is very small. All three models include the control variables that do not contribute to multicollinearity as discussed in the description of the correlation results. Model 1 tests H1 and explains about 75.12% of variance in the choice of a business strategy campaign (R-squared =0.75124). The coefficient for transient ownership is positive and significant (0.00949; $p<0.01$) which supports H1. Even though the effect size is relatively week, the results imply that hedge funds do try to demand business strategy changes in firms with a higher proportion of transient ownership.

Model 2 and Model 3 test H2. Model 3 does not include two-digit SIC codes as a control variable. While Model 2 has a higher explanatory power (R-squared =0.79778) compared to Model3 (R-squared = 0.40488), the coefficients for dedicated ownership are not significant even though positive. Thus, H2 that suggests that hedge fund activists push for governance-related demands in firms where the proportion of dedicated ownership is higher is not supported.

I ran VIF tests to make sure that my data does not suffer from multicollinearity. The results for VIF tests are reported in Table 6. These results suggest that multicollinearity is not an

issue with the mean VIFs being <5 (Model1= 1.93; Model2=2.81; Model3=2.21). Since I used a robust regression to test these models, testing for heteroscedasticity is not necessary.

The results for logistic regression can be found in Tables 7A and 7B. Table 7A provides the results for logistic regression with odds ratios. Table 7B provides the margin effects of the logistic regression. The odds ratio for business strategy demands is 1.043 with coefficient 0.417 ($p<0.05$) is statistically significant. This means that the odds of hedge fund activists initiating a board campaign in firms with a higher proportion of transient ownership is 1.043 times greater over the odds of hedge funds initiating the campaigns other than business strategy-related. Pseudo R2 is 0.7375. The odds ratio for governance-related demands is 1.025 with the coefficient 0.0249 ($p<0.1$). Pseudo R2 is 0.5775. While the significance of $p<0.1$ is accepted in some academic journals, it is not typical in management literature. So, $p>0.05$ is considered not significant. Thus, I conclude that the odds ratio for governance-related demands in firms with a higher proportion of dedicated ownership is not significant. The margin effect tests for the logistic regressions provide similar results (see Table 7B). Thus, based on logistic regressions, H1 is supported and H2 is not supported.

The results for probit regressions are available in Tables 8A and 8B. While there is a difference in the coefficients, these results are similar to the logistic regression outputs in terms of significance. Therefore, based on probit regression analysis, H1 is supported and H2 is not supported.

Overall, the results for robust, logistic, and probit regressions provide support for H1 and do not support H2. As for the control variables, the variables that are consistently significant across business strategy models include R&D intensity, company size, director qualifications, and time to retirement. R&D intensity and company size (log of employees) have a negative

coefficient sign which implies that hedge fund activists tend to push for business strategy campaigns in firms that have smaller R&D and are of smaller size. This is consistent with the shareholder literature. Previous research suggests that hedge fund activists tend to target firms of different sizes, not only large firms as well as firm that have performance issues (Denes et al., 2017). R&D intensity is often viewed as a measure for firm performance. Time to retirement has a positive coefficient sign. This means that those directors who are closer to retirement may be more easily convinced to pursue business strategy changes. Yet, their intentions may be different. Some directors may agree to push for business strategy changes because they are necessary, the others may support hedge fund efforts to benefit in the short-term before they retire.

The variables that are consistently significant across governance-related models include R&D intensity, network size, and time to retirement and CEO duality. All of the variables except CEO duality have a positive coefficient. These results do not support the previous research. For example, CEO duality is usually positively associated with governance changes. However, it should be noted that the number of observations in these models is very small which could explain such results and insignificance of the main effects in these models.

Hypotheses 3 and 4

Hypothesis 3 suggests that hedge funds are more successful at pushing through the business strategy changes in firms with a higher proportion of transient ownership. Hypothesis 4 suggests that hedge funds are more successful at pushing through the governance-related changes in firms with a higher proportion of dedicated ownership. It is important to note that there are only 7 cases that qualify for H 4 testing. This happened because the number of dedicated institutional owners in the sample was small (819), the number of dedicated owners in firms

where hedge funds initiated governance campaigns is even smaller (54), and the number of successful campaigns is only 7. This does not provide enough variance. So, H4 cannot be tested.

I tested H3 using robust, logit, and probit regressions. The variable that measures success is a binary variable (1 - yes, 0 - no). Successful campaigns are the ones where hedge fund activists have fully satisfied their demands. Partial success is excluded from the tests. I removed an industry control variable because successful business strategies were implemented mostly in only three sectors (manufacturing, wholesale, and services). Tables 9A-B provide the results for the robust regression for both hypotheses and VIF. The coefficient is not significant. The average VIF is 1.86 which falls within <5 threshold. The results for logistic and probit models are not significant as well. Since the differences are marginal between the two tests, I am reporting only the results for logistic models. Table 10 provides the results for logistic regression with odds ratios (Table 10A) and margin effects (Table10B).

Overall, H3 is not supported. Thus, firms with a higher proportion of transient ownership are not more successful at pushing through business strategy changes in firms with a higher proportion of transient ownership. The results for H4 are inconclusive because there are not enough observations to test it.

Hypothesis 5

H5a suggests that initiation of a business strategy campaign by hedge funds in firms with a higher proportion of transient ownership will be positively related to market performance (CARs and market value). H5b suggests that initiation of a business strategy campaign by hedge funds in firms with a higher proportion of transient ownership will be negatively related to ROA.

I tested these hypotheses using OLS and robust regressions. The difference between the OLS and robust regressions are marginal. So, I report the results for robust regressions only.

Table 11A-C reports the robust regression results. Table 11A reports the results for CARs as a DV, Table 11B provides the results for log of market value as a DV, and Table 11C reports the results for ROA as a DV. Each of the tests consists of four models. Model1 includes only the control variables (VIF mean: CAR=2.00, lnmv=1.48, ROA=2.03). Model2 adds business strategy as an IV in addition to the control variables (VIF mean: CAR=2.77, lnmv=2.36; ROA=2.80). Model 3 adds transient ownership (VIF mean: CAR=2.64, lnmv=2.26, ROA=2.59). Model4 includes the interaction term between business strategy and transient ownership (VIF mean: CAR=2.63, lnmv=2.67, ROA=2.70).

The results suggest that there is no relationship between CARs and initiation of a business strategy campaign in firms with higher proportion of transient institutional ownership. I draw the same conclusion for ROA. While the interaction terms are not significant for CAR and ROA as DVs, it is significant for the log of market value. The relationship has a positive sign in Model 4 b=0.06534 ($p<0.05$). The predictive power of the models is 79.68%. Thus, market value increases when hedge funds initiate a business strategy campaign in firms with a higher proportion of transient shareholders. Overall, H5a is partially supported and H5b is not supported.

It is important to point out that the results suggest that, in general, when hedge fund activists initiate a business strategy campaign, firm's CAR, log of market value, and ROA increase.

Hypothesis 6

Hypotheses 6a and 6b suggest that initiation of governance campaigns by hedge funds in firms with a higher proportion of dedicated ownership will be positively related to CARs, market value (H6a), and ROA(H6b).

Table 12A-C provides the robust regression results. Table 12A reports the results for CARs as a DV, Table 12B provides the results for log of market value as a DV, and Table 12C reports the results for ROA as a DV. Each of the tests consists of five models. Model1 includes only the control variables (VIF mean: CAR=1.75, lnmv=1.17, ROA=1.18). Model2 adds business strategy as an IV in addition to the control variables (VIF mean: CAR=1.85, lnmv=1.60; ROA=1.35). Model 3 adds dedicated ownership (VIF mean: CAR=2.26, lnmv=1.92, ROA=1.27). Model 4 includes the interaction term between governance change-related campaigns and dedicated ownership (VIF mean: CAR=6.97, lnmv=7.03, ROA=7.78). Even though some academic journals accept <10 average VIF threshold, many management journal do not. Therefore, I added Model 5 where I included only the interaction term and the control variables (VIF mean: CAR=2.23, lnmv=1.85, ROA=1.22) and excluded governance campaign and dedicated ownership because both contributed to very high VIFs. The results for the relationship between each of the performance variables (CAR, log of market value, ROA) and the interaction term are not significant. Thus, H6a and H6b are not supported. This implies that there is no relationship between performance and initiation of governance campaigns in firms with the higher proportion of dedicated institutional owners. I suggest that one of the reasons for not finding a relationship could be lack of dedicated owners in the sample.

Hypotheses 7

Hypothesis 7 suggests that business strategy changes initiated in firms with a higher transient ownership proportion are positively related to long-term performance. As discussed in the theory development and methods section, I use Tobin's q as a DV that represents long-term performance. The results for robust regression are reported in Table 13. It consists of four models: Model 1- control variables only (VIF mean=1.27), Model 2- business strategy campaigns and control variables (VIF mean=1.54), Model 3 adds transient ownership (VIF mean=1.44), and Model 4 includes all of the above and the interaction term (VIF mean=1.69). The interaction term is positive and significant b=0.02806 ($p<0.01$) which supports H7. Thus, there is a positive relationship between long-term performance and initiation of a business strategy in firms with a higher proportion of transient ownership.

Hypothesis 8

Hypothesis 8 suggests that governance-related changes in firms with a higher proportion of dedicated ownership will be positively associated with long-term performance. The results are reported in Table 14. I used robust regression. Similarly to H6, I had to test five models because the interaction term was highly correlated with dedicated ownership. Thus, Model1 includes only the control variables (VIF mean=1.27). Model2 adds governance strategy as an IV in addition to the control variables (VIF mean=1.54). Model 3 adds dedicated ownership (VIF mean=1.43). Model 4 includes the interaction term between business strategy and dedicated ownership (VIF mean=12.95). VIF for Model4 is very high. It means that there is a multicollinearity issue. Thus, I included Model5 that includes only the interaction term and control variables (VIF mean=1.39). The results do not support H8. Thus, there is no

relationship between long-term performance and governance campaign initiation in firms with the higher proportion of dedicated ownership.

Results Summary for Shareholder Mix

Table 15 provides the summary for the results related to the shareholder mix hypothesis.

	Results	Table Number	Comments
H1	Support	Tables 5-8	
H2	Not Supported	Tables 5-8	Not significant
H3	Not Supported	Table 9-10	Not significant
H4	Not Supported		Inconclusive
H5a	Partially Supported	Table 11	lvmv-supported; CAR-not supported
H6	Not Supported	Table 12	Not significant (ROA)
H7	Supported	Table 13	Not significant
H8	Not Supported	Table 14	Not significant

CHAPTER 5B. RESULTS FOR FIRM INVESTMENT HORIZON

Sample Selection Approach

While the full sample consists of seven two-digit industry sectors, some of them have not been included into the full sample. Table 16 demonstrates the descriptive statistics for the variables used to calculate relative investment horizon of the firms: PPE, investment horizon, and relative investment horizon. As noted above, Souder et al. (2016) suggest examining relative investment horizon which is measured in years. The average relative investment horizon for the Mining and Transportation & Public Utilities industries is negative with (-2.35816 years) and (-3.68547 years) respectively. Also, the average relative investment horizon for Finance, Insurance, & Real Estate is almost zero (0.087705). Thus, I dropped these industries from the sample. My main sample includes the following industries: Construction (0.938744), Manufacturing (1.092189), Wholesale Trade (0.613391), and Services (3.414941). Since Souder et al. (2016) suggest that their measure suits the best for manufacturing firms (that traditionally have a PPE expense unlike firms in some other industries), I ran the same analysis on a sub-

sample with only manufacturing firms. It should be noted as well that the majority of the firms for which PPE was available are manufacturing firms (71 manufacturing firms from 163 firms with PPE). The average relative investment horizon for manufacturing firms from Fortune 500 in Souder et al. (2016) was 1.39 which is slightly higher than that 1.09 relative horizon for the manufacturing firms in my sample.

Descriptive Statistics and Correlation

Table 17A provides descriptive statistics for the main sample. As mentioned in the methods section, *Type of Campaign* in this sample is 1 for business strategy changes and 0 for governance changes. Since the majority of campaigns are governance-related changes, the mean is relatively low 0.11. The average relative horizon is 1.53 years. I have also created a dummy variable for relative horizon based on percentiles. If the relative horizon is higher than the 50^{th} percentile, *relative horizon (q50)* is equal to 1, if it is lower than the 50^{th} percentile, then q50 is 0. This variable was created to better capture the overemphasis on long-term or short- term horizons. Additional variables that have been created and are not in the sample for the previous study (shareholder mix), include an interaction term between the type of campaign and relative horizon and the interaction term between the type of campaign and relative horizon (q50).

Table 18A provides correlation results for the main sample. The correlation table results are similar to the sample I used for shareholder mix. I will not repeat myself, since I have already explained my logic for excluding the control variables. Thus, I excluded director age, director time in company, and board size. I am using log of employees as a measure for company size again because it has the lowest correlation with ROA (one of performance measures). It also has the lowest correlation with the leverage ratio measured as log of debt-to-total assets. Surprisingly, log of market value is highly correlated with too many variables

including all firm size measures and R&D intensity. These variables will not be included in the models with log of market value. R&D intensity is also excluded from Tobin's q hypotheses.

Full Sample Results (All Industries)

Hypotheses 9&10. Hypothesis 9 suggested that hedge funds try to initiate business strategy campaigns in firms that overemphasize long-term investment horizon. Hypothesis 10 suggested that hedge funds would initiate governance campaigns in firms that overemphasize short-term horizon. Since my DV (Type of Campaign) is a binary variable where business campaigns are 1 and governance campaigns are 0, the results of the regressions would be applicable to both hypotheses. I used robust regressions and logistic regression with odds ratios and margin effects.

Table 19A represents the results for robust regressions where the IV is relative investment horizon in Model1 and relative investment horizon 50th percentile (over 50^{th} percentile=1, 0- otherwise) in Model2. While the coefficients in Model 1 and Model 2are significant in at $p<0.01$ and $p<0.05$ respectively, the signs are negative. Thus, I have to conclude that H9 and H10 are not supported. Interestingly, the negative sign of the coefficients implies that hedge funds initiate strategy changes in firms with shorter investment horizons, while a governance changes in firms with higher relative investment horizons. Basically, hedge funds match the demand choice with the horizon type instead of trying to balance out overemphasis on either short-term or long-term investment horizons. The explanatory power for Model 1 is 52.23% and for Model2 is 51.88%. Table 19B provides VIF tests. The average VIF in both models is below 5. I had to drop one two-digit sic code (73- from the Services industry) because it had high VIF of higher than 10 which contributed to collinearity issues and negatively impacted the predictive power of the models.

The results from the logistics regression support the same conclusion as the results from the robust regression. Table 19C provides the logistic regression (odds ratio) output for relative investment horizon. Table 19D provides the logistic regression (odds ratio) output for relative investment horizon 50th percentile (over 50th percentile=1, 0- otherwise). Table 19E shows the results logistic regression (margin effects) for both relative horizon variables.

Overall, H9 & H10 are not supported for the main sample. The results imply that hedge funds try to match the type of campaign with investment horizon rather than trying to balance out overemphasis on either short-term or long-term investment horizons.

Hypotheses 11 & 12. Hypothesis 11 suggested that when hedge funds try to balance out the overemphasis on long-term investment horizon by initiating short-term campaigns, the firm performance including CAR, market value, Tobin's q, and ROA should improve. Hypothesis 12 suggested that when hedge funds try to balance out the overemphasis on short-term investment horizon by initiating long-term campaigns, the firm performance including CAR, market value, Tobin's q, and ROA should improve. I ran robust regressions to test these hypotheses. Since the VIF for two two-digit sic codes was over 10 (35 and 38 – from the Manufacturing industry), I dropped them to avoid multicollinearity issues. The VIF for capital intensity contributed to multicollinearity as well in the models with CAR as a DV. Thus, I had to exclude it from those models.

The results for robust regressions and VIF tests are provided in Table 20A-B (CAR), 21A-B (lnmv), 22A-B (Tobin'q), 23A-B (ROA). All VIF tests fall within acceptable mean<5 threshold. I ran four separate analyses for each of the performance DVs. Also, each of the analyses consists of four models. Model1 includes only control variables. Model2 includes the

type of campaign as an IV. Model3 includes the type of campaign and relative horizon as IVs. Model4 includes the interaction term between the type of campaign and relative horizon. The interaction term between the type of campaign and relative horizon is positive and significant for CAR as a DV (b=0.02056, p<0.01). This means that cumulative abnormal returns will increase when hedge fund activists try to balance out the overemphasis on short-term investment horizon by a governance campaign and the overemphasis on long-term horizon by a business strategy campaign. The explanatory power of this model is 64.48% (Table 20A, Model3).

The interaction term is significant for the log of market value and Tobin's q as DVs. However, the coefficients are negative: b=-0.17282 (p<0.01, Table 20A, Model4) and b=-0.26158 (p<0.01, Table 22A, Model4). This means that market value and Tobin's q of the a firm go down when hedge fund activists try to balance out the overemphasis on either short-term or long-term investment horizon through applying business strategy or governance changes. The explanatory power of the models is 64.25% (lnMv- DV) and 45.32% (Tobin'q - DV). Finally, the interaction term for ROA model (Table 23, Model4) is significant at 0.1 level. However, traditionally management literature considers only p<00.1 and p<0.05 as acceptable significance levels. Therefore, I have to conclude that the model is not significant.

Table 24A-D provides robust regressions with the same models. However, instead of the relative horizon, I used the 50 percentile dummy variable (q50) that I used for hypotheses H9 and H10. I had to exclude the two-digit sic codes as a control variable since they contributed to multicollinearity. Even through the explanatory power of the models has decreased because I removed the industry as a control variable, the results in terms of the significance and the direction of the relationships are the same for all performance DVs except for ROA. Also, the coefficients are stronger: b=0.58949 (p<0.01; CAR-DV; Table24A, Model 4), b=-2.51807

(p<0.01; lnmv-DV; Table 24B, Model 4), b=-1.19335 (p<0.01; Tobin's q; Table 24C, Model 4). The results for ROA as a DV are significant at 0.01 level unlike the relative investment horizon regressions without 50th percentile (p<0.1 which I reported as not significant). Moreover, the explanatory power of this model is the higher compared to models with the rest of the performance DVs (38.321%).

To sum up the results for H11 and H12, CAR and ROA improve when hedge fund activists push for business strategy campaigns in firms with an overemphasis on long-term horizon and governance campaigns in firms that overemphasize short-term horizon. Even though I reported the model with ROA as a DV as not supported in for investment horizon variables, I conclude that the hypotheses for ROA are supported based on the results of the models with 50th percentile (q50) of investment horizon. The q50 is a better reflection of overemphasis on short-term (below the 50th percentile) and long-term horizon (above the 50th percentile). The models with log of market value and Tobin's q are significant, but have negative signs. This means that both of these performance variables will go down when hedge fund activists try to balance out overemphasis on short-term with governance changes and overemphasis of long-term horizon with business strategy changes. Overall, I conclude that hypotheses H11 and H12 are partially supported.

Sub-Sample (Manufacturing Firms Only)

Table 18B provides descriptive statistics for the manufacturing sample. There is a difference in means for relative horizon between the main sample (1.53 years) and the manufacturing sample (1.09 years). There is a slight difference between the type of campaign in the main sample (0.11; 1- Business Strategy, 0- Governance) and the manufacturing sample (0.13). So, business strategy campaigns are implemented slightly more often in manufacturing

firms. Also, there are more firms that overemphasize long-term horizons in the main sample (0.53; 1- overemphasis long-term; 0 –overemphasis short-term) compared to the manufacturing sample (0.49).

Table 18B provides a correlation matrix for the manufacturing sub-sample. All company size variables are highly correlated with many variables including ROA, Log of market Value, Tobin's q, R&D intensity, and Capital intensity. Thus, I had to exclude company size as control variable for this sub-sample. Board size is correlated with all performance variables except for Tobin's q. So, I will include board size only into the models with Tobin's q as a DV. R&D intensity is highly correlated with all performance DVs except for CAR. It will excluded from the hypotheses with ROA, Tobin's q and log of market value. Board size is highly correlated with all size measures, log of market value, ROA, and R&D. So, I can keep it in the hypotheses that test CAR and Tobin's q. Capital intensity has a relatively high correlation with relative investment horizon. Thus, I would have to exclude capital intensity from the control variables list. All board-related variables have similar correlation issues as the main sample. So, I keep director time to tenure, director network size, CEO duality, and director qualifications as control variables.

Hypotheses 9 and 10. Similarly to the main sample, two two-digit sic codes contributed to multicollinearity (sic2=38 and sic2=35), so I had to drop them. I had the same issue with both leverage ratios. I had to exclude them as well. Table 25A-B provides the results for robust regressions. Model 1 reports the results with relative investment horizon as an IV (b=- 0.054, $p<0.1$). As discussed above, 0.1 significance level is not commonly accepted in management literature. So, the relationship is not significant. Model 2 reports the results with the dummy variable for 50^{th} percentile of relative investment horizon (q50) as an IV (b=-1.165532, $p<0.01$).

The hypothesized relationship is significant. Nevertheless, it has a negative sign. This means that hedge funds are not more likely to initiate business strategy campaigns in the manufacturing firms that overemphasize long-term horizon and governance campaigns in the manufacturing firms that overemphasize short-term horizons. The explanatory power for Model2 is 35.69%. Overall, H9&H10 are not supported for the manufacturing sub-sample just as it was not supported for the main sample. The results for logistic regression are reported in Tables 26 A-C. These results support the conclusion drawn from the robust regression results.

Hypotheses 11 and 12. The results for H11 and H12 for the manufacturing sample are different from those of the results for the main sample. While the impact on CAR and ROA was supported with the main sample, the results for the manufacturing sub-sample suggest that none of the performance-related hypotheses are supported (Table 27A-D). The interaction term between the type of campaign and relative investment horizon is not significant for Tobin's q and ROA , while it is significant for CAR and log of market value. However, the signs of the coefficients are negative. This means that when CARs and market value of the manufacturing firms decrease in cases when hedge fund activists try to balance out overemphasis on either short-term or long-term horizon. The VIF tests are reported in Table 27E.

The results for the interaction term with the dummy variable q50 and campaign type are the same as just with a relative investment horizon without dummy. The only difference between the models is that the explanatory power for the models with the dummy variables is a little bit higher (Table 28 A-D). The results of VIF tests are reported in Table 28 E. Overall, H11 and H12 are not supported for the manufacturing sample.

Relative Investment Horizon (average)

Full sample. As discussed in the methods section, I measure relative investment horizon following the original Souder et al. (2016) paper measure that requires subtracting median industry investment horizon from firm investment horizon. However, as a robustness check, I added an additional measure of relative investment horizon that uses average industry investment horizon instead of the median. I explained the reasoning in the in the methods section. I ran tests for two samples that I used for testing the first relative horizon measure.

The average relative investment horizon for this measure is 11.74. It is important to note that there is a smaller difference between the mean firm investment horizon (11.80) and relative investment horizon (11.74). There was a considerably large difference between the firm investment horizon (11.43) and relative investment horizon (1.53) for the measure with the median.

Table 29A shows the results for the robust regression. The coefficient is positive and significant ($b=0.00634$, $p<0.01$), but very small. The VIF mean is 3.21. The predictive power is 49.40%. The results from the logistic regression are reported in Table 29B. The coefficient in both cases in not significant. The explanatory power of the power is higher (54.89%). Since, the coefficient for robust regression is very small, the DV is binary, the predictive power is higher, I use the results from the margin effects of the logistic model. Thus, I conclude that H9&10 are not supported.

Testing for H11 and 12 using the relative horizon measure was challenging because there were multicollinearity issues and the range for q50 (relhor that is higher than the median 1; 0-otherwise) was non-existent. So, all observations were equal to 1. Thus, I did not perform any tests with it. I first ran the analysis with four models for each of the performance DVs like I did

for the previous measure. However, since the average VIF for the fourth model with IVs, control variables, and the interaction term was above the threshold was above the threshold in for some performance DVs. For example, for CAR the VIF mean was 5.35 (Campn type VIF=21.23; Relhor1 VIF=9.34; Interaction=16.12). I did not have this issue with the other relative horizon measure. Thus, I had to leave only the interaction term and the control variables for this DV. I have only two models here: one with all control variables (VIF mean=2.82), the other with the interaction terms and control variables (VIF mean=3.09). The interaction term is positive and significant.

The results for the log of market value and Tobin's q as DVs are the same. Both models have a significant, but negative interaction term. The mean VIF was within the threshold even though a little high: lnmv (VIF mean=) and Tobin's q (VIF mean=4.62). Thus, I was able to keep all four models in both cases. The results are reported in Tables 30B and 30C. The results for ROA as a DV are provided in Table 30D. Again, the mean VIF is rather high, but with the allowed threshold<5 (VIF mean=4.51). The results are supported at $p<0.1$ which is typically not accepted in management literature. Thus, I conclude that the interaction term is not significant.

Overall, using the relative horizon measure with the mean instead of the median industry investment horizon, I got exactly the same results. Thus, I only found support for CAR improvement when hedge fund activists balance out overemphasis on short-term or long-term by initiating either a governance or a business strategy campaign.

Sub Sample (Manufacturing). The results for H9 and H10 are provided in Tables 31A-B. While both robust and logistic regression do not provide support for the hypotheses, robust regression coefficient has a negative and significant coefficient. Logistic regression results suggest that the coefficient is not significant. H9 and H10 are not supported.

The application of the relative investment horizon measure with the average industry investment horizon for the manufacturing sample does not cause the multicollinearity issues as it does with the full sample when testing H11 and H12. The results are reported in Tables 32A-D. Both hypotheses are not supported. The interaction term is not significant for Tobin's q and ROA as DVs. The interaction coefficients are significant, but negative for CAR and market value.

Overall, the results for the manufacturing sample with the relative horizon measure that is based on the average industry investment horizon match the results I got with the original measure. However, this measure may cause multicollinearity issues when applied across multiple industries and has a very small difference from the average firm investment horizon. Thus, there is barely any difference between firm investment horizon and relative investment horizon.

Results Summary Firm Investment Horizon

Table 33. Results Summary for Relative Horizon (with median industry)

Relhor	**Full Sample**		
	Results	Table #	Comments
H9&10	Not supported	Table19A-C	Sign-t, but neg sign
H11 &12	Partially Supported	Table 20 A-B Table 21 A-B Table 22 A-B Table 23 A-B	CAR- supported lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

Relhor	**Manufacturing Sample**		
	Results	Table #	Comments
H9&10	Not supported	Table 25 A-B and 26 A-C	Sign-t, but neg sign
H11 &12	Not supported	Table 27 A-E	CAR- sign-t, but neg sign lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

Relhor q50	**Full Sample**		
	Results	Table #	Comments
H9&10	Not supported	Table19A-C	Sign-t, but neg sign
H11 &12	Partially Supported	Table 24 A-D	CAR- supported lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

Relhor q50	**Manufacturing Sample**		
	Results	Table #	Comments
H9&10	Not supported	Table 25 A-B & 26 A-C	Sign-t, but neg sign
H11 &12	Not supported	Table 28 A-D	CAR- sign-t, but neg sign lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

Relhor Av	**Full Sample**		
	Results	Table #	Comments
H9&10	Not supported	Table 29 A-C	Robust-sup-t; logistic-not sign
H11 &12	Partial ly Supported	Table 30 A-D	CAR- supported lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

Relhor Av	**Manufacturing Sample**		
	Results	Table #	Comments
H9&10	Not supported	Table 31A-C	Robusr- sing-t, but neg; logistic - not sign
H11 &12	Not supported	Table 32 A-D	CAR- sign-t, but neg sign lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

CHAPTER 6. DISCUSSION AND CONCLUSION

Discussion and Limitations

The goal of the study was to examine whether the choice of hedge funds activists' demands depends on time-related characteristics of the firm. Specifically, I investigated the impact of the shareholder mix (long-term vs. short-term shareholders' ownership) and firm investment horizon on the choice of campaigns that hedge fund activists chose to pursue. Based on the literature review, I argued that the two most popular hedge fund activism demands are governance- related campaigns and business strategy-related campaigns. My sample supported the same idea. I suggested that governance-related demands are more long-term from the perspective that the consequences of such interventions may generate smaller gains right after the event or may take time to accumulate the benefits. On the other hand, I proposed that business strategy-related demands are more short-term from the perspective that they generate immediate gains, but may not contribute to value accumulation over time.

According to shareholder literature, transient, or short-term, shareholders push firms to short-term outcomes maximization, while dedicated, or long-term, shareholders contribute to the opposite results (Connely et al., 2010a; Porter 1992a). Using the agency logic and resource dependence theory, I argued that hedge fund activists would try to align their choice of demands with the shareholders' interests who hold larger ownership stakes to ensure that the campaigns (which can be over 10 million dollars (Gantchev, 2013)) increase their chances of reaping the maximum benefits. Thus, I proposed that hedge funds push for business strategy campaigns in firms where the proportion of transient ownership is higher and governance-related campaigns in firms with a higher proportion of dedicated ownership. I found support only for transient shareholder ownership. Thus, hedge fund investors do try to match the interests of transient

shareholders with a short-term tactic, i.e. business strategy campaigns. It should be noted that the number of dedicated shareholders for the firms in my sample was very low which could have contributed to insignificant findings. Basically, my results suggest that there is no relationship between dedicated ownership and governance-related demands from hedge fund activists.

Also, I did not find support for the hypotheses that implied matching the choice of the campaigns with the ownership proportion contributes to more successful campaigns in terms of the hedge funds getting everything they want. However, there were multiple cases when hedge funds partially got what they requested and quite a few cases when they had to withdraw the demands. Partial success of hedge funds' campaigns has not been examined in this study. Future research may examine partial success of campaigns and figure out which demands are more likely to go through. What is important to note though is that in recent years more companies have been able to withstand hedge fund activists' demands, at least partially, compared to previous years. This means that investor relations departments that have become a norm in large and medium size companies may have helped them to find better approaches to handling hedge funds and other types of shareholder activists.

As for performance consequences, the results suggest the matching the shareholder mix and the type of campaign contributes to market value improvement when business campaigns are matched with the higher proportion of transient ownership. I did not find support for the hypotheses related to a positive impact on CARs and ROA. None of the performance outcomes are impacted by matching the governance demands with a higher proportion of dedicated ownership.

It should be noted as well that my study revealed a positive impact of hedge fund activists' presence (as shareholders) on long-term performance even though it was not one of the

hypotheses. This finding is in line with more recent publications (Bebchuk et al., 2015; Gantchev, 2013; Venkiteshwaran et al., 2010, Brav et al., 2008a). As for the hypothesized relationships, my findings suggest that matching the campaign type with the shareholders' interests contributes to long-term performance when hedge funds initiate campaigns in firms with a higher proportion of transient ownership. Thus, the results imply that even through transient owners tend to hold shares for shorter periods of time compared to dedicated owners, they can still contribute to long-term performance improvement through the requests they impose on companies.

One of the biggest limitations of the hypotheses related to the shareholder mix is the number of dedicated owners in the firms. Again, the number of dedicated owners in my sample that included 194 firms was quite small. The number of observations decreased even more when I had to identify the firms in which hedge fund activists push for governance changes within the firms that have dedicated institutional owners. However, my sample consists of firms from almost every industry sector that exists. This means that a small number of dedicated owners in American public companies is very common.

The second part of the study examined the impact of firm investment horizon on the choice of the two types of campaigns by hedge fund activists. The literature review implied that firms may tend to overemphasize short-term or even long-term investment horizon (e.g. family firms) which both lead to negative consequences on performance (Souder et al., 2016). I argued that hedge fund activists would try to balance out the overemphasis by demanding governance changes (long-term tactic) in firms that overemphasize short-term investment horizon and business strategy demands (short-term tactic) in firms that overemphasize long-term investment horizons. However, I did not find support for my hypotheses. I ran the tests on a sample that

included several industries (Construction, Manufacturing, Whole Trade, and Services) and a sample that included only manufacturing firms which dominated the sample. Both samples showed significant results, but with a negative sign. The negative relationship implies that instead of balancing out the overemphasis on either horizon, hedge funds actually tend to align the type of campaign with firms' investment horizon. Thus, hedge funds initiate business strategy campaigns in firms that overemphasize short-term horizons and governance campaigns in firms that overemphasize long-term horizons. While future research would have to investigate the reasoning behind such an alignment, I suggest that hedge funds, given the increase in partial campaign success, try to align their demands with the overall firm direction to make sure they go through. Hedge fund activists' campaigns can get very expensive (Gantchev, 2013). Alignment of the demands with the current firm direction may be better received my managers and shareholders, and would have higher acceptance chances. Rejection, however, may damage hedge funds' reputation.

Moreover, I proposed that hedge funds' attempts to balance out the overemphasis on either short-term or long-term investment horizon would be positively associated with a number of performance indexes such as CARs, market values, Tobin's q, and ROA. The results from the main sample revealed that CARs increase when such balancing occurs. I found no relationship between ROA and balancing out the overemphasis with business strategy or governance campaigns. I found a negative relationship between market value and balancing out the overemphasis with business strategy or governance campaigns. I reported the same findings for Tobin'q. This means that when hedge funds balance out the overemphasis on either short or long-term horizon, firms' market value and Tobin's q go down.

However, the sample that included only manufacturing firms revealed a negative relationship between CARs and balancing out overemphasis on short-term or long-term investment horizons through the choice of campaigns. I found the same results for market value. These results imply that CARs and market value decrease when hedge fund activists balance out firm short-term investment horizon overemphasis with a governance campaign and long-term investment horizon overemphasis with a long-term campaign. There is no relationship for market value and Tobin's q.

The main limitation of the investment horizon hypotheses is the actual measure of investment horizon. Using this measure across all industries is not an effective way of examining the impact of firm investment horizon on hedge fund activists' choice of demands. Souder et al. (2016) suggested that the measure with PPE a better fit for manufacturing firms because these firms are more likely to have PPE. I excluded all firms that had zero PPE and a negative or barely existing relative investment horizon. So, the firms in my sample had PPE that were relatively similar to PPE of manufacturing firms. Nevertheless, I suggest that each industry should have a unique formula for firm investment horizon calculation that reflects its specific characteristics (like PPE in manufacturing firms) for more robust results.

To ensure the robustness of the results, I created an additional relative horizon variable. Some scholars suggested using industry averages when examining a firm relative to other firms (Yasar,2013). Thus, instead of using the median industry investment horizon, I used the average industry investment horizon in the calculations. The results using this measure were the same as the results from the original measure.

Another limitation of the study that is relevant to both firm investment horizon and shareholder mix hypotheses is that business strategy campaigns include demands that can be

either value creating or value reducing. For example, spin-offs contribute to an increase of cumulative abnormal returns and some other performance variables. Free cash flow may have a negative impact because some shareholders consider it a poor investment practice and may require paying off dividends, invest in R&D, or improve something else. Both examples would refer to business strategy campaigns, but they have different impact on company performance. This could explain the insignificance or negative relationships with performance variables in both parts of the study.

Endogeneity could possibly be one of the main limitations in this study. Endogeneity is one of the commonly-mentioned concerns in strategic management literature. It may compromise the validity of the study and contribute to unreliability of results. Scholars suggest different approaches to addressing endogeneity. One such approach is inclusion of instrumental variables (Semadeni, Whithers, & Trevis Cierto, 2014). While it is one of the most common ways to address endogeneity, there is no specific procedure to determine whether the instrumental variables would contribute theoretically and address the main issue. I do acknowledge that there are potential endogeneity problems in my study. Thus, I do not argue that my study establishes causality. However, a recent study, referencing the editors from the Strategic Management Journal, suggests that establishing causality, even though important, is not necessary to make a contribution (Hawn & Ioannou, 2016). Therefore, the "studies that raise questions about a phenomenon can be as valuable as those studies that seek to provide answers" (Hawn & Ioannou, 2016: 2585; Bettis, Gambardella, Helfat, & Mitchell, 2014:950). My study addresses the research questions that have not been addressed in prior literature on hedge fund activism.

Directions for Future Research

Future research on the impact of time-related frim characteristics on the choice of demands by hedge fund activists may include examination of other characteristics besides firm investment horizon and the shareholder long-term or short-term interests. However, the characteristics examined in this study require further investigation.

For example, the study investigates the impact of transient and dedicated ownership on the choice of campaigns. It does not include quasi-indexers' ownership because these shareholders are typically passive investors (Connelly et al., 2010a). My sample revealed that the majority of institutional shareholders in firms are quasi-indexers which similar to Bushee and Noe (2000) findings. If these investors are passive, it may imply that it could potentially be easier for hedge fund activists to push their agendas. Future research may investigate if hedge funds are more successful at pushing through their demands in the firms with the higher ownership proportion of quasi-indexers or which demands are likely to go through in such firms. How the demands change depending on the composition of ownership is another question for future research.

As for the investment horizon investigation, future research should concentrate on developing measures for different industries to capture their unique characteristics like Souder et al. (2016) measure that fits the best for the manufacturing firms.

Finally, scholars should be aware of the different impact of business strategy demands on firm performance as discussed in the limitations part. Thus, splitting this group of demands into smaller, more related groups could be a solution. Brav et al. (2008a,b) divide all demands into five categories (including governance demands), but some of them are not mutually exclusive. So, it is important to come up with mutually exclusive business strategy categories and to

investigate them separately. One problem with such approach is that the number of some demands is very small. Also, governance demands are dominated by board campaigns. A separate examination of this category of demands and different business strategy categories will contribute to better understanding the antecedents of hedge fund activism.

APPENDICES

Figure 1. The Model of the Study

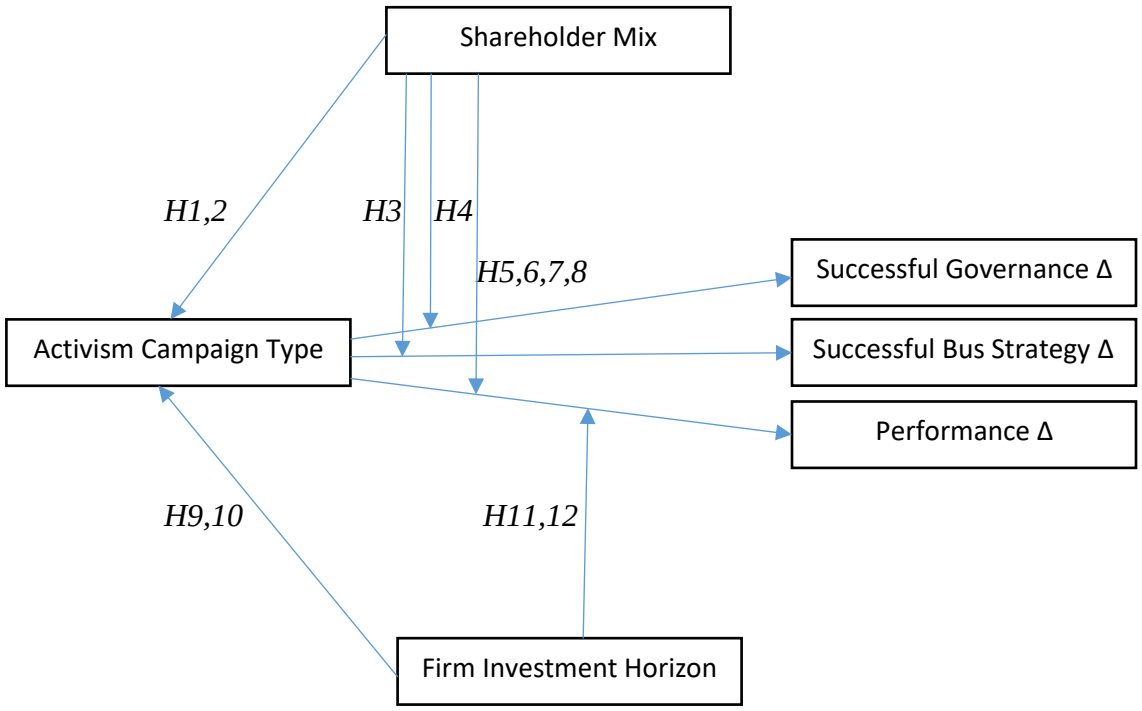


Table 1. Classification of Hedge Fund Activists' Demands

Governance Changes

Board Related Activism	
Gain Board Representation	186
Removal Of CEO Or Other Board Member	25
Change Board Composition	17
Eliminate Staggered Board	11
Elect Director	5
Separate Chairman & CEO	5
Replace Management	2
Board Independence	1
Other governance	
Redemption/Amendment Of Poison Pill	8
Amend Bylaw	6
Lack Of/Inaccurate Information From Company	6
Adopt Majority Vote Standard	4
Remuneration	
Remuneration	11

Business Strategy Changes

Business Focus & Operational Efficiency	
Push For Sale Of Company To Third Party	26
Business Focus (spin-off/sale-off , other restructuring types)	20
Operational Efficiency	5
Focus On Growth Strategies	2
General Cost Cutting	1
REIT / MLP Conversion	1
M&A activism	
Push For Merger of Company With Third..	4
Takeover Company	4
Oppose Takeover Terms	3
Push For Acquisition Of Third Party	3
Oppose Acquisition Of Third Party	1
Oppose Merger	1
Oppose Terms Of Merger	1
Balance sheet activism	
Share Repurchase	24
Dividends	11
Oppose Equity Issuance	4
Excess Cash	3
Return Cash To Shareholders	3
Sell/Retain Assets	3
Equity Issuance	1
Other	
Push For/Oppose Merging Of Shares	3
Cancel Contract	2

Table 2. Sample Periods in Research Related to Topics in the Study

*Only the studies related to hedge funds required 13D examination

Authors	Period	Content
Brav et al., 2008a,b	2001 – 2006	Hedge funds
Klien & Zur, 2009	2003 – 2005	Hedge funds
Klein & Zur, 2011	1994 – 2006	Hedge funds
Gantchev, 2013	2000 – 2007	Hedge funds
Bebchuk et al., 2015	1994 – 2007	Hedge funds
Venkiteshwaran et al., 2010	1995 – 2007	Carl Icahn's hedge fund
Connelly et al. 2010a	1997-2006	Influence of transient and dedicated investors
Attig et al., 2013	1985 - 2007	Institutional investment horizons
Zhang & Gimeno, 2016	1994-2000	Long-term investors
Souder et al., 2016	1991 – 2011	Firm Investment horizons and institutional investors
Flammer & Bansal, 2017	1997 - 2012	Firm Investment horizon and shareholder proposals
Souder & Bromiley, 2012	1991 - 2007	Firm Investment horizon
Souder & Shaver, 2010	1972 - 1996	Firm Investment horizon

Table 3. Descriptive Statistics for Shareholder Mix Hypotheses

Variable					
Business Strategy Demand	11,128	0.2762401	0.4471571	0	1
Governance Demand	11,128	0.7237599	0.4471571	0	1
Transient Ownership	26,009	0.3539749	1.213818	2.32E-07	63.00718
Dedicated Ownership	819	5.893304	8.417535	0.000888	92.12933
R&D Intensity	34,272	0.056254	0.1260802	0.0001005	3.464596
CAPX Intensity	74,072	0.0588282	0.0581291	-0.0001794	0.7175333
Leverage (log debt-to-equity)	51,846	-0.6083327	1.926984	-10.71296	6.704865
Leverage (log debt-to-assets)	61,198	-1.670209	1.415619	-10.95614	2.006765
Free Cash	68,115	1.026254	0.8435945	-0.7357064	5.74507
Company Size (log of assets)	77,186	7.883148	2.026543	-0.216913	15.00033
Company Size (log of sales)	73,236	7.66716	2.115998	-6.214608	11.95056
Company Size (log of revenue)	76,342	7.610798	2.141552	-6.214608	11.95056
Company Size (log of employees)	76,677	1.622743	2.218886	-6.214608	5.743003
Director Network Size	69,022	1469.261	1640.192	0	13488
Director Time to Retirement	68,871	6.831183	9.115341	-25.8	39.5
Director Tenure	68,873	7.948418	7.053525	0	55.3
Director Time in Company	68,873	8.600793	7.870761	0	55.3
Director Interlocks	68,794	1.726662	0.9766967	1	11
Director Age	68,871	62.09923	9.478166	30	90
Director Qualifications	68,873	2.192252	1.219466	0	10
Board Size	69,022	9.200574	2.221664	4	16
CEO duality	69,022	0.5088088	0.499926	0	1
ROA	74,072	0.0088635	0.4921646	-27.57516	3.565743
Log of Market Value of Equity	73,596	7.772063	1.97414	1.169884	10.59039
Tobin's Q	65,917	2.020795	1.888519	0.555549	35.90716
CAR	11,007	0.0296249	0.1967825	-1.081893	1.72451
Successful Bus Camgn*traowp	9,745	0.1392509	0.3462259	0	1
Successful Gov Camgn* dedowp	9,745	0.0625962	0.2422477	0	1
Gov. Demand*Dedicated Ownp	3,507	0.1221222	1.289583	0	63.00718
Bus Strategy*Traowp	180	3.961518	6.593688	0	54.81297

Table 4A. Correlation Matrix with Business Strategy and Transient Ownership

		1	2	3	4	5	6
1	Business Strategy	1.0000					
2	Transient Ownership	0.0075	1.0000				
3	R&D Intensity	-0.1630*	0.0475*	1.0000			
4	Capital Intensity	0.1169*	-0.0533*	-0.0675*	1.0000		
5	Leverage (debt/equity)	0.0463*	-0.0295*	**-0.2972***	-0.1194*	1.0000	
6	Leverage (debt/assets)	-0.0147	-0.0188*	-0.1922*	-0.0644*	**0.9484***	1.0000
7	Free Cash	-0.2581*	0.0112	0.0039	-0.0459*	-0.1696*	-0.1862*
8	Log of Total Assets	0.1256*	-0.1757*	-0.3599*	0.1304*	**0.4858***	**0.4191***
9	Log of Sales	0.0601*	-0.1751*	-0.4624*	0.1282*	**0.3689***	**0.2965***
10	Log of Revenue	0.0124	-0.1769*	-0.4624*	0.1282*	**0.3689***	**0.2965***
11	Log of Employees	0.0091	-0.1428*	-0.3588*	0.0789*	0.2915*	0.2002*
12	Dir Network Size	-0.1825*	-0.0370*	0.0365*	-0.1265*	-0.0108*	-0.0200*
13	Dir Time to Retirement	0.0812*	0.0298*	0.1316*	-0.0335*	-0.0675*	-0.0537*
14	Dir Tenure	-0.0124	-0.0391*	-0.0968*	0.1997*	-0.0596*	-0.0402*
15	Dir Company Tenure	**0.4119***	-0.0414*	-0.1138*	0.2068*	-0.0878*	-0.0647*
16	Dir Interlocks	0.0359*	-0.0425*	-0.0843*	0.0247*	0.1195*	0.1092*
17	Director Age	-0.1461*	-0.0322*	-0.1297*	0.0220*	0.0885*	0.0745*
18	Dir Qualifications	-0.0535*	-0.0370*	-0.0126*	0.0149*	0.0180*	0.0558*
19	Board Size	0.0601*	-0.1181*	-0.2816*	0.0633*	0.2418*	0.1888*
20	CEO Duality	0.2003*	-0.0506*	-0.1053*	0.2324*	0.0522*	0.0596*
21	ROA	0.0222*	-0.0263*	-0.7544*	-0.0019	0.0230*	-0.0015
22	Log of MV	0.1209*	-0.1936*	-0.2507*	0.2046*	**0.3259***	**0.2802***
23	Tobin's Q	-0.1280*	-0.0108	0.5740*	0.0370*	-0.2820*	-0.2885*
24	CAR	0.1006*	-0.0043	0.0200	-0.0524*	0.0966*	0.1243*

Table 4A Cont-d. Correlation Matrix with Business Strategy and Transient Ownership

		7	8	9	10	11	12
1	Business Strategy						
2	Transient Ownership						
3	R&D Intensity						
4	Capital Intensity						
5	Leverage (debt/equity)						
6	Leverage (debt/assets)						
7	Free Cash	1.0000					
8	Log of Total Assets	-0.1248*	1.0000				
9	Log of Sales	0.2275*	**0.9069***	1.0000			
10	Log of Revenue	0.2275*	**0.8948***	**1.0000***	1.0000		
11	Log of Employees	**0.2814***	**0.7355***	**0.8835***	**0.8857***	1.0000	
12	Dir Network Size	0.0397*	0.1755*	0.1805*	0.1958*	0.1987*	1.0000
13	Dir Time to Retirement	-0.0884*	-0.1407*	-0.1617*	-0.1667*	-0.0845*	-0.0206*
14	Dir Tenure	0.0881*	0.1146*	0.1393*	0.1491*	0.1377*	-0.0228*
15	Dir Company Tenure	0.0596*	0.1339*	0.1557*	0.1639*	0.1529*	-0.0539*
16	Dir Interlocks	0.0478*	0.2347*	0.2194*	0.2188*	0.1473*	0.0980*
17	Director Age	0.0960*	0.1526*	0.1752*	0.1792*	0.0919*	0.0292*
18	Dir Qualifications	0.1469*	0.1390*	0.1718*	0.1816*	0.1006*	0.2784*
19	Board Size	0.0859*	0.6587*	0.6588*	0.6528*	0.5439*	0.1704*
20	CEO Duality	-0.2364*	0.2471*	0.1768*	0.1655*	0.1556*	-0.0312*
21	ROA	0.1048*	0.1507*	0.3494*	0.3494*	0.1347*	0.0134*
22	Log of MV	-0.0422*	**0.8943***	**0.8646***	**0.8646***	**0.7349***	0.1360*
23	Tobin's Q	0.1067*	-0.2588*	-0.1572*	-0.1572*	-0.0971*	-0.0277*
24	CAR	0.0853*	-0.0832*	-0.1265*	-0.1216*	-0.0934*	-0.0515*

Table 4A Cont-d. Correlation Matrix with Business Strategy and Transient Ownership

		13	14	15	16	17	18
1	Business Strategy						
2	Transient Ownership						
3	R&D Intensity						
4	Capital Intensity						
5	Leverage (debt/equity)						
6	Leverage (debt/assets)						
7	Free Cash						
8	Log of Total Assets						
9	Log of Sales						
10	Log of Revenue						
11	Log of Employees						
12	Dir Network Size						
13	Dir Time to Retirement	1.0000					
14	Dir Tenure	**-0.4268***	1.0000				
15	Dir Company Tenure	**-0.3637***	**0.8940***	1.0000			
16	Dir Interlocks	-0.0475*	-0.0744*	-0.1156*	1.0000		
17	Director Age	**-0.9839***	**0.4012***	**0.3106***	0.0750*	1.0000	
18	Dir Qualifications	-0.0785*	-0.0211*	-0.0439*	0.1535*	0.0897*	1.0000
19	Board Size	-0.1959*	0.0381*	0.0515*	0.2180*	0.2215*	0.2066*
20	CEO Duality	-0.0600*	0.1695*	0.1958*	0.0540*	0.0371*	-0.0020
21	ROA	-0.0433*	0.0641*	0.0685*	0.0119*	0.0411*	0.0099*
22	Log of MV	-0.1300*	0.1514*	0.1731*	0.2110*	0.1356*	0.1826*
23	Tobin's Q	0.1656*	-0.0209*	-0.0159*	-0.0536*	-0.1807*	0.0139*
24	CAR	0.1375*	0.0176	-0.0729*	0.0000	-0.1115*	-0.0952*

Table 4A Cont-d. Correlation Matrix with Business Strategy and Transient Ownership

		19	20	21	22	23	24
1	Business Strategy						
2	Transient Ownership						
3	R&D Intensity						
4	Capital Intensity						
5	Leverage (debt/equity)						
6	Leverage (debt/assets)						
7	Free Cash						
8	Log of Total Assets						
9	Log of Sales						
10	Log of Revenue						
11	Log of Employees						
12	Dir Network Size						
13	Dir Time to Retirement						
14	Dir Tenure						
15	Dir Company Tenure						
16	Dir Interlocks						
17	Director Age						
18	Dir Qualifications						
19	Board Size	1.0000					
20	CEO Duality	0.1425*	1.0000				
21	ROA	0.1019*	0.0277*	1.0000			
22	Log of MV	0.6718*	0.2725*	0.1373*	1.0000		
23	Tobin's Q	-0.0881*	0.0363*	-0.2472*	0.0918*	1.0000	
24	CAR	-0.0396*	-0.0368*	-0.1013*	-0.0516*	0.0454*	1.0000

Table 4B. Correlation Matrix with Business Governance and Dedicated Ownership

		1	2	3	4	5	6
1	Governance Change	1.0000					
2	Dedicated Ownership	0.0908	1.0000				
3	R&D Intensity	0.1630*	-0.0300	1.0000			
4	Capital Expenditures	-0.1169*	-0.1130*	-0.0675*	1.0000		
5	Leverage (debt/equity)	-0.0463*	0.0817	-0.2972*	-0.1194*	1.0000	
6	Leverage (debt/assets)	0.0147	0.0494	-0.1922*	-0.0644*	**0.9484***	1.0000
7	Free Cash	0.2581*	0.0788*	0.0039	-0.0459*	-0.1696*	-0.1862*
8	Log of Total Assets	-0.1256*	-0.0248	-0.3599*	0.1304*	**0.4858***	0.4191*
9	Log of Sales	-0.0601*	0.0130	-0.4624*	0.1282*	**0.3689***	0.2965*
10	Log of Revenue	-0.0124	0.0196	-0.4624*	0.1282*	**0.3689***	0.2965*
11	Log of Employees	-0.0091	-0.0082	-0.3588*	0.0789*	**0.2915***	0.2002*
12	Dir Network Size	0.1825*	0.0158	0.0365*	-0.1265*	-0.0108*	-0.0200*
13	Dir Time to Retirement	-0.0812*	0.0542	0.1316*	-0.0335*	-0.0675*	-0.0537*
14	Dir Tenure	0.0124	-0.0204	-0.0968*	0.1997*	-0.0596*	-0.0402*
15	Dir Company Tenure	**-0.4119***	-0.0445	-0.1138*	0.2068*	-0.0878*	-0.0647*
16	Dir Interlocks	-0.0359*	0.0678	-0.0843*	0.0247*	0.1195*	0.1092*
17	Director Age	0.1461*	-0.0492	-0.1297*	0.0220*	0.0885*	0.0745*
18	Dir Qualifications	0.0535*	-0.0290	-0.0126*	0.0149*	0.0180*	0.0558*
19	Board Size	-0.0601*	-0.1275*	-0.2816*	0.0633*	0.2418*	0.1888*
20	CEO Duality	-0.2003*	-0.0338	-0.1053*	0.2324*	0.0522*	0.0596*
21	ROA	-0.0222*	0.0176	-0.7544*	-0.0019	0.0230*	-0.0015
22	Log of MV	-0.1209*	-0.0428	-0.2507*	0.2046*	**0.3259***	**0.2802***
23	Tobin's Q	0.1280*	0.0209	**0.5740***	0.0370*	-0.2820*	**-0.2885***
24	CAR	-0.1006*	0.0171	0.0200	-0.0524*	0.0966*	0.1243*

Table 4B Cont-d. Correlation Matrix with Business Strategy and Transient Ownership

		7	8	9	10	11	12
1	Governance Change						
2	Dedicated Ownership						
3	R&D Intensity						
4	Capital Expenditures						
5	Leverage (debt/equity)						
6	Leverage (debt/assets)						
7	Free Cash	1.0000					
8	Log of Total Assets	-0.1248*	1.0000				
9	Log of Sales	0.2275*	0.9069*	1.0000			
10	Log of Revenue	0.2275*	0.8948*	1.0000*	1.0000		
11	Log of Employees	**0.2814***	**0.7355***	**0.8835***	**0.8857***	1.0000	
12	Dir Network Size	0.0397*	0.1755*	0.1805*	0.1958*	0.1987*	1.0000
13	Dir Time to Retirement	-0.0884*	-0.1407*	-0.1617*	-0.1667*	-0.0845*	-0.0206*
14	Dir Tenure	0.0881*	0.1146*	0.1393*	0.1491*	0.1377*	-0.0228*
15	Dir Company Tenure	0.0596*	0.1339*	0.1557*	0.1639*	0.1529*	-0.0539*
16	Dir Interlocks	0.0478*	0.2347*	0.2194*	0.2188*	0.1473*	0.0980*
17	Director Age	0.0960*	0.1526*	0.1752*	0.1792*	0.0919*	0.0292*
18	Dir Qualifications	0.1469*	0.1390*	0.1718*	0.1816*	0.1006*	0.2784*
19	Board Size	0.0859*	**0.6587***	**0.6588***	**0.6528***	**0.5439***	0.1704*
20	CEO Duality	-0.2364*	0.2471*	0.1768*	0.1655*	0.1556*	-0.0312*
21	ROA	0.1048*	0.1507*	**0.3494***	**0.3494***	0.1347*	0.0134*
22	Log of MV	-0.0422*	**0.8943***	**0.8646***	**0.8646***	**0.7349***	0.1360*
23	Tobin's Q	0.1067*	-0.2588*	-0.1572*	-0.1572*	-0.0971*	-0.0277*
24	CAR	0.0853*	-0.0832*	-0.1265*	-0.1216*	-0.0934*	-0.0515*

Table 4B Cont-d. Correlation Matrix with Business Strategy and Transient Ownership

		13	14	15	16	17	18
1	Governance Change						
2	Dedicated Ownership						
3	R&D Intensity						
4	Capital Expenditures						
5	Leverage (debt/equity)						
6	Leverage (debt/assets)						
7	Free Cash						
8	Log of Total Assets						
9	Log of Sales						
10	Log of Revenue						
11	Log of Employees						
12	Dir Network Size						
13	Dir Time to Retirement	1.0000					
14	Dir Tenure	-0.4268*	1.0000				
15	Dir Company Tenure	**-0.3637***	**0.8940***	1.0000			
16	Dir Interlocks	-0.0475*	-0.0744*	-0.1156*	1.0000		
17	Director Age	**-0.9839***	**0.4012***	**0.3106***	0.0750*	1.0000	
18	Dir Qualifications	-0.0785*	-0.0211*	-0.0439*	0.1535*	0.0897*	1.0000
19	Board Size	-0.1959*	0.0381*	0.0515*	0.2180*	0.2215*	0.2066*
20	CEO Duality	-0.0600*	0.1695*	0.1958*	0.0540*	0.0371*	-0.0020
21	ROA	-0.0433*	0.0641*	0.0685*	0.0119*	0.0411*	0.0099*
22	Log of MV	-0.1300*	0.1514*	0.1731*	0.2110*	0.1356*	0.1826*
23	Tobin's Q	0.1656*	-0.0209*	-0.0159*	-0.0536*	-0.1807*	0.0139*
24	CAR	0.1375*	0.0176	-0.0729*	0.0000	-0.1115*	-0.0952*

Table 4B Cont-d. Correlation Matrix with Business Strategy and Transient Ownership

		19	20	21	22	23	24
1	Governance Change						
2	Dedicated Ownership						
3	R&D Intensity						
4	Capital Expenditures						
5	Leverage (debt/equity)						
6	Leverage (debt/assets)						
7	Free Cash						
8	Log of Total Assets						
9	Log of Sales						
10	Log of Revenue						
11	Log of Employees						
12	Dir Network Size						
13	Dir Time to Retirement						
14	Dir Tenure						
15	Dir Company Tenure						
16	Dir Interlocks						
17	Director Age						
18	Dir Qualifications						
19	Board Size	1.0000					
20	CEO Duality	0.1425*	1.0000				
21	ROA	0.1019*	0.0277*	1.0000			
22	Log of MV	**0.6718***	0.2725*	0.1373*	1.0000		
23	Tobin's Q	-0.0881*	0.0363*	-0.2472*	0.0918*	1.0000	
24	CAR	-0.0396*	-0.0368*	-0.1013*	-0.0516*	0.0454*	1.0000

Table 5. H1&2 – Robust Regressions

VARIABLES	Model1 Bus Strategy	Model2 Governance	Model3 Governance
Constant	1.04352***	0.10745	1.02050***
	(0.06031)	(0.16159)	(0.20371)
traowp	0.0949***		
	(0.00220)		
dedowp		0.00350	0.01352
		(0.00355)	(0.00814)
xrdint	-0.53361*	0.46914	1.74620**
	(0.31538)	(0.48249)	(0.69905)
capxint	-1.78582***	-3.75269	-1.17318
	(0.54193)	(2.28961)	(2.73580)
lndebttoat	0.01228	-0.03458	0.07919*
	(0.00838)	(0.02991)	(0.04114)
frcash	-0.01839	-0.12611*	0.13024
	(0.02216)	(0.06987)	(0.10359)
lnemp	-0.03770***	0.12934***	-0.06369
	(0.00801)	(0.04691)	(0.05420)
netwsize3	-0.00009***	0.00008**	0.00008*
	(0.00001)	(0.00004)	(0.00004)
timtoret3	0.01835***	-0.00698	-0.01684**
	(0.00114)	(0.00514)	(0.00708)
intrlcks3	-0.01116	0.01586	0.01889
	(0.00702)	(0.02234)	(0.05169)
dirqualfn3	0.09079***	-0.12540***	-0.06591
	(0.01097)	(0.04273)	(0.05323)
ceoduality3	0.05409**	-0.21227**	-0.22083
	(0.02182)	(0.09446)	(0.14169)
Observations	1,469	63	63
R-squared	0.75124	0.79778	0.40488

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 6. VIF for H1& H2

	Model1		Model2		Model 3	
Variable	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Transient Ownership	1.03	0.974504				
Dedicated Ownership			1.39	0.718165	1.24	0.806378
R&D Intensity	1.55	0.644408	3.18	0.314535	2.96	0.337548
Capital Intensity	1.86	0.53831	2.53	0.395685	2.33	0.429206
Leverage (debt/assets)	1.78	0.56037	4.1	0.243999	3.29	0.304276
Free Cash	1.45	0.687499	2.24	0.44617	1.85	0.540512
Log of Employees	3.25	0.307741	6.08	0.164533	3.72	0.268875
Dir Network Size	1.78	0.56281	2.08	0.480338	1.87	0.53549
Dir Time to Retirement	1.71	0.584262	1.9	0.526328	1.55	0.64719
Dir Interlocks	1.35	0.738861	1.41	0.709896	1.29	0.776887
Dir Qualifications	1.78	0.563269	2.11	0.47443	1.98	0.506171
CEO Duality	2.58	0.387259	2.25	0.444016	2.24	0.44652
SIC2 Manufacturing	2.89	0.345824	4.38	0.228081		
SIC2Wholesale Trade	1.33	0.74925	2.11	0.473519		
SIC2 Services	2.65	0.377463	3.54	0.282231		
Mean VIF	**1.93**		**2.81**		**2.21**	

Table 7A- H1&H2 – Logistic Regression (with Odds Ratio)

	H1- Business Strategy		H2- Governance	
VARIABLES	Logit coeff	Odds ratio	Logit coeff	Odds ratio
Constant	-5.416**	0.00445**	8.079	3,226
dedowp			0.249*	1.283*
traowp	0.417**	1.517**	75.52**	6.279e+32**
xrdint	-40.74***	0***	-5.475	0.00419
capxint	5.938	379	1.001	2.72
lndebttoat	4.864***	129.5***	1.67	5.314
frcash	11.41***	90,098***	-0.288	0.749
lnemp	-4.118***	0.0163***	0.00172*	1.002*
netwsize3	-0.00313	0.997	-0.442**	0.642**
timtoret3	0.851***	2.343***	-0.322	0.724
intrlcks3	-8.786**	0.000153**	-1.478	0.228
dirqualfn3	3.061***	21.35***	-5.727*	0.00326*
ceoduality3	-3.489	0.0305		
Pseudo R2	0.7375		0.5775	
Observations	1,114	1,114	63	63

Robust standard errors in parentheses*** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 7B- H1&H2 – Logistic Regression (Margin Effects)

Variables	Model1 Business Strategy	Model2 Governance
Constant	-5.41594**	8.07905
	(-2.21746)	(-6.89542)
Transient Ownership	0.04170**	
	(-0.01955)	
Dedicated Ownership		0.02495*
		(-0.01473)
R&D Intensity	-40.73554***	75.51991**
	(-8.37462)	(-34.44681)
Capital Intensity	5.93764	-5.47478
	(-63.44594)	(-45.97788)
Leverage (debt/assets)	4.86383***	1.00058
	(-1.41997)	(-0.67972)
Free Cash	11.40866***	1.6704
	(-2.62731)	(-1.86675)
Log of Employees	-4.11757***	-0.28839
	-0.72311	(-0.51715)
Dir Network Size	-0.00313	0.00172*
	(-0.00252)	(-0.001)
Dir Time to Retirement	0.85140***	-0.44248**
	(-0.23857)	(-0.22493)
Dir Interlocks	-8.78605**	-0.32232
	(-3.87496)	(-0.52021)
Dir Qualifications	3.06115***	-1.47801
	(-0.55145)	(-0.98068)
CEO Duality	-3.48943	-5.72654*
	(-2.37371)	(-3.4756)
Observations	1,114	63

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models (with a business strategy as a DV) include two-digit SIC codes as a control variable

Table 8A- H1&H2 – Probit Regression (Odds Ratios)

	H1- Business Strategy		H2- Governance	
VARIABLES	Logit coeff	Odds ratio	Logit coeff	Odds ratio
Constant	-3.576***	0.0280***	4.487	88.82
traowp	0.224**	1.251**	0.154*	1.166*
xrdint	-21.14***	6.56e-10***	42.71**	3.540e+18**
capxint	-23.45**	6.53e-11**	-7.658	0.000472
lndebttoat	1.727***	5.624***	0.539	1.715
frcash	4.897***	133.9***	1.02	2.772
lnemp	-2.021***	0.133***	-0.109	0.897
netwsize3	-0.000760*	0.999*	0.000952*	1.001*
timtoret3	0.328***	1.389***	-0.238**	0.788**
intrlcks3	-2.531***	0.0796***	-0.173	0.841
dirqualfn3	1.394***	4.032***	-0.866	0.421
ceoduality3	-2.025***	0.132***	-3.197*	0.0409*
Pseudo R2	0.7318		0.5828	
Observations	1,114	1,114	63	63

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models (with business strategy as a DV) include two-digit SIC codes as a control variable

Table 8B- H1&H2 – Probit Regression (Margin Effects)

VARIABLES	Model1 Business Str	Model2 Governance
Constant	-3.57604***	4.48662
	(0.96354)	(3.86769)
traowp	0.22429**	
	(0.09272)	
dedowp		0.15369*
		(0.08655)
xrdint	-21.14484***	42.71064**
	(3.49324)	(18.92939)
capxint	-23.45257**	-7.65760
	(11.27778)	(22.58742)
lndebttoat	1.72701***	0.53916
	(0.26428)	(0.36609)
frcash	4.89745***	1.01974
	(0.85176)	(1.11234)
lnemp	-2.02053***	-0.10919
	(0.27532)	(0.25913)
netwsize3	-0.00076*	0.00095*
	(0.00039)	(0.00055)
timtoret3	0.32826***	-0.23785**
	(0.04831)	(0.11016)
intrlcks3	-2.53092***	-0.17313
	(0.77039)	(0.30840)
dirqualfn3	1.39426***	-0.86622
	(0.14666)	(0.54588)
ceoduality3	-2.02458***	-3.19665*
	(0.68673)	(1.90811)
Observations	1,114	63

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The model (with a business strategy as a DV) include two-digit SIC codes as a control variable

Table 9. H3 – Robust Regression

VARIABLES	Successful Bus Strategy
Constant	-0.50353***
	(0.04457)
traowp	-0.00341
	(0.00259)
xrdint	-0.82033**
	(0.41259)
capxint	3.67656***
	(0.42100)
lndebttoat	-0.08807***
	(0.00625)
frcash	0.05376***
	(0.02018)
lnemp	0.05693***
	(0.00748)
netwsize3	-0.00004***
	(0.00001)
timtoret3	0.01872***
	(0.00116)
intrlcks3	-0.09435***
	(0.00619)
dirqualfn3	0.05352***
	(0.00691)
ceoduality3	0.25416***
	(0.02474)
Observations	1,280
R-squared	0.50011

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 9A. H3- VIF Test – Robust Regression

Variable	VIF	1/VIF
lnemp	3.39	0.295097
ceoduality3	3.2	0.31244
netwsize3	2.33	0.428546
capxint	1.98	0.50545
timtoret3	1.64	0.609638
dirqualfn3	1.51	0.661604
xrdint	1.46	0.686415
frcash	1.43	0.701616
lndebttoat	1.37	0.728445
intrlcks3	1.16	0.862007
traowp	1.01	0.989069
Mean VIF	1.86	

Table 10A. H3- Logistic Regression (Odds Ratios)

VARIABLES DV- Successful Business Campaign	Logit coeff	Odds ratio
Constant	-14.76***	3.90e-07***
traowp	0.0321	1.033
capxint	152.8***	2.227e+66***
lndebttoat	-1.048***	0.351***
frcash	-4.022***	0.0179***
lnemp	-0.625***	0.535***
netwsize3	-0.00157***	0.998***
timtoret3	0.120***	1.127***
o.intrlcks3	-	-
dirqualfn3	1.271***	3.565***
ceoduality3	8.035***	3,089***
Psuedo R2	0.5205	
Observations	1,537	1,537

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 10B. H3- Logistic Regression (Margin Effects)

	Model1
VARIABLES	Suc-ful Bus Str
Constant	-0.50353***
	(0.04457)
traowp	-0.00341
	(0.00259)
xrdint	-0.82033**
	(0.41259)
capxint	3.67656***
	(0.42100)
lndebttoat	-0.08807***
	(0.00625)
frcash	0.05376***
	(0.02018)
lnemp	0.05693***
	(0.00748)
netwsize3	-0.00004***
	(0.00001)
timtoret3	0.01872***
	(0.00116)
intrlcks3	-0.09435***
	(0.00619)
dirqualfn3	0.05352***
	(0.00691)
ceoduality3	0.25416***
	(0.02474)
Observations	1,280
R-squared	0.50011

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 11A. H5-CAR – Robust Regressions

VARIABLES	Model1 car	Model2 car	Model3 car	Model4 car
Constant	0.32150***	0.20476***	0.21008***	0.20519***
	(0.02379)	(0.03055)	(0.04890)	(0.04887)
Bus Str		0.12093***	0.10329***	0.10989***
		(0.01555)	(0.02678)	(0.02728)
traowp			-0.00378	-0.00286
			(0.00517)	(0.00512)
Bus Str*traowp				-0.01866
				(0.03776)
xrdint	0.77124***	0.83042***	0.99937***	1.01010***
	(0.09520)	(0.11477)	(0.21147)	(0.20572)
capxint	-1.76278***	-1.83339***	-2.14373***	-2.14444***
	(0.15770)	(0.16464)	(0.30660)	(0.30721)
lndebttoat	0.06393***	0.06212***	0.07179***	0.07199***
	(0.00377)	(0.00392)	(0.00588)	(0.00580)
frcash	0.02919***	0.03238***	0.05316***	0.05364***
	(0.01125)	(0.01187)	(0.01910)	(0.01899)
lnemp	0.00111	0.00789***	0.00443	0.00448
	(0.00210)	(0.00225)	(0.00396)	(0.00396)
netwsize3	0.00002***	0.00003***	0.00004***	0.00004***
	(0.00000)	(0.00000)	(0.00001)	(0.00001)
timtoret3	-0.00319***	-0.00488***	-0.00332***	-0.00336***
	(0.00038)	(0.00043)	(0.00081)	(0.00081)
intrlcks3	0.01077***	0.01054***	0.01498***	0.01506***
	(0.00232)	(0.00238)	(0.00445)	(0.00446)
dirqualfn3	-0.06576***	-0.07628***	-0.07651***	-0.07671***
	(0.00269)	(0.00271)	(0.00485)	(0.00482)
ceoduality3	-0.06278***	-0.07411***	-0.05268***	-0.05283***
	(0.01039)	(0.00984)	(0.01662)	(0.01663)
Observations	4,540	4,540	1,446	1,446
R-squared	0.39947	0.42171	0.44247	0.44287

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 11B. H5- lnmv- Robust Regressions

VARIABLES	Model1 lnmv2	Model2 lnmv2	Model3 lnmv2	Model4 lnmv2
Constant	8.62200***	12.82359***	12.68565***	12.68573***
	(0.05829)	(0.16770)	(0.26847)	(0.26817)
Bus Str		-1.60403***	-1.39847***	-1.42797***
		(0.05994)	(0.10808)	(0.10917)
traowp			-0.01112	-0.06186**
			(0.01145)	(0.02547)
Bus*traowp				0.06534**
				(0.02570)
xrdint	-3.30636***	-5.32299***	-6.47881***	-6.47720***
	(0.24862)	(0.31925)	(0.50300)	(0.50163)
capxint	23.67153***	9.94015***	8.99781***	9.01895***
	(0.47708)	(0.83558)	(1.40159)	(1.39818)
lndebttoat	0.34397***	0.44061***	0.37451***	0.37323***
	(0.00807)	(0.01613)	(0.02153)	(0.02149)
frcash	-1.50522***	-1.67560***	-1.49108***	-1.48478***
	(0.02360)	(0.05117)	(0.08080)	(0.08091)
netwsize3	0.00009***	-0.00021***	-0.00015***	-0.00016***
	(0.00001)	(0.00002)	(0.00003)	(0.00003)
timtoret3	0.00537***	0.01167***	0.00934	0.00975
	(0.00102)	(0.00342)	(0.00595)	(0.00597)
intrlcks3	0.14927***	-0.21718***	-0.20820***	-0.20603***
	(0.00888)	(0.01557)	(0.02815)	(0.02827)
dirqualfn3	0.02915***	0.16565***	0.11458***	0.11714***
	(0.00672)	(0.01294)	(0.02104)	(0.02104)
ceoduality3	0.77349***	0.62626***	0.41087***	0.41989***
	(0.01887)	(0.05531)	(0.08585)	(0.08625)
Observations	23,657	4,599	1,469	1,469
R-squared	0.59955	0.80500	0.79609	0.79683

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 11C. H5- ROA- Robust Regressions

VARIABLES	Model1 roa	Model2 roa	Model3 roa	Model4 roa
Constant	0.01819***	-0.09807***	-0.09176***	-0.09191***
	(0.00650)	(0.01493)	(0.02605)	(0.02606)
Bus Str		0.04304***	0.04355***	0.04382***
		(0.00431)	(0.00739)	(0.00750)
traowp			-0.00137	-0.00108
			(0.00112)	(0.00278)
Bus*traowp				-0.00048
				(0.00286)
capxint	-0.44480***	0.03927	-0.07736	-0.07852
	(0.04713)	(0.06251)	(0.11026)	(0.11072)
lndebttoat	0.00339***	0.00937***	0.00999*	0.00998*
	(0.00073)	(0.00325)	(0.00510)	(0.00510)
frcash	0.01044***	-0.01925***	-0.02492***	-0.02498***
	(0.00137)	(0.00414)	(0.00745)	(0.00747)
lnemp	0.01172***	0.01757***	0.01978***	0.01980***
	(0.00050)	(0.00150)	(0.00273)	(0.00274)
netwsize3	0.00000	0.00000***	0.00000	0.00000
	(0.00000)	(0.00000)	(0.00000)	(0.00000)
timtoret3	-0.00080***	-0.00031	-0.00081**	-0.00081**
	(0.00006)	(0.00022)	(0.00040)	(0.00040)
intrlcks3	0.00080**	-0.00297*	0.00393	0.00391
	(0.00036)	(0.00178)	(0.00336)	(0.00336)
dirqualfn3	0.00088**	-0.00655***	-0.00965***	-0.00966***
	(0.00044)	(0.00167)	(0.00298)	(0.00299)
ceoduality3	0.00995***	0.02698***	0.02512***	0.02508***
	(0.00117)	(0.00483)	(0.00852)	(0.00852)
Observations	50,454	8,083	2,526	2,526
R-squared	0.12620	0.17031	0.15595	0.15595

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 12A. H6- CAR Robust Regression

VARIABLES	Model1 car	Model2 car	Model3 car	Model4 car	Model5 car
Constant	0.39079***	0.45796***	0.49329***	0.48197***	0.32324**
	(0.01593)	(0.02081)	(0.13712)	(0.13263)	(0.12596)
Governance		-0.03810***	-0.18964**	-0.17754**	
		(0.00788)	(0.07623)	(0.07265)	
dedowp			0.00314	0.00743	
			(0.00337)	(0.00924)	
Gov*dedowp				-0.00447	-0.00187
				(0.00997)	(0.00426)
xrdint	0.78900***	0.81104***	1.36609***	1.36491***	1.07338*
	(0.09962)	(0.11046)	(0.50308)	(0.50769)	(0.54227)
capxint	-2.19243***	-2.30731***	-3.08521*	-3.08773*	-2.86601**
	(0.14647)	(0.15388)	(1.65071)	(1.67071)	(1.42482)
lndebttoat	0.06519***	0.06852***	0.08095***	0.08091***	0.06998**
	(0.00362)	(0.00398)	(0.02660)	(0.02686)	(0.02879)
frcash	0.01315	0.01274	0.10121	0.10127	0.07782
	(0.01063)	(0.01080)	(0.07890)	(0.07963)	(0.07953)
lnemp	-0.00063	-0.00290	-0.02874	-0.02854	-0.01791
	(0.00203)	(0.00210)	(0.02429)	(0.02444)	(0.01873)
netwsize3	0.00004***	0.00004***	0.00006**	0.00006**	0.00004*
	(0.00000)	(0.00000)	(0.00002)	(0.00002)	(0.00002)
timtoret3	-0.00216***	-0.00317***	-0.00181	-0.00175	0.00118
	(0.00033)	(0.00040)	(0.00325)	(0.00329)	(0.00362)
intrlcks3	0.00129	-0.00426*	-0.00999	-0.01031	-0.01331
	(0.00194)	(0.00239)	(0.02234)	(0.02282)	(0.02515)
dirqualfn3	-0.07150***	-0.07506***	-	-	-0.05281**
			0.06336***	0.06335***	
	(0.00257)	(0.00267)	(0.01946)	(0.01972)	(0.02041)
ceoduality3	-0.07253***	-0.08731***	-0.07503	-0.07434	-0.03880
	(0.01062)	(0.01087)	(0.06727)	(0.06737)	(0.07554)
Observations	4,540	4,540	63	63	63
R-squared	0.36687	0.37338	0.48316	0.48358	0.39740

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 12B. H6- lnmv- Robust Regression

VARIABLES	Model1 lnmv2	Model2 lnmv2	Model3 lnmv2	Model4 lnmv2	Model5 lnmv2
Constant	7.54795***	8.91672***	7.45654***	7.82708***	6.74912***
	(0.03857)	(0.14263)	(1.13776)	(1.16114)	(0.97603)
Gov-ce		-0.59105***	-0.66168	-1.04887	
		(0.04998)	(0.57343)	(0.63310)	
dedowp			0.00992	-0.12858	
			(0.02774)	(0.16972)	
Gov*dedowp				0.14448	-0.00235
				(0.17086)	(0.02937)
xrdint	-4.43791***	-5.38785***	-2.46120	-2.41009	-3.70525
	(0.21937)	(0.41102)	(3.77556)	(3.79552)	(3.44616)
capxint	28.42649***	23.11519***	27.47173***	27.31595***	29.86302***
	(0.42377)	(0.97858)	(9.31713)	(9.52305)	(9.00690)
lndebttoat	0.33994***	0.39644***	0.38377**	0.38290**	0.34929**
	(0.00710)	(0.02052)	(0.18087)	(0.18226)	(0.16794)
frcash	-1.46629***	-1.77191***	-1.38613**	-1.38824**	-1.47182***
	(0.02390)	(0.05693)	(0.52147)	(0.52699)	(0.48779)
netwsize3	0.00006***	-0.00033***	-0.00020	-0.00020	-0.00026
	(0.00001)	(0.00003)	(0.00024)	(0.00024)	(0.00024)
timtoret3	-0.00358***	-0.01527***	-0.01505	-0.01687	-0.00370
	(0.00107)	(0.00377)	(0.03439)	(0.03461)	(0.03664)
intrlcks3	0.24528***	0.06940***	0.26999	0.27821	0.26980
	(0.00863)	(0.02298)	(0.21523)	(0.21874)	(0.22625)
dirqualfn3	0.06999***	0.19888***	0.17137	0.16878	0.23001
	(0.00683)	(0.01892)	(0.17217)	(0.17312)	(0.15915)
ceoduality3	0.82504***	1.36691***	1.25034**	1.21881**	1.45724***
	(0.01908)	(0.07085)	(0.50332)	(0.49721)	(0.47318)
Observations	23,657	4,599	63	63	63
R-squared	0.57120	0.66635	0.62708	0.63194	0.61499

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 12C. H6- ROA- Robust Regression

VARIABLES	Model1 roa	Model2 roa	Model3 roa	Model4 roa
Constant	0.01318***	0.02281***	0.00544	0.00760
	(0.00273)	(0.00762)	(0.07845)	(0.08874)
Gov-ce		-0.01258***	-0.09620**	-0.09847*
		(0.00295)	(0.03926)	(0.05630)
dedowp			0.00120	0.00058
			(0.00234)	(0.00862)
Gov*dedowp				0.00064
				(0.00890)
capxint	-0.42596***	0.17795***	0.41343	0.41538
	(0.03734)	(0.04792)	(0.42038)	(0.42262)
lndebttoat	0.00389***	0.01611***	0.01648	0.01655
	(0.00067)	(0.00276)	(0.01782)	(0.01814)
frcash	0.00579***	-0.01338***	0.00060	0.00065
	(0.00074)	(0.00306)	(0.02659)	(0.02686)
lnemp	0.01162***	0.01420***	0.02346**	0.02333**
	(0.00044)	(0.00115)	(0.01116)	(0.01172)
netwsize3	0.00000**	0.00000***	0.00001*	0.00001*
	(0.00000)	(0.00000)	(0.00001)	(0.00001)
timtoret3	-0.00113***	-0.00128***	-0.00100	-0.00101
	(0.00005)	(0.00021)	(0.00280)	(0.00284)
intrlcks3	0.00143***	-0.00847***	0.02923**	0.02930**
	(0.00037)	(0.00151)	(0.01462)	(0.01471)
dirqualfn3	0.00137***	-0.00506***	-0.02024	-0.02022
	(0.00047)	(0.00141)	(0.01517)	(0.01529)
ceoduality3	0.00897***	-0.00849*	-0.07409*	-0.07417*
	(0.00121)	(0.00496)	(0.04116)	(0.04150)
Observations	50,454	8,083	106	106
R-squared	0.11278	0.10744	0.21938	0.21939

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 13. H7- Tobin's Q Robust Regression

VARIABLES	Model1 tobinq	Model2 tobinq	Model3 tobinq	Model4 tobinq
Constant	0.48455***	1.04716***	1.04436***	1.05669***
	(0.02056)	(0.04884)	(0.09284)	(0.09350)
Bus Str		-0.19005***	-0.22715***	-0.24438***
		(0.01539)	(0.02665)	(0.02710)
traowp			-0.01132**	-0.02912***
			(0.00449)	(0.00738)
Bus Str*traowp				0.02806***
				(0.00845)
capxint	0.85927***	0.29566	-0.07546	-0.01859
	(0.05622)	(0.18378)	(0.35200)	(0.35428)
lndebttoat	-0.01604***	-0.11056***	-0.12735***	-0.12676***
	(0.00442)	(0.00948)	(0.01497)	(0.01493)
frcash	0.21293***	-0.01184*	-0.03819***	-0.03538***
	(0.00446)	(0.00666)	(0.01219)	(0.01214)
lnemp	-0.10394***	-0.00651	0.00809	0.00696
	(0.00328)	(0.00538)	(0.00931)	(0.00933)
netwsize3	0.00000	-0.00001***	-0.00001***	-0.00001***
	(0.00000)	(0.00000)	(0.00000)	(0.00000)
timtoret3	0.00699***	-0.00533***	-0.00351**	-0.00344**
	(0.00054)	(0.00098)	(0.00164)	(0.00163)
intrlcks3	0.04111***	-0.01836*	-0.00743	-0.00756
	(0.00383)	(0.01067)	(0.02079)	(0.02082)
dirqualfn3	0.03657***	0.01385***	0.01873**	0.01942**
	(0.00283)	(0.00453)	(0.00845)	(0.00846)
brdsize3	0.09047***	0.05843***	0.05677***	0.05559***
	(0.00196)	(0.00469)	(0.00882)	(0.00887)
ceoduality3	-0.08199***	-0.23053***	-0.20555***	-0.20344***
	(0.00698)	(0.01673)	(0.02874)	(0.02866)
Observations	43,319	6,339	1,986	1,986
R-squared	0.10381	0.20533	0.21016	0.21229

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 14. H8- Tobin's Q Robust Regression

VARIABLES	Model1 tobinq	Model2 tobinq	Model3 tobinq	Model4 tobinq	Model5 tobinq
Constant	0.48455***	0.85710***	0.63229	0.29858	0.73346*
	(0.02282)	(0.04649)	(0.45412)	(0.54352)	(0.43982)
Governance		0.19005***	0.18299	0.49690	
		(0.02125)	(0.21014)	(0.35144)	
dedowp			0.00445	0.07776	
			(0.00825)	(0.06636)	
Gov*dedowp				-0.07406	0.00486
				(0.06652)	(0.00801)
capxint	0.85927***	0.29566	0.54919	0.29454	0.62282
	(0.07265)	(0.25723)	(2.06015)	(2.06958)	(2.05584)
lndebttoat	-0.01604***	-0.11056***	-0.07466**	-0.07774**	-0.08026**
	(0.00306)	(0.00516)	(0.03715)	(0.03720)	(0.03616)
frcash	0.21293***	-0.01184	-0.07618	-0.06899	-0.07417
	(0.00532)	(0.00899)	(0.08724)	(0.08735)	(0.08694)
lnemp	-0.10394***	-0.00651	-0.06203	-0.06212	-0.06109
	(0.00266)	(0.00487)	(0.05342)	(0.05334)	(0.05334)
netwsize3	0.00000	-0.00001***	0.00000	0.00000	0.00000
	(0.00000)	(0.00000)	(0.00003)	(0.00003)	(0.00003)
timtoret3	0.00699***	-0.00533***	-0.00330	-0.00202	-0.00522
	(0.00045)	(0.00089)	(0.00778)	(0.00786)	(0.00740)
intrlcks3	0.04111***	-0.01836*	-0.03428	-0.04386	-0.02375
	(0.00439)	(0.00979)	(0.07125)	(0.07165)	(0.07019)
dirqualfn3	0.03657***	0.01385**	-0.01464	-0.01272	-0.02504
	(0.00328)	(0.00571)	(0.05211)	(0.05206)	(0.05062)
brdsize3	0.09047***	0.05843***	0.10875**	0.11121***	0.11724***
	(0.00227)	(0.00418)	(0.04195)	(0.04194)	(0.04042)
ceoduality3	-0.08199***	-0.23053***	-0.19323	-0.19073	-0.19650
	(0.00870)	(0.01463)	(0.12048)	(0.12031)	(0.12024)
Observations	43,319	6,339	89	89	89
R-squared	0.10381	0.20533	0.20494	0.21786	0.19693

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 15. Shareholder Mix Results Summary

	Results	Table Number	Comments
H1	Support	Tables 5-8	
H2	Not Supported	Tables 5-8	Not significant
H3	Not Supported	Table 9-10	Not significant
H4	Not Supported		Inconclusive
H5a	Partially Supported	Table 11	lvmv-supported; CAR-not supported
H6	Not Supported	Table 12	Not significant (ROA)
H7	Supported	Table 13	Not significant
H8	Not Supported	Table 14	Not significant

Table 16. Investment Horizon by Industries

Mining

Variable	Obs	Mean	Std. Dev.	Min	Max
ppegt	651	8665.344	5533.439	196.277	46907
invhor	651	14.54337	8.082488	4.240243	38.22299
relhor	651	**-2.35816**	8.092028	-11.9446	22.58448

Construction

Variable	Obs	Mean	Std. Dev.	Min	Max
ppegt	83	531.259	367.0731	25.001	816.112
invhor	83	10.17136	4.117072	4.081342	14.90073
relhor	83	**0.938744**	4.130989	-5.23201	6.09355

Manufacturing

Variable	Obs	Mean	Std. Dev.	Min	Max
ppegt	2,854	766.3485	1894.251	0.036	18465
invhor	2,854	12.09098	6.667607	1.080711	33.88777
relhor	2,854	**1.092189**	5.987511	-12.8032	26.08123

Transportation & Public Utilities

Variable	Obs	Mean	Std. Dev.	Min	Max
ppegt	559	7420.44	12422.96	0.756	34234
invhor	559	18.96407	10.44947	1.910976	38.24752
relhor	559	**-3.68547**	11.49303	-30.1013	13.88584

Wholesale Trade

Variable					
Obs	Mean	Std. Dev.	Min	Max	
ppegt	702	2292.004	3082.182	0.51	11715
invhor	702	12.63635	3.969635	2.562814	23.95925
relhor	702	**0.613391**	4.19323	-7.65806	10.89568

Finance, Insurance, & Real Estate

Variable	Obs	Mean	Std. Dev.	Min	Max
ppegt	483	604.4176	819.529	0.305	8653.007
invhor	483	11.89318	11.92173	1.08156	38.90908
relhor	483	**0.087705**	12.58614	-19.1216	35.92327

Services

Variable	Obs	Mean	Std. Dev.	Min	Max
ppegt	1,488	841.6119	2906.682	0.193	13749
invhor	1,488	9.752944	7.165576	1.03839	38.6
relhor	1,488	**3.414941**	7.536119	-16.9419	34.05785

Table 17A. Descriptive Statistics- Main Sample

Variable	Obs	Mean	Std. Dev.	Min	Max
Type of Campaign	5,383	0.114063	0.317917	0	1
Invetsment Horizon	5,383	11.43692	6.501558	1.03839	38.6
Relative Hor	5,383	1.532709	6.285079	-16.9419	34.05785
Relative Hor (q50)	5,383	0.525172	0.499412	0	1
CAR	5,135	0.084162	0.349944	-1.08189	1.72451
ROA	5,351	-0.23585	1.767415	-27.5752	3.565743
Market Value	5,325	5.627506	1.847275	0.191607	10.59039
Tobin's q	5,071	2.180939	2.880713	0.507758	64.17863
R&D Intensty	3,060	0.14273	0.371789	0.000101	7.208984
Capital Intensity	5,351	0.038476	0.033112	0	0.28
Leverage ln(dt/equity)	3,581	-0.98546	2.085246	-10.713	6.704865
Leverage ln (dt/asstes)	4,274	-1.90844	1.778295	-10.9561	2.328803
Free Cash	4,978	1.251835	1.031423	-1.54283	10.17846
Log of Total Assets	5,383	5.770753	1.926609	-0.88673	11.02413
Log of Sales	5,321	5.816056	2.115578	-6.21461	10.82709
Log of Revenue	5,353	5.804266	2.1148	-6.21461	10.82709
Lof of Employees	5,350	0.327982	1.991748	-6.21461	5.743003
Director Network Size	5,331	1360.025	1609.765	0	13488
Director Time to Ret-ment	5,270	8.540455	9.991666	-22.8	42.5
Director Tenure	5,272	7.087974	7.308947	0	55.3
Director Time in Company	5,272	7.629021	7.947477	0	55.3
Director Interlocks	5,189	1.605512	1.012592	1	13
Director Age	5,270	60.2945	10.15474	27	93
Director Qualifications	5,272	2.014226	1.21334	0	15
Board Size	5,331	8.114237	1.951159	3	14
CEO duality	5,331	0.431814	0.495375	0	1
Type of Camn*Relhor	5,383	0.134309	2.606732	-16.114	27.93447
Type of Camn*relhor(q50)	5,383	0.040312	0.196709	0	1

Table 17B. Descriptive Statistics- Manufacturing Sub-Sample

Variable	Obs	Mean	Std. Dev.	Min	Max
Type of Campaign	2,854	0.134198	0.340924	0	1
Invetsment Horizon	2,854	12.09098	6.667607	1.080711	33.88777
Relative Hor	2,854	1.092189	5.987511	-12.8032	26.08123
Relative Hor (q50)	2,854	0.489488	0.499977	0	1
CAR	2,719	0.077153	0.354631	-1.08189	1.224981
ROA	2,854	-0.36137	2.395545	-27.5752	3.565743
Market Value	2,839	5.577228	1.911189	1.169884	10.59039
Tobin's q	2,764	2.250683	3.19878	0.507758	64.17863
R&D Intensty	2,211	0.173151	0.428081	0.000101	7.208984
Capital Intensity	2,854	0.029699	0.020336	0	0.189253
Leverage ln(dt/equity)	1,836	-1.24012	2.39056	-10.713	5.229874
Leverage ln (dt/asstes)	2,254	-1.95865	1.938563	-10.9561	2.328803
Free Cash	2,695	0.952196	0.571997	-1.54283	8.825181
Log of Total Assets	2,854	5.667625	2.035569	-0.66943	11.02413
Log of Sales	2,824	5.495667	2.280959	-6.21461	10.52802
Log of Revenue	2,824	5.495667	2.280959	-6.21461	10.52802
Lof of Employees	2,833	-0.13448	1.983752	-6.21461	4.205349
Director Network Size	2,838	1249.586	1546.714	0	13488
Director Time to Ret-ment	2,821	7.690819	9.819849	-22.8	40.5
Director Tenure	2,823	7.565675	8.149483	0	55.3
Director Time in Company	2,823	7.951789	8.527652	0	55.3
Director Interlocks	2,780	1.638129	1.070047	1	13
Director Age	2,821	61.1978	9.962654	29	93
Director Qualifications	2,823	2.077931	1.260653	0	15
Board Size	2,838	8.106061	1.950848	3	13
CEO duality	2,838	0.385483	0.486795	0	1
Type of Camn*Relhor	2,854	-0.17776	2.06343	-8.31615	21.55642
Type of Camn*relhor(q50)	2,854	0.033287	0.179415	0	1

Table 18A. Correlation Matrix – Main Sample

		1	2	3	4	5	6
1	Campaign Type	1					
2	Relative Hor	-0.0203	1				
3	Relative Hor (q50)	-0.1234*	**0.7101***	1			
4	CAR	0.2053*	-0.1163*	-0.0723*	1		
5	ROA	0.0046	0.0904*	0.1053*	0.0500*	1	
6	Market Value	-0.0545*	-0.0613*	0.0373*	0.0491*	0.1816*	1
7	Tobin's q	0.0306*	-0.1092*	-0.1181*	-0.0616*	-0.5792*	-0.0461*
8	R&D Intensty	0.0048	-0.1269*	-0.1999*	0.0419*	-0.8268*	-0.3525*
9	Capital Intensity	-0.0854*	-0.0657*	0.0543*	0.0144	-0.0244	0.2380*
10	Leverage ln(dt/equity)	-0.0482*	-0.0087	-0.0308	0.2000*	0.0368*	0.3543*
11	Leverage ln (dt/asstes)	0.0084	-0.0616*	-0.1478*	0.2387*	-0.1022*	0.2619*
12	Free Cash	-0.0770*	0.0515*	0.0938*	-0.0088	-0.0246	-0.1251*
13	Log of Total Assets	-0.1099*	-0.0073	0.0593*	0.0618*	0.2940*	**0.8746***
14	Log of Sales	-0.1519*	-0.0006	0.1161*	0.0227	**0.5234***	**0.7782***
15	Log of Revenue	-0.1635*	-0.0165	0.1102*	0.0266	**0.5234***	**0.7782***
16	Lof of Employees	-0.2165*	0.0083	0.1437*	-0.0615*	0.2340*	**0.7352***
17	Director Network Size	-0.0300*	0.0208	-0.0074	-0.0295*	0.0065	0.1329*
18	Director Time to Ret-ment	0.0713*	-0.0512*	-0.0615*	0.0062	-0.0225	-0.0505*
19	Director Tenure	-0.0497*	0.1442*	0.1382*	-0.0805*	0.0690*	-0.0155
20	Director Time in Company	-0.0651*	0.1550*	0.1520*	-0.0866*	0.0703*	-0.0085
21	Director Interlocks	0.011	-0.0467*	-0.0440*	-0.0344*	-0.0186	0.1506*
22	Director Age	-0.0658*	0.0545*	0.0608*	-0.01	0.0254	0.0437*
23	Director Qualifications	-0.0195	-0.0303*	-0.0326*	-0.0214	-0.0300*	0.0906*
24	Board Size	-0.1401*	0.0187	0.0803*	-0.1082*	0.1802*	**0.5975***
25	CEO duality	-0.0404*	-0.0134	0.0298*	-0.0166	0.0184	0.0806*
26	Type of Camn*Relhor	0.1436*	**0.4033***	0.2345*	-0.0408*	0.0038	-0.1004*
27	Type of Camn*relhor(q50)	**0.5712***	0.2540*	0.1949*	-0.0042	0.0123	-0.1345*

Table 18A Cont-d. Correlation Matrix – Main Sample

		7	8	9	10	11	12
1	Campaign Type						
2	Relative Hor						
3	Relative Hor (q50)						
4	CAR						
5	ROA						
6	Market Value						
7	Tobin's q	1					
8	R&D Intensty	**0.6667***	1				
9	Capital Intensity	0.0708*	-0.0018	1			
10	Leverage ln(dt/equity)	-0.1316*	-0.3018*	0.0672*	1		
11	Leverage ln (dt/asstes)	0.0688*	0.0709*	0.0124	**0.9449***	1	
12	Free Cash	0.2554*	-0.1088*	0.1606*	0.0383*	-0.0502*	1
13	Log of Total Assets	**-0.3499***	**-0.4928***	0.1559*	**0.5005***	**0.3556***	-0.1682*
14	Log of Sales	-0.2632*	**-0.4835***	0.2448*	**0.4640***	**0.3189***	0.1521*
15	Log of Revenue	-0.2632*	**-0.4835***	0.2448*	**0.4640***	**0.3189***	0.1521*
16	Lof of Employees	-0.2697*	**-0.4595***	**0.3281***	**0.4456***	**0.3063***	0.1486*
17	Director Network Size	-0.0135	-0.0259	0.0166	0.0349*	0.0196	-0.0019
18	Director Time to Ret-ment	0.0644*	0.0338	-0.0330*	-0.0006	0.0355*	0.0667*
19	Director Tenure	-0.1083*	-0.1372*	0.0146	-0.0541*	-0.0543*	-0.0412*
20	Director Time in Company	-0.1083*	-0.1384*	0.0009	-0.0561*	-0.0436*	-0.0289*
21	Director Interlocks	0.0135	0.0162	0.0253	0.0719*	0.0561*	-0.003
22	Director Age	-0.0719*	-0.0381*	0.0288*	0.004	-0.0316*	-0.0650*
23	Director Qualifications	0.0534*	0.0385*	-0.0409*	0.0415*	0.0509*	-0.0464*
24	Board Size	-0.1251*	-0.2929*	0.1429*	0.2506*	0.1857*	-0.1278*
25	CEO duality	0.0262	-0.0422*	0.1464*	-0.1073*	-0.1156*	0.0832*
26	Type of Camn*Relhor	-0.0431*	-0.0395*	0.0377*	0.0041	-0.0340*	0.0341*
27	Type of Camn*relhor(q50)	-0.0275	-0.0523*	-0.0167	-0.1279*	-0.1187*	-0.0171

Table 18A Cont-d. Correlation Matrix – Main Sample

		13	14	15	16	17	18
1	Campaign Type						
2	Relative Hor						
3	Relative Hor (q50)						
4	CAR						
5	ROA						
6	Market Value						
7	Tobin's q						
8	R&D Intensty						
9	Capital Intensity						
10	Leverage ln(dt/equity)						
11	Leverage ln (dt/asstes)						
12	Free Cash						
13	Log of Total Assets	1					
14	Log of Sales	**0.9031***	1				
15	Log of Revenue	**0.9031***	**1.0000***	1			
16	Lof of Employees	**0.8506***	**0.8999***	**0.8999***	1		
17	Director Network Size	0.1447*	0.1372*	0.1375*	0.1362*	1	
18	Director Time to Ret-ment	-0.0590*	-0.0429*	-0.0403*	-0.0339*	0.0565*	1
19	Director Tenure	0.0246	0.0461*	0.0394*	0.0606*	-0.0753*	**-0.4650***
20	Director Time in Company	0.0301*	0.0558*	0.0499*	0.0716*	-0.0897*	**-0.4250***
21	Director Interlocks	0.1580*	0.1356*	0.1351*	0.1190*	0.1487*	-0.0061
22	Director Age	0.0585*	0.0441*	0.0409*	0.0344*	-0.0487*	**-0.9831***
23	Director Qualifications	0.0550*	0.0198	0.0234	0.009	**0.3227***	0.0386*
24	Board Size	**0.5677***	**0.5047***	**0.5079***	**0.4341***	0.1220*	-0.0523*
25	CEO duality	0.0546*	0.0935*	0.0980*	0.0591*	0.0442*	-0.0734*
26	Type of Camn*Relhor	-0.0926*	-0.0747*	-0.1023*	-0.0578*	-0.0420*	-0.0441*
27	Type of Camn*relhor(q50)	-0.1333*	-0.1245*	-0.1421*	-0.1473*	-0.0611*	-0.0017

Table 18A Cont-d. Correlation Matrix – Main Sample

		19	20	21	22	23	24
1	Campaign Type						
2	Relative Hor						
3	Relative Hor (q50)						
4	CAR						
5	ROA						
6	Market Value						
7	Tobin's q						
8	R&D Intensty						
9	Capital Intensity						
10	Leverage ln(dt/equity)						
11	Leverage ln (dt/asstes)						
12	Free Cash						
13	Log of Total Assets						
14	Log of Sales						
15	Log of Revenue						
16	Lof of Employees						
17	Director Network Size						
18	Director Time to Ret-ment						
19	Director Tenure	1					
20	Director Time in Company	**0.9387***	1				
21	Director Interlocks	-0.1354*	-0.1444*	1			
22	Director Age	**0.4478***	**0.3873***	0.0279*	1		
23	Director Qualifications	0.1004*	0.1159*	0.1000*	0.0421*	1	
24	Board Size	-0.0105	0.0069	0.1024*	0.0564*	0.0925*	1
25	CEO duality	0.0933*	0.0781*	-0.0024	0.0614*	0.009	0.0759*
26	Type of Camn*Relhor	0.0758*	0.0681*	-0.0412*	0.0468*	-0.0353*	-0.1344*
27	Type of Camn*relhor(q50)	0.0541*	0.0381*	-0.0316*	0.0062	-0.0383*	-0.1436*

25	CEO duality	1		
26	Type of Camn*Relhor	-0.0321*	1	
27	Type of Camn*relhor(q50)	0.0211	**0.7223***	1

Table 18B. Correlation Matrix – Manufacturing Sample

		1	2	3	4	5	6
1	Type of Campaign	1					
2	Relative Hor	-0.2637*	1				
3	Relative Hor (q50)	-0.1784*	**0.6785***	1			
4	CAR	0.0446	0.0466*	-0.0331	1		
5	ROA	-0.1275*	0.2111*	0.1711*	-0.2349*	1	
6	Market Value	-0.0356	0.0755*	0.0257	-0.01	**0.3945***	1
7	Tobin's q	0.1120*	-0.1077*	-0.0951*	0.0146	**-0.5842***	-0.0567*
8	R&D Intensty	0.0574*	-0.2421*	-0.2165*	0.2790*	**-0.7580***	**-0.4386***
9	Capital Intensity	-0.0733*	**0.3467***	0.1951*	-0.1225*	0.2157*	0.2930*
10	Leverage ln(dt/equity)	0.0670*	-0.1539*	-0.0637*	0.1689*	0.1147*	0.2410*
11	Leverage ln (dt/asstes)	0.1432*	-0.2473*	-0.0911*	0.2262*	-0.1786*	0.1415*
12	Free Cash	-0.0175	0.2498*	0.2467*	-0.1174*	**0.3064***	-0.1177*
13	Log of Total Assets	-0.1074*	0.1190*	0.0936*	0.0231	**0.5144***	**0.9057***
14	Log of Sales	-0.1603*	0.2147*	0.1795*	-0.0509*	**0.6468***	**0.7673***
15	Log of Revenue	-0.1603*	0.2147*	0.1795*	-0.0509*	**0.6468***	**0.7673***
16	Lof of Employees	-0.1795*	0.1971*	0.2093*	-0.0747*	**0.5993***	**0.8263***
17	Director Network Size	0.0051	0.0485*	-0.0045	0.0315	0.0560*	0.2082*
18	Director Time to Retirement	0.1780*	-0.0957*	-0.1016*	0.0218	-0.0645*	0.0061
19	Director Tenure	-0.1405*	0.1916*	0.2139*	-0.1612*	0.1405*	-0.0756*
20	Director Time in Company	-0.1478*	0.2083*	0.2199*	-0.1619*	0.1392*	-0.0793*
21	Director Interlocks	0.0456*	-0.0502*	-0.0707*	-0.0103	0.0027	0.1641*
22	Director Age	-0.1738*	0.0920*	0.1043*	-0.0329	0.0693*	-0.0018
23	Director Qualifications	0.014	-0.0172	-0.0709*	-0.0235	-0.0355	0.0930*
24	Board Size	-0.1470*	0.1755*	0.0604*	-0.1809*	**0.3279***	**0.6446***
25	CEO duality	-0.0038	0.1763*	0.1987*	0.1621*	0.1346*	0.0685*
26	Type of Camn*Relhor	-0.2610*	**0.3830***	**0.3016***	-0.02	0.0297	-0.1299*
27	Type of Camn*relhor(q50)	**0.3898***	0.1689*	0.2037*	-0.0962*	-0.0269	-0.1706*

Table 18B Cont-d. Correlation Matrix – Manufacturing Sample

		7	8	9	10	11	12
1	Type of Campaign						
2	Relative Hor						
3	Relative Hor (q50)						
4	CAR						
5	ROA						
6	Market Value						
7	Tobin's q	1					
8	R&D Intensty	**0.4054***	1				
9	Capital Intensity	-0.0802*	-0.2426*	1			
10	Leverage ln(dt/equity)	-0.0209	**-0.3808***	-0.2804*	1		
11	Leverage ln (dt/asstes)	0.2484*	0.0892*	-0.2549*	**0.9681***	1	
12	Free Cash	**-0.3144***	-0.1794*	**0.3095***	-0.0954*	-0.1240*	1
13	Log of Total Assets	-0.2908*	**-0.4949***	0.2605*	**0.3602***	0.1676*	-0.0268
14	Log of Sales	**-0.3281***	**-0.5117***	**0.3164***	0.2867*	0.1167*	0.2953*
15	Log of Revenue	**-0.3281***	**-0.5117***	**0.3164***	0.2867*	0.1167*	0.2953*
16	Lof of Employees	**-0.3414***	**-0.5810***	**0.3359***	0.2649*	0.0718*	0.1363*
17	Director Network Size	-0.0035	-0.0866*	0.0435*	0.044	0.03	-0.0751*
18	Director Time to Retirement	0.0381	0.0408	-0.0381	0.1341*	0.1584*	0.0068
19	Director Tenure	-0.1069*	-0.1731*	0.0143	-0.1326*	-0.1937*	0.0515*
20	Director Time in Company	-0.1048*	-0.1740*	0.0077	-0.1392*	-0.1916*	0.0495*
21	Director Interlocks	0.0067	0.0063	0.0450*	-0.0251	0.0242	-0.0553*
22	Director Age	-0.0423	-0.045	0.0413	-0.1300*	-0.1554*	-0.0006
23	Director Qualifications	0.0843*	0.0086	-0.0461*	-0.0102	0.0155	-0.0989*
24	Board Size	-0.0225	**-0.3285***	0.2891*	0.1413*	0.0540*	-0.0071
25	CEO duality	-0.0611*	-0.1197*	0.0514*	**-0.3087***	-0.2955*	0.1159*
26	Type of Camn*Relhor	-0.0364	-0.0437	0.1617*	-0.0999*	-0.1631*	0.2006*
27	Type of Camn*relhor(q50)	0.0326	-0.0462	0.0627*	-0.0638*	-0.0655*	0.1441*

Table 18B Cont-d. Correlation Matrix – Manufacturing Sample

		13	14	15	16	17	18
1	Type of Campaign						
2	Relative Hor						
3	Relative Hor (q50)						
4	CAR						
5	ROA						
6	Market Value						
7	Tobin's q						
8	R&D Intensty						
9	Capital Intensity						
10	Leverage ln(dt/equity)						
11	Leverage ln (dt/asstes)						
12	Free Cash						
13	Log of Total Assets	1					
14	Log of Sales	**0.8946***	1				
15	Log of Revenue	**0.8946***	1.0000*	1			
16	Lof of Employees	**0.9343***	**0.9235***	**0.9235***	1		
17	Director Network Size	0.2005*	0.1619*	0.1619*	0.1560*	1	
18	Director Time to Retirement	-0.0168	-0.0285	-0.0285	-0.0705*	0.0391	1
19	Director Tenure	-0.0101	0.0556*	0.0556*	0.0866*	-0.0908*	**-0.4587***
20	Director Time in Company	-0.0149	0.0538*	0.0538*	0.0824*	-0.0960*	**-0.4337***
21	Director Interlocks	0.1733*	0.1290*	0.1290*	0.1455*	0.2161*	-0.0045
22	Director Age	0.0235	0.0369	0.0369	0.0771*	-0.0315	**-0.9845***
23	Director Qualifications	0.0171	-0.0255	-0.0255	-0.004	**0.3562***	-0.0354
24	Board Size	**0.5601***	**0.5342***	**0.5342***	**0.5610***	0.1796*	-0.0509*
25	CEO duality	0.0573*	0.1118*	0.1118*	0.0506*	0.0231	-0.0665*
26	Type of Camn*Relhor	-0.1571*	-0.0895*	-0.0895*	-0.0982*	-0.0815*	-0.0328
27	Type of Camn*relhor(q50)	-0.2234*	-0.1631*	-0.1631*	-0.2110*	-0.0719*	0.0752*

Table 18B Cont-d. Correlation Matrix – Manufacturing Sample

		19	20	21	22	23	24
1	Type of Campaign						
2	Relative Hor						
3	Relative Hor (q50)						
4	CAR						
5	ROA						
6	Market Value						
7	Tobin's q						
8	R&D Intensty						
9	Capital Intensity						
10	Leverage ln(dt/equity)						
11	Leverage ln (dt/asstes)						
12	Free Cash						
13	Log of Total Assets						
14	Log of Sales						
15	Log of Revenue						
16	Lof of Employees						
17	Director Network Size						
18	Director Time to Retirement						
19	Director Tenure	1					
20	Director Time in Company	**0.9744***	1				
21	Director Interlocks	-0.1793*	-0.1871*	1			
22	Director Age	**0.4461***	**0.4092***	0.0227	1		
23	Director Qualifications	-0.1174*	-0.1204*	0.1045*	0.035	1	
24	Board Size	0.0005	0.0015	0.0666*	0.0585*	0.1233*	1
25	CEO duality	0.0493*	0.04	-0.0082	0.0590*	0.1083*	0.0918*
26	Type of Camn*Relhor	0.0321	0.0326	-0.1044*	0.0251	-0.0246	-0.0918*
27	Type of Camn*relhor(q50)	-0.0287	-0.0338	-0.0662*	-0.0749*	-0.0036	-0.1664*

25	CEO duality	1		
26	Type of Camn*Relhor	0.0985*	1	
27	Type of Camn*relhor(q50)	0.1652*	**0.6897***	1

Table 19A. H9&H10- Robust Regression

VARIABLES	Model1 Type of Campn	Model2 Type of Campn
Constant	0.83309***	0.85140***
	(0.03050)	(0.02836)
Relhor	-0.00499***	
	(0.00125)	
Relhor q50		-0.06997***
		(0.01246)
capxint	-0.12439	-0.11452
	(0.25931)	(0.25253)
lndebttoat	-0.00751*	-0.01016**
	(0.00393)	(0.00411)
frcash	0.13334***	0.12904***
	(0.02258)	(0.02168)
lnemp	-0.01317***	-0.00796*
	(0.00406)	(0.00431)
netwsize3	-0.00001***	-0.00001***
	(0.00000)	(0.00000)
timtoret3	0.00046	0.00043
	(0.00048)	(0.00048)
intrlcks3	0.00856**	0.00895**
	(0.00428)	(0.00424)
dirqualfn3	0.00313	0.00228
	(0.00401)	(0.00403)
ceoduality3	-0.00474	-0.00104
	(0.01044)	(0.00991)
Observations	3,340	3,340
R-squared	0.38919	0.39119

Robust standard errors in parentheses*** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 19B. H9&H10- Robust Regression VIF

Model1 – Rel Hor			
Variable		VIF	1/VIF
relhor		1.69	0.592382
capxint		2.95	0.339049
lndebttoat		1.76	0.569331
frcash		2.59	0.386807
lnemp		2.28	0.438419
netwsize3		1.25	0.797309
timtoret3		1.11	0.902806
intrlcks3		1.12	0.89101
dirqualfn3		1.23	0.810522
ceoduality3		1.52	0.656267
sic2			
	17	2.81	0.355996
	20	2.78	0.360338
	25	2.71	0.369168
	27	3.16	0.316728
	28	6.78	0.147601
	30	4.19	0.238744
	32	3.03	0.329504
	33	4.37	0.228876
	34	4.58	0.218516
	35	9.46	0.105665
	36	3.73	0.267904
	37	5.04	0.198356
	38	9.28	0.107801
	39	3.2	0.312322
	50	2.17	0.46174
	51	4.62	0.216548
	53	2.95	0.338581
	56	4.35	0.230069
	58	3.43	0.291878
	59	3.74	0.267468
	72	2.45	0.407914
	75	3.72	0.268702
	79	2.66	0.375378
	80	2.4	0.416605
	82	2.54	0.394259
	87	4.58	0.218448
Mean VIF		3.39	

Model 2 - Relative Hor (q50)			
Variable		VIF	1/VIF
q50		2.28	0.438368
capxint		2.95	0.339454
lndebttoat		1.78	0.562283
frcash		2.52	0.396758
lnemp		2.47	0.404209
netwsize3		1.25	0.797289
timtoret3		1.11	0.902601
intrlcks3		1.12	0.891877
dirqualfn3		1.24	0.809641
ceoduality3		1.54	0.649268
sic2			
	17	2.85	0.350961
	20	2.83	0.353033
	25	2.78	0.360297
	27	3.16	0.316665
	28	6.82	0.14653
	30	4.2	0.238293
	32	3.03	0.329725
	33	4.41	0.226849
	34	4.62	0.216484
	35	9.41	0.106246
	36	3.73	0.268176
	37	5.04	0.198317
	38	9.46	0.105719
	39	3.21	0.311307
	50	2.17	0.461418
	51	4.65	0.214877
	53	3.01	0.331832
	56	4.39	0.228007
	58	3.43	0.291966
	59	3.86	0.25934
	72	2.48	0.403193
	75	3.79	0.263672
	79	2.65	0.377464
	80	2.39	0.418102
	82	2.57	0.388902
	87	4.68	0.213608
Mean VIF		3.44	

Table 19C. H9&H10- Logistic Regressions – Relative Horizon (Odds Ratio)

VARIABLES Campn Type - DV	Logit coeff	Odds ratio
Constant	1.476	4.376
Relhor	-0.130***	0.878***
capxint	-6.749	0.00117
lndebttoat	-0.102	0.903
frcash	2.026***	7.587***
lnemp	-0.223***	0.800***
netwsize3	-0.000278***	1.000***
timtoret3	0.00426	1.004
intrlcks3	0.298***	1.347***
dirqualfn3	0.0830	1.087
ceoduality3	-0.106	0.900
Observations	2,143	2,143

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 19D. H9&H10- Logistic Regressions – Relative Horizon q50 (Odds Ratio)

VARIABLES Campn Type- Dv	Logit coeff	Odds ratio
Constant	1.945*	6.992*
q50	-1.186***	0.305***
capxint	-7.757	0.000428
lndebttoat	-0.217***	0.805***
frcash	1.799***	6.041***
lnemp	-0.121*	0.886*
netwsize3	-0.000266***	1.000***
timtoret3	0.00463	1.005
intrlcks3	0.290***	1.336***
dirqualfn3	0.0337	1.034
ceoduality3	0.126	1.134
Observations	2,143	2,143

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 19E. H9&H10- Logistic Regressions – (Margin Effects)

VARIABLES	Model1 Campn Type	Model2 Campn Type
Constant	1.47605	1.94481*
	(1.05746)	(1.06084)
Relhor	-0.12995***	
	(0.02308)	
Relhor (q50)		-1.18647***
		(0.23315)
capxint	-6.74874	-7.75739
	(4.74968)	(4.79524)
lndebttoat	-0.10188	-0.21680***
	(0.06802)	(0.06260)
frcash	2.02639***	1.79855***
	(0.20606)	(0.19342)
lnemp	-0.22310***	-0.12088*
	(0.07251)	(0.07131)
netwsize3	-0.00028***	-0.00027***
	(0.00007)	(0.00006)
timtoret3	0.00426	0.00463
	(0.00814)	(0.00810)
intrlcks3	0.29779***	0.28979***
	(0.08532)	(0.08485)
dirqualfn3	0.08301	0.03372
	(0.07274)	(0.07440)
ceoduality3	-0.10556	0.12554
	(0.19751)	(0.19777)
Observations	2,143	2,143

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 20A. H11&H12- CAR – Robust Regression

VARIABLES	Model1 car	Model2 car	Model3 car	Model4 car
Constant	0.29915***	0.35706***	0.35643***	0.35950***
	(0.04091)	(0.03270)	(0.03307)	(0.03367)
Campn Type		0.26852***	0.27234***	0.23436***
		(0.02926)	(0.03149)	(0.03306)
Relhor			0.00145	-0.00612**
			(0.00195)	(0.00293)
Campn Type*relhor				0.02056***
				(0.00390)
xrdint	0.26591***	0.33732***	0.34009***	0.38207***
	(0.05662)	(0.05019)	(0.05087)	(0.05539)
lndebttoat	0.09542***	0.05516***	0.05428***	0.04581***
	(0.02233)	(0.01712)	(0.01750)	(0.01673)
frcash	0.06386***	-0.01660	-0.02106	-0.00546
	(0.01567)	(0.01820)	(0.01963)	(0.02033)
lnemp	0.02821***	0.02196***	0.02104***	0.03613***
	(0.00718)	(0.00738)	(0.00765)	(0.01005)
netwsize3	0.00001***	0.00001***	0.00001***	0.00001***
	(0.00000)	(0.00000)	(0.00000)	(0.00000)
timtoret3	0.00071	0.00028	0.00031	0.00059
	(0.00044)	(0.00041)	(0.00041)	(0.00042)
intrlcks3	0.00381	-0.00286	-0.00284	-0.00077
	(0.00497)	(0.00438)	(0.00437)	(0.00438)
dirqualfn3	-0.01154*	-0.02153***	-0.02134***	-0.02131***
	(0.00597)	(0.00590)	(0.00593)	(0.00574)
ceoduality3	0.01511	0.01998*	0.02013*	-0.00073
	(0.01481)	(0.01180)	(0.01182)	(0.01133)
Observations	1,182	1,182	1,182	1,182
R-squared	0.58301	0.63420	0.63440	0.64476

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 20B- H11 &12- VIF Tests- CAR- Robust Regression

CAR								
Variable	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type			3.23	0.309735	3.39	0.294653	3.71	0.269305
Relhor					4.27	0.234441	6.54	0.15297
CampnType*rehor							3.8	0.262855
xrdint	3.32	0.301604	3.44	0.290808	3.49	0.286901	3.7	0.270572
lndebttoat	3.48	0.287311	4.39	0.22768	4.5	0.22203	4.7	0.212634
frcash	2.52	0.396916	3.17	0.315664	3.67	0.272405	3.79	0.263754
lnemp	2.79	0.358732	2.83	0.353412	3.06	0.32662	4.27	0.234239
netwsize3	1.26	0.792102	1.28	0.78306	1.28	0.77972	1.28	0.779659
timtoret3	1.17	0.853823	1.18	0.849417	1.18	0.844105	1.2	0.835243
intrlcks3	1.17	0.854279	1.19	0.842371	1.19	0.842354	1.2	0.83676
dirqualfn3	1.24	0.807325	1.29	0.775809	1.29	0.773186	1.29	0.773185
ceoduality3	2.43	0.412319	2.43	0.412	2.43	0.41193	2.6	0.384994
sic2								
25	2.79	0.358548	2.85	0.350356	2.99	0.33494	3.19	0.313585
27	2.6	0.384951	3.8	0.262932	3.86	0.259035	3.9	0.256219
28	6.94	0.144067	7.12	0.140496	7.12	0.140495	7.34	0.136162
30	2.7	0.370004	2.7	0.36987	2.96	0.338366	2.96	0.338217
32	3.46	0.288725	3.47	0.288529	3.99	0.250398	4.68	0.213877
33	2.77	0.361623	2.91	0.344176	2.96	0.337986	3.3	0.302657
34	3.43	0.291347	3.76	0.266058	4.08	0.245341	4.08	0.245044
36	3.95	0.25318	4.59	0.21795	4.85	0.206286	4.85	0.206266
37	3.75	0.267015	3.79	0.263691	4.11	0.243509	4.4	0.227322
50	2.2	0.455098	2.2	0.454863	2.38	0.42008	2.6	0.385271
58	2.09	0.478844	2.15	0.465093	2.29	0.436144	2.31	0.433609
87	3.21	0.311225	3.65	0.273775	3.88	0.257642	4.85	0.206159
Mean VIF	2.82		3.06		3.27		VIF	3.61

Table 21A. H11&H12- lnmv – Robust Regression

VARIABLES	Model1 lnmv2	Model2 lnmv2	Model3 lnmv2	Model4 lnmv2
Constant	6.54909***	5.32164***	5.08047***	4.79987***
	(0.10024)	(0.18073)	(0.18541)	(0.19256)
Campn Type		1.29927***	1.38800***	1.43720***
		(0.17424)	(0.17506)	(0.17968)
Relhor			-0.05322***	-0.03499***
			(0.00624)	(0.00636)
Campn*relhor				-0.17282***
				(0.02534)
capxint	22.21999***	20.57708***	21.30602***	22.00070***
	(1.78749)	(1.76840)	(1.68946)	(1.71450)
lndebttoat	0.05511	-0.00739	-0.04616	-0.02808
	(0.03423)	(0.03757)	(0.03962)	(0.03990)
frcash	-0.77389***	-0.92162***	-0.91002***	-0.91817***
	(0.07286)	(0.09030)	(0.08906)	(0.09766)
netwsize3	0.00004***	0.00006***	0.00006***	0.00005***
	(0.00002)	(0.00001)	(0.00001)	(0.00001)
timtoret3	0.00258	0.00083	0.00004	-0.00135
	(0.00283)	(0.00264)	(0.00256)	(0.00250)
intrlcks3	0.13407***	0.11577***	0.10824***	0.10996***
	(0.02770)	(0.02644)	(0.02634)	(0.02607)
dirqualfn3	-0.01136	-0.03601	-0.04345*	-0.03681*
	(0.02330)	(0.02297)	(0.02277)	(0.02189)
ceoduality3	0.92095***	0.93965***	0.98967***	0.94108***
	(0.08212)	(0.08032)	(0.08030)	(0.07871)
Observations	2,523	2,523	2,523	2,523
R-squared	0.60045	0.62013	0.62951	0.64246

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 21B- H11 &12- VIF Tests- lnMV- Robust Regression

LnMV Variable		VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type				2.06	0.484489	2.08	0.479797	2.09	0.478764
Relhor						1.67	0.599748	1.81	0.552766
CampnType*rehor								1.74	0.575325
capxint		2.8	0.357596	2.83	0.35293	2.85	0.35104	2.86	0.349807
lndebttoat		1.75	0.570256	1.82	0.550164	1.87	0.534955	1.88	0.532635
frcash		3.33	0.299859	3.48	0.287322	3.48	0.287167	3.48	0.287111
netwsize3		1.26	0.792155	1.27	0.786993	1.27	0.784755	1.29	0.772456
timtoret3		1.13	0.882773	1.14	0.879456	1.14	0.878033	1.14	0.874856
intrlcks3		1.11	0.897867	1.12	0.89396	1.12	0.892579	1.12	0.892527
dirqualfn3		1.26	0.793708	1.27	0.785854	1.27	0.784375	1.28	0.783522
ceoduality3		1.76	0.56841	1.76	0.568038	1.78	0.562511	1.79	0.558793
sic2									
	17	2.94	0.34036	3.82	0.261943	3.86	0.258785	3.91	0.256025
	20	2.95	0.338746	3.72	0.268538	3.76	0.265961	3.8	0.262902
	25	2.77	0.360472	3.62	0.276441	3.67	0.272473	3.74	0.267563
	27	3.27	0.30577	3.46	0.289002	3.47	0.288442	3.47	0.288411
	28	6.94	0.144	9.4	0.106421	9.48	0.105478	9.69	0.103231
	30	4.25	0.235251	5.81	0.172026	5.92	0.168832	5.99	0.166964
	32	3.15	0.317697	4.09	0.244252	4.09	0.244214	4.18	0.239229
	33	4.55	0.219794	5.88	0.17012	5.89	0.169887	6.05	0.165352
	34	4.56	0.219531	5.93	0.168517	5.99	0.167007	6.13	0.163084
	36	3.76	0.266153	4.18	0.239088	4.18	0.239039	4.18	0.238994
	37	5.33	0.187541	7.06	0.141675	7.12	0.140364	7.25	0.137897
	39	3.45	0.289758	4.61	0.216775	4.62	0.216409	4.72	0.212016
	50	2.19	0.45615	2.77	0.361658	2.77	0.361032	2.82	0.354625
	51	4.94	0.202255	6.64	0.15069	6.69	0.149561	6.77	0.147726
	53	2.87	0.34808	3.7	0.270203	3.71	0.269664	3.79	0.263887
	56	4.57	0.218737	5.87	0.170366	5.89	0.169846	6.03	0.165926
	58	3.58	0.279025	4.78	0.209077	4.85	0.206081	4.89	0.204359
	59	3.85	0.25973	5.2	0.192172	5.43	0.184027	5.49	0.182092
	72	2.29	0.436426	2.88	0.346853	2.88	0.34681	2.95	0.339251
	75	4.27	0.234369	5.19	0.192692	5.19	0.192569	5.24	0.190814
	79	2.84	0.351914	3.69	0.271272	3.69	0.270939	3.76	0.265745
	80	2.52	0.396191	3.3	0.302751	3.3	0.302698	3.37	0.296423
	82	2.61	0.382838	3.26	0.307204	3.36	0.297322	3.4	0.2939
	87	4.59	0.217714	5.38	0.185901	5.57	0.179519	6.27	0.159594
Mean VIF		3.23		3.97		3.94		3.95	

Table 22A. H11&H12- Tobin's q – Robust Regression

VARIABLES	Model1 tobinq	Model2 tobinq	Model3 tobinq	Model4 tobinq
Constant	1.31333***	-0.05708	-0.29575	-0.79425
	(0.19726)	(0.35264)	(0.37445)	(0.48622)
Campn Type		1.42849***	1.52176***	1.62639***
		(0.51629)	(0.52133)	(0.51421)
Relhor			-0.05281***	-0.02484***
			(0.00804)	(0.00562)
Capmn Type*relhor				-0.26158***
				(0.07421)
capxint	10.86592***	9.58865***	10.27326***	12.27316***
	(1.80554)	(1.53397)	(1.47519)	(1.85328)
lndebttoat	0.25919***	0.19558***	0.16076***	0.19331***
	(0.07698)	(0.05358)	(0.04921)	(0.05302)
frcash	-0.48609*	-0.65384**	-0.64230**	-0.66995**
	(0.25638)	(0.30477)	(0.29751)	(0.28532)
lnemp	-0.33142***	-0.35210***	-0.35179***	-0.39337***
	(0.06265)	(0.06587)	(0.06539)	(0.07199)
netwsize3	0.00001	0.00003*	0.00003**	0.00001
	(0.00001)	(0.00002)	(0.00002)	(0.00001)
timtoret3	0.00279*	0.00090	0.00031	-0.00196
	(0.00168)	(0.00184)	(0.00190)	(0.00230)
intrlcks3	0.06346**	0.04377	0.03708	0.04166
	(0.03211)	(0.03062)	(0.03078)	(0.02911)
dirqualfn3	0.01828	-0.00953	-0.01776	-0.01009
	(0.01984)	(0.01936)	(0.01975)	(0.01877)
ceoduality3	0.06715*	0.09781**	0.14395***	0.09222**
	(0.03675)	(0.03985)	(0.04275)	(0.03878)
Observations	2,509	2,509	2,509	2,509
R-squared	0.34762	0.38794	0.40337	0.45318

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 22B- H11 &12- VIF Tests- Tobin’s q- Robust Regression

Tobin's q								
Variable	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type			2.1	0.475896	2.12	0.470652	2.13	0.468639
Relhor					1.69	0.593106	1.83	0.54568
CampnType*rehor							1.79	0.557171
capxint	3.11	0.322041	3.1	0.320095	3.14	0.31865	3.18	0.314893
lndebttoat	1.76	0.568941	1.8	0.551641	1.86	0.538807	1.87	0.535436
frcash	3.36	0.297638	3.5	0.284251	3.52	0.284093	3.52	0.283813
lnemp	2.34	0.426923	2.4	0.423701	2.36	0.423699	2.42	0.413496
netwsize3	1.27	0.785662	1.3	0.779187	1.29	0.777211	1.3	0.767957
timtoret3	1.13	0.884221	1.1	0.880967	1.14	0.88014	1.14	0.87635
intrlcks3	1.12	0.894731	1.1	0.890947	1.12	0.889811	1.12	0.889646
dirqualfn3	1.26	0.792078	1.3	0.783687	1.28	0.78179	1.28	0.781281
ceoduality3	1.83	0.546822	1.8	0.546046	1.85	0.541494	1.85	0.539743
sic2								
17	2.95	0.339527	3.9	0.259967	3.9	0.256591	3.95	0.253132
20	2.96	0.337279	3.7	0.267473	3.78	0.264492	3.83	0.26132
25	2.9	0.345262	3.8	0.262342	3.87	0.258559	3.98	0.251264
27	3.24	0.30836	3.4	0.291979	3.43	0.291311	3.43	0.291183
28	6.89	0.145041	9.4	0.106415	9.48	0.105434	9.74	0.102663
30	4.32	0.23141	6	0.167488	6.09	0.164205	6.2	0.161416
32	3.19	0.312991	4.2	0.238702	4.19	0.238672	4.31	0.232112
33	4.57	0.218804	6	0.167862	5.97	0.16753	6.17	0.162013
34	4.53	0.22095	6	0.16766	6.01	0.166317	6.22	0.160791
36	3.75	0.26633	4.2	0.23797	4.2	0.23789	4.2	0.237877
37	5.48	0.182406	7.3	0.136418	7.4	0.135122	7.6	0.131555
39	3.45	0.289539	4.6	0.215746	4.64	0.215336	4.75	0.210322
50	2.22	0.451134	2.8	0.354269	2.83	0.353586	2.9	0.34491
51	5.55	0.180173	7.5	0.133925	7.52	0.132962	7.72	0.129538
53	3.4	0.293815	4.4	0.228719	4.38	0.228306	4.56	0.219233
56	4.64	0.21547	6	0.166313	6.03	0.165903	6.22	0.16077
58	3.69	0.270812	5	0.201005	5.05	0.198014	5.13	0.195075
59	3.87	0.258659	5.3	0.189581	5.52	0.181142	5.6	0.178493
72	2.58	0.387056	3.3	0.306238	3.27	0.306183	3.4	0.294525
75	4.32	0.231539	5.3	0.189295	5.29	0.189139	5.36	0.186664
79	2.85	0.350463	3.7	0.26823	3.73	0.26793	3.83	0.261392
80	2.57	0.388383	3.4	0.293771	3.4	0.293715	3.51	0.285032
82	2.63	0.379907	3.3	0.302047	3.43	0.291637	3.49	0.286889
87	4.68	0.213523	5.5	0.180754	5.74	0.174281	6.57	0.152301
Mean VIF	3.29		4		4.01		4.06	

Table 23A. H11&H12- ROA – Robust Regression

VARIABLES	Model1 roa	Model2 roa	Model3 roa	Model4 roa
Constant	0.13262***	0.19636***	0.22658***	0.25926***
	(0.03459)	(0.05707)	(0.06114)	(0.07782)
Campn Type		-0.06823	-0.07998	-0.08654
		(0.07236)	(0.07325)	(0.07621)
Relhor			0.00700***	0.00518***
			(0.00144)	(0.00119)
Camn Type*relhor				0.01755*
				(0.01036)
capxint	-0.18896	-0.12815	-0.23388	-0.36397
	(0.26558)	(0.28072)	(0.27098)	(0.28469)
lndebttoat	-0.09334***	-0.09035***	-0.08547***	-0.08763***
	(0.01008)	(0.00922)	(0.00858)	(0.00896)
frcash	-0.00184	0.00626	0.00457	0.00624
	(0.04647)	(0.05366)	(0.05239)	(0.05285)
lnemp	0.14575***	0.14673***	0.14677***	0.14955***
	(0.00753)	(0.00823)	(0.00817)	(0.00947)
netwsize3	0.00000	0.00000	0.00000	0.00000
	(0.00000)	(0.00000)	(0.00000)	(0.00000)
timtoret3	-0.00060	-0.00050	-0.00040	-0.00025
	(0.00042)	(0.00048)	(0.00048)	(0.00054)
intrlcks3	-0.00698	-0.00605	-0.00489	-0.00526
	(0.00426)	(0.00464)	(0.00474)	(0.00459)
dirqualfn3	-0.01124***	-0.00990***	-0.00898***	-0.00947***
	(0.00432)	(0.00345)	(0.00340)	(0.00351)
ceoduality3	0.05300***	0.05146***	0.04499***	0.04830***
	(0.01171)	(0.01142)	(0.01160)	(0.01169)
Observations	2,527	2,527	2,527	2,527
R-squared	0.65453	0.65627	0.66152	0.66572

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 23B- H11 &12- VIF Tests- ROA- Robust Regression

ROA								
Variable	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type			2.1	0.48239	2.09	0.477706	2.1	0.475902
Relhor					1.67	0.60004	1.81	0.553251
CampnType*rehor							1.78	0.561815
capxint	3.1	0.322863	3.1	0.320947	3.13	0.319053	3.17	0.315525
lndebttoat	1.76	0.568907	1.8	0.552096	1.86	0.53809	1.87	0.534747
frcash	3.34	0.299103	3.5	0.285474	3.51	0.285287	3.51	0.285059
lnemp	2.33	0.429131	2.4	0.425924	2.35	0.425922	2.41	0.415694
netwsize3	1.27	0.785418	1.3	0.779168	1.29	0.776942	1.3	0.76754
timtoret3	1.13	0.882348	1.1	0.878954	1.14	0.87761	1.14	0.873956
intrlcks3	1.12	0.894596	1.1	0.890892	1.12	0.889026	1.13	0.888784
dirqualfn3	1.26	0.793296	1.3	0.784807	1.28	0.783508	1.28	0.783055
ceoduality3	1.82	0.549249	1.8	0.548389	1.84	0.543435	1.85	0.541834
sic2								
17	2.9	0.344281	3.8	0.266206	3.8	0.263361	3.85	0.2599
20	2.92	0.342537	3.7	0.274029	3.68	0.271683	3.72	0.268544
25	2.85	0.350739	3.7	0.269168	3.76	0.265784	3.87	0.258455
27	3.21	0.311047	3.4	0.295578	3.39	0.294614	3.4	0.294484
28	6.84	0.146138	9.2	0.108325	9.3	0.107483	9.55	0.104719
30	4.28	0.233833	5.9	0.171083	5.94	0.16822	6.04	0.165432
32	3.15	0.317781	4.1	0.24482	4.09	0.244732	4.2	0.238202
33	4.48	0.223004	5.8	0.172767	5.79	0.172586	5.99	0.167054
34	4.56	0.219521	5.9	0.168411	5.99	0.16706	6.18	0.161819
36	3.75	0.266975	4.2	0.240077	4.17	0.239977	4.17	0.239971
37	5.42	0.184629	7.2	0.139421	7.23	0.138374	7.42	0.134772
39	3.4	0.294458	4.5	0.221626	4.52	0.221355	4.62	0.216417
50	2.19	0.456423	2.8	0.361969	2.77	0.361491	2.83	0.352967
51	5.48	0.182618	7.3	0.136924	7.35	0.136112	7.53	0.132739
53	3.36	0.297986	4.3	0.233857	4.28	0.233537	4.45	0.224553
56	4.57	0.219022	5.9	0.170579	5.88	0.169933	6.07	0.164827
58	3.64	0.274617	4.9	0.20579	4.92	0.203232	4.99	0.2003
59	3.81	0.262682	5.1	0.194543	5.36	0.186709	5.43	0.18406
72	2.55	0.391495	3.2	0.312508	3.2	0.312495	3.32	0.300985
75	4.24	0.235659	5.2	0.194152	5.15	0.194085	5.22	0.1916
79	2.81	0.355649	3.6	0.27474	3.65	0.274262	3.73	0.267836
80	2.54	0.393995	3.3	0.300956	3.32	0.30094	3.42	0.292381
82	2.59	0.38597	3.2	0.309693	3.33	0.300198	3.38	0.295449
87	4.61	0.21709	5.4	0.185367	5.57	0.179497	6.38	0.156699
Mean VIF	3.25		4		3.93		3.98	

Table 24A. H11&H12- CAR – Robust Regression (Rel Hor q50)

VARIABLES	Model1 car	Model2 car	Model3 car	Model4 car
Constant	0.05671*	0.05411*	0.07474**	0.10184***
	(0.03110)	(0.03125)	(0.03165)	(0.03043)
Campn Type		0.15665***	0.12967***	-0.08627***
		(0.01762)	(0.02220)	(0.01677)
Relhorq50			-0.07486***	-0.18344***
			(0.01638)	(0.01649)
Campn*relhorq50				0.58949***
				(0.02650)
capxint	0.02812	-0.12318	-0.05138	-0.27640
	(0.31825)	(0.31656)	(0.31202)	(0.29272)
xrdint	0.26393***	0.26458***	0.26860***	0.33412***
	(0.02760)	(0.02834)	(0.02847)	(0.02812)
lndebttoat	0.01121*	0.00586	0.00348	-0.00617
	(0.00656)	(0.00656)	(0.00623)	(0.00560)
frcash	0.04994***	0.03393**	0.05449***	0.07016***
	(0.01634)	(0.01660)	(0.01827)	(0.01684)
lnemp	0.01133*	0.00628	0.01385**	0.03648***
	(0.00607)	(0.00608)	(0.00679)	(0.00741)
netwsize3	-0.00000	0.00000	0.00000	0.00001**
	(0.00000)	(0.00000)	(0.00000)	(0.00000)
timtoret3	-0.00111*	-0.00140**	-0.00179***	-0.00120**
	(0.00065)	(0.00063)	(0.00063)	(0.00061)
intrlcks3	0.00160	-0.00355	-0.00729	-0.00706
	(0.00570)	(0.00540)	(0.00569)	(0.00548)
dirqualfn3	-0.00645	-0.00869	-0.00990	-0.01856***
	(0.00728)	(0.00703)	(0.00701)	(0.00640)
ceoduality3	0.00836	0.03354***	0.03425***	0.02829**
	(0.01157)	(0.01167)	(0.01162)	(0.01240)
Observations	1,182	1,182	1,182	1,182
R-squared	0.07929	0.12750	0.14424	0.29541

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 24B. H11&H12- lnmv – Robust Regression (Rel Hor q50)

VARIABLES	Model1 lnmv2	Model2 lnmv2	Model3 lnmv2	Model4 lnmv2
Constant	4.97334***	4.87479***	4.81325***	4.71098***
	(0.14760)	(0.14821)	(0.14422)	(0.14339)
Camp Type		0.83069***	0.86715***	1.53505***
		(0.10879)	(0.11251)	(0.11462)
Relhor q50			0.25154***	0.44596***
			(0.07494)	(0.07816)
Campn*relhorq50				-2.51801***
				(0.17552)
capxint	11.31450***	11.57683***	12.00750***	13.14467***
	(1.02790)	(1.00860)	(0.99849)	(0.99608)
lndebttoat	0.27831***	0.27978***	0.29767***	0.30784***
	(0.03140)	(0.03091)	(0.03216)	(0.03237)
frcash	0.08735	0.11118	0.06740	0.07033
	(0.07777)	(0.07961)	(0.07872)	(0.07969)
netwsize3	0.00004**	0.00005**	0.00004**	0.00003*
	(0.00002)	(0.00002)	(0.00002)	(0.00002)
timtoret3	-0.00868**	-0.01045***	-0.00986***	-0.01156***
	(0.00357)	(0.00348)	(0.00347)	(0.00346)
intrlcks3	0.29656***	0.28027***	0.28903***	0.28564***
	(0.03819)	(0.03768)	(0.03731)	(0.03667)
dirqualfn3	0.16621***	0.15765***	0.15674***	0.16664***
	(0.03082)	(0.03050)	(0.03036)	(0.02941)
ceoduality3	0.54049***	0.63331***	0.61977***	0.60319***
	(0.07755)	(0.07863)	(0.07807)	(0.07773)
Observations	2,523	2,523	2,523	2,523
R-squared	0.13312	0.14884	0.15263	0.18116

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 24C. H11&H12- Tobin's q – Robust Regression (Rel Hor q50)

VARIABLES	Model1 tobinq	Model2 tobinq	Model3 tobinq	Model4 tobinq
Constant	2.11353***	2.07675***	2.05948***	2.01142***
	(0.23368)	(0.21164)	(0.20448)	(0.19236)
Campn Type		0.31208	0.32238	0.63469**
		(0.20110)	(0.20576)	(0.28149)
Relhor q50			0.07077	0.16281**
			(0.04921)	(0.06635)
Campn Type*relhorq50				-1.19355***
				(0.30663)
capxint	1.23418*	1.31912*	1.43873**	2.01112***
	(0.68646)	(0.68467)	(0.69195)	(0.72762)
lndebttoat	0.33515***	0.33554***	0.34037***	0.34569***
	(0.06938)	(0.06897)	(0.07137)	(0.07189)
frcash	-0.10372	-0.09503	-0.10746	-0.10563
	(0.09160)	(0.08595)	(0.09171)	(0.09032)
lnemp	-0.15928***	-0.15867***	-0.15868***	-0.16022***
	(0.03319)	(0.03264)	(0.03267)	(0.03280)
netwsize3	-0.00000	-0.00000	-0.00000	-0.00001
	(0.00001)	(0.00001)	(0.00001)	(0.00001)
timtoret3	-0.00051	-0.00117	-0.00101	-0.00185
	(0.00182)	(0.00189)	(0.00188)	(0.00195)
intrlcks3	0.08309**	0.07677**	0.07922**	0.07809**
	(0.03427)	(0.03472)	(0.03478)	(0.03459)
dirqualfn3	0.08591***	0.08280***	0.08259***	0.08699***
	(0.02018)	(0.01917)	(0.01912)	(0.01929)
ceoduality3	-0.10687***	-0.07198	-0.07559*	-0.08386*
	(0.03702)	(0.04512)	(0.04425)	(0.04291)
Observations	2,509	2,509	2,509	2,509
R-squared	0.12039	0.12421	0.12473	0.13570

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 24D. H11&H12- ROA – Robust Regression (Rel Hor q50)

VARIABLES	Model1 roa	Model2 roa	Model3 roa	Model4 roa
Constant	-0.27812***	-0.28843***	-0.31347***	-0.32401***
	(0.03967)	(0.03836)	(0.03624)	(0.03548)
Type of Capmn		0.08938***	0.10407***	0.17092***
		(0.03002)	(0.03100)	(0.04196)
Relhor q50			0.10205***	0.12150***
			(0.01065)	(0.01184)
Campn Type*relhorq50				-0.25231***
				(0.04618)
capxint	0.61349***	0.63764***	0.81048***	0.92996***
	(0.19747)	(0.19621)	(0.17509)	(0.17387)
lndebttoat	-0.09192***	-0.09183***	-0.08465***	-0.08353***
	(0.00919)	(0.00929)	(0.00883)	(0.00900)
frcash	0.00071	0.00306	-0.01472	-0.01413
	(0.02152)	(0.02141)	(0.02145)	(0.02144)
lnemp	0.09061***	0.09081***	0.09076***	0.09037***
	(0.00732)	(0.00729)	(0.00695)	(0.00696)
netwsize3	0.00000	0.00000	-0.00000	-0.00000
	(0.00000)	(0.00000)	(0.00000)	(0.00000)
timtoret3	-0.00030	-0.00049	-0.00025	-0.00042
	(0.00052)	(0.00055)	(0.00054)	(0.00055)
intrlcks3	-0.00879	-0.01056*	-0.00687	-0.00710
	(0.00561)	(0.00583)	(0.00577)	(0.00577)
dirqualfn3	-0.01059**	-0.01152**	-0.01189**	-0.01091**
	(0.00525)	(0.00511)	(0.00513)	(0.00525)
ceoduality3	-0.00011	0.00972	0.00427	0.00286
	(0.01244)	(0.01282)	(0.01249)	(0.01245)
Observations	2,527	2,527	2,527	2,527
R-squared	0.34803	0.35388	0.37399	0.38321

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 24E. H11&H12. VIF Tests for Robust Regression (Relhor q50)

CAR

Variable	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type			1.17	0.857071	1.27	0.789625	1.97	0.506719
Relhor q50					1.46	0.683611	1.8	0.554432
CampnType*rehorq50							1.76	0.569607
lnemp	2.16	0.462284	2.19	0.456146	2.38	0.420103	2.57	0.38966
xrdint	2.03	0.493823	2.03	0.493821	2.03	0.49353	2.06	0.485127
lndebttoat	1.53	0.653579	1.55	0.64637	1.56	0.642293	1.57	0.635071
ceoduality3	1.34	0.746969	1.39	0.718449	1.39	0.718386	1.39	0.717897
capxint	1.28	0.784094	1.28	0.781757	1.28	0.78025	1.28	0.778616
netwsize3	1.2	0.835479	1.2	0.833635	1.2	0.830341	1.22	0.822739
dirqualfn3	1.17	0.851515	1.18	0.849571	1.18	0.847939	1.19	0.838847
frcash	1.13	0.88812	1.15	0.867137	1.28	0.779632	1.29	0.774606
timtoret3	1.09	0.917916	1.09	0.915394	1.11	0.902915	1.11	0.899782
intrlcks3	1.08	0.926427	1.09	0.91749	1.11	0.904252	1.11	0.904246
Mean VIF	1.4		1.39		1.44		1.56	

lnmv

Variable	VIF	1/VIF	1/VIF		VIF	1/VIF	VIF	1/VIF
Camn Type			1.06	0.946618	1.06	0.93912	1.44	0.693973
Relhor q50					1.14	0.879114	1.23	0.81446
CampnType*rehorq50							1.43	0.698676
dirqualfn3	1.16	0.86404	1.16	0.862625	1.16	0.862559	1.16	0.861519
netwsize3	1.15	0.868971	1.15	0.868547	1.15	0.867563	1.16	0.864244
ceoduality3	1.09	0.921317	1.12	0.892082	1.12	0.889592	1.12	0.889097
lndebttoat	1.08	0.924869	1.08	0.924831	1.11	0.902115	1.11	0.901163
intrlcks3	1.04	0.957816	1.05	0.9534	1.05	0.948165	1.05	0.948062
timtoret3	1.04	0.958394	1.05	0.953368	1.05	0.951033	1.05	0.948506
capxint	1.03	0.971866	1.03	0.970752	1.04	0.958487	1.06	0.947397
frcash	1.02	0.983658	1.02	0.979092	1.09	0.919384	1.09	0.919351
Mean VIF	1.08		1.08		1.1		1.17	

Table 24E Cont-d. H11&H12. VIF Tests for Robust Regression (Relhor q50)

Tobin's q								
Variable	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type			1.06	0.945895	1.07	0.938349	1.43	0.696867
Relhor q50					1.14	0.88094	1.23	0.815827
CampnType*rehorq50							1.43	0.7011
lnemp	1.32	0.760221	1.32	0.760127	1.32	0.760127	1.32	0.759919
netwsize3	1.16	0.859458	1.16	0.859117	1.17	0.8582	1.17	0.85529
dirqualfn3	1.16	0.863656	1.16	0.862336	1.16	0.862289	1.16	0.861363
frcash	1.14	0.874764	1.15	0.870406	1.22	0.822845	1.22	0.822798
capxint	1.13	0.881695	1.15	0.871354	1.15	0.871117	1.16	0.860671
ceoduality3	1.11	0.898153	1.14	0.881012	1.15	0.868288	1.15	0.867763
lndebttoat	1.11	0.902224	1.11	0.902207	1.13	0.882447	1.13	0.881346
intrlcks3	1.06	0.946186	1.06	0.941602	1.07	0.936553	1.07	0.936502
timtoret3	1.04	0.959031	1.05	0.954178	1.05	0.952143	1.05	0.949396
Mean VIF	1.14		1.13		1.15		1.21	

Variable	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type			1.06	0.946878	1.06	0.939484	1.44	0.694518
Relhor q50					1.14	0.879361	1.23	0.814824
CampnType*rehorq50							1.43	0.698602
lnemp	1.32	0.758766	1.32	0.758638	1.32	0.758636	1.32	0.758341
netwsize3	1.16	0.858803	1.16	0.858441	1.17	0.857494	1.17	0.854468
dirqualfn3	1.16	0.864344	1.16	0.862897	1.16	0.862829	1.16	0.861811
frcash	1.14	0.875802	1.15	0.871142	1.21	0.82482	1.21	0.824713
capxint	1.13	0.881295	1.15	0.872758	1.15	0.870717	1.16	0.860624
ceoduality3	1.11	0.898085	1.14	0.880623	1.15	0.86881	1.15	0.868467
lndebttoat	1.11	0.901643	1.11	0.901631	1.14	0.880427	1.14	0.879344
intrlcks3	1.06	0.946568	1.06	0.94219	1.07	0.936662	1.07	0.936615
timtoret3	1.04	0.958016	1.05	0.952987	1.05	0.950751	1.05	0.948167
Mean VIF	1.14		1.13		1.15		1.21	

Table 25A. H9&H10- Robust Regression – Manufacturing Sub-Sample

VARIABLES	Model1 Capmn Type	Model2 Campn Type
Constant	0.01019	0.04116
	(0.08948)	(0.07966)
Relhor	-0.00549*	
	(0.00317)	
Relhor q50		-0.11655***
		(0.04417)
xrdint	-0.05722*	-0.06797*
	(0.03476)	(0.03676)
frcash	0.07652*	0.07883**
	(0.04135)	(0.03887)
netwsize3	-0.00000	-0.00000
	(0.00000)	(0.00000)
timtoret3	0.00463***	0.00455***
	(0.00100)	(0.00100)
intrlcks3	0.01249	0.01372*
	(0.00806)	(0.00792)
dirqualfn3	0.01943**	0.01917**
	(0.00790)	(0.00798)
ceoduality3	0.10456***	0.12049***
	(0.02577)	(0.02453)
brdsize3	-0.02962***	-0.02449***
	(0.00596)	(0.00672)
Observations	1,353	1,353
R-squared	0.35388	0.35694

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 25B. H9&H10- VIF for Robust Regression – Manufacturing Sub-Sample

Model 1			Model 2		
Variable	VIF	1/VIF	Variable	VIF	1/VIF
relhor	2.24	0.447022	Relhor q50	3.33	0.300293
xrdint	1.29	0.776224	xrdint	1.31	0.761981
frcash	1.73	0.577141	frcash	1.57	0.63545
netwsize3	1.27	0.784367	netwsize3	1.28	0.784165
timtoret3	1.11	0.90298	timtoret3	1.11	0.90206
intrlcks3	1.11	0.897881	intrlcks3	1.11	0.897738
dirqualfn3	1.21	0.82678	dirqualfn3	1.21	0.829538
ceoduality3	1.45	0.687876	ceoduality3	1.53	0.652428
brdsize3	1.66	0.603548	brdsize3	1.88	0.532277
sic2			sic2		
25	2.12	0.471762	25	2.12	0.472007
27	2.05	0.488405	27	2.24	0.446296
28	6.09	0.16433	28	5.91	0.169095
30	2.32	0.430734	30	2.24	0.445864
32	2.67	0.374928	32	3.11	0.321036
33	2.06	0.485886	33	2.62	0.381851
34	2.81	0.355549	34	2.74	0.365461
36	4.83	0.206853	36	5.54	0.180354
37	2.96	0.338077	37	3.15	0.317842
Mean VIF	2.28		Mean VIF	2.44	

Table 26A- Logistic Regression (Odds Ratio) – Manufacturing Sub-Sample

VARIABLES Campn Type- DV	Logit coeff	Odds ratio
Constant	-1.472**	0.229**
Relhor	-0.0484**	0.953**
xrdint	-0.767**	0.465**
frcash	0.455***	1.576***
netwsize3	-3.11e-05	1.000
timtoret3	0.0351***	1.036***
intrlcks3	0.0910	1.095
dirqualfn3	0.126*	1.134*
ceoduality3	0.708***	2.029***
brdsize3	-0.245***	0.783***
Psuedo R2	0.1733	
Observations	938	938

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The model includes two-digit SIC codes as a control variable

Table 26B- Logistic Regression (Odds Ratio) – Relhor q50- Manufacturing Sub-Sample

VARIABLES Campn Type	Logit coeff	Odds ratio
Constant	-1.821***	0.162***
Relhor q50	-1.275***	0.279***
xrdint	-0.971***	0.379***
frcash	0.506***	1.658***
netwsize3	-4.08e-05	1.000
timtoret3	0.0346***	1.035***
intrlcks3	0.103	1.108
dirqualfn3	0.126*	1.135*
ceoduality3	0.960***	2.611***
brdsize3	-0.188***	0.828***
Observations	938	938

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The model includes two-digit SIC codes as a control variable

Table 26C- Logistic Regression (Margin Effects) – Manufacturing Sub-Sample

VARIABLES	Model1 Campn Type	Model2 Campn Type
Constant	-1.47214**	-1.82115***
	(0.67776)	(0.70335)
Relhor	-0.04836**	
	(0.01889)	
Rel hor q50		-1.27528***
		(0.34411)
xrdint	-0.76669**	-0.97067***
	(0.30828)	(0.32086)
frcash	0.45475***	0.50576***
	(0.16819)	(0.15998)
netwsize3	-0.00003	-0.00004
	(0.00008)	(0.00008)
timtoret3	0.03515***	0.03460***
	(0.00811)	(0.00814)
intrlcks3	0.09099	0.10288
	(0.06826)	(0.07023)
dirqualfn3	0.12594*	0.12645*
	(0.07094)	(0.07036)
ceoduality3	0.70772***	0.95973***
	(0.18176)	(0.20156)
brdsize3	-0.24510***	-0.18840***
	(0.05093)	(0.05547)
Observations	938	938

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 27A. H11&H12- CAR – Robust Regression – Manufacturing Sub-Sample

VARIABLES	Model1 car	Model2 car	Model3 car	Model4 car
Constant	0.52480***	0.52282***	0.41015***	0.43447***
	(0.10724)	(0.10456)	(0.07953)	(0.08129)
Campn Type		0.17790***	0.15670***	0.14863***
		(0.03888)	(0.04126)	(0.04038)
Relhor			-0.01331***	-0.01160***
			(0.00452)	(0.00446)
Campn*relhor				-0.00798**
				(0.00393)
xrdint	0.21042	0.22074	0.19485	0.18760
	(0.14172)	(0.14554)	(0.12509)	(0.12468)
frcash	-0.07493***	-0.09086***	-0.02137	-0.02018
	(0.02467)	(0.02427)	(0.03121)	(0.03138)
netwsize3	0.00001***	0.00001***	0.00001***	0.00001***
	(0.00000)	(0.00000)	(0.00000)	(0.00000)
timtoret3	-0.00002	-0.00092	-0.00066	-0.00069
	(0.00086)	(0.00082)	(0.00082)	(0.00082)
intrlcks3	-0.00226	-0.00473	-0.00501	-0.00626
	(0.00628)	(0.00670)	(0.00681)	(0.00705)
dirqualfn3	-0.01433	-0.01774*	-0.02265**	-0.02213**
	(0.00902)	(0.00911)	(0.00879)	(0.00879)
ceoduality3	0.01724	0.00120	0.00290	0.00552
	(0.02255)	(0.02291)	(0.02224)	(0.02227)
brdsize3	-0.02273***	-0.01690**	-0.01037*	-0.01380**
	(0.00797)	(0.00828)	(0.00586)	(0.00590)
Observations	1,309	1,309	1,309	1,309
R-squared	0.18030	0.21229	0.23514	0.23799

Robust standard errors in parentheses*** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 27B. H11&H12- lnmv – Robust Regression – Manufacturing Sub-Sample

VARIABLES	Model1 lnmv2	Model2 lnmv2	Model3 lnmv2	Model4 lnmv2
Constant	5.58657***	5.52244***	5.44300***	5.23257***
	(0.17886)	(0.18316)	(0.18761)	(0.19589)
Campn Type		-0.28254*	-0.31447**	-0.49451***
		(0.15670)	(0.15896)	(0.14872)
Relhor			-0.03245***	-0.01310*
			(0.00720)	(0.00725)
Camp*relhor				-0.15936***
				(0.01856)
frcash	-0.57955***	-0.55775***	-0.45877***	-0.33903***
	(0.06631)	(0.06675)	(0.07330)	(0.08122)
netwsize3	0.00016***	0.00015***	0.00016***	0.00014***
	(0.00002)	(0.00002)	(0.00002)	(0.00002)
timtoret3	-0.00528	-0.00382	-0.00472	-0.00397
	(0.00400)	(0.00399)	(0.00396)	(0.00390)
intrlcks3	0.14611***	0.14781***	0.13983***	0.12155**
	(0.04942)	(0.04867)	(0.04898)	(0.05155)
dirqualfn3	-0.04869	-0.04429	-0.05915*	-0.05317
	(0.03402)	(0.03386)	(0.03383)	(0.03297)
ceoduality3	0.97431***	0.99690***	1.06408***	1.07994***
	(0.10819)	(0.11093)	(0.11366)	(0.11301)
Observations	1,775	1,775	1,775	1,775
R-squared	0.28334	0.28540	0.29137	0.31990

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 27C. H11&H12- Tobin's q – Robust Regression – Manufacturing Sub-Sample

VARIABLES	Model1 tobinq	Model2 tobinq	Model3 tobinq	Model4 tobinq
Constant	3.80358***	3.80948***	3.88649***	3.91087***
	(0.58715)	(0.58906)	(0.69266)	(0.71760)
Campn Type		0.47914	0.49301*	0.46141*
		(0.29602)	(0.29631)	(0.27443)
Relhor			0.01793	0.02107
			(0.03924)	(0.04242)
Camon*relhor				-0.02349
				(0.03660)
frcash	-0.76975**	-0.80461**	-0.85993**	-0.84402**
	(0.30222)	(0.31744)	(0.39305)	(0.37484)
netwsize3	-0.00001	-0.00000	-0.00001	-0.00001
	(0.00003)	(0.00003)	(0.00003)	(0.00003)
timtoret3	-0.00180	-0.00401	-0.00368	-0.00367
	(0.00511)	(0.00499)	(0.00448)	(0.00448)
intrlcks3	0.08398	0.08045	0.08458	0.08230
	(0.05947)	(0.06005)	(0.06627)	(0.06486)
dirqualfn3	0.06568*	0.05880*	0.06732**	0.06817*
	(0.03440)	(0.03243)	(0.03430)	(0.03490)
ceoduality3	-0.35062***	-0.39773***	-0.43083**	-0.42339***
	(0.10797)	(0.11678)	(0.17011)	(0.16115)
brdsize3	-0.11684***	-0.10485***	-0.10886***	-0.11542***
	(0.01927)	(0.01688)	(0.01991)	(0.02640)
Observations	1,764	1,764	1,764	1,764
R-squared	0.15154	0.15500	0.15605	0.15639

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 27D. H11&H12- ROA – Robust Regression – Manufacturing Sub-Sample

VARIABLES	Model1 roa	Model2 roa	Model3 roa	Model4 roa
Constant	-0.36195***	-0.39548***	-0.37191***	-0.37528***
	(0.12459)	(0.13507)	(0.13880)	(0.14098)
Campn Type		-0.14548***	-0.13641**	-0.13936**
		(0.05471)	(0.05520)	(0.05581)
Relhor			0.00942	0.00973
			(0.00691)	(0.00702)
Campn*relhor				-0.00256
				(0.00724)
frcash	0.19006**	0.20174**	0.17271*	0.17462*
	(0.07968)	(0.08422)	(0.09400)	(0.09545)
netwsize3	0.00003***	0.00003***	0.00002***	0.00002***
	(0.00001)	(0.00001)	(0.00001)	(0.00001)
timtoret3	-0.00256**	-0.00181*	-0.00156	-0.00155
	(0.00100)	(0.00107)	(0.00098)	(0.00097)
intrlcks3	-0.00519	-0.00431	-0.00183	-0.00212
	(0.01046)	(0.01052)	(0.01167)	(0.01158)
dirqualfn3	-0.03741***	-0.03513***	-0.03099***	-0.03091***
	(0.00876)	(0.00834)	(0.00826)	(0.00833)
ceoduality3	0.18382***	0.19526***	0.17579***	0.17608***
	(0.02744)	(0.02819)	(0.03402)	(0.03372)
Observations	1,786	1,786	1,786	1,786
R-squared	0.22445	0.23220	0.23937	0.23947

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 27E. H11&H12- VIF Tests – Robust Regression – Manufacturing Sub-Sample

CAR								
Variable		VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type				1.58	0.63286	1.61	0.620524	1.65	0.606766
Relhor						2.70	0.37022	3.06	0.326879
CampnType*rehor								1.77	0.564343
xrdint		1.34	0.74469	1.35	0.74267	1.38	0.725286	1.40	0.714788
frcash		1.42	0.70419	1.44	0.69312	2.05	0.488412	2.05	0.488075
netwsize3		1.28	0.77882	1.28	0.77874	1.29	0.778099	1.29	0.775159
timtoret3		1.11	0.90454	1.13	0.88491	1.13	0.882575	1.13	0.882235
intrlcks3		1.12	0.8935	1.12	0.8914	1.12	0.89136	1.13	0.885349
dirqualfn3		1.20	0.83127	1.21	0.82778	1.22	0.817765	1.22	0.816869
ceoduality3		1.45	0.69052	1.47	0.68156	1.47	0.681418	1.47	0.678785
brdsize3		1.60	0.62588	1.64	0.60834	1.72	0.579869	1.90	0.525526
sic2									
	25	2.13	0.46857	2.14	0.46781	2.14	0.467145	2.16	0.463741
	27	2.07	0.48309	2.51	0.39801	2.52	0.397203	2.52	0.396835
	28	5.78	0.17306	5.95	0.16798	6.44	0.155273	6.52	0.15341
	30	2.14	0.46742	2.14	0.46636	2.29	0.436647	2.30	0.435392
	32	2.63	0.38093	2.65	0.37805	2.72	0.366977	2.85	0.351445
	33	2.04	0.49019	2.04	0.49016	2.07	0.48228	2.09	0.478989
	34	2.75	0.36384	2.75	0.3631	2.99	0.334459	3.00	0.333301
	36	4.74	0.21099	5.04	0.19856	5.16	0.193716	5.17	0.193266
	37	2.96	0.3379	2.98	0.33566	3.00	0.332989	3.03	0.330488
Mean VIF		**2.22**		**2.25**		**2.37**		**2.39**	

Table 27E Cont-d. H11&H12- VIF Tests – Robust Regression – Manufacturing Sub-Sample

lnmv								
Variable	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type			1.38	0.72423	1.39	0.721048	1.43	0.700573
Relhor					1.54	0.649215	1.65	0.60425
CampnType*rehor							1.49	0.67078
frcash	1.33	0.75092	1.35	0.73978	1.49	0.669069	1.54	0.650044
netwsize3	1.23	0.81386	1.23	0.81331	1.23	0.810344	1.24	0.803375
timtoret3	1.04	0.95871	1.07	0.93439	1.07	0.931296	1.07	0.930844
intrlcks3	1.10	0.91296	1.10	0.91256	1.10	0.909481	1.10	0.906128
dirqualfn3	1.21	0.82677	1.21	0.82433	1.23	0.814838	1.23	0.81452
ceoduality3	1.43	0.69853	1.45	0.69093	1.50	0.668657	1.50	0.668406
sic2								
23	1.02	0.98311	1.02	0.9831	1.02	0.983021	1.02	0.98301
25	2.69	0.37217	2.69	0.3719	2.72	0.367984	2.72	0.367353
27	2.54	0.3936	2.78	0.35909	2.79	0.358305	2.79	0.358166
28	6.33	0.15801	6.47	0.15464	6.58	0.151906	6.72	0.148908
30	3.08	0.32419	3.09	0.32389	3.10	0.322719	3.10	0.322606
32	2.40	0.4164	2.40	0.41581	2.42	0.414025	2.44	0.409211
33	3.01	0.33224	3.01	0.33224	3.01	0.331677	3.03	0.33025
34	3.33	0.30054	3.33	0.29997	3.34	0.299549	3.35	0.298457
36	4.75	0.21066	5.01	0.19953	5.10	0.196037	5.11	0.195609
37	3.44	0.29102	3.45	0.28983	3.45	0.289763	3.46	0.288752
39	2.39	0.41844	2.39	0.41844	2.43	0.411601	2.43	0.411359
Mean VIF	**2.49**		**2.47**		**2.45**		**2.42**	

Table 27E Cont-d. H11&H12- VIF Tests – Robust Regression – Manufacturing Sub-Sample

Tobin's q								
Variable		VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type				1.41	0.71079	1.41	0.708819	1.47	0.679597
Relhor						1.57	0.638164	1.71	0.584689
CampnType*rehor								1.58	0.632639
frcash		1.34	0.74861	1.35	0.73857	1.51	0.664212	1.54	0.648057
netwsize3		1.26	0.79385	1.26	0.79384	1.26	0.792287	1.27	0.789694
timtoret3		1.05	0.94929	1.08	0.93003	1.08	0.92865	1.08	0.928647
intrlcks3		1.10	0.91128	1.10	0.91066	1.10	0.907865	1.10	0.905332
dirqualfn3		1.21	0.82563	1.21	0.82351	1.23	0.812942	1.23	0.812629
ceoduality3		1.48	0.67579	1.50	0.66491	1.54	0.647858	1.55	0.645354
brdsize3		1.35	0.742	1.37	0.7275	1.38	0.722257	1.46	0.682918
sic2									
	23	1.02	0.98206	1.02	0.98206	1.02	0.981929	1.02	0.981911
	25	2.69	0.372	2.69	0.37173	2.72	0.367854	2.72	0.367237
	27	2.54	0.39309	2.79	0.35861	2.80	0.357613	2.80	0.357345
	28	6.33	0.15786	6.46	0.15486	6.58	0.15196	6.69	0.149392
	30	3.11	0.32166	3.11	0.32109	3.12	0.320235	3.13	0.319731
	32	2.53	0.39483	2.54	0.39297	2.56	0.390015	2.64	0.379487
	33	3.02	0.33142	3.02	0.33141	3.02	0.330927	3.03	0.329904
	34	3.29	0.30365	3.30	0.30338	3.30	0.303111	3.31	0.302528
	36	4.75	0.21059	4.99	0.20029	5.09	0.196569	5.10	0.195981
	37	3.44	0.29099	3.45	0.2897	3.45	0.289591	3.47	0.288276
	39	2.44	0.41023	2.44	0.41005	2.47	0.40417	2.47	0.404163
Mean VIF		**2.44**		**2.43**		**2.41**		**2.40**	

Table 27E Cont-d. H11&H12- VIF Tests – Robust Regression – Manufacturing Sub-Sample

ROA								
Variable		VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type				1.38	0.72639	1.38	0.723348	1.42	0.702011
Relhor						1.53	0.651629	1.65	0.607202
CampnType*rehor								1.49	0.672145
frcash		1.33	0.75146	1.35	0.7394	1.50	0.667835	1.54	0.649111
netwsize3		1.23	0.81395	1.23	0.81337	1.23	0.810627	1.24	0.803798
timtoret3		1.04	0.95906	1.07	0.9351	1.07	0.932189	1.07	0.931718
intrlcks3		1.10	0.91191	1.10	0.91151	1.10	0.908004	1.11	0.90482
dirqualfn3		1.21	0.82822	1.21	0.82573	1.22	0.817072	1.22	0.816813
ceoduality3		1.43	0.69897	1.45	0.6916	1.49	0.669516	1.49	0.669176
sic2									
	23	1.02	0.98312	1.02	0.98311	1.02	0.98303	1.02	0.983018
	25	2.69	0.37211	2.69	0.37183	2.72	0.367933	2.72	0.367291
	27	2.56	0.39093	2.80	0.35719	2.81	0.356371	2.81	0.3562
	28	6.38	0.15684	6.51	0.1535	6.63	0.150853	6.76	0.147865
	30	3.11	0.3212	3.12	0.32092	3.13	0.319768	3.13	0.319643
	32	2.40	0.41644	2.40	0.41583	2.41	0.414119	2.44	0.409346
	33	3.02	0.33076	3.02	0.33076	3.03	0.330306	3.04	0.328958
	34	3.33	0.30044	3.33	0.29986	3.34	0.299419	3.35	0.298335
	36	4.75	0.21049	5.02	0.19937	5.10	0.19595	5.11	0.195519
	37	3.48	0.28774	3.49	0.28648	3.49	0.286382	3.50	0.28535
	39	2.39	0.41839	2.39	0.41839	2.43	0.411627	2.43	0.411387
Mean VIF		**2.50**		**2.48**		**2.45**		**2.43**	

Table 28A. H11&H12- CAR – Robust Reg – Manufacturing Sub-Sample (Relhor q50)

VARIABLES	Model1 car	Model2 car	Model3 car	Model4 car
Constant	0.52480***	0.52282***	0.49951***	0.53484***
	(0.10724)	(0.10456)	(0.09251)	(0.08980)
Campn Type		0.17790***	0.16048***	0.27685***
		(0.03888)	(0.04044)	(0.04278)
Relhor q50			-0.14849***	-0.03416
			(0.05577)	(0.04989)
Campn*relhorq50				-0.51587***
				(0.05966)
xrdint	0.21042	0.22074	0.19442	0.16619
	(0.14172)	(0.14554)	(0.13644)	(0.12971)
frcash	-0.07493***	-0.09086***	-0.04907**	-0.04836**
	(0.02467)	(0.02427)	(0.02454)	(0.02417)
netwsize3	0.00001***	0.00001***	0.00001***	0.00001**
	(0.00000)	(0.00000)	(0.00000)	(0.00000)
timtoret3	-0.00002	-0.00092	-0.00089	-0.00080
	(0.00086)	(0.00082)	(0.00081)	(0.00080)
intrlcks3	-0.00226	-0.00473	-0.00319	-0.00833
	(0.00628)	(0.00670)	(0.00684)	(0.00706)
dirqualfn3	-0.01433	-0.01774*	-0.02049**	-0.01791**
	(0.00902)	(0.00911)	(0.00897)	(0.00877)
ceoduality3	0.01724	0.00120	0.02355	0.04224*
	(0.02255)	(0.02291)	(0.02211)	(0.02209)
brdsize3	-0.02273***	-0.01690**	-0.00701	-0.02409***
	(0.00797)	(0.00828)	(0.00569)	(0.00605)
Observations	1,309	1,309	1,309	1,309
R-squared	0.18030	0.21229	0.22631	0.27534

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 28B. H11&H12- lnmv – Robust Reg – Manufacturing Sub-Sample (Relhor q50)

VARIABLES	Model1 lnmv2	Model2 lnmv2	Model3 lnmv2	Model4 lnmv2
Constant	5.58657***	5.52244***	5.30549***	4.85851***
	(0.17886)	(0.18316)	(0.18942)	(0.18705)
Campn Type		-0.28254*	-0.20881	0.41132**
		(0.15670)	(0.15858)	(0.17090)
Relhor q50			0.49957***	0.73028***
			(0.10512)	(0.10924)
Campn*relhorq50				-2.97502***
				(0.22881)
frcash	-0.57955***	-0.55775***	-0.64912***	-0.52587***
	(0.06631)	(0.06675)	(0.07939)	(0.07020)
netwsize3	0.00016***	0.00015***	0.00015***	0.00012***
	(0.00002)	(0.00002)	(0.00002)	(0.00002)
timtoret3	-0.00528	-0.00382	-0.00231	-0.00118
	(0.00400)	(0.00399)	(0.00397)	(0.00388)
intrlcks3	0.14611***	0.14781***	0.14858***	0.12621***
	(0.04942)	(0.04867)	(0.04804)	(0.04861)
dirqualfn3	-0.04869	-0.04429	-0.03239	-0.02566
	(0.03402)	(0.03386)	(0.03369)	(0.03231)
ceoduality3	0.97431***	0.99690***	0.84564***	0.95128***
	(0.10819)	(0.11093)	(0.11107)	(0.11167)
Observations	1,775	1,775	1,775	1,775
R-squared	0.28334	0.28540	0.29375	0.33740

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 28C. H11&H12- Tobin's q – Robust Reg – Manufacturing Sub-Sample (Relhor q50)

VARIABLES	Model1 tobinq	Model2 tobinq	Model3 tobinq	Model4 tobinq
Constant	3.80358***	3.80948***	3.80943***	3.81085***
	(0.58715)	(0.58906)	(0.59031)	(0.59053)
Campn Type		0.47914	0.48468	0.53559
		(0.29602)	(0.29849)	(0.33870)
Relhor q50			0.05289	0.07917
			(0.27429)	(0.28683)
Campn*relhorq50				-0.26212
				(0.33666)
frcash	-0.76975**	-0.80461**	-0.81440**	-0.80555**
	(0.30222)	(0.31744)	(0.34978)	(0.34337)
netwsize3	-0.00001	-0.00000	-0.00001	-0.00001
	(0.00003)	(0.00003)	(0.00003)	(0.00003)
timtoret3	-0.00180	-0.00401	-0.00390	-0.00387
	(0.00511)	(0.00499)	(0.00465)	(0.00464)
intrlcks3	0.08398	0.08045	0.08064	0.07903
	(0.05947)	(0.06005)	(0.06063)	(0.06035)
dirqualfn3	0.06568*	0.05880*	0.06004*	0.06054*
	(0.03440)	(0.03243)	(0.03196)	(0.03212)
ceoduality3	-0.35062***	-0.39773***	-0.41145**	-0.39979**
	(0.10797)	(0.11678)	(0.16820)	(0.16012)
brdsize3	-0.11684***	-0.10485***	-0.10762***	-0.11274***
	(0.01927)	(0.01688)	(0.02354)	(0.02671)
Observations	1,764	1,764	1,764	1,764
R-squared	0.15154	0.15500	0.15505	0.15524

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 28D. H11&H12- ROA – Robust Reg – Manufacturing Sub-Sample (Relhor q50)

VARIABLES	Model1 roa	Model2 roa	Model3 roa	Model4 roa
Constant	-0.36195***	-0.39548***	-0.49916***	-0.49896***
	(0.12459)	(0.13507)	(0.10518)	(0.10902)
Capmn Type		-0.14548***	-0.11001**	-0.11028*
		(0.05471)	(0.05543)	(0.05799)
Relhor q50			0.24056***	0.24046***
			(0.05460)	(0.05276)
Camn*relhorq50				0.00129
				(0.08830)
frcash	0.19006**	0.20174**	0.15742*	0.15737*
	(0.07968)	(0.08422)	(0.08316)	(0.08443)
netwsize3	0.00003***	0.00003***	0.00002***	0.00002***
	(0.00001)	(0.00001)	(0.00001)	(0.00001)
timtoret3	-0.00256**	-0.00181*	-0.00111	-0.00111
	(0.00100)	(0.00107)	(0.00100)	(0.00099)
intrlcks3	-0.00519	-0.00431	-0.00375	-0.00374
	(0.01046)	(0.01052)	(0.01046)	(0.01052)
dirqualfn3	-0.03741***	-0.03513***	-0.02964***	-0.02964***
	(0.00876)	(0.00834)	(0.00817)	(0.00820)
ceoduality3	0.18382***	0.19526***	0.12223***	0.12219***
	(0.02744)	(0.02819)	(0.03277)	(0.03269)
Observations	1,786	1,786	1,786	1,786
R-squared	0.22445	0.23220	0.25976	0.25976

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

*The models include two-digit SIC codes as a control variable

Table 28E. H11&H12- VIF Tests – Robust Reg – Manufacturing Sub-Sample (Relhor q50)

CAR								
Variable		VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type				1.58	0.632861	1.61	0.619301	2.06	0.486379
Relhor q50						3.7	0.270084	4.33	0.230941
CampnType*rehorq50								1.9	0.526455
xrdint		1.34	0.744693	1.35	0.742671	1.4	0.71386	1.42	0.704864
frcash		1.42	0.704188	1.44	0.693123	1.8	0.555836	1.8	0.555827
netwsize3		1.28	0.778817	1.28	0.778743	1.28	0.778729	1.29	0.776605
timtoret3		1.11	0.904539	1.13	0.884906	1.13	0.884858	1.13	0.884731
intrlcks3		1.12	0.893497	1.12	0.891398	1.12	0.889544	1.13	0.883685
dirqualfn3		1.2	0.831268	1.21	0.82778	1.22	0.822642	1.22	0.821366
ceoduality3		1.45	0.690515	1.47	0.681557	1.55	0.644529	1.57	0.637602
brdsize3		1.6	0.625884	1.64	0.608337	1.95	0.513805	2.2	0.45368
sic2									
	25	2.13	0.468574	2.14	0.467809	2.14	0.467225	2.15	0.46453
	27	2.07	0.483092	2.51	0.398008	2.67	0.37486	2.67	0.374858
	28	5.78	0.173055	5.95	0.167977	5.95	0.167933	6.22	0.160643
	30	2.14	0.467415	2.14	0.466359	2.17	0.459822	2.18	0.459439
	32	2.63	0.380929	2.65	0.378046	3.19	0.313503	3.52	0.283822
	33	2.04	0.490186	2.04	0.490164	2.7	0.369696	2.84	0.352248
	34	2.75	0.363838	2.75	0.363099	2.87	0.348667	2.87	0.348382
	36	4.74	0.210991	5.04	0.198558	5.83	0.171555	5.94	0.168489
	37	2.96	0.3379	2.98	0.33566	3.21	0.312009	3.25	0.307604
Mean VIF		**2.22**		**2.25**		**2.5**		**2.58**	

Table 28E Cont-d . H11&H12- VIF Tests – Robust Reg – Manufacturing Sub-Sample

(Relhor q50)

lnmv								
Variable	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type			1.38	0.724232	1.4	0.712254	1.72	0.581932
Relhor q50					1.9	0.527242	1.97	0.506565
CampnType*rehorq50							1.5	0.667429
frcash	1.33	0.750915	1.35	0.739776	1.44	0.695041	1.47	0.680708
netwsize3	1.23	0.813855	1.23	0.813307	1.23	0.809811	1.24	0.804407
timtoret3	1.04	0.958714	1.07	0.93439	1.08	0.928153	1.08	0.927483
intrlcks3	1.1	0.91296	1.1	0.912555	1.1	0.912535	1.1	0.909229
dirqualfn3	1.21	0.826766	1.21	0.824331	1.22	0.81995	1.22	0.819683
ceoduality3	1.43	0.698532	1.45	0.690927	1.62	0.616557	1.64	0.610424
sic2								
23	1.02	0.98311	1.02	0.983101	1.02	0.982507	1.02	0.982478
25	2.69	0.372168	2.69	0.371897	2.74	0.365176	2.75	0.363986
27	2.54	0.3936	2.78	0.359091	2.85	0.35101	2.85	0.351001
28	6.33	0.158005	6.47	0.15464	6.48	0.15441	6.66	0.150132
30	3.08	0.324185	3.09	0.323891	3.09	0.323422	3.11	0.321736
32	2.4	0.416397	2.4	0.41581	2.49	0.401225	2.54	0.393614
33	3.01	0.332244	3.01	0.332244	3.37	0.296949	3.4	0.29413
34	3.33	0.300539	3.33	0.299971	3.33	0.299932	3.36	0.297942
36	4.75	0.21066	5.01	0.199531	5.35	0.186938	5.36	0.186556
37	3.44	0.291016	3.45	0.28983	3.53	0.28345	3.54	0.282496
39	2.39	0.418443	2.39	0.418441	2.44	0.410513	2.44	0.40991
Mean VIF	**2.49**		**2.47**		**2.51**		**2.5**	

Table 28E Cont-d . H11&H12- VIF Tests – Robust Reg – Manufacturing Sub-Sample (Relhor q50)

Tobin's q								
Variable	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type			1.41	0.710785	1.42	0.70447	1.71	0.583791
Relhor q50					2.04	0.491084	2.17	0.459839
CampnType*rehorq50							1.59	0.630509
frcash	1.34	0.748606	1.35	0.738566	1.45	0.689544	1.47	0.679414
netwsize3	1.26	0.793849	1.26	0.793842	1.26	0.793263	1.26	0.791582
timtoret3	1.05	0.949287	1.08	0.930032	1.08	0.92726	1.08	0.927164
intrlcks3	1.1	0.911277	1.1	0.910659	1.1	0.910539	1.1	0.908162
dirqualfn3	1.21	0.825626	1.21	0.823511	1.22	0.818898	1.22	0.818694
ceoduality3	1.48	0.675787	1.5	0.664912	1.64	0.609046	1.67	0.599053
brdsize3	1.35	0.741996	1.37	0.727498	1.47	0.679709	1.56	0.640358
sic2								
23	1.02	0.982061	1.02	0.982059	1.02	0.980932	1.02	0.980916
25	2.69	0.372001	2.69	0.371729	2.74	0.364698	2.75	0.363762
27	2.54	0.393088	2.79	0.35861	2.87	0.349011	2.87	0.348876
28	6.33	0.157862	6.46	0.154855	6.46	0.154719	6.64	0.150646
30	3.11	0.321659	3.11	0.321094	3.13	0.319806	3.16	0.316683
32	2.53	0.394831	2.54	0.392971	2.71	0.368697	2.83	0.353682
33	3.02	0.331423	3.02	0.331408	3.38	0.296027	3.42	0.292629
34	3.29	0.303653	3.3	0.303377	3.3	0.303366	3.31	0.302177
36	4.75	0.210592	4.99	0.200292	5.34	0.187243	5.35	0.186808
37	3.44	0.29099	3.45	0.289701	3.54	0.282157	3.56	0.280578
39	2.44	0.41023	2.44	0.410046	2.47	0.405433	2.47	0.405371
Mean VIF	**2.44**		**2.43**		**2.48**		**2.49**	

Table 28E Cont-d . H11&H12- VIF Tests – Robust Reg – Manufacturing Sub-Sample (Relhor q50)

ROA								
Variable	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF	VIF	1/VIF
Camn Type			1.38	0.726386	1.4	0.714446	1.71	0.584883
Relhor q50					1.88	0.530604	1.96	0.509983
CampnType*rehorq50							1.49	0.668897
frcash	1.33	0.751455	1.35	0.739397	1.44	0.694279	1.47	0.680326
netwsize3	1.23	0.813946	1.23	0.813374	1.23	0.810126	1.24	0.80483
timtoret3	1.04	0.959059	1.07	0.935097	1.08	0.929221	1.08	0.928518
intrlcks3	1.1	0.911909	1.1	0.911507	1.1	0.91146	1.1	0.90826
dirqualfn3	1.21	0.828217	1.21	0.82573	1.22	0.821737	1.22	0.8215
ceoduality3	1.43	0.69897	1.45	0.691603	1.62	0.61713	1.64	0.61064
sic2								
23	1.02	0.983118	1.02	0.98311	1.02	0.982519	1.02	0.982489
25	2.69	0.372111	2.69	0.371833	2.74	0.365146	2.75	0.363948
27	2.56	0.390933	2.8	0.357191	2.86	0.34925	2.86	0.349231
28	6.38	0.156837	6.51	0.1535	6.52	0.15326	6.71	0.149018
30	3.11	0.3212	3.12	0.320918	3.12	0.320454	3.14	0.318745
32	2.4	0.416437	2.4	0.415833	2.49	0.401513	2.54	0.39396
33	3.02	0.330756	3.02	0.330755	3.37	0.296499	3.4	0.293775
34	3.33	0.300439	3.33	0.299855	3.34	0.299821	3.36	0.29785
36	4.75	0.21049	5.02	0.199374	5.35	0.186963	5.36	0.186582
37	3.48	0.287737	3.49	0.286479	3.57	0.279995	3.58	0.279054
39	2.39	0.418387	2.39	0.418386	2.44	0.410547	2.44	0.409941
Mean VIF	**2.5**		**2.48**		**2.52**		**2.5**	

Table 29A. H9&10- Robust Regression (with average Relhor measure)

VARIABLES	Model1 Campn Type
Constant	0.99470***
	(0.02935)
relhor1	0.00634***
	(0.00121)
capxint	1.09407***
	(0.25138)
lndebttoat	0.05266***
	(0.00665)
lnemp	0.01463***
	(0.00431)
netwsize3	-0.00001***
	(0.00000)
timtoret3	0.00142***
	(0.00047)
intrlcks3	0.01411***
	(0.00469)
dirqualfn3	0.01815***
	(0.00371)
ceoduality3	-0.03135***
	(0.01206)
Observations	2,572
R-squared	0.49399

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

*The model includes two-digit SIC codes as a control variable

Table 29B. H9&10- Logistic Regression – Margin Effects (with average Relhor measure)

VARIABLES	Model1 Campn Type
relhor1	0.04232
	(0.04358)
capxint	47.26103***
	(7.00175)
lndebttoat	1.62981***
	(0.19586)
lnemp	0.22632***
	(0.08256)
netwsize3	-0.00011
	(0.00007)
timtoret3	0.01916*
	(0.01101)
intrlcks3	0.08934
	(0.09512)
dirqualfn3	0.29986***
	(0.09970)
ceoduality3	-0.68079**
	(0.32175)
Pseudo R2	0.5489
Observations	1,371

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The model includes two-digit SIC codes as a control variable

Table 30A. H11&12- CAR - Robust Regression (with average Relhor measure)

VARIABLES	Model1 car	Model2 car
Constant	0.29915***	0.39269***
	(0.04091)	(0.03165)
Campn*trelhor1		0.02494***
		(0.00266)
xrdint	0.26591***	0.40421***
	(0.05662)	(0.05436)
lndebttoat	0.09542***	0.04875***
	(0.02233)	(0.01658)
frcash	0.06386***	-0.03878**
	(0.01567)	(0.01806)
lnemp	0.02821***	0.03548***
	(0.00718)	(0.00723)
netwsize3	0.00001***	0.00001***
	(0.00000)	(0.00000)
timtoret3	0.00071	0.00064
	(0.00044)	(0.00041)
intrlcks3	0.00381	-0.00026
	(0.00497)	(0.00449)
dirqualfn3	-0.01154*	-0.01977***
	(0.00597)	(0.00576)
ceoduality3	0.01511	-0.00166
	(0.01481)	(0.01253)
Observations	1,182	1,182
R-squared	0.58301	0.63886

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 30B. H11&12- lnmv- Robust Regression (with average Relhor measure)

VARIABLES	Model1 lnmv2	Model2 lnmv2	Model3 lnmv2	Model4 lnmv2
Constant	6.54909***	5.32164***	5.50777***	4.77822***
	(0.10024)	(0.18073)	(0.17790)	(0.22364)
Campn Type		1.29927***	1.39301***	3.27142***
		(0.17424)	(0.17491)	(0.42522)
relhor1			-0.05455***	-0.04030***
			(0.00626)	(0.00627)
Camp*trelhor1				-0.20418***
				(0.03214)
capxint	22.21999***	20.57708***	21.31459***	21.45742***
	(1.78749)	(1.76840)	(1.68469)	(1.69276)
lndebttoat	0.05511	-0.00739	-0.05005	-0.05070
	(0.03423)	(0.03757)	(0.03936)	(0.03741)
frcash	-0.77389***	-0.92162***	-0.91025***	-0.83509***
	(0.07286)	(0.09030)	(0.08912)	(0.09041)
netwsize3	0.00004***	0.00006***	0.00006***	0.00005***
	(0.00002)	(0.00001)	(0.00001)	(0.00001)
timtoret3	0.00258	0.00083	0.00004	-0.00118
	(0.00283)	(0.00264)	(0.00256)	(0.00250)
intrlcks3	0.13407***	0.11577***	0.10806***	0.10644***
	(0.02770)	(0.02644)	(0.02632)	(0.02615)
dirqualfn3	-0.01136	-0.03601	-0.04369*	-0.03944*
	(0.02330)	(0.02297)	(0.02274)	(0.02147)
ceoduality3	0.92095***	0.93965***	0.98965***	0.95342***
	(0.08212)	(0.08032)	(0.08032)	(0.07837)
Observations	2,523	2,523	2,523	2,523
R-squared	0.60045	0.62013	0.62993	0.64292

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 30C. H11&12- Tobin's Q - Robust Regression (with average Relhor measure)

VARIABLES	Model1 tobinq	Model2 tobinq	Model3 tobinq	Model4 tobinq
Constant	1.31333***	-0.05708	0.12126	-0.98366
	(0.19726)	(0.35264)	(0.32837)	(0.63905)
Campn Type		1.42849***	1.52393***	4.22202***
		(0.51629)	(0.52148)	(1.31860)
relhor1			-0.05244***	-0.03192***
			(0.00786)	(0.00524)
Camp*relhor1				-0.29020***
				(0.09073)
capxint	10.86592***	9.58865***	10.26860***	11.33387***
	(1.80554)	(1.53397)	(1.47417)	(1.67269)
lndebttoat	0.25919***	0.19558***	0.15828***	0.16218***
	(0.07698)	(0.05358)	(0.04926)	(0.04675)
frcash	-0.48609*	-0.65384**	-0.64280**	-0.55024**
	(0.25638)	(0.30477)	(0.29778)	(0.24797)
lnemp	-0.33142***	-0.35210***	-0.35253***	-0.38951***
	(0.06265)	(0.06587)	(0.06550)	(0.07179)
netwsize3	0.00001	0.00003*	0.00003**	0.00002
	(0.00001)	(0.00002)	(0.00002)	(0.00001)
timtoret3	0.00279*	0.00090	0.00034	-0.00155
	(0.00168)	(0.00184)	(0.00189)	(0.00227)
intrlcks3	0.06346**	0.04377	0.03723	0.03646
	(0.03211)	(0.03062)	(0.03076)	(0.02934)
dirqualfn3	0.01828	-0.00953	-0.01779	-0.01398
	(0.01984)	(0.01936)	(0.01980)	(0.01887)
ceoduality3	0.06715*	0.09781**	0.14267***	0.10939***
	(0.03675)	(0.03985)	(0.04275)	(0.03773)
Observations	2,509	2,509	2,509	2,509
R-squared	0.34762	0.38794	0.40303	0.44712

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 30D. H11&12- ROA - Robust Regression (with average Relhor measure)

VARIABLES	Model1 roa	Model2 roa	Model3 roa	Model4 roa
Constant	0.13262***	0.19636***	0.17075***	0.24917***
	(0.03459)	(0.05707)	(0.05442)	(0.09230)
Campn Type		-0.06823	-0.07987	-0.27567
		(0.07236)	(0.07298)	(0.17198)
relhor1			0.00689***	0.00543***
			(0.00131)	(0.00112)
Camon*relhor1				0.02114*
				(0.01161)
capxint	-0.18896	-0.12815	-0.23184	-0.30548
	(0.26558)	(0.28072)	(0.27074)	(0.27596)
lndebttoat	-0.09334***	-0.09035***	-0.08520***	-0.08553***
	(0.01008)	(0.00922)	(0.00865)	(0.00865)
frcash	-0.00184	0.00626	0.00467	-0.00227
	(0.04647)	(0.05366)	(0.05248)	(0.04991)
lnemp	0.14575***	0.14673***	0.14685***	0.14952***
	(0.00753)	(0.00823)	(0.00819)	(0.00930)
netwsize3	0.00000	0.00000	0.00000	0.00000
	(0.00000)	(0.00000)	(0.00000)	(0.00000)
timtoret3	-0.00060	-0.00050	-0.00041	-0.00027
	(0.00042)	(0.00048)	(0.00048)	(0.00053)
intrlcks3	-0.00698	-0.00605	-0.00492	-0.00493
	(0.00426)	(0.00464)	(0.00472)	(0.00468)
dirqualfn3	-0.01124***	-0.00990***	-0.00899***	-0.00925***
	(0.00432)	(0.00345)	(0.00342)	(0.00346)
ceoduality3	0.05300***	0.05146***	0.04514***	0.04732***
	(0.01171)	(0.01142)	(0.01160)	(0.01124)
Observations	2,527	2,527	2,527	2,527
R-squared	0.65453	0.65627	0.66134	0.66572

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 31A. H9&10- Robust Regression- Manufacturing (with average Relhor measure)

VARIABLES	Model1 Camon Type
Constant	0.18680**
	(0.08414)
relhor1	-0.01471**
	(0.00609)
xrdint	-0.29892***
	(0.06163)
lndebttoat	0.09670***
	(0.02820)
frcash	0.20353**
	(0.08340)
netwsize3	-0.00001*
	(0.00000)
timtoret3	0.00125
	(0.00082)
intrlcks3	0.02589***
	(0.00657)
dirqualfn3	0.02593***
	(0.00615)
ceoduality3	0.02444
	(0.02340)
brdsize3	-0.01314**
	(0.00645)
Observations	1,034
R-squared	0.65548

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The model includes two-digit SIC codes as a control variable

Table 31B. H9&10- Logistic Reg- Margin Effects - Manufacturing (with average Relhor measure)

VARIABLES	Model1 Campn Type
Constant	3.82908
	(3.38258)
relhor1	0.16099
	(0.11728)
xrdint	-24.21504***
	(7.43028)
lndebttoat	3.66163***
	(0.69928)
frcash	2.27331***
	(0.57258)
netwsize3	-0.00032
	(0.00022)
timtoret3	-0.00818
	(0.02095)
intrlcks3	0.27024
	(0.20510)
dirqualfn3	0.68531***
	(0.21870)
ceoduality3	-0.41051
	(0.66087)
brdsize3	-1.33082***
	(0.32968)
Observations	623

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 32A. H11&12- ROA - Robust Reg - Manufacturing (with average Relhor measure)

VARIABLES	Model1 car	Model2 car	Model3 car	Model4 car
Constant	0.52480***	0.52282***	0.61424***	0.60573***
	(0.10724)	(0.10456)	(0.11467)	(0.11233)
dgrcodbus		0.17790***	0.15695***	0.26554***
		(0.03888)	(0.04110)	(0.06221)
relhor1			-0.01338***	-0.01123***
			(0.00451)	(0.00431)
Camp*trelhor1				-0.01253***
				(0.00433)
xrdint	0.21042	0.22074	0.19500	0.18329
	(0.14172)	(0.14554)	(0.12409)	(0.12254)
frcash	-0.07493***	-0.09086***	-0.02153	-0.01266
	(0.02467)	(0.02427)	(0.03091)	(0.03133)
netwsize3	0.00001***	0.00001***	0.00001***	0.00001***
	(0.00000)	(0.00000)	(0.00000)	(0.00000)
timtoret3	-0.00002	-0.00092	-0.00066	-0.00073
	(0.00086)	(0.00082)	(0.00082)	(0.00082)
intrlcks3	-0.00226	-0.00473	-0.00512	-0.00686
	(0.00628)	(0.00670)	(0.00681)	(0.00715)
dirqualfn3	-0.01433	-0.01774*	-0.02278***	-0.02193**
	(0.00902)	(0.00911)	(0.00879)	(0.00877)
ceoduality3	0.01724	0.00120	0.00283	0.00550
	(0.02255)	(0.02291)	(0.02223)	(0.02234)
brdsize3	-0.02273***	-0.01690**	-0.01044*	-0.01515**
	(0.00797)	(0.00828)	(0.00585)	(0.00597)
Observations	1,309	1,309	1,309	1,309
R-squared	0.18030	0.21229	0.23583	0.24221

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 32B. H11&12- lnmv - Robust Reg - Manufacturing (with average Relhor measure)

VARIABLES	Model1 lnmv2	Model2 lnmv2	Model3 lnmv2	Model4 lnmv2
Constant	5.58657***	5.52244***	5.94304***	5.46988***
	(0.17886)	(0.18316)	(0.19388)	(0.19743)
Campn Type		-0.28254*	-0.31347**	0.91887***
		(0.15670)	(0.15888)	(0.24622)
relhor1			-0.03295***	-0.01738**
			(0.00722)	(0.00721)
Cmapn*trelhor1				-0.14531***
				(0.01878)
frcash	-0.57955***	-0.55775***	-0.45827***	-0.30893***
	(0.06631)	(0.06675)	(0.07319)	(0.08520)
netwsize3	0.00016***	0.00015***	0.00016***	0.00014***
	(0.00002)	(0.00002)	(0.00002)	(0.00002)
timtoret3	-0.00528	-0.00382	-0.00474	-0.00438
	(0.00400)	(0.00399)	(0.00396)	(0.00391)
intrlcks3	0.14611***	0.14781***	0.13947***	0.12551**
	(0.04942)	(0.04867)	(0.04897)	(0.05140)
dirqualfn3	-0.04869	-0.04429	-0.05940*	-0.05408
	(0.03402)	(0.03386)	(0.03381)	(0.03300)
ceoduality3	0.97431***	0.99690***	1.06488***	1.07681***
	(0.10819)	(0.11093)	(0.11364)	(0.11343)
Observations	1,775	1,775	1,775	1,775
R-squared	0.28334	0.28540	0.29157	0.31423

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 32C. H11&12- Tobin's q - Robust Reg - Manufacturing (with average Relhor measure)

VARIABLES	Model1 tobinq	Model2 tobinq	Model3 tobinq	Model4 tobinq
Constant	3.80358***	3.80948***	3.57735***	3.55547***
	(0.58715)	(0.58906)	(0.54932)	(0.54114)
Camn Type		0.47914	0.49460*	0.64877
		(0.29602)	(0.29649)	(0.51998)
relhor1			0.02112	0.02332
			(0.04104)	(0.04337)
Campn*relhor1				-0.01863
				(0.03608)
frcash	-0.76975**	-0.80461**	-0.86915**	-0.85129**
	(0.30222)	(0.31744)	(0.39652)	(0.37406)
netwsize3	-0.00001	-0.00000	-0.00001	-0.00001
	(0.00003)	(0.00003)	(0.00003)	(0.00003)
timtoret3	-0.00180	-0.00401	-0.00362	-0.00365
	(0.00511)	(0.00499)	(0.00444)	(0.00448)
intrlcks3	0.08398	0.08045	0.08543	0.08396
	(0.05947)	(0.06005)	(0.06670)	(0.06576)
dirqualfn3	0.06568*	0.05880*	0.06885**	0.06951**
	(0.03440)	(0.03243)	(0.03485)	(0.03534)
ceoduality3	-0.35062***	-0.39773***	-0.43656**	-0.43117***
	(0.10797)	(0.11678)	(0.17299)	(0.16585)
brdsize3	-0.11684***	-0.10485***	-0.10940***	-0.11437***
	(0.01927)	(0.01688)	(0.01998)	(0.02576)
Observations	1,764	1,764	1,764	1,764
R-squared	0.15154	0.15500	0.15645	0.15666

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 32D. H11&12- ROA - Robust Reg - Manufacturing (with average Relhor measure)

	Model1	Model2	Model3	Model4
VARIABLES	roa	roa	roa	roa
Constant	-0.36195***	-0.39548***	-0.51096***	-0.51562***
	(0.12459)	(0.13507)	(0.09721)	(0.10911)
Campn Type		-0.14548***	-0.13705**	-0.12486
		(0.05471)	(0.05532)	(0.08153)
relhor1			0.00908	0.00923
			(0.00713)	(0.00712)
Capmn*relhor1				-0.00144
				(0.00767)
frcash	0.19006**	0.20174**	0.17408*	0.17555*
	(0.07968)	(0.08422)	(0.09448)	(0.09781)
netwsize3	0.00003***	0.00003***	0.00002***	0.00002***
	(0.00001)	(0.00001)	(0.00001)	(0.00001)
timtoret3	-0.00256**	-0.00181*	-0.00157	-0.00157
	(0.00100)	(0.00107)	(0.00098)	(0.00097)
intrlcks3	-0.00519	-0.00431	-0.00186	-0.00199
	(0.01046)	(0.01052)	(0.01176)	(0.01173)
dirqualfn3	-0.03741***	-0.03513***	-0.03113***	-0.03109***
	(0.00876)	(0.00834)	(0.00834)	(0.00839)
ceoduality3	0.18382***	0.19526***	0.17654***	0.17667***
	(0.02744)	(0.02819)	(0.03454)	(0.03436)
Observations	1,786	1,786	1,786	1,786
R-squared	0.22445	0.23220	0.23886	0.23890

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1
*The models include two-digit SIC codes as a control variable

Table 33 A. Results Summary for Relative Horizon (with median industry)

Relhor	**Full Sample**		
	Results	Table #	Comments
H9&10	Not supported	Table19A-C	Sign-t, but neg sign
H11 &12	Partially Supported	Table 20 A-B Table 21 A-B Table 22 A-B Table 23 A-B	CAR- supported lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

Relhor	**Manufacturing Sample**		
	Results	Table #	Comments
H9&10	Not supported	Table 25 A-B and 26 A-C	Sign-t, but neg sign
H11 &12	Not supported	Table 27 A-E	CAR- sign-t, but neg sign lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

Relhor q50	**Full Sample**		
	Results	Table #	Comments
H9&10	Not supported	Table19A-C	Sign-t, but neg sign
H11 &12	Partial ly Supported	Table 24 A-D	CAR- supported lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

Relhor q50	**Manufacturing Sample**		
	Results	Table #	Comments
H9&10	Not supported	Table 25 A-B & 26 A-C	Sign-t, but neg sign
H11 &12	Not supported	Table 28 A-D	CAR- sign-t, but neg sign lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

Table 33 B. Results Summary for Relative Horizon (with average industry)

Relhor Av	Full Sample		
	Results	Table #	Comments
H9&10	Not supported	Table 29 A-C	Robust-sup-t; logistic-not sign
H11 &12	Partially Supported	Table 30 A-D	CAR- supported lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

Relhor AV	Manufacturing Sample		
	Results	Table #	Comments
H9&10	Not supported	Table 31A-C	Robusr- sing-t, but neg; logistic - not sign
H11 &12	Not supported	Table 32 A-D	CAR- sign-t, but neg sign lnmv- sign-t, but neg sign Tobin's q- signt, but neg, sign ROA- not sign-t

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