

# **Shareholder Activism and CEO Pay**

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## **Abstract**

We study 134 vote-no campaigns and 1,198 shareholder proposals related to executive pay between 1997 and 2007. Union pension funds sponsor most of these initiatives, yet their targeting criteria do not appear to reflect labor-related motives. Shareholders favor proposals related to the pay-setting process (e.g., subject severance pay to shareholder approval) over proposals that micromanage pay level or structure. While activists target firms with high CEO pay (whether excessive or not), voting support is higher only at firms with excess CEO pay. Firms with excess CEO pay targeted by vote-no campaigns experience a significant reduction in CEO pay (\$7.3 million). Our findings contribute to the debate on “say on pay” and other reforms empowering shareholders. (JEL G34, M12, G23, J50)