

# How Shareholder Voice Shapes Board Agendas

Nadya Malenko<sup>1</sup>

Ronald W. Masulis<sup>2</sup>

Qi Wang<sup>3</sup>

Global Corporate Governance Colloquium

June 12, 2026

---

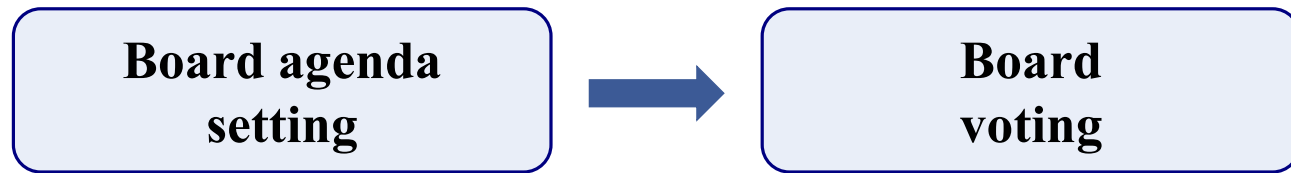
<sup>1</sup> Boston College

<sup>2</sup> University of New South Wales

<sup>3</sup> CUHK Shenzhen

# Agenda-setting as a source of governance power

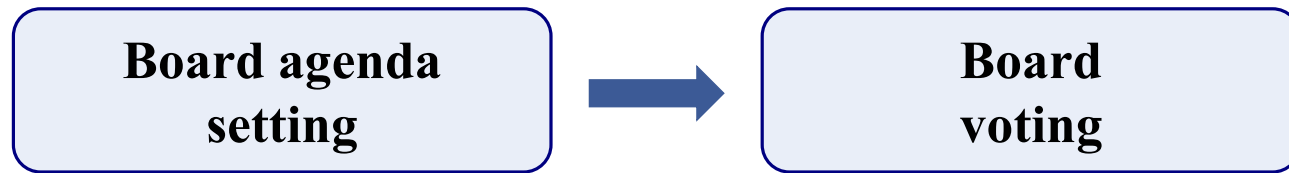
- In collective decisions, power is exerted not only by casting votes, but also by shaping what reaches the **meeting agenda**



The agenda-setting stage is often hidden, but it can determine which conflicts become visible later

# Agenda-setting as a source of governance power

- In collective decisions, power is exerted not only by casting votes, but also by shaping what reaches the **meeting agenda**



The agenda-setting stage is often hidden, but it can determine which conflicts become visible later

## **This paper:**

- shifts attention to the **board's agenda-setting** process

# Agenda-setting as a source of governance power

- In collective decisions, power is exerted not only by casting votes, but also by shaping what reaches the **meeting agenda**



- Agenda influence can emerge from the **interaction** between **board governance** and **shareholder governance** – even for directors without formal agenda-setting authority

## This paper:

- shifts attention to the **board's agenda-setting** process

# Agenda-setting as a source of governance power

- In collective decisions, power is exerted not only by casting votes, but also by shaping what reaches the **meeting agenda**



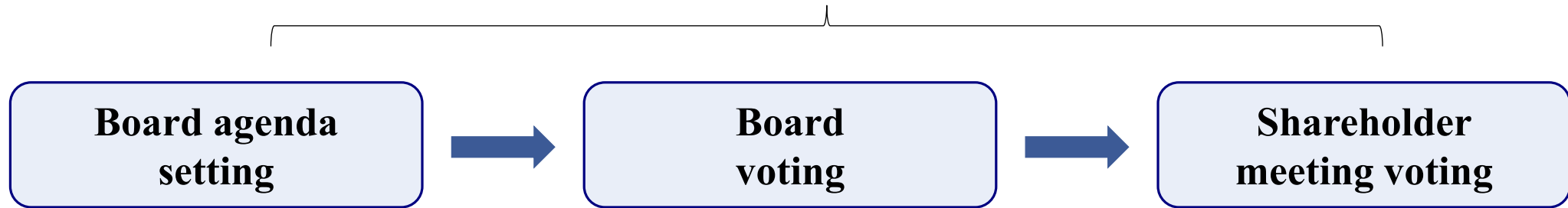
- Agenda influence can emerge from the **interaction** between **board governance** and **shareholder governance** – even for directors without formal agenda-setting authority

## This paper:

- shifts attention to the **board's agenda-setting** process
- studies how **shareholder voice** feeds back into **board agenda-setting**

# Shareholder voice can give directors agenda-setting influence

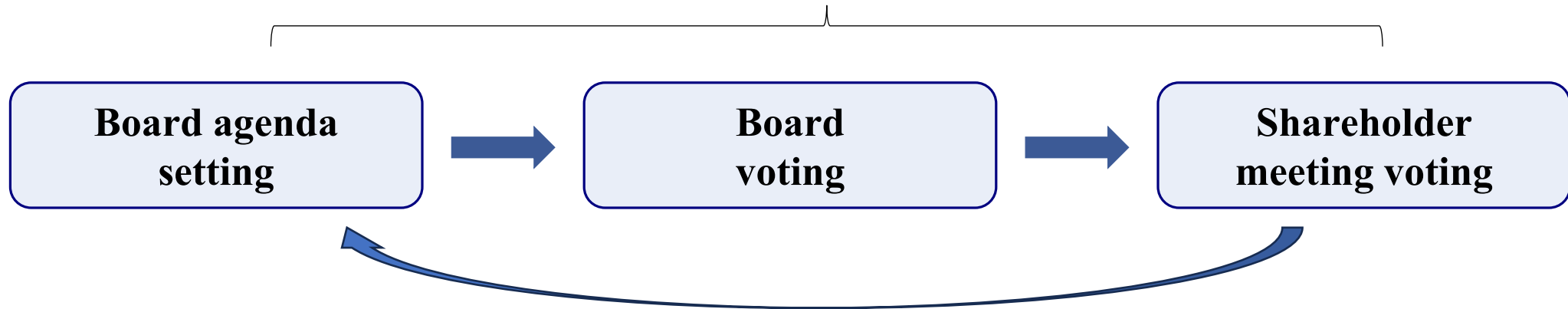
**Minority-Blockholder-Affiliated Directors (MBDs)** bridge the decision chain



- MBDs generally have few board seats → limited formal authority in the boardroom
- But minority shareholders backing MBDs can oppose proposals reaching future shareholder meetings

# Shareholder voice can give directors agenda-setting influence

**Minority-Blockholder-Affiliated Directors (MBDs) bridge the decision chain**

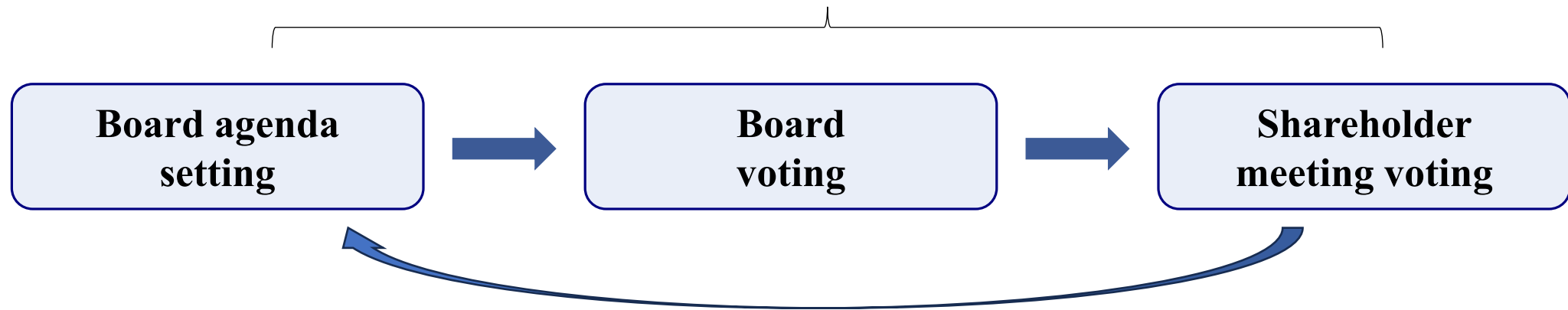


**Anticipated SHM stage opposition if MBD's board-stage dissent is ignored**

- MBDs generally have few board seats → limited formal authority in the boardroom
- But minority shareholders backing MBDs can oppose proposals reaching future shareholder meetings
- Threat of SH opposition can strengthen MBD bargaining power with insiders

# Shareholder voice can give directors agenda-setting influence

Minority-Blockholder-Affiliated Directors (MBDs) bridge the decision chain

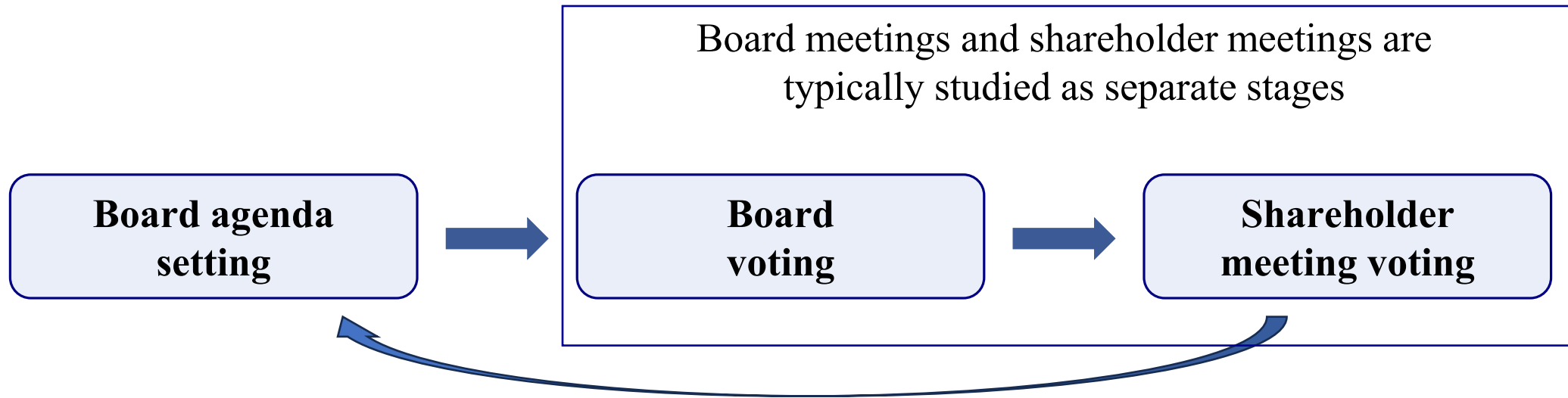


**Anticipated SHM stage opposition if MBD's board-stage dissent is ignored**

- MBDs generally have few board seats → limited formal authority in the boardroom
- But minority shareholders backing MBDs can oppose proposals reaching future shareholder meetings
- Threat of SH opposition can strengthen MBD bargaining power with insiders

⇒ Stronger shareholder-meeting voice can reduce problematic proposals on board agendas

# Existing literature and this paper's contribution



**Our focus:** Board-SH Meeting interaction and how they feed back into agenda-setting

**Challenges we address:**

1. Board agendas and their links to SHM agendas are typically unobserved ➤ Comprehensive new data
2. Board and SH meeting outcomes are endogenously linked ➤ Policy shock; DiD-RDD design

# Preview of results

1) Greater MBD presence is associated with fewer tunneling proposals on board agendas

2) **Main result (Shareholder meeting threat → Board agenda spillover):**

- DiD-RDD design: Post-shock greater visibility of minority shareholder dissent at SHMs

⇒ Stronger MBD power at the earlier board agenda-setting stage, leads to **fewer tunneling proposals** appearing on board agendas

**Scope:** Board proposals that require SH approval + Spillovers to board-only proposals

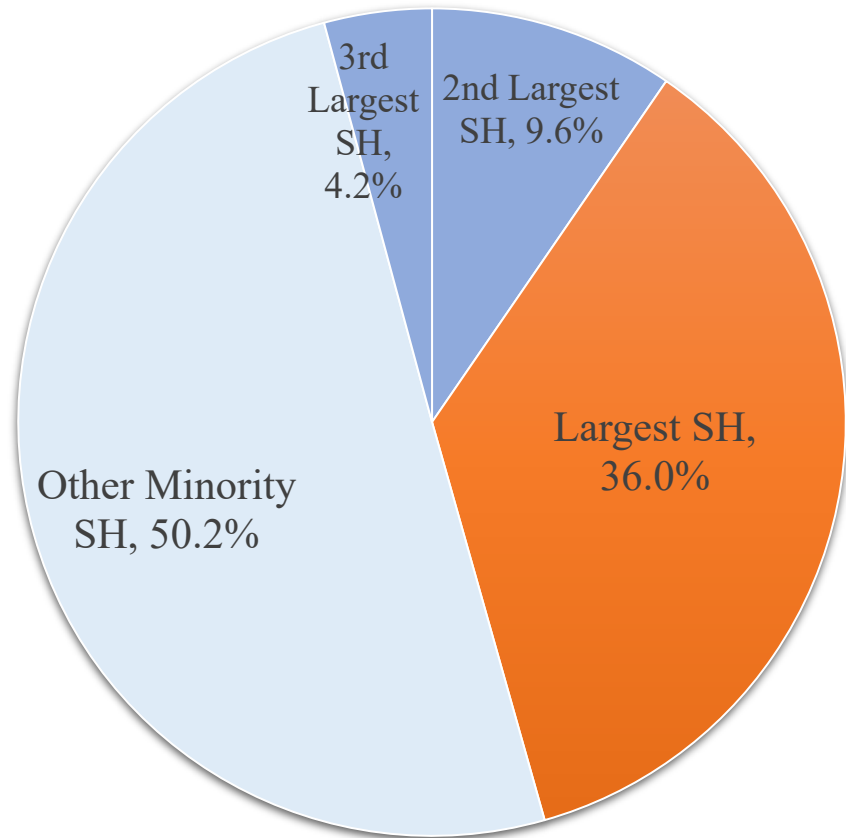
3) **Credible threat channels:** After MBD dissent on a tunneling proposal, in future SHMs, SH participation rises, the focal proposal and cross-proposal opposition rises

# Data

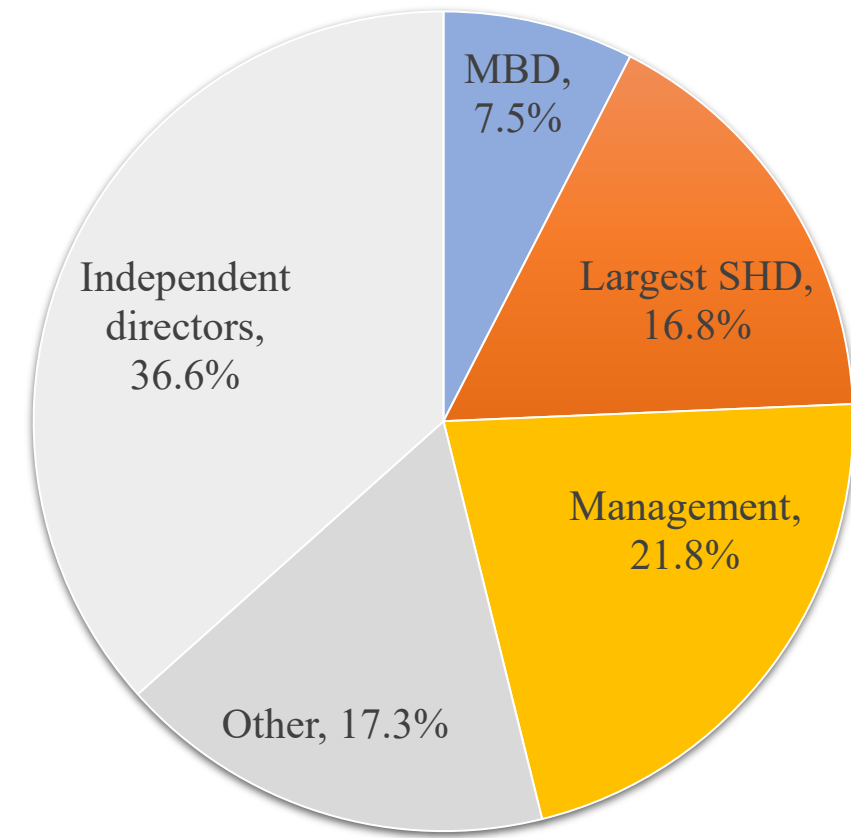
- Full universe of **Board & SHM disclosures** for Shenzhen & Shanghai listed firms, 2005–2018
    - CNINFO daily text-based corporate filings
  - **Board**: agendas; proposal-level director votes; director-shareholder affiliations
    - Full sample: 3,658 firms; 1.2 million board proposals; 10.8 million director votes
  - **SHM**: agendas, proposal-level votes; attendance
    - Full sample: 3,803 firms; 0.8 million SHM proposals
  - **Proposal-level matching** between board & shareholder meetings
    - Identify dropped/revise tunneling proposals
- Comprehensive coverage: **sample size, detailed agendas, director types**
- Observe **complete decision-making chain**: from board agenda-setting to shareholder voting

# Board voting power and shareholder voting power

## Shareholder Ownership Structure



## Board Composition



# High support rates at board and SH meetings can be misleading

**MBD representation and voting influence at Board and SH Meetings can look weak:**

**0.67 MBD seats**  
on a 9-director board

**Board:**  
99.9% support rate  
0.02% rejection rate

**SHM:**  
98.8% support rate  
0.57% rejection rate

- Does low dissent imply **weak governance** or **successful upstream bargaining**?
- For this reason, we study the full decision chain, rather than board votes or SHM votes in isolation

❖ **Key question: Does shareholder voice change what reaches the board agenda?**

# MBDs and tunnelling (RPT) proposals on board agendas

VARIABLES	Dependent Var = RPT Indicator		
	MBD board representation (1)	Ownership backing of MBD seats (2) (3)	
MBD%	-1.542** (0.763)		
Ownership-weighted MBD%		-0.188*** (0.062)	
Large MBD%			-2.275** (0.962)
Small MBD%			-0.628 (1.057)
N	1,106,636	1,106,636	1,106,636
R-squared	0.055	0.055	0.055
Mean Dep Var	6.078	6.078	6.078
Controls	Y	Y	Y
Firm FE & Industry × Year FE	Y	Y	Y

**Proposal level regressions; RPT = 1 if proposal is a major related-party transaction and 0 otherwise**

- Greater representation by MBDs is associated with fewer tunneling proposals

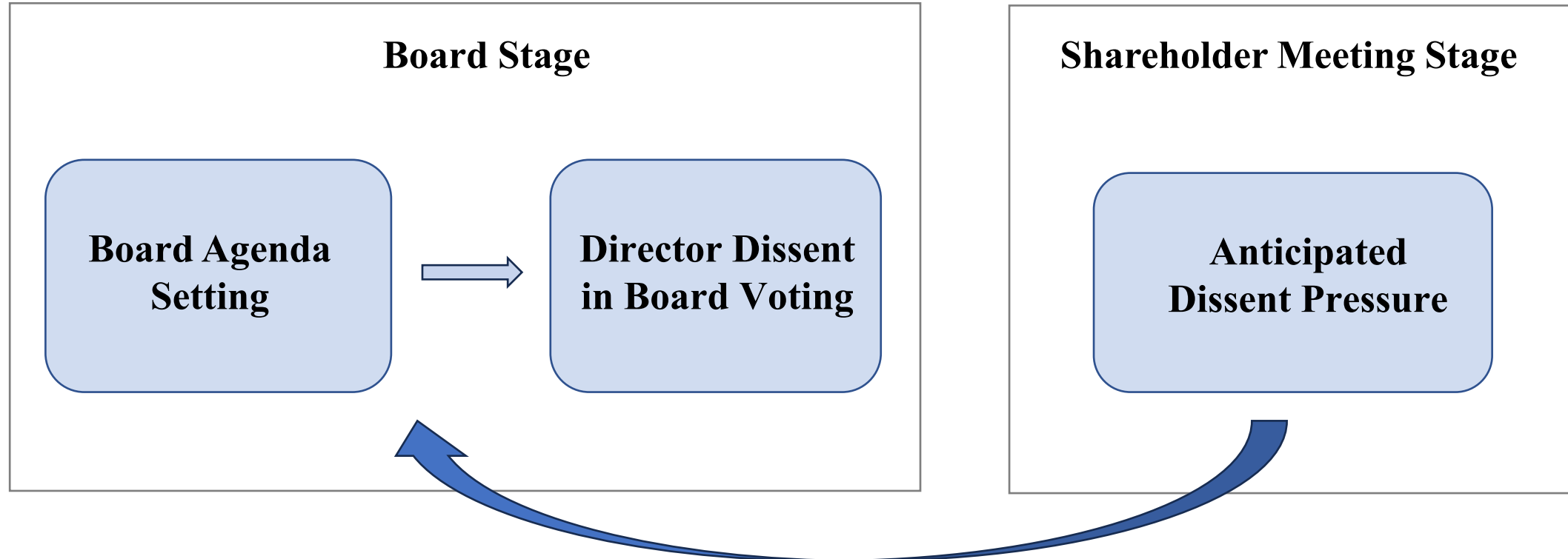
# MBDs and tunnelling (RPT) proposals on board agendas

VARIABLES	Dependent Var = RPT Indicator		
	MBD board representation (1)	Ownership backing of MBD seats (2) (3)	
MBD%	-1.542** (0.763)		
Ownership-weighted MBD%		-0.188*** (0.062)	
Large MBD%			-2.275** (0.962)
Small MBD%			-0.628 (1.057)
N	1,106,636	1,106,636	1,106,636
R-squared	0.055	0.055	0.055
Mean Dep Var	6.078	6.078	6.078
Controls	Y	Y	Y
Firm FE & Industry × Year FE	Y	Y	Y

**Proposal level regressions; RPT = 1 if proposal is a major related-party transaction and 0 otherwise**

- Greater representation by MBDs is associated with fewer tunneling proposals
- Especially when the appointing shareholders hold larger stakes

# Linking board decision-making and shareholder voting



Potential Dissent at SHM  
→ Board Agenda Spillover

# Policy shock strengthens minority shareholder voice

- **Policy shock:** Disclosure makes **minority dissent more salient** at shareholder meetings

**Pre-2014:** Shenzhen (SZ) = Shanghai (SH): No separate disclosure of minority dissent

**Post-2014: Minority (<5%) dissent becomes more salient for firms in SZ than in SH:**

1. Separate disclosure of minority shareholder (<5%) **headcounts** (“**strength in numbers**”)
    - e.g., 3% dissent from 600 shareholders is more salient than from 6 shareholders
  2. “Minority (<5%) dissent” is shown **next to each proposal for SZ firms**, but only at the very end of the voting report for SH firms
- **Prediction:** **Greater threat of SHM dissent** ⇒ more MBD influence at the board stage
    - **DiD:** Shenzhen (treated) vs. Shanghai (control); Post-2014 vs. Pre-2014
    - **RDD:** “Below 5%” vs. “Above 5%” minority shareholders

# DiD-RDD estimation of board tunneling proposal frequency

Board agenda ← MBD bargaining power through influence at shareholder meetings

$$RPT_{p,i,t} = \alpha + \beta_1 \left( Treat_i \times Post_t \times \%MBD_{it}^{(4\%,5\%)} \right) + \beta_2 (Treat_i \times Post_t) + \beta_3 \left( Treat_i \times \%MBD_{it}^{(a,b)} \right) + \beta_4 \left( Post_t \times \%MBD_{it}^{(a,b)} \right) + Controls + Firm FE + Industry-Year FE + \varepsilon_{p,i,t}$$

- $Treat_i$ : Treat Indicator = 1 if firm is listed in **Shenzhen**; = 0 if listed in Shanghai
- $Post_t$ : Post-policy Indicator = 1 for **2015-2018**; = 0 for 2011-2014
- $\%MBD_{it}^{(4\%,5\%)}$ : % directors appointed by shareholders with ownership within (4%, 5%) levels

# Minority blockholder power at SHMs influences board agendas

VARIABLES	RPT Indicator (1)
%MBD (5%, 6%] × Treat × Post	-3.785 (11.575)
%MBD (4%, 5%] × Treat × Post	-15.911*** (5.858)
Observations	833,586
R-squared	0.066
Mean Dep Var	6.705
Controls	Y
Firm FE & Industry × Year FE	Y

- Policy shock strengthens <5% minority shareholder voice at SHMs
- If dissatisfied at the board stage, minority blockholders can threaten SHM dissent
- This threat feeds back to the board agenda-setting stage ⇒

**Minority blockholder directors can more effectively curb tunneling proposals**

# Minority blockholder power at SHMs influences board agendas

VARIABLES	Dependent Var= RPT Indicator	
	(1) a=4%, b=5%, c=6%	(2) a=3.5%, b=5%, c=6.5%
%MBD (b, c] × Treat × Post	-3.785 (11.575)	1.046 (10.566)
%MBD (a, b] × Treat × Post	-15.911*** (5.858)	-14.425** (5.608)
Observations	833,586	833,586
R-squared	0.066	0.066
Mean Dep Var	6.705	6.705
Controls	Y	Y
Firm FE & Industry × Year FE	Y	Y

- Policy shock strengthens <5% minority shareholder voice at SHMs
- If dissatisfied at the board stage, minority blockholders can threaten SHM dissent
- This threat feeds back to the board agenda-setting stage ⇒

**Minority blockholder directors can more effectively curb tunneling proposals**

# Two channels

The policy shock can affect board agendas through two channels:

## (1) Direct shareholder-meeting threat

- Tunneling proposals that reach the SHM agenda become more costly for insiders since MBDs and other minority shareholders can publicly dissent at SHMs

## (2) Broader bargaining channel

- Even when a proposal does not require SHM approval, MBDs can exert influence by opposing *other* important proposals at the SHM

**Distinguishing the channels:** Proposals that require vs. not require SHM approval

# Tunneling proposals that do and do not need SHM approval

VARIABLES	RPT SHV		RPT NoSHV	
	a=3.5%, b=5%, c=6.5% (1)	a=4%, b=5%, c=6% (2)	a=3.5%, b=5%, c=6.5% (3)	a=4%, b=5%, c=6% (4)
%MBD (b, c] × Treat × Post	6.924 (9.397)	2.540 (10.071)	-6.296 (3.902)	-7.522* (4.329)
%MBD (a, b] × Treat × Post	-10.014** (5.042)	-11.752** (5.240)	-5.898*** (2.017)	-5.731*** (2.144)
N	817,526	817,526	793,747	793,747
R-squared	0.062	0.062	0.025	0.025
Mean Dep Var	4.873	4.873	2.023	2.023
SD Dep Var	21.531	21.531	14.080	14.080
Firm FE & Industry × Year FE	Y	Y	Y	Y

- **Proposals need SHM approval:** (1) Broader bargaining + (2) Direct SHM threat
- **Proposals do not need SHM approval:** (1) Broader bargaining

# What happens at SHMs after MBD board dissent?

## RPT needs SHM approval

- Shareholder attendance rises
- Proposal is more likely to be dropped/revised
- Support for the focal RPT proposal falls
- Support for **other** proposals in that SHM falls

**Direct SHM  
threat is credible**

## Board-only RPT

- Support for **other** proposals at future SHMs falls

**Cross-proposal  
threat is credible**

- Other proposals:
  - all projects (RPT or non-RPT)
  - annual report
  - board performance reports

# Conclusions

- Studying board or shareholder votes alone miss the **boardroom-shareholder meeting interaction** and its influence on **board agenda-setting**
  - **Stronger minority shareholder voice at SHMs improves board agendas**
    - MBDs connect board decision-making to shareholder meeting power, feeding shareholder pressure back to board agenda-setting
- ⇒ **Board representation may not reflect MBD effective power** when decisions span multiple stages: SHM voting threats amplify MBD influence beyond their board seat share

**Key takeaway:** Governance operates through the full decision chain  
– from board agenda-setting, to board voting, to shareholder voting

Thank you

# What happens at SHMs after MBD board dissent?

	Dep Var = Mean Support Vote% in subsequent SHMs			
	RPT proposal requires SHM approval		RPT proposal does not require SHM approval	
	Focal RPT	Project_Non_RPT	Corporate Project	Project_Non_RPT
Large MBD RPT Dissent	-19.042*** (6.041)	-6.055** (2.361)	-7.398*** (2.814)	-2.232** (1.075)
Small MBD RPT Dissent	-2.614 (3.390)	-5.833 (5.696)	1.572 (1.410)	0.905 (0.821)
N	42,865	23,389	17,935	16,119
R-squared	0.433	0.671	0.461	0.524
Mean Dep Var	96.117	98.124	97.870	98.908
Matched with which SHM	F	F	U	U
Controls	Y	Y	Y	Y
Firm FE & Industry × Year FE	Y	Y	Y	Y

# Appendix

# Directors Tell a Different Story About Their Role

- Stevenson and Radin (2009) interviewed directors in 14 U.S. firms (4 listed)
  - All stated that board decisions are mainly made **before board meetings**:
    - “It’s a minuted meeting, it’s the formal thing...board’s business takes place outside of the board meeting.”
    - “...to be influential on a board...you’re gonna have a lot of discussions outside of board meetings”
    - “You are basically trying to wire things before you show up to the meeting...”
- We interviewed 7 directors in 19 Chinese firms (15 listed) + 1 corporate lawyer
  - All confirmed this perspective: Directors are **active before board meetings**

# Literature

## 1. Board decision-making

- *Independent director dissent or resignation*: Jiang et al. (2016, China); Cai et al. (2023, China); Ding et al. (2025, China); Kang et al. (2022, Korea); Dewally and Peck (2010, US); Agrawal and Chen (2017; US)
- *Proprietary board minutes*: Schwartz-Ziv and Weisbach (2013, 11 Israeli SOEs)

**Our paper:** Endogenous board agenda; interaction with shareholder voting

➤ Board ratios may not reflect effective power when decisions span multiple stages

## 2. Monitoring by shareholders

- *Private engagements*: Becht et al. (2009); Hoepner et al. (2014); Dimson et al. (2015); Carleton et al. (2016); McCahery et al. (2016); Doidge et al. (2019); Azar et al. (2021); Det et al. (2024); Aggarwal et al. (2025); Becht et al. (2025); Heath et al. (2025)
- *Threat of SH voting and activism*: Becht et al. (2016); Li et al. (2018); Fos (2017); Gantchev et al. (2019)

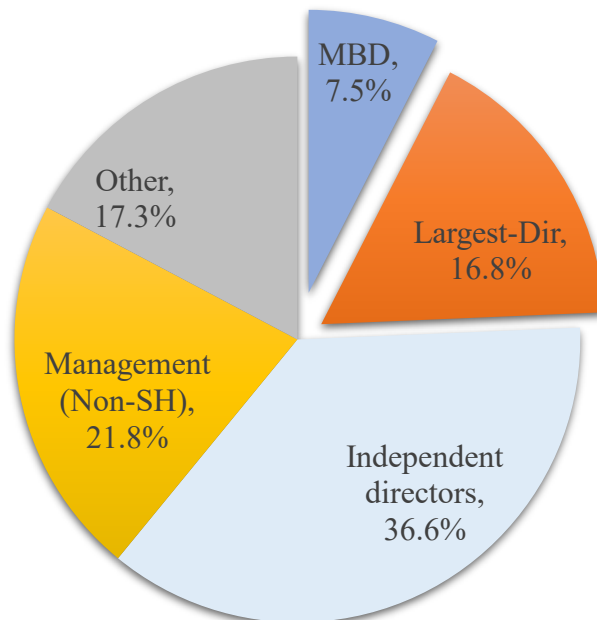
**Our paper:** Large shareholders' influence on board decision-making (agenda-setting and voting); MBDs bridging the board and shareholder meeting stages ([Main Page](#))

# Institutional Background: Board Structure

## Shareholding Distribution

	Top1	Top2to10
Mean	36%	22%
SD	15%	14%
p10	17%	5%
p25	24%	11%
p50	34%	21%
p75	47%	32%
p90	58%	41%

## Board Composition



## A typical Chinese board

(Mean=8.9 directors, Median=9 directors):

- **Monitors:**
  - 0-1 Minority-Dir (MBD)
  - 3 IDs
- **Insiders:**
  - 1-2 Largest-Dir
  - 1-2 Management (non-shareholder-appointed, most management falls here)
- **Other directors**

# Shareholder ownership structure

Shareholding Rank	Average Shareholding	ASH: #All Shareholders	#Private Institution /ASH	#State Institution /ASH	#Foreign Institution /ASH	#Individual /ASH
1	36.03%	30,837	34%	44%	3%	19%
2	9.58%	30,835	37%	27%	10%	27%
3	4.21%	30,830	44%	22%	5%	29%
4	2.50%	30,820	45%	18%	4%	33%
5	1.74%	30,801	45%	16%	4%	35%
6	1.32%	30,770	44%	14%	4%	39%
7	1.05%	30,746	43%	12%	3%	42%
8	0.86%	30,721	42%	10%	3%	44%
9	0.72%	30,700	41%	9%	3%	46%
10	0.62%	30,666	40%	9%	3%	48%
Total	58.62%	307,726	41%	18%	4%	36%

# Shareholder Types

Shareholding Ranking	State	Foreign Institutions	Domestic Private Institutions (Mutual Fund)	Domestic Private Institutions (PE)	Domestic Private Institutions (Family-controlled)	Individual	Total Shareholder Count	Average Shareholding (Percent)
1	13,419	1,047	15	232	10,135	5,989	30,837	36.030
2	8,176	2,950	2,669	1,400	7,467	8,173	30,835	9.581
3	6,694	1,630	4,540	2,056	6,903	9,007	30,830	4.205
4	5,627	1,251	5,439	2,369	6,055	10,079	30,820	2.502
5	4,879	1,134	6,040	2,567	5,285	10,896	30,801	1.743
6	4,224	1,144	6,328	2,563	4,587	11,924	30,770	1.316
7	3,609	1,025	6,485	2,672	4,043	12,912	30,746	1.046
8	3,158	1,002	6,584	2,648	3,660	13,669	30,721	0.855
9	2,890	1,041	6,664	2,606	3,285	14,214	30,700	0.723
10	2,644	1,068	6,603	2,616	3,076	14,659	30,666	0.623
Total	55,320	13,292	51,367	21,729	54,496	111,522	307,726	

# Board Composition by Shareholder Type

---

	Obs	Mean	Std dev	p10	p25	p50	p75	p90
Board Size	32,439	8.92	1.91	7	8	9	9	11
Largest SHD	32,439	1.51	1.64	0	0	1	3	4
MBD	32,439	0.67	1.08	0	0	0	1	2
2nd Largest SHD	32,439	0.29	0.63	0	0	0	0	1
3rd Largest SHD	32,439	0.13	0.38	0	0	0	0	1
Other Minority SHD	32,439	0.25	0.65	0	0	0	0	1
Management	32,439	1.96	1.23	0	1	2	3	4
Independent directors	32,439	3.24	0.67	3	3	3	3	4
Other Directors	32,439	1.54	1.29	0	1	1	2	3

---

# Director Dissent on Board Proposals

Proposal Type	Full Sample		With dissent		MBD Dissent	
	N	%	N	%	N	%
<b>RPT</b>	<b>77,644</b>	<b>6.42</b>	<b>768</b>	<b>11.40</b>	<b>276</b>	<b>13.70</b>
RPT_Investment	9652		98		38	
RPT_M&A	3705		53		22	
RPT_Restructuring	39475		435		166	
RPT_Financing and capital structure General	20284		141		34	
RPT_Guarantee	4528		41		16	
<b>RPT_Misc</b>	<b>38,655</b>	<b>3.20</b>	<b>149</b>	<b>2.22</b>	<b>45</b>	<b>2.24</b>
Non-RPT Investment, M&A, and Restructuring	117,609	9.73	1,175	17.50	361	18.00
Non-RPT Financing and capital structure	118,173	9.77	604	9.00	193	9.61
Accounting treatment and information disclosure	219,628	18.20	1,185	17.70	378	18.80
Director and officer selection, appointment, and turnover	139,572	11.50	936	13.90	200	9.96
Internal corporate governance (pay, bylaws, etc.)	259,893	21.50	873	13.00	220	11.00
Payout policies	39,780	3.29	226	3.37	101	5.03
Shareholder meeting agenda	101,167	8.37	350	5.21	86	4.28
Miscellaneous issues and General operation	97,013	8.02	446	6.64	149	7.42
<b>Total</b>	<b>1,209,134</b>	<b>100</b>	<b>6,712</b>	<b>100</b>	<b>2,009</b>	<b>100</b>

Proposal type categorization follows Jiang et al. (2016). Compared to the full sample, proposals with MBD dissent involve more tunneling-related items (RPTs)

# Shareholder Meeting Dissent

	Full Sample				When Small SH (<5%) Vote is Disclosed	
	N	%	Rejection%	All SH Support%	All SH Support%	Small SH Support%
<b>RPT</b>	<b>92,310</b>	<b>11.83</b>	<b>2.06</b>	<b>96.07</b>	<b>97.24</b>	<b>91.72</b>
RPT_Investment	3,952	0.51	1.14	97.24	97.54	91.27
RPT_M&A	2,131	0.27	1.74	96.05	96.98	92.26
RPT_Restructuring	47,985	6.15	2.11	96.00	97.25	91.84
RPT_Financing and capital structure	34,159	4.38	2.17	95.87	97.17	92.14
RPT_Guarantee	4,083	0.52	1.57	97.39	97.44	86.68
<b>RPT_Misc</b>	<b>28,107</b>	<b>3.60</b>	<b>1.10</b>	<b>97.37</b>	<b>96.71</b>	<b>90.84</b>
Non-RPT Investment, M&A, and Restructuring	40,771	5.22	0.73	98.93	99.04	89.76
Non-RPT Financing and capital structure	115,070	14.75	0.26	99.17	99.34	88.20
Accounting treatment and information disclosure	102,737	13.17	0.11	99.57	99.47	87.65
Director and officer selection, appointment, and turnover	140,744	18.04	0.50	98.68	98.31	81.16
Internal corporate governance (pay, bylaws, etc.)	149,372	19.14	0.32	99.43	99.39	88.18
Payout policies	45,353	5.81	0.37	99.26	99.27	89.20
Shareholder meeting agenda	374	0.05	2.14	97.56	98.29	89.32
Miscellaneous issues and General operation	30,227	3.87	0.37	99.17	99.18	88.67
Supervisory Board Related	35,256	4.52	0.09	99.65	99.57	87.64
<b>Total</b>	<b>780,321</b>	<b>100.00</b>	<b>0.57</b>	<b>98.77</b>	<b>98.71</b>	<b>88.05</b>

# Proposal Rejection and Director Dissent Vote Summary

Proposal Type	Rejection Rate%	Dissent Rate%					
		All directors	Largest SHD	MBD	Large MBD	Small MBD	Independent director
All Proposals	0.023	0.100	0.044	0.315	0.372	0.220	0.079
RPT	0.068	0.178	0.050	0.782	0.958	0.490	0.112
RPT_Misc	0.031	0.066	0.010	0.173	0.177	0.166	0.069

Proposal Type	Rejected Proposal/Total Proposal	Dissent Vote/Total Vote					
		All directors	Largest SHD	MBD	Large MBD	Small MBD	Independent director
All Proposals	(274/ 1,209,134)	(10,740/ 10,778,661)	(792/ 1,813,558)	(2561/ 811,923)	(1,896/ 509,000)	(665/ 302,923)	(3,120/ 3,941,513)
RPT	(53/ 77,644)	(1,209/ 680,218)	(61/ 122,106)	(377/ 48,212)	(288/ 30,063)	(89/ 18,149)	(281/ 249,925)
RPT_Misc	(12/ 38,655)	(236/ 358,452)	(8/ 76,728)	(53/ 30,677)	(34/ 19,217)	(19/ 11,460)	(90/ 130,203)

# Director Dissent on Board Tunneling Proposals

VARIABLES	Dissent (1)	Dissent (2)	Dissent (3)	Dissent (4)	Dissent (5)	Dissent (6)
Large MBD	0.119*** (0.034)	0.114*** (0.034)	0.092** (0.041)	0.088** (0.034)	0.085** (0.035)	0.062 (0.041)
Small MBD	0.014 (0.035)	0.008 (0.034)	-0.010 (0.034)	-0.001 (0.033)	-0.006 (0.033)	-0.023 (0.033)
Largest SHD	-0.075*** (0.018)	-0.075*** (0.018)	-0.043** (0.017)	-0.071*** (0.018)	-0.072*** (0.018)	-0.040** (0.017)
Large MBD × RPT				0.538*** (0.148)	0.501*** (0.149)	0.510*** (0.148)
Small MBD × RPT				0.278** (0.128)	0.253* (0.133)	0.244** (0.124)
Largest SHD × RPT				-0.054** (0.024)	-0.033 (0.025)	-0.029 (0.025)
Observations	9,819,836	9,819,836	9,819,836	9,819,836	9,819,836	9,819,836
R-squared	0.160	0.363	0.381	0.160	0.363	0.381
Mean Dep Var	0.100	0.100	0.100	0.100	0.100	0.100
Firm-Year FE	Y	N	N	Y	N	N
Proposal Type FE	Y	N	N	Y	N	N
Proposal FE	N	Y	Y	N	Y	Y
Director FE	Y	Y	N	Y	Y	N
Firm-Director FE	N	N	Y	N	N	Y

- Proposal-director vote level
- Dep Var = Vote Dissent indicator

## Findings

1. Largest SHD dissents less on RPT proposals, consistent with private benefits from approval
2. MBDs dissent more on RPT proposals; dissent increases with block size

(Back to [Main Page](#))

# Shareholder Checks & Balances Mechanism

## ❖ Threshold selection (Larger minority SH or Smaller minority SH):

**Shareholdings  $\geq 3\%$  can introduce proposals at shareholder meetings**

- After seeing a problematic board proposal, a minority-appointed director can choose to use his/her voice if it is likely to lead to proposal improvements.
- **What if using their board voice yields no improvement?**
  - Shareholding ( $\geq 3\%$ ) can introduce proposals at later shareholder meeting to solicit other shareholders' support & retaliate against no-improvement proposals → Using their voice at board meeting conveys a credible threat → driving a counterparty to improve its proposal - **Ex-ante Shareholder Voice**
  - Shareholders ( $< 3\%$ ) do not have a similar defensive tool → They lack an ex-ante voice - except possibly through minority appointed director actions

Shareholding Ranking	Average Shareholding (Percent)
1	36.030
2	9.581
3	4.205
4	2.502
5	1.743
6	1.316
7	1.046
8	0.855
9	0.723
10	0.623

Shareholding at the Firm-year level (N=30,837, lag 1 year mean from 2005 to 2018)

# A Policy Shock post-2014

## ❖ Example 1 (Shenzhen post-2014):

(3) Information on minority shareholders who participated in the voting (other shareholders except shareholders who individually or collectively hold 5% or more of the company's shares)

79 small and medium shareholders and shareholders' authorized representatives participated in the voting at this shareholders' meeting, representing 63,897,596 shares with voting rights. When deliberating on Proposal 1, related shareholders abstained

...

...

...

**1. Regarding the Proposal on the Sale of 100% Equity in Zhejiang Yasha Landscape Engineering Co., Ltd. and Related-Party Transactions**, related shareholders Yasha Holdings Co., Ltd.,

...

**Voting results:** 68,433,409 shares in favor, accounting for **96.4941%** of the total valid votes at the shareholders' meeting; 2,486,405 shares against, accounting for **3.5059%** of the total valid votes at the shareholders' meeting; 0 shares abstained.

Among them, the voting results of small and **medium-sized investors (other shareholders except the company's directors, supervisors, senior management and shareholders who hold more than 5% of the company's shares individually or in total)** are as follows: 58,274,850 shares in favor, accounting for **95.9079%** of the valid voting shares of small and medium-sized investors attending the meeting; 2,486,405 shares against, accounting for **4.0921%** of the valid voting shares of small and medium-sized investors attending the meeting; 0 shares abstained.

**2. Proposal on Increasing Registered Capital Due to the Exercise of Equity Incentive Plan**

...

## ❖ Example 2 (exaggerating dissenting shareholder headcounts in media to make a headline, interviews with retail investors also confirm that such a misunderstanding is frequent):

In addition, **the vast majority of retail investors voted against the proposals**. Looking at several proposals involving major matters and separately counting the voting results of shareholders holding less than 5% of the shares, the proportion of retail investors opposing them exceeded 90%. Among them, the "Proposal on the 2023 Guarantee Plan" had the highest proportion of retail investors opposing it, reaching **94.78%**.

另外，**绝大多数散户**投出了反对票。涉及重大事项、单独统计5%以下股东的表决情况的几个议案来看，散户的反对比例均超过了九成，其中“关于2023年度担保计划的议案”散户反对比例最高，达到了94.78%。

议案序号	议案名称	同意		反对		弃权	
		票数	比例(%)	票数	比例(%)	票数	比例(%)
8	关于 2023 年度担保计划的议	2,563,224	3.04	80,042,584	94.78	1,849,500	2.19

# Direct Impact of Policy Shock on Shareholder Meetings

VARIABLES	All SH Dissent% (1)	All SH Against% (2)	All SH Abstain% (3)	Proposal Rejection (4)
Treat × Post	-2.070*** (0.680)	-2.168*** (0.626)	0.095 (0.184)	-0.321 (0.884)
Observations	24,132	24,104	24,104	24,674
R-squared	0.488	0.459	0.458	0.473
Mean Dep Var	3.584	2.799	0.784	1.970
Controls	Y	Y	Y	Y
Firm FE & Industry × Year FE	Y	Y	Y	Y

- A reform to empower minority shareholders leads to *fewer* dissents of tunneling proposals
- Interpretation: Proposals that go to a shareholder meeting improves as well (selection)

# Main Result: Minority Power at SHMs Influences Board Agenda

VARIABLES	Dependent var= RPT Indicator				
	Symmetrical boundaries		Shareholders above 5% sell shares?		
	(1) a=4%, b=5%, c=6%	(2) a=3.5%, b=5%, c=6.5%	(3) a=4%, b=5.25%, c=6%	(4) a=4%, b=5.5%, c=6%	(5) a=4%, b=5.75%, c=6%
MBD (b, c] % × Treat × Post	-3.785 (11.575)	1.046 (10.566)	0.642 (14.267)	-15.585 (16.922)	-19.543 (19.235)
MBD (a, b] % × Treat × Post	-15.911*** (5.858)	-14.425** (5.608)	-15.626*** (5.674)	-14.260** (5.579)	-13.332** (5.468)
MBD (b, c] % × Treat	-8.671 (8.759)	-10.185 (7.988)	-11.745 (10.108)	-11.22 (12.091)	2.665 (14.328)
MBD (a, b] % × Treat	12.341*** (4.703)	11.082** (4.472)	11.390** (4.554)	10.700** (4.500)	8.917** (4.430)
MBD (b, c] % × Post	0.823 (8.069)	1.619 (7.495)	2.788 (10.138)	21.782* (12.176)	4.834 (13.100)
MBD (a, b] % × Post	5.546 (4.469)	7.819* (4.303)	5.147 (4.282)	4.047 (4.194)	4.652 (4.106)
MBD (b, c] %	2.206 (6.111)	0.504 (6.146)	2.119 (6.835)	-1.762 (8.311)	-5.129 (9.159)
MBD (a, b] %	-5.246 (3.566)	-6.680* (3.431)	-4.901 (3.418)	-4.506 (3.396)	-3.965 (3.340)
Treat × Post	1.368*** (0.351)	1.360*** (0.351)	1.373*** (0.351)	1.390*** (0.351)	1.383*** (0.351)
Observations	833,586	833,586	833,586	833,586	833,586
R-squared	0.066	0.066	0.066	0.066	0.066
Mean Dep Var	6.705	6.705	6.705	6.705	6.705
Controls	Y	Y	Y	Y	Y
Firm FE & Industry × Year FE	Y	Y	Y	Y	Y

- Policy shock strengthens <5% minority shareholder power at SHMs
  - If dissatisfied at the board stage, minority blockholder can retaliate through SHM dissent
  - This threat feeds back to the board stage
- ⇒ **Minority directors more effectively curb tunneling proposals ([Main Page here](#))**

# Do Board Proposals Need Shareholder Approval?

VARIABLES	RPT_SHV		RPT_NoSHV	
	a=3.5%, b=5%, c=6.5% (1)	a=4%, b=5%, c=6% (2)	a=3.5%, b=5%, c=6.5% (3)	a=4%, b=5%, c=6% (4)
MBD (b, c] % × Treat × Post	6.924 (9.397)	2.540 (10.071)	-6.296 (3.902)	-7.522* (4.329)
MBD (a, b] % × Treat × Post	-10.014** (5.042)	-11.752** (5.240)	-5.898*** (2.017)	-5.731*** (2.144)
MBD (b, c] % × Treat	-11.216 (7.055)	-10.476 (7.711)	0.392 (2.654)	1.435 (2.977)
MBD (a, b] % × Treat	8.062** (3.963)	9.348** (4.142)	3.919** (1.663)	3.990** (1.791)
MBD (b, c] % × Post	-2.796 (6.395)	-4.215 (6.917)	4.968 (3.225)	5.866* (3.350)
MBD (a, b] % × Post	6.320 (3.880)	4.789 (4.042)	2.353 (1.573)	1.393 (1.635)
MBD (b, c] %	4.822 (5.395)	7.032 (5.281)	-4.702** (2.119)	-5.006** (2.341)
MBD (a, b] %	-5.908* (3.071)	-5.134 (3.190)	-1.304 (1.300)	-0.472 (1.377)
Treat × Post	1.105*** (0.308)	1.111*** (0.308)	0.323** (0.133)	0.327** (0.133)
N	817,526	817,526	793,747	793,747
R-squared	0.062	0.062	0.025	0.025
Sample	A	A	B	B
Mean Dep Var	4.873	4.873	2.023	2.023
SD Dep Var	21.531	21.531	14.080	14.080
Firm FE & Industry × Year FE	Y	Y	Y	Y

- Columns 1-2 (proposals need SHM approval):

(1) Indirect bargaining +

(2) Direct SHM dissent threat

- Columns 3-4 (proposals do not need SHM approval):

(1) Indirect bargaining

- ❖ **The MBD Power enhancement in general (Spillover Channel)**

[\(Main Table here\)](#)

# Does Minority Blockholder Power Spill Over to Board Votes?

VARIABLES	Dependent Var=Dissent				
	Symmetrical boundaries		Shareholders above 5% sell shares?		
	a=4%, b=5%, c=6%	a=3.5%, b=5%, c=6.5%	a=4%, b=5.25%, c=6%	a=4%, b=5.5%, c=6%	a=4%, b=5.75%, c=6%
	(1)	(2)	(3)	(4)	(5)
MBD (b, c] × RPT × Treat × Post	-0.378 (0.850)	-1.161 (1.139)	-0.615 (1.034)	0.255 (0.636)	-0.743 (0.895)
MBD (a, b] × RPT × Treat × Post	-0.005 (0.365)	0.102 (0.353)	0.018 (0.354)	-0.066 (0.359)	0.002 (0.330)
Observations	7,305,012	7,305,012	7,305,012	7,305,012	7,305,012
R-squared	0.410	0.411	0.410	0.410	0.410
Mean Dep Var	0.084	0.084	0.084	0.084	0.084
Controls	Y	Y	Y	Y	Y
Proposal FE & Firm-Director FE	Y	Y	Y	Y	Y

## Findings

- No effect on board voting behavior
- Minority blockholder power operates earlier: at the board agenda-setting stage

# Does Minority Shareholder Power Spill Over to Board Votes?

VARIABLES	Dependent var=Dissent				
	Symmetrical boundaries a=4%, b=5%, c=6%		Shareholders above 5% sell shares? a=4%, b=5.25%, c=6%		
	a=3.5%, b=5%, c=6.5%	a=4%, b=5.5%, c=6%	a=4%, b=5.75%, c=6%		
	(1)	(2)	(3)	(4)	(5)
MBD (b, c] × RPT × Treat × Post	-0.378 (0.850)	-1.161 (1.139)	-0.615 (1.034)	0.255 (0.636)	-0.743 (0.895)
MBD (a, b] × RPT × Treat × Post	-0.005 (0.365)	0.102 (0.353)	0.018 (0.354)	-0.066 (0.359)	0.002 (0.330)
MBD (b, c] × RPT × Treat	0.243 (0.611)	-0.136 (0.402)	0.422 (0.855)	-0.052 (0.118)	-0.036 (0.168)
MBD (a, b] × RPT × Treat	-0.476* (0.249)	-0.439* (0.252)	-0.458* (0.237)	-0.414* (0.251)	-0.397* (0.239)
MBD (b, c] × RPT × Post	-0.077 (0.628)	0.873 (1.067)	-0.289 (0.658)	-0.442 (0.603)	0.379 (0.813)
MBD (a, b] × RPT × Post	0.063 (0.315)	-0.013 (0.295)	0.084 (0.308)	0.078 (0.306)	0.013 (0.276)
MBD (b, c] × RPT	0.312 (0.274)	0.231 (0.220)	0.381 (0.334)	0.065 (0.103)	0.138 (0.157)
MBD (a, b] × RPT	0.300 (0.225)	0.273 (0.210)	0.289 (0.215)	0.337 (0.216)	0.317 (0.204)
Observations	7,305,012	7,305,012	7,305,012	7,305,012	7,305,012
R-squared	0.410	0.411	0.410	0.410	0.410
Mean Dep Var	0.084	0.084	0.084	0.084	0.084
Controls	Y	Y	Y	Y	Y
Proposal FE & Firm-Director FE	Y	Y	Y	Y	Y

## Findings ([Main Table here](#))

- No effect on board voting behavior
- Minority shareholder power operates earlier: at the board agenda-setting stage

## MBD Dissent and Future SHM: When board proposals require SHM approval

VARIABLES	Ln(#Shareholder in Attendance) (1)	%Shareholding in Attendance (2)	Proposal Dropped (3)	Proposal Dropped/Revised (4)
Large MBD RPT Dissent	0.569** (0.239)	4.396*** (1.530)	11.639* (6.630)	15.184** (7.429)
Small MBD RPT Dissent	0.251 (0.430)	4.938 (3.139)	-11.941* (6.464)	-11.418* (6.606)
N	43,580	43,062	47,100	47,100
R-squared	0.624	0.757	0.377	0.325
Mean Dep Var	3.686	48.374	7.076	9.240
Matched with which SHM	F	F	N/A	N/A
Controls	Y	Y	Y	Y
Firm FE & Industry × Year FE	Y	Y	Y	Y

### ❖ What happens after MBD dissent on RPT proposals? ([Main Pages](#))

- **Between Board and SHM** (Column 3-4): (1) Proposal dropped + (2) Proposal Revision
- **In the SHM** (Column 1-2): Increasing shareholder attendance in headcount and %

# MBD Dissent and Future SHM: When board proposals require SHM approval

VARIABLES	Dep Var = Mean Support Vote% regarding these types of proposals in the subsequent SHM				
	Focal RPT All SH (1)	Corporate Project All SH (2)	Project _NonRPT All SH (3)	Annual Report <5% SH (4)	Board Performance Report <5% SH (5)
Large MBD RPT Dissent	-19.042*** (6.041)	-18.863*** (6.128)	-6.055** (2.361)	-10.356** (4.443)	-12.138*** (4.610)
Small MBD RPT Dissent	-2.614 (3.390)	-4.037 (3.773)	-5.833 (5.696)	3.438 (5.554)	3.981 (5.679)
N	42,865	43,044	23,389	17,432	17,335
R-squared	0.433	0.488	0.671	0.736	0.736
Mean Dep Var	96.117	96.400	98.124	89.399	89.480
Matched with which SHM	F	F	F	U	U
Controls	Y	Y	Y	Y	Y
Firm FE & Industry × Year FE	Y	Y	Y	Y	Y

- Opposition on **Focal RPT** (Column 1) and on **all projects** (Column 2)
- **Cross-Proposal** Opposition (Columns 3-5)

## Cross-proposal opposition: When board proposals do not require SHM approval

VARIABLES	Dep Var = Mean Support Vote% regarding these types of proposals in the subsequent SHM			
	Corporate Project All SH (1)	Project_Non_RPT All SH (2)	Annual Report <5% SH (3)	Board Performance Report <5% SH (4)
Large MBD RPT Dissent	-7.398*** (2.814)	-2.232** (1.075)	-27.338** (13.297)	-29.303** (14.608)
Small MBD RPT Dissent	1.572 (1.410)	0.905 (0.821)	7.311* (3.995)	7.063* (3.826)
N	17,935	16,119	6,318	6,314
R-squared	0.461	0.524	0.662	0.675
Mean Dep Var	97.870	98.908	90.057	90.047
Controls	Y	Y	Y	Y
Firm FE	Y	Y	Y	Y
Industry × Year FE	Y	Y	Y	Y

- Cross-proposal opposition on **all projects** (Column 1), **all non-RPT projects** (Column 2), and other recurring proposals (Columns 3-4)

# Policy Shock enhances Minority Shareholder (<5%) power at shareholder meetings for Shenzhen-listed firms post-2014

	% of all shareholders attending the SH meeting	Headcount of all shareholders attending SH meeting	Headcount of minority (<5%) SH attending meeting	% of minority (<5%) SH attending meeting	Any other info disclosed at the meeting level ???	TOTAL % support on proposal level	Minority (<5%) % support on proposal level	TOTAL headcount support on proposal level	Minority (<5%) headcount support on proposal level
Shanghai Before 2014	Y	Y	X	Y	A	Y	X	X	X
Shenzhen Before 2014	Y	Y	X	Y	A	Y	X	X	X
Shanghai After 2014	Y	Y	X	Y	B	Y	Y	X	X
Shenzhen After 2014	Y	Y	Y	Y	C	Y	Y	X	X

- **A — Baseline format (Shenzhen & Shanghai, pre-shock):** Same, without a separate minority (<5%) section.
- **B — Separate minority section (Shanghai post-2014 style):** A standalone minority (<5%) dissent section, this section appears at the end, making it hard to trace dissent back to specific proposals.
- **C — Inline minority disclosure (Shenzhen post-2014 style):** The minority (<5%) dissent is shown just next to each proposal, making comparisons to average dissent rates straightforward.

# Post-board-voting on Short- and Long-Term Value Responses

VARIABLES	CAR (-1, +1) (1)	Ln (OtherNetRec) (2)	TobinQ (T0) (3)	TobinQ (T0) (4)	TobinQ (T+1) (5)	TobinQ (T+2) (6)	TobinQ (T+3) (7)
RPT%	0.006*** (0.001)	0.593*** (0.132)	5.740*** (1.087)	0.692*** (0.127)	-0.159 (0.128)	-0.689*** (0.122)	-0.764*** (0.115)
Ln(OtherNetRec)			-0.052*** (0.011)				
RPT% × Ln(OtherNetRec)			-0.292*** (0.060)				
Large MBD RPT Dissent	0.007 (0.008)	0.205 (0.156)	-0.000 (0.136)	-0.017 (0.134)	-0.070 (0.139)	0.061 (0.178)	0.174 (0.153)
Small MBD RPT Dissent	-0.010 (0.014)	-0.437** (0.215)	-0.100 (0.273)	-0.074 (0.278)	-0.464** (0.215)	-0.231 (0.338)	0.171 (0.481)
N	225,542	29,231	28,363	28,363	28,253	28,189	28,210
R-squared	0.261	0.843	0.768	0.766	0.711	0.696	0.691
Mean Dep Var	-0.004	16.948	2.496	2.496	2.457	2.451	2.371
Controls	Y	Y	Y	Y	Y	Y	Y
Firm FE	N	Y	Y	Y	Y	Y	Y
Industry × Year FE	N	Y	Y	Y	Y	Y	Y
Firm × Year FE	Y	N	N	N	N	N	N
Meeting Form FE	Y	N	N	N	N	N	N

❖ **Finding: Minority-Dir dissent does not trigger significant selling pressure in the short run nor long run, potentially viewing dissent as a positive governance signal rather than instability. The RPT proposal agenda is associated with long-term value loss, especially when it cannot hide accounting disclosure reflecting tunneling ([Main Table here](#)).**

# **Appendix (Less important)**

## Cross-proposal opposition: When board proposals do not require SHM approval

VARIABLES	Ln(#Shareholder in attendance) (1)	%Shareholding in attendance (2)
Large MBD RPT Dissent	0.442* (0.265)	2.123 (2.715)
Small MBD RPT Dissent	0.341 (0.465)	-2.68 (2.994)
N	20,047	19,611
R-squared	0.509	0.794
Mean Dep Var	3.029	48.558
Matched with which SHM	I	I
Controls	Y	Y
Firm FE & Industry × Year FE	Y	Y

- **Slightly increasing shareholder attendance in headcount**

# Board Agenda-setting Power (Meeting Chair)

VARIABLES	(1)	(2)	(3)
	Dep Var = RPT (Project)		
MChair_LMinority (Co-opted)	-0.664 (1.552)	-0.654 (1.525)	
MChair_LMinority (Not Co-opted)	-2.334** (2.122)	-2.338** (2.124)	
MChair_SMinority (Co-opted)		0.234 (0.404)	
MChair_SMinority (Not Co-opted)		-3.999 (1.635)	
MChair_ISD&Co-opted			2.166** (2.131)
MChair_Minority			0.067 (0.044)
R-squared	0.068	0.068	0.068

N=846,761, Controls (Y) & Firm FE (Y) & Industry-Year FE (Y) included

❖ **Findings: Board Meeting Chair held by minority-blockholder-appointed directors (MBD) is associated with a reduced frequency of potential tunneling proposals: Impacts: Larger minority > Smaller Minority, Not-co-opted minority > Co-opted minority in monitoring. Insider (ISD) exhibits the opposite effects.**

# Shanghai or Shenzhen pre-2014 (Left), and Shanghai post-2014 (Right)

国机汽车股份有限公司（以下简称“公司”）2012年第二次临时股东大会（以下简称：会议）于2012年8月15日以公告形式发出通知，并于2012年8月31日上午9:30以现场方式在公司会议室召开。出席会议的股东及股东授权代理人共12人，所持有表决权的股份总数432,843,827股，占公司有效表决权股份总数的77.29%。

## 7、关于制定股东回报规划（2012-2014年）的议案

为进一步推动公司建立科学、持续、稳定的分红机制，便于投资者形成稳定的投资回报预期，保护投资者的合法权益，根据《中华人民共和国公司法》、中国证券监督管理委员会《关于进一步落实上市公司现金分红有关事项的通知》、中国证券监督管理委员会天津监管局《关于进一步推动辖区上市公司现金分红工作的通知》等相关法律、法规、规范性文件，以及《国机汽车股份有限公司章程》等公司治理制度的规定，会议通过了制定的《国机汽车股份有限公司股东回报规划（2012-2014年）》，

表决结果：同意432,843,827股，反对0股，弃权0股，分别占出席会议有效表决权的股东及股东授权委托代理人所持股份总数的100%，0%，0%。

## 8、关于下属控股公司唐山盛世国际汽车园发展有限公司对外担保的议案

表决结果：同意432,843,827股，反对0股，弃权0股，分别占出席会议有效表决权的股东及股东授权委托代理人所持股份总数的100%，0%，0%。

1、出席会议的股东和代理人人数	10
2、出席会议的股东所持有表决权的股份总数（股）	258,986,166
3、出席会议的股东所持有表决权股份数占公司有表决权股份总数的比例（%）	42.68

### （一）非累积投票议案

#### 1、议案名称：公司2015年中期利润分配方案

审议结果：通过

表决情况：

股东类型	同意		反对		弃权	
	票数	比例（%）	票数	比例（%）	票数	比例（%）
A股	258,613,766	99.85	8,000	0.00	364,400	0.15

#### 2、议案名称：关于对子公司厦门金龙联合汽车工业有限公司贷款担保的议案

审议结果：通过

表决情况：

股东类型	同意		反对		弃权	
	票数	比例（%）	票数	比例（%）	票数	比例（%）
A股	258,613,766	99.85	8,000	0.00	364,400	0.15

### （二）涉及重大事项，5%以下股东的表决情况

议案序号	议案名称	同意		反对		弃权	
		票数	比例（%）	票数	比例（%）	票数	比例（%）
1	公司2015年中期利润分配方案	6,144,722	94.28	8,000	0.12	364,400	5.60
2	关于对子公司厦门金龙联合汽车工业有限公司贷款担保的议案	6,144,722	94.28	8,000	0.12	364,400	5.60

# MBDs, Board Agenda-Setting, and Tunneling Proposals

VARIABLES	Presence=Director Count (#)		Presence=Fraction of Director Type on the Board	
	(1)	(2)	(3)	(4)
	RPT (Project)	RPT (Miscellaneous)	RPT (Project)	RPT (Miscellaneous)
LMinority-Dir Presence	-0.263*** (2.654)	0.104*** (2.633)	-2.275** (2.366)	1.231*** (3.529)
SMinority-Dir Presence	-0.042 (0.377)	0.113*** (2.971)	-0.628 (0.595)	1.176*** (3.412)
Largest-Dir Presence	-0.028 (0.454)	0.143*** (6.044)	-0.379 (0.650)	1.436*** (6.743)
R-squared	0.055	0.024	0.055	0.024

N=1,106,636, Controls (Y) & Firm FE (Y) & Industry-Year FE (Y) included

- **Validating RPT (Projects) as Tunneling:** Board agenda-stage & voting-stage results + lower long-term value (Tobin's Q ↓ , reported in Appendix); consistent with the literature
- **Falsification - RPT (Miscellaneous):** Not all RPTs → tunneling, but MBD less supportive than Largest-Dir

## Post-board voting on *Stakeholder Responses* (media and regulator)

VARIABLES	(1) Ln(#Negative News) (-1, +1)	(2) Regulatory Inquiry (0, +15)
LMinority-Dir Tunneling Dissent	0.285*** (2.954)	0.151** (2.436)
SMinority-Dir Tunneling Dissent	-0.067 (0.541)	0.202 (1.507)
Largest-Dir Tunneling Dissent	0.105 (0.640)	-0.019 (0.142)
N	247,605	110,898
R-squared	0.413	0.198
Controls (Y) & Firm-Year FE (Y) & Meeting Form FE (Y) included		

- ❖ **Findings: Larger minority shareholder-appointed director's dissent on tunneling proposals drives greater regulator inquiry and more negative media reports, which further improve their activism power, and creates greater incentive for insider to accept earlier private resolution of tunneling-related conflicts. Minority shareholder dissent → media and regulator scrutiny (anecdote and empirics later).**

# Shareholder-Appointed Director Voice in Board Voting

- ❖ Voice intensity (Dissent rates at board voting level, 10,778,661 director votes in total):
  - Larger-minority-blockholder-appointed directors show **most dissent (0.4%)**
    - > Smaller-minority-blockholder-appointed directors (0.2%) >
  - Largest blockholder-appointed director shows the **least dissent (0.045%)**

## Dissent by director types:

- All directors (0.1%),
- Independent directors (0.08%),
- Non-blockholder-appointed Non-Independent directors (0.1%),
- Management team directors (0.035%).

# Majority Shareholder Coalitions and Tunnelling-Related Proposals

**1. Shareholder Interplay Impacts (Minority-Largest connections)**

**2. Shareholder-Management Relationship Impacts (Blockholder-appointed Directors working in the Management team)**

Logic behind Points 1 & 2: Largest blockholder, affiliated shareholders & the management team can form a 'controlling power coalition' and expropriate other minority shareholder interests.

**❖ Findings: Minority blockholder-appointed directors' monitoring effectiveness against tunneling weakens if a minority blockholder is connected with the largest blockholder or the management.**