Shareholder activism: Affliction for incumbent CEOs?

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Abstract

We study how shareholder activism shapes CEO careers, employing a control function approach with expected mutual fund fire sales/purchases as exclusion restrictions. Analyzing 3,799 US campaigns from 2006 to 2018, we show that activism accelerates CEO departures but does not increase long-run turnover over a three-year horizon. Targeted CEOs' internal influence diminishes further through losing inside board seats. They experience markedly lower compensation growth in public firms. Nevertheless, CEOs' outside directorships are largely unchanged, and many CEOs reallocate to private firms rather than exit the executive market. We observe significant heterogeneity. Hostile campaigns impose broad and persistent career penalties, whereas nonhostile campaigns mainly accelerate turnover and reduce inside influence. Hedge funds, versus other activists, impose more negative career effects only in nonhostile campaigns. Ex-ante CEO resistance deters targeting and mitigates penalties in nonhostile campaigns. Collectively, shareholder activism reallocates managerial talent and curtails internal influence, rather than imposing blanket career penalties.

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1 Introduction

Through regular contact and information exchange, CEOs of publicly listed firms cultivate strong investor relationships (Useem, 1996). They do not, however, enjoy quiet lives. If investors disapprove of a company's management or operations, they may launch an activism campaign to pressure the firm to pursue performance or governance changes (Brav, Jiang, Partnoy, and Thomas, 2008; Klein and Zur, 2009). A growing literature reports improvements in corporate governance and performance following shareholder activism, especially when led by hedge funds (for a review, see Brav, Jiang, and Li, 2022). In this paper, we focus on targeted CEOs and examine how activism affects their careers.

Previous research documents the disciplining role of shareholder activism. For example, Brav et al. (2008) find that hedge fund activism is associated with higher CEO turnover at targeted firms. Yet turnover provides only a partial view of the consequences for CEOs' careers. Although CEOs often leave their incumbent positions following activism, their subsequent career trajectories are less clear: do they take new CEO roles, join corporate boards, or exit the executive labor market altogether? This paper extends beyond turnover to examine the broader career paths of CEOs at firms targeted by activists. We conduct a comprehensive analysis that addresses endogeneity in activists' target selection, incorporates inter-firm job mobility, allows for heterogeneity in activism, and considers CEO resistance to activism.

Our US shareholder activism sample for 2006–2018 covers both hostile and nonhostile campaigns, spanning hedge-fund and non-hedge-fund activists. For targeted and nontargeted CEOs alike, we construct career outcomes along three complementary dimensions: CEO (executive) roles, board memberships, and compensation. To address endogeneity, we implement a control function econometric approach with exclusion restrictions (Heckman, 1979; Vella and Verbeek, 1999). Our baseline results challenge the simple narrative of shareholder activism as a disciplinary mechanism. Contrary to the view that activism uniformly raises CEO turnover, we find no long-run difference in turnover levels over three years. Instead, activism accelerates boards' decisions; targeted CEOs depart sooner by

year two, while nontargets catch up by year three. Moreover, targeted CEOs are about as likely as nontargets to hold any CEO position following the campaigns, indicating reallocation rather than exit from the executive labor market. The adjustment is toward private firm employment.

A striking pattern is that targeted CEOs are 27 percentage points less likely to retain their inside board seats three years after activism, yet their outside directorships are unaffected. This may reflect sustained demand for experienced outside directors and contrasts with Fos and Tsoutsoura (2014), who find fewer outside board appointments, but examine only hostile campaigns. Finally, we observe substantially lower pay growth for targeted CEOs in public-firm data. But this excludes compensation from private firms, which means that the pay effect should not be interpreted as an overall financial loss.

In the control function (CF) framework, our exclusion restrictions for activism targeting are the expected mutual fund fire sales and fire purchases, constructed as the flow-to-stock ratio (Gantchev and Jotikasthira, 2018; Wardlaw, 2020). These flow-induced trades are strongly correlated with activists' target selection. A potential concern is that they could affect CEO career outcomes directly through firm value; however, Wardlaw (2020) finds negligible correlation between flow-to-stock and equity returns. Moreover, we show that fire sales/purchases do not significantly correlate with firm value, which reduces concerns that the exclusion restrictions affect CEO careers in the absence of activism.

In addition, we allow the covariance between error terms from the targeting and career outcome regressions to differ for targeted and nontargeted CEOs. This flexible specification provides intuition into the sources of endogeneity and offers an advantage over the more commonly used instrumental variable approach (Wooldridge, 2015). Our tests show that the covariance is significantly positive for nontargeted CEOs but not for targeted CEOs; unobservables that make a CEO unlikely to be targeted, such as managerial quality, superior negotiation skills, or strong internal support, are positively associated with CEO job retention among nontargets. OLS estimates understate adverse effects for targeted CEOs.

Another distinguishing feature of our analysis is that we examine CEO career consequences as a function of activist hostility and the *ex-ante* expected resistance from incumbent CEOs. Building on Boyson and Pichler (2019), we construct a measure of expected CEO resistance to activist engagement that applies to both targeted and non-targeted CEOs. We find that ex-ante CEO resistance meaningfully deters targeting and tempers penalties in nonhostile campaigns, but offers little protection when engagements turn hostile. Hostile campaigns impose broad and persistent penalties, while nonhostile campaigns mainly accelerate CEO departures and reduce inside influence.

Finally, we compare hedge funds with other activist investors. Against the conventional wisdom, hedge funds impose more negative career effects only in nonhostile engagements, and these effects dissipate for resistant CEOs. In hostile campaigns, penalties are similarly severe regardless of activist type or CEO resistance. These results provide nuance to the common view of hedge fund effectiveness; their impact depends on both the nature of the engagement and CEO resistance.

Our contribution to the literature is three-fold. First, we contribute to the literature on shareholder activism. The literature has mostly focused on effects of activism on targeted firms.[2] Our paper explores CEO career consequences. The most relevant papers for this research question are Brav et al. (2008) and Fos and Tsoutsoura (2014). Brav et al. (2008), with 1,059 hedge fund campaigns over 2001–2006, compare targeted firms with matched firms and show higher CEO turnover post activism. However, CEO career consequences are not the focus of their study; therefore, they do not examine CEO career changes outside targeted firms or fully address endogeneity issues.[3] Fos and Tsoutsoura (2014) explore proxy contests (706 events over 1996–2010) and their impact on careers of incumbent board members. Proxy contests may bare very specific career consequences given their hostile nature. Hence, it is unclear how Fos and Tsoutsoura (2014) extend

[2]See for example Dodd and Warner (1983); Wahal, Wiles, and Zenner (1995); Karpoff, Malatesta, and Walkling (1996); Carleton, Nelson, and Weisbach (1998); Brav et al. (2008); Klein and Zur (2009).

[3]Bebchuk, Brav, Jiang, and Keusch (2020) build on Brav et al. (2008) and focus specifically on 399 settlements in hedge fund activism between 2000 and 2013, showing that settlements lead to higher CEO turnover.

to CEOs in nonhostile campaigns. Moreover, the characteristics and dynamics of the director versus CEO labor markets may be markedly different. For example, firms often face a more restricted talent pool for potential CEOs than for outside directors (Cziraki and Jenter, 2022). Our paper includes all types of activists, distinguishes the career effects by activist hostility, and accounts for expected CEO resistance. It also examines CEOs' prospects spanning executive and board levels in both public and private firms and underscores the importance of controlling for endogeneity.

Second, we contribute to the literature on the ex-post settling-up problem. Fama (1980) argues (page 289) that "Individual participants in the firm, and in particular its managers, face both the discipline and opportunities provided by the markets for their services, both within and outside the firm." Several scholars test and support this assertion. For instance, Kaplan and Reishus (1990) find that executives of firms with dividend cuts receive less outside directorships. Eckbo, Thorburn, and Wang (2016) show that CEOs leaving the executive labor market after their firm files for bankruptcy suffer a significant compensation loss, while CEOs that achieve restructuring or find another executive position do not experience changes in compensation. We show that career penalties are not uniform across engagements. Hostile campaigns are associated with severe career consequences, including a lower likelihood of subsequent CEO roles, reduced inside board representation, and weaker public-firm pay growth. In contrast, nonhostile campaigns mostly accelerate CEO exits and strip inside influence. These patterns refine the "discipline" narrative by delineating where settling-up bites and where it primarily advances the timing of departures.

Third, we contribute to the literature on the labor market for executives. Theoretical models posit that career consequences in the labor market may mitigate potential agency conflicts (see, for example, Fama, 1980). Despite this, recent empirical evidence challenges the efficiency of CEO-firm matching, which is necessary for the theoretical predictions to hold. For example, Cziraki and Jenter (2022) find that CEOs in public firms are mostly promoted internally and that poaching of CEOs from other public companies is very rare

(about 3.2%). In contrast to public firms, PE backed firms appoint external CEOs more often (Gompers, Kaplan, and Mukharlyamov, 2023). Contributing to this literature, we show that CEOs of publicly listed firms who leave their positions due to activism secure replacement jobs, but often in private firms. This suggests that shareholder activism helps resolve CEO-firm mismatches in public companies while creating a channel through which experienced executive talent is transferred to the private market. We also extend the discussion to lower-tier executive appointments and show that the patterns for broader executive roles closely mirror those for CEOs.

The rest of the paper proceeds as follows. Section 2 describes the sample: our choice of CEO, firm, and campaign characteristics for the analysis, the construction of CEO resistance measure, and the empirical framework. Section 3 presents the baseline results. Section 4 explores hostility both from CEOs and activists. Section 5 provides evidence on the effects of hedge fund activism and Section 6 concludes.

2 Data and methodology

2.1 Data

We start with a comprehensive sample of shareholder activism campaigns against US public companies during the period of 2006 to 2018. The sample period is determined by availability of activism data from the SharkRepellent database. Following prior studies, we exclude all campaigns involving merger arbitrage, as the motives and consequences of merger arbitrage strategies fundamentally differ from regular shareholder activism (Brav et al., 2008).[4] We also exclude campaigns initiated exclusively by religious groups because these campaigns usually pursue improvement in human rights and/or labor standards rather than change to company management or operations (Proffitt Jr and Spicer, 2006). Religious groups are included if they participate in a joint campaign with another activist type. Appendix A provides detailed information about activist identities.

[4]We cross-verify the announcement and completion dates of M&As from the SDC database with the activism announcement dates in our sample. Any activism event occurring after the M&A announcement but before its completion is considered as merger arbitrage and consequently removed from our sample.

We identify the CEOs of the targeted companies at the time of the campaign announcement using data from BoardEx. The final sample covers 3,799 activism campaigns and 2,207 unique CEOs between January 1, 2006 and December 31, 2018. Table 1 provides information on campaign distributions across different categories starting with distribution across Fama-French 12 industries in Panel A.

Insert Table 1 about here

Panel B shows the distribution of shareholder activism events by activist type. Note that some campaigns involve more than one activist, and therefore, activist types do not add up to the total of 3,799. Hedge funds stand out as the dominant activist type with 1,879 (49%) campaigns. Panel C presents the activists' primary stated objectives. Almost one third of campaigns aim at accomplishing full or partial corporate control changes, suggesting that shareholder activists are likely to provide discipline.[5] Campaigns concerning voting on proposals and campaigns stating a broad goal of 'maximizing shareholder value' or 'enhance corporate governance' account for 27% each. The remaining categories are relatively infrequent and related to short positions or supporting fellow activists.

Panel D provides frequencies by activists' tactics that concern hostility of their approach. Guided by Brav et al. (2008), we classify activist tactics into three categories from the least to the most hostile.[6] Since activists may adopt multiple tactics, the total percentage across the three categories and within each category may exceed 100%. The most common, with 58%, is Category 2 which includes sending publicly disclosed letters to the board/management (36%) or to stockholders (24%). This pattern seems reasonable given that at early stages of their interventions activists employ less costly and hostile tactics and they increase hostility only when necessary (Gantchev, 2013). Also note that 28% of campaigns in our sample involve proxy fights, takeovers, or lawsuits, dovetailing with the view that shareholder activism potentially involves disciplining of management.

[5]Full control contests involve conquering the majority of board seats and acquisition attempts. Partial control contests include efforts to elect a short slate of directors and to oust directors and officers.

[6]Detailed definitions are provided in Appendix B.

Panel E categorizes campaigns into hostile and nonhostile using information from Panels C and D. Hostile campaigns involve threats or launches of proxy contests, takeovers, lawsuits, and campaigns advocating for replacement of management/directors. nonhostile campaigns are the complement to hostile ones. Most campaigns (69%) are not hostile and hedge funds tend to be more hostile than other activist investors. Panel F summarizes the number of campaigns of individual CEOs. Most CEOs (62%) experience shareholder activism only once, but 15% of our sample CEOs face 3 or more campaigns.

2.2 CEO resistance

Targeted firms have the choice to resist the activists or negotiate with them (Boyson and Pichler, 2019). When targets resist, they often take a hostile action by leveraging an antitakeover provision that is ready to be used, by modifying their corporate charters or bylaws to restrict shareholder voting power, or by filing lawsuits against activists. Responding to this resistance, activists can counterresist by initiating a proxy contest, filing a lawsuit, or making an unsolicited tender offer. The important point is that hostility is double sided and it is essential to account for hostility of both CEOs and activists. Previous literature considers hostility on the activists' side, but CEO resistance to activism usually remains ignored. Still, it is very likely that CEO resistance affects activists' targeting, their hostility, and CEO career outcomes. The challenge is that CEO resistance is difficult to measure because it is not always observable.[7]

Nevertheless, Boyson and Pichler (2019) identify CEO and firm characteristics indicative of hostile target resistance. They show that CEO resistance is more likely when the target CEO has a longer tenure and holds also the board chair. Furthermore, cash holdings and institutional ownership concentration also correlate positively with hostile CEO resistance, indicating a link with agency problems and a threat of investor coordination. As the four variables due to Boyson and Pichler (2019) are general CEO or firm charac-

[7]Although interactions between large shareholders and management in publicly traded US firms are common, usually they involve private negotiations (Becht, Franks, Mayer, and Rossi, 2009; Dimson, Karakaş, and Li, 2015). Shareholder activists, through their earlier confidential communications, understand the management's perspective and their potential resistance before taking any public measures.

teristics, we can use them to measure CEO resistance not only for targeted CEOs, but for all firms in our sample. This allows us to include the CEO resistance as an explanatory variable in predicting activism targeting, the first stage in our estimation procedure. Our expected CEO resistance is measured *ex-ante* and is different from a measure of the realized CEO resistance.

We expand the set of CEO resistance determinants by including the CEO retirement age. Drawing upon the upper echelons theory (Hambrick and Mason, 1984), a CEO's age may serve as an important determinant of their strategic choices, with older CEOs being more resistant to changes. In particular, CEOs in retirement age may have significantly less stamina to implement changes (Child, 1974) and fewer career options if forced to leave (Veiga, 1983). Moreover, the literature suggests that age may affect CEO preferences and risk-taking (Jenter and Lewellen, 2015; Serfling, 2014). As a result, retirement-age CEOs may be more prone to resist activist targeting.

We create a CEO resistance dummy based on the five characteristics; CEO tenure, CEO-chair duality, retirement-age CEO, cash holdings, and institutional ownership concentration. Using data from BoardEx, Compustat, and FactSet, we employ a principal component analysis and obtain two components with an eigenvalue greater than one. Table 2 shows that the first component summarizes the impact of CEOs' characteristics, while the second component depicts the role of firms' governance environment in shaping firm CEOs' resistance decision.

Insert Table 2 about here

Next, we construct a resistance index by aggregating the two components; weighting each component by its contribution to the total variance of the five variables associated with resistance. The value of the index increases with values of all components, which is in line with Boyson and Pichler (2019) and indicates a higher level of CEO resistance. Finally, we create a dummy variable, CEO resistance, that equals one for CEOs with a

resistance index above the sample median and zero otherwise.[8]

2.3 Methodology

We examine CEO career consequences of shareholder activism by comparing various career outcomes between target and non-target CEOs. To address selection concerns, we employ a CF approach that uses mutual fund fire sales and fire purchases as exclusion restrictions to explain variation in the probability of targeting. We focus on career outcomes at executive and director levels, and track each sample CEO over an event window that begins one year before activism and ends three years after activism. Specifically, our outcome variables capture: (i) keeping the current CEO position, (ii) keeping a CEO position in any firm, (iii) keeping the current executive position (note that this is a wider category than the CEO position), (iv) keeping an executive position in any firm, (v) keeping the current inside board seat, (vi) change in the number of outside board seats, (vii) change in remuneration, both total and associated with the current employment. We also distinguish between positions in public versus private firms where applicable.

Our data comprise a cross section derived from activism campaigns between 2006 and 2018. For each activism campaign, we focus on the target firm CEO i. We define the event year t_0 as the fiscal year c when the 13D filing occurs. In fiscal year c, for all targeted CEOs, we include, as counterfactuals, CEOs of all publicly listed firms that did not experience any activism event throughout the entire period covered in our dataset. This means that the counterfactual CEOs are matched in fiscal year c. Note that this sample choice keeps the ratio of targeted and nontargeted CEOs the same as in the population of CEOs of listed firms. The targeted and nontargeted CEOs correspond to the two groups compared in univariate statistics in Table 4.

The following equation explains the effect on career outcomes of being targeted by

[8]Note that the CEO resistance dummy captures expected resistance ex ante. Whether resistance ultimately materializes is jointly determined by CEOs' resistance traits, activists' tactics, and existing anti-takeover provisions at the time of activism. As a result, CEOs' ex-ante inclination to resist may not strongly correlate with observed overt resistance. In fact, we find a low correlation (-0.006) between the CEO resistance dummy and new poison pill policy adoption in response to activism.

activist shareholders:

$$\Delta W_i = \alpha_d + \beta_d T_i + X_i \gamma_d + \varepsilon_{di}, \tag{1}$$

where ΔW is a career outcome variable measured at one, two or three years after activism and interchangeably includes all categories of career outcomes listed at the beginning of this section.[9] Our coefficient of interest is β_d, which determines the effect of activism targeting T on outcome ΔW. However, it is highly likely that targeting and career outcomes are endogenous and we should not assume that error terms ε_d are uncorrelated with T. Therefore, following Vella and Verbeek (1999) we model career outcomes for targeted and nontargeted CEOs separately:

$$\Delta W_{0i} = \alpha_0 + X_i \beta_0 + \varepsilon_{0i}, \tag{2}$$

$$\Delta W_{1i} = \alpha_1 + X_i \beta_1 + \varepsilon_{1i}, \tag{3}$$

$$T_i = I(Z_i \gamma + \varepsilon_{ti} > 0), \tag{4}$$

where we observe ΔW_{1i} if $T_i = 1$ and ΔW_{0i} otherwise. $I(\cdot)$ is an indicator function, Z is a matrix of explanatory variables that includes X and valid exclusion restrictions that affect activism targeting but not CEO career outcomes. We identify activism targeting with two exclusion restrictions: (i) the expected mutual fund fire sales, and (ii) the expected mutual fund fire purchases, which are described in Section 2.4.

Continuing on the system in (2)–(4), the observed outcome is

$$\Delta W_i = \alpha_0 + \alpha T_i + X_i \beta + T_i \times \varepsilon_{1i} + (1 - T_i) \times \varepsilon_{0i}, \tag{5}$$

where we assume that $\beta_0 = \beta_1 = \beta$, α is equal to $\alpha_1 - \alpha_0$, and T is modeled in (4). Then the conditional expectation of ΔW given Z and T is

$$\begin{aligned} E\{\Delta W_i | Z_i, T_i\} &= \alpha_0 + \alpha T_i + X_i \beta + T_i \times E\{\varepsilon_{1i} | Z_i, T_i = 1\} \\ &\quad + (1 - T_i) \times E\{\varepsilon_{0i} | Z_i, T_i = 0\}, \\ E\{\Delta W_i | Z_i, T_i\} &= \alpha_0 + \alpha T_i + X_i \beta + T_i \times \sigma_{1,t} \lambda_i(Z_i \gamma) + (1 - T_i) \times \sigma_{0,t} \lambda_i(Z_i \gamma), \end{aligned} \tag{6}$$

[9] These 7 categories involve 14 separate variables. All variables are summarized in Table 4.

where we assume joint normality of the errors ε_d and ε_t, $\sigma_{1,t}$ is the covariance between ε_1 and ε_t, $\sigma_{0,t}$ is the covariance between ε_0 and ε_t, and

$$\lambda_i(Z_i\gamma) = E\{\varepsilon_{ti}|Z_i, T_i\} = (1-T_i)\frac{-\phi(-Z_i\gamma)}{\Phi(-Z_i\gamma)} + T_i\frac{\phi(-Z_i\gamma)}{1-\Phi(-Z_i\gamma)} \tag{7}$$

is the generalized residual of the probit model describing the target type decision and $\phi(\cdot)$ and $\Phi(\cdot)$ represent the probability density and cumulative density functions, respectively. To estimate (6), we first run the probit model (4) and estimate $\hat{\gamma}$. Then we compute the estimated value of λ, the inverse Mills ratio (IMR), following (7). Finally, using OLS we run

$$\Delta W_i = \alpha_0 + \alpha T_i + X_i\beta + \delta_1 T_i \times \hat{\lambda}_i(Z_i\gamma) + \delta_0(1-T_i) \times \hat{\lambda}_i(Z_i\gamma) + \eta_i \tag{8}$$

with industry and year fixed effects. Standard errors are adjusted for heteroscedasticity and clustered at the firm and year level. Equation (6) represents the control function (CF) approach to treatment effects based on Heckman (1979) as discussed in Vella and Verbeek (1999). A similar approach is used in Rutherford, Springer, and Yavas (2005) to adjust for endogeneity of agent-owners when determining prices of sold properties.

To summarize, we are interested in capturing the 'random' additional effect of T, but estimating β_d in (1) using OLS yields a biased estimate due to endogeneity. The CF approach allows to estimate the average effect of a 'random' selection of a targeted CEO, accounting for unobservables related to the target assignment that may be correlated with career outcomes. The model accounts for this potential source of endogeneity by including the estimated value of λ in the career outcome regression. The CF approach also allows to estimate the covariance between ε_1 (ε_0) and ε_t, σ_{1t} (σ_{0t}), without the need to impose that the two covariances are equal.[10] Estimation of σ_{1t} and σ_{0t} provides more information about the economics of treating CEOs as target versus non-target types.

[10]This is also the advantage of CF over the instrumental variable approach and means that the two methods may differ in estimates of α.

2.4 Exclusion restrictions

A valid exclusion restriction should strongly predict activism campaigns while influencing CEO labor market outcomes only through its effect on activism. Following Gantchev and Jotikasthira (2018), we use expected mutual fund fire sales and fire purchases as exclusion restrictions for activism targeting. The mechanism is that institution-specific funding constraints drive institutional trading, which in turn affects activist targeting by masking activists' intentions. As activists need to build significant holdings (e.g., 5% before filing a 13D), it is easier and cheaper (harder and costlier) for them to accumulate stakes when mutual funds are executing fire sales (fire purchases). Such institutional trading is quasi-random and largely uninformed about any individual portfolio firm, rendering it plausibly exogenous to the timing and occurrence of activism events.

We construct quarterly expected mutual fund fire sales/purchases as the 'flow-to-stock' variable in Wardlaw (2020). For each mutual fund in each reporting quarter, a flow-motivated sale (purchase) of a stock is the product of the fund's percentage outflow (inflow) and the beginning-of-quarter holdings of the stock, conditional on the flow being greater than 5%; otherwise it is set to zero. The sum across funds of all flow-motivated sales (purchases) of the stock is scaled by the number of shares outstanding at the beginning of the quarter to calculate the quarterly expected fire sales (purchases). We then average the quarterly fire sales/purchases over each calendar year to obtain the annual fire sales/purchases measure.

A key advantage of the flow-to-stock measure is its orthogonality to firm fundamentals. Unlike alternative measures (e.g., Coval and Stafford, 2007; Edmans, Goldstein, and Jiang, 2012), Wardlaw (2020) shows that flow-to-stock is independent of fundamental stock movements, allowing for a cleaner identification. We empirically validate this crucial property in our setting. Table I.1 in the Internet Appendix reports OLS estimates when regressing Tobin's Q on the expected mutual fund fire sales and fire purchases, controlling for a full set of controls as in Equation (4). The sample includes targeted and nontargeted firms from 2006 to 2018, as described in Section 2.3. The dependent variable is at the

campaign year and explanatory variables are one year lagged. The coefficients on fire sales and fire purchases are statistically insignificant.

The first stage Equation (4) estimation results for the probability of targeting, including annual expected mutual fund fire sales and purchases, are reported in Column 1 in Table 3. The coefficients on the expected mutual fund fire sales and purchases are statistically significant at the 1% level and highly economically significant. A one-standard-deviation increase in fire sales (purchases) is associated with a 2.04 (2.40) percentage point increase (decrease) in the probability of being targeted, other things equal, which is economically significant in the context of the unconditional average of being targeted of 11%. In addition, we test the strength of the two exclusion restrictions in a linear setting and the F statistic for the joint significance of the two variables is 24, confirming their relevance.

Insert Table 3 about here

As we have two exclusion restrictions to predict activist targeting, we perform Anderson and Rubin (1949) and Basmann (1960) tests of overidentifying restrictions. In particular, we test a joint null hypothesis that the excluded restrictions are uncorrelated with the error term and correctly excluded from the estimated equation. A statistically significant test statistic indicates that the exclusion restrictions may not be valid. The Anderson and Rubin (1949) χ^2 and the Basmann (1960) F statistic are both equal to 0.02 (p = 0.90).

3 Baseline results

Table 4 shows summary statistics for targeted and nontargeted CEO characteristics and characteristics of their firms. Our dependent variables capture whether CEOs keep their incumbent positions and relate to the year of activism announcement for targeted CEOs or the matched placebo year for nontargeted CEOs. Changes in the number of outside directorships relate to the pre-event (placebo matched) year t_{-1}, whereas changes in compensation relate to the event (placebo matched) year because compensation award levels

are fixed one year in advance. Table 4 shows that, on average, 63% of CEOs retain their original CEO positions and 73% of them maintain CEO employment over the three-year horizon. Targeted CEOs suffer losing their current (any) CEO positions significantly more than nontargeted CEOs with means of 0.49 versus 0.65 (0.63 versus 0.74). Note that means for keeping executive positions closely follow those for CEO positions, despite executive positions covering a wider range of options. This suggests that CEOs do not frequently transition to lower executive positions.

Insert Table 4 about here

The average for keeping current inside, executive directorships is larger than for keeping current CEO positions across all horizons, suggesting that CEOs often keep board seats after leaving as executives. Targeted CEOs are significantly less likely to keep their internal board seats (0.55) than nontargeted CEOs (0.73) and the economic significance of the 18% difference is substantial. The average increase in the number of outside board seats is 0.23 and is not significantly different between targeted and nontargeted CEOs. New directorships come both from public and private firms.

Our compensation data is restricted to large publicly listed firms because of coverage in BoardEx. The compensation analysis covers CEOs that remain in the BoardEx universe in post-event years; those who continue as executives or directors at public firms. The average change in the logarithm of total compensation is -0.59 for the three-year horizon, which translates into a 44.6% decrease in total pay. The change is similar between targeted (-0.62) and nontargeted CEOs (-0.59). The change in inside pay, conditional on maintaining employment at focal firms, is insignificant and does not vary with targeting.

Turning to explanatory variables, 11% of CEOs in our sample are targeted by shareholder activists. Activist targets tend to face more extreme flow-induced mutual fund trading one year before the campaigns than non-targets, both for expected fire sales

(0.61% versus 0.46%) and expected fire purchases (0.75% versus 0.70%).[11] Additionally, CEO resistance is smaller for activist targets, supporting the view that activists endogenously choose targets where they expect weaker resistance from CEOs. Targeted CEOs are more likely to be females, with shorter tenure, higher education, and higher general ability (measured following Custódio, Ferreira, and Matos, 2013). Target firm characteristics are in general consistent with the literature (for example in Brav et al., 2008, 2022).[12]

3.1 CEO and executive positions

Table 5 explores the impact of shareholder activism on targeted CEOs keeping their CEO positions for one, two, and three years after the activists' interventions. Panel A shows estimation results for CF Equation (8) while Panel B for OLS Equation (1). Each horizon starts with the incumbent CEO position variable, then turns to any CEO positions, which is split into positions in publicly listed and private firms. We include all control variables as in the first stage in Table 3, but do not report them to save space.

Insert Table 5 about here

Our primary coefficient of interest in Panel A is the coefficient for targeting. Before turning to this, we first discuss the two coefficients for IMR, which characterize interdependencies in the system. The two IMR coefficients represent $\hat{\delta}_1$ and $\hat{\delta}_0$ in Equation (8) and are functions of ρ_1 (correlation between ε_1, error terms in the career outcome regression for targeted CEOs, and ε_t, error terms in the first stage targeting regression) and ρ_0 (correlation between ε_0, error terms in the career outcome regression for nontargeted

[11]The average quarterly difference in expected fire sales between targets (0.61%) and non-targets (0.46%) may appear modest. However, when viewed on an annual basis, this amounts to approximately 0.60% = (0.61%-0.46%) × 4, which is economically meaningful relative to the 5% shareholding threshold that typically triggers a Schedule 13D filing.

[12]Note that retirement-age CEO, cash holdings, and institutional ownership concentration, together with CEO tenure and CEO-chair duality, define CEO resistance. The average number of directorships held by incumbent outside directors and the fraction of these directors being younger than 70, together with analyst coverage, serve as proxies for the reputation concerns of the board (Bebchuk et al., 2020).

CEOs, and ε_t, error terms in the first stage), respectively. A significant $\hat{\delta}_j$ shows that keeping a CEO position is endogenous to unobservable determinants of activist targeting.[13] As $\hat{\delta}_0$ (IMR $\times$ non-target) is significantly different from zero, except in Column 10, and $\hat{\rho}_0$ is above 0.1 (endogeneity threshold), unobserved factors influencing activist targeting correlate significantly with CEO's fate. As a result, OLS coefficients for the target dummy in Panel B are biased.

The IMR coefficients differ significantly between targeted and nontargeted CEOs. The significantly positive coefficient for 'IMR x non-target' indicates that nontargeted CEOs with high standard errors (high unobservable characteristics) in the first stage are more likely to keep their job. Because a higher IMR also corresponds to a lower predicted probability of being targeted based on observables, those who are less likely to be targeted among nontargeted CEOs keep their CEO positions more often.[14] Put in other words, higher unobservable characteristics, like CEO quality, increase the probability for nontargeted CEOs to keep their jobs. Accounting for this endogeneity affects the targeting coefficients. For targeted CEOs, in contrast, the IMR coefficients are statistically insignificant (significant only for positions in private firms), suggesting that unobserved factors influencing activist targeting do not systematically affect whether CEOs stay or go. Once targeted, observable factors (e.g., activist pressure, board response, firm performance) dominate the career outcome decision, and selection bias is insignificant. The differing IMR coefficients across targeted versus nontargeted CEOs highlight the advantage of the CF approach over IV, which assumes a more rigid correlation structure.

Now, we turn to examining the effects of targeting on CEO career outcomes. Starting with the current CEO position, the target coefficient in Panel A with the CF approach is negative across all time horizons but gains larger standard errors as horizons increase. The largest and the only significant target effect, -0.227 (significant at the 5-percent

[13]Note that an insignificant $\hat{\delta}_j$ may not indicate an absence of endogeneity (Guo and Fraser, 2014). One should examine $\hat{\rho}_j$ because sample selection bias emerges due to correlation between the error terms even at low levels.

[14]The significantly negative IMR coefficient for keeping CEO positions in private firms does not contradict this because CEOs who keep positions in public firms, do not become CEOs at private firms.

level), is observed for the two-year horizon and implies that, on average, the probability of staying in the current CEO position within two years is 22.7 percentage points lower for targeted than for nontargeted CEOs. The OLS results in Panel B show smaller activism effects on CEO job retention, in absolute value, but they are more significant due to their smaller standard errors. The insignificant coefficients for targeting for the one- and three-year horizons in Panel A with the CF approach suggest that (i) major leadership changes are not immediate, and (ii) the career trajectories of targeted and nontargeted CEOs converge by the third year; activists are faster in firing mediocre CEOs, but nontargeted firms catch up and replace these CEOs over three years. Overall, the CF approach with a correction for endogeneity shows that shareholder activism does not cause a divergence but rather expedites CEO exits.[15]

For any CEO positions, the CF and OLS target coefficients are smaller in size than for current CEO positions. Accounting for endogeneity, the effect estimated by the CF approach is not statistically different from zero across all three horizons. A significant decline in the probability of keeping the current CEO position and a concurrent insignificant effect in keeping any CEO position suggest that targeted CEOs find often new CEO jobs elsewhere. Coefficients for keeping CEO positions in public and private firms confirm this and show that targeted CEOs often find replacement positions in private firms.

The coefficients for CEO resistance indicate that CEOs prone to resist activism are significantly more likely to lose their positions, regardless of the activism. Female CEOs are more likely to retain their current CEO position over the two-year horizon (Column 5) when the overall targeting effect is significantly negative. This is despite activists targeting female CEOs significantly more frequently. We can also see that female CEOs are less likely to transition to private firms. Finally, CEOs are at significantly greater risk of

[15] A natural question is whether activism-induced CEO replacement creates shareholder value. To test this, we run the change in firm value (Δ Tobin's Q from t_{-1} to t_{+3}) on the target dummy, an indicator for CEO turnover over t_0 to t_{+3}, and their interaction term. We control for firm size, IMR, and industry and year fixed effects. The target dummy is positive and significant, but the interaction term is statistically insignificant, suggesting that the performance improvement in targeted firms is not incrementally greater for firms with CEO turnover (not tabulated).

dismissal when serving a board with high reputation concerns, as demonstrated by the significantly negative coefficient of board reputation for current CEO position.

Table 6 explores shareholder activism targeting effects on executive positions, with a wider scope than CEO positions. If a CEO switches to another executive position within the current firm, the dependent variable in Columns 1, 5 and 9 is still kept equal to one in Table 6, while in Table 5 it would change to zero. We can see that the target coefficients for current executive positions in Table 6 keep their sign and significance, but are somewhat smaller. Displaced targeted CEOs sometimes transition to executive positions of lower ranks. The CF coefficients for any executive positions are smaller than their OLS counterparts, which is driven by the significantly larger and positive coefficients for executive positions in private firms. The interesting result is that shareholder activism on average accelerates CEO dismissals but does not push them out of executive careers, mostly due to employment in private firms.

Insert Table 6 about here

3.2 Board seats

Table 7 explores the impact of shareholder activism on CEO career prospects in the director labor market, with Panel A showing CF estimates and Panel B OLS estimates. First, Columns 1, 5 and 9 analyze the probability of keeping inside, executive board positions for one-, two-, and three-year horizons, respectively. The coefficients on 'IMR x non-target' are statistically significant at the 1-percent level, suggesting endogeneity issues. As a result, the CF approach shows a more negative targeting effect than OLS. The targeting coefficient is significantly negative and becomes even stronger for the two- and three-year horizons in both panels. The CF estimate over the three-year horizon suggests a 27.4 percentage point reduction in the probability of retaining internal board seats for targeted versus nontargeted CEOs. CEOs often retain their board positions after leaving their CEO roles, but this is significantly less common for targeted CEOs.

Insert Table 7 about here

Column 2 (Columns 6 and 10) shows a statistically insignificant effect of targeting on the number of outside board seats within one (two and three) year(s) after activism. This is the case also for external directorships in public (Columns 7 and 11) and private (Columns 4, 8 and 12) firms. The only significant (negative) effect on outside board positions is in public firms at the one-year horizon in Column 3. One possible explanation is that shareholder activism damages CEOs' reputation in the short run, and it takes some time to overcome this negative effect. Overall, we find that shareholder activism reduces the probability of a CEO serving on their own board but does not impact outside board seats.[16]

3.3 Compensation

Table 8 shows the impact of shareholder activism on CEO compensation, defined as the change in the natural logarithm of pay. As compensation data are available only for large public firms, the analysis conditions on CEOs who continue holding executive or director positions at public firms and does not account for any compensation from employment in private firms (Columns 1, 4 and 7). The target coefficients are negative and statistically significant over all three horizons. At the three year horizon, targeted CEOs experience an average 65.9% decrease in the gross growth rate of pay.[17] The IMR coefficients for non-targets validate a need for the CF approach. The OLS estimates in Panel B are smaller and statistically insignificant.

[16]The difference between CEO positions and board seats reflects the fact that board seats are generally easier for activists to influence than CEO turnover. As a result, targeted CEOs are less likely to keep incumbent board seats even if they retain their CEO positions. For example, Stewart Gray MacDonald, CEO of Mac-Gray Corporation, was targeted by Fairview Capital Investment Management LLC and criticized for growth strategy and governance practices. The activist succeeded in removing MacDonald from the board at the 2009 annual meeting, but MacDonald continued to serve as CEO until 2014. Moreover, Table 4 shows that 3 years after activism the probability of remaining CEO is 16 percentage points lower for targeted than for nontargeted CEOs, while the probability of keeping an inside board seat is 18 percentage points lower. This shows that nontargeted CEOs are more likely to keep internal board positions after leaving as CEOs.

[17]The target coefficient represents the shareholder activism effect on the change in compensation. As pay is in logs, the coefficient (-1.076) in Column 7 of Panel A translates to $\frac{PayGrowth_T}{PayGrowth_{NT}} = e^{-1.076} = 0.341$, or a pay increase for targeted CEOs that is 65.9% smaller than for nontargeted CEOs.

Insert Table 8 about here

Next, we restrict the analysis to CEOs who maintain employment at the focal firm, which allows us to explore whether the significant pay reduction comes from cutting pay from the insider employment or other outside sources. In Column 2, the target coefficient is negative and significant, indicating a total pay cut over the one-year horizon for incumbents who retained their jobs. Column 3 with inside compensation change at the focal firm shows a somewhat higher targeting coefficient, revealing that the compensation drop comes primarily from the targeted firm, and not from outside positions. The targeting effect, however, becomes insignificant for the two- and three-year horizons (Columns 5–6 and 8–9). In sum, incumbent CEOs who maintain employment at the targeted firms barely endure any compensation loss in the longer-run after activism, while CEOs who leave the targeted firms suffer a significant compensation loss. The latter is primarily driven by transitions to the private sector, for which compensation data are unavailable.[18] As such, the observed compensation effects should not be interpreted as necessarily negative.

3.4 Propensity score matching

As an alternative identification strategy we use propensity score matching, which is often used with activism targeting (for example Brav et al., 2008). We match each targeted firm-CEO one year before the activist campaign to two nontargeted firm-CEOs based on all covariates in Table 3. The OLS coefficients for the matched sample (not tabulated) are similar to our baseline OLS coefficients, but we still find evidence of endogeneity. Table I.2 in the Internet Appendix presents the control function estimates. In many cases, the error terms for targeting are correlated with the error terms for career outcomes at targeted firms. This shows that the matching procedure, based only on observable characteristics, does not solve the endogeneity problem and the OLS results are still biased.

[18] As an example, Richard Peters, who was appointed CEO of Merrimack Pharmaceuticals Inc. in 2017, left the company in 2019 following the activism campaign led by JFL Capital Management LLC and 22NW LP, which sought board changes to enhance shareholder value. Shortly thereafter, Peters became CEO of Yumanity Therapeutics Inc., a private firm in the same pharmaceuticals and biotechnology sector.

As a result, we rely on the CF approach even with the matched sample. The signs of the control function estimates are largely consistent with the baseline results; however, test precision declines due to the smaller sample size, resulting in some statistically insignificant coefficients.

4 Campaign hostility and CEO resistance

This section explores heterogeneity in CEO career outcomes across campaign hostility and CEO resistance. Activist hostility involves threats or launches of proxy contests, takeovers, lawsuits, or activists advocating for replacement of management or directors. In general, we expect higher campaign hostility to be associated with more severe career consequences for targeted CEOs.[19] However, it is not clear whether the targeting effect in nonhostile campaigns should still be negative, as such events may involve negotiations that allow CEOs to retain their jobs. Expected resistance on the CEO side is measured by the CEO resistance dummy, which is described in Section 2.2. On the one hand, CEOs' inclination to resist may be effective in restricting activism approaches and improving CEOs' job security. On the other hand, CEOs' resistance may harm their career prospects because it goes against shareholders' interests.

To simultaneously incorporate activist hostility and resistance into our estimation framework, we adjust the CF model. In the first stage, we estimate the targeting Regression (4) as an ordered probit with the dependent variable equal to zero, one, or two for CEOs who experience no campaign, nonhostile campaign, or hostile campaign, respectively. As in the previous section, we include CEO resistance as an explanatory variable in the first stage. The results are reported in Table 3, with Column 3 showing the estimated coefficients and Columns 4 and 5 showing the marginal effects on the probability of observing nonhostile and hostile outcomes, respectively. Importantly, the two exclu-

[19] Greater activist hostility signals stronger shareholder dissatisfaction, higher CEO entrenchment, and attracts more media attention. As external pressure intensifies, it is harder for the target board to keep the CEO. Meanwhile, boards of other firms may perceive the CEO as "damaged goods" and avoid hiring them.

sion restrictions are still highly statistically significant. CEO resistance decreases the probability of experiencing hostile and nonhostile campaigns significantly.

We then compute the IMR from the ordered probit model and include it in the second stage career outcome regressions. We adjust Equation (8) by replacing the target dummy with two dummies for nonhostile and hostile campaigns, and partitioning IMR across nontargeted CEOs, nonhostile campaigns, and hostile campaigns. We further include interaction terms between CEO resistance and each campaign type. Table 9 shows results for CEO and executive positions in Panels A and B, respectively. Panel C focuses on board positions, and Panel D on the changes in compensation. We do not report OLS results to save space.

Insert Table 9 about here

Focusing on the effect of activist hostility for CEO positions in Panel A, we consider the coefficient on hostile and nonhostile campaigns together with their interaction terms with CEO resistance. The (mostly) insignificant and small interaction terms show that hostility imposes similar effects on CEO positions regardless whether they are resisting or not. Hostile campaigns inflict severe career costs, both for current positions as well as CEO roles in other firms. In contrast, nonhostile campaigns are associated with a milder impact. Here we observe patterns as in the baseline regressions; a significant penalty for current CEO positions in the two-year horizon that becomes insignificant for the three-year horizon.

CEO resistance exhibits a career penalty in nontargeted firms. This penalty is muted in nonhostile campaigns; the interaction term 'CEO resistance x nonhostile' is positive and statistically significant for current and public positions at the three-year horizon. The interaction term with the hostile campaign dummy is insignificant and markedly smaller in size. One could say that CEO resistance is effective when activists do not turn hostile. The results in Panel B for executive positions follow the same patterns.

Activist hostility is harming also for CEOs' internal board positions (Panel C). We can see negative coefficients in Columns 1, 5, and 9 for both hostile and nonhostile campaigns,

but their difference is statistically significant at the 1-percent level (not tabulated). Targeted CEOs in hostile campaigns lose their internal board seats significantly more often than nontargeted CEOs and CEOs in nonhostile campaigns. CEO resistance, if anything, exaggerates this effect. It is noteworthy that CEOs in nonhostile campaigns still lose internal board seats but not current CEO roles relatively to nontargeted CEOs. Somewhat surprising is that the hostility effects do not deviate from our baseline results concerning no harming impact on targeted CEOs' outside board seats; targeted CEOs secure as many outside board seats as nontargeted firms both in public and private firms.

In Panel D with CEO compensation, note again that we have compensation data only for employment in public firms and we ignore pay in private-firm employment. The significantly negative coefficients for the hostile dummy and its interaction with CEO resistance suggest a negative pay penalty in hostile campaigns. The significance of these coefficients fades for retained CEOs, which suggests that the penalty is closely linked with job replacement. The interaction terms for CEO resistance with nonhostile are again positive. Even though they are statistically insignificant, they suggest a moderating effect of resistance for campaigns that turn nonhostile.

To summarize, our results paint a dual picture of shareholder activism in which the career consequences for targeted CEOs are shaped by both activist hostility and CEO resistance. Nonhostile campaigns largely result in transitions. They entail little long-term damage to a CEO's prospects of securing another top executive role, though they do lead to losses of inside board seats. In this context, resistance is of limited consequence; its baseline negative effect is neutralized, making it a viable strategy. In contrast, hostile campaigns impose severe and immediate penalties across all career dimensions.

5 Hedge fund activism

The literature argues that hedge fund activism is different from other forms of activism (see Brav et al., 2022, for a review). If hedge funds enforce value-creating changes in their target firms more effectively, we may find differential career effects for managers targeted

by hedge funds versus other activists. In addition, hedge fund activism accounts for 49% of campaigns in our sample, highlighting its significance. To contrast CEO career outcomes across hedge fund (HF) and non-HF activism, we adjust the CF model as follows. We use the same first stage ordered probit model accounting for campaign hostility as in Section 4. From this model, we compute the inverse Mills ratio and include it in the second stage career outcome regressions. As identity of the activist is a variable that is conditional on activism and not observed for nontargeted CEOs, we restrict the second stage to targeted CEOs only. For ease of interpretation, we run these regressions separately for sub-samples of hostile and nonhostile campaigns. We include a dummy for hedge fund activism and its interaction with CEO resistance. IMR is split for HF and non-HF activists.

Table 10 reports the CF results across one-, two-, and three-year horizons. Starting with CEO positions in Panel A, the HF dummy is consistently insignificant in hostile campaigns. This does not reflect hedge fund weakness; rather, once a campaign turns confrontational, the career penalties for CEOs are universal regardless of activist type. The distinctive impact of hedge funds emerges in nonhostile campaigns, where the HF coefficient is negative and highly significant at the two- and three-year horizons for current, any, and public-firm CEO positions. This indicates that in the long run, hedge funds are more effective than other activists at inducing leadership changes through negotiation and sustained pressure, without resorting to costly hostile contests. Note that this applies only to CEOs with low resistance. Panel B confirms that this pattern extends to broader executive positions.

Insert Table 10 about here

CEO resistance emerges as an effective countermeasure to the adverse effects of non-hostile hedge fund activism. The interaction term 'CEO resistance x hedge fund' is positive and significant in nonhostile campaigns, suggesting that CEO resistance mitigates the negative baseline hedge fund effect. F-statistics for the overall hedge fund targeting effect for resistant CEOs (HF + CEOres $\times$ HF) are all statistically insignificant, implying

that hedge funds versus other activists affect CEO job prospects more negatively only for non-resistant CEOs.

Panel C explores directorship outcomes. Similar to Panel A, hedge funds are more adept relative to other activists at removing CEOs from their own boards without open hostility: HF coefficients are negative at the two- and three-year horizons in nonhostile campaigns (Columns 5 and 9). This differential vanishes in hostile deals. The interaction term with CEO resistance again shows that the penalty is concentrated among non-resistant CEOs. For outside board seats, HF coefficients are positive and often statistically significant, with no systematic difference between hostile and nonhostile campaigns. This suggests that experience with HF activism does not harm, and may even enhance, a former CEO's appeal in the broader director labor market.

Panel D focuses on CEO compensation. In nonhostile campaigns, hedge funds are associated with lower pay growth for all CEOs, although the HF coefficient reaches significance only at the two-year horizon. The absence of significance elsewhere may be due to the small sample size for compensation analysis, which limits the precision of the estimates.

In summary, this section shows that HFs' distinctive disciplining power arises only in nonhostile campaigns and CEO resistance can effectively blunt this mechanism. Compared with other activists, hedge funds are significantly more likely to remove CEOs from executive roles and inside boards in nonhostile campaigns, whereas this is not the case in hostile campaigns. Hedge funds are more effective at replacing CEOs without resorting to hostile tactics. Moreover, the adverse career effects of nonhostile HF targeting are diminished for resisting CEOs, making resistance a rational strategy for career preservation.

6 Conclusions

With the rise of shareholder activism, understanding its impact has become increasingly important. Using comprehensive data on US shareholder activism during 2006–2018, we trace the internal and external career paths of targeted CEOs, moving beyond simple

turnover to provide a fuller picture of activism consequences for CEO careers. To address endogeneity between activism targeting and CEO career outcomes, we employ a CF approach that uses mutual fund fire sales and fire purchases as exclusion restrictions.

We show that targeted CEOs are significantly more likely to lose their CEO positions earlier but their nontargeted counterparts catch up by year three. The consequences extend beyond turnover; targeted CEOs also lose their inside board seats more frequently and experience significant reductions in compensation growth. Still, targeted CEOs transition significantly more often into executive roles in private firms, suggesting that activism reallocates rather than ends managerial careers. Interestingly, targeted CEOs' internal board influence suffers, yet they retain presence in the broader director market.

The impact of activism varies with campaign hostility, activist type, and CEO resistance. Hostile campaigns impose severe and immediate penalties, while nonhostile campaigns resemble managed transitions that allow CEOs to secure new roles. Hedge funds prove more effective than other activists at disciplining CEOs in nonhostile campaigns. Our novel measure of CEO resistance exhibits a moderating effect; it deters targeting and mitigates the influence of nonhostile interventions.

Overall, our findings contribute to the literature on shareholder activism and executive labor market by offering a multi-faceted view of the career impact of shareholder activism, extending beyond the turnover of incumbent managers. This nuanced perspective deepens our understanding of shareholder activism as a disciplining force for CEOs and a catalyst for the reallocation of managerial talent from public to private firms.

Appendix A Activist Identities

Activist Identity	Definition
Corporation	Public or private company. A corporation is classified as an activist when it is attempting to take over another company either via a proxy fight or hostile tender offer (e.g., Oracle Corporation campaign to takeover PeopleSoft, Inc.).
Hedge fund company	A fund that uses derivative securities and is extremely risky. Typically, these companies are very secretive about their investments. Includes funds that use puts, calls, margins, and shorts, often as "hedges" to reduce risk (e.g., Soros Fund Management). Institution types (i.e., Hedge Fund Company, Investment Adviser, Mutual Fund Manager, and Other Institutions) are assigned by FactSet LionShares.
Individual	The activist is an individual or family.
Investment adviser	If an investment firm does not have the majority of its investments in mutual funds and is not a subsidiary of a bank, brokerage firm, or insurance company, then the firm is considered an Investment Advisor. An Investment Advisor provides investment advice and manages a portfolio of securities (e.g., Franklin Mutual Advisors). Institution types (i.e., Hedge Fund Company, Investment Adviser, Mutual Fund Manager, and Other Institutions) are assigned by FactSet LionShares.
Labor union	The activist is a labor union including labor union pension funds (e.g., The Service Employees International Union).
Mutual fund manager	An investment firm with the majority of its investments in mutual funds. A mutual fund raises money from shareholders and reinvests the money in securities (e.g., BWD Rensburg Unit Trust Managers Ltd). Institution types (i.e., Hedge Fund Company, Investment Adviser, Mutual Fund Manager, and Other Institutions) are assigned by FactSet LionShares.
Public pension funds	A fund established by a state or local government to pay benefits of retired workers (e.g., The California Public Employees Retirement System).
Religious group	The activist is a religious organization (e.g., Interfaith Center on Corporate Responsibility).
Named stockholder group	The name adopted by the activist group for the specific activist campaign (e.g., The Committee for Concerned Cyberonics, Inc. Shareholders).
Other institutions	Other institutional investors not already categorized. Includes Arbitrage, Bank Management Division, Broker, Broker/Investment Bank Asset Management, Fund Distributor, Foundation/Endowment, Holding Company, Insurance Company, Insurance Management Division, Corporate Pension Fund, Private Banking Portfolio, and Venture Capital Firms. Institution types are assigned by FactSet LionShares.
Other stake holders	Other non-individual and non-institutional investor entities such as ESOPs, venture capital, private equity firms and other investment firms not categorized as an institution by FactSet LionShares.

Appendix B Variable Definitions

Variable	Definition
	Career outcomes
Keep current CEO position	Dummy variable equal to 1 if the CEO keeps their current CEO position and 0 otherwise.
Keep any CEO position	Dummy variable equal to 1 if the CEO keeps any CEO position and 0 otherwise.
Keep any public CEO position	Dummy variable equal to 1 if the CEO keeps any CEO position (including current and other firms) in public firms and 0 otherwise.
Keep any private CEO position	Dummy variable equal to 1 if the CEO keeps any CEO position (including current and other firms) in private firms and 0 otherwise.
Keep current executive position	Dummy variable equal to 1 if the CEO keeps their current executive position and 0 otherwise. This is a somewhat wider variable as it focuses on executive rather than CEO positions.
Keep any executive position	Dummy variable equal to 1 if the CEO keeps any executive position and 0 otherwise. This is a somewhat wider variable which focuses on executive rather than CEO positions.
Keep any public executive position	Dummy variable equal to 1 if the CEO keeps any executive position (including current and other firms) with public firms and 0 otherwise. This is a somewhat wider variable as it focuses on executive rather than CEO positions.
Keep any private executive position	Dummy variable equal to 1 if the CEO keeps any executive position (including current and other firms) with private firms and 0 otherwise. This is a somewhat wider variable as it focuses on executive rather than CEO positions.
Keep inside directorship	Dummy variable equal to 1 if the CEO keeps their current (inside) board position and 0 otherwise.
Change in outside directorships	Change in the number of CEO outside directorships across publicly listed and private firms, from 1 year before activism (placebo activism) until 1 to 3 years after.
Change in public (private) directorships	Change in the number of CEO outside directorships at publicly listed (private) firms, from 1 year before activism (placebo activism) until 1 to 3 years after.
Change in ln(total pay)	Change in the natural logarithm of total compensation from the activism (placebo activism) year until 1 to 3 years after, conditional on having non-zero pay in the measuring year. Total compensation is the sum of pay for all executive and director jobs, including all individual pay components.
Change in ln(inside pay)	Change in the natural logarithm of total compensation at the focal firm from the activism (placebo activism) year until 1 to 3 years after, conditional on keeping the CEO or board position.
	CEO characteristics
Female CEO	Dummy variable equal to 1 if the firm is run by a female CEO and 0 otherwise.
CEO age	Age of the CEO in years.
Retirement-age CEO	Dummy variable equal to 1 if the CEO is older than 70 and 0 otherwise.
CEO tenure	Number of years since the CEO started their CEO position in the focal firm.
CEO resistance	Dummy variable equal to 1 for CEOs with resistance index above the sample median and 0 otherwise. Resistance index aggregates the first 2 components from a principal component analysis on 5 variables: CEO tenure, CEO-chair duality, retirement-age CEO, cash holdings, and institutional ownership concentration; weighting each component by its contribution to the total variance of the 5 variables.

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Variable	Definition
CEO education	Number of CEO's qualifications at undergraduate level and above.
CEO board experience	Number of boards of public or private firms that the CEO has ever served on.
General ability index	The first factor in principal component analysis of 5 variables: number of positions, number of firms, number of industries, previous CEO experience dummy, and conglomerate experience dummy (Custódio et al., 2013).
	Firm characteristics
Exp[MF fire sales (purchases)]	Annual average of quarterly expected mutual funds fire sales (purchases). Calculation is as follows: For each mutual fund in each reporting quarter, the expected fire sales (purchases) equal the product of percentage outflows (inflows) and the beginning-of-quarter shareholdings if the flows are larger than 5% in magnitude and 0 otherwise. These expected fire sales (purchases) are then scaled by the number of shares outstanding at the beginning of the quarter and summed up at firm level.
Staggered board	Dummy variable equal to 1 if a company's board is staggered and 0 otherwise.
Illiquidity	Daily Amihud illiquidity ratio – daily ratio of absolute value of stock returns to dollar volume, averaged over a fiscal year and multiplied by 1 million.
Firm size	Natural logarithm of the market value of equity.
Return on assets	Earnings before interest, taxes, depreciation, and amortization, divided by lagged total assets.
Stock return	12-month buy-and-hold return in excess of value-weighted market return.
Board size	Number of directors on board.
Board reputation	Dummy variable equal to 1 for corporate boards with reputation concerns above the sample median and 0 otherwise. Board reputation concerns is the first component in a principal component analysis for 3 variables: average number of directorships held by incumbent outside board members, fraction of young outside directors, and analyst coverage (Bebchuk et al., 2020).
Independent directors	Fraction of independent directors on board.
CEO-chair duality	Dummy variable equal to 1 if the CEO is also the chairman of the board.
Institutional ownership	Sum of the holdings of all institutions (excluding the ownership stakes held by the 5 most and 5 least pro-dissident mutual fund families) in a firm's stock divided by market capitalization at the end of each calendar year.
Pro-dissident (pro-management) MF ownership	Ownership stake held by the 5 most (least) pro-dissident mutual fund families based on their support for management versus dissidents in proxy votes as reported in Brav et al. (2021).
Analyst coverage	Number of analyst who made forecasts about firm's earnings in each year.
Cash-to-asset ratio	Cash scaled by average total assets.
Institutional own. concentration	Herfindahl-Hirschman index applied to fractions of the firms shares held by institutional investors.
Outside directors' directorships	Average number of directorships held by outside directors across publicly listed and private firms.
Fraction young outside directors	Fraction of outside directors on board below 70 years of age.
	Activism campaign characteristics
Target	Dummy variable equal to 1 if the CEO's firm is targeted by shareholder activists in a given year and 0 otherwise.

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Variable	Definition
Hostile campaign	Dummy variable equal to 1 for campaigns involving threats or launches of proxy contests, takeovers, lawsuits, or advocations for replacement of management/directors and 0 otherwise.
nonhostile campaign	Complement to the hostile campaign.
Proxy fight or threat of proxy fight	Campaigns where activists solicit the proxy or written consent of fellow stockholders in support of a resolution they are advancing; usually involves election of dissident nominees to the board. Proxy fight threat involves activists threatening to begin a proxy solicitation. As soon as activists publicly disclose a formal notice to the company that they intend to solicit proxies from stockholders, it is considered an actual solicitation.
Tactic category	Category 1: activists withhold vote for directors or seek board seats without launching or threatening to launch proxy contest. Category 2: activists make formal shareholder proposals, issue open letters to board, management, or stockholders, call a special meeting, take action by written consent. Category 3: activists launch or threaten to launch a proxy fight, issue an acquisition offer, sue the company.

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Table 1. Campaign characteristics
This table shows distributions of campaigns by industry, activist identity, activist objective, and activist tactic in Panels A to D, respectively. Panel E lists frequencies of active hedge funds versus other activists, separately for hostile and nonhostile activism. Hostile campaigns include threats or launches of proxy contests, takeovers, lawsuits, and cases where activists advocate for replacement of management/directors. Panel F lists frequencies that a CEO faces 1 or more campaigns. The sample covers 2,207 unique target CEOs and 3,799 activist campaigns between 2006 and 2018.

	(1)	(2)
	Number of observations	Percent of total
Panel A: Industries		
Consumer nondurables	174	5
Consumer durables	93	2
Manufacturing	248	7
Oil, gas, and coal extrac. & products	226	6
Chemicals and allied products	72	2
Business equipment	742	20
Telephone and television transmission	162	4
Utilities	133	4
Wholesale, retail, and some services	449	12
Healthcare, med. equipment, & drugs	369	10
Finance	675	18
Other	456	12
Total	3,799	100
Panel B: Activist identity		
Hedge fund	1,879	49
Investment adviser	559	15
Individual	329	9
Pension fund	242	6
Labor union	177	5
Corporation	100	3
Named stockholder group	54	1
Other institutions	133	4
Mutual fund	26	1
Religious groups	25	1
Other stake holders	580	15
Total	3,799	100
Panel C: Primary objectives		
Board representation	968	25
Board control	190	5
Remove director	19	1
Vote for stockholder proposal	709	19
Vote against management proposal	192	5
Vote against a merger	116	3
Maximize shareholder value	877	23
Enhance corporate governance	134	4
Hostile acquisition	109	3
Remove officer	21	1
Public short position	94	2
Support dis. group in proxy fight	65	2
Not publicly disclosed	305	8
Total	3,799	100
Panel D: Tactic categories		
Category 1 (least hostile):	852	22
Nominate slate of directors	681	18

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	(1)	(2)
	Number of observations	Percent of total
Withhold vote for directors	179	5
Category 2:	2,220	58
Letter to board/management	1,381	36
Letter to stockholder	893	24
Call special meeting	39	1
Take action by writ. consent	34	1
Propose precatory proposal	695	18
Propose binding proposal	115	3
Category 3 (most hostile):	1,059	28
Threaten proxy fight	202	5
Proxy fight	709	19
Tender offer	33	1
Unsolicited offer	184	5
Hostile offer	75	2
Lawsuit	129	3
Total	3,799	100
Panel E: Activism hostility		
Hostile	1,190	31
Hedge funds	686	58
Non-hedge funds	504	42
Non-hostile	2,609	69
Hedge funds	1,193	46
Non-hedge funds	1,416	54
Total	3,799	100
Panel F: CEOs with multiple campaigns		
1 campaign	1,373	62
2 campaigns	489	22
3 campaigns	174	8
4 campaigns	71	3
5 campaigns	54	2
6 and more campaigns	46	2
Total unique CEOs	2,207	100

Table 2. CEO resistance
This table shows results of the principal component analysis on 5 CEO and firm characteristics that are associated with a firm CEO's resistance decision. Columns 1 and 2 show factor loadings, eigenvalues, and proportions of the total variance explained by the two principal components. Variable definitions are provided in Appendix B.

	(1)	(2)
	Component 1	Component 2
CEO tenure	0.641	0.006
CEO-chair duality	0.558	-0.134
Retirement-age CEO	0.506	0.254
Cash-to-asset ratio	-0.140	0.635
Institutional own. concentration	0.043	0.717
Eigenvalue	1.629	1.067
Proportion explained	0.326	0.214

Table 3. First stage: Activist targeting
Column 1 shows coefficient estimates of the first stage probit regression for targeting $T_i = I(Z_i\gamma + \varepsilon_{ti} > 0)$ that is used to estimate the inverse Mills ratio in Tables 5–8. Column 2 shows the corresponding marginal effects. Column 3 shows estimates of the first stage ordered probit regression used to construct the inverse Mills ratio for regressions in Tables 9–10 with the dependent variable equal to 0, 1, or 2 for CEOs who experience no campaign, nonhostile campaign, and hostile campaign, respectively. Columns 4 and 5 show the corresponding marginal effects. Hostile campaigns involve threats or launches of proxy contests, takeovers, lawsuits, or activists advocating for replacement of management/directors. All variables are defined in Appendix B. Continuous variables are standardized to a mean of 0 and a standard deviation of 1. Heteroscedasticity robust standard errors are displayed in parentheses. ^{a}, ^{b}, and ^{c} mean significance at the 1-, 5-, and 10-percent level, respectively.

	(1)	(2)	(3)	(4)	(5)
	Probit (0,1)		Ordered probit (0,1,2)		
	Coefficient	Marginal pr(1)	Coefficient	Marginal pr(1)	Marginal pr(2)
Expected fire sales	0.116^a	2.04%	0.107^a	1.12%	0.77%
	(0.018)		(0.018)		
Expected fire purchases	-0.137^a	-2.40%	-0.121^a	-1.26%	-0.86%
	(0.023)		(0.023)		
CEO resistance	-0.167^a	-2.95%	-0.175^a	-1.85%	-1.27%
	(0.032)		(0.032)		
Female CEO	0.246^a	4.92%	0.250^a	2.85%	2.18%
	(0.049)		(0.048)		
CEO age	0.017	0.30%	0.016	0.17%	0.11%
	(0.012)		(0.012)		
CEO tenure	-0.011	-0.19%	-0.006	-0.07%	-0.05%
	(0.014)		(0.014)		
CEO education	0.006	0.11%	0.005	0.05%	0.03%
	(0.010)		(0.010)		
CEO board experience	0.012	0.21%	0.013	0.13%	0.09%
	(0.012)		(0.012)		
General ability index	0.052^a	0.90%	0.045^a	0.47%	0.32%
	(0.013)		(0.012)		
Firm size	0.032	0.56%	0.004	0.04%	0.03%
	(0.022)		(0.021)		
Return on assets	-0.004	-0.06%	-0.002	-0.02%	-0.01%
	(0.012)		(0.012)		
Stock return	-0.074^a	-1.30%	-0.076^a	-0.80%	-0.55%
	(0.012)		(0.012)		
Analyst coverage	0.145^a	2.54%	0.125^a	1.31%	0.89%
	(0.016)		(0.015)		
Illiquidity	0.021^c	0.37%	0.018	0.18%	0.13%
	(0.012)		(0.012)		
Board size	-0.008	-0.15%	-0.010	-0.10%	-0.07%
	(0.013)		(0.013)		
Independent directors	0.046^a	0.80%	0.049^a	0.51%	0.35%
	(0.011)		(0.011)		
Board reputation	-0.129^a	-2.26%	-0.113^a	-1.18%	-0.81%
	(0.026)		(0.026)		
CEO-chair duality	0.161^a	2.87%	0.161^a	1.69%	1.18%
	(0.029)		(0.028)		
Staggered board	-0.057^a	-1.01%	-0.049^b	-0.51%	-0.35%
	(0.020)		(0.020)		
Institutional ownership	0.027^c	0.48%	0.037^a	0.38%	0.26%
	(0.014)		(0.014)		
Pro-dissident MF ownership	0.011	0.19%	0.014	0.15%	0.10%
	(0.011)		(0.011)		

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	(1)	(2)	(3)	(4)	(5)
	Probit (0,1)		Ordered probit (0,1,2)		
	Coefficient	Marginal pr(1)	Coefficient	Marginal pr(1)	Marginal pr(2)
Pro-management MF ownership	-0.036[b]	-0.63%	-0.036[b]	-0.37%	-0.25%
	(0.016)		(0.015)		
Industry fixed effects	Yes		Yes		
Year fixed effects	Yes		Yes		
Constant	-1.418[a]				
	(0.065)				
Cut 1			1.390[a]		
			(0.065)		
Cut 2			2.002[a]		
			(0.066)		
Pseudo R^2	0.054		0.038		
# observations	30,246		30,246		
Percent of outcome		10.73%		7.38%	3.35%

Table 4. Descriptive statistics

This table shows the number of observations, mean, standard deviation, first quartile, median, and third quartile (Columns 1 to 6) for the sample of CEOs and their firms. Columns 7 and 8 show averages across targeted versus nontargeted CEOs with the significance of the difference reported in Column 8. The sample covers 2,207 unique target CEOs and 3,799 activist campaigns between 2006 and 2018. See Appendix B for variable definitions. ^{a}, ^{b}, and ^{c} mean significance at the 1-, 5-, and 10-percent level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	# obs.	Mean	Std.d.	Q1	Median	Q3	Target	Non-tar.
				Dependent variables:				
Horizon $t+1$								
Keep current CEO position	30,246	0.93	0.25	1.00	1.00	1.00	0.88	0.94^{a}
Keep any CEO position	30,246	0.94	0.23	1.00	1.00	1.00	0.91	0.95^{a}
Keep any public CEO pos.	30,246	0.93	0.25	1.00	1.00	1.00	0.89	0.94^{a}
Keep any private CEO pos.	30,246	0.24	0.43	0.00	0.00	0.00	0.23	0.24
Keep current executive position	30,246	0.93	0.25	1.00	1.00	1.00	0.88	0.94^{a}
Keep any executive position	30,246	0.95	0.21	1.00	1.00	1.00	0.93	0.96^{a}
Keep any public executive pos.	30,246	0.94	0.24	1.00	1.00	1.00	0.89	0.94^{a}
Keep any private executive pos.	30,246	0.28	0.45	0.00	0.00	1.00	0.28	0.28
Keep current inside directorship	30,246	0.96	0.20	1.00	1.00	1.00	0.91	0.97^{a}
Change in outside directorships	30,246	0.11	0.76	0.00	0.00	0.00	0.12	0.11
Change in pub. directorships	30,246	0.04	0.44	0.00	0.00	0.00	0.03	0.04
Change in priv. directorships	30,246	0.07	0.57	0.00	0.00	0.00	0.08	0.07
Change in ln(total pay)	4,638	-0.15	1.14	-0.35	0.02	0.32	-0.29	-0.12^{a}
Change in ln(inside pay)	4,416	0.02	0.81	-0.29	0.04	0.35	0.00	0.02
Horizon $t+2$								
Keep current CEO position	30,246	0.76	0.43	1.00	1.00	1.00	0.62	0.78^{a}
Keep any CEO position	30,246	0.82	0.38	1.00	1.00	1.00	0.73	0.83^{a}
Keep any public CEO pos.	30,246	0.77	0.42	1.00	1.00	1.00	0.64	0.79^{a}
Keep any private CEO pos.	30,246	0.24	0.43	0.00	0.00	0.00	0.23	0.24
Keep current executive position	30,246	0.77	0.42	1.00	1.00	1.00	0.62	0.78^{a}
Keep any executive position	30,246	0.85	0.36	1.00	1.00	1.00	0.78	0.86^{a}
Keep any public executive pos.	30,246	0.78	0.41	1.00	1.00	1.00	0.66	0.80^{a}
Keep any private executive pos.	30,246	0.29	0.46	0.00	0.00	1.00	0.30	0.29
Keep current inside directorship	30,246	0.82	0.38	1.00	1.00	1.00	0.67	0.84^{a}
Change in outside directorships	30,246	0.18	0.97	0.00	0.00	0.00	0.20	0.18
Change in pub. directorships	30,246	0.08	0.55	0.00	0.00	0.00	0.08	0.08
Change in priv. directorships	30,246	0.10	0.73	0.00	0.00	0.00	0.13	0.10^{b}
Change in ln(total pay)	4,200	-0.36	1.50	-0.53	0.02	0.39	-0.38	-0.35
Change in ln(inside pay)	3,717	0.03	1.01	-0.29	0.09	0.44	0.12	0.01^{a}
Horizon $t+3$								
Keep current CEO position	30,246	0.63	0.48	0.00	1.00	1.00	0.49	0.65^{a}
Keep any CEO position	30,246	0.73	0.45	0.00	1.00	1.00	0.63	0.74^{a}
Keep any public CEO pos.	30,246	0.65	0.48	0.00	1.00	1.00	0.52	0.66^{a}
Keep any private CEO pos.	30,246	0.24	0.43	0.00	0.00	0.00	0.23	0.24
Keep current executive position	30,246	0.64	0.48	0.00	1.00	1.00	0.49	0.65^{a}
Keep any executive position	30,246	0.77	0.42	1.00	1.00	1.00	0.70	0.78^{a}
Keep any public executive pos.	30,246	0.67	0.47	0.00	1.00	1.00	0.54	0.68^{a}
Keep any private executive pos.	30,246	0.30	0.46	0.00	0.00	1.00	0.31	0.30
Keep current inside directorship	30,246	0.71	0.45	0.00	1.00	1.00	0.55	0.73^{a}
Change in outside directorships	30,246	0.23	1.17	0.00	0.00	1.00	0.25	0.23
Change in pub. directorships	30,246	0.11	0.69	0.00	0.00	0.00	0.10	0.11
Change in priv. directorships	30,246	0.12	0.85	0.00	0.00	0.00	0.14	0.12
Change in ln(total pay)	3,925	-0.59	1.68	-1.01	0.00	0.41	-0.62	-0.59
Change in ln(inside pay)	3,196	-0.00	1.07	-0.28	0.14	0.49	0.04	-0.01

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	# obs.	Mean	Std.d.	Q1	Median	Q3	Target	Non-tar.
Explanatory variables:								
Target	30,246	0.11	0.31	0.00	0.00	0.00	1.00	0.00
Expected fire sales (%)	30,246	0.47	2.22	0.00	0.32	0.77	0.61	0.46^a
Expected fire purchases (%)	30,246	0.71	1.12	0.01	0.54	1.12	0.75	0.70^b
CEO resistance	30,246	0.56	0.50	0.00	1.00	1.00	0.51	0.57^a
Female CEO	30,246	0.03	0.18	0.00	0.00	0.00	0.05	0.03^a
CEO age	30,246	55.82	7.64	51.00	56.00	61.00	56.00	55.80
CEO tenure	30,246	9.31	8.92	2.60	6.40	13.30	8.60	9.39^a
CEO education	30,246	1.87	1.08	1.00	2.00	2.00	1.91	1.86^b
CEO board experience	30,246	4.28	3.61	2.00	3.00	6.00	4.60	4.24^a
General ability index	30,246	-0.00	1.00	-0.72	-0.16	0.54	0.24	-0.03^a
Firm size	30,246	6.37	2.02	4.92	6.35	7.72	6.96	6.30^a
Return on assets	30,246	0.06	0.21	0.02	0.09	0.16	0.08	0.06^a
Stock return	30,246	0.03	0.48	-0.24	-0.03	0.20	-0.02	0.04^a
Analyst coverage	30,246	6.54	6.89	1.00	4.00	9.00	9.02	6.24^a
Illiquidity	30,246	2.00	8.78	0.00	0.01	0.09	1.49	2.06^a
Board size	30,246	8.63	2.49	7.00	8.00	10.00	8.87	8.60^a
Board reputation	30,246	0.50	0.50	0.00	1.00	1.00	0.57	0.50^a
Independent directors	30,246	0.76	0.12	0.67	0.80	0.88	0.78	0.76^a
CEO-chair duality	30,246	0.43	0.49	0.00	0.00	1.00	0.45	0.42^a
Staggered board	30,246	0.51	0.50	0.00	1.00	1.00	0.45	0.52^a
Institutional ownership	30,246	0.55	0.31	0.28	0.62	0.82	0.59	0.54^a
Pro-dissident MF own. (%)	30,246	0.32	0.66	0.00	0.02	0.30	0.36	0.32^a
Pro-management MF own. (%)	30,246	3.90	3.43	0.96	3.16	6.04	4.58	3.81^a
Retirement-age CEO	30,246	0.05	0.21	0.00	0.00	0.00	0.05	0.04
Cash-to-asset ratio	30,246	0.19	0.23	0.03	0.10	0.27	0.18	0.19^a
Institutional own. concentration	30,246	0.11	0.13	0.03	0.05	0.12	0.08	0.11^a
Outside directors' directorships	30,246	2.91	1.17	2.12	2.70	3.50	3.00	2.90^a
Fraction young outside directors	30,246	0.85	0.15	0.75	0.88	1.00	0.85	0.85

Table 5. CEO positions

Panel A shows estimates from regression: $\Delta W_i = \alpha_0 + \alpha T_i + X_i\beta + \delta_1 T_i \times \hat{\lambda}_i(Z_i\gamma) + \delta_0(1 - T_i) \times \hat{\lambda}_i(Z_i\gamma) + \eta_i$, which is the second stage of a two-step procedure. ΔW stands for keeping CEO positions. $\hat{\lambda}$ is the inverse Mills ratio derived from the first stage of activism targeting reported in Table 3. T is the target dummy. Panel B reports estimates of an OLS: $\Delta W_i = \alpha_0 + \alpha T_i + X_i\beta + \eta_i$. Columns 1–4, Columns 5–8, and Columns 9–12 correspond to the one-, two-, and three-year horizon, respectively. *Current* covers the incumbent positions only, *Any* includes also positions outside of the current firms, which then splits into positions in *Public* and *Private* firms. ρ_0 and ρ_1 are the correlation coefficient between error terms in Equations (2) and (4) and Equations (3) and (4), respectively. χ^2 is the Wald Chi-Square value testing the null hypothesis that ρ_0 and ρ_1 are jointly zero. All specifications include the same control variables as in Table 3, except the expected fire sales and purchases variables. All variables are defined in Appendix B. Standard errors are clustered by firm and year, and displayed in parentheses. ^{a}, ^{b}, and ^{c} mean significance at the 1-, 5-, and 10-percent level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Current	Any	Public	Private	Current	Any	Public	Private	Current	Any	Public	Private
					Panel A: Control function							
Target	-0.091	-0.037	-0.085	0.328^b	-0.227^b	-0.101	-0.206^b	0.388^a	-0.182	-0.006	-0.152	0.410^a
	(0.054)	(0.047)	(0.054)	(0.125)	(0.097)	(0.086)	(0.095)	(0.115)	(0.129)	(0.138)	(0.147)	(0.114)
IMR x non-target	0.101^a	0.047^c	0.092^a	-0.343^b	0.325^a	0.179^c	0.295^b	-0.391^a	0.360^b	0.133	0.307^c	-0.428^a
	(0.027)	(0.025)	(0.027)	(0.131)	(0.103)	(0.095)	(0.105)	(0.123)	(0.131)	(0.162)	(0.157)	(0.124)
IMR x target	0.008	-0.008	0.007	-0.131^b	-0.004	-0.027	-0.006	-0.162^b	-0.038	-0.076	-0.041	-0.168^a
	(0.031)	(0.027)	(0.031)	(0.059)	(0.048)	(0.041)	(0.046)	(0.055)	(0.063)	(0.063)	(0.069)	(0.055)
CEO resistance	-0.018^a	-0.012^a	-0.018^a	0.010	-0.041^a	-0.032^a	-0.043^a	0.015	-0.045^a	-0.034^b	-0.049^a	0.013
	(0.004)	(0.003)	(0.004)	(0.014)	(0.009)	(0.009)	(0.009)	(0.013)	(0.013)	(0.015)	(0.014)	(0.014)
Female CEO	0.010	0.007	0.010	-0.062^c	0.031^c	0.015	0.023	-0.077^b	0.022	-0.004	0.013	-0.093^a
	(0.011)	(0.009)	(0.011)	(0.029)	(0.016)	(0.015)	(0.017)	(0.027)	(0.020)	(0.021)	(0.021)	(0.027)
Board reputation	-0.022^a	-0.016^b	-0.020^a	0.018	-0.052^a	-0.033^a	-0.051^a	0.024^b	-0.060^a	-0.028^b	-0.056^a	0.030^b
	(0.006)	(0.005)	(0.006)	(0.011)	(0.011)	(0.009)	(0.010)	(0.011)	(0.010)	(0.010)	(0.010)	(0.011)
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.926^a	0.935^a	0.928^a	0.015	0.777^a	0.812^a	0.783^a	0.036	0.632^a	0.688^a	0.639^a	0.053^c
	(0.009)	(0.008)	(0.009)	(0.036)	(0.026)	(0.024)	(0.027)	(0.032)	(0.035)	(0.040)	(0.040)	(0.028)
Adjusted R^2	0.017	0.014	0.016	0.270	0.048	0.039	0.046	0.195	0.060	0.052	0.057	0.148
# observations	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246
ρ_0	0.406	0.213	0.378	-0.852	0.734	0.471	0.684	-0.905	0.715	0.306	0.629	-0.948
ρ_1	0.024	-0.029	0.022	-0.317	-0.008	-0.061	-0.014	-0.373	-0.078	-0.159	-0.085	-0.384
χ^2	4.56	2.87	4.10	11.59^a	12.84^a	12.92^a	13.51^a	20.11^a	21.32^a	17.56^a	21.21^a	26.09^a

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Current	Any	Public	Private	Current	Any	Public	Private	Current	Any	Public	Private
					Panel B: OLS							
Target	-0.053^{a}	-0.039^{a}	-0.051^{a}	0.027^{b}	-0.153^{a}	-0.102^{a}	-0.145^{a}	0.025^{c}	-0.157^{a}	-0.099^{a}	-0.145^{a}	0.026^{c}
	(0.007)	(0.005)	(0.007)	(0.012)	(0.010)	(0.010)	(0.010)	(0.014)	(0.013)	(0.011)	(0.012)	(0.013)
CEO resistance	-0.014^{a}	-0.010^{b}	-0.014^{a}	-0.005	-0.027^{a}	-0.025^{a}	-0.030^{a}	-0.002	-0.030^{b}	-0.028^{b}	-0.036^{a}	-0.005
	(0.004)	(0.004)	(0.004)	(0.012)	(0.008)	(0.007)	(0.008)	(0.012)	(0.010)	(0.011)	(0.010)	(0.012)
Female CEO	0.004	0.005	0.003	-0.035	0.011	0.004	0.005	-0.046^{c}	0.001	-0.009	-0.005	-0.059^{b}
	(0.010)	(0.008)	(0.010)	(0.026)	(0.016)	(0.014)	(0.016)	(0.025)	(0.019)	(0.020)	(0.019)	(0.026)
Board reputation	-0.018^{a}	-0.014^{b}	-0.017^{a}	0.005	-0.043^{a}	-0.029^{a}	-0.043^{a}	0.009	-0.050^{a}	-0.025^{b}	-0.047^{a}	0.014
	(0.006)	(0.005)	(0.006)	(0.010)	(0.010)	(0.009)	(0.009)	(0.010)	(0.009)	(0.009)	(0.008)	(0.010)
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.909^{a}	0.927^{a}	0.912^{a}	0.074^{a}	0.721^{a}	0.781^{a}	0.732^{a}	0.103^{a}	0.570^{a}	0.665^{a}	0.586^{a}	0.126^{a}
	(0.009)	(0.007)	(0.009)	(0.023)	(0.017)	(0.016)	(0.017)	(0.023)	(0.024)	(0.023)	(0.023)	(0.021)
Adjusted R^2	0.017	0.014	0.016	0.269	0.047	0.038	0.045	0.194	0.059	0.052	0.056	0.148
# observations	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246

Table 6. Executive positions

Panel A shows estimates from regression: $\Delta W_i = \alpha_0 + \alpha T_i + X_i\beta + \delta_1 T_i \times \hat{\lambda}_i(Z_i\gamma) + \delta_0(1-T_i) \times \hat{\lambda}_i(Z_i\gamma) + \eta_i$, which is the second stage of a two-step procedure. ΔW stands for keeping executive positions. $\hat{\lambda}$ is the inverse Mills ratio derived from the first stage of activism targeting reported in Table 3. T is the target dummy. Panel B reports estimates of an OLS: $\Delta W_i = \alpha_0 + \alpha T_i + X_i\beta + \eta_i$. Columns 1–4, Columns 5–8, and Columns 9–12 correspond to the one-, two-, and three-year horizon, respectively. *Current* covers executive positions in the current firm only, *Any* includes also executive positions outside of the current firms, which then splits into executive positions in *Public* and *Private* firms. ρ_0 and ρ_1 are the correlation coefficient between error terms in Equations (2) and (4) and Equations (3) and (4), respectively. χ^2 is the Wald Chi-Square value testing the null hypothesis that ρ_0 and ρ_1 are jointly zero. All specifications include the same control variables as in Table 3, except the expected fire sales and purchases variables. All variables are defined in Appendix B. Standard errors are clustered by firm and year, and displayed in parentheses. ^{a}, ^{b}, and ^{c} mean significance at the 1-, 5-, and 10-percent level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Current	Any	Public	Private	Current	Any	Public	Private	Current	Any	Public	Private
					Panel A: Control function							
Target	-0.073	-0.010	-0.053	0.307^b	-0.197^c	-0.073	-0.172	0.301^b	-0.146	0.029	-0.150	0.401^b
	(0.059)	(0.050)	(0.063)	(0.134)	(0.101)	(0.092)	(0.102)	(0.118)	(0.139)	(0.143)	(0.160)	(0.134)
IMR x non-target	0.088^b	0.019	0.079^b	-0.321^b	0.293^b	0.152	0.280^b	-0.303^b	0.324^b	0.093	0.317^c	-0.399^b
	(0.029)	(0.034)	(0.028)	(0.138)	(0.107)	(0.102)	(0.104)	(0.130)	(0.141)	(0.174)	(0.166)	(0.141)
IMR x target	-0.001	-0.014	-0.010	-0.112	-0.017	-0.023	-0.022	-0.112^c	-0.055	-0.071	-0.040	-0.156^b
	(0.033)	(0.028)	(0.035)	(0.064)	(0.049)	(0.043)	(0.050)	(0.056)	(0.067)	(0.065)	(0.076)	(0.065)
CEO resistance	-0.017^a	-0.010^a	-0.018^a	0.005	-0.038^a	-0.026^a	-0.039^a	0.007	-0.044^a	-0.029^b	-0.047^a	0.008
	(0.004)	(0.003)	(0.004)	(0.014)	(0.009)	(0.008)	(0.010)	(0.014)	(0.013)	(0.013)	(0.014)	(0.014)
Female CEO	0.007	-0.001	0.006	-0.069^b	0.026	0.006	0.022	-0.081^b	0.015	-0.011	0.014	-0.098^a
	(0.011)	(0.009)	(0.012)	(0.028)	(0.017)	(0.015)	(0.018)	(0.028)	(0.020)	(0.020)	(0.022)	(0.027)
Board reputation	-0.020^a	-0.011^c	-0.018^a	0.018	-0.051^a	-0.024^a	-0.043^a	0.023^b	-0.058^a	-0.020^b	-0.049^a	0.030^b
	(0.006)	(0.005)	(0.005)	(0.011)	(0.011)	(0.007)	(0.010)	(0.010)	(0.010)	(0.009)	(0.011)	(0.010)
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.927^a	0.938^a	0.932^a	0.066^c	0.776^a	0.839^a	0.790^a	0.111^a	0.633^a	0.735^a	0.656^a	0.126^a
	(0.009)	(0.009)	(0.009)	(0.035)	(0.027)	(0.025)	(0.027)	(0.032)	(0.036)	(0.041)	(0.041)	(0.032)
Adjusted R^2	0.017	0.015	0.016	0.259	0.048	0.043	0.046	0.194	0.060	0.064	0.057	0.156
# observations	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246
ρ_0	0.362	0.092	0.336	-0.767	0.674	0.434	0.666	-0.695	0.656	0.228	0.655	-0.853
ρ_1	-0.005	-0.053	-0.032	-0.258	-0.037	-0.056	-0.047	-0.250	-0.114	-0.158	-0.083	-0.340
χ^2	4.97^c	1.86	6.03^b	6.54^b	15.48^a	11.15^a	16.45^a	6.22^b	25.38^a	13.91^a	21.32^a	12.49^a

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Current	Any	Public	Private	Current	Any	Public	Private	Current	Any	Public	Private
					Panel B: OLS							
Target	-0.054^a	-0.028^a	-0.050^a	0.042^a	-0.154^a	-0.073^a	-0.140^a	0.042^a	-0.158^a	-0.066^a	-0.139^a	0.044^a
	(0.007)	(0.004)	(0.007)	(0.012)	(0.011)	(0.010)	(0.011)	(0.012)	(0.013)	(0.011)	(0.013)	(0.013)
CEO resistance	-0.013^a	-0.009^a	-0.015^a	-0.009	-0.026^a	-0.019^b	-0.027^a	-0.006	-0.030^b	-0.025^b	-0.034^a	-0.010
	(0.004)	(0.003)	(0.004)	(0.013)	(0.008)	(0.007)	(0.008)	(0.013)	(0.010)	(0.009)	(0.010)	(0.012)
Female CEO	0.002	-0.002	0.001	-0.045	0.008	-0.003	0.005	-0.057^b	-0.003	-0.014	-0.005	-0.066^b
	(0.010)	(0.008)	(0.010)	(0.026)	(0.016)	(0.014)	(0.018)	(0.026)	(0.019)	(0.018)	(0.020)	(0.027)
Board reputation	-0.018^a	-0.011^b	-0.016^b	0.007	-0.042^a	-0.020^a	-0.036^a	0.012	-0.050^a	-0.019^b	-0.040^a	0.015
	(0.005)	(0.005)	(0.005)	(0.010)	(0.009)	(0.006)	(0.009)	(0.010)	(0.009)	(0.008)	(0.008)	(0.010)
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.912^a	0.935^a	0.918^a	0.121^a	0.725^a	0.813^a	0.742^a	0.163^a	0.577^a	0.720^a	0.602^a	0.194^a
	(0.009)	(0.008)	(0.010)	(0.023)	(0.017)	(0.016)	(0.018)	(0.024)	(0.023)	(0.021)	(0.023)	(0.022)
Adjusted R^2	0.017	0.015	0.015	0.259	0.047	0.042	0.045	0.193	0.059	0.063	0.056	0.156
# observations	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246

Table 7. Board seats

Panel A shows estimates from regression: $\Delta W_i = \alpha_0 + \alpha T_i + X_i\beta + \delta_1 T_i \times \hat{\lambda}_i(Z_i\gamma) + \delta_0(1-T_i) \times \hat{\lambda}_i(Z_i\gamma) + \eta_i$, which is the second stage of a two-step procedure. ΔW concerns board seats and T is the target dummy. $\hat{\lambda}$ is the inverse Mills ratio derived from the first stage of activism targeting reported in Table 3. Panel B shows OLS results. Columns 1–4, Columns 5–8, and Columns 9–12 correspond to the one-, two-, and three-year horizon, respectively. *Inside* refers to CEO keeping board seats at the focal firm, *Outside* to changes in outside board seats. We further restrict the changes in outside board seats to seats in *Public* and *Private* firms. ρ_0 and ρ_1 are the correlation coefficient between error terms in Equations (2) and (4) and Equations (3) and (4), respectively. χ^2 is the Wald Chi-Square value testing the null hypothesis that ρ_0 and ρ_1 are jointly zero. All specifications include the same control variables as in Table 3, except the expected fire sales and purchases variables. Standard errors are clustered by firm and year, and displayed in parentheses. ^{a}, ^{b}, and ^{c} mean significance at the 1-, 5-, and 10-percent level, respectively. All variables are defined in Appendix B.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Inside	Outside	Public	Private	Inside	Outside	Public	Private	Inside	Outside	Public	Private
					Panel A: Control function							
Target	-0.123^c	-0.266	-0.202^b	-0.063	-0.272^a	-0.052	-0.070	0.018	-0.274^b	0.065	-0.029	0.094
	(0.062)	(0.209)	(0.091)	(0.137)	(0.076)	(0.332)	(0.145)	(0.241)	(0.106)	(0.339)	(0.217)	(0.246)
IMR x non-target	0.132^a	0.249	0.097	0.152	0.297^a	0.267	0.028	0.239	0.406^a	0.176	0.019	0.157
	(0.038)	(0.211)	(0.090)	(0.151)	(0.085)	(0.310)	(0.124)	(0.238)	(0.115)	(0.393)	(0.224)	(0.275)
IMR x target	0.024	0.127	0.102^b	0.025	0.018	-0.002	0.031	-0.033	-0.005	-0.075	0.000	-0.075
	(0.033)	(0.104)	(0.045)	(0.068)	(0.039)	(0.158)	(0.071)	(0.113)	(0.049)	(0.155)	(0.102)	(0.114)
CEO resistance	-0.003	-0.008	-0.002	-0.005	-0.015^b	0.011	0.004	0.006	-0.021^c	0.022	0.009	0.013
	(0.004)	(0.018)	(0.008)	(0.017)	(0.006)	(0.022)	(0.012)	(0.021)	(0.010)	(0.025)	(0.017)	(0.022)
Female CEO	0.009	0.116^a	0.065^a	0.051	0.008	0.179^a	0.127^a	0.051	-0.001	0.255^a	0.195^a	0.060
	(0.010)	(0.037)	(0.018)	(0.031)	(0.015)	(0.054)	(0.028)	(0.040)	(0.019)	(0.074)	(0.042)	(0.053)
Board reputation	-0.011^a	0.017	0.013^b	0.004	-0.038^a	0.040^c	0.027^b	0.014	-0.047^a	0.084^a	0.052^a	0.032^c
	(0.002)	(0.009)	(0.005)	(0.009)	(0.009)	(0.021)	(0.011)	(0.015)	(0.009)	(0.024)	(0.015)	(0.016)
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.958^a	0.083^c	0.024	0.060	0.827^a	0.181^a	0.061^b	0.120^b	0.707^a	0.191^b	0.063	0.128^b
	(0.006)	(0.045)	(0.022)	(0.035)	(0.022)	(0.057)	(0.025)	(0.047)	(0.029)	(0.075)	(0.042)	(0.057)
Adjusted R^2	0.017	0.020	0.027	0.008	0.053	0.034	0.038	0.019	0.063	0.052	0.048	0.034
# observations	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246
ρ_0	0.674	0.335	0.227	0.270	0.760	0.283	0.052	0.331	0.843	0.157	0.029	0.189
ρ_1	0.086	0.144	0.200	0.039	0.038	-0.002	0.051	-0.042	-0.010	-0.059	0.000	-0.080
χ^2	5.28^c	1.91	4.51	1.42	8.10^b	2.34	0.29	5.59^c	10.55^a	2.17	0.02	4.24

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Inside	Outside	Public	Private	Inside	Outside	Public	Private	Inside	Outside	Public	Private
					Panel B: OLS							
Target	-0.051^{a}	0.006	-0.010	0.016	-0.170^{a}	0.010	-0.011	0.021	-0.182^{a}	-0.015	-0.023	0.008
	(0.007)	(0.018)	(0.011)	(0.013)	(0.011)	(0.020)	(0.013)	(0.016)	(0.013)	(0.027)	(0.018)	(0.020)
CEO resistance	0.003	0.003	0.002	0.001	-0.003	0.022	0.005	0.016	-0.004	0.029	0.010	0.019
	(0.004)	(0.012)	(0.007)	(0.012)	(0.005)	(0.016)	(0.011)	(0.015)	(0.008)	(0.021)	(0.015)	(0.018)
Female CEO	-0.000	0.095^{a}	0.055^{a}	0.040	-0.012	0.162^{a}	0.124^{a}	0.038	-0.026	0.246^{a}	0.194^{a}	0.053
	(0.008)	(0.031)	(0.018)	(0.025)	(0.012)	(0.047)	(0.029)	(0.031)	(0.018)	(0.071)	(0.042)	(0.049)
Board reputation	-0.006^{b}	0.026^{b}	0.018^{a}	0.009	-0.028^{a}	0.048^{b}	0.028^{b}	0.020	-0.035^{a}	0.088^{a}	0.053^{a}	0.035^{b}
	(0.003)	(0.010)	(0.005)	(0.008)	(0.007)	(0.020)	(0.011)	(0.014)	(0.007)	(0.023)	(0.014)	(0.016)
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.935^{a}	0.041	0.007	0.033	0.776^{a}	0.135^{a}	0.056^{b}	0.079^{a}	0.637^{a}	0.161^{a}	0.059^{b}	0.101^{a}
	(0.007)	(0.030)	(0.016)	(0.021)	(0.015)	(0.031)	(0.019)	(0.024)	(0.020)	(0.042)	(0.024)	(0.033)
Adjusted R^2	0.017	0.020	0.027	0.008	0.052	0.034	0.038	0.019	0.062	0.052	0.048	0.033
# observations	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246

Table 8. Changes in compensation

Panel A shows estimates from regression $\Delta W_i = \alpha_0 + \alpha T_i + X_i\beta + \delta_1 T_i \times \hat{\lambda}_i(Z_i\gamma) + \delta_0(1-T_i) \times \hat{\lambda}_i(Z_i\gamma) + \eta_i$, which is the second stage of a two-step procedure. ΔW is the change in natural logarithm of pay. $\hat{\lambda}$ is the inverse Mills ratio derived from the first stage of activism targeting reported in Table 3. T is the target dummy. Panel B shows OLS results. Columns 1–3, Columns 4–6, and Columns 7–9 correspond to the one-, two-, and three-year horizon, respectively. *Retained CEOs* corresponds to CEOs who maintain employment at the focal firm. Compensation accounts for board and/or executive compensation and the data are available for larger firms only. ρ_0 and ρ_1 are the correlation coefficient between error terms in Equations (2) and (4) and Equations (3) and (4), respectively. χ^2 is the Wald Chi-Square value testing the null hypothesis that ρ_0 and ρ_1 are jointly zero. All specifications include the same control variables as in Table 3, except the expected fire sales and purchases variables. Standard errors are clustered by firm and year, and displayed in parentheses. ^{a}, ^{b}, and ^{c} mean significance at the 1-, 5-, and 10-percent level, respectively. All variables are defined in Appendix B.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	$t+1$			$t+2$			$t+3$		
	All CEOs	Retained CEOs		All CEOs	Retained CEOs		All CEOs	Retained CEOs	
	Total	Total	Inside	Total	Total	Inside	Total	Total	Inside
				Panel A: Control function					
Target	-0.833^c	-0.482^b	-0.490^a	-1.148^b	-0.291	-0.307	-1.076^b	-0.196	-0.222
	(0.387)	(0.164)	(0.152)	(0.506)	(0.248)	(0.254)	(0.476)	(0.210)	(0.217)
IMR x non-target	0.576^b	0.225	0.229^c	1.285^a	0.268	0.302	1.291^b	0.138	0.197
	(0.241)	(0.138)	(0.129)	(0.314)	(0.171)	(0.176)	(0.454)	(0.199)	(0.209)
IMR x target	0.344	0.276^a	0.281^a	0.464	0.203	0.213	0.444	0.135	0.147
	(0.209)	(0.075)	(0.068)	(0.308)	(0.123)	(0.125)	(0.251)	(0.095)	(0.095)
CEO resistance	-0.046	-0.053	-0.052	-0.250^c	-0.106	-0.110	-0.547^a	-0.267^b	-0.283^b
	(0.068)	(0.043)	(0.044)	(0.117)	(0.089)	(0.091)	(0.112)	(0.111)	(0.112)
Other controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.085	-0.155	-0.151	9.611^c	-10.075^b	-10.500^b	34.587^b	4.967	4.583
	(0.130)	(0.094)	(0.094)	(4.939)	(4.316)	(4.454)	(12.052)	(15.943)	(15.833)
Adjusted R^2	0.033	0.023	0.022	0.071	0.044	0.043	0.113	0.054	0.053
# observations	4,638	4,416	4,416	4,200	3,717	3,717	3,925	3,196	3,196
ρ_0	0.520	0.291	0.292	0.825	0.290	0.317	0.748	0.136	0.187
ρ_1	0.253	0.291	0.294	0.274	0.172	0.179	0.280	0.145	0.152
χ^2	6.74^b	8.31^b	8.28^b	6.10^b	2.96	3.20	6.76^b	1.44	1.55
				Panel B: OLS					
Target	-0.141	-0.023	-0.023	-0.004	0.086	0.097	0.049	0.036	0.050
	(0.084)	(0.043)	(0.044)	(0.110)	(0.065)	(0.066)	(0.082)	(0.043)	(0.048)
CEO resistance	-0.060	-0.063	-0.062	-0.302^b	-0.118	-0.123	-0.607^a	-0.275^b	-0.293^b
	(0.065)	(0.043)	(0.043)	(0.101)	(0.089)	(0.091)	(0.110)	(0.110)	(0.111)
Other controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-0.326	-0.310^b	-0.308^b	-6.664^c	-12.276^a	-12.925^a	11.855	3.367	2.476
	(0.209)	(0.109)	(0.112)	(3.728)	(3.765)	(3.953)	(11.483)	(15.433)	(15.298)
Adjusted R^2	0.032	0.021	0.020	0.068	0.044	0.043	0.111	0.054	0.053
# observations	4,638	4,416	4,416	4,200	3,717	3,717	3,925	3,196	3,196

Table 9. Hostility effects

The table shows estimates from regression: $\Delta W_i = \alpha_0 + \alpha^N NH_i + \alpha^H H_i + \alpha^R CEOres_i + \alpha^{R\times N} CEOres_i \times NH_i + \alpha^{R\times H} CEOres_i \times H_i + X_i\beta + \delta_1 NH_i \times \hat{\lambda}_i(Z_i\gamma) + \delta_2 H_i \times \hat{\lambda}_i(Z_i\gamma) + \delta_0(1-T_i) \times \hat{\lambda}_i(Z_i\gamma) + \eta_i$, which is the second stage career outcome equation. $\hat{\lambda}$ is the inverse Mills ratio computed from an ordered probit model of targeting reported in Column 3 of Table 3. ΔW refers to CEO positions (Panel A), executive positions (Panel B), board seats (Panel C), or compensation (Panel D). T is the target dummy. H stands for hostile campaigns that involve threats or launches of proxy contests, takeovers, lawsuits, or activists advocating for replacement of management/directors. NH stands for nonhostile campaigns. Columns 1–4, Columns 5–8, and Columns 9–12 report results for one-, two-, and three-year horizon, respectively. All specifications include the same control variables as in Table 3, except the expected fire sales and purchases variables. All variables are defined in Appendix B. Standard errors are clustered by firm and year, and displayed in parentheses. ^{a}, ^{b}, and ^{c} mean significance at the 1-, 5-, and 10-percent level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Current	Any	Public	Private	Current	Any	Public	Private	Current	Any	Public	Private
					Panel A: CEO positions							
Nonhostile	-0.075	-0.023	-0.071	0.193	-0.181^c	-0.053	-0.159^c	0.280^b	-0.139	0.019	-0.102	0.289^a
	(0.050)	(0.043)	(0.050)	(0.111)	(0.089)	(0.074)	(0.088)	(0.104)	(0.115)	(0.114)	(0.127)	(0.095)
Hostile	-0.247^b	-0.168^c	-0.243^b	0.487^b	-0.630^a	-0.432^b	-0.596^a	0.458^a	-0.691^a	-0.380^c	-0.659^a	0.574^a
	(0.098)	(0.095)	(0.095)	(0.195)	(0.192)	(0.161)	(0.194)	(0.144)	(0.186)	(0.213)	(0.218)	(0.177)
CEO resistance	-0.019^a	-0.013^a	-0.020^a	0.005	-0.043^a	-0.033^a	-0.044^a	0.012	-0.052^a	-0.037^b	-0.054^a	0.011
	(0.004)	(0.004)	(0.004)	(0.015)	(0.010)	(0.009)	(0.011)	(0.014)	(0.014)	(0.015)	(0.015)	(0.014)
CEO res. x nonhostile	0.009	0.007	0.011	0.032	0.023	0.012	0.021	0.032	0.046^c	0.034	0.042^c	0.032
	(0.013)	(0.013)	(0.013)	(0.029)	(0.028)	(0.021)	(0.023)	(0.024)	(0.023)	(0.022)	(0.020)	(0.024)
CEO res. x hostile	-0.009	0.011	-0.006	0.044	-0.034	-0.019	-0.041	0.023	0.010	0.003	-0.005	0.021
	(0.030)	(0.023)	(0.034)	(0.046)	(0.032)	(0.030)	(0.042)	(0.040)	(0.033)	(0.041)	(0.043)	(0.050)
IMR x non-target	0.105^b	0.045	0.096^b	-0.280^c	0.324^b	0.159	0.286^b	-0.357^b	0.375^b	0.128	0.311	-0.408^a
	(0.038)	(0.033)	(0.036)	(0.148)	(0.126)	(0.112)	(0.130)	(0.137)	(0.152)	(0.182)	(0.181)	(0.134)
IMR x nonhostile	-0.009	0.011	-0.008	0.083	0.008	0.039	0.013	0.129^b	0.060	0.095	0.069	0.128^b
	(0.028)	(0.024)	(0.028)	(0.060)	(0.045)	(0.037)	(0.044)	(0.058)	(0.059)	(0.055)	(0.063)	(0.050)
IMR x hostile	0.058	0.036	0.058	-0.186^b	0.139	0.098	0.137	-0.167^a	0.152^c	0.080	0.159^c	-0.210^b
	(0.040)	(0.041)	(0.038)	(0.080)	(0.079)	(0.065)	(0.079)	(0.054)	(0.076)	(0.085)	(0.089)	(0.071)
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R^2	0.018	0.015	0.017	0.270	0.051	0.041	0.049	0.195	0.062	0.054	0.059	0.148
# observations	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Panel B: Executive positions											
	Current	Any	Public	Private	Current	Any	Public	Private	Current	Any	Public	Private
Nonhostile	-0.062	0.018	-0.045	0.177	-0.159	-0.024	-0.138	0.189	-0.111	0.053	-0.107	0.275^{b}
	(0.054)	(0.043)	(0.057)	(0.120)	(0.092)	(0.078)	(0.095)	(0.111)	(0.124)	(0.125)	(0.136)	(0.114)
Hostile	-0.233^{b}	-0.175	-0.208^{c}	0.505^{b}	-0.596^{a}	-0.419^{b}	-0.562^{b}	0.428^{c}	-0.657^{a}	-0.305	-0.671^{b}	0.619^{b}
	(0.103)	(0.100)	(0.103)	(0.228)	(0.194)	(0.172)	(0.188)	(0.205)	(0.194)	(0.203)	(0.233)	(0.238)
CEO resistance	-0.019^{a}	-0.009^{b}	-0.020^{a}	0.001	-0.041^{a}	-0.026^{a}	-0.042^{a}	0.004	-0.050^{a}	-0.031^{b}	-0.053^{a}	0.006
	(0.004)	(0.003)	(0.004)	(0.016)	(0.010)	(0.009)	(0.011)	(0.014)	(0.014)	(0.013)	(0.015)	(0.015)
CEO res. x nonhostile	0.010	0.001	0.011	0.015	0.027	0.010	0.026	0.013	0.047^{c}	0.027	0.050^{b}	0.009
	(0.013)	(0.009)	(0.012)	(0.025)	(0.027)	(0.017)	(0.023)	(0.023)	(0.023)	(0.022)	(0.021)	(0.023)
CEO res. x hostile	-0.009	-0.008	-0.010	0.032	-0.033	-0.035	-0.042	0.005	0.011	-0.014	-0.006	0.016
	(0.030)	(0.018)	(0.032)	(0.049)	(0.032)	(0.022)	(0.041)	(0.041)	(0.033)	(0.033)	(0.044)	(0.050)
IMR x non-target	0.092^{b}	0.012	0.085^{b}	-0.249	0.293^{b}	0.141	0.280^{b}	-0.240	0.342^{c}	0.091	0.333	-0.361^{b}
	(0.040)	(0.043)	(0.036)	(0.155)	(0.128)	(0.118)	(0.128)	(0.143)	(0.161)	(0.196)	(0.189)	(0.152)
IMR x nonhostile	-0.001	0.024	0.007	0.061	0.019	0.033	0.022	0.066	0.075	0.087	0.067	0.107
	(0.031)	(0.024)	(0.032)	(0.064)	(0.045)	(0.036)	(0.047)	(0.061)	(0.062)	(0.060)	(0.068)	(0.061)
IMR x hostile	0.052	0.052	0.044	-0.187^{c}	0.125	0.108	0.121	-0.153^{c}	0.138	0.069	0.162	-0.224^{b}
	(0.041)	(0.042)	(0.041)	(0.094)	(0.079)	(0.067)	(0.076)	(0.083)	(0.079)	(0.078)	(0.096)	(0.099)
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R^2	0.018	0.016	0.017	0.259	0.051	0.046	0.049	0.193	0.062	0.065	0.059	0.156
# observations	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246
	Panel C: Board positions											
	Inside	Outside	Public	Private	Inside	Outside	Public	Private	Inside	Outside	Public	Private
Nonhostile	-0.108^{c}	-0.250	-0.167^{b}	-0.082	-0.201^{a}	-0.073	-0.074	0.001	-0.212^{c}	-0.130	-0.123	-0.006
	(0.056)	(0.174)	(0.072)	(0.129)	(0.062)	(0.315)	(0.127)	(0.237)	(0.105)	(0.336)	(0.193)	(0.247)
Hostile	-0.266^{b}	-0.198	-0.213	0.016	-0.710^{a}	0.108	0.048	0.060	-0.726^{a}	1.016	0.534	0.482
	(0.110)	(0.348)	(0.193)	(0.198)	(0.195)	(0.506)	(0.246)	(0.364)	(0.211)	(0.694)	(0.449)	(0.398)
CEO resistance	-0.004	-0.015	-0.005	-0.010	-0.015^{b}	0.002	0.003	-0.001	-0.024^{b}	0.012	0.007	0.005
	(0.003)	(0.018)	(0.008)	(0.018)	(0.007)	(0.024)	(0.012)	(0.023)	(0.011)	(0.028)	(0.019)	(0.024)
CEO res. x nonhostile	0.007	0.039	0.020	0.018	0.010	0.062	0.016	0.046	0.019	0.095	0.025	0.070
	(0.013)	(0.044)	(0.029)	(0.034)	(0.027)	(0.062)	(0.036)	(0.041)	(0.024)	(0.076)	(0.041)	(0.053)
CEO res. x hostile	-0.011	0.085	0.036	0.048	-0.067	0.096	0.016	0.079	-0.021	0.151	0.064	0.087
	(0.023)	(0.074)	(0.036)	(0.055)	(0.041)	(0.098)	(0.048)	(0.080)	(0.037)	(0.162)	(0.060)	(0.122)
IMR x non-target	0.140^{a}	0.271	0.096	0.175	0.281^{b}	0.274	0.018	0.256	0.410^{b}	0.171	0.013	0.158
	(0.043)	(0.224)	(0.091)	(0.172)	(0.100)	(0.358)	(0.145)	(0.275)	(0.143)	(0.447)	(0.251)	(0.313)
IMR x nonhostile	-0.028	-0.125	-0.085^{c}	-0.040	-0.006	0.008	-0.025	0.033	0.022	-0.007	-0.045	0.039
	(0.031)	(0.100)	(0.043)	(0.075)	(0.032)	(0.174)	(0.071)	(0.130)	(0.051)	(0.177)	(0.100)	(0.134)
IMR x hostile	0.066	0.039	0.078	-0.039	0.180^{b}	-0.099	-0.018	-0.081	0.160^{c}	-0.502	-0.247	-0.255
	(0.047)	(0.145)	(0.082)	(0.080)	(0.081)	(0.195)	(0.102)	(0.135)	(0.081)	(0.314)	(0.192)	(0.177)

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R^2	0.020	0.020	0.027	0.008	0.057	0.034	0.038	0.019	0.065	0.052	0.049	0.034
# observations	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246	30,246
	Panel D: Changes in compensation											
	All CEOs	Retained CEOs			All CEOs	Retained CEOs			All CEOs	Retained CEOs		
	Total	Total	Inside		Total	Total	Inside		Total	Total	Inside	
Nonhostile	-0.670	-0.550^{b}	-0.554^{b}		-0.992	-0.304	-0.321		-1.068^{c}	-0.289	-0.304	
	(0.468)	(0.189)	(0.184)		(0.579)	(0.253)	(0.261)		(0.530)	(0.230)	(0.237)	
Hostile	-1.916^{b}	-0.268	-0.292^{c}		-2.206^{b}	-0.478	-0.553		-2.430^{b}	-0.285	-0.394	
	(0.691)	(0.174)	(0.145)		(1.016)	(0.365)	(0.354)		(0.917)	(0.339)	(0.391)	
CEO resistance	-0.050	-0.065	-0.064		-0.246^{b}	-0.125	-0.130		-0.531^{a}	-0.271^{b}	-0.287^{b}	
	(0.061)	(0.049)	(0.050)		(0.106)	(0.093)	(0.096)		(0.113)	(0.114)	(0.115)	
CEO res. x nonhostile	0.060	0.100	0.101		0.022	0.127	0.133		0.047	0.075	0.075	
	(0.200)	(0.089)	(0.090)		(0.232)	(0.118)	(0.121)		(0.243)	(0.140)	(0.142)	
CEO res. x hostile	-0.747^{c}	-0.309	-0.319		-0.886^{b}	-0.033	-0.046		-1.248^{a}	-0.279	-0.308	
	(0.362)	(0.177)	(0.189)		(0.351)	(0.271)	(0.275)		(0.326)	(0.195)	(0.221)	
IMR x non-target	0.612^{c}	0.285	0.289^{c}		1.407^{a}	0.291	0.333		1.551^{b}	0.235	0.301	
	(0.307)	(0.170)	(0.161)		(0.399)	(0.204)	(0.213)		(0.557)	(0.240)	(0.256)	
IMR x nonhostile	-0.231	-0.306^{a}	-0.307^{a}		-0.365	-0.166	-0.171		-0.445	-0.161	-0.161	
	(0.252)	(0.078)	(0.076)		(0.335)	(0.147)	(0.149)		(0.291)	(0.100)	(0.101)	
IMR x hostile	0.781^{a}	0.173^{a}	0.187^{a}		0.851^{b}	0.241	0.276^{b}		0.952^{b}	0.173	0.223	
	(0.253)	(0.053)	(0.045)		(0.391)	(0.137)	(0.120)		(0.324)	(0.112)	(0.132)	
Other control variables	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes	
Industry & year FEs	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes	
Adjusted R^2	0.037	0.023	0.023		0.072	0.044	0.043		0.117	0.053	0.053	
# observations	4,638	4,416	4,416		4,200	3,717	3,717		3,925	3,196	3,196	

Table 10. Hedge funds

This table reports estimates from regression: $\Delta W_i = \alpha_0 + \alpha_1 HF_i + \alpha_2 CEOres_i + \alpha_3 HF_i \times CEOres_i + X_i\beta + \delta_0(1 - HF_i) \times \hat{\lambda}_i(Z_i\gamma) + \delta_1 HF_i \times \hat{\lambda}_i(Z_i\gamma) + \eta_i$. The model is run separately for *nonhostile* and *Hostile* activist campaigns. ΔW refers to CEO positions (Panel A), executive positions (Panel B), board positions (Panel C), or compensation (Panel D). HF is the hedge fund dummy. $CEOres$ is the CEO resistance dummy. $\hat{\lambda}$ is the inverse Mills ratio constructed from the first stage ordered probit regression reported in Column 3 of Table 3. Standard errors are clustered by firm and year, and displayed in parentheses. Columns 1–4, Columns 5–8, and Columns 9–12 report results for one-, two-, and three-year horizons, respectively. All specifications include the same control variables as in Table 3, except the expected fire sales and purchases variables. ^{a}, ^{b}, and ^{c} mean significance at the 1-, 5-, and 10-percent level, respectively. All variables are defined in Appendix B.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Current	Any	Public	Private	Current	Any	Public	Private	Current	Any	Public	Private
					Panel A: CEO positions							
Hostile												
Hedge fund	0.107	0.130	0.081	0.218	-0.157	-0.232	-0.219	0.079	0.133	-0.265	-0.031	-0.280
	(0.176)	(0.155)	(0.177)	(0.177)	(0.234)	(0.286)	(0.234)	(0.226)	(0.286)	(0.330)	(0.261)	(0.319)
CEO resistance	-0.057	-0.033	-0.049	0.047	0.006	0.111	0.029	0.085	-0.067	0.046	-0.037	0.104
	(0.032)	(0.033)	(0.032)	(0.088)	(0.077)	(0.097)	(0.089)	(0.088)	(0.078)	(0.106)	(0.088)	(0.070)
CEO resistance x hedge fund	0.072	0.079	0.058	0.014	0.043	0.008	0.005	-0.023	0.098	0.026	0.024	0.005
	(0.054)	(0.053)	(0.050)	(0.048)	(0.075)	(0.057)	(0.065)	(0.031)	(0.067)	(0.060)	(0.067)	(0.039)
IMR & other controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R^2	0.042	0.011	0.035	0.116	0.077	0.047	0.069	0.078	0.098	0.059	0.073	0.061
# observations	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013
F-stat: HF + CEOres x HF	1.25	2.28	0.75	1.36	0.19	0.59	0.66	0.06	0.55	0.52	0.00	0.78
Non-Hostile												
Hedge fund	-0.045	-0.017	-0.049	0.139	-0.154^b	-0.194^b	-0.175^a	0.073	-0.240^b	-0.313^b	-0.230^b	0.018
	(0.058)	(0.069)	(0.054)	(0.083)	(0.053)	(0.076)	(0.046)	(0.091)	(0.098)	(0.114)	(0.092)	(0.101)
CEO resistance	-0.047	-0.048	-0.048	0.053	-0.113^c	-0.124^b	-0.131^b	0.058	-0.105^c	-0.115^c	-0.115^b	0.074^c
	(0.033)	(0.029)	(0.034)	(0.050)	(0.057)	(0.044)	(0.055)	(0.044)	(0.050)	(0.055)	(0.053)	(0.040)
CEO resistance x hedge fund	-0.001	0.016	-0.005	-0.049	0.094^c	0.089^c	0.097^b	-0.060	0.105^b	0.103^c	0.099^b	-0.037
	(0.034)	(0.026)	(0.031)	(0.035)	(0.044)	(0.044)	(0.041)	(0.042)	(0.047)	(0.048)	(0.042)	(0.045)
IMR & other controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R^2	0.016	0.015	0.019	0.155	0.058	0.039	0.060	0.122	0.083	0.053	0.079	0.106
# observations	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231
F-stat: HF + CEOres x HF	0.59	0.00	0.95	1.39	0.86	2.40	2.02	0.02	1.64	2.72	1.58	0.02

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Panel B: Executive positions											
	Current	Any	Public	Private	Current	Any	Public	Private	Current	Any	Public	Private
Hostile												
Hedge fund	0.107	0.048	0.104	0.354^{c}	-0.153	-0.053	-0.215	0.199	0.137	-0.216	-0.073	-0.292
	(0.176)	(0.098)	(0.167)	(0.164)	(0.238)	(0.259)	(0.208)	(0.290)	(0.289)	(0.331)	(0.271)	(0.363)
CEO resistance	-0.057	-0.034	-0.046	-0.020	0.013	0.113	0.037	0.046	-0.060	0.023	-0.025	0.053
	(0.032)	(0.023)	(0.031)	(0.087)	(0.074)	(0.076)	(0.083)	(0.083)	(0.074)	(0.086)	(0.077)	(0.062)
CEO resistance x hedge fund	0.072	0.080^{c}	0.046	0.059	0.040	0.004	0.002	0.020	0.096	0.066	0.024	0.082
	(0.054)	(0.042)	(0.048)	(0.050)	(0.074)	(0.051)	(0.070)	(0.051)	(0.066)	(0.056)	(0.070)	(0.051)
IMR & other controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R^2	0.042	0.022	0.038	0.112	0.076	0.070	0.072	0.094	0.096	0.093	0.067	0.099
# observations	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013
F-stat: HF + CEOres x HF	1.25	1.53	0.95	6.40^{b}	0.18	0.04	0.78	0.64	0.55	0.20	0.03	0.34
Non-Hostile												
Hedge fund	-0.041	0.007	-0.028	0.191^{b}	-0.151^{a}	-0.199^{a}	-0.182^{a}	0.108	-0.237^{b}	-0.237^{b}	-0.233^{b}	0.115
	(0.058)	(0.054)	(0.051)	(0.075)	(0.048)	(0.062)	(0.053)	(0.092)	(0.099)	(0.105)	(0.095)	(0.114)
CEO resistance	-0.048	-0.037	-0.049	0.059	-0.107^{c}	-0.059	-0.099^{c}	0.060	-0.105^{c}	-0.071	-0.099^{c}	0.071
	(0.032)	(0.033)	(0.032)	(0.048)	(0.057)	(0.048)	(0.056)	(0.051)	(0.050)	(0.053)	(0.055)	(0.051)
CEO resistance x hedge fund	0.002	0.017	-0.002	-0.070^{c}	0.096^{b}	0.058	0.073^{c}	-0.069	0.111^{b}	0.085^{c}	0.096^{b}	-0.032
	(0.032)	(0.022)	(0.029)	(0.037)	(0.042)	(0.037)	(0.040)	(0.047)	(0.044)	(0.040)	(0.037)	(0.050)
IMR & other controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R^2	0.017	0.012	0.020	0.174	0.058	0.040	0.049	0.144	0.084	0.057	0.070	0.138
# observations	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231
F-stat: HF + CEOres x HF	0.54	0.23	0.41	2.24	0.84	4.56^{c}	2.81	0.13	1.40	1.58	1.66	0.36

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Panel C: Board positions											
	Inside	Outside	Public	Private	Inside	Outside	Public	Private	Inside	Outside	Public	Private
Hostile												
Hedge fund	-0.009	1.013^{b}	0.488	0.526	-0.160	0.631	0.743^{b}	-0.113	0.133	0.813	0.951^{c}	-0.139
	(0.172)	(0.448)	(0.393)	(0.394)	(0.220)	(0.642)	(0.321)	(0.556)	(0.271)	(0.935)	(0.477)	(0.716)
CEO resistance	-0.005	-0.005	0.061	-0.066	-0.002	0.092	0.056	0.036	-0.003	-0.001	0.043	-0.044
	(0.038)	(0.097)	(0.055)	(0.084)	(0.089)	(0.134)	(0.059)	(0.100)	(0.083)	(0.163)	(0.075)	(0.124)
CEO resistance x hedge fund	0.051	-0.009	-0.093	0.084	0.012	-0.065	-0.076	0.010	0.084	0.036	-0.037	0.072
	(0.057)	(0.099)	(0.066)	(0.057)	(0.082)	(0.148)	(0.089)	(0.083)	(0.068)	(0.241)	(0.125)	(0.137)
IMR & other controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R^2	0.037	0.076	0.047	0.058	0.076	0.086	0.056	0.070	0.097	0.094	0.067	0.084
# observations	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013
F-stat: HF + CEOres x HF	0.07	4.67^{c}	0.99	2.09	0.35	0.69	3.61^{c}	0.03	0.51	0.64	2.79	0.01
Non-Hostile												
Hedge fund	-0.022	0.305^{b}	0.228^{a}	0.077	-0.108^{b}	0.358	0.235	0.122	-0.153^{c}	0.531^{c}	0.154	0.377^{c}
	(0.065)	(0.138)	(0.075)	(0.096)	(0.042)	(0.236)	(0.152)	(0.175)	(0.077)	(0.273)	(0.111)	(0.208)
CEO resistance	-0.025	0.037	0.001	0.037	-0.081^{c}	0.100	0.066	0.034	-0.084	0.164	0.083	0.081
	(0.024)	(0.108)	(0.063)	(0.092)	(0.044)	(0.151)	(0.077)	(0.110)	(0.056)	(0.196)	(0.095)	(0.132)
CEO resistance x hedge fund	0.013	-0.015	0.012	-0.027	0.085^{c}	-0.011	0.021	-0.032	0.123^{b}	-0.012	-0.031	0.019
	(0.028)	(0.077)	(0.046)	(0.053)	(0.045)	(0.086)	(0.059)	(0.067)	(0.056)	(0.110)	(0.067)	(0.086)
IMR & other controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R^2	0.026	0.018	0.029	0.012	0.060	0.032	0.037	0.021	0.091	0.056	0.046	0.045
# observations	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231
F-stat: HF + CEOres x HF	0.03	5.53^{b}	19.87^{a}	0.32	0.12	3.11	5.11^{b}	0.31	0.07	3.92^{c}	1.55	2.93

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Panel D: Changes in compensation											
	All CEOs	Retained CEOs			All CEOs	Retained CEOs			All CEOs	Retained CEOs		
	Total	Total	Inside		Total	Total	Inside		Total	Total	Inside	
Hostile												
Hedge fund	-1.477	-0.415	-0.435		0.270	0.504	0.707		0.768	2.484	2.707	
	(1.353)	(1.090)	(1.109)		(2.035)	(2.407)	(2.494)		(1.750)	(1.588)	(1.666)	
CEO resistance	0.045	0.191	0.199		1.023	-1.328	-1.379		-0.325	-0.764	-0.844	
	(1.170)	(0.476)	(0.466)		(1.917)	(1.557)	(1.612)		(2.169)	(1.582)	(1.691)	
CEO resistance x hedge fund	-0.367	-0.607[c]	-0.611[c]		-0.970	0.441	0.450		0.037	-0.301	-0.255	
	(0.772)	(0.310)	(0.318)		(0.854)	(0.773)	(0.814)		(1.254)	(1.305)	(1.356)	
IMR & other controls	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes	
Industry & year FEs	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes	
Adjusted R^2	0.258	0.076	0.083		0.333	-0.140	-0.147		0.443	0.340	0.332	
# observations	118	100	100		96	73	73		90	59	59	
F-stat: HF + CEOres x HF	1.07	0.75	0.77		0.08	0.12	0.17		0.12	1.94	2.00	
Non-Hostile												
Hedge fund	-0.637	0.027	0.029		-1.093[c]	0.184	0.195		-0.804	0.426	0.424	
	(0.497)	(0.256)	(0.255)		(0.521)	(0.448)	(0.450)		(0.612)	(0.405)	(0.410)	
CEO resistance	0.134	0.057	0.056		-0.176	0.062	0.062		-0.595	-0.144	-0.130	
	(0.280)	(0.180)	(0.180)		(0.344)	(0.217)	(0.219)		(0.349)	(0.278)	(0.273)	
CEO resistance x hedge fund	-0.178	-0.223	-0.235		0.433	0.477	0.467		0.123	-0.183	-0.236	
	(0.263)	(0.190)	(0.195)		(0.308)	(0.291)	(0.291)		(0.434)	(0.290)	(0.315)	
IMR & other controls	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes	
Industry & year FEs	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes	
Adjusted R^2	0.114	0.079	0.080		0.154	0.157	0.157		0.200	0.111	0.110	
# observations	663	618	618		607	531	531		575	470	470	
F-stat: HF + CEOres x HF	2.59	0.53	0.57		2.17	1.61	1.61		2.20	0.46	0.25	

Internet Appendix (not for publication) to

"Shareholder activism: Affliction for incumbent CEOs?"

This appendix presents supplementary results not included in the main text.

Table I.1. Tobin's Q
This table reports results of an OLS regression of Tobin's Q, measured in the event (placebo matched) year t, on expected mutual fund fire sales/purchases and the same control variables as in Table 3. The sample includes targeted and nontargeted firms from 2006 to 2018, as described in Section 2.1. The explanatory variables are one year lagged and defined in Appendix B. Continuous variables are standardized to a mean of 0 and a standard deviation of 1. Heteroscedasticity robust standard errors are displayed in parentheses. ^{a}, ^{b}, and ^{c} mean significance at the 1-, 5-, and 10-percent level, respectively.

	Coefficient
Expected fire sales	-0.205
	(0.201)
Expected fire purchases	0.382
	(0.355)
Other controls	Yes
Industry fixed effects	Yes
Year fixed effects	Yes
Constant	2.430^a
	(0.456)
Adjusted R^2	0.003
# observations	30,236

Table I.2. Propensity score matching results

The table shows estimates from regression: $\Delta W_i = \alpha_0 + \alpha T_i + X_i\beta + \delta_1 T_i \times \hat{\lambda}_i(Z_i\gamma) + \delta_0(1-T_i) \times \hat{\lambda}_i(Z_i\gamma) + \eta_i$, which is the second stage career outcome equation. $\hat{\lambda}$ is the inverse Mills ratio computed from a probit model of targeting reported in Column 1 of Table 3. ΔW refers to CEO positions (Panel A), executive positions (Panel B), board seats (Panel C), or compensation (Panel D). T is the target dummy. All regressions are conducted within the propensity score matched sample. Columns 1–4, Columns 5–8, and Columns 9–12 report results for one-, two-, and three-year horizon, respectively. All specifications include the same control variables as in Table 3, except the expected fire sales and purchases variables. All variables are defined in Appendix B. Standard errors are clustered by firm and year, and displayed in parentheses. ^{a}, ^{b}, and ^{c} mean significance at the 1-, 5-, and 10-percent level, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
	Current	Any	Public	Private	Current	Any	Public	Private	Current	Any	Public	Private
					Panel A: CEO positions							
Target	-0.167	-0.101	-0.168	0.262	-0.253	-0.062	-0.184	0.271^c	-0.299	0.009	-0.174	0.255
	(0.122)	(0.127)	(0.130)	(0.162)	(0.176)	(0.161)	(0.173)	(0.140)	(0.182)	(0.191)	(0.227)	(0.160)
IMR x non-target	0.194^c	0.119	0.180	-0.282	0.379^c	0.149	0.283	-0.288^c	0.450^b	0.079	0.289	-0.289
	(0.107)	(0.113)	(0.114)	(0.167)	(0.189)	(0.156)	(0.181)	(0.140)	(0.187)	(0.231)	(0.248)	(0.178)
IMR x target	0.039	0.019	0.043	-0.096	0.005	-0.046	-0.018	-0.104	0.020	-0.078	-0.024	-0.093
	(0.059)	(0.061)	(0.062)	(0.075)	(0.078)	(0.075)	(0.079)	(0.066)	(0.085)	(0.086)	(0.103)	(0.075)
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.950^a	0.950^a	0.954^a	-0.034	0.788^a	0.789^a	0.782^a	0.018	0.643^a	0.647^a	0.626^a	0.049
	(0.020)	(0.017)	(0.020)	(0.046)	(0.047)	(0.032)	(0.041)	(0.037)	(0.051)	(0.052)	(0.054)	(0.037)
Adjusted R^2	0.024	0.019	0.024	0.190	0.068	0.048	0.067	0.136	0.080	0.062	0.077	0.107
# observations	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096
					Panel B: Executive positions							
	Current	Any	Public	Private	Current	Any	Public	Private	Current	Any	Public	Private
Target	-0.140	-0.046	-0.130	0.255	-0.240	-0.018	-0.185	0.261	-0.269	0.105	-0.152	0.346^c
	(0.126)	(0.128)	(0.139)	(0.177)	(0.175)	(0.166)	(0.185)	(0.150)	(0.174)	(0.217)	(0.249)	(0.184)
IMR x non-target	0.174	0.064	0.159	-0.252	0.363^c	0.108	0.290	-0.244	0.418^b	0.010	0.275	-0.306
	(0.107)	(0.118)	(0.116)	(0.189)	(0.191)	(0.167)	(0.192)	(0.158)	(0.181)	(0.254)	(0.261)	(0.198)
IMR x target	0.025	0.001	0.024	-0.086	-0.000	-0.048	-0.015	-0.093	0.005	-0.105	-0.032	-0.135
	(0.062)	(0.060)	(0.067)	(0.081)	(0.077)	(0.076)	(0.084)	(0.070)	(0.082)	(0.098)	(0.113)	(0.088)
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.952^a	0.952^a	0.955^a	0.038	0.791^a	0.794^a	0.781^a	0.104^b	0.642^a	0.675^a	0.629^a	0.123^b
	(0.019)	(0.014)	(0.019)	(0.045)	(0.048)	(0.028)	(0.041)	(0.035)	(0.051)	(0.053)	(0.056)	(0.041)

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	$t+1$				$t+2$				$t+3$			
Adjusted R^2	0.024	0.018	0.023	0.192	0.068	0.049	0.064	0.148	0.080	0.071	0.076	0.133
# observations	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096
	Panel C: Board positions											
	Inside	Outside	Public	Private	Inside	Outside	Public	Private	Inside	Outside	Public	Private
Target	-0.139	0.069	-0.251	0.320	-0.321^{c}	-0.116	-0.176	0.060	-0.223^{c}	-0.157	-0.183	0.026
	(0.113)	(0.273)	(0.179)	(0.261)	(0.150)	(0.317)	(0.205)	(0.276)	(0.123)	(0.462)	(0.268)	(0.349)
IMR x non-target	0.147	-0.063	0.155	-0.218	0.358^{b}	0.380	0.096	0.283	0.350^{b}	0.531	0.158	0.373
	(0.095)	(0.322)	(0.213)	(0.324)	(0.154)	(0.330)	(0.227)	(0.329)	(0.131)	(0.591)	(0.289)	(0.440)
IMR x target	0.032	-0.017	0.122	-0.139	0.040	0.028	0.080	-0.053	-0.024	0.019	0.068	-0.049
	(0.056)	(0.124)	(0.076)	(0.112)	(0.070)	(0.151)	(0.092)	(0.120)	(0.061)	(0.201)	(0.120)	(0.151)
Other control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry & year FEs	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.962^{a}	0.043	0.060	-0.017	0.871^{a}	0.285^{b}	0.132^{c}	0.153	0.697^{a}	0.357^{a}	0.132^{c}	0.225^{c}
	(0.020)	(0.098)	(0.068)	(0.081)	(0.043)	(0.095)	(0.068)	(0.087)	(0.043)	(0.118)	(0.066)	(0.105)
Adjusted R^2	0.027	0.018	0.028	0.008	0.078	0.028	0.036	0.017	0.091	0.050	0.048	0.033
# observations	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096	8,096
	Panel D: Changes in compensation											
	All CEOs	Retained CEOs			All CEOs	Retained CEOs			All CEOs	Retained CEOs		
	Total	Total	Inside		Total	Total	Inside		Total	Total	Inside	
Target	-1.304^{a}	-1.062^{a}	-1.071^{a}		-1.713^{c}	-0.321	-0.337		-0.893	0.043	-0.006	
	(0.350)	(0.270)	(0.271)		(0.825)	(0.276)	(0.274)		(0.689)	(0.355)	(0.364)	
IMR x non-target	1.070^{a}	0.788^{a}	0.788^{a}		1.812^{b}	0.346	0.365		1.136^{c}	0.098	0.168	
	(0.198)	(0.236)	(0.237)		(0.621)	(0.236)	(0.232)		(0.636)	(0.349)	(0.358)	
IMR x target	0.533^{b}	0.523^{a}	0.530^{a}		0.710	0.208	0.220		0.318	-0.037	-0.011	
	(0.201)	(0.135)	(0.135)		(0.440)	(0.126)	(0.125)		(0.325)	(0.160)	(0.162)	
Other control variables	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes	
Industry & year FEs	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes	
Constant	1.790	-2.084	-2.297		20.415	-14.534	-15.150		30.085	1.803	2.571	
	(2.568)	(2.235)	(2.267)		(12.202)	(12.682)	(12.652)		(20.336)	(14.230)	(14.500)	
Adjusted R^2	0.065	0.044	0.044		0.101	0.077	0.077		0.138	0.049	0.049	
# observations	1,729	1,621	1,621		1,573	1,368	1,368		1,465	1,173	1,173	