



UNIVERSITY
OF ALBERTA

CPA Speaker Series:

Shivaram Rajgopal, Columbia University

Big Three (Dis)Engagements

Friday, March 22, 2024

11:00 AM - 12:30 PM

Location: Virtual via Zoom

ABSTRACT

This paper uses newly available data to empirically analyze how the three largest asset managers (BlackRock, Vanguard, and State Street) engage with portfolio companies. We find that asset managers' choice of engagement targets is virtually unrelated to the firm's financial performance. Event study analysis finds that targeted firms exhibit transitory negative but tiny abnormal returns when engagements are reported. Engagement is not correlated with ex post stock return or operating performance or corporate governance outcomes at portfolio companies, including CEO compensation, dual-class stock, and the presence of female directors. Asset managers are also not more likely to vote against management at firms selected for engagement. Combined with qualitative evidence regarding the limited resources available to engagement personnel, these results cast doubt on the Big Three asset managers' ability to be active owners.

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