

**Shareholder activism**

PROS	CONS
• Shareholder activism can be used to influence corporate behavior	• Shareholder activism can be used to influence corporate behavior
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**Activism Alone Won't Save Apple Shareholders**

**Shareholder Activism**

PROS    CONS

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**Activism around the world**

**Can activist shareholders influence the actions of management?**

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Depends on several factors:

- size of the corporation
- composition of the board (including shareholder-friendly directors)
- availability of resources
- strength of corporate resources
- size of the market
- activist's ability to engage

**Debate**

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**Conclusion**

- Hedge funds face less restrictions than other investors + dispersed ownership
- Lots of tools for activism, but be aware of the restrictions!!
- Very limited action by activists, do not invest there

**Activist Shareholder**

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**Agenda**

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1. Problem statement
2. Pros and cons of shareholder activism
3. Activism at Apple
4. Activist strategy around the world
5. Conclusion
6. References

**References**

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**Problem statement**

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Where and under which circumstances can a shareholder best make use of activism?

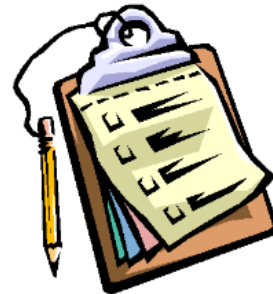
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Louis Vuitton: The Rise of  
Talentism  
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# Agenda

## Thecasesolutions.com

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2. Pros and cons of shareholder activism
3. Activism at Apple
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# **Problem statement**

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Where and under which  
circumstances can a shareholder best  
make use of activism?





**Activist Shareholder**

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**Can activist shareholders determine  
the actions of management?**

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Depends on several factors:

- ease of communication
- congruence of interests among shareholders
- ownership structure:
  - concentration
  - complex corporate structures
- size of stock market
- activist's stake in company

# Debate

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# **Shareholder Activism**

**PROS**

**CONS**

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# Shareholder activism

## PROS

- More monitoring by activists on managers' decisions
- Potential new ideas will be brought up
- Activists can press for certain changes (divestments, new performance measures, more accountability)
- Significant positive abnormal returns around announcement date of change
- Changes of CEOs & chairmen give rise to large, positive excess returns

## CONS

- Large amount bought by activist = share price up, when selling = potential drop
- Activists may have short-term horizon
- Few mechanisms to monitor fund managers
- Activist may have limited managerial competency
- Activist may not monitor efficiently (not internalize welfare of other investors)
- Management may focus on short-term results

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