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Do staggered boards harm shareholders?[☀]

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Abstract

We examine the Cohen and Wang (2013) conclusion that a staggered board lowers firm value based on the stock price reaction to two 2010 Delaware court rulings in the Airgas, Inc. case. The first ruling weakened the potency of a staggered board and the second restored it. We find that the Cohen and Wang results, for their sample, become insignificant after excluding a few penny stocks, stocks with value below \$10 million, or over-the-counter (non-exchange) stocks. The effects of the rulings are also insignificant for an alternative sample.

JEL classification: G14, G34, K22

Keywords: Staggered board, Classified board, Corporate governance, Antitakeover measures, Takeover defense, Airgas



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