Accepted Manuscript

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PII: S0304-405X(17)30214-3
DOI: 10.1016/j.jfineco.2017.08.003
Reference: FINEC 2806

To appear in: *Journal of Financial Economics*

Received date: 9 March 2016
Revised date: 13 October 2016
Accepted date: 24 October 2016

Please cite this article as: K. J. Martijn Cremers , Lubomir P. Litov , Simone M. Sepe , Staggered Boards and Long-Term Firm Value, Revisited, *Journal of Financial Economics* (2017), doi: 10.1016/j.jfineco.2017.08.003

STAGGERED BOARDS AND LONG-TERM FIRM VALUE, REVISITED

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Forthcoming in the *Journal of Financial Economics*

July 2017

Abstract

This paper revisits the staggered board debate focusing on the long-term association of firm value with changes in board structure. We find no evidence that staggered board changes are negatively related to firm value. However, we find a positive relation for firms engaged in innovation and where stakeholder relationships matter more. This suggests that staggered boards promote value creation for some firms by committing the firm to undertaking long-term projects and bonding it to the relationship-specific investments of its stakeholders. Our results are robust to matching procedures and an exogenous change in Massachusetts corporate law that mandated staggered boards.

Keywords: staggered board, firm value, stakeholder relationships, innovation
Classification Code: G32, G34, K22

The results in the Online Appendix are available at http://ssrn.com/abstract=2866677.

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We thank seminar participants at Columbia University, Arizona State University, Emory University, Economic University of Vienna, Harvard University, Northwestern University, Toulouse School of Economics, University of Arizona, Brigham Young University, University of Southern California, University of Iowa, University of Nebraska, University of Kansas, University of Oklahoma, Texas Tech University, University of Virginia, University of Texas–San Antonio, University of Illinois at Urbana-Champaign, as well as participants at the 2014 American Law and Economics Association Meeting, the 2014 IDC Herzlyia Conference at Tel Aviv University, the 2014 Ackerman Conference on Corporate Governance at Bar-Ilan University, the 2014 University of Delaware Corporate Governance Symposium, the 2014 European Summer Symposium in Economic Theory, the 2014 Financial Management Association meeting, the 2014 Society for Empirical Legal Studies meeting at the University of California in Berkeley, the 2015 Midwestern Finance Association meeting, the 2015 Finance Cavalcade, the 2015 Western Finance Association meeting, and the 2016 American Finance Association meeting. For useful comments and discussions, we thank Yakov Amihud, Thomas Bates, Stefan Bechtold, Bernard Black, Patrick Bolton, Jeff Coles, Jacque Cremer, Vicente Cunat, Harry DeAngelo, Isil Erel, Dirk Jenter, Olubumni Faleye, Chitru Fernando, Allen Ferrell, Jesse Fried, Oliver Hart, Gerard Hertig, Gregg Jarrell, Kose John, Dalida Kadyrzhanova, Louis Kaplow, Jonathan Karpoff, Reinier Kraakmann, Chris Lamoureaux, Saura Masconale, William Megginson, Alan Schwartz, Laura Starks, Neal Stoughton, Oren Sussman, Michael Roberts, Jean Tirole, Lucy White, and Joseph Zechner. We also thank Lucian Bebchuk for providing us with access to his data on charter-based and bylaws-based staggered board classifications, Dirk Jenter for providing access to his CEO turnover data, and David Larcker for providing access to the data errors for staggered boards in the IRRC volumes documented in Larcker, Reiss, and Xiao (2015).