Economics Bulletin

Volume 36, Issue 2

Voting against absent directors

Sylvain Bourjade
University of Toulouse, Toulouse Business School

Crina Pungulescu
Institute for Economic Forecasting, National Institute of Economic Research and Romanian Academy

David Stolin
University of Toulouse, Toulouse Business School

Abstract

Director elections are a key corporate governance mechanism, and attendance of board meetings is typically the only observable measure of individual director effort. However, little is known is about shareholder voting response to director absences. Using data on large UK public companies, we report that shareholder opposition to directors is 1) highly convex in the proportion of meetings they missed in the preceding fiscal year, and 2) unaffected by director absences in the fiscal year before, in spite of 3) absenteeism being persistent from one year to the next. We raise questions about the optimality of investor decision-making in the proxy voting process and draw parallels to the literature on investor reaction to fund performance.

We are grateful to Laurent Germain, David Le Bris, Sébastien Mitraille, Miguel Urdanoz and to participants at a Toulouse Business School finance workshop for comments. All errors are ours. Contact e-mail: d.stolin@tbs-education.fr.
Citation: Sylvain Bourjade and Crina Pungulescu and David Stolin, (2016) "Voting against absent directors", *Economics Bulletin*, Volume 36, Issue 2, pages 901-912
Contact: Sylvain Bourjade - s.bourjade@tbs-education.fr, Crina Pungulescu - crina_pungulescu@ipe.ro, David Stolin - d.stolin@tbs-education.fr.
Submitted: December 23, 2015. **Published:** May 18, 2016.

1 Introduction

Company directors are meant to represent investors' interests, and investors are meant to make informed choices when voting on directorship nominees. In particular, when a previously serving director is re-nominated, investors can signal their (dis)approval of how well the director has represented their interests. Typically, however, no information is available about individual directors' performance other than their attendance of board and committee meetings. In fact, for US companies, even this information is very crude: companies are only required to report whether a given board member missed over a quarter of meetings that he or she was eligible to attend in a given fiscal year. While it has been shown (Cai et al., 2009) that egregious absenteeism is punished by voting shareholders, this is the extent of our understanding of investor reaction to board member performance. By contrast, the extensive and expanding literature on investor reaction to fund manager performance is central to our understanding of the fund management industry. We argue that deeper study of investor reaction to director performance is likewise important to our understanding of corporate boards, and we take a step in this direction by examining linkages between UK director attendance and investor voting.

Just like stock investors can discipline underperforming board members by withholding votes, so fund investors can discipline underperforming fund managers by withdrawing money. Fund management scholars have expended substantial effort on studying the money flow-performance relation and seeking to relate it to (fund manager) performance persistence. Specifically, there is overwhelming evidence that the performance-flow relation is monotonically positive and strong (Sirri and Tufano, 1998) and is multi-period in nature (Del Guercio and Tkac, 2002), although the long-standing belief that the relation is convex has recently been brought into question (Spiegel and Zhang, 2013). While fund performance persistence could account for such investor reaction, there is little evidence that performance persists (Carhart, 1997). Gruber (1996) argues that the puzzle disappears if, even in the absence of performance persistence, funds chosen by investors subsequently tend to outperform ("money is smart"), which Zheng (1999) and Keswani and Stolin (2006) confirm to be the case. These three interrelated issues - the performance-flow relation, the nature of performance persistence among fund managers and the smart money effect - inform our understanding of the market for fund managers.

We argue that to gain comparable insight into the market for board members we need, at a minimum, to understand the same three issues: i) is better performance rewarded by greater investor approval, ii) is better performance followed by better performance, and iii) is greater investor approval followed by better performance[1]. Translating the above to the director election setting, where the observable

[1]Another important issue that is prominent in the performance-flow literature, and which has an obvious parallel in the attendance-votes setting, is how investor reaction through money flows differs for individual and institutional investors (Del Guercio and Tkac, 2002; Bergstresser et al., 2007). Unfortunately, a clean disaggregation of votes into those due to individual and institutional investors is not available, and only a minority of institutional votes are accounted for in

measure of a director's performance is his or her meeting attendance, and the observable measure of investors' approval is their votes for the director's reelection, we need to study the following: i) is better attendance rewarded by more supporting votes, ii) is better attendance followed by better attendance, and iii) are more supporting votes followed by better performance. Specifically, based on the above insights from the fund management literature, we formulate the following hypotheses (for convenience we phrase them in terms of director absence and investor opposition, rather than director attendance and investor support):

H1. The relation between director absence and subsequent voting opposition is

A. Positive

B. Convex

C. Multi-year

H2. Director absenteeism is persistent from year to year.

H3. Greater investor opposition to a director predicts greater absenteeism.

Currently, based on US data we only know that director absence in excess of 25% leads to opposition by proxy advisory firms (Choi et al., 2008) and investors (Cai et al., 2009). In contrast, having fine-grained UK data on director attendance enables us to test each of the above hypotheses.

While the fund management literature provides a useful roadmap for investigating the interconnection between director attendance and investor voting, it is important to recognize that the analogies go only so far. Yes, directors are stock investors' agents just as fund managers are fund investors' agents; both meeting attendance and fund performance are noisy proxies for the agent's unobservable quality and effort; both withdrawing money and withholding votes are ways for the principal to express displeasure with the agent - and both activities have been criticized as insufficiently responsive. On the other hand, there are clear differences, too: showing up for a meeting is easier that delivering alpha - and voting, unlike investing, is 'cheap': a poor decision will almost certainly have no consequence for the individual decision-maker. Further, Berk and Green (2004) point out that if investment performance is rewarded with money flows and investment return to scale is decreasing, then in equilibrium there is no performance persistence - and no such equilibrating mechanism connects director performance and investor votes.

We conduct a pilot study with data on director meeting attendance and voting outcomes for the UK's FTSE 100 firms for 2013-2015. That the meeting attendance/ proxy vote relationship is likely to be rather different from the investment performance/ money flow relationship is suggested by one

institutional investors' self-disclosed voting data (Kogan and Salganik-Shoshan, 2015)

remarkable case from our sample. In 2014, Astra Zeneca's independent director Jean-Philippe Courtois missed four of the board's 11 meetings (or 36%) and as a direct result of this incurred a very unusual, and highly publicized,[2] 42.6% opposition to his re-election (while the other 12 AstraZeneca directors averaged 1.8% opposition to their re-election. The following year, however, Mr. Courtois missed three meetings out of 19 (or 16%) - still substantially above the average for that year - but incurred only 0.13% opposition (while the other AstraZeneca directors averaged 0.65% opposition) - and to our knowledge, there was no publicity surrounding this vote. This implies a very strong investor reaction to director performance - but an apparently a memoryless one. Industry insiders suggested to us that this is due to a mechanical voting process by (especially) institutional investors. Of course, whether such intuition explains the wider voting patterns, is an empirical issue.

The findings of our pilot study are as follows. First, the director absenteeism / investor disapproval relationship is convex. Second, it exists for only a single period. Third, absenteeism is persistent. While it is plausible that the results are simply due to limited investor attention, we also briefly discuss some theoretical issues our findings raise.

Our data and results are presented in the following section, while Section 3 concludes.

2 Data and results

We use director attendance data for 2013 and 2014, and proxy voting outcomes from 2014 and 2015, all obtained from Manifest, a proxy advisory firm headquartered in the UK. Our dataset is summarized in Table 1.

[Table 1 here]

As the first column of Table 1 shows, both 2014 and 2015 proxy seasons saw 741 director elections at FTSE 100 firms. Opposition to directors averages 1.3% in 2014 and 1.1% in 2015. However, this includes executive directors, for whom board meeting attendance may not be the only available performance measure, and who therefore will be excluded from our subsequent analyses of the attendance-vote relation. According to Column 2, which focuses on NEDs only, in 2014 the average level of opposition to an NED is 1.2%, the median is 0.5%, and the maximum is 42.6% (the previously mentioned case of M. Courtois). In 2015, the corresponding numbers are 1.1%, 0.5%, and 18.3%. The stability of the mean and the median across the two years is remarkable (in fact, without M. Courtois, the mean opposition is 1.1% in both years).

[2] See e.g. http://www.ft.com/cms/s/0/c26e1788-fc93-11e3-86dc-00144feab7de.html#axzz3gZeZuzIh and ShareAction (2015).

The third column focuses on directors who stood for election both in 2014 and 2015 votes (636 and 732, respectively). They received very similar opposition as the full sample of directors. Columns 4 and 5 shows that female directors, and those with academic or aristocratic titles tend to experience a lower level of investor opposition. Column 6 shows that directors who missed two or more meetings received 2-3 times higher opposition on average compared to the full sample, although the median is similar to the full sample.

Several of our tests require directors to be available both in the 2014 and the 2015 voting samples. In addition it is difficult to interpret meeting attendance data for directors who only had several board meetings to attend. Therefore, we limit our final sample to those NEDs who were voted on in both 2014 and 2015, and who had at least 6 meetings to attend in each year. The last column of Table 1 shows that there were 417 such directors in 2014, and 490 in 2015, giving us our final sample of 907 votes on individual directors. Both the mean and median levels of opposition to these directors are very close to those for all FTSE100 directors, suggesting that systematic selection bias is unlikely.

[Table 2 here]

Table 2 shows the characteristics of our final sample, by year. The most salient of these for our subsequent analyses is the proportion of meetings not attended (PR_NA). The mean and the median proportions of missed meetings are the same in both years, at 3% and 0%, respectively.

[Table 3 here]

For prima facie evidence on director characteristics that may matter to investors when exercising proxy votes, Table 3 splits votes depending on whether company-adjusted opposition to a director ('AGV') is above or below its mean. For brevity, we only mention cases where the difference in the means for the 'above' and 'below' categories (the columns labelled 'POS' and 'NEG', respectively) exceeds 10%. These are the proportion of missed meetings in 2014 (3.4% for more-opposed directors versus 2.8% for less-opposed ones) and director tenure in both years (with-more opposed directors having one-half to one-third longer tenure). At first glance, one could have expected a stronger effect of meeting attendance on voter disapproval. However, as the M. Courtois case suggests, investors may be focused on cases of *extreme* absenteeism. We next seek to shed light on this issue.

[Table 4 here]

In order to investigate our hypothesis while controlling for confounding variables, we conduct multivariate regressions, whose results are shown in Table 4. Columns 1 and 5 show (respectively, for the 2014 and 2015 proxy seasons) the results of an OLS regression of demeaned votes against a director (AVG) on the proportion of meetings the director missed. While hypothesis H1.A predicts a positive

and significant coefficient, the estimated coefficients of 0.0815 and 0.0397 are insignificant even at the 10 percent level. While this may in part be explained by the relatively small sample size, a more plausible explanation is that investors (and proxy advisory agencies) will react strongly only in rare cases of extreme absenteeism, such as that of M. Courtois. In addition, examination of the data indicates that directors who have missed zero meetings have higher opposition than those who missed a small number of meetings (perhaps because these directors are of lower quality, or because perfect attendance is perceived as a signal of lower quality). This leads us to H1.B, which predicts that the relation between absenteeism and investor disapproval is convex. The results for both 2014 and 2015 (in Columns 2 and 6, respectively) strongly support this hypothesis: the coefficient estimate for PR_NA^2 is significant at the 5% level in both years.

Columns 3 and 7 show the effect of including director tenure, measured in thousands of days (TEN/1000). While longer-serving directors face greater opposition, the convexity of the director absenteeism / investor opposition relationship is preserved in both years. The regressions reported in Columns 4 and 8 additionally include indicator variables for female and titled directors, as well as the number of positions held by the director across all companies, as well as the stock's excess return (over the FTSE100 index) over the course of the previous calendar year. While female directors attract significantly less voting opposition (and titles and the number of positions, as well as prior returns[3], are insignificant), the convexity of votes in the proportion of meetings attended remains significant throughout.

Columns 9 through 11 of the table report regressions that focus on the 2015 proxy season, and include voting outcomes and meeting attendance from the previous season. Apparently, voter disapproval is not persistent (the coefficient on $AGV\_PREVIOUS$ in Column 9 is insignificant); the proportion of meetings missed in the previous year ($PR\_NA\_PREVIOUS$) is likewise insignificant in Column 10; and most interestingly, convexity of the absenteeism/opposition relationship does not carry over to the following year - $PR\_NA\_PREVIOUS^2$ is insignificant in Column 11. This short memory is consistent with the near-zero opposition to M. Courtois in 2015 following massive opposition in 2014. In other words, we find no support for hypothesis H1.C, that the impact of director absences is long-lasting.

[Table 5 here]

Table 5 focuses on Hypothesis H2, that absenteeism is persistent. The evidence is largely consistent with the hypothesis. As column 1 shows, the 0.2846 coefficient estimate for $PR\_NA\_PREVIOUS$ is significant at the 1 percent level. Further, both above - and below - average non-attendance are

[3]We include this variable because it is reasonable to expect that directors would be penalized with "against" votes for poor company performance. One plausible explanation for the insignificance of this variable in our sample is that company (under)performance is most likely to affect votes when the (under)performance is extreme, and/or during especially economically difficult times - none of which applies to the companies in our sample over the 2014-2015 period.

significant (Columns 2 and 3). In addition, $PR\_NA\_PREVIOUS$ remains significant when the previous year's voting outcome is accounted for in various ways (Columns 4 to 8).

Lastly, the table also sheds light on Hypothesis 3, that votes on a director predict future attendance. The insignificant -0.1190 coefficient on $AGV\_PREVIOUS$ in Column 4 does not support the hypothesis that votes predict future director absenteeism. This finding is confirmed by the regressions reported in Columns 5 and 6, where the focus is on directors with above (respectively, below) average positive votes.

3 Conclusion

Our paper sheds new light on the very low opposition rates to management proposals, focusing on the specific case of director re-nominations. Even though detailed board meeting attendance data for each director of a large UK corporation is available in its annual report, investors appear to react to extreme cases of absenteeism, and only during the immediately following election. This is in spite the fact that absenteeism is persistent from one year to the next.

The extensive fund management literature generally views fund investors as more or less rationally updating their beliefs about fund manager quality as new information on their performance comes in, although of course not all investors are equally sophisticated in doing so. In the no less significant director election context, or paper furnishes evidence which, at first glance, is consistent with a rather mechanical investor reaction. On the other hand, it may be that investors, in order to attract high-quality directors, rationally give the directors the benefit of the doubt unless their absenteeism reaches a level that is hard to ignore, and allow them a fresh start in the new fiscal year. Whatever the explanation, it is clear that there is scope for more empirical and theoretical work on this important issue.

References

Bergstresser, D., J. Chalmers, and P. Tufano (2007). Assessing the costs and benefits of brokers in the mutual fund industry. *Review of Financial Studies 22*, 4129–4156.

Berk, J. and R. Green (2004). Measuring skill in the mutual fund industry. *Journal of Political Economy 112*, 1269 –1295.

Cai, J., J. Garner, and R. Walking (2009). Electing directors. *Journal of Finance 64*, 2389–2421.

Carhart, M. (1997). On persistence in mutual fund performance. *Journal of Finance 52*, 57–82.

Choi, S., J. Fisch, and M. Kahan (2008). Director elections and the role of proxy advisors. *Southern California Law Review 82*, 649–701.

Del Guercio, D. and P. Tkac (2002). The determinants of the flow of funds of managed portfolios: Mutual funds vs. pension funds. *Journal of Financial and Quantitative Analysis 37*, 523–557.

Gruber, M. (1996). Another puzzle: The growth in actively managed mutual funds. *Journal of Finance 51*, 783–810.

Keswani, A. and D. Stolin (2006). Mutual fund performance persistence and competition: A cross-sector analysis. *Journal of Financial Research 29*, 349–366.

Kogan, T. and G. Salganik-Shoshan (2015). Corporate monitoring and voting disclosure choices: A study of uk asset managers. *Corporate Ownership and Control 13*, 641–657.

ShareAction (2015). Asset manager voting practices: In whose interests? Survey of 2014's AGM season. *Available from http://action.shareaction.org/page/-/AssetManagerVotingPracticesFinal.pdf?nocdn=1*.

Sirri, E. and P. Tufano (1998). Costly search and mutual fund flows. *Journal of Finance 53*, 1589–1621.

Spiegel, M. and H. Zhang (2013). Mutual fund risk and market share-adjusted fund flows. *Journal of Financial Economics 108*, 506–528.

Zheng, L. (1999). Is money smart? A study of mutual fund investors' fund selection ability. *Journal of Finance 54*, 901–933.

Table 1: **Descriptive Statistics: Votes Against (%)**

This table provides descriptive statistics (number of observations, mean, median, maximum, minimum, standard deviation) for the percentage of votes against for the full sample of directors that have been the object of election/re-election votes both in 2014 and 2015 as well as subsamples of only (1) non-executive directors, (2) re-elected directors, (3) female directors, (4) titled (academic and/or aristocratic) directors, (5) directors that missed at least 2 board meetings and (6) non-executive, re-elected directors that had to attend at least 6 board meetings.

Votes Against (%)								
	Sample:	Full	Non Executive	Re-elected	Female	Titled	2+ Board Meetings Not-Attended	Non Executive Re-elected 6+ Board Meetings
2014	No. obs.	741	550	636	176	89	21	417
	Mean	0.0125	0.0119	0.0132	0.0098	0.0087	0.0384	0.0126
	Median	0.0051	0.0048	0.0053	0.0043	0.0036	0.0042	0.0052
	Maximum	0.4261	0.4261	0.4261	0.1351	0.1054	0.4261	0.4261
	Minimum	0.0000	0.0000	0.0000	0.0001	0.0001	0.0012	0.0001
	Std. Dev.	0.0245	0.0250	0.0257	0.0195	0.0150	0.0944	0.0274
2015	No. obs.	741	550	732	176	89	32	490
	Mean	0.0116	0.0112	0.0117	0.0088	0.0108	0.0212	0.0116
	Median	0.0053	0.0051	0.0054	0.0044	0.0045	0.0053	0.0052
	Maximum	0.1833	0.1833	0.1833	0.1364	0.1313	0.1833	0.1833
	Minimum	0.0000	0.0001	0.0000	0.0001	0.0001	0.0006	0.0001
	Std. Dev.	0.0201	0.0211	0.0202	0.0157	0.0213	0.0407	0.0219

Table 2: **Subsample Descriptive Statistics: Non-executive, re-elected directors with at least 6 board meetings to attend**

This table provides descriptive statistics for a set of variables for the subsample of non-executive, re-elected directors that had to attend at least 6 board meetings per year, as follows: (1) percentage of votes against, demeaned per company (AGV), (2) number of companies where directors hold positions (CO), (3) number of positions (members of the Board, members of various committees) held by directors across all the companies (P_ALL), (4) number of positions held by directors in the same company (P_SAME), (5) number of board meetings to attend (MTGS), (6) number of board meetings not attended (MTGS_NA), (7) proportion of board meetings not-attended (PR_NA) and (8) tenure in days from date of first election as a director to date of the vote (TEN).

Sample:	**Non-executive, re-elected directors with 6 or more board meetings to attend**							
Variable		AGV	CO	P_ALL	P_SAME	MTGS	MTGS_NA	PR_NA	TEN
2014	No. obs.	417	417	417	417	417	417	417	417
	Mean	-0.00004	1.34	4.50	3.40	8.97	0.27	0.03	1748.34
	Median	-0.00197	1.00	4.00	3.00	8.00	0.00	0.00	1364.50
	Maximum	0.36907	3.00	24.00	10.00	25.00	5.00	0.56	18748.48
	Minimum	-0.05645	1.00	1.00	1.00	6.00	0.00	0.00	302.50
	Std. Dev.	0.02412	0.57	2.70	1.26	2.72	0.66	0.07	1521.61
2015	No. obs.	490	490	490	490	490	490	490	490
	Mean	-0.00029	1.24	4.22	3.45	9.52	0.30	0.03	1868.17
	Median	-0.00169	1.00	4.00	3.00	9.00	0.00	0.00	1575.53
	Maximum	0.16231	3.00	20.00	10.00	38.00	8.00	0.38	10939.44
	Minimum	-0.06550	1.00	1.00	1.00	6.00	0.00	0.00	488.46
	Std. Dev.	0.01893	0.47	2.27	1.22	3.81	0.76	0.06	1272.65

Table 3: **Split Subsample Descriptive Statistics: Non-executive, re-elected directors with at least 6 board meetings to attend, with above/below average percentage of votes against**

This table provides descriptive statistics for a set of variables for the subsample of non-executive, re-elected directors that had to attend at least 6 board meetings per year for the sample split in two groups based on the percentage of votes against, demeaned by company (AGV), as follows: (1) group of directors with above average percentage of votes against (POS) and (2) group of directors with below average percentage of votes against (NEG). The variables described are: (1) percentage of votes against, demeaned per company (AGV), (2) number of companies where directors hold positions (CO), (3) number of positions (members of the Board, members of various committees) held by directors across all the companies (P_ALL), (4) number of positions held by directors in the same company (P_SAME), (5) number of board meetings to attend (MTGS), (6) number of board meetings not attended (MTGS_NA), (7) proportion of board meetings not-attended (PR_NA) and (8) tenure in days from date of first election as a director to date of the vote (TEN).

Subsample		Non Executive, Re-elected, 6 or more board meetings to attend															
Variable		AGV		CO		P_ALL		P_SAME		MTGS		MTGS_NA		PR_NA		TEN	
Demeaned AGV		POS	NEG	POS	NEG	POS	NEG	POS	NEG	POS	NEG	POS	NEG	POS	NEG	POS	NEG
2014	No. obs.	133	284	133	284	133	284	133	284	133	284	133	284	133	284	133	284
	Mean	0.01573	-0.00742	1.38	1.33	4.69	4.41	3.44	3.38	9.17	8.88	0.2932	0.2641	0.0336	0.0280	2273.23	1502.522
	Median	0.00577	-0.00407	1.00	1.00	4.00	4.00	3.00	3.00	8.00	8.00	0.0000	0.0000	0.0000	0.0000	1620.60	1280.958
	Maximum	0.36907	-0.00001	3.00	3.00	13.00	24.00	8.00	10.00	22.00	25.00	5.0000	3.0000	0.5556	0.3000	18748.48	6225.458
	Minimum	0.00000	-0.05645	1.00	1.00	1.00	1.00	1.00	1.00	6.00	6.00	0.0000	0.0000	0.0000	0.0000	399.50	302.5
	Std. Dev.	0.03557	0.00969	0.59	0.57	2.53	2.77	1.41	1.18	3.08	2.53	0.8329	0.5614	0.0897	0.0592	2271.51	898.1209
2015	No. obs.	161	329	161	329	161	329	161	329	161	329	161	329	161	329	161	329
	Mean	0.01391	-0.00723	1.35	1.19	4.70	3.99	3.55	3.41	9.84	9.36	0.2981	0.3040	0.0258	0.0287	2220.53	1695.745
	Median	0.00495	-0.00413	1.00	1.00	4.00	4.00	4.00	3.00	9.00	8.00	0.0000	0.0000	0.0000	0.0000	1816.46	1506.604
	Maximum	0.16231	-0.00001	3.00	3.00	13.00	20.00	8.00	10.00	38.00	32.00	8.0000	5.0000	0.3810	0.3333	10149.58	10939.44
	Minimum	0.00004	-0.06550	1.00	1.00	1.00	1.00	1.00	1.00	6.00	6.00	0.0000	0.0000	0.0000	0.0000	523.50	488.4583
	Std. Dev.	0.02489	0.00920	0.57	0.40	2.48	2.12	1.21	1.23	4.33	3.53	0.8933	0.6932	0.0699	0.0618	1570.27	1058.807

Table 4: The Non-Linear Effect of Board Meeting Attendance on Votes Against (%)

This table reports the results of OLS regressions of the votes against (%) demeaned by company (AGV) on the proportion of not attended board meetings (PR_NA) and various control variables, based on the model:

$$AGV_i = \alpha + \beta PR\_NA_i + \gamma PR\_NA_i^2 + \delta CTRL_i + \varepsilon_i,$$

where α and ε_i are respectively the intercept and the error term. CTRL includes the following set of control variables: (1) tenure in office expressed in days divided by 1000 (TEN/1000), (2) a dummy variable equal to 1 for female directors (GEN), (3) a dummy variable equal to 1 for titled directors (TITLE), (4) the number of positions held by directors across all companies they are involved with and (5) the one year (to 31.12) excess return of each company of FTSE 100 (ExRET). The equations are estimated for 2014 and respectively 2015 variables. For 2015, previous year variables are also included in the list of regressors (models $9-11$). Statistical inference is based on Newey-West standard errors and significance is denoted by *** (at 1%), ** (at 5%) and * (at 10%).

Model	1	2	3	4	5	6	7	8	9	10	11
Year	2014	2014	2014	2014	2015	2015	2015	2015	2015	2015	2015
C	**-0.0025***	-0.0010	**-0.0063*****	**-0.0074*****	-0.0014	-0.0003	**-0.0047*****	**-0.0065*****	**-0.0057*****	**-0.0060*****	**-0.0060*****
	(0.0013)	(0.0009)	(0.0019)	(0.0021)	(0.0009)	(0.0007)	(0.0013)	(0.0022)	(0.0022)	(0.0021)	(0.0021)
PR_NA	0.0815	**-0.0710***	**-0.0770****	**-0.0744***	0.0397	**-0.1281****	**-0.1305****	**-0.1424****	**-0.1480****	**-0.1510****	**-0.1493****
	(0.0510)	(0.0393)	(0.0388)	(0.0386)	(0.0310)	(0.0586)	(0.0586)	(0.0593)	(0.0588)	(0.0626)	(0.0581)
PR_NA^2		**0.5373****	**0.5599****	**0.5550****		**0.7245****	**0.7332****	**0.7786****	**0.7953****	**0.7940****	**0.7882****
		(0.2604)	(0.2629)	(0.2608)		(0.3458)	(0.3445)	(0.3442)	(0.3391)	(0.3358)	(0.3202)
TEN/1000			**0.0031*****	**0.0029*****			**0.0024*****	**0.0021*****	**0.0016*****	**0.0017*****	**0.0017*****
			(0.0010)	(0.0009)			(0.0007)	(0.0006)	(0.0006)	(0.0006)	(0.0006)
GEN				**-0.0031***				**-0.0048*****	**-0.0043*****	**-0.0042****	**-0.0042****
				(0.0017)				(0.0017)	(0.0016)	(0.0016)	(0.0016)
TITLE				-0.0047				0.0002	0.0013	0.0016	0.0016
				(0.0032)				(0.0002)	(0.0023)	(0.0025)	(0.0025)
P_ALL				0.0005				**0.0009****	**0.0009****	**0.0009****	**0.0009****
				(0.0003)				(0.0004)	(0.0004)	(0.0004)	(0.0004)
Ex_RET				0.0035				0.0022	0.0021	0.0023	0.0024
				(0.0060)				(0.0023)	(0.0023)	(0.0024)	(0.0025)
AGV_PREVIOUS									0.1639	0.1577	0.1553
									(0.1100)	(0.1096)	(0.1121)
PR_NA_PREVIOUS										0.0078	0.0014
										(0.0164)	(0.0254)
$PR\_NA\_PREVIOUS^2$											0.0208
											(0.1085)
Adj. R^2	0.05	0.12	0.15	0.15	0.02	0.08	0.10	0.12	0.16	0.16	0.15

Table 5: Persistence of Absenteeism (i.e. Proportion of board meetings not-attended)

This table reports the results of OLS regressions of the proportion of board meetings not-attended in 2015 (PR_NA) on the previous year variable, based on the model:

$$PR\_NA_i = \alpha + \beta PR\_NA\_PREVIOUS_i + \delta CTRL_i + \varepsilon_i,$$

where α and ε_i are respectively the intercept and the error term. The previous year proportion of board meetings not-attended corresponds in turn to: (1) the full sample (PR_NA_PREVIOUS), (2) the subsample of directors with above average votes against (PR_NA_PREVIOUS_POS) and (3) the subsample of directors with below average votes against (PR_NA_PREVIOUS_NEG). The control variable, $CTRL_i$ is either: votes against (%) demeaned by company in the previous year for: (1) the full sample (AGV_PREVIOUS), (2) the subsample of directors with above average votes against (AGV_PREVIOUS_POS), and (3) the subsample of directors with below average votes against (AGV_PREVIOUS_NEG) or an interaction term between the previous year proportion of board meetings not-attended for the full sample (PR_NA_PREVIOUS) and a dummy variable for the directors with above/below average votes against in the previous year (DUMMY_POS / DUMMY_NEG). Statistical inference is based on Newey-West standard errors and significance is denoted by *** (at 1%), ** (at 5%) and * (at 10%).

Model	1	2	3	4	5	6	7	8
	484	149	335	484	149	335	418	461
C	**0.0187*** **	**0.0151*** **	**0.0197*** **	**0.0184*** **	**0.0146*** **	**0.0174*** **	**0.0145*** **	**0.0183*** **
	(0.0028)	(0.0044)	(0.0035)	(0.0028)	(0.0045)	(0.0043)	(0.0027)	(0.0029)
PR_NA_PREVIOUS	**0.2846*** **			**0.2923*** **	**0.2336** **	**0.3263*** **	**0.4891*** **	**0.2839** **
	(0.0720)			(0.0730)	(0.1154)	(0.0929)	(0.0935)	(0.1406)
PR_NA_PREVIOUS_POS		**0.2399** **						
		(0.1038)						
PR_NA_PREVIOUS_NEG			**0.3288*** **					
			(0.0937)					
AGV_PREVIOUS				-0.1190				
				(0.1236)				
AGV_PREVIOUS_POS					0.0477			
					0.1466			
AGV_PREVIOUS_NEG						-0.3248		
						(0.3408)		
PR_NA_PREVIOUS×DUMMY_POS							**-0.2469** **	
							(0.1220)	
PR_NA_PREVIOUS×DUMMY_NEG								0.0527
								0.1595
Adj. R^2	0.11	0.13	0.11	0.11	0.13	0.11	0.18	0.12