

Asset Manager Co-employment: When Executives Sit on Both Sides of the Ballot*

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February 27, 2026

Abstract

We uncover “halo voting” ties: conflicts of interest where corporate executives take employment with an asset manager, which provides the opportunity to influence corporate elections. We find that asset managers tend to vote 6.8 percentage points more pro-management after a halo voting tie is established. This pro-management bias is pronounced for proposal types where executives personally benefit from election results, particularly for pivotal proposals, thereby weakening principal-agent oversight. Asset managers seemingly benefit from halo voting ties because executives who are tied to the firm often reassign the firm’s pension plan assets, resulting in additional revenue.

Key words: Corporate governance, Proxy voting, Management proposals, Shareholder proposals, Agency conflicts

JEL codes: G34, G23, P14

*Contact information: bramvdk@mit.edu. We thank Roberto Rigobon, Florian Berg, and participants at the Massachusetts Institute of Technology ACP seminar series for feedback.

1 Introduction

Do executives influence voting on corporate ballots? Corporations worldwide hold regular proxy votes at shareholder meetings, where investors vote on executive pay, director elections, auditor ratification, and shareholder-proposed governance and strategic changes. Fair voting is essential as it enables executives to make value-enhancing decisions by aggregating shareholder information (Christoffersen, Geczy, Musto and Reed, 2007). Furthermore, voting serves as a deterrent for agency problems: executives are less likely to misuse company resources for personal gain when they know they can be held accountable through a shareholder vote (Gillan and Starks, 2000; Cai, Garner and Walkling, 2009; Levit and Malenko, 2011). Consequently, executives have strong incentives to shape proxy voting to their own benefit, steering outcomes that protect their positions or extract additional rents from the firm.¹

Although direct managerial involvement may seem unlikely in a public process like proxy voting, investors often devote limited resources to voting decisions. Institutional asset managers have weak incentives to devote attention to producing costly information because their fee structures tie compensation only loosely to investment performance (Bebchuk, Cohen and Hirst, 2017; Liu, Low, Masulis and Zhang, 2020).² Evidence of this limited attention appears in the outsourcing of voting decisions to third-party proxy advisors and in the abnormal performance of funds that actively monitor (Alexander, Chen, Seppi and Spatt, 2010; Malenko and Shen, 2016; Shu, 2024; Malenko, Malenko and Spatt, 2025; Gao and Huang, 2025). Voting decisions are further obscured because some investors may have incentives to intentionally vote against value-enhancing proposals. They could do so to protect business relationships (Cvijanović, Dasgupta and Zachariadis, 2016), implement trading strategies (Meirowitz and Pi, 2022), or support peers in the financial industry (Keswani, Stolin and Tran, 2017). Together, these forces weaken oversight and create opportunities for executives to steer votes with limited scrutiny.

¹For example, during the highly public proxy battle involving Engine No. 1 and ExxonMobil in 2021, the company's board took the unusual step of calling for a one hour recess during which "company management and sitting board members continued making calls to some of the largest investors. Exxon Mobil said it was explaining to shareholders how to vote". See <https://www.nytimes.com/2021/06/23/magazine/exxon-mobil-engine-no-1-board.html>

²Broad portfolios further dilute the attention institutional investors can devote to any individual ballot item (Kempf, Manconi and Spalt, 2017; Heath, Macciocchi, Michaely and Ringgenberg, 2022). Christoffersen et al. (2007) also shows that monitoring incentives are minimal: the cost of purchasing voting rights in lending markets is close to zero.

This paper presents the concept of “halo voting” ties: a conflict of interest where corporate executives take employment at large asset managers, which provides the opportunity to influence proxy voting decisions. Many executives face limited restrictions on outside employment, particularly when serving as external directors or corporate advisors. When corporate executives are employed by an asset manager, there is a potential for the proxy voting behaviors of the asset manager to shift in the executive’s favor, whether intentionally or unintentionally.³ Even if there is no *actual* conflict of interest, the *perception* of a potential conflict could raise concerns about the presence of agency issues. Investors could be concerned that halo voting ties enable executives to block close-call shareholder-initiated governance interventions and propose more lucrative remuneration packages. Asset managers could also appear to benefit from halo voting ties if they attract additional revenue from corporate pension plans.

To illustrate a potentially concerning case of the halo voting phenomenon, consider the case of Denise Morrison, who joined the Campbell Soup Company in 2003 as Chief Customer Officer and President of Global Sales. Morrison steadily rose through the firm’s ranks to be appointed Chief Executive Officer on August 1, 2011, at which point Campbell’s share price stood at \$32.37. Campbell performed well during the subsequent three years, and Morrison was appointed to the board of MetLife in 2014 when Campbell’s stock traded at \$43.98. Until Morrison retired from Campbell four years later in 2018, MetLife voted with Campbell’s management recommendations in all but one proposal (98% of votes), even as Campbell’s share price fell to \$34.37 by the time of Morrison’s departure. After she stepped down, MetLife’s voting behavior seemed to shift: it supported Campbell’s management only 58% of the time until the end of our sample even as the company’s share price recovered.

Halo voting ties are surprisingly common. We compile halo voting tie information for all asset managers with more than \$250 billion in global assets under management during 2010–2021 using BoardEx and ExecuComp. Our data reveal 265 ties in which the asset manager directly

³Of course, asset managers are required to have safeguards in place to manage their conflicts of interest. For instance, J.P. Morgan Asset Management detail their approach in their proxy voting guidelines: <https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/institutional/communications/lux-communication/corporate-governance-principles-and-voting-guidelines.pdf>; and BlackRock recognize the existence of these ties: “The following are examples of sources of perceived or potential conflicts of interest:… BlackRock, Inc. board members who serve as senior executives or directors of public companies held in funds and other fiduciary accounts managed by BlackRock” <https://www.blackrock.com/corporate/literature/publication/blk-statement-conflicts-of-interest.pdf>

voted on the firm's proposals. Using Diligent Market Intelligence (formerly Insightia/Proxy Insight) voting data, we identify 5,441 proposals involving a halo voting tie. This represents 1.49% of all proposals in our sample. Halo voting ties occur regularly, even among the largest asset managers. For example, Vanguard has had five halo voting ties during our sample⁴. For proposals relating to these tied firms, Vanguard voted 96% in favor of management, compared to its 85% average for untied proposals.⁵ Moreover, BlackRock, Vanguard, and State Street reported seven insider ties across their boards as of the end of October 2025, or 16% of their total of 44 board members.⁶

We find that asset managers with halo voting ties vote significantly more pro-management. An asset manager with a tie votes more in alignment with a tied firm's management by 6.8 percentage points compared to non-tied firms, after controlling for ISS recommendations, firm fixed effects, proposal type by year fixed effects, firm financials, past performance, and CEO duality.⁷

The effect of halo voting ties is more pronounced when executives have a greater personal stake in proposal outcomes. We find that asset managers with halo voting ties vote most strongly with management on environmental and social proposals (+14.3 percentage points) and governance proposals (+13.8 percentage points). These proposal types are typically outside executives' direct control and strive to address agency concerns. Among management proposals, executive remuneration shows the largest effect (+9.2 percentage points), followed by auditor ratification (+5.9 percentage points), director elections (+5.6 percentage points), and M&As (+2.6 percentage points).

We provide evidence that halo voting ties can shift proposal outcomes to the benefit of management. We analyze close-call proposals that narrowly pass or fail by a 2.5%, 5%, or 10% margin. Proposals with halo voting ties in these narrow ranges are 13.8 to 15.8 percentage points more likely to pass compared to non-close-call proposals. This implies that halo voting ties

⁴IBM, Hyster-Yale Materials Handling, NACCO Industries, Selective Insurance Group, and Genpact

⁵Further, Vanguard voted in support of management on 100% of IBM, Genpact, and Selective Insurance proposals.

⁶Respectively, the CEOs of the Saudi Arabian Oil Company, Zoetis, Cisco, and Verizon for BlackRock; President and CFO of The Coca-Cola Company and global head of operations at Airbnb for Vanguard; President and CEO of Iron Mountain for State Street.

⁷We focus on whether votes are in line with management recommendations because managers typically promote their preferred directors, pay structures, and auditors; and oppose shareholder proposals or investor-proposed directors in proxy contests.

have real implications for the influence shareholders have on agency conflicts through voting. Unexpectedly, we find no evidence that asset managers with halo voting ties generally increase their support for proposals within these tight voting windows. Taken together, these results suggest that asset managers with insider ties appear to vote more favorably with management when their votes are pivotal for vote outcomes and vote less supportively when their votes do not affect the outcome.

One endogeneity concern in evaluating halo voting effects is executive selection. Asset managers may choose board members for their abilities, leading them to vote more favorably for tied firms because they expect strong management performance. Positive selection may also arise from relational biases, in which asset managers hire friends, family members, or other personal contacts. If either the skill or relational channel explained our halo voting effect, we would expect that the asset manager would *already* vote more consistently pro-management *before* a tie forms.

By contrast, we find that asset managers who will establish a tie in the future do not exhibit higher pro-management voting than other asset managers when the executive is already employed at the firm, but before the tie exists. This does not imply that the largest asset managers avoid hiring based on skill: they frequently hire former executives and influential academics. However, our analysis rules out skill-based selection and relational preferences as drivers of the halo voting effects we document.

Asset managers can benefit from a halo voting tie by earning fees from managing a tied firm's corporate pension plan. The market for pension plans is competitive and makes up a substantial share of asset manager revenue (Matvos and Ostrovsky, 2010). Accordingly, asset managers can potentially benefit by attracting pension holdings or fees through uncompetitive channels, such as halo voting ties. To illustrate, Cisco Systems shifted an additional 36.7%, or \$4.99 billion, of its pension holdings to BlackRock in 2017, the year a halo voting tie was established when CEO Chuck Robbins joined BlackRock's board. We manually trace pension allocations and fees for all tied firms using the Department of Labor Form 5500 data. On average, we find that firms increase pension holdings with tied asset managers after a tie is established by \$246.7 million. This is roughly a revenue of \$1.2 million in fees per annum, assuming a fee of

50 bps (following Cvijanović et al., 2016).

This paper makes three contributions. First, we contribute to the literature on corporate governance provisions and proxy voting. We reveal the halo voting channel as a potential source of biased proxy voting that erodes firm governance. Our study complements prior work that documents biased voting in the presence of business ties between asset managers and corporations (Cvijanović et al., 2016; Davis and Kim, 2007) or when involving financial industry peers (Keswani et al., 2017). Our halo voting channel is arguably more prominent than other sources of biased voting because it involves direct employment between the senior leaders of firms and large asset managers. Therefore, the possibility of halo voting demonstrates the need for investor oversight and provides another example of how uninformed proxy voting can result in agency conflicts (Alexander et al., 2010; Malenko and Shen, 2016; Malenko and Malenko, 2019; Shu, 2024; Malenko et al., 2025).

Second, we contribute to the literature on blockholders. We highlight how blockholding asset managers face potential incentives to undermine the rights of minority shareholders and distort competition with fellow asset managers (Edmans, 2014). Large asset managers with halo voting ties have the opportunity to influence the outcomes of pivotal votes that support management's position by a small margin. By casting a biased deciding vote, these large asset managers effectively shift power away from minority shareholders (Bebchuk, 2007), who are already at a disadvantage, and give greater weight to the preferences of firms' executives and boards, thereby exacerbating the agency problem (La Porta, Lopez-de Silanes, Shleifer and Vishny, 2000). Additionally, we show that tied asset managers financially benefit from ties by earning fees from corporate pension plans, which could give the impression of uncompetitive behavior. If asset managers with halo voting ties attract assets from competitors' pension clients without offering better services or a lower price, those asset managers could be perceived by some as having an unfair product market advantage.

Third, we contribute to the literature on managerial entrenchment. Managerial entrenchment has been widely documented to negatively affect firm governance and financial performance (Faleye, 2007; Lin, Wei and Xie, 2020). In our setting, halo voting ties have the possibility of enabling managerial entrenchment. Specifically, tied executives can retain their jobs for longer

by securing support for director votes and blocking shareholders from filing new governance provisions. This allows tied executives to expand control and voting power without expanding their direct share ownership in the firm. In other words, halo voting could be a tool that enables pyramiding (La Porta, Lopez-de Silanes and Shleifer, 1999; Claessens, Djankov, Fan and Lang, 2002; Morck, Wolfenzon and Yeung, 2005), which has been shown to facilitate managerial entrenchment and the destruction of firm value (Gompers, Ishii and Metrick, 2010).

2 Data & Method

2.1 Asset manager selection

We construct our sample of asset managers based on their size in terms of assets under management (AUM), because potential incentives to engage in halo voting increase with scale. Larger asset managers typically hold a greater share of a company's stock, giving tied executives more opportunity to sway corporate vote outcomes. These asset managers also tend to manage the assets of corporate pension plans, offering revenue growth opportunities when halo voting ties exist. For these reasons, we focus our analysis on the largest asset managers.

We select asset managers using the annually published Thinking Ahead Institute World 500 list.⁸ This ranking identifies the world's largest asset managers. We include all asset managers that, at any point during our sample period, managed more than \$250 billion in assets. This criterion yields 124 asset managers. To study halo voting ties, we further restrict the sample to the 85 asset managers with available voting records for U.S.-listed firms. These 85 asset managers collectively controlled approximately \$101 trillion in assets, based on the most recently available AUM figure for each asset manager in our sample.

2.2 Voting records & outcomes

We collect voting records from Diligent Market Intelligence (formerly Insightia/Proxy Insight), which tracks all votes cast by large investors on U.S. ballot items since 2010 using N-PX filings.

⁸<https://www.pionline.com/interactive/pithinking-ahead-institute-world-500-worlds-largest-managers/>

We also compile management’s recommendation for each proposal from ISS, allowing us to identify when asset managers vote in favor of management when merged with the Diligent data. Diligent also classifies proposals into 258 granular categories, 191 of which appeared in our sample, excluding types removed for their lack of utility to our analysis.⁹ This classification enables us to examine halo voting ties across broad proposal groups, including executive compensation, director elections, M&A, governance-related shareholder proposals, and environmental/social shareholder proposals.¹⁰ We also collect meeting date information alongside the proposal data.

We collect proposal voting outcomes and recommendations from ISS. Using ISS Voting Analytics, we obtain the number of votes cast “for”, “against”, and “abstain”, as well as “broker non-votes” for each proposal. We also record each proposal’s required voting threshold, which has two components: 1) the minimum fraction of “for” votes needed for approval, and 2) whether “abstain” or “broker non-votes” are treated as votes “against” or excluded from the denominator. We use this to determine whether proposals passed or failed a vote. In addition, we gather ISS recommendations for all proposals. We end our sample in 2021 because ISS discontinued academic access to its recommendations after that year, and these recommendations serve as an essential control in our analysis (see Malenko and Shen, 2016; Malenko and Malenko, 2019; Malenko et al., 2025, for evidence on ISS’s influence on voting outcomes). Finally, we employ fuzzy-matching algorithms and cross-validate to link ISS outcomes and recommendations to Diligent voting records.

2.3 Halo voting ties

We identify halo voting ties using BoardEx, which provides detailed information on board and key executive positions. We begin by compiling a list of potential insider-tie candidates using the names of all board members and key executives at our asset managers. We then gather each individual’s additional employment positions within the BoardEx universe.

⁹The following proposals were removed from the full sample analysis due to lack of analytic utility: Adjourn/Close Meeting, Other Business, Change Location Of Annual Meeting, Approve Agenda Minutes/Procedures, Authorization of Legal Formalities, Elect Chairman of Meeting, Authorise Board to Ratify and Execute Approved Resolutions, Non Voting Item, Open/Call Meeting to Order, Elect Meeting Approval Committee, Prepare and Approve List of Shareholders, Change Date Of Annual Meeting, Approve Filing of Required Documents and Other Formalities.

¹⁰We exclude administrative proposal types—for example, adjournment proposals required only to formally close the annual meeting. Appendix A provides the full list of excluded proposals.

We define an asset-manager–firm halo voting tie as any instance in which a key employee of the asset manager simultaneously holds an executive position at a firm. In 29.88% of identified ties, the link arises between an asset manager board member and a firm executive (i.e., the corporate executive sits on the asset manager’s board of directors). We do not treat a firm’s independent directors as tied to an asset manager because their incentives differ fundamentally from those of executives: independent directors are expected to mitigate agency conflicts, not have the opportunity to benefit from creating them.

To determine the duration of each tie, we use employment start and end dates recorded in BoardEx. A tie exists during any period in which an individual is simultaneously employed by both the asset manager and the firm. Because BoardEx does not always provide complete employment dates, we supplement missing information with data from Execucomp and Revelio Labs. To remain conservative, we drop observations with unresolved start or end dates.¹¹

Figure 1 summarizes the prevalence of halo voting ties. Large asset managers frequently exhibit such connections, with an increasing trend since 2016. Ties also influence a meaningful share of voting activity. Diligent records 31,983,681 fund–proposal-level votes in our sample, corresponding to 4,726,583 asset-manager-level votes on 204,909 proposals. Of these, 3,145 (1.53%) proposals involve a halo voting tie.

2.4 Empirical specification

We analyze the effect of halo voting ties on the voting of each asset manager f for the shareholder meeting of firm i on proposal p at time t using the following specification:

$$\begin{aligned} \text{VoteWithManagement}_{f,i,p,t} = & \alpha + \beta_1 \text{InsiderVoting}_{f,i,t} + \beta_2 \text{ISSRecommendation}_{i,p,t} \\ & + \text{FinancialControls}_{f,i,t} + \text{GovernanceControls}_{f,i,t} + \text{ProposalType} \times \mu_t + \mu_i + \varepsilon_{f,i,p,t} \quad (1) \end{aligned}$$

We set our unit of analysis to fund-family-level votes (i.e., each asset manager appears once for each vote). Halo voting ties exist between a firm and the asset manager as a whole, not any

¹¹WJJ: Appendix B replicates our findings when we set missing start dates to be the start of the sample, and missing end dates to the end of the sample.

specific fund it operates. Moreover, voting decisions are often coordinated at the fund-family level, with families often casting uniform votes across their underlying funds (Di Giuli, Garel, Michaely and Romec, 2025). Consistent with this, we find that only xx.xx% of fund-family votes in our sample are split across individual funds.

To account for the possibility of split voting while still conducting our analysis at the fund-family level, we follow Cvijanović et al. (2016) and use $VotewithManagement_{f,i,p,t}$ as the dependent variable. $VotewithManagement_{f,i,p,t}$ is defined as $\frac{\sum_{j=1}^J (FundvotewithManagement_{j,f,i,p,t})}{J} * 100$, with $FundvotewithManagement_{j,f,i,p,t}$ if fund j votes in line with management's recommendation, and J is the total number of funds within the family. In other words, our dependent variable measures the percentage of an asset manager's funds that vote with management on a given proposal at a given time. Following Cvijanović et al. (2016), we use an equally weighted fraction because linking ownership information to individual funds is often infeasible.

For the remaining components of Equation 1, $InsiderVoting_{f,i,t}$ is our insider-voting-tie indicator, equal to one when an asset manager has an active tie with a firm at time t . $ISSRecommendation_{i,p,t}$ captures whether ISS recommends voting with management on proposal p . $FinancialControls_{f,i,t}$ includes a set of firm-year financial variables—past three-month cumulative returns, one-year-lagged book-to-market ratios, lagged return on assets, lagged leverage, and lagged log total assets. $GovernanceControls_{f,i,t}$ incorporates measures of CEO power and spending capacity, namely CEO duality and one-year-lagged cash ratios. Table 1 shows summary statistics for all variables used in regression analysis throughout the paper.

We include proposal-type-by-year fixed effects, $ProposalType \times \mu_t$ to account for systematic variation in support across proposal categories and time (for example, M&A proposals tend to receive more support during merger waves, while environmental and social proposals often receive less support during Republican administrations). Finally, we include firm fixed effects, μ_i , to absorb time-invariant firm characteristics.

We cluster standard errors at the proposal-type-by-year level to account for substantial differences in variance across proposal types. Some proposals, particularly those filed by shareholders, receive relatively low support. Because average support for management ranges between 0 and 1, these proposals naturally exhibit high variance. Conversely, proposal types

that routinely receive very high support (e.g., above 90%) display much lower variance by construction. To correct for these systematic differences in variability, we cluster standard errors by proposal type times year.

3 Results

3.1 Halo voting & Managerial incentives

Halo voting ties are associated with more pro-management voting by asset managers. In Table 2 Column (1), we regress whether an asset manager votes in alignment with management's recommendation on a halo voting tie dummy. On average, asset managers with a halo voting tie are 7.3 percentage points more likely to vote with management on a proposal. This provides an initial indication that halo voting ties provide opportunities for executives to influence voting.

To be conservative, we rule out common determinants of voting. As a first step, we control for ISS recommendations that often shift voting in practice (Malenko and Shen, 2016; Malenko and Malenko, 2019; Malenko et al., 2025). Second, we control for time-varying firm financial indicators as they affect the voting and composition of proposals on firm ballots (Karpoff, Malatesta and Walkling, 1996; Brav, Jiang, Li and Pinnington, 2020). We include their lagged book-to-market ratio, lagged return on assets, lagged debt-to-equity ratio, and firm size, as well as past three months' stock returns. Third, we include the cash ratio and CEO duality to consider executives' access to excess resources and their discretion on how to use these resources (following the controls of Matvos and Ostrovsky, 2010). Fourth, we control for proposal type characteristics, as shareholder proposals often receive a significantly lower share of pro-management votes compared to management proposals. Last, we include firm fixed effects to control for variation in governance quality and executive skill across firms. We find that halo voting ties are robust for these controls, with Column (6) showing an average increase in pro-management votes of 6.8%. This is statistically indistinguishable at the 10% level from our Column (1) estimation without controls.

Next, we examine heterogeneity in the halo voting effect sizes across different proposal types. Executives differ in their incentives to influence voting on proposals. The management

team can include proposals that usually cover routine aspects of corporate governance, such as electing directors or ratifying auditors. They have control over these proposals and their timing. The board also puts executive remuneration up for a vote, providing direct financial incentives for executives to secure these packages. Moreover, shareholders sometimes file proposals at the firm that cannot be influenced by executives, and might even address agency issues by proposing governance changes (Cuñat, Gine and Guadalupe, 2012). Therefore, we test whether heterogeneity in incentives for executives lead to more pro-management votes by asset managers with a tie.

We find evidence to suggest that halo voting ties have a larger effect on votes when it is in the tied executive's (private) interest. Halo voting ties are associated with the most pro-management voting on shareholder proposals, see Columns (1 and 2). For environmental and social proposals and governance proposals, a halo voting tie results in asset managers voting 14.3 percentage points and 13.8 percentage points more pro-management, respectively. This is roughly twice the average effect of halo voting ties. Furthermore, we also find larger-than-average coefficient estimates for executive pay, with 9.2 percentage points more pro-management votes by asset managers with insider ties. We observe lower estimates of insider ties in director elections and accounting and auditing-related proposals, at 5.9 and 5.6 percentage points, respectively. M&A-related votes attain the least impact by halo voting ties, with only a 2.6 percentage point increase in pro-management votes. Despite empire-building incentives, we suggest that the coefficient is low as there is less variation in M&A votes, with the average proposal receiving 92% pro-management votes. Further, M&A votes are often publicly discussed in the news, leading to higher reputational damage concerns for the asset manager when they vote pro-management where this is likely to be unprofitable. In short, these results indicate that the presence of halo voting ties can be a source of agency conflict, because shareholder voting outcomes are biased in ways that favor the discretion of tied executives.

3.2 Endogeneity due to executive skill and relational ties

One potential endogeneity concern for our paper is executive skill or relational ties. Asset managers seek to hire board members and executives who make the most significant contributions

to the organization. Therefore, they will select new employees only when they expect them to be very skilled. Consequently, it is not unreasonable to assume that asset managers would vote more favorably on the firm where the tied individual is currently employed. Alternatively, hiring might occur through personal or professional networks (Fracassi and Tate, 2012; Cai and Szeidl, 2018). If either of these narratives holds, the asset manager should *already* vote more favorably on the firm if their future hire works there even before a direct tie is established. We explicitly test this in Table 3.

In Column (1), we introduce an indicator equal to one when an executive is already employed at a firm before a halo voting tie is established. Using the most stringent specification of Table 2, we find no significant effect of pre-employment on asset manager pro-management voting. In Column (2), we more explicitly test whether it is the executive or the tie that explains pro-management voting. We achieve this by introducing our halo voting tie and setting a dummy equal to one when the executive is employed at the firm before a tie is established, and maintaining this value until the tie is resolved. In this specification, we find that only the tie dummy shows a statistically significant effect on pro-management voting by asset managers, not the employment dummy. In other words, the entire impact of pro-management voting is attributable to the period when a tie exists, rather than from the quality or network of halo voting ties. This rules out the possibility that executive skills or relational ties affect halo voting in favor of pro-management voting.

It is not immediately clear what should happen after ties end. Ties can end in two ways: when the executive leaves the asset manager or the firm. When executives leave the firm, their incentives to make the asset manager vote pro-management invert. They have an incentive to curb agency conflicts after they do not personally benefit from them, given their vested stocks and options. When an executive leaves the asset manager, their incentives to influence asset managers' voting behavior remain. The executive could strive to attain pro-management votes even after a tie through pensions or informal ties with the asset manager (Westphal, Boivie and Ming Chng, 2006; Hwang and Kim, 2009). Consequently, it remains an empirical question whether the asset manager will continue to vote pro-management.

In Table 3 Column (3), we empirically study this question. We find that every single time a

halo voting tie ends in our sample, it ends by the executive leaving the asset manager, not the firm. Consequently, executives retain incentives to influence voting. In Column (3), we find that asset managers continue to vote pro-management even after the formal tie with the executive ends. In economic terms, asset managers vote 6.1 percentage points more favorably, an estimate comparable to our baseline coefficient of 6.8 percentage points in Table 2. In Column (4), we jointly consider our halo voting tie indicator as well as a dummy equal to one during and after an executive had a halo voting tie. In this specification, we find no significant effect for our halo voting dummy, indicating that halo voting ties continue with roughly equal magnitude after ties formally end. Taken together, our results suggest that skill or prior networks cannot explain why halo voting ties lead to more pro-management voting by asset managers.

3.3 Close-call proposals

Voting more pro-management is not inherently a concern for good governance; what matters is shifting voting outcomes. Not all proposals are pivotal and can be influenced by an asset manager voting more in favor of management. Many routine proposals, such as auditor ratification or director elections, often receive very high levels of support, with averages exceeding 90%. Others, such as shareholder proposals, and especially those related to environmental and social dimensions, rarely pass (Flammer, 2015). It is the proposals that pass or fail by a narrow margin that are critical for agency issues. These are proposals where investors are in doubt, making them also the ones where information creation through voting is most vital. The notion of pivotal or close-call proposals is well-established in the corporate governance literature. It is often used as an identification strategy to study the consequences of a proposal (Cuñat et al., 2012; Flammer, 2013, 2015; Cuñat, Giné and Guadalupe, 2016, 2020). We focus on the potential for halo voting ties to alter voting outcomes for proposals that narrowly pass or fail.

Table 4 analyzes close-call proposals that narrowly pass or fail with 2.5%, 5%, and 10% windows around the voting threshold. To illustrate, if a proposal needs 50% of supportive votes to pass, we would consider a proposal close-call for the 2.5% definition if it is within the 47.5% to 52.5% range of supportive votes. We adopt an interaction model where we interact these close-call dummies with our halo voting tie indicators. This allows us to differentiate between

the average shift in asset manager support for a close-call proposal, which is likely lower than the average proposal, and their willingness to vote pro-management due to a halo voting tie in these tight elections. We adopt similar controls and fixed effects as in Table 2.

Our findings indicate that halo voting ties affect voting outcomes in favor of management. In Columns (1) to (3), we use an indicator equal to one when a proposal passed as the dependent variable.¹² We find that halo voting ties during close-call elections increase the likelihood that a proposal passes by 15.8, 14.9, and 13.8 percentage points, respectively, for 2.5%, 5%, and 10% close-call definitions. This effect is economically significant, as close-call proposals only receive 22.4, 23.0, and 17.3 percentage points less support compared to conventional votes after applying controls. In short, halo voting ties seem to substantially influence corporate elections, which can enable agency conflicts and weaker principal-agent relationships.

Interestingly, we find no evidence that asset managers, on average, vote more favorably in close-call elections than they would in typical elections. In Columns (4) to (6), we perform a similar analysis to the first three regressions but now using whether an asset manager votes pro-management as the dependent variable. One interpretation of these results is that asset managers are more attentive to particular voting outcomes where there is the possibility of being influential.

3.4 Asset manager pension revenue

Are there incentives for asset managers to vote pro-management? For asset managers, voting pro-management under halo voting ties might induce reputational or legislative risks. However, asset managers can also benefit from initiating halo voting ties through pension revenue. Specifically, they can charge holding, operating, and management fees to the tied firm if this firm moves its pension assets to that asset manager.

¹²A careful reader might notice the number of observations drops from 4,726,583 in Table 2 to 3,230,457 in Table 4. Most of this drop in observations originates from proposals where close-call thresholds cannot be established (N=1,222,487). For instance, some firms always elect directors when uncontested or introduce plurality thresholds for directors and say-on-pay frequency. For these proposals, it is impossible to determine an a priori threshold. Second, we drop proposals where ISS does not provide a requirement for proposals to pass (N=269,817). Third, we adopt proposals where management recommendations are not “For” or “Against” (N=3,460). In our many analyses, we considered these 0.073% of observations as “Against”. Last, we dropped 362 observations with voting results indicated as not applicable, not disclosed, pending, or withdrawn. Adding these dropped observations results in an N of 1,496,126, the exact difference between 4,726,583 and 3,230,457.

We hand-collect retirement pension plan data of publicly traded firms through Forms 5500 filed with the Department of Labor. Any firm with a pension plan under the Employee Retirement Income Security Act Sections 104 or 4065 must file such forms. These forms provide detailed information on any fees paid by firms to external parties for their pension plans, exceeding \$5,000 in value annually. From these forms, we collect information on pension holdings, administrative fees paid by the firm, and administrative fees paid from the pension plan. Following Cvijanović et al. (2016) and Davis and Kim (2007), we adopt a holdings fee of 50bps to compute total pension fees and holdings pension fees because the actual holding fees are unobservable.¹³

We find that firms with halo voting ties move their pensions to tied asset managers. In Table 6 Panel A, we analyze firm-asset-manager-year-level observations and examine whether firms pay higher fees to a tied asset manager during and after a tie is established compared to before. We adopt firm times asset manager fixed effects in addition to the financial and governance controls from Table 2. In Column (1), we find that asset managers receive, on average, \$1.2 million in additional fees after a halo voting tie is established. We disentangle this effect across holdings, direct fees paid by the pension plan, and indirect fees paid by the firm in Columns (2) to (4). We find that the entire effect comes from holdings in Column (2). Auxiliary fees generally tend to be orders of magnitude smaller than those retrieved from holdings.¹⁴

The effects highlighted here likely serve as lower bounds for the actual amounts of additional fees asset managers receive. File 5500 displays two sets of information on portfolio holdings: the total pension assets and the fund-by-fund allocation used in the Table above. On average, the fund-by-fund allocation accounts for only 11.4% of the total pension assets. If we were to apply a correction for this linearly, the total amount of shifted fees would be $\frac{\$1.2\text{million}}{0.114} = \10.7 million.

¹³If a reader is more comfortable with a different fee assumption, rescale the estimated coefficients.

¹⁴Appendix C analyzes the shifts in pensions as a percentage of total pension holdings. We similarly find a positive effect for holdings only. This analysis is noisy, as the sum of holdings where assets are reported does not equal the total pension assets reported in the forms. Consequently, estimates in Table 6 likely represent a lower bound for pension fees.

4 Conclusion

This paper uncovers the common phenomenon of halo voting ties between asset managers and firm executives. We find that asset managers with such ties are 6.8 percentage points more likely to vote with management, even after controlling for ISS recommendations and a full set of financial and governance controls. We provide evidence that this pattern is not driven by selection on executive skill or by preexisting professional networks. Instead, tied asset managers appear to support management in the areas where executives have the most to gain, namely shareholder proposals and executive remuneration. This suggests that halo voting ties have meaningful consequences for principal–agent relationships: they have the potential to influence aggregate voting outcomes and make close-call proposals 15.8 percentage points more likely to pass in management’s favor. Asset managers, in turn, can benefit from these ties when firms shift pension assets under their management, generating fee income.

Halo voting ties could be eliminated through two straightforward policy changes. A strict approach would prohibit firm executives (and board members) from holding positions at the asset managers that vote on their firms. A less restrictive, yet equally effective, alternative would remove voting rights for an asset manager on any firm with which it has a halo voting tie.

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Tables & Figures

Table 1: Summary Statistics

This table shows summary statistics for the variables used in every analysis. We perform analyses at two levels: the asset manager times proposal level and the firm level. We report the number of observations (N), the mean, the standard deviation (Std Dev), the 10th Percentile (P10), the median, and the 90th Percentile (P90).

	N	Mean	Std Dev	P10	Median	P90
Voting Analyzes						
Halo Voting Tie	4,726,682	0.001	0.029	0.000	0.000	0.000
ISS Recommendation	4,726,682	0.912	0.283	1.000	1.000	1.000
Book-to-Market Ratio	4,726,682	0.490	0.437	0.111	0.378	0.956
Return on Assets	4,726,682	0.111	0.166	0.026	0.126	0.242
Debt-to-Assets Ratio	4,726,682	0.546	0.206	0.251	0.566	0.800
Cash Ratio	4,726,682	1.183	2.268	0.075	0.464	2.789
Log Assets	4,726,682	8.258	2.008	5.648	8.317	10.881
3 Month Return	4,726,682	0.036	0.197	-0.188	0.037	0.241
CEO Duality	4,726,682	0.335	0.472	0.000	0.000	1.000
Pension Analyzes						
Total Fees	1,479	2,325,188	11,827,135	0.000	0.000	2,789,171
AUM Fees	1,479	2,063,622	11,670,705	0.000	0.000	933,541
Direct Fees	1,479	258,428	1,329,728	0.000	0.000	90,000
Indirect Fees	1,479	3,137	66,006	0.000	0.000	0.000
Book-to-Market Ratio	1,479	0.344	0.312	0.066	0.242	0.787
Return on Assets	1,479	0.151	0.102	0.057	0.144	0.263
Debt-to-Assets Ratio	1,479	0.627	0.178	0.393	0.632	0.855
Cash Ratio	1,479	0.793	0.981	0.130	0.506	1.724
Log Assets	1,479	9.845	1.795	7.238	10.115	12.011
CEO Duality	1,479	0.559	0.497	0.000	1.000	1.000

Table 2: The Effect of Halo Voting on Asset Managers' Likelihood to Vote with Management

Table 2 regresses halo voting ties on whether asset managers vote in favor of management. The Halo Voting Tie indicator determines whether an asset manager's vote occurred while an executive of the firm was employed in any capacity by the voting asset manager. ISS Recommendation, which is equal to 1 if ISS recommended shareholders vote in alignment with management's recommendation, was collected from ISS's own records. Cumulative returns over the previous three months are collected from CRSP, while other financial controls, including one-year-lagged book-to-market ratios, lagged return on assets, lagged leverage, and lagged log total assets, are collected from Compustat and winsorized at the 5% and 95% levels. One-year lagged cash ratios are also collected from Compustat and are similarly winsorized, while CEO duality is inferred from BoardEx employment history. Standard errors clustered at the proposal type times year level. *, **, and *** denote significance at the 10%, 5%, and 1% level.

Panel A: Asset manager votes pro-management (%)						
VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)
Halo Voting Tie	7.26*** (1.49)	8.17*** (1.54)	6.06*** (1.06)	6.17*** (1.04)	5.04*** (1.02)	6.81*** (0.65)
ISS Recommendation		48.40*** (1.83)	48.17*** (2.00)	48.12*** (2.03)	42.14*** (1.95)	41.06*** (1.83)
Book-to-Market Ratio			-3.69*** (1.34)	-3.82*** (1.40)	-3.15*** (1.10)	-3.71*** (1.65)
Return on Assets			4.84** (2.14)	4.37** (1.92)	2.77** (1.38)	1.14 (1.23)
Debt-to-Assets Ratio			-3.22** (1.46)	-3.72** (1.72)	-2.89** (1.32)	-1.09 (2.97)
Log Assets			0.60 (0.44)	0.63 (0.46)	1.11** (0.56)	0.19 (0.50)
3 Month Return			2.67** (1.30)	2.68** (1.31)	0.70 (1.09)	0.25 (0.99)
Cash Ratio				-0.10 (0.09)	-0.06 (0.07)	-0.13 (0.10)
CEO Duality				-0.56 (0.51)	-0.80 (0.54)	1.59*** (0.57)
Proposal Type x Year F.E.	No	No	No	No	Yes	Yes
Firm F.E.	No	No	No	No	No	Yes
Observations	4,726,682	4,726,682	4,726,682	4,726,682	4,726,613	4,726,583
R-squared	0.00	0.14	0.15	0.15	0.19	0.26

Panel B: Asset manager votes pro-management (%) by proposal types							
VARIABLES	Shareholder Proposals			Management Proposals			
	All	E&S	Governance	Pay	Auditor	Director	M&As
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Halo Voting Tie	6.81*** (0.65)	14.28*** (3.52)	13.84*** (2.94)	9.21*** (1.41)	5.87*** (0.90)	5.57*** (0.73)	2.57** (1.25)
ISS Recommendation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Financial Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Proposal Type x Year F.E.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm F.E.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	4,726,583	65,578	109,315	683,876	477,920	3,280,703	19,567
R-squared	0.26	0.22	0.29	0.26	0.16	0.22	0.54

Table 3: Effect of Insider Employment Status on Voting

Table 3 analyzes the role of prior and posterior effects of halo voting ties. We analyze pre-ties in Columns (1) and (2), and post-ties in Columns (3) and (4). The employed at firm dummy is equal to one if the firm executive is employed at the firm before a tie is established in Column (1), before and during a tie in Column (2), after a tie in Column (3), and after and during a tie in Column (4). We use identical controls as in the most stringent specification of Table 2 Panel A. Standard errors clustered at the proposal type times year level. *, **, and *** denote significance at the 10%, 5%, and 1% level.

VARIABLES	Before		After	
	(1)	(2)	(3)	(4)
Halo Voting Tie		5.49*** (1.20)		1.46 (1.05)
Employed at Firm	14.07 (8.71)	1.49 (1.28)	6.12*** (1.08)	5.49*** (0.94)
During	No	Yes	No	Yes
ISS Recommendation	Yes	Yes	Yes	Yes
Financial Controls	Yes	Yes	Yes	Yes
Governance Controls	Yes	Yes	Yes	Yes
Proposal Type x Year F.E.	Yes	Yes	Yes	Yes
Firm F.E.	Yes	Yes	Yes	Yes
Observations	4,726,583	4,726,583	4,726,583	4,726,583
R-squared	0.26	0.26	0.26	0.26

Table 4: The Effect of Halo Voting in Close-Call Votes

Table 4 analyzes the influence of halo voting ties around close-call proposals. We define close-call proposals as those that narrowly pass or fail by a margin of 2.5%, 5%, or 10% around the passing threshold in Columns (1) and (4), (2) and (5), and (3) and (6), respectively. The Table performs two analyses. In the first three Columns, we analyze the impact of halo voting ties on proposal outcomes during close-call proposals. The dependent variable is a dummy equal to 100 when the proposal passes and zero otherwise. In the last three Columns, we use whether asset managers vote pro-management as the dependent variable (similar to Table 2). We use identical controls as in the most stringent specification of Table 2 Panel A. Standard errors clustered at the proposal type times year level. *, **, and *** denote significance at the 10%, 5%, and 1% level.

Window:	DV: Management Recommendation Succeeds			DV: Asset Manager Sides with Management		
	±2.5%	±5.0%	±10.0%	±2.5%	±5.0%	±10.0%
Halo Voting Tie	0.03 (0.13)	-0.02 (0.12)	-0.26* (0.15)	5.06*** (0.54)	5.07*** (0.54)	4.96*** (0.53)
Halo Voting Tie × Close Call	15.82** (7.54)	14.87** (5.96)	13.80*** (3.31)	17.02 (14.31)	4.76 (12.58)	5.51 (6.21)
Close Call	-22.42*** (2.96)	-22.97*** (2.24)	-17.32*** (1.58)	-4.89*** (0.78)	-6.18*** (0.75)	-7.28*** (0.78)
ISS Recommendation	Yes	Yes	Yes	Yes	Yes	Yes
Financial Controls	Yes	Yes	Yes	Yes	Yes	Yes
Governance Controls	Yes	Yes	Yes	Yes	Yes	Yes
Proposal Type x Year F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Firm F.E.	Yes	Yes	Yes	Yes	Yes	Yes
Observations	3,230,457	3,230,457	3,230,457	3,230,457	3,230,457	3,230,457
R-squared	0.39	0.40	0.40	0.30	0.30	0.30

Table 5: The Effect of Insider Appointment on Pension Plan Fees

Table 6 analyzes the effect of halo ties on pension allocations. Using hand-matched Forms 5500 from the Department of Labor, we retrieve fee information for all asset managers in our sample. We analyze whether halo ties affect the total fees (Column 1), holding fees (Column 2), Direct auxiliary fees (Column 3), and Indirect auxiliary fees (Column 4) paid to tied asset managers. The "after joining asset manager" dummy equals 1 after a firm establishes a tie with an asset manager and 0 before. We employ firm times asset manager fixed effects to control for average fees paid by firms to specific asset managers. Firm-clustered standard errors in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% level.

VARIABLES	Total Fees	Holding Fees	Direct Fees	Indirect Fees
After Joining Asset Manager	1,186.53** (469.55)	1,223.59*** (466.64)	-37.64 (32.11)	0.57 (3.67)
ISS Recommendation	Yes	Yes	Yes	Yes
Financial Controls	Yes	Yes	Yes	Yes
Governance Controls	Yes	Yes	Yes	Yes
Firm x Asset Manager F.E.	Yes	Yes	Yes	Yes
Observations	1,478	1,478	1,478	1,478
R-squared	0.79	0.78	0.91	0.12

Table 6: The Adverse Corporate Governance Consequences of Insider Appointment

Table 6 summarizes the effect of halo ties on five, firm-level corporate governance metrics: Average Executive Total Compensation (Column 1), Average Share of Non-Salaried Compensation (Column 2), Share of Insiders on Board (Column 3), Poison Pill (Column 4), and Auditor Tenure (Column 5). Both “Average Executive Total Compensation” (in thousands) and “Average Share of Non-Salaried Compensation” are constructed by combining data collected from Execucomp and ISS IncentiveLab. By selecting the datasource with the highest coverage for a certain firm during the sample period, maximum coverage is achieved for these variables. Data for whether or not the firm has a poison pill in place is similarly combined from ISS and LSEG. The share of insiders on the board is calculated from BoardEx director rosters while auditor tenure (in years) is calculated using Compustat auditor records. The “after joining asset manager” dummy equals 1 after a firm establishes a tie with an asset manager and 0 before, but ceases if the executive that formed the tie leaves the firm. We employ firm times year fixed effects to control for firm characteristics and yearly variation in these indicators. Firm-clustered standard errors in parentheses. *, **, and *** denote significance at the 10%, 5%, and 1% level.

VARIABLES	Average Executive Total Com- pensation	Average Share of Non- Salaried Compensa- tion (%)	Share of Insiders on Board (%)	Poison Pill	Auditor Tenure
After Joining Asset Manager	715.59** (325.38)	-2.21*** (0.57)	0.99*** (0.38)	8.62*** (2.15)	1.40** (0.66)
Financial Controls	Yes	Yes	Yes	Yes	Yes
Governance Controls	Yes	Yes	Yes	Yes	Yes
Firm x Year F.E.	Yes	Yes	Yes	Yes	Yes
Observations	18,279	18,272	25,617	13,772	24,566
R-squared	0.64	0.71	0.75	0.53	0.87

Figure 1: Total Insider Ties Detected per Quarter (2010-2021)

This Figure displays the number of co-employment ties between key executives in US-listed firms and the world's largest 250 asset managers. XXXX add more years



Internet Appendix

Appendix A Sample construction

This appendix provides information on the asset manager inclusion of our paper in Table A1. We list all asset managers with \$250 billion in assets under management. We retain 85 out of these 124 asset managers by requiring them to have voting records. These asset managers operate a combined \$101 trillion in assets under management. Further, we show how we allocate the 256 granular proposal categories into 6 broader categories (Table A2) and a residual category (Table A3). We split them into these groups: director elections, remuneration, accounting & auditing, governance shareholder proposals, environmental and social shareholder proposals, and mergers and acquisitions.

Table A1: Sample Asset Managers and Voting Data Availability

This Table reports the list of all asset managers with \$250 billion in assets under management according to the Thinking Ahead Institute World 500 List. We retain holdings for 85 out of the 124 asset managers. These asset managers operate a combined \$101 trillion in assets under management.

Asset Manager	Voting Data	Asset Manager	Voting Data
Included asset managers			
Aberdeen Asset Mgmt.	Yes	Aegon Group	Yes
AllianceBernstein	Yes	Allianz Group	Yes
Allspring Global Investments	Yes	Ameriprise Financial	Yes
Amundi	Yes	Ares Mgmt.	Yes
Aviva	Yes	AXA Group	Yes
Baillie Gifford	Yes	Bank of America	Yes
Bank of New York Mellon	Yes	BlackRock	Yes
Blackstone	Yes	BMO Wealth Mgmt.	Yes
BNP Paribas	Yes	BNY Mellon	Yes
Brookfield Asset Mgmt.	Yes	Capital Group	Yes
Charles Schwab Investment	Yes	Credit Suisse	Yes
DWS	Yes	Dekabank Group	Yes
Deutsche Bank	Yes	Dimensional Fund Advisors	Yes
Dodge & Cox	Yes	DZ BANK	Yes
Eaton Vance	Yes	Eurizon Capital SGR	Yes
Federated Hermes	Yes	Federated Investors	Yes
Fidelity International	Yes	Fidelity Investments	Yes
Franklin Templeton	Yes	Geode Capital Mgmt.	Yes
Goldman Sachs Group	Yes	Guggenheim Investments	Yes
HSBC Holdings	Yes	Hartford Financial	Yes
Invesco	Yes	J.P. Morgan Chase	Yes
Jackson Financial	Yes	Janus Henderson Group	Yes
Lazard	Yes	Legal & General Group	Yes
Legg Mason	Yes	M&G Prudential	Yes
Macquarie Group	Yes	Manulife Financial Corp.	Yes
MassMutual Financial	Yes	Meiji Yasuda Life Insurance	Yes
MetLife Investment Mgmt.	Yes	Morgan Stanley Inv. Mgmt.	Yes
NN Investment Partners	Yes	Natixis Investment Managers	Yes
Neuberger Berman	Yes	New York Life Investments	Yes
Nippon Life Insurance	Yes	Nomura Holdings	Yes
Nordea	Yes	Northern Trust Global	Yes
Northwestern Mutual	Yes	Nuveen	Yes
Old Mutual	Yes	Orix	Yes
Pictet Asset Mgmt.	Yes	Power Financial	Yes
Principal Financial	Yes	Prudential	Yes
Prudential Financial	Yes	Robeco Groep	Yes
Royal Bank of Canada	Yes	Russell Investments	Yes
SEI Investments	Yes	Samsung Group	Yes
Schroders	Yes	Scotiabank	Yes
Standard Life	Yes	Standard Life Aberdeen	Yes
State Street Global	Yes	Sun Life Financial	Yes
T. Rowe Price Group	Yes	TCW Group	Yes
TD Asset Mgmt.	Yes	TIAA-CREF	Yes
UBS	Yes	Union Investment	Yes
Vanguard Group	Yes	Voya Financial	Yes
Wellington Mgmt.	Yes		
Not included asset managers			
Affiliated Managers Group	No	Agricultural Bank of China	No

Continued on next page

Table A1 – continued from previous page

Asset Manager	Voting Data	Asset Manager	Voting Data
APG Group	No	Asset Management One	No
Banco do Brasil	No	Bankia	No
China Asset Mgmt.	No	China Southern Asset Mgmt.	No
Chuo Mitsui Trust	No	CITIC Securities	No
Dai-ichi Life Insurance	No	E Fund Mgmt.	No
Generali Group	No	Great-West Lifeco	No
Harvest Fund Mgmt.	No	ICBC Credit Suisse Asset Mgmt.	No
ING Group	No	Intesa Sanpaolo	No
KKR	No	LBBW	No
La Poste	No	Landesbank Baden-Württemberg	No
Lloyds Banking Group	No	London Stock Exchange Group	No
MEAG Munich ERGO	No	Mercer	No
Mitsubishi UFJ Financial Group	No	Munich RE	No
NISA Investment	No	Ping An Bank	No
Postal Savings Bank of China	No	Rabobank Group	No
SEB	No	Shinkin Central Bank	No
Societe Generale	No	Stifel Financial	No
Sumitomo Life Insurance	No	Sumitomo Mitsui Trust & Bank	No
Sumitomo Mitsui Trust Holdings	No	Swiss Life Asset Managers	No
U.S. Bancorp	No	Zenkyoren	No
Zurcher Kantonalbank	No	Zurich Financial Services	No

Table A2: Proposal Classification and Count

This Table shows how we classify the 256 granular proposal categories into 6 broader groups. We perform this selection to study heterogeneous effects across these proposal types. Proposal types correspond to the literal names in ProxyInsight. [S] indicates that a proposal is a shareholder proposal.

Proposal Classification	Proposal Type	Count
Director Elections	Approve Re/Election of Directors	2,313,649
Pay	Say on Pay/Remuneration Report (Advisory)	300,006
Pay	Approve/Amend Omnibus Stock Plan	77,139
Pay	Say on Pay Frequency	41,968
Pay	Approve/Amend Qualified Stock Purchase Plan	16,291
Pay	Approve/Amend Bonus Plan	13,156
Pay	Advisory Vote on Golden Parachutes	9,335
Pay	Approve/Amend Incentive Plan	4,845
Pay	Approve/Amend Restricted Stock Plan	2,010
Pay	Approve/Amend Stock Option Plan	1,607
Pay	Approve/Amend Stock Purchase Plan	1,291
Pay	Approve/Amend Non-Qualified Stock Purchase Plan	1,100
Pay	Approve/Amend LTIP	805
Pay	Approve/Amend Equity Plan	614
Pay	Approve/Amend Performance Based Awards	403
Pay	Approve/Amend Option repricing	244
Pay	Approve/Amend Share Incentive Plan	195
Pay	Approve Remuneration Policy (Binding)	77
Pay	Approve/Amend Deferred Share Unit Plan	3
Pay	Approve/Amend Saving Related Share Option Scheme	2
Accounting & Audit	Auditor Ratification	328,019
Accounting & Audit	Approve Accounting Transfers	114
Accounting & Audit	Approve Financial Statements & Statutory Reports	13
Accounting & Audit	Approve Election to Audit/Fiscal Committee	3
Accounting & Audit	Authorise Board to Fix Remuneration of Auditors	1
Accounting & Audit	Allow Electronic Distribution Of Company Communications	0
Governance (Shareholder)	Require Independent Board Chairman [S]	14,297
Governance (Shareholder)	Right to Act by Written Consent [S]	10,640
Governance (Shareholder)	Amend Right to Call Special Meeting [S]	7,024
Governance (Shareholder)	Provide Proxy Access Right [S]	5,189
Governance (Shareholder)	Adopt Majority Vote as Standard [S]	4,237
Governance (Shareholder)	Amend Proxy Access [S]	4,081
Governance (Shareholder)	Dissident Director Nomination [S]	3,989
Governance (Shareholder)	Approve Re/Election of Directors [S]	3,334
Governance (Shareholder)	Adopt/Amend Pro-Rata Vesting Policy [S]	3,149
Governance (Shareholder)	Stock Retention/Holding Period [S]	2,972
Governance (Shareholder)	Majority Vote for Election of Directors [S]	2,641
Governance (Shareholder)	Approve Declassification of the Board [S]	2,376
Governance (Shareholder)	Adopt/Amend Remuneration Policy [S]	1,850
Governance (Shareholder)	Approve One Share One Vote Policy [S]	1,748
Governance (Shareholder)	Approve Clawback Provisions [S]	1,477
Governance (Shareholder)	Adopt/Amend Board Structure Policy [S]	1,475
Governance (Shareholder)	Establish Board Committee [S]	1,362
Governance (Shareholder)	Adopt/Amend General Company Policy [S]	1,269
Governance (Shareholder)	Adopt/Amend Articles/By Laws Policy [S]	1,078
Governance (Shareholder)	Create General Company Report [S]	1,023
Governance (Shareholder)	Right to Call Special Meeting [S]	873
Governance (Shareholder)	Submit Severance Payment to Shareholder Vote [S]	803
Governance (Shareholder)	Include Performance Metrics for Remuneration [S]	725
Governance (Shareholder)	Provide for Cumulative Voting [S]	500
Governance (Shareholder)	Create Miscellaneous Report [S]	499
Governance (Shareholder)	Report on Integrating Drug Pricing into Compensation [S]	492
Governance (Shareholder)	Adopt/Amend Dividend Policy [S]	481
Governance (Shareholder)	Create Board Structure Report [S]	472
Governance (Shareholder)	Confidential Voting [S]	404
Governance (Shareholder)	Adopt/Amend Voting Policy [S]	392
Governance (Shareholder)	Create Director Re/Elections Report [S]	344
Governance (Shareholder)	Approve Removal of Director [S]	338
Governance (Shareholder)	Adopt/Amend Director Re/Elections Policy [S]	326
Governance (Shareholder)	Create Remuneration Report [S]	323

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Proposal Classification	Proposal Type	Count
Governance (Shareholder)	Adopt/Amend Anti-Takeover Policy [S]	289
Governance (Shareholder)	Adopt/Amend Tax Policy [S]	256
Governance (Shareholder)	Adopt/Amend Pension Policy [S]	218
Governance (Shareholder)	Seek Sale of Company [S]	201
Governance (Shareholder)	Adopt/Amend Shareholder Meetings Policy [S]	170
Governance (Shareholder)	Adopt/Amend Capital Change Policy [S]	117
Governance (Shareholder)	Eliminate/Amend Death Benefits (Golden Coffins) [S]	110
Governance (Shareholder)	Adopt/Amend Mergers & Acquisition Policy [S]	103
Governance (Shareholder)	Adopt/Amend Capital Increase Policy [S]	101
Governance (Shareholder)	Adopt/Amend Director T&C Policy [S]	64
Governance (Shareholder)	Adopt/Amend Equity Based Awards Policy [S]	54
Governance (Shareholder)	Call Special Meeting [S]	23
Governance (Shareholder)	Adopt/Amend Shareholder Rights Policy [S]	21
Governance (Shareholder)	Adopt/Amend Reincorporation Policy [S]	3
Governance (Shareholder)	Adopt/Amend Remuneration Committee Policy [S]	1
Governance (Shareholder)	Adopt/Amend Miscellaneous Policy [S]	1
Environmental & Social (Shareholder)	Create Political/Lobbying Contributions Report [S]	18,566
Environmental & Social (Shareholder)	Create Social Report [S]	4,441
Environmental & Social (Shareholder)	Create Climate Change Report [S]	4,064
Environmental & Social (Shareholder)	Create Pay Disparity Report [S]	2,924
Environmental & Social (Shareholder)	Create Environmental Report [S]	2,548
Environmental & Social (Shareholder)	Approve/Amend Diversity/EEO Policy [S]	2,414
Environmental & Social (Shareholder)	Create Human Rights Report [S]	2,032
Environmental & Social (Shareholder)	Adopt/Amend Environmental Policy [S]	2,007
Environmental & Social (Shareholder)	Create Sustainability Report [S]	1,720
Environmental & Social (Shareholder)	Adopt/Amend Social Policy [S]	1,445
Environmental & Social (Shareholder)	Adopt/Amend Human Rights Policy [S]	1,164
Environmental & Social (Shareholder)	Assess Impact of a 2 Degree Scenario [S]	1,046
Environmental & Social (Shareholder)	Create Energy Report [S]	1,012
Environmental & Social (Shareholder)	Include Sustainability as a Performance Measure for Remuneration [S]	999
Environmental & Social (Shareholder)	Adopt Holy Land Principles [S]	905
Environmental & Social (Shareholder)	Create Report on Animal Testing / Welfare [S]	869
Environmental & Social (Shareholder)	Adopt/Amend Board Diversity Policy [S]	743
Environmental & Social (Shareholder)	Create Industrial Waste/ Pollution Report [S]	696
Environmental & Social (Shareholder)	Create Fracking Report [S]	490
Environmental & Social (Shareholder)	Create Charitable Contributions Report [S]	435
Environmental & Social (Shareholder)	Create Board Diversity Report [S]	418
Environmental & Social (Shareholder)	Adopt Say on Climate Vote [S]	235
Environmental & Social (Shareholder)	Adopt/Amend Energy Policy [S]	229
Environmental & Social (Shareholder)	Adopt/Amend Political/Lobbying Contributions Policy [S]	120
Environmental & Social (Shareholder)	Adopt/Amend Nuclear Policy [S]	113
Environmental & Social (Shareholder)	Create Nuclear Report [S]	71
Mergers & Acquisitions	Approve Merger & Acquisition	10,024
Mergers & Acquisitions	Approve Capital Increase re Mergers & Acquisition	3,205
Mergers & Acquisitions	Approve Disposal of Assets/Spin-off	158
Mergers & Acquisitions	Approve Matters Related to Merger/Acquisition	62
Mergers & Acquisitions	Reorganisation	31
Mergers & Acquisitions	Approve/Amend Procedures Governing Acquisition or Disposal of Assets	1

Table A3: Other Management Proposals and Count

This Table shows the proposals that we could not clearly classify as either belonging to director elections, executive pay, accounting and auditing, shareholder proposals, or M&A activity among the 256 granular proposal categories into 6 broader groups. Proposal types correspond to the literal names in ProxyInsight.

Proposal Type	Count
Eliminate/Reduce Supermajority Vote Requirements	10,042
Approve Capital Increase	9,371
Declassify Board of Directors	8,301
Authorisation to Call Special Meeting	3,907
General Changes	3,729
Adopt Majority Voting For Uncontested Election Of Directors	2,766
Approve/Amend Independent Director Omnibus Stock Plan	2,654
Adopt the Jurisdiction of Incorporation as the Exclusive Forum for Certain Disputes	1,503
Shareholder Right to Access Proxy	1,324
Authorisation to act by Written Consent	1,288
Approve Removal of Directors without cause	999
Approve Reverse Stock Split	907
Adopt/Amend NOL Rights Plan (NOL Pill)	782
Approve/Amend Independent Director Restricted Stock Plan	695
Change Company Name	691
Fix Number of Directors	643
Approve Increase in Size of Board	607
Approve Change of Incorporation	585
Approve/Amend Independent Director Stock option plan	574
Eliminate Cumulative Voting	572
Approve Capital Conversion	568
Adopt/Amend Shareholder Rights Plan (Poison Pill)	500
Approve Capital Increase re Private Placement	417
Approve Removal of Directors	409
Approve Capital Cancellation/Reduction	368
Meeting/Voting Related	366
Approve Change in Size of Board	331
Approve Independent Director Remuneration	327
Board Related	312
Capital Related	281
Approve Advance Notice Policy	230
Approve Stock Split	224
Renew/Amend Takeover Provisions	186
Approve/Amend Dual Class Stock Structure	179
Provide Directors May Only Be Removed for Cause	169
Approve/Amend Director Indemnification	150
Indicate Personal Interest	145
Adopt Majority Vote as Standard	119
Director Indemnification	106
Say on Climate	99
Approve/Amend Par/Nominal Value	92
Law / Technical Change Related	91
Approve Issue of Restricted Stock	91
Eliminate Pre-emptive Rights	90
Approve Allocation of Profits / Dividend	90
Approve Report of Performance of Directors	84
Approve Decrease in Size of Board	83
Fix Board/Directors' Term	78
Approve Liquidation Plan	75
Approve/Amend Employment Contract	57
Adopt Supermajority Vote Requirements	56
Approve Classify Board of Directors	54
Approve Recapitalization Plan	51
Change Articles - Without Shareholder Consent	47
Change of Control Clause	42
Approve Severance Payment	41
Fiscal Year End	34
Approve/Amend Director Retirement Policy	33
Approve Capital Increase related to Equity Plans	30
Approve Aggregate Board Remuneration	29
Amend Trust Agreement	29
Amend Quorum Requirements	27

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Proposal Type	Count
Approve Investment / Financing Policy	26
Accept Loan	23
Call Special Meeting	22
Business Scope	22
Amend/Adopt Agreement	19
Approve Terms of Capital Increase	17
Approve Rights Issue	16
Approve Increase in Limit on foreign shareholdings	14
Opt Out of the Third-Party Release	11
Approve Issuance WITH Pre-emptive Rights	11
Approve/Amend Share Subscription Agreement	10
Stock Issuance below Net Asset Value	7
Approve Pledging of Assets for Debt	7
Approve Report of Board of Directors	6
Approve/Amend Provision Of Loan Guarantee	5
Approve Stock Repurchase/Buyback	4
Approve Report of Supervisory Board	3
Approve Special Report on Related Party Transactions	1
Fix Number of Supervisory Board Members	1
Approve Formation of Holding Company	1
Approve Capitalisation of Reserves	1
Approve Treatment of Losses/Loss Appropriation	1

Appendix B Alternative specifications voting

This Appendix shows an alternative specification for halo ties. Most of our halo ties concern executive-to-non-board-member positions. To demonstrate robustness, we validate that our results in Table 2 persist when we focus only on board members. Results are largely similar to our main specification in Table B1. The 7.2 percentage point coefficient for board members is not economically and statistically different from the 6.8 baseline coefficient.

Table B1: The Effect of Halo Voting on Asset Managers' Likelihood to Vote with Management

This Table replicates Table 2 using firm executive to asset manager board ties only. We use identical controls as in the most stringent specification of Table 2 Panel A. Standard errors clustered at the proposal type times year level. *, **, and *** denote significance at the 10%, 5%, and 1% level.

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)
Halo Voting Tie: Asset Manager Board Only	7.13*** (1.60)	7.99*** (1.39)	5.95*** (0.71)	6.07*** (0.71)	5.61*** (0.60)	7.24*** (0.90)
ISS Recommendation		48.40*** (1.83)	48.17*** (2.00)	48.12*** (2.03)	42.14*** (1.95)	41.06*** (1.83)
Book-to-Market Ratio			-3.70*** (1.34)	-3.82*** (1.40)	-3.15*** (1.10)	-3.71** (1.65)
Return on Assets			4.84** (2.14)	4.36** (1.92)	2.77** (1.38)	1.14 (1.23)
Debt-to-Assets Ratio			-3.22** (1.46)	-3.72** (1.72)	-2.89** (1.32)	-1.09 (2.97)
Log Assets			0.61 (0.44)	0.63 (0.46)	1.11** (0.56)	0.20 (0.50)
3 Month Return			2.67** (1.30)	2.68** (1.31)	0.70 (1.09)	0.25 (0.99)
Cash Ratio				-0.10 (0.09)	-0.06 (0.07)	-0.13 (0.10)
CEO Duality				-0.56 (0.51)	-0.80 (0.54)	1.59*** (0.57)
Proposal Type x Year F.E. Firm F.E.	No No	No No	No No	No No	Yes No	Yes Yes
Observations	4,726,583	4,726,583	4,726,583	4,726,583	4,726,583	4,726,583
R-squared	0.00	0.14	0.15	0.15	0.19	0.26