

GRANT OUTCOME REPORT for AFAANZ 2019 RESEARCH FUND

(1) Name, Position, Contact Details for each applicant

Name	Position	Email
Dr Eunice Khoo	Lecturer	eunice.khoo@anu.edu.au
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(2) Project Title

Shareholder Election of CSR Committee Members and Its Effects on CSR Performance

(3) Updated Project Summary (500 words) including any variations between the project undertaken and the original application

We examine shareholder election of CSR committee members and the effectiveness of shareholder votes in enhancing CSR performance. Our study is important amidst the growing attention that shareholders place on CSR and the greater responsibilities that directors have in overseeing firms' CSR practices. Our analyses yield several key findings. First, we find that CSR committee members receive higher votes from shareholders compared to other directors, suggesting that shareholders value directors that serve on the CSR committee. Second, we find that CSR committee members with CSR-related experience and skills receive higher votes relative to those without such experience and skills, indicating that shareholders value CSR-related experience and skills within the CSR committee. Third, our results demonstrate that shareholders grant greater support to CSR committee members, but not to non-CSR committee members, in firms with better CSR performance, suggesting that shareholders distinguish between directors based on their specific board duties. Finally, we show that low shareholder votes of CSR committee are associated with improvements to CSR committee structure and CSR performance, implying that shareholders can influence CSR performance through their votes in director elections. Overall, our findings contribute to the shareholder voting and CSR literature and inform the policy debate on empowering shareholders.

There are minimal variations between the project undertaken and the original application.

(4) Funds Granted

A\$7,120

(5) Detailed Report on Expenditure of Funds against Budget Items, with Variations Explained

Budget Items	Budgeted Expenditure (A\$)	Actual Expenditure (A\$)	Reason for Variations
Research assistance work to match director names from BoardEx to ISS Voting Analytics	2,901	1,054.80	Number of unmatched director names is fewer than originally estimated.
Research assistance work to read CSR committee members' biography in proxy statements to determine CSR-related expertise of the director	4,219	6,065.20	Rather than manually reading and coding the CSR-expertise key words, we use textual analysis as it is more efficient and is a common method adopted in prior research. We implement textual analysis by counting the number of CSR-expertise key words contained in directors' biography. To conduct this analysis, the research assistant first manually extract directors' biography paragraph from proxy statements. She then write up the codes and use statistical software to count the number of key words. Finally, she manually reads and checks a few examples to ensure the analysis is conducted accurate and fine-tune the coding accordingly.
Total	7,120	7,120.00	

(6) Outcomes, for example, working papers, presentations and publications (give full details, including abstracts)

(a) The first draft of the working paper is completed:

Khoo, E. S., Chen, L., & Monroe, G. S. (2020). *Shareholder Election of CSR Committee Members and Its Effects on CSR Performance*. Working paper, Australian National University, University of Auckland, and University of New South Wales.

(b) Upcoming presentations include:

Khoo, E. S., Chen, L., & Monroe, G. S. Shareholder Election of CSR Committee Members and Its Effects on CSR Performance. Research Seminar in Melbourne, Australia. 20 August 2020. (to be presented by Gary Monroe).

Khoo, E. S., Chen, L., & Monroe, G. S. Shareholder Election of CSR Committee Members and Its Effects on CSR Performance. Research Seminar in Auckland, New Zealand. 28 August 2020. (to be presented by Eunice Khoo).

(c) The paper has not been submitted to any journal for publication at the moment.

(d) The abstract of the paper is:

Voting in director elections is an important channel for shareholders to express their assessment on directors' performance. We examine elections of directors who serve on the CSR committee and whether shareholder votes can influence the effectiveness of CSR committee. We find that CSR committee members receive greater shareholders support than other directors. We further find that among CSR committee members, more experienced and skilled members receive greater support. In addition, when CSR performance is better, CSR committee members receive greater shareholder support, while other directors are less affected. Finally, we find that through voting, shareholders can increase the efficacy of the CSR committee, leading to improvements in CSR committee structure and CSR performance. Overall, our results suggest that shareholders value the service and expertise of CSR committee members, and demonstrate that shareholder votes are effective in enhancing CSR performance.

(7) Future Intentions for this Project (give full details)

(a) Conference submissions

We intend to submit this paper for upcoming conferences in 2021, in particular the 2021 AFAANZ Confererance.

(b) Journal submissions

We intend to submit this paper to an ABDC A* or A journal for publication.

(c) Grant applications

Not applicable.

(d) Projects

We intend to explore possible extensions from this topic and generate new ideas for potential future projects.

(8) Summary of Outcomes and Benefits

The first draft of this paper is completed in 31 July 2020. We have scheduled two upcoming presentations for this paper: (1) Research seminar in La Trobe University on 20 August 2020; and (2) Research seminar in the University of Auckland on 28 August 2020. We plan to submit this paper for more presentations in 2021, particularly the 2021 AFAANZ Conference. Following the presentations, we intend to submit this paper to an ABDC A* or A journal for publication. We also intend to explore further research ideas based on this topic.