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**Summary:**

CFO.com suggests directors ignore shareholders at their own risk, pointing to the results of a study which analyzed the outcome of 620 non-binding majority-vote proposals concerned with corporate governance. The study found that directors were more likely to lose their positions, including directorships at other companies, if they ignored the proposals.

One of the studies three authors, Fabrizio Ferri of Harvard Business School, says, "The cost of ignoring shareholder proposals has become extremely high in the post-Enron era.... Companies don't want to be on the front page of the paper for having ignored resolutions approved by 70 percent of their shareholders."

The study examines the period between 1997 and 2004, showing that implementation of shareholder proposals rose from 17% in 1997 to 24% in 2000 and 40% in 2004. According to Ferri, the trend is continuing as demonstrated by more recent data.

**Link to Original:**

<http://www.cfo.com/article.cfm/11448526>

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Not-So-Modest Proposals

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