

Woidtke, T. (with Len Bierman and Chris Tuggle). (2003). Reining in Activist Funds. *Harvard Business Review*, March.

Abstract

This forethought piece discusses the implications of shareholder activism by public pension funds, which control around \$2 trillion in assets. Because public pension funds are generally managed either by elected government officials or people who answer to them, their actions may be motivated more by political goals than increasing the value of firms in their portfolio. Several academic studies suggest that the stock market reacts negatively to firms that receive shareholder proposals that are apparently politically motivated. We propose three remedies to temper the negative effects of pension-fund activism without discouraging positive activism.