

Internet Appendix

for

Trust and Shareholder Voting

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This internet appendix includes additional results that are briefly discussed in the main paper, but are not reported there for space reasons. The contents are as follows:

Table IA.1 - Pairwise correlations:

Our variable of interest, *Trust*, correlates significantly with the variable *Firm age* (0.23), the Djankov et al. (2008) dummies for English (-0.24) and French (0.23) legal origin, and the ASDI index (0.26). The only high pairwise correlation, -0.64, is between *Trust* and the ADRI index. This strongly negative correlation is consistent with Aghion et al. (2010) who find a highly negative correlation between trust in others and government regulation for a cross-section of countries comparable to ours. The negative correlation makes it very unlikely that the negative relation between trust and shareholder voting behavior reflects better legal shareholder protection.

Table IA.2 to Table IA.13 - Standard errors clustered at the country level:

We re-estimate all regressions shown in Table 2 to Table 10 and Appendix B to Appendix D of this paper using standard errors clustered at the country level (instead of the firm level). The results are qualitatively similar.

Table IA.14 to Table IA.15 - Regressions on annual level:

We re-estimate the regressions shown in column (4) of Table 2 and Table 3 separately for each sample year. The results remain statistically significant for each annual regression.

Table IA.16 to Table IA.23 - Results for Europe only and results excluding Scandinavia:

To further mitigate concerns that our results might be driven by specific countries or unobserved country-specific heterogeneity, we limit our sample to European countries, or alternatively exclude

Scandinavian countries, and re-estimate the regressions shown in Table 2 and Table 3 of this paper. By focusing on Europe, our tests consider one geographic region with similar laws pertaining to corporations and shareholder voting, comparable economies and economic policies, and a joint history. Hence, we reduce country-specific heterogeneity and exclude various countries that might drive our results. We exclude the Scandinavian countries to rule out that these high-trust countries drive our results. The results remain qualitatively unchanged.

Table IA.24 and IA.25 - Controlling for Hofstede measures:

We re-estimate the regressions shown in column (4) of Table 2 and Table 3 adding an additional control for Hofstede's power distance index (Hofstede, 2001) to take into account that corporate governance can be less stringent in more hierarchical countries as suggested by Urban (2018). While power distance and trust tend to have a negative relation, our results could be driven by a hierarchical high-trust country like China. We also control for Hofstede's individualism measure, which tends to be positively related to trust and which might reinforce the free-rider problem of voting leading to a lower percentage of votes cast. The results are robust to including these controls.

Table IA.26 - Controlling for stock market participation:

We address the concern that trust might affect shareholder voting only because it affects stock market participation (as shown by Guiso, Sapienza, and Zingales, 2008) and, hence, the fraction of less sophisticated (retail) investors who tend to monitor less. Specifically, we re-estimate the regressions shown in column (4) of Table 2 and Table 3 of this paper and additionally control for stock market participation. Data on stock market participation is obtained from Giannetti and Koskinen (2010). The results are robust to controlling for stock market participation.

Table IA.27 - Extending the cross-country sample with U.S. data:

When we re-estimate the regressions shown in column (4) of Table 2 and Table 3 of this paper using an extended cross-country sample, which includes data for the USA (i.e., Russell 3000 firms), our results remain qualitatively similar.

Table IA.1: Pairwise correlations

This table reports the pairwise correlations between the variable of interest, *Trust*, and the main control variables for firm, ownership, and country characteristics. Asterisks indicate a statistical significance level of 1%.

	Trust	3-year avg ROE	Firm age	Leverage	Ln (market cap)	MTB	Special meeting	Stock return	% Free float	% foreign investors	% inst. investors	% shares largest inv.	Herf. Top 10 inv.	Djankov ADRI	Djankov ASDI	GDP per capita	Market cap/GDP	Rule of law	English legal origin	French legal origin
Trust	1.000																			
3-year avg ROE	-0.014*	1.000																		
Firm age	-0.226*	0.059*	1.000																	
Leverage	-0.022*	0.003	-0.003	1.000																
Ln(market cap)	0.122*	0.294*	0.121*	0.009	1.000															
MTB	-0.008	-0.015*	-0.018*	0.030*	0.048*	1.000														
Special meeting	0.137*	-0.042*	-0.213*	0.022*	0.041*	0.010	1.0000													
Stock return	0.060*	0.013*	-0.004	-0.014*	0.173*	0.014*	0.021*	1.000												
% Free float	0.140*	-0.156*	0.089*	-0.010	-0.204*	-0.013*	-0.002	-0.058*	1.000											
% foreign investors	-0.019*	0.029*	-0.117*	0.005	0.120*	0.037*	-0.038*	-0.055*	-0.289*	1.000										
% inst. investors	-0.088*	0.031*	-0.077*	-0.008	0.177*	0.043*	-0.041*	0.002	-0.285*	0.279*	1.000									
% shares largest inv.	-0.002	0.113*	-0.087*	0.018*	0.165*	-0.000	0.077*	0.012*	-0.693*	0.251*	-0.108*	1.000								
Herf. Top 10 inv.	-0.029*	0.099*	-0.062*	0.013*	0.149*	0.003	0.065*	0.009	-0.622*	0.253*	-0.074*	0.918*	1.000							
Djankov ADRI	-0.642*	-0.085*	0.252*	0.001	-0.302*	0.005	-0.297*	-0.071*	-0.015*	0.050*	0.120*	-0.113*	-0.091*	1.000						
Djankov ASDI	0.263*	-0.002	-0.261*	-0.031*	-0.004	-0.002	0.075*	0.030*	-0.094*	0.052*	0.092*	0.052*	0.015*	0.068*	1.000					
GDP per capita	0.068*	-0.195*	0.140*	-0.021*	-0.294*	0.006	-0.207*	-0.100*	0.249*	0.017*	0.130*	-0.220*	-0.192*	0.422*	-0.161*	1.000				
Market cap/GDP	0.059*	-0.016*	-0.091*	-0.011*	-0.047*	-0.008	-0.046*	0.001	-0.034*	0.179*	-0.074*	0.118*	0.082*	0.336*	0.465*	0.127*	1.000			
Rule of law	-0.057*	-0.197*	0.126*	-0.025*	-0.341*	0.012*	-0.229*	-0.109*	0.179*	0.048*	0.190*	-0.196*	-0.172*	0.585*	-0.006	0.914*	0.298*	1.000		
English legal origin	-0.240*	-0.119*	-0.145*	-0.020*	-0.305*	0.007	-0.034*	-0.064*	-0.025*	0.106*	0.190*	-0.070*	-0.070*	0.558*	0.550*	0.148*	0.381*	0.335*	1.000	
French legal origin	0.231*	0.126*	-0.183*	0.026*	0.352*	0.003	0.323*	0.044*	-0.097*	-0.002	-0.115*	0.197*	0.177*	-0.757*	-0.130*	-0.556*	-0.266*	-0.671*	-0.617*	1.000
German legal origin	0.026*	-0.000	0.378*	-0.005	-0.031*	-0.012*	-0.326*	0.026*	0.131*	-0.121*	-0.093*	-0.133*	-0.112*	0.181*	-0.502*	0.441*	-0.144*	0.348*	-0.493*	-0.380*

Table IA.2: Trust and votes cast (country-clustered SEs)

This table reports the results from OLS regressions of % *Votes cast* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. % *Votes cast* is the average percentage of votes cast at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables:	% Votes cast			
	(1)	(2)	(3)	(4)
Trust	-41.765*** (-11.36)	-35.605*** (-9.16)	-31.091** (-2.20)	-41.747*** (-4.41)
3-year avg ROE		3.510*** (3.96)	3.261*** (6.68)	3.183*** (7.54)
Firm age		0.039 (1.55)	0.026 (0.95)	0.027 (1.13)
Leverage		-1.885 (-1.67)	-2.251** (-2.20)	-0.792 (-0.75)
Ln(market cap)		1.517*** (2.73)	2.189*** (8.00)	2.286*** (10.10)
MTB		0.001 (0.72)	0.002 (0.38)	0.001 (0.16)
Special meeting		-4.731*** (-4.31)	-3.774*** (-4.38)	-3.317*** (-4.63)
Stock return		-1.147*** (-3.51)	-0.785** (-2.19)	-0.692* (-1.99)
% free float		-0.256*** (-9.74)	-0.244*** (-7.88)	-0.261*** (-12.05)
% shares foreign investors		0.109* (1.91)	0.108* (1.85)	0.107* (1.71)
% shares institutional investors		-0.243*** (-2.73)	-0.285*** (-3.20)	-0.279*** (-3.10)
% shares largest investor		0.004 (0.10)	0.036 (1.08)	0.031 (1.07)
Herfindahl Top 10 investors		0.001*** (3.15)	0.001** (2.60)	0.001** (2.34)
Djankov ADRI			3.319 (1.44)	-3.268* (-1.92)
Djankov ASDI			11.228 (0.74)	-5.467 (-0.70)
GDP per capita			0.000 (0.82)	0.000* (1.74)
Market cap/GDP			-0.011 (-1.58)	0.007 (1.07)
Rule of law			-1.839 (-0.48)	5.566** (2.31)
Sub-continent FE	No	No	No	Yes
Djankov legal origin FE	No	No	Yes	Yes
Largest investor type FE	No	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	20,716	14,085	13,383	13,383
Adjusted R-squared	0.219	0.406	0.431	0.455

Table IA.3: Trust and management “for” votes (country-clustered SEs)

This table reports the results from OLS regressions of % Mgmt. “for” votes on Trust (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. % Mgmt. “for” votes is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. Trust is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry-fixed effects. Investor type classifications are: bank, corporation, family, government, institutional and management. Legal origins are: English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. Variables:	% Mgmt. “for” votes			
	(1)	(2)	(3)	(4)
Trust	5.723** (2.04)	4.332* (1.88)	4.929* (1.87)	12.809*** (8.35)
3-year avg ROE		0.399 (1.34)	-0.004 (-0.02)	-0.025 (-0.13)
Firm age		-0.009* (-1.95)	-0.000 (-0.02)	0.003 (0.83)
Leverage		0.057 (0.13)	-0.361 (-1.06)	-0.481 (-1.48)
Ln(market cap)		0.135 (1.07)	-0.023 (-0.25)	-0.048 (-0.57)
MTB		0.000 (0.71)	-0.000 (-0.32)	-0.000 (-0.25)
Special meeting		-0.300 (-0.60)	-0.725* (-1.87)	-0.718* (-1.82)
Stock return		0.406** (2.35)	0.377** (2.61)	0.403** (2.74)
% Free float		-0.034*** (-3.57)	-0.022*** (-6.15)	-0.022*** (-5.38)
% shares foreign investors		-0.022*** (-5.04)	-0.016** (-2.64)	-0.017*** (-2.97)
% shares institutional investors		-0.035** (-2.25)	-0.041*** (-3.03)	-0.039*** (-3.02)
% shares largest investor		0.005 (0.52)	0.003 (0.31)	0.002 (0.23)
Herfindahl Top 10 investors		0.000 (0.89)	0.000 (1.44)	0.000 (1.58)
Djankov ADRI			-0.050 (-0.14)	0.897*** (3.97)
Djankov ASDI			-1.104 (-0.70)	3.300*** (2.90)
GDP per capita			-0.000 (-1.23)	-0.000*** (-4.22)
Market cap/GDP			0.001 (1.00)	-0.004*** (-3.43)
Rule of law			-0.522 (-0.56)	0.241 (0.49)
Sub-continent FE	No	No	No	Yes
Djankov legal origin FE	No	No	Yes	Yes
Largest investor type FE	No	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	39,436	27,645	25,838	25,838
Adjusted R-squared	0.024	0.051	0.083	0.091

Table IA.4: The relation between trust, monitoring, and firm performance (country-clustered SEs)

This table reports the OLS regression results of *Stock return* and *Tobin's Q* on *Trust*, *Low votes cast*, and the interaction term *Trust * Low votes cast* (columns (1) to (4)). This table also reports the OLS regression results of *Stock return* and *Tobin's Q* on *Trust*, *High mgmt. "for" votes*, and the interaction term *Trust * High mgmt. "for" votes* (columns (5) to (8)). All regressions include firm characteristics, ownership characteristics, and country characteristics as control variables. Firm, ownership, and country controls (not displayed) are similar to those used in Table 3. The regressions shown in columns (2), (4), (6) and (8) additionally include country fixed effects. *High mgmt. "for" votes* is an indicator variable, which takes the value 1 if % *Mgmt. "for" votes* is larger than its sample median value. *Low votes cast* is an indicator variable, which takes the value 1 if % *Votes cast* is smaller than its sample median value. *Trust* is the proportion of people agreeing that 'most people can be trusted' against the alternative that 'you can't be too careful in dealing with people'. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry-fixed effects. Investor type classifications are: bank, corporation, family, government, institutional and management. Legal origins are: English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables:	% Votes cast				% Mgmt. "for" votes			
	Stock return _{t+1}		Tobin's Q _{t+1}		Stock return _{t+1}		Tobin's Q _{t+1}	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Trust	0.445 (1.34)		1.31 (1.56)		0.357* (1.75)		0.643** (2.22)	
Low votes cast	-0.115** (-2.45)	-0.118** (-2.59)	-0.353** (-2.48)	-0.524** (-2.42)				
Trust * Low votes cast	0.226*** (3.50)	0.211*** (3.40)	0.862*** (3.62)	1.043*** (2.80)				
High mgmt. "for" votes					-0.105*** (-3.76)	-0.083*** (-3.40)	-0.125 (-1.16)	-0.187 (-1.58)
Trust * High mgmt. "for"					0.338*** (6.30)	0.296*** (6.33)	0.775*** (4.19)	0.881*** (3.94)
Country FE	No	Yes	No	Yes	No	Yes	No	Yes
Country controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	No	Yes	No	Yes	No	Yes	No
Largest investor type FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	13,376	13,376	13,537	13,537	25,826	25,826	25,777	25,777
Adj. R-squared	0.138	0.165	0.297	0.314	0.112	0.137	0.251	0.253

Table IA.5: Instrumental variable (IV) regressions (country-clustered SEs)

This table reports the coefficients from instrumental variable regressions. Specifications (1) and (3) show the results from the first-stage regressions. Following Putnam (1993) and La Porta et al. (1997), we instrument *Trust* with % *Roman Catholic* (Panel A) and with % *Hierarchical religion* (Panel B). We use *Roman Empire* an alternative instrument (Panel C). % *Roman Catholic* is the proportion of people who consider themselves as Roman Catholics. % *Hierarchical religion* is the proportion of people who consider themselves as Roman Catholic or Eastern Orthodox or Muslim. The indicator variable *Roman Empire* equals one for countries that were part of the Roman Empire, and zero otherwise. Specifications (2) and (4) in all three panels report the second-stage results, with *Trust* being instrumented by the proportion of people who consider themselves Roman Catholics (Panel A), the proportion of people who consider themselves as Roman Catholic or Eastern Orthodox or Muslim (Panel B), or with the countries that were part of the Roman Empire. The instrumented *Trust* variable is denoted *Trust (IV)*. % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % *Mgmt. "for" votes* is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. *Trust* is the proportion of people agreeing that 'most people can be trusted' against the alternative that 'you can't be too careful in dealing with people'. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry fixed effects. Investor type classifications are: bank, corporation, family, government, institutional and management. Legal origins are: English, French and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Panel A: % Roman Catholic

Dep. variables:	First Stage	Second Stage	First Stage	Second Stage
	Trust	% Votes cast	Trust	% Mgmt. "for" votes
	(1)	(2)	(3)	(4)
% Roman Catholic	-0.421*** (-3.41)		-0.396*** (-3.52)	
Trust (IV)		-53.382*** (-2.73)		9.085*** (3.09)
3-year avg ROE	-0.002* (-1.76)	3.179*** (7.68)	-0.001 (-1.51)	-0.027 (-0.13)
Firm Age	0.000 (1.41)	0.025 (1.06)	0.000 (0.10)	0.002 (0.74)
Leverage	0.007* (1.70)	-0.717 (-0.69)	0.005* (1.93)	-0.456 (-1.41)
Ln(market cap)	0.000 (0.01)	2.279*** (10.19)	0.000 (0.54)	-0.045 (-0.54)
MTB	0.000 (1.41)	0.001 (0.23)	-0.000* (-1.77)	-0.000 (-0.27)
Special meeting	-0.009 (-1.21)	-3.383*** (-4.80)	-0.008 (-1.29)	-0.740* (-1.89)
Stock return	-0.001 (-1.55)	-0.705** (-2.09)	-0.001 (-1.07)	0.397*** (2.71)
% free float	-0.000 (-1.42)	-0.262*** (-12.42)	-0.000 (-0.88)	-0.023*** (-5.48)
% shares foreign investors	0.000 (1.22)	0.107* (1.75)	0.000 (0.96)	-0.017*** (-2.99)
% shares institutional investors	0.000 (1.52)	-0.276*** (-3.14)	0.000* (1.67)	-0.038*** (-3.07)
% shares largest investor	-0.000 (-1.10)	0.030 (1.04)	-0.000 (-0.45)	0.001 (0.18)
Herfindahl Index Top 10 Investors	0.000 (0.65)	0.001** (2.37)	-0.000 (-0.24)	0.000 (1.61)
Djankov ADRI	-0.089** (-2.27)	-4.352* (-1.85)	-0.112*** (-3.26)	0.455 (1.06)
Djankov ASDI	0.170 (0.64)	-3.951 (-0.38)	-0.057 (-0.28)	2.752* (1.75)
GDP per capita	0.000*** (3.46)	0.000 (1.52)	0.000*** (3.37)	-0.000*** (-2.21)
Market cap/GDP	0.000** (2.15)	0.008 (1.26)	0.000*** (4.33)	-0.003* (-1.90)
Rule of Law	-0.070 (-1.28)	4.885* (1.69)	-0.069 (-1.07)	-0.083 (-0.15)
Sub-continent FE	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Kleibergen-Paap F-statistic	301.61		129.83	
Ratio Trust (IV) / Trust		1.28		0.71
Observations	13,383	13,383	25,838	25,838
Adj. R-squared	0.976	0.457	0.966	0.093

Panel B: % Hierarchical religion

Dep. variables:	First Stage	Second Stage	First Stage	Second Stage
	Trust	% Votes cast	Trust	% Mgmt. “for” votes
	(1)	(2)	(3)	(4)
% Hierarchical religion	-0.253** (-2.52)		-0.321*** (-3.90)	
Trust (IV)		-126.439** (-2.46)		16.389*** (3.46)
Country controls	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes
Sub-continent FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Kleibergen-Paap F-statistic	118.57		186.24	
Ratio Trust (IV) / Trust		3.03		1.30
Observations	13,383	13,383	25,838	25,838
Adj. R-squared	0.971	0.434	0.964	0.093

Panel C: Roman Empire (European countries only)

Dep. variables:	First Stage	Second Stage	First Stage	Second Stage
	Trust	% Votes cast	Trust	% Mgmt. “for” votes
	(1)	(2)	(3)	(4)
Roman Empire	-0.216*** (-2.87)		-0.176*** (-2.95)	
Trust (IV)		-45.182*** (-3.38)		22.071*** (11.20)
Country controls	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Kleibergen-Paap F-statistic	51.02		114.06	
Ratio Trust (IV) / Trust		1.45		4.48
Observations	1,398	1,398	1,746	1,746
R-squared	0.993	0.509	0.986	0.099

Table IA.6: Terrorist attacks as transitory shocks to trust (country-clustered SEs)

This table reports the results from OLS regressions of % Votes cast and % Mgmt. “for” votes on different measures of terrorist attacks. Following Ahern (2018), we use terrorist attacks as exogenous shocks that cause a temporary reduction in trust in others. We define shareholder meetings as treated if a terrorist attack took place within one month before the meeting date, which mitigates concerns that institutional or economic responses to terrorism cause our results. *Terror* is an indicator variable that equals one if there was a terrorist attack with at least one fatality within one month of the shareholder meeting (i.e., both AGM and special meeting) in the respective company’s country of headquarters. *Terror* ≥ 10 fatalities is an indicator variable that equals one if there was a terrorist attack with at least ten fatalities within one month of the shareholder meeting in the respective company’s country of headquarters. *Terror* ≥ 25 fatalities is an indicator variable that equals one if there was a terrorist attack with at least 25 fatalities within one month of the shareholder meeting in the respective company’s country of headquarters. *Terror*ln(# fatalities)* is an interaction term of the variable *Terror* with the number of people that died in the respective terrorist attack (fatalities). % Votes cast is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % Mgmt. “for” votes is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year-, industry-, and country-fixed effects. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Terror attacks within one month before the shareholder meeting

Dep. Variables	% Votes cast				% Mgmt. “for” votes			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Terror	0.417* (1.75)				-0.232** (-2.61)			
Terror 10 fatalities		0.868*** (2.93)				-0.292** (-2.25)		
Terror 25 fatalities			0.967*** (5.48)				-0.615*** (-5.98)	
Terror*ln(# fatalities)				0.160*** (3.26)				-0.052*** (-3.18)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	20,716	20,716	20,716	20,716	39,436	39,436	39,436	39,436
Adjusted R-squared	0.025	0.025	0.025	0.025	0.003	0.003	0.003	0.003

Table IA.7: Controlling for confidence in institutions (country-clustered SEs)

This table reports the results from OLS regressions of % *Votes cast* (columns (1) to (4)) and % *Mgmt. “for” votes* (columns (5) to (8)) on *Trust*, firm characteristics, ownership characteristics, and country characteristics and three different measures for peoples’ confidence in institutions (i.e., *Confidence in companies*, *Confidence in press* and *Confidence in government*). Firm, ownership, and country controls (not displayed) are similar to those used in Table 3. % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % *Mgmt. “for” votes* is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include sub-continent-, year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables	% Votes cast				% Mgmt. “for” votes					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trust	-30.439*** (-3.87)	-30.583*** (-4.20)	-38.472*** (-6.36)	-25.182*** (-6.24)		12.303*** (7.85)	12.042*** (8.69)	12.414*** (8.63)	12.212*** (8.26)	
Residual trust					-23.138*** (-4.00)					9.488*** (4.22)
Confidence in companies	-37.681*** (-5.56)			-31.051*** (-6.26)		4.999* (1.96)			5.109** (2.10)	
Confidence in government		-15.682*** (-3.32)		-9.768** (-2.74)			0.783 (1.07)		0.385 (0.27)	
Confidence in press			-14.109 (-1.58)	-1.262 (-0.27)				0.930 (1.02)	-0.702 (-0.35)	
Country controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sub-continent FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	13,383	13,383	13,383	13,383	13,383	25,838	25,838	25,838	25,838	25,838
Adjusted R-squared	0.460	0.458	0.456	0.462	0.451	0.092	0.091	0.091	0.092	0.089

Table IA.8: Controlling for trust in investors' home countries (country-clustered SEs)

This table reports the results from OLS regressions of % Votes cast and % Mgmt. "for" votes on Avg trust foreign investors (i.e., the stock ownership-weighted average trust level of the countries where a firm's foreign shareholders are headquartered) and Trust (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. % Votes cast is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % Mgmt. "for" votes is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. Trust is the proportion of people agreeing that 'most people can be trusted' against the alternative that 'you can't be too careful in dealing with people'. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry-fixed effects. Investor type classifications are: bank, corporation, family, government, institutional and management. Legal origins are: English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables	% Votes cast		% Mgmt. "for" votes	
	(1)	(2)	(3)	(4)
Trust		-41.372*** (-4.58)		12.718*** (9.21)
Avg trust foreign investors	-3.481 (-1.52)	-3.816* (-1.71)	0.567 (0.86)	0.601 (0.95)
3-year avg ROE	3.772*** (6.33)	3.319*** (6.63)	0.020 (0.09)	-0.015 (-0.07)
Firm age	0.044* (1.91)	0.031 (1.29)	0.003 (0.92)	0.003 (1.03)
Leverage	-0.731 (-0.66)	-0.498 (-0.38)	-0.343 (-0.98)	-0.537 (-1.43)
Ln(market cap)	2.148*** (8.13)	2.217*** (8.92)	-0.033 (-0.42)	-0.040 (-0.48)
MTB	0.003 (1.01)	0.000 (0.06)	-0.001 (-1.15)	-0.000 (-0.25)
Special meeting	-2.778*** (-3.64)	-3.307*** (-4.43)	-0.991** (-2.28)	-0.732* (-1.87)
Stock return	-0.799* (-1.93)	-0.897** (-2.23)	0.413** (2.66)	0.404** (2.62)
% free float	-0.249*** (-12.22)	-0.253*** (-12.94)	-0.026*** (-5.72)	-0.025*** (-5.61)
% shares foreign investors	0.101 (1.60)	0.108* (1.70)	-0.017** (-2.59)	-0.018*** (-2.98)
% shares institutional investors	-0.273*** (-3.50)	-0.260*** (-3.10)	-0.041*** (-3.25)	-0.040*** (-3.10)
% shares largest investor	0.046 (1.25)	0.028 (0.77)	0.001 (0.09)	0.002 (0.24)
Herfindahl Top 10 investors	0.001* (1.95)	0.001* (1.90)	0.000 (1.40)	0.000 (1.42)
Djankov ADRI	0.525 (0.31)	-3.122* (-1.87)	-0.878** (-2.28)	0.819*** (4.26)
Djankov ASDI	-11.017 (-1.14)	-4.393 (-0.58)	-1.095 (-0.46)	2.883** (2.67)
GDP per capita	-0.000*** (-2.90)	0.000 (1.69)	-0.000 (-0.03)	-0.000*** (-4.89)
Market cap/GDP	0.003 (0.33)	0.006 (0.96)	0.001 (1.21)	-0.004*** (-4.18)
Rule of law	7.882** (2.46)	5.645** (2.37)	-0.389 (-0.39)	0.301 (0.68)
Sub-continent FE	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	12,670	12,202	24,024	24,295
Adjusted R-squared	0.445	0.452	0.078	0.091

Table IA.9: Controlling for additional firm-specific corporate governance variables (country-clustered SEs)

This table reports the results from OLS regressions of % *Votes cast* and % *Mgmt. “for” votes on Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. Firm, ownership, and country controls (not displayed) are similar to those used in Table 3. The regressions additionally include the variables *ESG rating* (columns (1) and (6)), *ISS recommendation* (columns (2), (5), (7) and (10)), *CEO total compensation* (columns (3), (5), (8) and (10)) and *CEO cash/total compensation* (columns (4), (5), (9) and (10)). % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % *Mgmt. “for” votes* is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables	% Votes cast					% Mgmt. “for” votes				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Trust	-30.847*** (-4.93)	-41.677*** (-4.40)	-40.541*** (-5.21)	-40.109*** (-5.54)	-42.239*** (-5.68)	4.636** (2.55)	11.540*** (6.76)	8.394*** (3.79)	7.664*** (3.66)	7.890*** (3.38)
ESG rating	-0.017 (-0.45)					0.011 (1.25)				
ISS recommendation		-0.219 (-0.22)			-0.097*** (-3.29)		6.340*** (5.28)			0.032** (2.39)
CEO total compensation			0.000 (0.58)		0.000 (0.48)			0.000 (1.58)		0.000 (0.64)
CEO cash/total compens.				-0.582 (-0.36)	-0.278 (-0.14)				-0.704** (-2.36)	-0.611* (-1.98)
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sub-continent FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,397	13,383	4,320	4,143	4,143	3,282	25,838	9,565	9,276	9,276
Adjusted R-squared	0.372	0.455	0.323	0.335	0.336	0.058	0.134	0.072	0.076	0.076

Table IA.10: Alternative measures of shareholder dissent (country-clustered SEs)

This table reports results from OLS regressions of the variables *Dissent*, *% Mgmt. “against” votes*, *Mgmt. proposal rejected* and *# shareholder proposals* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. Firm, ownership, and country controls (not displayed) are similar to those used in Table 3. *Dissent* is an indicator variable, which equals one if the variable *% Mgmt. “for” votes* takes a value in the first quartile of its distribution. *% Mgmt. “against” votes* is the average percentage of votes cast against the management’s recommendations at a given shareholder meeting. *Mgmt. proposal rejected* is an indicator variable, which equals one if at least one management proposal received less than 50% of the votes cast at a given shareholder meeting. *# shareholder proposals* is the number of proposals initiated by shareholders at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry fixed effects. Investor type classifications are: bank, corporation, family, government, institutional and management. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

	% Mgmt. “against” votes	Dissent	Mgmt. proposal rejected	# shareholder proposals
	(1)	(2)	(3)	(4)
Trust	-11.942*** (-6.10)	-0.999*** (-7.22)	-0.317** (-2.73)	-0.192 (-0.88)
Country controls	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes
Sub-continent FE	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	17,682	25,838	25,838	32,582
Adjusted R-squared	0.077	0.170	0.085	0.030

Table IA.11: Management “for” votes by type of voted proposal (country-clustered SEs)

This table reports the results from OLS regressions of average % *Mgmt. “for” votes* with respect to different types of management-initiated proposals on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. % *Mgmt. “for” votes* is the average (if there is more than one proposal per type) percentage of votes cast in support of management-initiated proposals for a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry fixed effects. The large investor type dummies are bank, corporation, family, government, institutional and management. Legal origins are English, French and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables:	Directors	Capitalization	M&A	Compensation
	(1)	(2)	(3)	(4)
Trust	6.561***	10.361***	6.102	29.946***
	(4.04)	(4.73)	(1.39)	(4.42)
3-year avg ROE	0.134 (0.62)	0.218 (0.68)	-0.032 (-0.10)	-0.034 (-0.07)
Firm age	0.001 (0.37)	-0.002 (-0.33)	0.006 (1.00)	0.021** (2.36)
Leverage	-0.047 (-0.14)	-0.720** (-2.47)	-0.210 (-0.60)	0.466 (0.79)
Ln(market cap)	-0.127 (-1.18)	-0.223 (-0.86)	0.051 (0.56)	0.534 (1.11)
MTB	-0.001 (-0.43)	0.001 (0.81)	0.001 (0.63)	0.001 (0.65)
Special meeting	-0.649** (-2.27)	1.107*** (6.04)	0.260* (1.91)	-2.262** (-2.41)
Stock return	0.547*** (4.96)	0.693** (2.42)	0.154 (1.20)	0.654* (1.89)
% free float	-0.019** (-2.73)	-0.035*** (-3.22)	-0.050*** (-3.47)	-0.054*** (-3.25)
% shares foreign investors	-0.010*** (-3.62)	-0.041** (-2.44)	-0.028*** (-4.12)	-0.000 (-0.01)
% shares institutional investors	-0.027* (-1.93)	-0.106** (-2.34)	-0.036** (-2.09)	-0.112*** (-3.98)
% shares largest investor	0.005 (0.60)	-0.007 (-0.48)	-0.041** (-2.13)	-0.013 (-0.41)
Herfindahl Top 10 investors	0.000 (0.83)	0.000 (1.47)	0.000** (2.34)	0.000 (0.97)
Djankov ADRI	0.043 (0.19)	1.253*** (3.84)	0.974 (1.63)	2.917*** (3.82)
Djankov ASDI	2.529 (1.50)	0.653 (0.35)	4.616 (1.02)	3.138 (0.74)
GDP per capita	-0.000** (-2.18)	-0.000 (-0.99)	-0.000 (-1.22)	-0.000 (-0.69)
Market cap/GDP	-0.004*** (-2.94)	-0.004*** (-2.77)	-0.003 (-1.23)	-0.004 (-0.62)
Rule of law	0.878* (1.74)	-0.877 (-1.21)	0.468 (0.19)	-4.808* (-1.83)
Djankov legal origin FE	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes
Sub-continent FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	18,027	8,470	9,512	7,495
Adjusted R-squared	0.084	0.125	0.013	0.146

Table IA.12: Blockholder-adjusted votes cast and management for votes (ctry-cl. SEs)

This table reports OLS regression results of % Votes cast adjusted for blockholder ownership and % Mgmt. “for” votes adjusted for blockholder ownership on Trust (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. % Votes cast is the average percentage of votes cast irrespective of the concrete voting decision minus the percentage of votes held by blockholders at a given shareholder meeting. % Mgmt. “for” votes is the average percentage of votes cast in support of management-initiated proposals minus the percentage of votes held by blockholders at a given shareholder meeting. Trust is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables:	% Votes cast adjusted for blockholder ownership			% Mgmt. “for” votes adjusted for blockholder ownership		
	(1)	(2)	(3)	(4)	(5)	(6)
Trust	-19.594*** (-3.82)	-10.530** (-2.19)	-21.511*** (-4.12)	4.222* (1.96)	4.913* (1.98)	11.918*** (8.15)
3-year avg ROE	3.325*** (4.89)	1.937*** (3.09)	2.182*** (3.52)	0.538* (1.97)	0.146 (0.74)	0.119 (0.65)
Firm Age	0.021 (1.12)	0.007 (0.45)	0.013 (0.88)	-0.010** (-2.14)	-0.001 (-0.29)	0.002 (0.65)
Leverage	0.956 (0.65)	0.039 (0.03)	0.529 (0.34)	0.351 (0.88)	0.011 (0.04)	-0.099 (-0.35)
Ln(market cap)	0.474 (0.91)	0.410 (1.03)	0.345 (0.82)	0.032 (0.28)	-0.123 (-1.69)	-0.141** (-2.07)
MTB	-0.004* (-1.99)	-0.010 (-1.00)	-0.009 (-0.87)	0.001 (1.47)	0.000 (0.19)	0.000 (0.23)
Special meeting	-2.910*** (-3.31)	-2.219*** (-3.44)	-1.839*** (-2.97)	0.235 (0.47)	-0.320 (-0.82)	-0.296 (-0.76)
Stock return	-0.007 (-0.02)	-0.176 (-0.54)	-0.010 (-0.03)	0.398** (2.44)	0.338** (2.41)	0.365** (2.59)
% free float	0.598*** (16.74)	0.626*** (19.35)	0.635*** (18.39)	0.958*** (90.61)	0.970*** (246.13)	0.970*** (227.89)
% shares foreign investors	0.058 (1.23)	0.072 (1.55)	0.079* (1.74)	-0.019*** (-4.24)	-0.012* (-1.94)	-0.014** (-2.28)
% shares institutional inv.	-0.121*** (-3.50)	-0.051 (-1.26)	-0.033 (-0.96)	-0.033* (-1.98)	-0.039*** (-2.82)	-0.036*** (-2.81)
% shares largest investor	-0.172** (-2.51)	-0.147** (-2.31)	-0.167** (-2.45)	-0.016 (-1.27)	-0.017* (-1.72)	-0.017 (-1.70)
Herfindahl Index Top 10 Inv.	0.002** (2.27)	0.002** (2.25)	0.002** (2.55)	0.000** (2.17)	0.000*** (2.78)	0.000*** (2.78)
Djankov ADRI		1.180 (1.16)	-2.154** (-2.11)		-0.127 (-0.37)	0.682*** (2.95)
Djankov ASDI		-15.010** (-2.13)	-17.230** (-2.64)		-1.333 (-0.91)	3.223*** (3.59)
GDP per capita		-0.000 (-1.13)	0.000 (1.42)		-0.000 (-1.50)	-0.000*** (-5.09)
Market cap/GDP		0.005 (1.53)	0.001 (0.32)		0.001 (1.13)	-0.003** (-2.23)
Rule of Law		-1.974 (-0.79)	3.174* (2.04)		-0.283 (-0.32)	0.467 (1.06)
Sub-continent FE	No	No	Yes	No	No	Yes
Djankov legal origin FE	No	Yes	Yes	No	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	5,266	4,889	4,889	26,713	25,016	25,016
Adjusted R-squared	0.579	0.592	0.604	0.954	0.955	0.956

Table IA.13: Sub-sample analysis (country-clustered SEs)

This table reports the results from OLS regressions of % *Votes cast* and % *Mgmt. “for” votes* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics and country characteristics for sub-samples based on the median of firm size and firm age. Firm, ownership, and country controls (not displayed) are similar to those used in Table 3. % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % *Mgmt. “for” votes* is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include sub-continent-, year- and industry-fixed effects. Investor type classifications are: bank, corporation, family, government, institutional and management. Legal origins are: English, French and German. Below each sub-sample analysis, hypothesis tests for equality of coefficients are reported. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Firm size and firm age

	% Votes cast				% Mgmt. “for” votes			
	(1) Large	(2) Small	(3) Old	(4) Young	(5) Large	(6) Small	(7) Old	(8) Young
Trust	-35.256*** (-3.54)	-47.912*** (-5.28)	-37.272*** (-3.05)	-41.344*** (-6.37)	9.605*** (5.47)	16.334*** (7.37)	9.610*** (4.50)	15.606*** (8.90)
Country controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sub-continent FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,696	6,687	6,942	6,441	12,919	12,919	13,797	12,041
Adjusted R-squared	0.525	0.414	0.516	0.379	0.108	0.083	0.104	0.081
Trust _{Sample A} =	z-test	p-value	z-test	p-value	z-test	p-value	z-test	p-value
Trust _{Sample B}	0.939	0.348	0.294	0.769	-2.380	0.017	-2.170	0.030

Table IA.14: Regressions on annual level

This table reports the results from OLS regressions on annual level of % *Votes cast* and % *Mgmt. “for” votes* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % *Mgmt. “for” votes* is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. Regressions are run for each year of the sample period separately. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by firm. All specifications include year- and industry-fixed effects. Investor type classifications are: bank, corporation, family, government, institutional and management. Legal origins are: English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables:	% Votes cast			% Mgmt. “for” votes		
	2013	2014	2015	2013	2014	2015
	(1)	(2)	(3)	(4)	(5)	(6)
Trust	-34.104*** (-2.93)	-38.273*** (-4.87)	-45.679*** (-6.22)	13.445*** (4.94)	12.953*** (5.18)	13.684*** (7.60)
3-year avg ROE	1.233 (0.88)	3.262*** (2.81)	3.811*** (3.64)	0.306 (0.98)	-0.212 (-0.97)	-0.041 (-0.20)
Firm Age	0.031 (1.31)	0.041** (2.35)	0.009 (0.56)	-0.002 (-0.48)	0.004 (1.13)	0.005* (1.69)
Leverage	-1.024 (-0.46)	-1.056 (-0.70)	-0.241 (-0.15)	-1.425 (-0.71)	-0.521 (-1.18)	-0.148 (-0.50)
Ln(market cap)	2.491*** (7.02)	2.325*** (8.59)	2.344*** (9.43)	-0.120* (-1.91)	-0.036 (-0.59)	-0.016 (-0.31)
MTB	-0.043*** (-2.93)	0.009 (1.01)	0.000 (0.06)	0.000 (0.01)	0.001 (0.83)	-0.001 (-0.52)
Special meeting	-2.786*** (-4.89)	-3.152*** (-7.09)	-3.676*** (-8.95)	-0.672*** (-3.11)	-0.889*** (-4.42)	-0.526*** (-3.13)
Stock return	0.882 (0.95)	-1.505** (-2.10)	-0.522 (-0.87)	0.673*** (3.07)	0.415*** (2.74)	0.420*** (3.33)
% free float	-0.287*** (-9.87)	-0.275*** (-10.97)	-0.246*** (-9.48)	-0.016** (-2.10)	-0.031*** (-5.19)	-0.017*** (-3.31)
% shares foreign investors	0.118*** (5.92)	0.083*** (4.41)	0.113*** (6.24)	-0.018*** (-3.79)	-0.023*** (-4.44)	-0.012** (-2.54)
% shares institutional inv.	-0.348*** (-8.14)	-0.278*** (-8.92)	-0.256*** (-8.47)	-0.027*** (-2.68)	-0.039*** (-4.19)	-0.047*** (-5.71)
% shares largest investor	0.029 (0.51)	-0.052 (-1.05)	0.085* (1.75)	0.012 (0.81)	-0.001 (-0.07)	0.000 (0.01)
Herfindahl Index Top 10 Inv.	0.001* (1.89)	0.002*** (3.48)	0.001* (1.66)	0.000 (1.25)	0.000 (0.85)	0.000 (1.55)
Djankov ADRI	-3.010** (-2.09)	-4.547*** (-4.57)	-2.870** (-2.58)	1.025** (2.56)	1.496*** (3.44)	1.059** (2.56)
Djankov ASDI	-23.831* (-1.72)	-7.511 (-0.98)	-0.243 (-0.04)	2.558 (0.98)	5.562** (2.43)	0.796 (0.50)
GDP per capita	0.000 (1.09)	0.000 (1.21)	0.000** (2.24)	-0.000*** (-3.09)	-0.000* (-1.69)	-0.000* (-1.71)
Market cap/GDP	0.006 (1.06)	0.015*** (3.88)	0.002 (0.60)	0.002 (1.00)	0.003 (1.08)	-0.005*** (-3.43)
Rule of Law	9.181*** (3.09)	5.549*** (2.80)	6.928*** (4.25)	-0.197 (-0.22)	-1.528 (-1.50)	-0.009 (-0.01)
Sub-continent FE	Yes	Yes	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,507	4,780	6,096	6,239	9,042	10,557
Adjusted R-squared	0.470	0.418	0.485	0.097	0.090	0.091

Table IA.15: Regressions on annual level (country-clustered SEs)

This table reports the results from OLS regressions on annual level of % *Votes cast* and % *Mgmt. “for” votes* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % *Mgmt. “for” votes* is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. Regressions are run for each year of the sample period separately. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry-fixed effects. Investor type classifications are: bank, corporation, family, government, institutional and management. Legal origins are: English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables:	% Votes cast			% Mgmt. “for” votes		
	2013	2014	2015	2013	2014	2015
	(1)	(2)	(3)	(4)	(5)	(6)
Trust	-34.104*** (-3.51)	-38.273*** (-3.86)	-45.679*** (-6.11)	13.445*** (7.20)	12.953*** (5.65)	13.684*** (6.03)
3-year avg ROE	1.233 (1.29)	3.262*** (4.92)	3.811*** (5.10)	0.306** (2.05)	-0.212 (-0.70)	-0.041 (-0.19)
Firm Age	0.031 (1.02)	0.041 (1.59)	0.009 (0.36)	-0.002 (-0.89)	0.004 (0.95)	0.005 (1.08)
Leverage	-1.024 (-0.35)	-1.056 (-0.96)	-0.241 (-0.22)	-1.425 (-0.94)	-0.521 (-1.25)	-0.148 (-0.80)
Ln(market cap)	2.491*** (7.15)	2.325*** (10.31)	2.344*** (10.02)	-0.120 (-1.10)	-0.036 (-0.41)	-0.016 (-0.19)
MTB	-0.043*** (-4.58)	0.009 (1.11)	0.000 (0.04)	0.000 (0.02)	0.001 (0.89)	-0.001** (-2.45)
Special meeting	-2.786*** (-3.60)	-3.152*** (-4.03)	-3.676*** (-6.00)	-0.672 (-1.21)	-0.889* (-2.02)	-0.526 (-1.62)
Stock return	0.882 (0.88)	-1.505* (-1.83)	-0.522 (-1.23)	0.673** (2.50)	0.415*** (3.55)	0.420* (1.85)
% free float	-0.287*** (-12.20)	-0.275*** (-8.56)	-0.246*** (-9.88)	-0.016** (-2.46)	-0.031*** (-4.14)	-0.017*** (-7.34)
% shares foreign investors	0.118*** (4.16)	0.083 (1.03)	0.113 (1.66)	-0.018** (-2.45)	-0.023*** (-2.97)	-0.012** (-2.50)
% shares institutional inv.	-0.348*** (-3.56)	-0.278** (-2.78)	-0.256*** (-2.94)	-0.027* (-1.81)	-0.039** (-2.54)	-0.047*** (-4.34)
% shares largest investor	0.029 (0.77)	-0.052 (-0.66)	0.085* (2.05)	0.012 (1.04)	-0.001 (-0.05)	0.000 (0.01)
Herfindahl Index Top 10 Inv.	0.001* (2.00)	0.002* (1.88)	0.001** (2.20)	0.000 (1.57)	0.000 (0.71)	0.000 (1.32)
Djankov ADRI	-3.010 (-1.70)	-4.547** (-2.15)	-2.870** (-2.13)	1.025*** (3.69)	1.496*** (3.17)	1.059** (2.56)
Djankov ASDI	-23.831* (-2.02)	-7.511 (-1.06)	-0.243 (-0.04)	2.558 (1.35)	5.562*** (2.79)	0.796 (0.44)
GDP per capita	0.000 (1.13)	0.000 (0.77)	0.000** (2.30)	-0.000*** (-4.26)	-0.000* (-1.98)	-0.000 (-1.30)
Market cap/GDP	0.006 (0.83)	0.015** (2.13)	0.002 (0.36)	0.002 (1.29)	0.003 (1.62)	-0.005*** (-3.14)
Rule of Law	9.181*** (3.44)	5.549** (2.08)	6.928*** (3.77)	-0.197 (-0.32)	-1.528* (-2.01)	-0.009 (-0.01)
Sub-continent FE	Yes	Yes	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,507	4,780	6,096	6,239	9,042	10,557
Adjusted R-squared	0.470	0.418	0.485	0.097	0.090	0.091

Table IA.16: Trust and votes cast - European countries only

This table reports the results from OLS regressions of % *Votes cast* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. The regressions are estimated on the European countries only. % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by firm. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables:	% Votes cast		
	(1)	(2)	(3)
Trust	-21.477*** (-7.36)	-17.064*** (-5.92)	-40.103*** (-2.82)
3-year avg ROE		4.489*** (3.76)	3.908*** (2.93)
Firm age		0.020 (1.10)	0.007 (0.35)
Leverage		0.509 (0.25)	0.412 (0.18)
Ln(market cap)		2.574*** (8.89)	2.089*** (5.98)
MTB		0.005** (2.40)	-0.001 (-0.16)
Special meeting		-2.088** (-2.41)	-1.345 (-1.16)
Stock return		-1.456 (-1.40)	0.288 (0.26)
% free float		-0.323*** (-7.92)	-0.366*** (-7.89)
% shares foreign investors		-0.014 (-0.64)	-0.058** (-2.57)
% shares institutional investors		-0.128*** (-3.33)	-0.160*** (-3.23)
% shares largest investor		0.176*** (3.13)	0.180*** (2.81)
Herfindahl Top 10 investors		-0.000 (-0.36)	-0.000 (-0.16)
Djankov ADRI			0.578 (0.49)
Djankov ASDI			-93.127*** (-2.84)
GDP per capita			0.000** (2.08)
Market cap/GDP			-0.026 (-0.77)
Rule of law			-2.345 (-0.65)
Djankov legal origin FE	No	No	Yes
Largest investor type FE	No	Yes	Yes
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Observations	3,363	1,895	1,398
Adjusted R-squared	0.103	0.427	0.492

Table IA.17: Trust and management “for” votes - European countries only

This table reports the results from OLS regressions of % Mgmt. “for” votes on Trust (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. In these models only countries from Europe are considered. % Mgmt. “for” votes is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. Trust is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by firm. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. Variables:	% Mgmt. “for” votes		
	(1)	(2)	(3)
Trust	7.402*** (8.23)	4.484*** (3.91)	24.352*** (2.96)
3-year avg ROE		0.032 (0.09)	-0.282 (-0.52)
Firm age		0.009** (2.02)	0.003 (0.40)
Leverage		-0.805 (-1.14)	-1.485 (-1.39)
Ln(market cap)		0.042 (0.45)	0.323** (2.42)
MTB		0.001 (0.88)	-0.000 (-0.14)
Special meeting		-2.049*** (-5.04)	-1.986*** (-2.58)
Stock return		-0.518 (-1.47)	-0.802 (-1.56)
% Free float		-0.048*** (-3.73)	-0.016 (-0.87)
% shares foreign investors		-0.013* (-1.66)	0.011 (1.08)
% shares institutional investors		-0.011 (-1.02)	-0.060*** (-3.27)
% shares largest investor		-0.022 (-1.36)	-0.014 (-0.64)
Herfindahl Top 10 investors		0.000 (1.55)	0.000** (2.49)
Djankov ADRI			-0.469 (-0.83)
Djankov ASDI			49.135* (1.89)
GDP per capita			-0.000** (-2.10)
Market cap/GDP			0.031 (1.30)
Rule of law			3.444 (1.34)
Djankov legal origin FE	No	No	Yes
Largest investor type FE	No	Yes	Yes
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Observations	6,125	3,380	1,746
Adjusted R-squared	0.026	0.059	0.074

Table IA.18: Trust and votes cast - European countries only (country-clustered SEs)

This table reports the results from OLS regressions of % *Votes cast* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. These regressions are run on the European countries only. % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables:	% Votes cast		
	(1)	(2)	(3)
Trust	-21.477*** (-4.36)	-17.064*** (-3.92)	-40.103** (-3.23)
3-year avg ROE		4.489*** (4.63)	3.908*** (3.43)
Firm age		0.020 (0.79)	0.007 (0.41)
Leverage		0.509 (0.18)	0.412 (0.15)
Ln(market cap)		2.574*** (9.36)	2.089*** (6.48)
MTB		0.005** (2.51)	-0.001 (-0.24)
Special meeting		-2.088 (-1.44)	-1.345 (-0.66)
Stock return		-1.456 (-1.39)	0.288 (0.36)
% free float		-0.323*** (-5.62)	-0.366*** (-5.62)
% shares foreign investors		-0.014 (-0.54)	-0.058* (-2.01)
% shares institutional investors		-0.128* (-2.13)	-0.160** (-3.25)
% shares largest investor		0.176*** (4.13)	0.180** (2.71)
Herfindahl Top 10 investors		-0.000 (-0.38)	-0.000 (-0.13)
Djankov ADRI			0.578 (0.87)
Djankov ASDI			-93.127*** (-3.61)
GDP per capita			0.000** (2.51)
Market cap/GDP			-0.026 (-0.88)
Rule of law			-2.345 (-1.09)
Sub-continent FE	No	No	No
Djankov legal origin FE	No	No	Yes
Largest investor type FE	No	Yes	Yes
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Observations	3,363	1,895	1,398
Adjusted R-squared	0.103	0.427	0.492

**Table IA.19: Trust and management “for” votes - European countries only
(country-clustered SEs)**

This table reports the results from OLS regressions of % Mgmt. “for” votes on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. These regressions are run on the European countries only. % Mgmt. “for” votes is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. Variables:	% Mgmt. “for” votes		
	(1)	(2)	(3)
Trust	7.402** (2.34)	4.484** (2.33)	24.352*** (6.11)
3-year avg ROE		0.032 (0.11)	-0.282 (-1.21)
Firm age		0.009* (1.87)	0.003 (0.39)
Leverage		-0.805 (-1.42)	-1.485 (-1.36)
Ln(market cap)		0.042 (0.25)	0.323** (2.31)
MTB		0.001 (1.22)	-0.000 (-0.48)
Special meeting		-2.049** (-2.65)	-1.986* (-2.01)
Stock return		-0.518 (-1.55)	-0.802 (-1.65)
% Free float		-0.048*** (-3.27)	-0.016 (-0.84)
% shares foreign investors		-0.013 (-1.01)	0.011 (0.90)
% shares institutional investors		-0.011 (-0.75)	-0.060** (-3.17)
% shares largest investor		-0.022 (-1.49)	-0.014 (-0.59)
Herfindahl Top 10 investors		0.000 (1.22)	0.000*** (4.38)
Djankov ADRI			-0.469 (-1.14)
Djankov ASDI			49.135*** (12.08)
GDP per capita			-0.000*** (-10.88)
Market cap/GDP			0.031*** (4.35)
Rule of law			3.444*** (4.59)
Sub-continent FE	No	No	No
Djankov legal origin FE	No	No	Yes
Largest investor type FE	No	Yes	Yes
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Observations	6,125	3,380	1,746
Adjusted R-squared	0.026	0.059	0.074

Table IA.20: Trust and votes cast - Excluding Scandinavia

This table reports the results from OLS regressions of % *Votes cast* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. These regressions are run on a limited sample which excludes Scandinavian countries. % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. *Trust* is the proportion of people agreeing that 'most people can be trusted' against the alternative that 'you can't be too careful in dealing with people'. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by firm. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables:	% Votes cast			
	(1)	(2)	(3)	(4)
Trust	-42.494*** (-31.71)	-36.816*** (-22.91)	-27.593*** (-5.50)	-31.702*** (-3.69)
3-year avg ROE		3.700*** (4.28)	3.073*** (3.57)	2.988*** (3.49)
Firm age		0.038*** (2.85)	0.018 (1.20)	0.022 (1.57)
Leverage		-2.613** (-2.24)	-2.355* (-1.96)	-1.435 (-1.22)
Ln(market cap)		1.607*** (8.83)	2.193*** (10.42)	2.252*** (10.51)
MTB		0.001 (0.66)	0.002 (0.37)	0.001 (0.22)
Special meeting		-4.658*** (-14.92)	-3.832*** (-12.37)	-3.280*** (-10.73)
Stock return		-1.046*** (-2.97)	-0.677* (-1.91)	-0.591* (-1.69)
% free float		-0.257*** (-13.19)	-0.257*** (-12.50)	-0.266*** (-12.98)
% shares foreign investors		0.111*** (8.50)	0.108*** (7.68)	0.109*** (7.76)
% shares institutional investors		-0.256*** (-11.13)	-0.289*** (-11.77)	-0.282*** (-11.29)
% shares largest investor		-0.001 (-0.03)	0.028 (0.69)	0.026 (0.63)
Herfindahl Top 10 investors		0.001*** (3.46)	0.001*** (2.97)	0.001*** (2.70)
Djankov ADRI			4.248*** (9.23)	-1.600 (-1.37)
Djankov ASDI			14.412*** (2.98)	5.112 (0.64)
GDP per capita			0.000*** (4.24)	0.000*** (3.16)
Market cap/GDP			-0.013*** (-6.42)	0.000 (0.03)
Rule of law			-4.137*** (-3.24)	4.362*** (2.85)
Sub-continent FE	No	No	No	Yes
Djankov legal origin FE	No	No	Yes	Yes
Largest investor type FE	No	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	20,277	13,793	13,126	13,126
Adjusted R-squared	0.222	0.411	0.438	0.459

Table IA.21: Trust and management “for” votes - Excluding Scandinavia

This table reports the results from OLS regressions of % *Mgmt. “for” votes* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. These regressions are run on a limited sample which excludes Scandinavian countries. % *Mgmt. “for” votes* is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by firm. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. Variables:	% Mgmt. “for” votes			
	(1)	(2)	(3)	(4)
Trust	5.775*** (18.36)	4.360*** (9.81)	3.945*** (3.33)	12.043*** (6.48)
3-year avg ROE		0.415*** (2.81)	0.010 (0.07)	-0.019 (-0.13)
Firm age		-0.009*** (-4.19)	0.002 (0.86)	0.003 (1.24)
Leverage		0.085 (0.17)	-0.368 (-0.76)	-0.453 (-0.94)
Ln(market cap)		0.130*** (3.59)	-0.023 (-0.60)	-0.053 (-1.38)
MTB		0.000 (0.59)	-0.000 (-0.12)	-0.000 (-0.09)
Special meeting		-0.301*** (-2.73)	-0.766*** (-6.73)	-0.728*** (-6.24)
Stock return		0.412*** (4.82)	0.397*** (4.70)	0.408*** (4.87)
% Free float		-0.034*** (-8.88)	-0.021*** (-5.46)	-0.023*** (-5.76)
% shares foreign investors		-0.022*** (-7.33)	-0.016*** (-4.90)	-0.017*** (-5.33)
% shares institutional investors		-0.035*** (-7.24)	-0.043*** (-7.38)	-0.039*** (-6.54)
% shares largest investor		0.005 (0.78)	0.002 (0.25)	0.002 (0.23)
Herfindahl Top 10 investors		0.000 (0.98)	0.000* (1.88)	0.000* (1.90)
Djankov ADRI			-0.253 (-1.36)	0.769*** (2.70)
Djankov ASDI			-0.513 (-0.60)	2.887** (2.21)
GDP per capita			-0.000*** (-4.80)	-0.000*** (-4.74)
Market cap/GDP			0.000 (1.07)	-0.004*** (-3.53)
Rule of law			0.591 (1.29)	0.380 (0.75)
Sub-continent FE	No	No	No	Yes
Djankov legal origin FE	No	No	Yes	Yes
Largest investor type FE	No	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	39,193	27,479	25,679	25,679
Adjusted R-squared	0.024	0.051	0.085	0.091

Table IA.22: Trust and votes cast - Excluding Scandinavia (country-clustered SEs)

This table reports the results from OLS regressions of % *Votes cast* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. These regressions are run on a limited sample which excludes Scandinavian countries. % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. *Trust* is the proportion of people agreeing that 'most people can be trusted' against the alternative that 'you can't be too careful in dealing with people'. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables:	% Votes cast			
	(1)	(2)	(3)	(4)
Trust	-42.494*** (-12.18)	-36.816*** (-9.10)	-27.593* (-1.97)	-31.702*** (-3.40)
3-year avg ROE		3.700*** (3.81)	3.073*** (6.63)	2.988*** (7.32)
Firm age		0.038 (1.46)	0.018 (0.64)	0.022 (0.90)
Leverage		-2.613*** (-2.97)	-2.355** (-2.67)	-1.435* (-1.84)
Ln(market cap)		1.607** (2.68)	2.193*** (7.73)	2.252*** (9.17)
MTB		0.001 (0.72)	0.002 (0.31)	0.001 (0.18)
Special meeting		-4.658*** (-4.04)	-3.832*** (-4.26)	-3.280*** (-4.46)
Stock return		-1.046*** (-3.28)	-0.677* (-1.89)	-0.591* (-1.72)
% free float		-0.257*** (-9.76)	-0.257*** (-10.22)	-0.266*** (-13.27)
% shares foreign investors		0.111* (1.97)	0.108* (1.86)	0.109* (1.77)
% shares institutional investors		-0.256*** (-2.88)	-0.289*** (-3.30)	-0.282*** (-3.11)
% shares largest investor		-0.001 (-0.03)	0.028 (0.91)	0.026 (0.95)
Herfindahl Top 10 investors		0.001*** (3.26)	0.001** (2.58)	0.001** (2.40)
Djankov ADRI			4.248* (1.87)	-1.600 (-0.90)
Djankov ASDI			14.412 (0.92)	5.112 (0.59)
GDP per capita			0.000 (1.59)	0.000* (1.94)
Market cap/GDP			-0.013* (-1.80)	0.000 (0.02)
Rule of law			-4.137 (-0.98)	4.362* (1.83)
Sub-continent FE	No	No	No	Yes
Djankov legal origin FE	No	No	Yes	Yes
Largest investor type FE	No	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	20,277	13,793	13,126	13,126
Adjusted R-squared	0.222	0.411	0.438	0.459

**Table IA.23: Trust and management “for” votes - Excluding Scandinavia
(country-clustered SEs)**

This table reports the results from OLS regressions of % Mgmt. “for” votes on Trust (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. These regressions are run on a limited sample which excludes Scandinavian countries. % Mgmt. “for” votes is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. Trust is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. Variables:	% Mgmt. “for” votes			
	(1)	(2)	(3)	(4)
Trust	5.775** (2.02)	4.360* (1.82)	3.945 (1.53)	12.043*** (6.95)
3-year avg ROE		0.415 (1.37)	0.010 (0.05)	-0.019 (-0.09)
Firm age		-0.009* (-1.95)	0.002 (0.64)	0.003 (0.89)
Leverage		0.085 (0.19)	-0.368 (-1.08)	-0.453 (-1.39)
Ln(market cap)		0.130 (1.01)	-0.023 (-0.25)	-0.053 (-0.62)
MTB		0.000 (0.72)	-0.000 (-0.29)	-0.000 (-0.22)
Special meeting		-0.301 (-0.60)	-0.766* (-1.94)	-0.728* (-1.82)
Stock return		0.412** (2.36)	0.397** (2.69)	0.408** (2.73)
% Free float		-0.034*** (-3.60)	-0.021*** (-6.39)	-0.023*** (-5.44)
% shares foreign investors		-0.022*** (-5.05)	-0.016** (-2.56)	-0.017*** (-2.92)
% shares institutional investors		-0.035** (-2.22)	-0.043*** (-3.11)	-0.039*** (-3.00)
% shares largest investor		0.005 (0.53)	0.002 (0.20)	0.002 (0.20)
Herfindahl Top 10 investors		0.000 (0.87)	0.000 (1.53)	0.000 (1.58)
Djankov ADRI			-0.253 (-0.75)	0.769*** (2.95)
Djankov ASDI			-0.513 (-0.31)	2.887** (2.40)
GDP per capita			-0.000*** (-2.84)	-0.000*** (-4.18)
Market cap/GDP			0.000 (0.57)	-0.004*** (-2.85)
Rule of law			0.591 (0.79)	0.380 (0.69)
Sub-continent FE	No	No	No	Yes
Djankov legal origin FE	No	No	Yes	Yes
Largest investor type FE	No	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	39,193	27,479	25,679	25,679
Adjusted R-squared	0.024	0.051	0.085	0.091

Table IA.24: Additional controls for power distance and individualism (Hofstede)

This table reports the results from OLS regressions of % Votes cast and % Mgmt. “for” votes on Trust (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. Firm, ownership, and country controls (not displayed) are similar to those used in Table 3. The regressions additionally include the Hofstede power distance index (*Power distance*) and individualism index (*Individualism*) of firms’ country of headquarters. % Votes cast is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % Mgmt. “for” votes is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. Trust is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by firm. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

	% Votes cast			% Mgmt. “for” votes		
	(1)	(2)	(3)	(4)	(5)	(6)
Trust	-53.783*** (-7.74)	-43.342*** (-5.95)	-54.210*** (-7.59)	12.428*** (7.76)	13.136*** (9.13)	12.508*** (7.88)
Power distance	-0.356*** (-4.19)		-0.348*** (-3.96)	-0.010 (-0.62)		-0.014 (-0.82)
Individualism		-0.112 (-1.19)	-0.042 (-0.44)		0.018 (0.70)	0.024 (0.86)
Country controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes	Yes	Yes
Sub-continent FE	Yes	Yes	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	13,142	13,142	13,142	25,499	25,499	25,499
Adjusted R-squared	0.452	0.451	0.452	0.091	0.091	0.091

Table IA.25: Additional controls for power distance and individualism (Hofstede) (country-clustered SEs)

This table reports the results from OLS regressions of % Votes cast and % Mgmt. “for” votes on Trust (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. Firm, ownership, and country controls (not displayed) are similar to those used in Table 3. The regressions additionally include the Hofstede power distance index (*Power distance*) and individualism index (*Individualism*) of firms’ country of headquarters. % Votes cast is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % Mgmt. “for” votes is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. Trust is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by country. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

	% Votes cast			% Mgmt. “for” votes		
	(1)	(2)	(3)	(4)	(5)	(6)
Trust	-53.783*** (-5.34)	-43.342*** (-4.15)	-54.210*** (-5.03)	12.428*** (6.28)	13.136*** (8.76)	12.508*** (7.20)
Power distance	-0.356*** (-2.82)		-0.348*** (-2.91)	-0.010 (-0.57)		-0.014 (-0.82)
Individualism		-0.112 (-0.67)	-0.042 (-0.24)		0.018 (0.61)	0.024 (0.81)
Country controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes	Yes	Yes
Sub-continent FE	Yes	Yes	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	13,142	13,142	13,142	25,499	25,499	25,499
Adjusted R-squared	0.452	0.451	0.452	0.091	0.091	0.091

Table IA.26: Controlling for stock market participation

This table reports the results from OLS regressions of % *Votes cast* and % *Mgmt. “for” votes* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. The regressions additionally include the variable *Stock market participation*, which is the stock market participation in the firms’ country of headquarters (as in Giannetti and Koskinen (2010) whose data we use). % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % *Mgmt. “for” votes* is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by firm or country. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

	Firm-clustered SEs		Country-clustered SEs	
	% Votes cast	% Mgmt. “for” votes	% Votes cast	% Mgmt. “for” votes
	(1)	(2)	(3)	(4)
Trust	-70.967*** (-3.49)	10.848** (2.77)	-70.967*** (-3.16)	10.848*** (2.75)
Stock market participation	-774.029** (-2.73)	77.596* (1.77)	-774.029** (-2.36)	77.596 (1.32)
3-year avg ROE	3.324*** (3.57)	-0.113 (-0.48)	3.324*** (3.55)	-0.113 (-0.75)
Firm age	0.037*** (3.69)	0.001 (0.49)	0.037** (2.20)	0.001 (0.57)
Leverage	0.311 (0.18)	-0.497 (-1.25)	0.311 (0.20)	-0.497 (-0.87)
Ln(market cap)	2.524*** (11.08)	-0.064 (-0.66)	2.524*** (10.52)	-0.064 (-1.49)
MTB	0.005 (1.08)	-0.000 (-0.26)	0.005 (0.93)	-0.000 (-0.11)
Special meeting	-4.235* (-1.96)	-1.110* (-1.87)	-4.235*** (-6.67)	-1.110*** (-5.83)
Stock return	-1.046** (-2.47)	0.597** (2.97)	-1.046* (-1.76)	0.597*** (5.76)
% Free float	-0.300*** (-5.61)	-0.029*** (-3.76)	-0.300*** (-10.29)	-0.029*** (-5.79)
% shares foreign investors	-0.038 (-1.18)	-0.010 (-1.58)	-0.038** (-2.15)	-0.010** (-2.40)
% shares institutional investors	-0.065 (-1.25)	-0.046** (-2.67)	-0.065** (-2.10)	-0.046*** (-6.13)
% shares largest investor	0.045 (0.68)	0.005 (0.46)	0.045 (0.97)	0.005 (0.64)
Herfindahl Top 10 investors	0.001 (1.13)	0.000 (1.04)	0.001 (1.26)	0.000* (1.76)
Djankov ADRI	36.457*** (3.25)	-4.201** (-2.39)	36.457*** (2.64)	-4.201* (-1.65)
Djankov ASDI	-212.899*** (-3.86)	16.915* (2.11)	-212.899*** (-3.39)	16.915* (1.68)
GDP per capita	0.003** (2.94)	-0.000* (-2.11)	0.003*** (2.72)	-0.000* (-1.69)
Market cap/GDP	-0.035 (-1.61)	-0.012** (-2.21)	-0.035 (-1.14)	-0.012** (-1.96)
Rule of law	-22.033*** (-3.78)	2.292** (2.65)	-22.033*** (-3.26)	2.292* (1.88)
Sub-continent FE	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	4,366	16,651	4,366	16,651
Adjusted R-squared	0.352	0.073	0.352	0.073

Table IA.27: Evidence based on the extended cross-country sample including the USA

This table reports the results from OLS regressions of % *Votes cast* and % *Mgmt. “for” votes* on *Trust* (which is the trust level of the country where the firm has its headquarters), firm characteristics, ownership characteristics, and country characteristics. The regressions are based on an extended cross-country sample, which additionally includes data for U.S. (Russell 3000) companies as provided by ISS Voting Analytics. % *Votes cast* is the average percentage of votes cast irrespective of the concrete voting decision at a given shareholder meeting. % *Mgmt. “for” votes* is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. *Trust* is the proportion of people agreeing that ‘most people can be trusted’ against the alternative that ‘you can’t be too careful in dealing with people’. All regressions include a constant (not reported). All variables are defined in Appendix A. Robust t-statistics (in parentheses) are based on standard errors clustered by firm or country. All specifications include year- and industry-fixed effects. The large investor type dummies are bank, corporation, family, government, institutional shareholder and management. Legal origins are English, French, and German. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

	Firm-clustered SEs		Country-clustered SEs	
	% <i>Votes cast</i>	% <i>Mgmt. “for” votes</i>	% <i>Votes cast</i>	% <i>Mgmt. “for” votes</i>
	(1)	(2)	(3)	(4)
Trust	-48.049*** (-8.24)	10.428*** (9.97)	-48.049*** (-4.39)	10.428*** (9.80)
3-year avg ROE	1.903*** (4.48)	-0.089 (-0.80)	1.903*** (5.16)	-0.089 (-0.57)
Firm age	-0.001 (-0.44)	0.001** (2.15)	-0.001 (-0.68)	0.001*** (3.10)
Leverage	-2.516*** (-2.79)	-0.363 (-0.86)	-2.516** (-2.06)	-0.363 (-1.12)
Ln(market cap)	2.400*** (19.21)	0.152*** (4.85)	2.400*** (16.90)	0.152 (0.89)
MTB	-0.000 (-0.39)	-0.000 (-0.61)	-0.000 (-1.59)	-0.000 (-1.55)
Special meeting	-3.960*** (-12.85)	-0.840*** (-7.49)	-3.960*** (-4.19)	-0.840** (-2.22)
Stock return	-1.118*** (-3.99)	0.367*** (4.86)	-1.118*** (-2.94)	0.367*** (2.93)
% Free float	-0.069*** (-4.45)	-0.010*** (-3.29)	-0.069 (-0.92)	-0.010 (-1.22)
% shares foreign investors	0.054*** (4.03)	-0.022*** (-7.15)	0.054 (0.85)	-0.022*** (-5.50)
% shares institutional investors	0.152*** (11.34)	-0.010*** (-2.64)	0.152 (0.98)	-0.010 (-0.87)
% shares largest investor	0.185*** (4.89)	0.017*** (2.80)	0.185*** (3.13)	0.017 (1.29)
Herfindahl Top 10 investors	0.001* (1.88)	0.000 (0.97)	0.001* (1.73)	0.000 (0.71)
Djankov ADRI	-3.610*** (-4.80)	0.733*** (4.01)	-3.610** (-2.19)	0.733*** (4.24)
Djankov ASDI	-1.158 (-0.17)	2.888** (2.29)	-1.158 (-0.12)	2.888** (2.62)
GDP per capita	0.000*** (4.44)	-0.000*** (-4.49)	0.000** (2.38)	-0.000*** (-4.65)
Market cap/GDP	0.008*** (2.96)	-0.003*** (-3.66)	0.008 (1.50)	-0.003*** (-3.07)
Rule of law	4.860*** (3.43)	0.013 (0.03)	4.860* (1.74)	0.013 (0.03)
Sub-continent FE	Yes	Yes	Yes	Yes
Djankov legal origin FE	Yes	Yes	Yes	Yes
Largest investor type FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	20,818	33,341	20,818	33,341
Adjusted R-squared	0.501	0.086	0.501	0.086