

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 for space limitations. 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. This negative correlation indicates that the negative relation between trust and shareholder monitoring via voting does not reflect better legal shareholder protection. Additionally, we find very low correlations between *Trust* and the level of hedge fund activism (-0.019), based on hedge fund stock ownership data provided by Becht et al. (2017), as well as average ISS “for” vote recommendations per firm (-0.017). This evidence indicates that the negative relation between trust and shareholder monitoring via voting is unlikely to reflect cross-country differences regarding the engagement by activist shareholders or proxy advisors.

Table IA.2 - 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 (independent of whether we use standard errors clustered by firm or by country).

Table IA.3 - Controlling for additional World Governance Indicators (World Bank):

We re-estimate the regressions shown in column (4) of Table 2 and Table 3 adding additional controls for World Bank country-level governance indicators. The governance indicators are *Control of corruption*, *Government effectiveness*, *Political stability*, *Regulatory quality*, and *Voice and accountability*. The results are robust to including these controls (independent of the choice of standard errors).

Table IA.4 - 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 (2019). While power distance and trust tend to have a negative relation, our results could be driven by hierarchical high-trust countries 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 (independent of the choice of standard errors).

Table IA.5 - Controlling for stock market participation:

We address the concern that trust might relate to shareholder voting as it affects stock market participation (as shown by Guiso, Sapienza, and Zingales, 2008b) 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 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 (independent of the choice of standard errors).

Table IA.6 and Table IA.7 - Results for Europe only and results excluding Scandinavia:

To further mitigate concerns that our cross-country results are 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 (independent of the choice of standard errors).

Table IA.8 - 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 (independent of the choice of standard errors).

Table IA.9 to Table IA.20 - Standard errors clustered at the country level:

We re-estimate all regressions shown in Table 2 to Table 9 and Appendix B to Appendix E of this paper using standard errors clustered at the country (or U.S. county) level. The results are 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*

Additional correlations	Trust	Fraction of shares held by hedge funds	ISS for recommendation
Trust	1.000		
Fraction of shares held by hedge funds	-0.019*	1.000	
ISS for recommendation	-0.017*	-0.001*	1.000

Table IA.2: Regressions on annual level

This table reports the results from OLS regressions on annual level of *% Votes cast* (Panel A) and *% Mgmt. "for" votes* (Panel B) 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 / 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: % Votes cast

	% Votes cast					
	Firm-clustered SEs			Country-clustered SEs		
	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)	-34.104*** (-3.51)	-38.273*** (-3.86)	-45.679*** (-6.11)
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	2,507	4,780	6,096	2,507	4,780	6,096
Adjusted R-squared	0.470	0.418	0.485	0.470	0.418	0.485

Panel B: % Mgmt. “for” votes

	% Mgmt. “for” votes					
	Firm-clustered SEs			Country-clustered SEs		
	2013	2014	2015	2013	2014	2015
	(1)	(2)	(3)	(4)	(5)	(6)
Trust	13.445*** (4.94)	12.953*** (5.18)	13.684*** (7.60)	13.445*** (7.20)	12.953*** (5.65)	13.684*** (6.03)
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	6,239	9,042	10,557	6,239	9,042	10,557
Adjusted R-squared	0.097	0.090	0.091	0.097	0.090	0.091

Table IA.3: Additional controls for World Governance Indicators (World Bank)

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 Voice and accountability, Control of corruption, Regulatory quality, Political stability and Government effectiveness 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 / 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	
	Firm-clustered SEs	Country-clustered SEs	Firm-clustered SEs	Country-clustered SEs
	(1)	(2)	(3)	(4)
Trust	-43.973*** (-6.61)	-43.973*** (-6.99)	12.688*** (8.34)	12.688*** (9.59)
Control of corruption	10.922*** (4.39)	10.922*** (3.42)	-1.050 (-1.45)	-1.050 (-1.31)
Government effectiveness	-3.701* (-1.91)	-3.701 (-0.80)	-0.913* (-1.68)	-0.913 (-1.54)
Political stability	5.677** (1.96)	5.677 (1.07)	-0.303 (-0.62)	-0.303 (-0.54)
Regulatory quality	6.287* (1.92)	6.287 (1.06)	0.535 (0.82)	0.535 (0.83)
Voice and accountability	7.409*** (3.56)	7.409** (2.50)	-0.232 (-0.42)	-0.232 (-0.33)
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	13,383	13,383	25,838	25,838
Adjusted R-squared	0.460	0.460	0.091	0.091

Table IA.4: Additional controls for power distance and individualism (Hofstede)

This table reports the results from OLS regressions of % *Votes cast* (Panel A) and % *Mgmt. "for" votes* (Panel B) 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 / 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.

Panel A: % Votes cast

	% Votes cast					
	Firm-clustered SEs			Country-clustered SEs		
	(1)	(2)	(3)	(4)	(5)	(6)
Trust	-53.783*** (-7.74)	-43.342*** (-5.95)	-54.210*** (-7.59)	-53.783*** (-5.34)	-43.342*** (-4.15)	-54.210*** (-5.03)
Power distance	-0.356*** (-4.19)		-0.348*** (-3.96)	-0.356*** (-2.82)		-0.348*** (-2.91)
Individualism		-0.112 (-1.19)	-0.042 (-0.44)		-0.112 (-0.67)	-0.042 (-0.24)
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	13,142	13,142	13,142
Adjusted R-squared	0.452	0.451	0.452	0.452	0.451	0.452

Panel B: % Mgmt. “for” votes

	% Mgmt. “for” votes					
	Firm-clustered SEs			Country-clustered SEs		
	(1)	(2)	(3)	(4)	(5)	(6)
Trust	12.428*** (7.76)	13.136*** (9.13)	12.508*** (7.88)	12.428*** (6.28)	13.136*** (8.76)	12.508*** (7.20)
Power distance	-0.010 (-0.62)		-0.014 (-0.82)	-0.010 (-0.57)		-0.014 (-0.82)
Individualism		0.018 (0.70)	0.024 (0.86)		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	25,499	25,499	25,499	25,499	25,499	25,499
Adjusted R-squared	0.091	0.091	0.091	0.091	0.091	0.091

Table IA.5: 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 / 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	
	Firm-clustered SEs	Country-clustered SEs	Firm-clustered SEs	Country-clustered SEs
	(1)	(2)	(3)	(4)
Trust	-70.967*** (-3.49)	-70.967*** (-3.16)	10.848** (2.77)	10.848*** (2.75)
Stock market participation	-774.029** (-2.73)	-774.029** (-2.36)	77.596* (1.77)	77.596 (1.32)
3-year avg ROE	3.324*** (3.57)	3.324*** (3.55)	-0.113 (-0.48)	-0.113 (-0.75)
Firm age	0.037*** (3.69)	0.037** (2.20)	0.001 (0.49)	0.001 (0.57)
Leverage	0.311 (0.18)	0.311 (0.20)	-0.497 (-1.25)	-0.497 (-0.87)
Ln(market cap)	2.524*** (11.08)	2.524*** (10.52)	-0.064 (-0.66)	-0.064 (-1.49)
MTB	0.005 (1.08)	0.005 (0.93)	-0.000 (-0.26)	-0.000 (-0.11)
Special meeting	-4.235* (-1.96)	-4.235*** (-6.67)	-1.110* (-1.87)	-1.110*** (-5.83)
Stock return	-1.046** (-2.47)	-1.046* (-1.76)	0.597** (2.97)	0.597*** (5.76)
% Free float	-0.300*** (-5.61)	-0.300*** (-10.29)	-0.029*** (-3.76)	-0.029*** (-5.79)
% Shares foreign investors	-0.038 (-1.18)	-0.038** (-2.15)	-0.010 (-1.58)	-0.010** (-2.40)
% Shares institutional inv.	-0.065 (-1.25)	-0.065** (-2.10)	-0.046** (-2.67)	-0.046*** (-6.13)
% Shares largest investor	0.045 (0.68)	0.045 (0.97)	0.005 (0.46)	0.005 (0.64)
Herfindahl Top 10 investors	0.001 (1.13)	0.001 (1.26)	0.000 (1.04)	0.000* (1.76)
Djankov ADRI	36.457*** (3.25)	36.457*** (2.64)	-4.201** (-2.39)	-4.201* (-1.65)
Djankov ASDI	-212.899*** (-3.86)	-212.899*** (-3.39)	16.915* (2.11)	16.915* (1.68)
GDP per capita	0.003** (2.94)	0.003*** (2.72)	-0.000* (-2.11)	-0.000* (-1.69)
Market cap/GDP	-0.035 (-1.61)	-0.035 (-1.14)	-0.012** (-2.21)	-0.012** (-1.96)
Rule of law	-22.033*** (-3.78)	-22.033*** (-3.26)	2.292** (2.65)	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	4,366	16,651	16,651
Adjusted R-squared	0.352	0.352	0.073	0.073

Table IA.6: Trust and voting - European countries only

This table reports the results from OLS regressions on annual level of *% Votes cast* (Panel A) and *% Mgmt. "for" votes* (Panel B) 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 European countries only. *% 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 / 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.

Panel A: % Votes cast

	% Votes cast					
	Firm-clustered SEs			Country-clustered SEs		
	(1)	(2)	(3)	(4)	(5)	(6)
Trust	-21.477*** (-7.36)	-17.064*** (-5.92)	-40.103*** (-2.82)	-21.477*** (-4.36)	-17.064*** (-3.92)	-40.103** (-3.23)
Country controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Ownership controls	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	3,363	1,895	1,398	3,363	1,895	1,398
Adjusted R-squared	0.103	0.427	0.492	0.103	0.427	0.492

Panel B: % Mgmt. “for” votes

	% Mgmt. “for” votes					
	Firm-clustered SEs			Country-clustered SEs		
	(1)	(2)	(3)	(4)	(5)	(6)
Trust	7.402*** (8.23)	4.484*** (3.91)	24.352*** (2.96)	7.402** (2.34)	4.484** (2.33)	24.352*** (6.11)
Country controls	No	No	Yes	No	No	Yes
Firm controls	No	Yes	Yes	No	Yes	Yes
Ownership controls	No	Yes	Yes	No	Yes	Yes
Djankov legal origin FE	No	Yes	Yes	No	Yes	Yes
Largest investor type FE	No	Yes	Yes	No	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6,125	3,380	1,746	6,125	3,380	1,746
Adjusted R-squared	0.026	0.059	0.074	0.026	0.059	0.074

Table IA.7: Trust and voting - Excluding Scandinavia

This table reports the results from OLS regressions of % *Votes cast* (Panel A) and % *Mgmt. "for" votes* (Panel B) 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. % *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 / 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.

Panel A: % Votes cast

	% Votes cast							
	Firm-clustered SEs				Country-clustered SEs			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Trust	-42.494*** (-31.71)	-36.816*** (-22.91)	-27.593*** (-5.50)	-31.702*** (-3.69)	-42.494*** (-12.18)	-36.816*** (-9.10)	-27.593* (-1.97)	-31.702*** (-3.40)
Sub-continent FE	No	No	No	Yes	No	No	No	Yes
Country controls	No	No	Yes	Yes	No	No	Yes	Yes
Firm controls	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Ownership controls	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Djankov legal origin FE	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Largest investor type FE	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	20,277	13,793	13,126	13,126	20,277	13,793	13,126	13,126
Adjusted R-squared	0.222	0.411	0.438	0.459	0.222	0.411	0.438	0.459

Panel B: % Mgmt. “for” votes

	% Mgmt. “for” votes							
	Firm-clustered SEs				Country-clustered SEs			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Trust	5.775*** (18.36)	4.360*** (9.81)	3.945*** (3.33)	12.043*** (6.48)	5.775** (2.02)	4.360* (1.82)	3.945 (1.53)	12.043*** (6.95)
Sub-continent FE	No	No	No	Yes	No	No	No	Yes
Country controls	No	No	Yes	Yes	No	No	Yes	Yes
Firm controls	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Ownership controls	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Djankov legal origin FE	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Largest investor type FE	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	39,193	27,479	25,679	25,679	39,193	27,479	25,679	25,679
Adjusted R-squared	0.024	0.051	0.085	0.091	0.024	0.051	0.085	0.091

Table IA.8: 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 / 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	
	Firm-clustered SEs	Country-clustered SEs	Firm-clustered SEs	Country-clustered SEs
	(1)	(2)	(3)	(4)
Trust	-48.049*** (-8.24)	-48.049*** (-4.39)	10.428*** (9.97)	10.428*** (9.80)
3-year avg ROE	1.903*** (4.48)	1.903*** (5.16)	-0.089 (-0.80)	-0.089 (-0.57)
Firm age	-0.001 (-0.44)	-0.001 (-0.68)	0.001** (2.15)	0.001*** (3.10)
Leverage	-2.516*** (-2.79)	-2.516** (-2.06)	-0.363 (-0.86)	-0.363 (-1.12)
Ln(market cap)	2.400*** (19.21)	2.400*** (16.90)	0.152*** (4.85)	0.152 (0.89)
MTB	-0.000 (-0.39)	-0.000 (-1.59)	-0.000 (-0.61)	-0.000 (-1.55)
Special meeting	-3.960*** (-12.85)	-3.960*** (-4.19)	-0.840*** (-7.49)	-0.840** (-2.22)
Stock return	-1.118*** (-3.99)	-1.118*** (-2.94)	0.367*** (4.86)	0.367*** (2.93)
% Free float	-0.069*** (-4.45)	-0.069 (-0.92)	-0.010*** (-3.29)	-0.010 (-1.22)
% Shares foreign investors	0.054*** (4.03)	0.054 (0.85)	-0.022*** (-7.15)	-0.022*** (-5.50)
% Shares institutional investors	0.152*** (11.34)	0.152 (0.98)	-0.010*** (-2.64)	-0.010 (-0.87)
% Shares largest investor	0.185*** (4.89)	0.185*** (3.13)	0.017*** (2.80)	0.017 (1.29)
Herfindahl Top 10 investors	0.001* (1.88)	0.001* (1.73)	0.000 (0.97)	0.000 (0.71)
Djankov ADRI	-3.610*** (-4.80)	-3.610** (-2.19)	0.733*** (4.01)	0.733*** (4.24)
Djankov ASDI	-1.158 (-0.17)	-1.158 (-0.12)	2.888** (2.29)	2.888** (2.62)
GDP per capita	0.000*** (4.44)	0.000** (2.38)	-0.000*** (-4.49)	-0.000*** (-4.65)
Market cap/GDP	0.008*** (2.96)	0.008 (1.50)	-0.003*** (-3.66)	-0.003*** (-3.07)
Rule of law	4.860*** (3.43)	4.860* (1.74)	0.013 (0.03)	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	20,818	33,341	33,341
Adjusted R-squared	0.501	0.501	0.086	0.086

Table IA.9: 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 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 as well as largest investor type and legal origin 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				
	(1)	(2)	(3)	(4)	(5)
Trust	-41.765*** (-11.36)	-35.605*** (-9.16)	-31.091** (-2.20)	-41.747*** (-4.41)	-41.372*** (-4.58)
3-year avg ROE		3.510*** (3.96)	3.261*** (6.68)	3.183*** (7.54)	3.319*** (6.63)
Firm age		0.039 (1.55)	0.026 (0.95)	0.027 (1.13)	0.031 (1.29)
Leverage		-1.885 (-1.67)	-2.251** (-2.20)	-0.792 (-0.75)	-0.498 (-0.38)
Ln(market cap)		1.517*** (2.73)	2.189*** (8.00)	2.286*** (10.10)	2.217*** (8.92)
MTB		0.001 (0.72)	0.002 (0.38)	0.001 (0.16)	0.000 (0.06)
Special meeting		-4.731*** (-4.31)	-3.774*** (-4.38)	-3.317*** (-4.63)	-3.307*** (-4.43)
Stock return		-1.147*** (-3.51)	-0.785** (-2.19)	-0.692* (-1.99)	-0.897** (-2.23)
% Free float		-0.256*** (-9.74)	-0.244*** (-7.88)	-0.261*** (-12.05)	-0.253*** (-12.94)
% Shares foreign investors		0.109* (1.91)	0.108* (1.85)	0.107* (1.71)	0.108* (1.70)
% Shares institutional investors		-0.243*** (-2.73)	-0.285*** (-3.20)	-0.279*** (-3.10)	-0.260*** (-3.10)
% Shares largest investor		0.004 (0.10)	0.036 (1.08)	0.031 (1.07)	0.028 (0.77)
Herfindahl Top 10 investors		0.001*** (3.15)	0.001** (2.60)	0.001** (2.34)	0.001* (1.90)
Djankov ADRI			3.319 (1.44)	-3.268* (-1.92)	-3.122* (-1.87)
Djankov ASDI			11.228 (0.74)	-5.467 (-0.70)	-4.393 (-0.58)
GDP per capita			0.000 (0.82)	0.000* (1.74)	0.000 (1.69)
Market cap/GDP			-0.011 (-1.58)	0.007 (1.07)	0.006 (0.96)
Rule of law			-1.839 (-0.48)	5.566** (2.31)	5.645** (2.37)
Avg trust foreign investors					-3.816* (-1.71)
Sub-continent FE	No	No	No	Yes	Yes
Djankov legal origin FE	No	No	Yes	Yes	Yes
Largest investor type FE	No	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes
Observations	20,716	14,085	13,383	13,383	12,202
Adjusted R-squared	0.219	0.406	0.431	0.455	0.452

Table IA.10: 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 (Panel A). Directors, Capitalization, M&A and Compensation is the average percentage of votes cast in support of the respective management proposal types (Panel B). 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 as well as largest investor type and legal origin 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: % Mgmt. “for” votes

Dep. variables:	% Mgmt. “for” votes				
	(1)	(2)	(3)	(4)	(5)
Trust	5.723** (2.04)	4.332* (1.88)	4.929* (1.87)	12.809*** (8.35)	12.718*** (9.21)
3-year avg ROE		0.399 (1.34)	-0.004 (-0.02)	-0.025 (-0.13)	-0.015 (-0.07)
Firm age		-0.009* (-1.95)	-0.000 (-0.02)	0.003 (0.83)	0.003 (1.03)
Leverage		0.057 (0.13)	-0.361 (-1.06)	-0.481 (-1.48)	-0.537 (-1.43)
Ln(market cap)		0.135 (1.07)	-0.023 (-0.25)	-0.048 (-0.57)	-0.040 (-0.48)
MTB		0.000 (0.71)	-0.000 (-0.32)	-0.000 (-0.25)	-0.000 (-0.25)
Special meeting		-0.300 (-0.60)	-0.725* (-1.87)	-0.718* (-1.82)	-0.732* (-1.87)
Stock return		0.406** (2.35)	0.377** (2.61)	0.403** (2.74)	0.404** (2.62)
% Free float		-0.034*** (-3.57)	-0.022*** (-6.15)	-0.022*** (-5.38)	-0.025*** (-5.61)
% Shares foreign investors		-0.022*** (-5.04)	-0.016** (-2.64)	-0.017*** (-2.97)	-0.018*** (-2.98)
% Shares institutional investors		-0.035** (-2.25)	-0.041*** (-3.03)	-0.039*** (-3.02)	-0.040*** (-3.10)
% Shares largest investor		0.005 (0.52)	0.003 (0.31)	0.002 (0.23)	0.002 (0.24)
Herfindahl Top 10 investors		0.000 (0.89)	0.000 (1.44)	0.000 (1.58)	0.000 (1.42)
Djankov ADRI			-0.050 (-0.14)	0.897*** (3.97)	0.819*** (4.26)
Djankov ASDI			-1.104 (-0.70)	3.300*** (2.90)	2.883** (2.67)
GDP per capita			-0.000 (-1.23)	-0.000*** (-4.22)	-0.000*** (-4.89)
Market cap/GDP			0.001 (1.00)	-0.004*** (-3.43)	-0.004*** (-4.18)
Rule of law			-0.522 (-0.56)	0.241 (0.49)	0.301 (0.68)
Avg trust foreign investors					0.601 (0.95)
Sub-continent FE	No	No	No	Yes	Yes
Djankov legal origin FE	No	No	Yes	Yes	Yes
Largest investor type FE	No	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes
Observations	39,436	27,645	25,838	25,838	24,295
Adjusted R-squared	0.024	0.051	0.083	0.091	0.091

Panel B: % Mgmt. “for” votes by proposal type

Dep. variables:	Directors	Capitalization	M&A	Compensation
	(1)	(2)	(3)	(4)
Trust	6.561*** (4.04)	10.361*** (4.73)	6.102 (1.39)	29.946*** (4.42)
Sub-continent FE	Yes	Yes	Yes	Yes
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
Observations	18,027	8,470	9,512	7,495
Adjusted R-squared	0.084	0.125	0.013	0.146

Table IA.11: Trust, shareholder voting, and differences across corporate ownership (with country fixed effects) (country-clustered SEs)

This table reports the results from OLS regressions of % *Mgmt. “for” votes* and % *Votes cast* on *Trust* (which is the trust level of the country where the firm has its headquarters), the interaction of *Trust* and *High free float* (which is a binary variable equal to one if the firm’s free float is above the sample median) or the interaction of *Trust* and *High foreign ownership* (which is a binary variable equal to one if the share of foreign investors among the firm’s top 50 largest investors is above the sample median), firm characteristics, ownership characteristics and country characteristics. Firm, ownership, and country controls (not displayed) are similar to those used in Table 2 and 3. % *Mgmt. “for” votes* is the average percentage of votes cast in support of management-initiated proposals at a given shareholder meeting. % *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 as well as fixed effects for the type of largest investor. Investor type classifications are: bank, corporation, family, government, institutional and management. Specifications with even (odd) numbers also include country fixed effects (legal origin and sub-continent fixed effects). 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.

	% Votes cast				% Mgmt. “for” votes			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Trust	-38.364*** (-3.99)		-55.972*** (-6.31)		12.068*** (7.61)		14.296*** (7.57)	
High free float	-2.736 (-0.86)	-3.615 (-1.16)			-0.829 (-1.40)	-0.758 (-1.28)		
Trust * High free float	-6.538 (-1.16)	-5.057 (-0.91)			1.573* (1.71)	1.436 (1.54)		
High foreign ownership			-7.987*** (-4.17)	-7.272*** (-3.96)			0.686 (1.42)	0.665 (1.37)
Trust * High foreign			25.400*** (4.33)	23.728*** (3.85)			-2.898** (-2.33)	-2.878** (-2.31)
Country FE	No	Yes	No	Yes	No	Yes	No	Yes
Subcontinent FE	Yes	No	Yes	No	Yes	No	Yes	No
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Djankov legal origin dummies	Yes	No	Yes	No	Yes	No	Yes	No
Largest investor dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	13,383	13,380	13,383	13,380	25,838	25,837	25,838	25,837
Adj. R-squared	0.462	0.471	0.465	0.473	0.091	0.093	0.092	0.095

Table IA.12: Trust, shareholder voting, and future firm performance (with country fixed effects) (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 2 and 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 is equal to one if % *Mgmt. "for" votes* is larger than its sample median value. *Low votes cast* is an indicator variable, which is equal to one 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 as well as fixed effects for the type of largest investor. Investor type classifications are: bank, corporation, family, government, institutional and management. Specifications with even (odd) numbers also include country fixed effects (legal origin fixed effects). 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
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Djankov legal origin dummies	Yes	No	Yes	No	Yes	No	Yes	No
Largest investor dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry 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.13: Terrorist attacks as transitory negative 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 two weeks / 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 two weeks (i.e., *Terror (2 weeks)*) or one month (i.e., *Terror (1 month)*) of the shareholder meeting (i.e., both AGM and special 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). Panel B shows results for the same variables based on a sample that excludes terrorist attacks with a negative stock market reaction to further mitigate concerns that economic responses to terrorism cause our results. % Votes cast is the average percentage of votes cast irrespective 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.

Panel A: All terrorist attacks

	% Votes cast				% Mgmt. “for” votes			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Terror (2 weeks)	0.835*** (3.33)				-0.330*** (-5.60)			
Terror (2 weeks)*ln(# fatalities)		0.471*** (5.46)				-0.114*** (-5.65)		
Terror (1 month)			0.417* (1.74)				-0.232** (-2.61)	
Terror (1 month)*ln(# fatalities)				0.284** (2.37)				-0.123*** (-4.67)
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	20,712	20,712	20,712	20,712	39,433	39,433	39,433	39,433
Adjusted R-squared	0.287	0.288	0.287	0.287	0.075	0.075	0.075	0.075

Panel B: Excluding terrorist attacks with negative stock market reaction

	% Votes cast				% Mgmt. "for" votes			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Terror (2 weeks)_{AR>0}	1.088*** (3.48)				-0.310*** (-3.86)			
Terror (2 weeks)_{AR>0}*ln(# fatalities)		0.490*** (6.09)				-0.109*** (-3.53)		
Terror (1 month)_{AR>0}			0.689** (2.59)				-0.199** (-2.15)	
Terror (1 month)_{AR>0}*ln(# fatalities)				0.292*** (4.89)				-0.114*** (-2.73)
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	20,712	20,712	20,712	20,712	39,433	39,433	39,433	39,433
Adjusted R-squared	0.287	0.288	0.287	0.287	0.075	0.075	0.075	0.075

Table IA.14: 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), La Porta et al. (1997), and Zak and Knack (2001), we instrument *Trust* with % *Hierarchical religion in 1900* (Panel A). Additionally, we instrument *Trust* with the *Herfindahl index of top 5 surnames* in a given country (Panel B). % *Hierarchical religion in 1900* is the proportion of people in a country in the year 1900 who belonged to the religious groups of Roman Catholics or Muslims. Specifications (2) and (4) in both panels report the second-stage results, with *Trust* being instrumented by % *Hierarchical religion in 1900* (Panel A) or by the *Herfindahl index of top 5 surnames* in a given country. 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 sub-continent, year and industry fixed effects as well as fixed effects for the type of largest investor and for legal origins. 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: % Hierarchical religions in 1900

Dep. variables:	First Stage	Second Stage	First Stage	Second Stage
	Trust	% Votes cast	Trust	% Mgmt. "for" votes
	(1)	(2)	(3)	(4)
% Hierarchical religion 1900	-0.563*** (-5.95)		-0.523*** (-8.16)	
Trust (IV)		-65.516*** (-3.28)		14.992*** (4.60)
3-year avg ROE	-0.000 (-0.74)	3.254*** (6.82)	-0.000 (-0.51)	0.042 (0.18)
Firm Age	0.000 (1.52)	0.030 (1.27)	-0.000 (-0.54)	0.004 (1.00)
Leverage	-0.001 (-0.71)	-0.773 (-0.66)	0.001 (1.26)	-0.587* (-1.77)
Ln(market cap)	0.000 (0.62)	2.286*** (10.20)	0.000 (0.08)	-0.017 (-0.19)
MTB	0.000 (1.41)	0.000 (0.10)	-0.000 (-1.53)	-0.000 (-0.28)
Special meeting	-0.002 (-1.02)	-2.957*** (-8.30)	-0.001 (-0.39)	-0.731* (-1.65)
Stock return	0.001 (1.07)	-0.507 (-1.51)	0.000 (0.36)	0.324** (2.41)
% Free float	0.000 (0.73)	-0.269*** (-14.10)	0.000 (1.23)	-0.021*** (-4.92)
% Shares foreign investors	0.000 (1.60)	0.118* (1.75)	0.000 (1.52)	-0.019*** (-2.64)
% Shares institutional investors	-0.000 (-1.19)	-0.296*** (-3.47)	0.000 (1.12)	-0.029*** (-4.06)
% Shares largest investor	-0.000 (-0.03)	0.040 (1.46)	0.000 (1.05)	0.006 (0.74)
Herfindahl Index Top 10 Investors	-0.000 (-0.09)	0.001** (2.20)	-0.000 (-0.38)	0.000 (1.26)
Djankov ADRI	-0.061** (-2.11)	-6.691* (-1.75)	-0.067** (-2.51)	1.372** (2.38)
Djankov ASDI	0.025 (0.20)	-10.321 (-0.71)	0.042 (0.41)	3.867*** (2.88)
GDP per capita	0.000* (1.84)	0.000* (1.84)	0.000*** (3.50)	-0.000*** (-2.89)
Market cap/GDP	-0.000 (-0.15)	-0.037 (-1.44)	0.000 (0.47)	0.000 (0.03)
Rule of Law	-0.036 (-1.32)	6.788** (2.02)	-0.009 (-0.27)	-0.018 (-0.04)
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	35.46		66.62	
Ratio Trust (IV) / Trust		1.57		1.17
Observations	12,689		23,490	
Adj. R-squared		0.477		0.100

Panel B: Herfindahl index of top 5 surnames by country

Dep. variables:	First Stage	Second Stage	First Stage	Second Stage
	Trust	% Votes cast	Trust	% Mgmt. "for" votes
	(1)	(2)	(3)	(4)
Herfindahl index top 5 surnames	20.115*** (18.45)		20.220*** (13.99)	
Trust (IV)		-32.499*** (-3.97)		11.739*** (7.99)
3-year avg ROE	-0.000 (-0.85)	3.198*** (7.16)	-0.000 (-0.91)	0.050 (0.18)
Firm Age	0.000* (1.75)	-0.008 (-0.28)	0.000 (1.09)	0.003 (0.84)
Leverage	0.001 (1.10)	-1.921* (-1.83)	0.001 (1.32)	-0.632 (-1.57)
Ln(market cap)	-0.000 (-0.47)	2.328*** (5.95)	0.000 (1.40)	-0.006 (-0.05)
MTB	0.000* (1.87)	-0.009 (-1.38)	0.000** (2.06)	-0.000 (-0.42)
Special meeting	-0.001 (-1.09)	-2.731*** (-13.55)	-0.002 (-1.39)	-0.846 (-1.48)
Stock return	-0.001 (-1.26)	-0.787*** (-4.19)	0.002*** (2.85)	0.331** (1.99)
% Free float	-0.000 (-0.08)	-0.277*** (-28.51)	0.000 (0.16)	-0.019*** (-4.53)
% Shares foreign investors	0.000 (0.99)	0.174*** (4.10)	-0.000 (-0.50)	-0.019** (-2.14)
% Shares institutional investors	0.000 (1.30)	-0.331*** (-3.46)	-0.000 (-0.27)	-0.027*** (-3.22)
% Shares largest investor	0.000 (1.10)	0.062* (1.87)	0.000 (1.29)	0.007 (0.79)
Herfindahl Index Top 10 Investors	-0.000 (-1.23)	0.001** (2.49)	-0.000 (-1.34)	0.000 (1.31)
Djankov ADRI	-0.150*** (-23.17)	-0.414 (-0.40)	-0.153*** (-17.25)	0.779*** (2.82)
Djankov ASDI	-0.473*** (-6.30)	-22.259** (-2.41)	-0.305*** (-2.89)	7.498*** (5.53)
GDP per capita	0.000*** (7.24)	0.000*** (5.35)	0.000*** (6.04)	-0.000** (-2.10)
Market cap/GDP	-0.000*** (-2.87)	-0.064** (-2.06)	-0.001*** (-3.46)	-0.007 (-1.24)
Rule of Law	0.186*** (8.92)	2.891* (1.92)	0.206*** (7.29)	-0.057 (-0.12)
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	340.53		195.70	
Ratio Trust (IV) / Trust		0.78		0.92
Observations	9,380		20,111	
Adj. R-squared		0.482		0.103

Table IA.15: Inherited trust and voting – U.S. county-level evidence (with state fixed effects) (county-clustered SEs)

This table reports OLS regression results of % Votes cast and % Mgmt. “for” votes on *Inherited trust*, firm characteristics, county characteristics, and ownership characteristics for a sample of U.S. Russell 3000 companies between 2003 and 2015. *Inherited trust* is the weighted average WVS trust level of a populations’ ancestors in the county where the firm is headquartered. % Votes cast is the average percentage of votes cast irrespective of the 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). Robust t-statistics (in parentheses) are based on standard errors clustered by U.S. county. All specifications include year, industry, and U.S. state fixed effects as well as fixed effects for the type of largest investor. Investor type classifications are: bank, corporation, family, government, institutional and management. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variables:	% Votes cast			% Mgmt. “for” votes		
	(1)	(2)	(3)	(4)	(5)	(6)
Inherited Trust	-0.265*** (-3.00)	-0.181* (-1.73)	0.041 (0.57)	0.116*** (3.34)	0.132*** (3.04)	0.152*** (3.48)
3-year avg ROE		0.008*** (3.45)	0.006*** (3.46)		0.001 (1.02)	0.001 (0.98)
Firm age		-0.001*** (-6.45)	0.000 (0.06)		-0.000 (-1.17)	-0.000 (-0.91)
Leverage		-0.043*** (-4.74)	-0.037*** (-5.20)		-0.000 (-0.11)	0.001 (0.18)
Ln(market cap)		0.022*** (14.40)	0.019*** (23.68)		0.004*** (10.80)	0.005*** (12.60)
MTB		-0.009*** (-5.91)	-0.006*** (-6.26)		0.001 (1.20)	0.001 (0.97)
Special meeting		-0.138*** (-24.17)	-0.136*** (-23.48)		-0.147*** (-17.67)	-0.145*** (-17.61)
Stock return		0.001 (0.27)	0.001 (0.41)		0.005*** (4.26)	0.005*** (3.86)
% College		-0.000 (-0.38)	-0.000 (-0.80)		0.000 (0.16)	0.000 (0.43)
Household income		0.000 (0.08)	-0.000 (-0.45)		-0.000 (-0.20)	-0.000 (-0.23)
Median age		0.002 (0.87)	0.001 (0.48)		-0.000 (-0.04)	0.000 (0.24)
Non-white population		0.020 (1.45)	0.004 (0.41)		0.010 (1.50)	0.009 (1.28)
Population density		-0.000* (-1.72)	-0.000 (-0.81)		-0.000 (-0.96)	-0.000 (-1.51)
Population growth		0.348*** (2.96)	0.249** (2.22)		0.036 (0.41)	0.046 (0.52)
% Free float			-0.003*** (-17.61)			-0.000*** (-3.00)
% Shares foreign investors			-0.001*** (-5.59)			0.000 (0.88)
% Shares institutional investors			0.000 (1.50)			-0.000*** (-3.41)
% Shares largest investor			0.000 (1.30)			0.000 (1.44)
Herfindahl Top 10 investors			0.000* (1.81)			0.000 (0.88)
Largest investor type FE	No	No	Yes	No	No	Yes
U.S. state FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	35,551	23,289	23,086	36,027	23,551	23,344
Adjusted R-squared	0.222	0.324	0.446	0.036	0.160	0.165

**Table IA.16: International and domestic voting behavior of U.S. institutional investors
(country/county clustered SEs)**

This table reports regression results of % *Mgmt. "for" votes (N-PX)* on *Trust*, firm characteristics (county characteristics), and ownership characteristics for a sample of international companies and U.S. Russell 3000 firms between 2003 and 2015. *Trust* is from WVS waves 4, 5 and 6, and 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'. *Inherited trust* is the weighted average WVS trust level of a population's ancestors in the county where the firm is headquartered. % *Mgmt. "for" votes (N-PX)* is the average percentage of votes cast by U.S. institutional investors (extracted from N-PX filings) in support of management-initiated proposals at a given shareholder meeting. All regressions include a constant (not reported). Robust t-statistics (in parentheses) are based on standard errors clustered by country / U.S. county. All specifications include year and largest investor type fixed effects. Investor type classifications are: bank, corporation, family, government, institutional and management. Specifications (1) and (2) also include firm fixed effects while specifications (3) and (4) include U.S. state fixed effects and industry fixed effects. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Dep. variable:	% Mgmt. "for" votes (N-PX)			
	International firms		U.S. firms (Russell 3000)	
	(1)	(2)	(3)	(4)
Trust (WVS waves 4, 5, 6)	0.072	0.061		
	(0.50)	(0.51)		
Inherited Trust			0.289***	0.347***
			(4.41)	(4.60)
3-year avg ROE	0.006	0.009	0.002	0.002
	(0.85)	(1.00)	(0.82)	(0.95)
Firm Age	0.003	0.001	0.000**	0.000**
	(1.14)	(0.22)	(2.25)	(2.21)
Leverage	-0.049***	-0.027**	-0.013*	-0.013*
	(-3.26)	(-2.30)	(-1.78)	(-1.72)
Ln(market cap)	0.002	0.003	0.012***	0.012***
	(0.75)	(1.06)	(13.75)	(13.50)
MTB	0.000	0.000	-0.002	-0.002
	(0.61)	(0.28)	(-1.57)	(-1.49)
Special meeting			-0.003	-0.003
			(-1.53)	(-1.42)
Stock return	0.000	0.000	-0.049***	-0.049***
	(1.08)	(0.76)	(-8.59)	(-8.75)
% Free float	0.000	0.000	0.000	0.000
	(0.58)	(0.92)	(1.38)	(1.55)
% Shares foreign investors	0.000	0.000**	-0.000	-0.000
	(1.23)	(2.06)	(-1.50)	(-1.40)
% Shares institutional investors	0.000	0.000	0.001***	0.001***
	(0.13)	(0.84)	(4.36)	(4.52)
% Shares largest investor	-0.000	0.000	-0.001***	-0.001***
	(-0.15)	(0.20)	(-3.14)	(-2.96)
Herfindahl Index Top 10 Investors	-0.000	-0.000	-0.000**	-0.000**
	(-0.11)	(-0.41)	(-2.10)	(-2.27)
GDP per capita		-0.000		
		(-0.26)		
Market cap/GDP		-0.000***		
		(-4.23)		
Rule of Law		0.090**		
		(2.51)		
% College				-0.000
				(-0.42)
Household income				-0.000
				(-0.19)
Median age				0.001
				(0.66)
Non-white population				0.012
				(1.05)
Population density				-0.000
				(-0.66)
Population growth				0.023
				(0.18)
Largest investor type FE	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	No	No
U.S. state FE	No	No	Yes	Yes
Industry FE	No	No	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	39,249	30,041	22,029	21,732
Adjusted R-squared	0.383	0.408	0.146	0.146

Table IA.17: 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 sub-continent, year and industry fixed effects as well as fixed effects for the type of largest investor and legal origins. 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.

	% 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)
Firm controls	Yes	Yes	Yes	Yes
Ownership controls	Yes	Yes	Yes	Yes
Country 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.18: Blockholder-adjusted votes cast and management for votes (country-clustered SEs)

This table reports OLS regression results of % *Mgmt. “for” votes adjusted for blockholder ownership* and % *Votes cast 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. Firm, ownership, and country controls (not displayed) are similar to those used in Table 3. % *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. % *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. *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 as well as fixed effects for the type of largest investor and legal origins. Specifications (3) and (6) additionally include sub-continent 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 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)
Sub-continent FE	No	No	Yes	No	No	Yes
Country controls	No	Yes	Yes	No	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Ownership controls	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	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.19: Controlling for confidence in institutions (country-clustered SEs)

This table reports the results from OLS regressions of % *Votes cast* (columns (1) to (5)) and % *Mgmt. “for” votes* (columns (6) to (10)) 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 for a given fiscal year. *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’. *Residual trust* is the residual of an unreported regression from trust on *Confidence in companies*, *Confidence in press* and *Confidence in government*. 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 as well as fixed effects for the type of largest investor and legal origins. 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)	(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)	
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
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
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.20: 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 sub-continent, year and industry fixed effects as well as fixed effects for the type of largest investor and legal origins. 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