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Shareholders' Activism: Emerging Dimension of Corporate Governance

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ABSTRACT –

In recent years, shareholder activism has become a powerful force reshaping corporate governance worldwide. This paper examines how active shareholders increasingly demand transparency, accountability, and strategic change from companies. Shareholder activism has emerged as a mechanism through which investors—particularly institutional and minority shareholders—assert their rights to influence policies, leadership, and long-term strategies. The study shows how activism strengthens investor engagement while acting as a check on managerial discretion. The research highlights the growing role of institutional investors, proxy battles, and ESG-driven campaigns in shaping governance practices. It explains how shareholders can act by voting against management, raising public concerns, engaging with boards, or pursuing legal remedies. A particular focus is placed on the rise of activism around environmental, social, and governance (ESG) issues, which reflect changing investor priorities. The study emphasizes how activism is evolving in India, shaped by legal reforms and market dynamics. The effects of shareholder activism on capital markets have also been looked into, along with a few negative aspects of shareholder activism.

Key words – Shareholders' Activism, Corporate Governance, ESG, Corporate Performance, Stakeholder Value.

Introduction & Conceptual Framework

Corporate governance is the framework of rules, practices, and processes by which companies are directed and controlled to ensure fairness and accountability to stakeholders. A major shift in this field has been the rise of shareholder activism, which has transformed the relationship between companies and investors. Earlier, shareholders were largely passive, limited to receiving dividends and voting occasionally. Today, they actively influence corporate policies and governance. Shareholder activism involves deliberate efforts by investors—individuals or institutions—to shape company decisions through private dialogue, shareholder resolutions, public campaigns, or legal action. Its purpose extends beyond protecting shareholder value to improving governance standards, accountability, and long-term performance. Activists focus on issues such as board independence, executive pay, financial performance, ESG practices, and social responsibility. Unlike hostile takeovers, activism works within existing governance frameworks, using rights like voting power and access to information. Modern activism increasingly addresses climate change, diversity, and ethics, reflecting evolving investor expectations.

By promoting transparency and accountability, shareholder activism strengthens corporate governance and creates checks and balances that discourage mismanagement and unethical conduct. It mitigates the agency problem—where managers prioritize personal interests—by aligning management actions with shareholder and stakeholder goals. Activism also compels companies to disclose more about executive pay, related-party transactions, and risk management, building investor trust. In emerging markets like India, where promoter control can marginalize minority shareholders, activism is key to protecting rights, ensuring fairness, and enhancing market credibility. Ultimately, it fosters ethical conduct, long-term value creation, and a healthier corporate ecosystem.

Global context

The origins of shareholder activism can be traced back to the early 20th century in the United States, where minority investors began to raise concerns about corporate mismanagement and lack of accountability. However, it was not until the 1980s that activism became more prominent, particularly during the wave of corporate takeovers and restructuring led by activist investors and hedge funds. Over time, activism evolved from being largely focused on short-term financial gains to addressing broader governance and strategic issues. In the 1990s and 2000s, institutional investors, such as pension funds and mutual funds, began playing a more active role in shaping corporate behaviour through proxy voting and shareholder resolutions. The global financial crisis of 2008 further intensified the demand for improved corporate governance, transparency, and risk management, giving a significant boost to shareholder activism worldwide. In recent years, a new form of activism has emerged, focusing on environmental, social, and governance (ESG) concerns,

with investors demanding greater corporate responsibility and sustainability. Countries like the United States and the United Kingdom have seen the most developed forms of activism, supported by strong regulatory frameworks and an active investment community. In contrast, emerging markets such as India, Brazil, and South Africa are witnessing a gradual rise in shareholder activism, driven by legal reforms, increasing institutional ownership, and greater investor awareness. While the motivations and methods of activism may vary across jurisdictions, the underlying goal remains the same, that is, to ensure that companies are managed in a way that protects and enhances shareholder value while aligning with ethical and sustainable business practices.

Types of shareholder activism



Figure 1 – Types of Shareholder Activism

1. Governance Activism

Governance activism focuses on improving the internal structures and practices of corporate governance. Shareholders engaging in this form of activism often demand changes in board composition, seek the removal of underperforming directors, call for independent directors, or push for greater board diversity. They may also advocate for separating the roles of CEO and Chairperson to avoid concentration of power. The goal is to enhance board oversight, promote accountability, and ensure that the company is governed in a manner that protects all shareholders, especially minorities. This type of activism is crucial in preventing corporate mismanagement and self-dealing by insiders.

2. Financial or Performance-Based Activism

In this type of activism, shareholders pressure companies to make strategic financial changes aimed at increasing shareholder value. Activists may propose restructuring, spinning off underperforming units, selling non-core assets, improving cost efficiency, or modifying dividend and buyback policies. Often led by hedge funds or large institutional investors, financial activism is common in cases where shareholders believe that the company's assets or management decisions are undervaluing the stock or harming long-term profitability. These activists typically seek to maximize returns and may sometimes push for changes in business models or leadership.

3. Proxy Activism

Proxy activism involves the use of shareholders' voting rights to influence corporate decisions during shareholder meetings. Activists may propose resolutions, vote against management proposals, or rally support from other shareholders to sway voting outcomes. This form of activism is often used to challenge the board on critical issues such as mergers and acquisitions, executive pay, or governance reforms. Proxy fights can be powerful tools for shareholders, especially when they gather enough support to change board members or block undesirable corporate actions.

4. Legal Activism

Legal activism occurs when shareholders use legal channels to challenge company decisions, protect minority rights, or enforce regulatory compliance. Activists may file lawsuits in cases of fraud, insider trading, related-party transactions, or violation of corporate laws and shareholder agreements. In countries like India, legal activism has become more significant with the strengthening of corporate and securities laws under the Companies Act, 2013 and SEBI regulations. This type of activism is especially important when other forms of engagement fail or when shareholders face resistance from dominant promoters or management.

5. ESG (Environmental, Social, and Governance) Activism

ESG activism is a growing trend where shareholders focus on promoting ethical, sustainable, and socially responsible business practices. Activists may pressure companies to reduce their carbon footprint, improve labour conditions, ensure gender diversity, or enhance transparency in ESG disclosures. With global attention shifting toward climate change, human rights, and corporate responsibility, ESG activism has gained momentum, especially among institutional investors, pension funds, and international organizations. Companies are increasingly expected to consider long-term environmental and social impacts in their strategies, and ESG activism plays a key role in driving this shift.

6. Public or Media-Based Activism

In this form of activism, shareholders take their concerns to the public to build pressure on a company. This may involve writing open letters to management, publishing reports in the media, launching social media campaigns, or participating in public forums. By bringing attention to corporate misbehaviour or poor performance, public activism often triggers reputational risks for the company, compelling it to act. This approach is commonly used when private engagement has failed or when activists seek to rally support from other investors and the broader public.

7. Collaborative Activism

Collaborative activism involves engagement between shareholders and corporate management through dialogue and negotiation rather than confrontation. Institutional investors often adopt this approach by holding private meetings with company leaders, offering suggestions, and working toward shared goals. This method promotes long-term relationships and is less disruptive compared to aggressive activism. Collaborative activism is especially effective in improving governance and ESG practices without resorting to legal or public pressure.

8. Hostile or Aggressive Activism

Hostile activism occurs when shareholders take a confrontational stance against the company's management, often seeking drastic changes such as removing key executives, replacing the board, or forcing a sale or merger. These activists may acquire significant ownership stakes to gain influence and use aggressive tactics like proxy battles or media campaigns to achieve their objectives. While sometimes criticized for being short-term focused, hostile activism can bring about swift changes in poorly governed companies, especially when other methods fail. An example of hostile shareholder activism is Carl Icahn's 2013 campaign against Dell Inc., where he opposed Michael Dell's proposed buyout, arguing that the offer undervalued the company. Icahn rallied other shareholders, proposed alternative bids, and threatened legal action, using aggressive public statements and media pressure to influence the outcome.

Mechanisms & Tools of Shareholder Activism

How Shareholders Influence Decisions

Shareholder activism mechanisms empower investors to influence corporate decisions through voting, engagement, proposals, litigation, and campaigns, aiming to enhance governance, accountability, transparency, and long-term shareholder value within companies. The following table encapsulates the mechanisms and tools of shareholder activism -

Mechanism	Description	Typical Uses	Example
Voting Rights	Each share usually carries one vote, allowing shareholders to influence key decisions at AGMs/EGMs.	Approving mergers/acquisitions, electing directors, amending bylaws, approving executive pay.	Mutual funds voting against pay hikes in Tata Motors (2017).
Shareholder Proposals / Resolutions	Shareholders meeting minimum ownership criteria can submit proposals to be voted on at the AGM.	ESG disclosures, governance reforms, capital allocation changes.	Proposal for ESG reporting at ITC.
Board Representation (Proxy Fights)	Shareholders may nominate directors and solicit votes to replace existing board members.	Shifting corporate strategy, replacing underperforming management.	Engine No. 1 winning board seats at ExxonMobil.
Engagement & Negotiations	Private discussions with management before resorting to public confrontation.	Reaching agreement on strategy without media pressure.	LIC engaging with Infosys board on corporate governance issues.
Litigation / Legal Action	Filing lawsuits against directors or management for breaches of fiduciary duties, mismanagement, or violation of laws.	Stopping value-destructive deals, enforcing disclosure.	Shareholders suing Fortis Healthcare board over sale to IHH.

Mechanism	Description	Typical Uses	Example
Public Campaigns & Media Pressure	Using press releases, interviews, and op-eds to sway public and investor sentiment.	Pressuring management to change policies quickly.	Elliott Management's open letter to Arconic shareholders.
Coalitions & Alliances	Institutional investors combine votes to amplify influence.	Coordinated votes for board reforms.	Institutional investors uniting in Vedanta delisting opposition.

Table 1 - Mechanisms & Tools of Shareholder Activism, Source - Authors

Role of Proxy Advisory Firms

Proxy advisory firms are independent organizations that research corporate governance issues and provide voting recommendations to institutional investors. These firms play a crucial role in shaping shareholder decision-making, especially in large listed companies where dispersed ownership means that no single investor holds controlling power. Globally, key players include Institutional Shareholder Services (ISS) and Glass Lewis. In India, notable names include InGovern Research Services, Stakeholders Empowerment Services (SES), and Institutional Investor Advisory Services (IIAS).

The core function of proxy advisors is to analyze shareholder proposals—ranging from board elections and executive compensation packages to mergers, acquisitions, and ESG-related matters—and then issue recommendations on how investors should vote. Given that many institutional investors manage large pools of capital and may lack the resources to research every agenda item in detail, these recommendations carry significant influence over voting outcomes.

Year	Company	Proxy Advisor(s) Involved	Nature of Campaign	Outcome
2018	Fortis Healthcare	IiAS, InGovern	Opposed proposed deal with Hero-Burman group; supported IHH Healthcare's higher bid	IHH Healthcare's bid accepted by shareholders
2020	Eicher Motors	IiAS	Recommended voting against reappointment of Siddhartha Lal due to remuneration concerns	Shareholders initially rejected pay proposal; revised proposal later approved
2017	Tata Motors	SES, InGovern	Recommended voting against certain directors over governance issues post-Tata-Mistry dispute	Some directors faced reduced shareholder support; governance reforms initiated
2021	Zee Entertainment	IiAS	Supported shareholder demand for EGM to remove MD & CEO Punit Goenka	EGM proposal gained traction; later merged with Sony Pictures Networks India
2019	Infosys	InGovern	Called for stronger whistleblower policy after allegations against CEO	Infosys strengthened governance and disclosure practices

Table 3 – Examples for Indian Proxy Advisors, Source - Authors

Use of Social Media & Technology

Social media and modern technology have become powerful enablers of shareholder activism, allowing investors to communicate, coordinate, and influence corporate decisions more effectively than ever before. Activists now use platforms such as Twitter, LinkedIn, YouTube, and even dedicated campaign websites to reach both institutional and retail shareholders directly. These channels serve several functions. First, they help mobilize retail investors by explaining complex corporate issues in plain, relatable language, making it easier for smaller shareholders to understand what is at stake and participate in voting. Second, they facilitate pressure campaigns, where public exposure and reputational risks are leveraged to push companies into addressing governance failures or strategic missteps. Third, they enable narrative control, allowing activists to shape public perception and investor sentiment in the run-up to key events like Annual General Meetings (AGMs).

Real-world examples demonstrate this impact. In the U.S., Tesla shareholder activists have used Twitter extensively to campaign for greater board independence and stronger governance measures. In India, retail investor groups on platforms like Telegram and WhatsApp have coordinated AGM voting strategies, enabling dispersed shareholders to act collectively and amplify their influence in company decisions.

Role of Institutional & Retail Investors in Shareholder Activism

Shareholder activism refers to efforts by investors to influence a company's policies, governance, or strategy by leveraging their rights as owners. In recent years, shareholder activism has surged to record levels globally, underscoring the growing clout of shareholders in corporate decision-making. Within this landscape, institutional investors (like mutual funds, pension funds, and insurers) and retail investors (individual investors, now increasingly active via trading apps) both play crucial roles, albeit with different strengths and challenges. Below, we examine how each group contributes to activism, the rise of retail investor influence, and a comparison of their respective power and limitations.

Institutional Investors in Shareholder Activism

Institutional investors—like mutual funds, pension funds, and insurance companies—play a major role in corporate governance today because of the large shareholdings they hold in public companies. These big stakes give them a strong voice in company decisions. Unlike retail investors, institutional investors vote much more frequently and in larger numbers, which makes them highly influential in shaping outcomes at shareholder meetings. They often take part in "stewardship" activities, where they monitor the companies they invest in and push for changes when needed. This includes using their voting rights to support or oppose key issues such as executive pay, mergers, and governance reforms. Many large investment firms now publicly commit to voting against company boards that fail on matters like board independence, diversity, or environmental and social standards.

Because they typically hold long-term positions (especially index funds that cannot easily sell shares), these investors rely on activism—both private and public—to protect their interests and encourage long-term value. This might include meetings with management, open letters, voting campaigns, or even supporting activist hedge funds in more aggressive strategies.

Regulators have also played a role in promoting institutional engagement. Countries like India have introduced stewardship codes that require institutional investors to monitor and engage with companies more actively. These developments show that institutional investors are no longer passive—they are becoming key players in shaping how companies are governed.

Retail Shareholders and Activism

Traditionally, individual retail investors were regarded as passive participants in corporate governance, displaying what is often described as "rational apathy," where the effort to analyze company matters and vote was seen as disproportionate to their relatively small holdings and minimal influence. Historically, only about 25% of retail-held shares were voted compared to over 90% for institutional investors, reflecting this disengagement. However, recent years have witnessed a notable shift, particularly after 2020, as more individuals entered stock markets globally during the COVID-19 recovery and in India where the retail share in NSE trading volumes rose from 33% before 2020 to over 45% by 2023. Unlike in the past, many new investors are becoming more active, informed, and willing to shape corporate outcomes. Despite this progress, challenges persist because retail holdings are fragmented, small, and difficult to coordinate, while many investors lack the expertise or time to evaluate complex matters such as mergers, acquisitions, or board appointments, leading some to abstain or simply follow company recommendations. Encouragingly, technology is helping overcome these barriers by enabling retail investors to collaborate, share information, and organize collective action through platforms like Reddit, Twitter, and online investor forums, which have amplified their voices in demanding transparency, fair returns, or accountability from management. Online voting mechanisms are also reducing procedural hurdles, making participation more convenient and inclusive. While retail activism remains limited compared to institutional influence, rising investor numbers, greater access to financial knowledge, and digital tools are steadily empowering retail shareholders as a credible force. A broader perspective on activism can be seen through the example of Carl Icahn, an iconic American investor and activist who transformed shareholder engagement by acquiring significant stakes in undervalued companies and pressuring boards through demands for restructuring, asset sales, or leadership changes. His aggressive style, beginning in the 1980s with high-profile battles involving TWA and RJR Nabisco and later targeting giants like Apple, Dell, and eBay, illustrates how activism—once driven by confrontational "corporate raiders"—has evolved into a powerful strategy that combines financial leverage, media influence, and shareholder alliances to unlock value. Together, these trends suggest that both retail activism and high-profile activist investors are reshaping corporate governance with growing impact.

Emerging Trends & Dimensions of Shareholders' Activism in Corporate Governance

Shareholder activism, once limited to concerns about dividends or board appointments, has undergone a remarkable transformation over the last decade, expanding into a powerful force shaping global corporate governance. Today, both institutional and retail shareholders engage on deeper issues such as sustainability, ethical leadership, executive compensation, and board diversity, reflecting a shift from purely profit-driven motives to purpose-driven investing. Environmental, Social, and Governance (ESG) activism has emerged as a central dimension, with shareholders demanding reductions in carbon footprints, greater gender and ethnic diversity, respect for human rights across supply chains, and higher ethical standards of governance. This activism is not symbolic but backed by resolutions, proxy voting, and public campaigns. Another key focus is executive compensation, as shareholders increasingly insist on aligning pay with performance, tying bonuses to ESG targets, ensuring transparency in stock options, and curbing excessive payouts. Retail investors have also become a strong force, empowered by technology, online platforms, and social media to collaborate, participate in AGMs, submit resolutions, and raise governance concerns publicly, thereby democratizing activism beyond large funds. Activist hedge funds play an equally critical role, taking substantial stakes to push for board changes, restructuring, mergers, acquisitions, spin-offs, improved capital allocation, and stronger ESG practices, often challenging passive or inefficient management to unlock long-term value. Companies that resist these evolving demands face reputational

risks, investor exits, or leadership challenges, while those that embrace transparency, sustainability, and shareholder dialogue are more likely to sustain competitive advantage and long-term success. Ultimately, the rise of ESG-driven priorities, scrutiny of executive pay, the growing voice of retail investors, and assertive hedge fund activism together highlight how shareholder activism has evolved into a multidimensional force that not only influences financial outcomes but also drives companies toward accountability, inclusivity, and sustainable value creation.

Impact of shareholder activism on the securities markets

Shareholder activism significantly influences securities markets by driving improved corporate governance, transparency, and accountability. Activist interventions often lead to strategic changes such as restructuring, capital reallocation, or leadership shifts, which can boost investor confidence and attract fresh capital. These actions may positively affect stock prices in the short term, as markets anticipate better financial performance. However, activism can also create volatility, as aggressive campaigns or disputes between management and shareholders may generate uncertainty. Over the long term, activism tends to promote stronger, more efficient companies, contributing to healthier markets and aligning corporate actions with shareholder and stakeholder interests.



Graph 1 – Growth of Shareholder Activism Cases (2014-2023)

Source – Authors using AI

Risks and Challenges of Shareholder Activism in India

Shareholder activism is increasingly viewed as a vital mechanism for enhancing corporate governance in India, but it also carries significant risks and challenges due to the country's unique ownership structures, regulatory framework, and market conditions. A major concern is short-termism, as many activist investors push for immediate gains, which can pressure management to prioritize quarterly profits over long-term growth, often at the expense of research, innovation, and expansion. The dominance of promoters in most Indian companies further limits the impact of activism, since controlling families often hold majority stakes, making it difficult for minority shareholders to influence decisions even when institutional investors align with them. Proxy advisory firms, which guide voting decisions, present another challenge as their recommendations may be based on incomplete information or conflicts of interest. Legal barriers also restrict activism, with the Companies Act requiring at least 10% ownership to initiate cases of mismanagement—a threshold many retail investors cannot meet—while the slow judicial process dilutes the effectiveness of timely intervention. Additionally, activism can sometimes be misused; investors may spread misleading information, manipulate voting outcomes through temporary shareholding, or pursue strategies that harm market fairness. ESG-focused activism, though growing, often results in superficial compliance, with companies adopting symbolic measures rather than making real environmental or social improvements, compounded by differing stakeholder expectations. Internal conflicts within boards also arise when activists push for governance changes, slowing decision-making and creating instability, while defensive tactics by management may reduce transparency. On a broader level, high-profile activist campaigns can fuel volatility, unsettle markets, and impose heavy financial and reputational costs on companies, diverting resources away from productive use. Thus, while shareholder activism has the potential to strengthen governance in India, it also demands careful regulation, transparency, and balance to prevent misuse, protect long-term value creation, and sustain trust in corporate systems.

Shareholder activism, while often beneficial, can have negative aspects too. In some cases, activist shareholders may misuse their rights to pressure management for personal or narrow interests rather than the long-term growth of the company. This can lead to short-termism, where companies prioritize

quick gains or stock price boosts at the cost of sustainable strategy. Additionally, activism can sometimes be instigated by rival companies or competitors seeking to disrupt operations or weaken management decisions. Such actions may create instability, divert management's focus, and harm overall shareholder value, ultimately affecting the company's reputation, growth prospects, and employee morale.

Case Study: Invesco vs Zee Entertainment Enterprises Limited

The dispute between Invesco and Zee Entertainment Enterprises Ltd. (ZEEL) is regarded as one of the most prominent cases of shareholder activism in India, as it demonstrated how institutional investors are becoming increasingly assertive in demanding accountability and transparency when shareholder value appears at risk. In 2021, Invesco Developing Markets Fund, which held a 17.88% stake in ZEEL, raised serious concerns about weak corporate governance practices, related-party transactions, lack of transparency, and the overall strategic drift of the company under its CEO, Punit Goenka. With ZEEL facing weak stock performance and heightened scrutiny over promoter dominance, Invesco moved decisively by requisitioning an Extraordinary General Meeting (EGM). The proposal sought the removal of Goenka along with two other directors, while recommending six independent directors who, in its view, could bring much-needed oversight and fresh perspective to the board. ZEEL's board, however, rejected the requisition, questioning both its validity and the qualifications of the suggested directors, which escalated the matter into a legal battle before the Bombay High Court. Invesco argued that it was acting in the best interest of shareholders, while ZEEL defended its stance by claiming that strategic decisions were being taken with a long-term vision. During the ongoing conflict, ZEEL announced a merger with Sony Pictures Networks India, widely seen as a strategic move to secure Goenka's position and neutralize Invesco's demands. Following this, Invesco withdrew its EGM requisition, which was perceived as a tactical retreat rather than a complete loss. The case highlighted the increasing importance of institutional investors in shaping governance, the challenges of activism in promoter-controlled firms, and the limitations faced by even large shareholders in India's concentrated ownership structures. Ultimately, it reinforced awareness about shareholder rights and demonstrated that activism, even if partially resisted, can influence corporate strategy and governance outcomes.

Case Study: Elliott Management Corporation

Elliott Management Corporation, founded by Paul Singer, is one of the world's most prominent activist hedge funds, known for its aggressive and strategic approach to influencing corporate policies. The fund typically acquires significant minority stakes in underperforming or undervalued companies and then pushes for changes aimed at enhancing shareholder value. Its activism often involves a mix of private negotiations and public campaigns, including open letters to boards, proxy battles, and legal action when necessary. Elliott's philosophy is grounded in identifying structural inefficiencies, governance weaknesses, or strategic missteps, and then advocating for measures such as divestitures, leadership changes, capital restructuring, or improved shareholder returns. Unlike passive investors, Elliott is willing to engage in prolonged disputes to achieve its goals, sometimes holding investments for years until reforms are implemented.

One high-profile example of Elliott's activism was its campaign against AT&T in 2019. After acquiring a \$3.2 billion stake, Elliott sent a detailed letter criticizing AT&T's acquisition strategy, capital allocation, and operational inefficiencies. The fund proposed a strategic review, including potential divestitures and cost-cutting initiatives, to boost profitability and shareholder value. The campaign pressured AT&T to announce a three-year plan to streamline operations, reduce debt, and focus on core business areas. Elliott has undertaken similar campaigns with companies such as Twitter, SoftBank, and Hyundai Motor, often succeeding in securing board representation or strategic shifts. These cases underscore Elliott's influence as a sophisticated and relentless activist investor whose interventions can significantly alter a company's strategic direction, often sparking broader debates about corporate governance and shareholder rights.

Way Forward for Corporate Governance in India

Corporate governance in India has seen many improvements in recent years through updated laws, SEBI regulations, and growing awareness among investors. However, there is still a need to make the system stronger, more transparent, more effective and long-term value creation. One of the key areas that needs attention is the role of independent directors. Though they are supposed to protect the interests of all shareholders, in some cases they are not fully independent or active. Therefore, their appointment process should be more transparent, and regular training should be provided so they can perform their duties responsibly. Another important step is to improve the involvement of shareholders especially small or retail investors in the decision-making process. Companies should make it easier for them to take part in voting and discussions by using digital platforms like e-voting. There is also a need to simplify the legal processes available to minority shareholders. Right now, the process of filing complaints or legal cases can be slow, costly, and difficult. Lowering the minimum ownership requirement for complaints and creating faster legal channels can help investors raise concerns more easily. Regulators like SEBI should also work more closely with other bodies like the Ministry of Corporate Affairs (MCA) to make monitoring more effective and to take quick action against violations. At the same time, ESG principles should be included more actively in board discussions and company strategy. Finally, India needs to develop a stronger culture of corporate governance. This includes promoting transparency, ethical leadership, and responsible behaviour across all levels of a company. Educating investors, training directors, and encouraging better reporting will help in building this culture. In the long run, good governance will not only benefit shareholders but also improve the overall reputation and performance of Indian companies.

Conclusion

Shareholder activism has transformed into a powerful force in modern corporate governance, moving beyond passive voting at annual general meetings to proactive tools such as proxy battles, litigation, public campaigns, and direct engagement with management. Institutional and retail investors alike are pushing for greater transparency, accountability, and long-term value creation, making activism both a response to governance failures and a driver of sustainable practices. By challenging boards and executives, activism promotes responsible management and strategic realignment in line with stakeholder interests. However, it also requires balance, as excessive pressure may encourage short-termism or disrupt long-term growth strategies. In India and globally, the effectiveness of activism will depend on robust regulatory frameworks, informed investors, and corporate willingness to embrace dialogue. Ultimately, shareholder activism underscores that corporations exist not solely for profits but for sustainable value creation, representing both a challenge and an opportunity in a dynamic business environment.

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