NEWARK — Even those without business savvy tend to know the CEO runs a company.

The next level of management is more obscure. A board of directors oversees the CEO. Those directors are elected by shareholders. Each person or organization with a stake in the company receives a certain amount of votes based on the size of their investment in the company.

But in spite of this perceived power, shareholders rarely imposed their will on board members.

“Traditionally, shareholders were seen and not heard,” said Charles Elson, a professor and corporate governance expert at the University of Delaware. And directors treated shareholders accordingly: “It would be like someone in Congress saying, 'I never go to my district. I don’t care what they think.'”
Following the financial crisis and new federal laws, that has started to change. Shareholders have become more active in engaging corporate boards around issues such as executive compensation, which directors are responsible for setting.

Last week, more than 150 UD students, faculty members and local corporate professionals watched a debate about the rights stock owners have to engage with corporate boards.

The panel featured prominent business leaders and experts from around the country as well as Delaware Supreme Court Justice Henry Ridgely.

Most shareholders with enough clout to get heard are managers of large institutional funds—like pensions and 401(k) plans. Many of the panelists voiced agreement that shareholders should have the opportunity to make their voices heard, but they disagree about how much input would be productive.

"You're not going to hear anyone say they're against shareholder engagement," said Sara Teslik, senior vice president of policy and governance at Apache Corp., an oil and natural gas exploration company. "But a lot of what you see is a sorry substitute for engagement."

Teslik said her company seeks input from investors to get ideas for what the company could do differently to attract investment.

However, Jeremy Goldstein, a partner at a corporate law firm in New York, said too much input can be a hindrance.

[Directors are] trying to run a business and make money ... and they're spending more than half their time on process issues," he said. "We're going in a direction where we're spinning our wheels."

Elson said the roundtable was the large event ever hosted at the 12-year-old Weinberg Center, which is housed in UD's Lerner College of Business and Economics and has become well-known for research into corporate governance issues.

At the end of the discussion, students attending the event got the opportunity to ask the experts some questions. Matt Fox, a senior finance major considering a career related to corporate governance, gave him the chance to learn about the real consequences of concepts discussed in class.

"We've gone over countless cases in class," he said. "Hearing from
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