Check for updates

Journal of Management
Vol. XX No. X, Month XXXX 1–33
DOI: 10.1177/01492063261479303
© The Author(s) 2026

Article reuse guidelines:
sagepub.com/journals-permissions

Winning at Defense by Playing Offense: Discrediting by Target Firms in Activist Hedge Fund Campaigns

Matthias Brauer
University of Mannheim
Marc J. Mertens
Copenhagen Business School
Louis Vandepoele
University of Mannheim

Prior research highlights the far-reaching strategic and governance consequences for firms targeted in activist hedge fund (AHF) campaigns. Yet, how target firm executives and directors can effectively defend against these campaigns remains underexplored. Drawing on impression management (IM) theory, we reason that executives and directors use discrediting in their public rebuttal letters to negatively influence shareholders' evaluations of AHFs' reputation. To nuance this prediction, we develop a taxonomy distinguishing between source-focused discrediting, which directly attacks AHFs' reputation, and message-focused discrediting, which challenges the validity of AHFs' claims to indirectly tarnish their reputation. We theorize that both discrediting subtypes enhance target firms' defense success, particularly when deployed in combination. Adopting a temporal perspective on IM theory, we further argue that the effectiveness of discrediting diminishes as more time elapses between an AHF's public attack and executives and directors' rebuttal. A manual content analysis of 841 rebuttal letters issued during U.S. AHF campaigns (2000–2023) provides robust support for these predictions. Beyond contributing to shareholder activism research by offering new insights into the determinants of campaign outcomes, our study advances IM theory by conceptualizing discrediting as a multidimensional influence tactic and exploring its effectiveness and temporal dynamics in adversarial contexts.

Authors are listed alphabetically and contributed equally.

Acknowledgments: We are grateful to the Associate Editor, Peggy Lee, and the anonymous reviewers for their valuable feedback and guidance, which significantly improved this paper. We also thank Mark R. DesJardine for his insightful comments on an earlier version of the manuscript.

Supplemental material for this article is available with the manuscript on the JOM *website.*

Corresponding author: Matthias Brauer, Chair of Strategic and International Management, University of Mannheim, Schloss, Mannheim, 68131, Germany.
E-mail: matthias.brauer@uni-mannheim.de

Keywords: *discrediting; impression management; activist hedge funds; shareholder activism; corporate governance; organizational reputation*

A well-advised corporation should also play offense . . . in resolving activism.
(Wachtell, Lipton, Rosen, & Katz, 2024: 3)

Activist hedge fund (AHF) campaigns often have severe consequences for the executives and directors of target firms, as their competence and the quality of their firm's strategy and governance are called into question (Ahn & Wiersema, 2021; Chuah, DesJardine, Goranova, & Henisz, 2024; DesJardine, Shi, & Marti, 2024; Koo, Wiersema, & Park, 2024; Wiersema, Ahn, & Zhang, 2020). As a result, executives and directors often perceive AHF campaigns as hostile threats undermining their leadership and control over the firm (Koo et al., 2024; Shi, Connelly, Hoskisson, & Ketchen, 2020; Wiersema et al., 2020). Although recent research has begun to examine the tactics used by AHFs to realize their campaign demands (Brauer, Wiersema, & Binder, 2023; Wong, 2020), considerably less is known about how executives and directors can avert AHF demands that they perceive as ineffective or even detrimental to sustainable shareholder value creation. This void represents a missed opportunity to advance theory and empirically test propositions regarding the effectiveness of defense tactics in governance conflicts.

To advance our knowledge of defense tactics against AHFs, we apply an impression management (IM) perspective (Bolino, Kacmar, Turnley, & Gilstrap, 2008; Bolino, Long, & Turnley, 2016; Goffman, 1956). IM refers to "efforts by an actor to create, maintain, protect, or otherwise alter an image held by a target audience" (Bolino et al., 2008: 1080). An IM perspective is particularly relevant in AHF campaigns because campaign outcomes ultimately depend on the support of other shareholders (Brav, Jiang, & Li, 2021; Chuah et al., 2024). AHFs typically lack sufficient voting power to impose their demands unilaterally, meaning they must persuade other shareholders that their proposed changes will enhance firm value (Ahn & Wiersema, 2021; Brauer et al., 2023; Chuah et al., 2024). Executives and directors, in turn, seek to convince other shareholders that the firm's existing strategy and leadership remain superior. AHF campaigns can thus be understood as high-stakes IM contests for control in which AHFs compete against executives and directors for shareholder support (e.g., Brauer et al., 2023; Chuah et al., 2024).

While prior IM research has primarily examined how actors create and protect favorable impressions of themselves through *positive, self-focused IM tactics*, far less attention has been paid to *negative, other-focused IM tactics* that seek to tarnish an opponent's reputation (Bolino et al., 2008, 2016). Yet in adversarial contexts such as AHF campaigns, such tactics are likely to play a crucial role. In this study, we thus focus on discrediting, a prominent but underexplored negative, other-focused IM tactic. We theorize that executives and directors can enhance their chances of defense success by using discrediting in public rebuttal letters to negatively influence other shareholders' evaluations of AHFs' reputation for competence, trustworthiness, and civility.

Building on this baseline expectation, we develop a more fine-grained conceptualization of discrediting, distinguishing between source- and message-focused discrediting. Source-focused discrediting *directly* attacks another actor's reputational attributes that are salient to audience evaluations. Message-focused discrediting, by contrast, challenges the factual

accuracy or validity of an actor's claims to *indirectly* tarnish its reputation. This distinction parallels the separation between ad hominem (to the person) and ad rem (to the matter) attacks in classic rhetoric. We theorize that both subtypes of discrediting reduce shareholder support for AHF demands and thus increase target defense success, especially when used in combination. This synergistic effect arises because direct reputational attacks against an actor, coupled with indirect reputational attacks challenging the actor's claims, yield greater message consistency and multiplicity.

Moreover, responding to calls to explicitly consider the "timing of IM attempts" (Bolino et al., 2008: 1090), we extend IM theory with a temporal perspective. We theorize that longer delays between an AHF's initial public attack and rebuttals by executives and directors reduce the effectiveness of their discrediting attempts. We find robust support for these predictions in a hand-collected and manually coded dataset of 841 rebuttal letters issued by executives and directors during AHF campaigns targeting U.S. firms between October 2000 and April 2023.

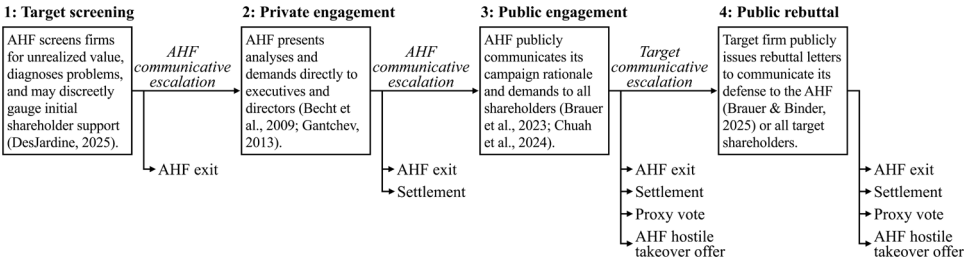
Our study contributes to shareholder activism research and IM theory. Within the shareholder activism literature, we advance three important shifts in perspective: First, we move beyond the traditional emphasis on static firm and AHF characteristics by highlighting the salience of communication and narrative control for campaign outcomes. Second, we redirect attention from AHF attack strategies to the substantive defensive tactics employed by target firms. Third, we challenge the prevailing view of executives and directors as passive recipients of AHF pressure and demonstrate their capacity for active counter-engagement. We reveal that executives and directors deploy confrontational influence tactics akin to those used by AHFs. Within IM theory, we contribute by defining, delineating, and taxonomizing discrediting as a distinct tactic, thereby advancing scholarly understanding of negative, other-focused IM and demonstrating its effectiveness in governance conflicts. Supplementary analyses further suggest that the effectiveness of discrediting depends on its use: attacks that portray AHFs as incompetent or untrustworthy are particularly effective, whereas attacks targeting AHFs' civility—an attribute less directly related to shareholder value creation—appear less consequential. We also advance IM theory, which has largely focused on the effectiveness of isolated tactics, by theorizing how source- and message-focused discrediting interact to produce synergistic effects. Finally, we contribute by introducing the timing of IM deployment as a critical boundary condition.

Background

AHFs frequently seek fundamental changes to a target firm's strategy, governance, and operations, thereby posing "an explicit threat to [executives and directors'] control of the firm" (Koo et al., 2024: 770; Shi et al., 2020; Wiersema et al., 2020). Because AHFs typically only acquire minority stakes in the firms they target, they cannot impose their demands through voting power alone (Brav, Jiang, & Kim, 2015; Brav et al., 2021; Wong, 2020). Campaign success thus depends either on negotiated settlements with management or—if such agreements cannot be reached—on gaining support from other shareholders (Chuah et al., 2024; Gantchev, 2013).

Therefore, AHF campaigns typically unfold in a sequential escalation process with increasingly adversarial stages (DesJardine, 2025; Gantchev, 2013).[1] As depicted in Figure 1,

Figure 1
The Staged Communicative Escalation Process of Activist Hedge Fund Campaigns



campaigns begin with systematic target screening, where AHFs scan a broad universe of firms for unrealized value. In this stage, AHFs primarily rely on quantitative indicators, such as valuation discounts or balance sheet inefficiencies, to identify firms where intervention appears attractive. Once a potential target firm is identified, AHFs engage in intensive problem diagnosis, combining financial analysis, industry knowledge, and peer benchmarking to isolate sources of perceived value erosion. This culminates in a preliminary investment thesis that specifies problems (e.g., strategy, governance) and corrective actions believed to unlock shareholder value. As part of this diagnostic work, AHFs may confidentially approach key shareholders to "gauge the extent to which . . . [they] approve of the firm's current management" and solicit their initial support (DesJardine, 2025: 539). While these indications of support are tentative, they allow AHFs to assess shareholder receptiveness to their demands and only move ahead with campaigns that promise an adequate probability of success.

If the AHF judges its investment thesis to be sufficiently strong, it builds a minority stake in the target firm and escalates the campaign to the private engagement stage. In this second stage, the AHF engages target firm executives and directors through closed-door meetings and dialogue, presenting its analyses and discussing the resulting demands for change (Becht, Franks, Mayer, & Rossi, 2009; Gantchev, 2013). Executives and directors may concede and enter into a settlement agreement if they view those demands as well-founded, value-enhancing, and implementable (DesJardine, 2025). Conversely, they often resist if they disagree with the AHF's diagnosis or believe the proposed measures prioritize short-term gains over longer-term strategic objectives (DesJardine & Durand, 2020; DesJardine, Shi, & Sun, 2021; Lungeanu & Wiersema, 2026).

When private negotiations fail to yield a settlement, AHFs may escalate the campaign to the public engagement stage, issuing open letters to "inform and persuade the firm's other shareholders as to the validity of their concerns and the benefits of their demands" (Brauer et al., 2023: 1489). These communications pressure executives and directors to concede to the AHF's demands (Brav et al., 2021). Public AHF letters thus represent a deliberate escalation rather than routine communication. As one seasoned AHF manager we interviewed explained: "[We issue public letters] usually because private communication failed. Activists almost always try private discussions first. Public communication helps rally other shareholders and increase pressure when private talks go nowhere."

Public escalation by the AHF places executives and directors in a defensive position. However, they can—and frequently do—publicly compete for shareholders' support by issuing rebuttal letters, escalating the campaign to its most adversarial stage: the public rebuttal stage. This stage has remained largely absent from prior characterizations of the AHF campaign process (e.g., DesJardine, 2025; Gantchev, 2013). By issuing public rebuttal letters, executives and directors provide their perspective on the AHF and its demands, aiming to prevent shareholders from supporting the AHF. As an AHF manager noted, "votes can shift as new information comes out and as management responds." Practitioners thus consider target firms' public "engagement with shareholders . . . a standard component of an activist campaign defense" (EY, 2021: 4).

Despite the centrality of executives and directors' public rebuttals for AHF campaign defense, we lack scholarly knowledge of whether and how such rebuttals are effective at securing shareholder support.[2] More broadly, target defense is far less understood than AHF attacks; this asymmetry constrains theoretical understanding of the campaign process and leaves managers ill-equipped to navigate these conflicts.

A notable exception adopting the target perspective is Koo et al. (2024), who examine how the hostility of AHFs' tactics influences target firm resistance. They find that more hostile AHF tactics trigger stronger executive and director resistance (e.g., hiring an advisor, adopting a poison pill), likely due to ego threat, anxiety, and heightened desire for control. However, their study does not examine whether such resistance influences campaign outcomes. Lungeanu and Wiersema (2026) extend this work by shifting the focus from the campaign process to the post-campaign period. They show that AHF attacks can prompt substantive managerial responses at the operational level, with target firms becoming more likely to adopt new efficiency- and effectiveness-enhancing changes after AHF campaigns. Yet, their study focuses on *post-campaign* operational change rather than defensive actions *during campaigns* to avoid being pressured into making such substantive changes in the first place. Only Brauer and Binder (2025) directly examine target firm communication during AHF campaigns. They show that executives and directors' use of verbal mimicry in their communication with AHFs can prompt AHFs to voluntarily withdraw their demands. However, this study focuses exclusively on the AHF–target firm dyad and does not examine how executives and directors engage with shareholders to build broader support, which arguably is the primary "transmission mechanism" in AHF campaigns (Chuah et al., 2024: 91; Roe, 2013: 985). Moreover, Brauer and Binder (2025) focus exclusively on *how* executives and directors communicate (i.e., style) but do not capture *what* they communicate about (i.e., content) to induce AHF demand withdrawal.

Together, these studies provide valuable insights into target firm responses to AHF attacks and underscore the discretion that executives and directors have in shaping those responses. At the same time, they point to an important unresolved issue: We continue to know little about the substantive content of executives and directors' communication and how it is associated with campaign outcomes. To extend knowledge on effective target defense tactics, we focus on how executives and directors' discrediting of the AHF in public rebuttal letters affects target defense success, while also exploring the temporality of these rebuttals as a salient boundary condition.

Theory and Hypotheses

Negative, Other-Focused Impression Management

We conceptualize discrediting as a negative, other-focused IM tactic aimed at tarnishing an opponent's reputation before a focal audience. In AHF campaigns, executives and directors use rebuttal letters to discredit the AHF, weakening the persuasiveness of its problem diagnosis and demands in order to undermine the AHF's ability to mobilize shareholder support.

Discrediting is related to, but distinct from, defamation and scapegoating, which are also part of the under-researched domain of negative, other-focused IM tactics (Bolino et al., 2008). Defamation refers to "expressions . . . that injure . . . reputation" (Mohamed & Gardner, 2004: 133, citing Sack & Baron, 1994: 69) and, in the legal tradition, must be based on false statements. "Statements that are based on opinion can never be considered defamatory," unless they imply an underlying, provably false assertion (Mohamed & Gardner, 2004: 134). In contrast, discrediting explicitly includes reputation-spoiling attempts based on accurate information or on opinions with indiscernible truth content. For example, rebuttal letters may highlight factual performance shortcomings of the AHF (e.g., "Third Point's own flagship fund was down approximately 22%, . . . underperforming the S&P 500 index by almost 400 basis points") or make counter-claims that cannot be objectively verified (e.g., "[the AHF's] approach to railroading is outdated").[3]

Discrediting is also distinct from scapegoating. Scapegoating centers on protecting one's own reputation by attributing blame for negative outcomes to another actor (Coombs, 2007). The attack on another actor is instrumental and secondary to the primary goal of self-protection, such as a CEO blaming subordinates to deflect responsibility for poor firm performance (Boeker, 1992). By contrast, discrediting is intrinsically opponent-focused: The primary objective is to undermine the opponent's reputation, such as by questioning their expertise (e.g., "[the AHF's] comments . . . betray a fundamental lack of understanding of . . . [our] business, strategy, and personnel").[4] Taken together, discrediting is a distinct type of negative, other-focused IM that operates through reputational attacks grounded in facts, opinions, or evaluative frames. Like defamation and scapegoating, discrediting is underexplored in management research, calling for systematic theorizing about its mechanisms, subtypes, and consequences.

Influence of Discrediting on AHF Reputation and Shareholder Support

Reputation is a multidimensional, intangible asset through which actors signal their qualities to audiences (Fombrun & Shanley, 1990; Lange, Lee, & Dai, 2011; Rindova, Williamson, Petkova, & Sever, 2005). A vast body of literature has shown that a strong reputation grants actors strategic efficacy, enabling them to secure external resources, exert influence, and mobilize support, whereas a diminished reputation harms all these activities (Lange et al., 2011; McDonnell & King, 2013; Roberts & Dowling, 2002). While reputation takes a long time to be established, it "can be abruptly changed if new information about the organization's past behavior comes to light or if the organization's latest behaviors or associations are jarring to observers" (Lange et al., 2011: 154). Because reconstructing a damaged reputation is complex (Rhee & Valdez, 2009), tarnishing an actor's reputation through discrediting yields an advantage for the attacker.

While we contend that discrediting can be effective in a range of settings, it is likely to be particularly effective in AHF campaigns. Reputation becomes highly salient if direct information about an actor's activities, capabilities, and goals is scarce (Lange et al., 2011; Rindova et al., 2005). Given AHFs' private ownership and minimal disclosure requirements, shareholders lack trusted information regarding their internal operations, competence, and genuine intentions (Wiersema et al., 2020). Consequently, shareholders' evaluation of an AHF's reputation strongly influences whether they expect its demands to generate value and warrant support. Extant research highlights the salience of an AHF's reputation for campaign outcomes. Wiersema et al. (2020) show that AHFs with a confrontational reputation secure more settlement agreements. Krishnan, Partnoy, and Thomas (2016) find that campaigns initiated by AHFs with a track record of prior success and whose past engagements signal greater competence elicit more positive announcement returns. Finance research further shows that reputation is a critical asset for AHFs' success and private investment vehicles' fundraising (e.g., Johnson & Swem, 2021; Loos & Schwetzler, 2017). Taken together, prior research suggests that AHFs benefit from a strong reputation and are thus vulnerable to reputational attacks.

Among the reputational attributes that executives and directors can tarnish through discrediting, AHFs' competence, trustworthiness, and civility are conceptually the most salient. First, shareholders entrusting an AHF with control over firm strategy, operations, and governance expect high competence (Chen & Feldman, 2018; DesJardine, 2025; Krishnan et al., 2016). Accordingly, Brauer et al. (2023) show that shareholder evaluations of an AHF's competence are an important determinant of AHF campaign success. This suggests that discrediting an AHF's competence can undermine shareholder support for its demands. Second, executives and directors can discredit an AHF's *trustworthiness*. Shareholders may be critical of AHFs' short-termism, which is a concern corroborated by academic research (DesJardine & Durand, 2020; DesJardine et al., 2021; Lungeanu & Wiersema, 2026). Therefore, executives and directors can diminish shareholder support by exposing the AHF as myopic, highlighting that it prioritizes quick value extraction over the firm's long-term viability. Third, executives and directors can discredit an AHF's *civility*. By framing the AHF's engagement as overly aggressive and disruptive to organizational stability, executives and directors can raise shareholder concerns regarding the AHF's willingness to work constructively with existing leadership. This aligns with theoretical work highlighting the psychological strain that AHF conduct imposes on directors and the resulting emotional costs that erode shareholder value (Marcel & Cowen, 2026). Portraying an AHF as a "barbarian at the gate" (Ahn & Wiersema, 2021) who violates established norms of professional conduct thus creates a reputational stain that reduces shareholders' willingness to support its demands.

In sum, by discrediting the AHF's competence, trustworthiness, or civility, executives and directors undermine shareholders' evaluation of the AHF and reduce their inclination to support its demands. Because campaign outcomes primarily hinge on shareholder backing (Brauer et al., 2023; Brav et al., 2021; Chuah et al., 2024), we thus expect discrediting to be an effective target defense tactic in the context of public AHF campaigns.

Hypothesis 1 (H1): In public campaigns, discrediting by executives and directors is associated with greater target defense success.

A Taxonomy of Discrediting

Discrediting has received scant attention in prior work, and its current conceptualization remains monolithic. We innovate by arguing that discrediting can be source-focused (direct) or message-focused (indirect). This distinction parallels the separation between ad hominem (to the person) and ad rem (to the matter) attacks in classic rhetoric. We visualize the resulting taxonomy of discrediting in Figure 2. In the following, we discuss both subtypes of discrediting, illustrate their use in AHF campaigns, and theorize about their influence on target defense success.

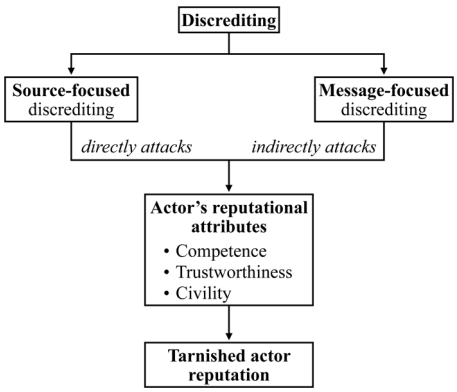
Source-focused discrediting. We define source-focused discrediting as direct attacks on another actor's reputational attributes that are salient to the focal audience's evaluation of that actor. Given limited insights on source-focused discrediting in management research, we ground our theoretical predictions in empirical findings from social psychology and political science. Specifically, social psychology research demonstrates that directly discrediting an actor's reputation reduces its persuasiveness. Experimental studies on jury decision-making in staged court trials show jurors are highly skeptical of discredited witnesses' testimony (e.g., Hatvany & Strack, 1980; Kennedy & Haygood, 1992; Lagnado & Harvey, 2008). Lagnado and Harvey (2008) show that when the disclosure of a conflict of interest discredits key witnesses' integrity, jurors discount their testimony and retroactively lose faith even in reliable evidence.

Political science research similarly finds that discrediting political actors reduces their perceived trustworthiness and persuasiveness (e.g., Cobb, Nyhan, & Reifler, 2013; Flynn, Nyhan, & Reifler, 2017; Thorson, 2016). For instance, when a politician is discredited, voters judge them as less caring and trustworthy (Cobb et al., 2013). Similarly, if politicians discredit news media's trustworthiness, citizens perceive the outlets' reporting as less accurate (e.g., Egelhofer, Boyer, Lecheler, & Aaldering, 2022). Interestingly, several studies document systematic overcorrection in audience evaluations (e.g., Cobb et al., 2013; Kennedy & Haygood, 1992; Lagnado & Harvey, 2008), whereby the reputational damage from source-focused discrediting exceeds what is objectively warranted.

It is important to note that jury decision-making and political campaigns differ from shareholder activism in terms of information availability and access. Whereas jurors are typically shielded from media reporting, shareholders may draw on business media and other infomediaries (e.g., proxy advisory firms). Yet, such coverage is largely concentrated on highly visible firms and on campaigns that escalate to proxy fights, which occur in only about 13% of all campaigns (Koo et al., 2024). Select institutional shareholders may also obtain first-hand information through private meetings during the target screening stage of the campaign. However, the amount of information exchanged in such meetings is constrained by securities regulations.[5] As a result, despite operating in a comparatively richer information environment than jurors or voters, shareholders cannot directly observe AHFs' true competence, trustworthiness, and willingness to govern constructively. In such contexts, reputational cues are consequential (Lange et al., 2011), and reputational attacks can meaningfully undermine audience support.

Building on this fundamental insight, we theorize that source-focused discrediting operates by persuading shareholders that the AHF lacks competence, trustworthiness, and civility.

Figure 2
A Taxonomy of Discrediting



For example, executives of the entertainment company Tix used source-focused discrediting of the AHF's competence in a rebuttal letter, stating that "the only track record HSB and [its principal] Mr. Bhakta do have is a history of destroying the value of your investment."[6] Executives of the restaurant chain Cracker Barrel discredited Biglari Capital's trustworthiness by highlighting "self-serving capital structure and organizational changes" that should lead shareholders to "question [the AHF principal] Mr. Biglari's actual motives for seeking board representation."[7] Finally, the leadership of HopFed Bancorp sought to tarnish Stilwell Value's reputation for civility by calling out its "degrading and destructive personal attacks," which "distract . . . [the] Board of Directors" and are "unnecessarily destructive . . . to the detriment of all shareholders."[8] Appendix A (in the Online supplemental material) contains more illustrative examples of source-focused discrediting of AHFs' competence, trustworthiness, and civility.

Collectively, our theorizing, informed by social psychology and political science research on direct reputational attacks, suggests that source-focused discrediting by executives and directors reduces shareholder support for AHF demands.

Hypothesis 2a (H2a): In public campaigns, source-focused discrediting by executives and directors is associated with greater target defense success.

Message-focused discrediting. We conceptualize message-focused discrediting as challenging the factual accuracy and validity of an actor's claims. Such attacks first and foremost rebut a focal argument, and, in doing so, *indirectly* tarnish the actor's reputation. Supporting this logic, social psychology research shows that message-focused rebuttals of an actor's claims harm its reputation. Rogers, Zeckhauser, Gino, Norton, and Schweitzer (2017) demonstrate that audiences discovering claims to be misleading reduce their trust in an actor. In two experiments, Sanna and Lagnado (2025) further demonstrate that audiences penalize actors whose claims are corrected by others. Together, these studies show that attacking the substance of a claim can diminish audience evaluations of the claimant.

In AHF campaigns, executives and directors frequently use message-focused rebuttals to challenge AHFs' problem diagnoses and claims. By portraying AHFs' arguments as analytically flawed, misleading, or incompatible with professional discourse, executives and directors expose deficiencies in AHFs' competence, trustworthiness, and civility. Because alleged target firm underperformance lies at the core of AHFs' critiques (Brav et al., 2021; Brav, Jiang, Partnoy, & Thomas, 2008; Lungeanu & Wiersema, 2026), message-focused discrediting by executives and directors typically takes the form of counterevidence that refutes such allegations (e.g., "Oasis misrepresents Stratus' strong share price performance." The total shareholder return "has outperformed peers and relevant benchmarks over the past 10 years and compounded shareholders' investment at 10.2% per year.").[9] Online Appendix A contains additional examples.

By refuting the factual accuracy of an AHF's claims, executives and directors can tarnish any of its three vital reputational attributes. Which attribute is affected depends on how shareholders interpret the rebuttal: when it is seen as revealing flawed analysis, it undermines shareholders' evaluations of the AHF's competence; when it is seen as exposing deliberate deception, it undermines the AHF's trustworthiness; and when it is seen as highlighting norm violations or overly hostile behavior, it undermines evaluations of an AHF's civility. Regardless of which vital reputational attribute is weakened, we expect message-focused discrediting to reduce shareholder support for AHF demands.

Hypothesis 2b (H2b): In public campaigns, message-focused discrediting by executives and directors is associated with greater target defense success.

Synergies Between Discrediting Subtypes

Consistent with prior research arguing that IM tactics are rarely used in isolation (Bolino et al., 2008, 2016; Chawla et al., 2021), executives and directors frequently combine source- and message-focused discrediting in their rebuttals (see the integrated example in Online Appendix A). Yet, we lack knowledge of "how the use of [IM] tactics in combination influences observer reactions" (Bolino et al., 2008, 2016: 391). A notable exception is recent work by Short and Pfarrer (2025), who use clinical trials to examine the prevalence and relative effectiveness of combining anticipatory and reactive organizational IM. Among other findings, they demonstrate that combining offsetting with accommodativeness generates more favorable investor reactions than using a single IM tactic.

Building on the emerging evidence that the combination of *different* IM tactics can exceed the sum of their individual effects, we theorize that this synergistic logic extends to subtypes of the *same* IM tactic. Specifically, we expect that the combined use of source- and message-focused discrediting enhances shareholder persuasion through two primary mechanisms: First, combining the two subtypes of discrediting increases *message consistency* by reinforcing a shared evaluative conclusion. In AHF campaigns, the two subtypes are designed to induce a common inference among shareholders, namely, that the AHF's competence, trustworthiness, and civility are deficient. Social psychology research shows that such message consistency enhances persuasion by strengthening perceived credibility, signaling conviction, and facilitating information integration (e.g., Gooch, 2026; Kreps, Laurin, & Merritt, 2017; Simons, 2002). In a related vein, experimental research on misinformation shows that combating falsehoods is most effective when both the source and the message are revealed

as unreliable (Ecker, Prike, Paver, Scott, & Swire-Thompson, 2024; Westbrook, Wegener, & Susmann, 2023).

Second, combining source- and message-focused discrediting increases message multiplicity by providing a set of distinct reasons for shareholders to reject the AHF's demands. Research shows that, alongside argument quality, argument quantity enhances persuasiveness because multi-argument messages increase perceived evidentiary support (Calder, Insko, & Yandell, 1974; Petty & Cacioppo, 1984). This effect persists even among less attentive audiences, who often rely on the heuristic that "the more the better, or . . . the more arguments, the more carefully researched" a claim must be (Petty & Cacioppo, 1984: 78). Accordingly, experimental research in political science shows that the accumulation of distinct, yet converging arguments increases the likelihood that audiences adopt the underlying position, thereby facilitating opinion change (Redlawsk, Civettini, & Emmerson, 2010). Similarly, communication research shows that consistent message repetition, whether through the same or different channels, is positively associated with perceived message quality and message endorsement (see Keating & Totzkay, 2025, for a review). Taken together, the mechanisms of message consistency and multiplicity suggest that combining source- and message-focused discrediting yields greater persuasiveness than relying on either subtype alone.

Hypothesis 3 (H3): In public campaigns, the combined use of source- and message-focused discrediting is associated with greater target defense success than the use of either tactic alone.

Boundary Condition: Timing of Discrediting Attempts

As outlined in the Background section, when an AHF escalates a campaign to the public engagement stage by issuing a campaign letter, the AHF's claims initially go unchallenged and begin to shape shareholder evaluations—until executives and directors intervene and issue a rebuttal. We thus theorize that the effectiveness of this rebuttal depends not only on its *content* but also on the *timing* of its deployment.

Research on framing and sequential judgment reinforces this temporal dependency. Initial narratives often serve as cognitive anchors ("primacy effect"), influencing how audiences evaluate subsequent counterarguments (Ecker, Lewandowsky, Cheung, & Maybery, 2015; Hogarth & Einhorn, 1992). As Walter and Tukachinsky (2020: 158) show in a meta-analysis, the longer such an anchor remains unchallenged, "the more it becomes integrated into memory and is then more difficult to root out." When an AHF's problem diagnoses and claims circulate without a prompt rebuttal, they are more likely to become the dominant reference frame through which shareholders interpret the situation. This implies that the longer executives and directors wait to issue a rebuttal letter, the less likely it becomes that their discrediting attempts can overturn shareholders' established evaluations.

Similarly, communication research suggests that quicker responses are advantageous. Studies show that uncontested claims gain perceived validity through familiarity and diffusion (DiFonzo, Beckstead, Stupak, & Walders, 2016; Hassan & Barber, 2021). Especially in campaigns involving highly visible firms, AHF allegations that remain unchallenged for longer periods are more likely to be amplified by the business media and other infomediaries (Graf-Vlachy, Oliver, Banfield, König, & Bundy, 2020; King, 2008). Such broad diffusion

reinforces the AHF's problem diagnosis and claims, increasing the burden of persuasion on any subsequent rebuttal.

Finally, our interview evidence underscores the importance of timely rebuttals. As one AHF manager noted, "faster [management] responses are generally better [for target defense]. Long delays signal that management is ignoring the activist, which strengthens the activist's position." Collectively, we thus expect that longer delays between an AHF's initial public attack and executives and directors' public rebuttal blunt the effectiveness of their discrediting attempts.

Hypothesis 4 (H4): In public campaigns, a longer delay between an AHF's initial public attack and executives and directors' rebuttal weakens the positive association between discrediting and target defense success.

Methods

Data and Sample

To test our theoretical predictions, we sampled all AHF campaigns targeting U.S. firms between October 23, 2000, and April 30, 2023. This start date coincides with the adoption of the U.S. Securities and Exchange Commission's (SEC) Regulation Fair Disclosure, which mandated the release of more information surrounding shareholder activism into the public domain (SEC, 2000). We focused on U.S. target firms to prevent our results from being biased by cross-national differences in corporate governance practices and regulations. Furthermore, the U.S. provides an ideal empirical setting to test our hypotheses, given the prevalence of AHF campaigns and the comprehensiveness of campaign data. We obtained these data from FactSet's Corporate Governance database, which has been widely used in past studies (e.g., Chen & Feldman, 2018; Koo et al., 2024; Wiersema et al., 2020). We included only AHF campaigns that were closed at the time of data retrieval (May 15, 2023) and excluded campaigns with missing controls and those targeting closed-end funds, yielding a total of 1,620 AHF campaigns. Of these, we find that AHFs issued a public letter in 831 campaigns, corresponding to 51.3%. Target firms issued a public rebuttal letter in 212 of these 831 campaigns, corresponding to 25.5% of campaigns with a public AHF letter. These 212 campaigns, involving 192 unique target firms, constitute our final campaign-level sample. Prior research adopting a similar focus on target firm communications relies on comparable sample sizes (e.g., $N = 150$; Brauer & Binder, 2025).

For the 212 focal campaigns, we identified all rebuttal letters contained in FactSet's campaign document files. To be included, a letter had to be issued by executives and directors either to the firm's shareholders or to the AHF. These letters are primarily disclosed in target firms' Form 8-K and DEFA14A filings, which firms are required to submit when issuing such communications, as they constitute material information (SEC, 2023). Across the 212 AHF campaigns with at least one rebuttal, executives and directors issued 841 public rebuttal letters, of which 747 were addressed to shareholders and 94 to AHFs.

Dependent Variable

Target defense success measures the proportion of AHF demands that executives and directors successfully averted. We first identified the total number of AHF demands and their respective outcomes as reported by FactSet. Following prior AHF research (Brauer

et al., 2023; Klein & Zur, 2009; Wiersema et al., 2020), we then calculated AHF campaign success as the number of successful AHF demands divided by the total number of demands. Finally, we subtracted AHF campaign success from one to obtain our measure of target defense success.

Independent and Moderating Variables

Coding process. To accurately capture the context-dependent nature of IM attempts (Bolino et al., 2016; Bozeman & Kacmar, 1997), we used manual content analysis to measure executives and directors' use of discrediting in their rebuttal letters (Krippendorff, 2004). To ensure coding consistency and replicability, we iteratively developed a context-specific coding guideline to identify the prevalence of source-focused and message-focused discrediting in these letters. To conduct the manual coding, we adapted the three-step approach by König, Mammen, Luger, Fehn, and Enders (2018), who used manual content analysis to assess metaphorical communication in earnings conference calls. In the first step, we jointly identified all instances of source- and message-focused discrediting in 20 rebuttal letters to establish coding instructions, anchoring examples, and counterexamples for both discrediting subtypes. In the second step, two authors independently applied a sentence-by-sentence coding approach to an additional 90 letters (representing approximately 10% of our sample). We evaluated interrater agreement using Cohen's kappa, which was equal to .94 for source-focused discrediting and .85 for message-focused discrediting, indicating excellent interrater agreement (Fleiss, Levin, & Paik, 2003). All cases of disagreement were then discussed until resolution, and the coding guideline was refined accordingly (Krippendorff, 2004). In the third step, the same two authors divided and independently coded the remaining 731 rebuttal letters sentence by sentence. To mitigate potential bias, both coders were blind to whether executives and directors ultimately succeeded in averting the AHF's demands.

Discrediting. We conceptualize *discrediting* as attempts by executives and directors to portray the AHF as incompetent, untrustworthy, or uncivil. As illustrated in Figure 2, executives and directors can do so directly via source-focused or indirectly via message-focused discrediting.

Source-focused discrediting involves a negative, disparaging evaluation of the AHF, specifically targeting its competence, trustworthiness, or civility. For instance, the expression "Ramius lacks strategic focus"[10] constitutes source-focused discrediting of an AHF's competence. The statement "their true motivation [is] to profit at your expense" discredits the AHF's trustworthiness, while "instead of negotiating in good faith, you have chosen to torpedo the process"[11] is an example of executives and directors directly discrediting the AHF's civility (see Online Appendix A for additional examples).

Message-focused discrediting indirectly tarnishes the AHF's reputation by challenging the validity of its problem diagnoses and claims (e.g., "this approach to valuation . . . entirely strips out the value of Benchmark's strong cash position."[12]). By correcting these claims and highlighting positive performance trends at the target firm, executives and directors can expose deficiencies in the AHF's competence, trustworthiness, or civility. The specific reputational attribute affected depends on whether shareholders interpret the rebuttal as evidence of flawed analysis, deliberate deception, or excessive hostility.

Consistent with prior IM research (e.g., König et al., 2018), we measured the prevalence of source- and message-focused discrediting based on sentence-level coding. We identified all sentences containing each subtype of discrediting, summed the number of words in these sentences, and divided this count by the total word count of the rebuttal letter. Our overall measure of *discrediting* is defined as the sum of the two subtypes.

Rebuttal response time. To assess whether delays in issuing rebuttals attenuate the effectiveness of discrediting, we measured *rebuttal response time* as the number of days between the date on which the AHF campaign turned public (i.e., the first AHF letter) and the date of the first rebuttal letter by executives and directors. We capped this variable at 90 days, as responses delayed beyond this threshold are unlikely to be perceived as rebuttals to the AHF's original letter. Results remain substantively unchanged when using the uncapped response time measure.

Control Variables

In our empirical analyses, we account for relevant campaign, AHF, and target firm characteristics that could influence the focal associations.

Campaign characteristics. Because campaign outcomes vary depending on the type of AHF demand (Boyson, Gantchev, & Shivdasani, 2017; Wiersema et al., 2020), we follow past research by grouping the demand types reported by FactSet into six categories: board demands (e.g., board representation), business strategy demands (e.g., operational changes), corporate strategy demands (e.g., prevent a planned acquisition), sale of firm demands, other corporate governance demands (e.g., remove anti-takeover provisions), and miscellaneous demands. Each category is captured by a binary indicator equal to one if the AHF requests the demand type during the campaign and zero otherwise. Furthermore, because AHF tactics influence campaign outcomes, we follow prior studies and control for *activist tactics* in our models (Brav et al., 2008; Wiersema et al., 2020). Utilizing data from FactSet and the categorization by Brav et al. (2008), we group AHF tactics on an eight-point scale of increasing hostility: (0) no observable tactics, (1) communication with target executives and directors, (2) seeking board representation, (3) formal shareholder proposals or public criticism of firm, (4) threatening a proxy fight or litigation, (5) launching a proxy fight, (6) suing the firm, and (7) launching a takeover bid. The value of this variable reflects the highest level of hostility exhibited by the AHF.

We also include a comprehensive set of controls related to AHF and target firm communications. Specifically, we control for the *number of activist letters* and the *number of rebuttal letters* by executives and directors. We also capture when the AHF campaign enters the public engagement stage (i.e., *first activist letter timing*, where 0% represents the first day of the campaign and 100% the last day of the campaign), as well as the timing of the first rebuttal, using the previously defined moderating variable *rebuttal response time*. Additionally, we control for *activist discrediting* to address the alternative explanation that rebuttal letters simply mirror the content of AHF letters. We thus coded all 1,131 AHF campaign letters issued across the 212 focal campaigns using the same sentence-level manual coding approach described above. Finally, to isolate the substantive content of rebuttal letters from their linguistic style, we control for *language style matching* and *emotional tone mimicry*, which are

the two linguistic style characteristics that Brauer and Binder (2025) identify as consequential. Language style matching captures the extent to which rebuttal letters mimic AHF letters' use of function words (e.g., pronouns, articles, and conjunctions), while emotional tone mimicry reflects the letters' similarity in the balance of positive to negative emotion language. In additional robustness tests discussed below, we incorporate a broader set of linguistic style characteristics and find consistent results.

Activist characteristics. First, because *activist size* is a key determinant of influence (Greenwood & Schor, 2009; Krishnan et al., 2016; Wiersema et al., 2020), we control for the natural logarithm of AHFs' assets under management in the quarter preceding the campaign based on 13F Holdings Reports. Second, to account for the influence conferred by equity ownership, we control for *activist stake*, measured as the percentage of target shares held by the AHF at the start of the campaign (Khurana, Li, & Wang, 2018; Koo et al., 2024; Krishnan et al., 2016). These data were obtained from FactSet and manually supplemented with filings from EDGAR. Third, we include a binary indicator for *multiple activists* to capture wolf-packing, coded as one for campaigns involving more than one AHF and zero otherwise. Finally, AHF experience and reputation shape campaign outcomes (Brav et al., 2008; Krishnan et al., 2016; Wiersema et al., 2020). We thus incorporate a binary variable for *first-time activists*, which equals one if the AHF has no prior campaign experience and zero otherwise. Additionally, we control for *prior activist success*, measured as the AHF's average campaign success in the three preceding years (Krishnan et al., 2016). For AHFs without campaigns in this period, this variable is set to zero.

Target firm characteristics. Target firm size and performance are established predictors of campaign outcomes (Bebchuk, Brav, Jiang, & Keusch, 2020; Krishnan et al., 2016; Wiersema et al., 2020). We measure *target size* as the natural logarithm of firms' total assets (in millions of U.S. dollars) in the fiscal year before the campaign start. *Target performance* is captured by total shareholder return (TSR), calculated as the stock split-adjusted percentage change in the target firm's stock price plus dividends in the year prior to the campaign start. We obtained data from Compustat and filled in missing observations using the SEC's EDGAR database. To account for differences in firm visibility and baseline standing among investors, we use index membership (S&P 500 and Russell 3000) as proxies. Following Wiersema et al. (2020), we also control for ownership structure in the quarter preceding the campaign using *institutional ownership depth* (percentage of shares held by institutional investors) and *institutional ownership breadth* (log-transformed number of institutional investors), based on Refinitiv's 13F database and EDGAR. Furthermore, consistent with prior research (Choi & Gong, 2020), we account for corporate governance characteristics, including *board independence* (proportion of independent directors), *target CEO tenure* (years in office), and *target CEO duality* (indicator equal to one if the CEO also chairs the board). These data were compiled from BoardEx, FactSet, and Execucomp, and supplemented with EDGAR filings. Finally, all models include *year fixed effects* and two-digit Standard Industrial Classification (SIC) *industry fixed effects*.

Data Analysis

To test our hypotheses, we use fractional probit regressions, which appropriately model the bounded nature of our dependent variable. *Target defense success* measures the fraction of

averted AHF demands and takes on values between zero and one (0%–100%). A fractional probit model is specifically designed for dependent variables bounded at the low and high end (Papke & Wooldridge, 1996). We include standard errors clustered at the target level in all models, as some target firms were attacked more than once during the sample period. We examine multicollinearity by deriving the variance inflation factor (VIF) for each variable in our models. The highest VIF observed is 2.71 for *activist size*, and the average VIF is 1.16, both of which are well below the commonly accepted threshold of 10. Moreover, to address potential endogeneity concerns arising from sample selection and omitted variable bias, we conduct a series of robustness tests, including an event study, a Heckman selection model, and an instrumental variable approach, which are reported in our Results section below. These analyses suggest that endogeneity concerns are unlikely to materially affect our empirical findings.

Results

Table 1 provides descriptive statistics and pairwise correlations. Table 2 shows the results of the fractional probit regression analyses. Several coefficients in the control model (Model 1), such as those for activist demand type, *first-time activist*, and *target performance*, are consistent with prior research. Following Hünermund and Louw (2025), however, we refrain from interpreting the marginal effects of control variables and instead concentrate on our main effects.

Hypothesis 1 posits that discrediting is positively associated with target defense success. Model 2 of Table 2 shows that discrediting is a positive and significant predictor of target defense success ($\beta = 2.80$, $p < .001$). This association holds in an untabulated reduced model including only year and industry fixed effects ($\beta = 1.92$, $p = .001$). Due to the non-linear nature of the model, we follow Hoetker's (2007) recommendations and compute the marginal effect of discrediting on target defense success at the mean as well as at low and high levels of discrediting (i.e., mean minus or plus one standard deviation). As shown in Table C1 in Online Appendix C, the average marginal effect (AME) of discrediting is positive and significant at low ($\beta = 0.81$, $p < .001$), medium ($\beta = 0.80$, $p < .001$), and high ($\beta = 0.73$, $p < .001$) levels of discrediting. Regarding the economic significance of the observed relationship, we find that low levels of discrediting are associated with a predicted target defense success rate of 44%. In comparison, high levels of discrediting are associated with a substantially higher target defense success rate of 67%. Collectively, these findings provide full support for Hypothesis 1.

Hypotheses 2a and 2b predict that source- and message-focused discrediting are positively associated with target defense success. In line with these predictions, Models 3 and 4 of Table 2 show that source- ($\beta = 2.08$, $p = .008$) and message-focused discrediting ($\beta = 3.21$, $p = .001$) are positively and significantly associated with target defense success. As reported in Tables C2 and C3 in Online Appendix C, the AMEs of these models are positive and significant at low, medium, and high levels of the respective discrediting subtype. Figure B1 of Online Appendix B plots the marginal effects. Concerning economic significance, low levels of source- and message-focused discrediting (mean - 1 *SD*) are associated with target defense success rates of 49% and 44%, respectively. In contrast, high levels of source- and message-focused discrediting (mean + 1 *SD*) are associated with target defense success rates of 63% and 66%, respectively. Moreover, when including both source- and message-focused

Table 1
Descriptive Statistics and Pairwise Correlations

Variables	Mean	*SD*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
1 Target defense success	.56	.39																															
2 Discrediting	.49	.15	.16																														
3 Source-focused discrediting	.23	.12	.16	.62																													
4 Message-focused discrediting	.26	.12	.04	.63	−.22																												
5 Rebuttal response time	37.24	34.43	.04	.07	.21	−.12																											
6 Board demands	.94	.23	−.10	.23	.28	.00	.11																										
7 Business strategy demands	.08	.26	.16	.03	.17	−.14	.04	−.01																									
8 Corporate strategy demands	.46	.50	.22	−.13	.13	−.29	.27	−.14	−.01																								
9 Sale of firm demands	.28	.45	.19	−.05	.16	−.22	.30	.06	−.10	.47																							
10 Other corporate gov. demands	.38	.49	.18	.07	.16	−.07	.03	−.02	.18	.11	.11																						
11 Miscellaneous demands	.28	.45	.20	−.03	.14	−.18	.01	−.03	.06	.25	.08	.07																					
12 Activist tactics	5.24	.55	.02	−.16	−.12	−.08	.01	.03	−.09	.14	.09	.03	.00																				
13 No. of activist letters	5.33	2.96	.05	.03	.02	.02	.10	.08	.08	.09	.00	.02	.03	.01																			
14 No. of rebuttal letters	3.97	2.11	−.13	.04	−.04	.09	−.22	.11	.09	−.12	−.15	.11	−.08	.06	.39																		
15 First activist letter timing	.22	.29	.00	.00	−.06	.06	−.48	−.09	−.02	−.19	−.12	.04	.00	−.04	−.25	−.11																	
16 Activist discrediting	.43	.12	.01	.10	.09	.04	.07	−.02	−.02	.08	.02	−.02	.11	.02	−.10	−.09	−.06																
17 Language style matching	7.96	.35	−.04	.04	-.19	.24	-.05	.00	.06	-.05	-.06	.08	-.01	.13	.33	.33	-.09	-.11															
18 Emotional tone mimicry	−13.50	9.66	−.03	−.07	−.18	.09	−.09	−.05	−.09	.00	−.05	−.06	−.03	−.11	.05	.14	.04	−.18	.24														
19 Activist size	19.88	2.01	.05	.02	.01	.01	−.02	−.10	.11	−.08	−.13	.05	−.05	.16	.10	.14	−.07	−.11	.01	.04													
20 Activist stake	8.05	5.71	.11	−.15	−.24	.05	−.02	−.07	.08	.01	.01	.08	.03	.22	−.02	−.03	.07	−.26	.08	.11	.03												
21 Multiple activists	.17	.38	−.10	.03	.04	−.01	.03	.06	.10	.02	−.12	.05	−.12	−.02	.00	−.06	−.01	.05	−.05	.06	−.06	.05											
22 First-time activist	.60	.49	−.01	−.15	−.10	−.09	.04	.13	−.06	.02	.02	−.09	−.14	.09	−.15	−.04	−.01	−.02	−.01	.17	−.06	.00	.20										
23 Prior activist success	.27	.28	.02	.08	.06	.05	−.10	.01	.13	−.04	−.06	.03	.09	−.09	.03	.13	.13	.04	.15	−.01	.01	−.11	.09	−.15									
24 Target size	6.59	1.96	.03	.14	.26	−.09	.01	.03	.12	.08	−.03	.03	.13	−.13	.24	.25	−.09	.05	−.09	−.06	.37	−.38	−.05	−.18	.15								
25 Target performance	.06	.76	.19	.01	−.04	.06	−.13	−.16	.15	−.07	−.09	−.06	.06	.04	−.09	−.02	.11	.01	.01	−.01	.05	.06	−.01	.03	−.10	−.01							
26 Target in S&P 500	.09	.29	−.06	.02	.12	−.09	−.13	.01	−.09	−.03	−.05	.03	.03	−.07	.31	.26	−.02	−.09	.05	−.02	.22	−.18	−.06	−.15	−.01	.51	−.05						
27 Target in Russell 3000	.63	.48	−.12	.15	.29	−.10	.16	.11	.15	.09	.03	.10	.09	−.15	.18	.20	−.24	.10	−.02	−.04	.20	−.34	.02	−.11	.08	.58	−.08	.24					
28 Institutional ownership depth	.61	.34	−.07	.06	.32	−.24	.17	.10	.17	.13	.06	.10	.07	−.20	−.02	.08	−.08	−.01	−.20	−.05	.07	−.17	−.01	−.06	.16	.39	−.12	.05	.61				
29 Institutional ownership breadth	3.99	1.91	−.09	.12	.26	−.10	.09	.03	.16	.03	.00	.20	.03	−.14	.15	.25	−.17	−.04	−.01	−.10	.19	−.24	.03	−.08	.06	.40	−.02	.29	.58	.56			
30 Target board independence	.83	.11	.04	.03	.14	−.11	.12	.14	−.13	.10	.04	−.06	−.02	−.09	.10	−.01	.01	−.02	−.12	−.02	.10	.00	−.05	.05	.02	.16	−.07	.16	.16	.27	.26		
31 Target CEO tenure	8.05	6.82	.08	.08	.16	−.05	.08	.09	−.03	.04	.10	.04	−.01	−.11	−.01	−.04	−.03	.20	−.03	.02	−.13	−.03	−.08	−.01	−.04	−.05	−.10	−.01	.04	.08	−.01	−.09	
32 Target CEO duality	.45	.50	−.18	.04	.06	−.01	.06	.10	−.08	.05	.00	−.01	.03	.02	.17	.16	−.09	−.03	.04	.07	−.04	−.12	.03	.11	.04	.15	−.09	.18	.11	.06	.19	−.04	.26

Note. $N = 212$.

Table 2
Fractional Probit Models Predicting Target Defense Success

	Model 1			Model 2			Model 3			Model 4		
Variables	β	*p*	*SE*	β	*p*	*SE*	β	*p*	*SE*	β	*p*	*SE*
Discrediting				2.80	(0.000)	[0.64]						
Source-focused discrediting							2.08	(0.008)	[0.79]			
Message-focused discrediting										3.21	(0.001)	[0.94]
Board demands	−0.22	(0.556)	[0.38]	−0.59	(0.131)	[0.39]	-0.24	(0.526)	[0.38]	−0.59	(0.126)	[0.39]
Business strategy demands	−0.57	(0.363)	[0.63]	−0.32	(0.630)	[0.66]	−0.17	(0.796)	[0.66]	−0.90	(0.155)	[0.63]
Corporate strategy demands	0.43	(0.031)	[0.20]	0.44	(0.039)	[0.21]	0.48	(0.017)	[0.20]	0.37	(0.077)	[0.21]
Sale of firm demands	0.45	(0.017)	[0.19]	0.47	(0.025)	[0.21]	0.50	(0.009)	[0.19]	0.39	(0.055)	[0.20]
Other corporate gov. demands	0.26	(0.185)	[0.19]	0.24	(0.193)	[0.19]	0.22	(0.244)	[0.19]	0.29	(0.129)	[0.19]
Miscellaneous demands	0.09	(0.652)	[0.19]	0.22	(0.249)	[0.19]	0.26	(0.201)	[0.20]	−0.02	(0.921)	[0.19]
Activist tactics	−0.29	(0.066)	[0.16]	−0.14	(0.369)	[0.16]	−0.16	(0.312)	[0.16]	−0.33	(0.045)	[0.17]
No. of activist letters	0.09	(0.007)	[0.03]	0.09	(0.007)	[0.03]	0.09	(0.006)	[0.03]	0.09	(0.009)	[0.03]
No. of rebuttal letters	−0.09	(0.086)	[0.05]	−0.11	(0.050)	[0.06]	−0.10	(0.071)	[0.05]	−0.10	(0.069)	[0.06]
First activist letter timing	−0.05	(0.890)	[0.33]	−0.16	(0.624)	[0.33]	−0.09	(0.788)	[0.33]	−0.12	(0.707)	[0.33]
Rebuttal response time	0.00	(0.257)	[0.00]	−0.01	(0.068)	[0.00]	0.00	(0.192)	[0.00]	0.00	(0.094)	[0.00]
Activist discrediting	0.17	(0.844)	[0.89]	0.01	(0.991)	[0.87]	−0.08	(0.925)	[0.89]	0.37	(0.668)	[0.86]
Language style matching	−0.03	(0.899)	[0.26]	−0.03	(0.908)	[0.28]	−0.16	(0.555)	[0.27]	0.15	(0.572)	[0.27]
Emotional tone mimicry	−0.01	(0.377)	[0.01]	−0.01	(0.372)	[0.01]	−0.01	(0.361)	[0.01]	−0.01	(0.360)	[0.01]
Activist size	0.05	(0.332)	[0.05]	0.04	(0.436)	[0.05]	0.05	(0.344)	[0.05]	0.04	(0.425)	[0.05]
Activist stake	0.02	(0.322)	[0.02]	0.02	(0.176)	[0.02]	0.01	(0.485)	[0.02]	0.03	(0.062)	[0.02]
Multiple activists	−0.37	(0.121)	[0.24]	−0.43	(0.076)	[0.24]	−0.36	(0.130)	[0.24]	−0.45	(0.069)	[0.25]
First-time activist	0.34	(0.042)	[0.17]	0.50	(0.004)	[0.17]	0.38	(0.026)	[0.17]	0.47	(0.006)	[0.17]
Prior activist success	0.49	(0.160)	[0.35]	0.52	(0.134)	[0.35]	0.40	(0.252)	[0.35]	0.65	(0.061)	[0.35]
Target size	0.13	(0.094)	[0.08]	0.12	(0.113)	[0.08]	0.10	(0.195)	[0.08]	0.16	(0.027)	[0.07]
Target performance	0.41	(0.034)	[0.19]	0.37	(0.080)	[0.21]	0.37	(0.058)	[0.20]	0.41	(0.042)	[0.20]
Target in S&P 500	−0.07	(0.846)	[0.36]	0.09	(0.776)	[0.32]	0.11	(0.743)	[0.35]	−0.16	(0.621)	[0.33]
Target in Russell 3000	−0.56	(0.078)	[0.32]	−0.41	(0.205)	[0.32]	−0.45	(0.155)	[0.32]	−0.58	(0.072)	[0.32]
Institutional ownership depth	−0.24	(0.557)	[0.41]	−0.14	(0.733)	[0.40]	−0.06	(0.883)	[0.40]	−0.39	(0.355)	[0.42]
Institutional ownership breadth	−0.10	(0.101)	[0.06]	−0.13	(0.026)	[0.06]	−0.10	(0.083)	[0.06]	−0.13	(0.043)	[0.07]
Target board independence	0.67	(0.495)	[0.98]	0.67	(0.548)	[1.11]	0.92	(0.370)	[1.03]	0.20	(0.850)	[1.05]
Target CEO tenure	0.02	(0.063)	[0.01]	0.02	(0.100)	[0.01]	0.03	(0.044)	[0.01]	0.02	(0.191)	[0.01]
Target CEO duality	−0.19	(0.299)	[0.19]	−0.19	(0.329)	[0.19]	−0.20	(0.281)	[0.19]	−0.18	(0.344)	[0.19]
Constant	4.04	(0.109)	[2.52]	1.89	(0.516)	[2.91]	3.19	(0.248)	[2.76]	3.19	(0.210)	[2.54]
Log pseudolikelihood	−110.99			−106.13			−109.54			−107.57		

(continued)

Table 2 (continued)

	Model 5			Model 6			Model 7			Model 8		
Variables	β	*p*	*SE*	β	*p*	*SE*	β	*p*	*SE*	β	*p*	*SE*
Discrediting							4.61	(0.000)	[0.86]			
Source-focused discrediting	2.27	(0.006)	[0.83]	−0.24	(0.866)	[1.40]				4.36	(0.000)	[1.10]
Message-focused discrediting	3.32	(0.000)	[0.92]	0.89	(0.520)	[1.38]				5.05	(0.000)	[1.13]
Source-focused discrediting × Message-focused discrediting				12.67	(0.048)	[6.40]						
Discrediting × Rebuttal response time							−0.06	(0.002)	[0.02]			
Source-focused discrediting × Rebuttal response time										−0.07	(0.001)	[0.02]
Message-focused discrediting × Rebuttal response time										−0.05	(0.047)	[0.02]
Board demands	−0.64	(0.101)	[0.39]	−0.65	(0.106)	[0.40]	−0.75	(0.044)	[0.37]	−0.83	(0.028)	[0.38]
Business strategy demands	−0.47	(0.482)	[0.67]	−0.44	(0.507)	[0.66]	−0.10	(0.875)	[0.65]	−0.35	(0.599)	[0.66]
Corporate strategy demands	0.41	(0.052)	[0.21]	0.40	(0.062)	[0.21]	0.47	(0.020)	[0.20]	0.47	(0.019)	[0.20]
Sale of firm demands	0.44	(0.032)	[0.21]	0.42	(0.039)	[0.20]	0.50	(0.016)	[0.21]	0.47	(0.023)	[0.21]
Other corporate gov. demands	0.26	(0.173)	[0.19]	0.32	(0.099)	[0.20]	0.21	(0.258)	[0.18]	0.21	(0.244)	[0.18]
Miscellaneous demands	0.16	(0.432)	[0.21]	0.12	(0.554)	[0.21]	0.24	(0.216)	[0.19]	0.17	(0.415)	[0.20]
Activist tactics	−0.18	(0.278)	[0.17]	−0.18	(0.289)	[0.17]	−0.17	(0.288)	[0.16]	−0.24	(0.150)	[0.17]
No. of activist letters	0.09	(0.008)	[0.03]	0.07	(0.041)	[0.03]	0.10	(0.002)	[0.03]	0.10	(0.001)	[0.03]
No. of rebuttal letters	−0.11	(0.051)	[0.06]	−0.11	(0.048)	[0.06]	−0.10	(0.085)	[0.06]	−0.10	(0.094)	[0.06]
First activist letter timing	−0.16	(0.624)	[0.33]	−0.25	(0.443)	[0.33]	−0.41	(0.221)	[0.34]	−0.41	(0.218)	[0.34]
Rebuttal response time	−0.01	(0.062)	[0.00]	−0.01	(0.043)	[0.00]	0.02	(0.017)	[0.01]	0.02	(0.010)	[0.01]
Activist discrediting	0.10	(0.904)	[0.85]	0.06	(0.943)	[0.86]	−0.27	(0.757)	[0.86]	−0.10	(0.903)	[0.86]
Language style matching	0.03	(0.909)	[0.28]	0.00	(0.987)	[0.28]	−0.14	(0.614)	[0.28]	−0.04	(0.893)	[0.28]
Emotional tone mimicry	−0.01	(0.377)	[0.01]	−0.01	(0.410)	[0.01]	−0.01	(0.496)	[0.01]	−0.01	(0.491)	[0.01]
Activist size	0.04	(0.447)	[0.05]	0.04	(0.449)	[0.05]	0.06	(0.246)	[0.05]	0.06	(0.256)	[0.05]
Activist stake	0.03	(0.126)	[0.02]	0.03	(0.081)	[0.02]	0.02	(0.155)	[0.02]	0.03	(0.076)	[0.02]
Multiple activists	−0.44	(0.070)	[0.24]	−0.50	(0.036)	[0.24]	−0.40	(0.083)	[0.23]	−0.43	(0.063)	[0.23]
First-time activist	0.52	(0.003)	[0.17]	0.49	(0.005)	[0.17]	0.51	(0.004)	[0.18]	0.53	(0.002)	[0.17]
Prior activist success	0.57	(0.108)	[0.35]	0.60	(0.101)	[0.36]	0.57	(0.086)	[0.33]	0.68	(0.052)	[0.35]
Target size	0.13	(0.071)	[0.07]	0.15	(0.040)	[0.07]	0.10	(0.221)	[0.08]	0.11	(0.165)	[0.08]
Target performance	0.38	(0.075)	[0.21]	0.36	(0.091)	[0.21]	0.36	(0.103)	[0.22]	0.37	(0.098)	[0.22]
Target in S&P 500	0.03	(0.916)	[0.32]	0.06	(0.846)	[0.32]	−0.02	(0.954)	[0.33]	−0.08	(0.806)	[0.33]
Target in Russell 3000	−0.45	(0.161)	[0.32]	−0.44	(0.165)	[0.32]	−0.49	(0.128)	[0.32]	−0.55	(0.083)	[0.32]
Institutional ownership depth	−0.20	(0.623)	[0.41]	−0.25	(0.523)	[0.40]	−0.12	(0.778)	[0.41]	−0.24	(0.551)	[0.40]
Institutional ownership breadth	−0.14	(0.026)	[0.06]	−0.13	(0.046)	[0.06]	−0.16	(0.008)	[0.06]	−0.17	(0.005)	[0.06]
Target board independence	0.50	(0.656)	[1.13]	0.86	(0.429)	[1.09]	0.92	(0.413)	[1.12]	0.66	(0.562)	[1.14]
Target CEO tenure	0.02	(0.133)	[0.01]	0.02	(0.114)	[0.01]	0.02	(0.075)	[0.01]	0.02	(0.141)	[0.01]
Target CEO duality	−0.19	(0.335)	[0.19]	−0.17	(0.376)	[0.19]	−0.22	(0.250)	[0.19]	−0.19	(0.305)	[0.19]
Constant	2.01	(0.484)	[2.87]	2.97	(0.298)	[2.85]	1.64	(0.561)	[2.83]	1.50	(0.592)	[2.80]
Log pseudolikelihood	−105.94			−105.09			−104.25			−103.60		

Note. $N = 212$. All models include year and industry dummies. *p*-values in parentheses (two-tailed tests). Cluster-robust standard errors in square brackets.

discrediting in a single model (Model 5 of Table 2), their individual effects remain robust in terms of magnitude and statistical significance ($\beta_{source} = 2.27$, $p = .006$; $\beta_{message} = 3.32$, $p < .001$). This association also holds in an untabulated reduced model including only year and industry fixed effects ($\beta_{source} = 1.55$, $p = .033$; $\beta_{message} = 2.34$, $p = .002$). The empirical results thus strongly support Hypotheses 2a and 2b.

Hypothesis 3 states that the combined use of source- and message-focused discrediting is associated with greater target defense success. Model 6 of Table 2 shows that the focal interaction term is positive and statistically significant ($\beta = 12.67$, $p = .048$). In addition, the difference in the marginal effects of source-focused discrediting between campaigns with high versus low levels of message-focused discrediting is statistically significant at low ($\beta = 0.86$, $p = .048$) and medium levels ($\beta = 0.69$, $p = .052$) and marginally significant at high levels ($\beta = 0.45$, $p = .089$), as shown in Table C4 in Online Appendix C. Figure B2 of Online Appendix B graphically illustrates the interaction effect, plotting message-focused discrediting as the moderator of source-focused discrediting; swapping these roles naturally yields the same substantive pattern because interaction effects are symmetric. In line with our theorizing, the figure shows that increasing source-focused discrediting from low to high levels is associated with a substantially larger increase in predicted target defense success when message-focused discrediting is high (from 46% to 81%) than when it is low (from 39% to 57%). Together, these results strongly support Hypothesis 3.

Hypothesis 4 predicts that a longer delay between the AHF's initial public attack and executives and directors' rebuttal attenuates the positive association between discrediting and target defense success. We find full support for this prediction. As shown in Model 7 of Table 2, the coefficient of the interaction term between *discrediting* and *rebuttal response time* is negative and significant ($\beta = -0.06$, $p = .002$). Table C5 in Online Appendix C reports the conditional marginal effects (CME). The difference in the marginal effects of discrediting between campaigns with short versus long rebuttal response times is statistically significant at low ($\beta = -1.07$, $p = .002$), medium ($\beta = -1.00$, $p = .002$), and high levels of discrediting ($\beta = -0.72$, $p = .010$). Consistent results emerge when interacting rebuttal response time with the two discrediting subtypes; both interaction terms are negative and statistically significant (Model 8 of Table 2: $\beta_{source} = -0.07$, $p = .001$; $\beta_{message} = -0.05$, $p = .047$). Figure B3 of Online Appendix B illustrates these moderating effects. In line with our prediction, Panels A and B show that increasing source- and message-focused discrediting from low to high levels is associated with a substantially smaller increase in predicted target defense success when rebuttal response times are long compared to when they are short. Hypothesis 4 thus finds full support.

Robustness Tests

We conducted a series of robustness tests to assess the sensitivity of our results. Across all tests, our substantive conclusions remain unchanged.

Event study. To further probe the link between discrediting and shareholder decision-making, and to alleviate endogeneity concerns, we complement our main fractional-probit results with an event study. The event study examines whether rebuttal letters and their level of discrediting are associated with cumulative abnormal returns (CAR). The event-study sample comprises all rebuttal letters used in the main analyses, observed at the filing-date

level rather than at the aggregated campaign level. For each of the letter filing dates, we estimate CARs using a market model with a standard 200-day estimation window and a 50-day gap between the estimation and event windows. To limit the influence of contemporaneous events and outliers (De Jong & Naumovska, 2016), we adopt a symmetric 3-day event window (-1, +1). We obtained CARs for 763 rebuttal letters (90.7% of the sample).

First, to assess whether rebuttal letters meaningfully influence shareholder evaluations, we test whether they elicit non-zero absolute CARs. If rebuttal letters were merely symbolic and shareholders had already firmly decided to support the AHF, one would not expect to observe absolute CARs that are statistically different from zero around the filing dates of these letters. Yet, the mean absolute CAR around the filing of rebuttal letters is 3.33% and significantly different from zero ($p < .001$). The non-zero impact of rebuttal letters remains robust when winsorizing CARs at the 5th and 95th percentiles ($p < .001$) and when excluding letters whose filing coincides with major, potentially confounding campaign events (e.g., proxy-fight announcement; $p < .001$). Collectively, these findings provide strong evidence that shareholders actively process and respond to rebuttal letters by executives and directors. These communications are not merely symbolic but instead play a substantive role in influencing shareholder decision-making during campaigns.

Second, we examine whether the substantive content (i.e., the level of discrediting) of rebuttal letters affects both the magnitude and direction of CARs. We estimate random effects models, as indicated by a Durbin–Wu–Hausman test ($p = .770$) and control for time-varying, filing-level factors, including the timing of the letter filing (0% represents the first day, 100% the last campaign day) and whether the filing coincides with a major campaign event. In an additional specification, we exclude all filings that coincide with such potentially confounding events. Finally, in an extended specification, we control for a set of linguistic style attributes commonly examined in past management and finance research (e.g., Brauer et al., 2023; Naumovska & Zajac, 2022; Um, Guo, Lumineau, Shi, & Song, 2022) to assess whether communication style, rather than discrediting, accounts for the observed effects.

Whereas communication presenting AHFs' value-creation narrative has been shown to yield positive CARs (McDonough, Nagar, & Schoenfeld, 2024), rebuttal letters that contain high levels of discrediting should be associated with significantly *negative* CARs according to our theorizing. Discrediting undermines the campaign's value-creation narrative by tarnishing the AHF's reputation, prompting shareholders to revise downward their expectations of value creation from the AHF's intervention. In line with this reasoning, across all specifications, the level of discrediting in rebuttal letters is negatively and significantly associated with CARs—without controls ($\beta = -2.54$, $p = .002$; Model 1 of Table D1 in Online Appendix D), with controls ($\beta = -2.36$, $p = .005$; Model 2), when excluding filings coinciding with major campaign events ($\beta = -2.11$, $p = .014$; Model 3), and when additionally controlling for linguistic style characteristics ($\beta = -2.68$, $p = .007$; Model 4). Results are equally significant for source-focused discrediting ($\beta = -3.01$, $p = .004$; Model 5) but weaker for message-focused discrediting ($\beta = -1.80$, $p = .103$). Collectively, the event study results provide convergent support for our theorizing and hypotheses.

Linguistic style characteristics. In our main models, we control for language style matching and emotional tone mimicry, which capture how closely rebuttal letters mimic the lin-

guistic style of AHF letters (Brauer & Binder, 2025). To further assess the robustness of our findings, we include an extended set of linguistic attributes of rebuttal letters examined in prior management research as controls (e.g., Brauer et al., 2023; Naumovska & Zajac, 2022; Um et al., 2022). As reported in Table E1 in Online Appendix E, including these additional controls leaves our substantive conclusions unchanged. The direct effects of *discrediting* (Model 1: $\beta = 4.17$, $p < .001$) and its subtypes (Model 2: $\beta_{source} = 3.12$, $p = .001$; $\beta_{message} = 5.27$, $p < .001$), as well as the moderating effects (Models 3–5), remain robust. These results suggest that our effects are not driven by variations in the linguistic style of rebuttal letters.

Alternative variable operationalizations. First, we test an alternative operationalization of our dependent variable, *target defense success*. Specifically, we estimate probit models using a binary measure that equals one if executives and directors successfully avert all AHF demands. The results continue to provide full support for Hypotheses 1, 2, and 4 (see Online Appendix F). The interaction effect between source- and message-focused discrediting (Hypothesis 3) retains the theorized direction but is no longer statistically significant.

Second, following prior studies in management and finance (e.g., Arslan-Ayaydin, Boudt, & Thewissen, 2016; Brauer et al., 2023; Huang, Teoh, & Zhang, 2014), we re-estimate our models using a two-stage residual approach to re-operationalize our independent variables. This approach accounts for the possibility that shareholders form expectations about the typical level of discrediting in rebuttal letters, such that only unexpected (i.e., abnormal) discrediting influences target defense success. In the first-stage models, we use all campaign, AHF, and target firm variables included in our control set to predict the levels of total, source-, and message-focused discrediting. The residuals from these models constitute the unexplained variance, that is, the portion of discrediting that deviates from shareholder expectations. In the second stage, we regress target defense success on these residual values for abnormal discrediting. As reported in Online Appendix G, the results for all hypotheses remain consistent.

Sample-induced endogeneity. We focus on campaigns in which executives and directors issue at least one rebuttal letter. Since the issuance of such a letter is not random, the resulting sample may not be representative of all AHF campaigns. To address potential sample-selection concerns, we use a two-stage Heckman model (Certo, Busenbark, Woo, & Semadeni, 2016; Heckman, 1979). In the first stage, we estimate a probit model of the likelihood that executives and directors issue a rebuttal letter during a campaign, which is the criterion for inclusion in our sample. As an exclusion restriction, we use *activist letter in prior campaigns*, a binary variable equal to one if the focal AHF issued a letter to another target firm in the preceding 3 years. This variable captures an AHF's propensity to engage in public communication, which shapes executives and directors' expectations about the likelihood of public escalation and, in turn, their defensive preparations and final decision to issue a rebuttal letter. At the same time, conditional on observable AHF and campaign characteristics, an AHF's use of letters in prior campaigns should not directly affect the focal campaign's outcome, as it does not alter the underlying merits of the AHF's demands or the target firm's situation.

As shown in Table H1 in Online Appendix H, the exclusion restriction *activist letter in prior campaigns* is a significant predictor of the issuance of a rebuttal letter by executives and directors (Model 2: $\beta = 0.31$, $p = .051$), supporting our expectations. Further, *activist letter in prior campaigns* is not significantly correlated with target defense success ($r = -.06$, $p = .403$), satisfying a key condition for valid exclusion restrictions (Certo et al., 2016;

Wolfolds & Siegel, 2019). The weak correlations between the *resulting inverse Mills ratio* and our independent variables ($r_{discrediting} = .07$, $p = .314$; $r_{source} = .04$, $p = .605$; $r_{message} = .06$, $p = .426$) further indicate that the exclusion restriction has adequate strength (Certo et al., 2016). In the second stage, we re-estimate our main models, including the inverse Mills ratio from the first stage as an additional regressor. As detailed in Table H2 in Online Appendix H, the sign, magnitude, and significance of all focal coefficients remain substantially unchanged, providing support for our theorizing.

Omitted variable bias. Despite our extensive set of controls and robustness tests accounting for linguistic style characteristics, the presence of unobserved confounders cannot be ruled out. To assess the severity of potential omitted variable bias, we compute the robustness of inference to replacement (RIR), which is equivalent to the impact threshold of a confounding variable (ITCV) yet suitable for non-linear models (Busenbark, Yoon, Gamache, & Withers, 2022). The RIR indicates the proportion of observations that would have to be replaced with zero-effect cases to nullify the observed statistical association. The estimated RIR values are 64%, 40%, and 57% for Hypotheses 1, 2a, and 2b, respectively. In other words, roughly half of our observed inferences would need to be driven entirely by omitted variables to invalidate our findings. Consistent with recent management research reporting similar RIR values (e.g., Han, Pollock, & Graffin, 2024), we conclude that our results are unlikely to be driven by omitted variable bias.

To further address endogeneity concerns, we estimate instrumental variable models using heteroskedasticity-based instruments (IVHI). Following Lewbel's (2012) two-step process, we generate artificial, heteroskedasticity-based instruments, multiplying the auxiliary equations' residuals by the mean-centered exogenous variables. When instrumenting *discrediting* (H1), as well as *source-* (H2a) and *message-focused discrediting* (H2b), using the heteroskedasticity-based instruments, we continue to observe positive and statistically significant associations between all forms of discrediting and *target defense success* ($\beta_{discrediting} = 0.75$, $p < .001$; $\beta_{source} = 0.69$, $p = .007$; $\beta_{message} = 0.85$, $p = .004$), providing further support for the robustness of our empirical findings.

Supplementary Analyses

As shown in Figure 2 and discussed in our theorizing, executives and directors' discrediting attempts aim to negatively influence shareholders' evaluations of an AHF's competence, trustworthiness, and civility (see Online Appendix A for examples). In a post-hoc supplementary analysis, we examine which of these reputational attributes executives and directors should target to most effectively reduce shareholder support for an AHF. As reported in Table I1 of Online Appendix I, discrediting of an AHF's competence ($\beta = 1.82$, $p = .043$) and trustworthiness ($\beta = 4.75$, $p = .001$) are significantly associated with greater *target defense success*. In contrast, discrediting of an AHF's civility is positively but not significantly associated with target defense success ($\beta = 1.78$, $p = .687$). A plausible explanation for this pattern is that uncivil behavior negatively affects shareholder evaluations of an AHF's ability to generate shareholder value only indirectly. By contrast, perceived deficiencies in competence or indications of ulterior motives directly weaken shareholders' confidence in the AHF's shareholder value creation.

In additional analyses, we tested whether an AHF's pre-campaign reputation can buffer against or amplify executives and directors' discrediting. We interacted our discrediting

measures with three proxies for AHFs' pre-campaign reputation: *activist size*, *first-time activist*, and *prior activist success*. As shown in Tables J1–J3 in Online Appendix J, all but one of the interaction effects are statistically insignificant, indicating that even reputable AHFs are vulnerable to discrediting.

Finally, we compared campaigns in which target firms issued a rebuttal letter to campaigns in which the AHF issued a letter but executives and directors did not respond with a rebuttal letter. Although post-hoc mean comparisons warrant cautious interpretation, this analysis can shed light on the factors that may motivate executives and directors to publicly rebut the AHF's claims. Across all our control variables, campaigns are *more* likely to feature a rebuttal letter ($p < .05$) when the AHF advances *board demands*, *other corporate governance demands*, or *business strategy demands*; when its tactics are more hostile (*activist tactics*), mirroring Koo and colleagues' (2024) core finding; and when the AHF is larger (*activist size*), inexperienced (*first-time activist*), and joined by other AHFs (*multiple activists*). Conversely, a rebuttal letter is *less* common when the AHF advances a *sale of firm demand* and when *institutional ownership depth* and *breadth* are greater. Several of these associations have intuitive appeal: Executives and directors appear more motivated to rebut when governance demands make them the direct target of the AHF's critique, whereas change-in-control payments that often accompany a firm sale may discourage a public rebuttal.

Discussion

Activist defense is a key priority for executives and directors because campaigns "raise questions regarding the capability of the firm's management" and often induce substantial strategic and governance changes (Lungeanu & Wiersema, 2026: 1364). Yet, prior research has predominantly focused on AHFs' characteristics and influence tactics, leaving the defense tactics of executives and directors largely unexplored.

Drawing on IM theory, we argue that executives and directors can influence shareholders' evaluations and secure their crucial support by discrediting AHFs in public rebuttal letters. Our empirical results support this premise, indicating that discrediting is positively associated with target defense success among AHF campaigns that escalate to the public rebuttal stage. A separate event study examining whether rebuttal letters and their discrediting are associated with significant shareholder reactions (i.e., CARs) provides corroborating evidence. Moreover, our analyses of both source- and message-focused discrediting show that each subtype is effective on its own, but especially so when used in combination. Finally, by applying a temporal lens to IM research, we reveal that the persuasive impact of discrediting attempts depends on how quickly they are deployed following an AHF's initial public attack. Together, our theorizing and findings highlight the importance of other-focused, negative influence tactics in governance conflicts, advancing shareholder activism research and IM theory.

Contributions to Shareholder Activism Research

Our study contributes to three important perspective shifts in shareholder activism research. First, we highlight the importance of persuasion and narrative control during AHF campaigns, whereas prior literature has largely focused on static AHF and firm characteristics as determinants of campaign success (e.g., Brav et al., 2008; DesJardine et al., 2024; Wong, 2020). Campaign success, however, ultimately depends on shareholder support (Brav

et al., 2021; Chuah et al., 2024). Treating shareholder support as a passive response to stable characteristics, rather than as the outcome of active influence, overlooks shareholder persuasion as a central "transmission mechanism" in AHF campaigns (Chuah et al., 2024: 91; Roe, 2013: 985). Building on this insight, we theorize that discrediting AHFs' reputational attributes shapes shareholder evaluations in favor of executives and directors. Rather than treating reputation as a static, ex-ante attribute predetermining campaign success (Krishnan et al., 2016; Wiersema et al., 2020), we advance a view wherein reputation is dynamically contested and altered through persuasive communication during AHF campaigns.

Second, we shift attention from AHFs and their campaign tactics to executives and directors' defensive responses. Prior management research has predominantly examined AHFs and their means of influence (e.g., Brauer et al., 2023; Wiersema et al., 2020; Wong, 2020), and scholars have only recently begun to adopt the perspective of target firm executives and directors (e.g., Brauer & Binder, 2025; Marcel & Cowen, 2026). This omission is notable, given that the upper echelons perspective is central to management research. We contribute by revealing that the effectiveness of target firms' defense depends on the substantive content of executives and directors' rebuttal letters. Whereas Brauer and Binder (2025) emphasize the linguistic style of executives and directors' communications, our results indicate that communication content is an even stronger predictor of target defense success. Across our main analyses and robustness tests, discrediting consistently exhibits greater explanatory power than linguistic style.

Third, we challenge the portrayal of executives and directors as passive recipients of AHF attacks who merely absorb the reputational damage and negative career consequences that often accompany such campaigns (Fos & Tsoutsoura, 2014; Hwang & Zajac, 2025). While Marcel and Cowen (2026), for example, offer a conceptual account of directors' emotional reactions to AHF interventions, our empirical study highlights their deliberate defense behavior. Our analyses indicate that executives and directors actively and often successfully counterattack in campaigns, deploying confrontational influence tactics similar to those used by AHFs. Supplementary evidence further suggests that rebuttal letters are more likely when the AHF is hostile or directly threatens executives and directors' careers, which is consistent with Koo et al. (2024). Conversely, public rebuttal letters are less common when the AHF proposes a firm sale, which often benefits incumbent leadership through change-in-control payments. Together, these patterns highlight the potential role of executives and directors' self-interest in their defense behavior and the agency costs it may create; future research should explore both in greater detail.

Contributions to IM Theory

First, our study contributes to IM theory by examining the effectiveness of discrediting, a negative, other-focused IM tactic. Much of the IM literature has focused on tactics that enhance an actor's own image, largely neglecting tactics that aim to induce negative impressions and, in particular, "IM to make others look less favorable or bad" (Bolino et al., 2008: 1101, 2016). We argue that, especially in adversarial contexts, influence may arise not only from bolstering one's own reputation but also from tarnishing the reputation of opponents. For example, Westphal, Park, McDonald, and Hayward (2012: 250) task future research to explore "negative impression management, . . . whereby leaders trade negative comments about each other's leadership." Our theorizing and findings highlight the importance of such

negative, other-focused IM tactics, showing that executives and directors use these tactics to undermine the reputation of adversaries, which can be AHFs or possibly rival leaders, competitors, unions, or regulators. We thus draw scholarly attention to a far richer repertoire of effective influence tactics than prior IM research suggests.

Second, our study advances IM theory by defining discrediting, delineating it from related IM tactics, and developing a taxonomy that distinguishes between source- and message-focused discrediting. We do so by building on prior research in adjacent domains, such as social psychology and political science (e.g., Egelhofer et al., 2022; Lagnado & Harvey, 2008), that has provided valuable empirical insights but falls short of taxonomizing this tactic, which limits its usability and consistent application in research. Our taxonomy highlights that actors may either directly discredit an opponent's reputational attributes or do so indirectly by challenging the validity of the opponent's claims. Supplementary analyses further refine this nuanced conceptualization of discrediting, showing that discrediting AHFs' competence and trustworthiness is more effective than discrediting their civility.

The value of the conceptual distinction between source- and message-focused discrediting is further underscored by our theorizing on their interplay. Although these subtypes operate through distinct mechanisms, we argue that they produce synergistic rather than substitutive effects based on the consistency and multiplicity of the messages they convey. This theoretical prediction is supported by our empirical results, extending emerging research on combinations of IM tactics (e.g., Short & Pfarrer, 2025), which has "received scant attention since Bolino and Turnley's (2003) initial exploration of this idea . . . two decades ago" (Chawla et al., 2021: 659). Beyond explaining variation in the effectiveness of discrediting attempts, our theoretical argument highlighting the role of message consistency and multiplicity in IM provides a framework for exploring interaction effects among subtypes of other IM strategies.

Third, our study deepens understanding of temporal dynamics in IM. Prior IM research incorporating a temporal perspective has focused on anticipatory impression offsetting, showing that firms strategically release positive but unrelated information shortly before they disclose negative events (e.g., Gamache, McNamara, Graffin, Kiley, Haleblian, & Devers, 2019; Graffin, Haleblian, & Kiley, 2016). Building on insights from framing and communications research, we highlight that speed is critical in reactive IM behavior. Discrediting attempts are most effective when issued shortly after an AHF's initial attack, while delayed responses are less effective because AHFs' narratives may already serve as cognitive anchors that influence shareholders' interpretations of subsequent IM attempts. Identifying response duration as a critical boundary condition for tactic effectiveness promises to catalyze future research on the temporal dynamics of IM.

Practical Implications

Law firms and management consultancies urge target firm executives and directors to "control [their] own narrative" by "tak[ing] a more active role in engaging with shareholders" (EY, 2021: 5). Yet, how to effectively translate this advice into practice has remained unclear, as executives and directors' "response to an activist attack . . . [is largely regarded as] an art, not a science" (Wachtell et al., 2024: 3). Bringing a scientific perspective to this debate, our study suggests that, in campaigns that escalate to a public exchange of letters,

winning the contest for shareholder support often hinges on executives and directors' use of discrediting as a defensive IM tactic in their rebuttals. Executives and directors can substantially influence shareholder evaluations by discrediting AHFs' competence and trustworthiness, and thereby shape, if not control, the campaign narrative.

In line with the practical recommendation to "mount a defense quickly" (Wachtell et al., 2024: 3), our findings further indicate that the timing of such communications matters: discrediting attempts appear more persuasive when they swiftly follow an AHF's initial public attack. To enable rapid rebuttals, executives and directors may thus benefit from establishing activism response teams and preparing defense playbooks in advance of potential AHF campaigns. Moreover, continuously evaluating the firm's strategy and governance structure may help practitioners anticipate potential vulnerabilities that AHFs might exploit, ultimately enabling faster and more effective responses.

Limitations and Avenues for Future Research

Our study's limitations offer several avenues for future research. First, future work could examine the extent to which our findings generalize beyond the specific context of shareholder activism. AHF campaigns provide a particularly suitable setting to study the use and effectiveness of discrediting, as rebuttals are deployed publicly toward clearly identifiable audiences, and campaign outcomes offer an observable indicator of success. Yet, discrediting is also prevalent in a range of other contested business contexts, such as disputes among firms and their suppliers, complementors, or competitors. For example, in an ongoing dispute, Ryanair referred to online travel agents, such as Trip.com, as "pirates" employing "dishonest and egregious practices . . . to masquerade as price comparison websites when in reality they are scammers and rip-off merchants overcharging unsuspecting consumers."[13] Similarly, Anthropic's 2026 marketing campaign—anchored by a 30-second spot aired during Super Bowl LX—sought to discredit rival OpenAI's new ad-supported business model by portraying it as ill-intentioned and a fundamental violation of user trust. Systematic analyses of such discrediting attempts against competitors or other stakeholders could help determine the degree to which our findings extend to broader adversarial contexts wherein actors attempt to tarnish opponents' reputation.

Second, our study also exclusively focuses on campaigns targeting U.S. firms. This choice was deliberate, aimed at avoiding confounding effects stemming from differences in governance systems and regulatory environments, and since AHF campaigns remain most prevalent in the United States (Barclays, 2026). However, AHF campaigns have become increasingly common outside the United States, particularly in Europe and Asia (Aguilera, Federo, & Ponomareva, 2021; Barclays, 2026). Future research could therefore complement our study by examining whether discrediting tactics are used as prevalently and effectively in these institutional environments, which vary in their business cultures regarding the value of reputation and the acceptability of displaying overt hostility.

Third, potential endogeneity in the relationship between executives and directors' discrediting and target defense success remains a limitation. Specifically, the extent to which executives and directors employ discrediting may be influenced by early signals about campaign prospects, AHF behavior, or unobserved characteristics of the firm or its leadership. Because these same factors may also affect the likelihood of defense success, our estimates may reflect, at least in part, unobserved heterogeneity. Moreover, our analyses are

necessarily limited to campaigns in which both the AHF and the target firm issued public letters. This restriction introduces the possibility of sample-selection bias because the decision to issue a public letter is unlikely to be random. Although AHFs issued public letters in 51.3% of all campaigns, target firms responded with a public rebuttal letter in only 25.5% of these cases. Our findings on discrediting thus pertain only to this smaller set of campaigns that escalated to the public rebuttal stage. Moreover, we are unable to observe AHFs' and target firms' private communication, or the role discrediting may play in such exchanges. To mitigate these concerns, we conducted several robustness tests, including a separate event study. Assuming that efficient capital markets incorporate early signals about campaign prospects into target firm stock prices, the CARs around rebuttal letter filing dates isolate actual shifts in shareholder evaluations. We further assessed omitted variable bias using the robustness of inference to replacement (RIR) and estimated instrumental variable models using heteroskedasticity-based instruments. Finally, we employed a Heckman correction model to account for the self-selection of targets into issuing rebuttal letters. Across these analyses, our theorizing is supported. Nevertheless, our campaign-level analyses remain observational, and their results should be interpreted as strong associations supported by additional and convergent evidence. As such, we cannot rule out that unobserved factors simultaneously influence both discrediting and campaign outcomes, nor can we fully eliminate sample-selection bias. To complement the realism of our observational approach, future research could exploit experimental or quasi-experimental settings to help validate our theorizing and findings, as well as uncover additional nuances. In addition, we see considerable merit in qualitative research that uses interviews to examine the role of discrediting in campaigns resolved through private negotiations.

Finally, while AHFs, targets, and shareholders are arguably the most central actors in the activism system, infomediaries, such as proxy advisors, analysts, and the media, likely also play an important role (Chuah et al., 2024). Future research attentive to this broader activism system could meaningfully complement our study by examining how infomediaries shape the effectiveness of discrediting and thereby influence the contest for control that is central to AHF campaigns.

Conclusion

AHF campaigns often place executives and directors on the defensive. Our study suggests that an effective defense in adversarial business contexts may require executives and directors to go on the offensive through strategic discrediting of their opponents. Winning at defense by playing offense may thus be a viable strategy for success not only in sports but also in confrontational business contexts, such as shareholder activism.

ORCID iDs

Matthias Brauer https://orcid.org/0000-0001-7162-7917
Marc J. Mertens https://orcid.org/0000-0002-0199-8939
Louis Vandepoele https://orcid.org/0000-0002-2398-3279

Notes

1. The discussion that follows and Figure 1 focus specifically on the communicative escalation between AHFs and target firms. As Koo et al. (2024) note, target firms may engage in additional resistance actions beyond issuing public rebuttal letters.

2. Research adopting the target's perspective remains similarly limited in the finance and accounting literature. Some studies in these domains examine financial disclosure and reporting practices by target firms (e.g., Bourveau & Schoenfeld, 2017; Cheng, Huang, & Li, 2015; Khurana et al., 2018). For instance, Bourveau and Schoenfeld (2017) find that managers issue forecasts more frequently when their firm is at risk of being targeted by AHFs, while Khurana et al. (2018) examine changes in earnings management and forecasting behavior *during* AHF campaigns. Yet, these studies do not offer insights into the strategic communication tactics through which executives and directors publicly defend against AHFs.

3. Sources: https://www.sec.gov/Archives/edgar/data/701985/000119312523051007/d364069ddefa14a.htm; https://www.sec.gov/Archives/edgar/data/16868/000095015721001146/ex99-2.htm

4. Source: https://www.sec.gov/Archives/edgar/data/58361/000005836119000009/a2019proxy_additionalinfor.htm

5. Section 13(d) of the Securities Exchange Act and several insider trading laws forbid investors from secretly coordinating their purchasing or voting strategies without triggering mandatory public disclosures as a "group."

6. Source: https://www.globenewswire.com/news-release/2019/07/16/1883720/0/en/Tix-Corporation-Releases-Letter-to-Stockholders.html

7. Source: https://www.sec.gov/Archives/edgar/data/1067294/000110465920118176/tm2029239d6_defa14a.htm

8. Source: https://www.sec.gov/Archives/edgar/data/1041550/000119312517019629/d337248dex991.htm

9. Source: https://www.sec.gov/Archives/edgar/data/885508/000088550821000045/strsdefa14ashareholderlett.htm

10. Source: https://www.sec.gov/Archives/edgar/data/884624/000114036109006476/formdefa14a.htm

11. Sources: https://www.sec.gov/Archives/edgar/data/879437/000095013407011882/d46918defa14a.htm; https://www.sec.gov/Archives/edgar/data/770944/000095013705014835/c00758d1defa14a.htm

12. Source: https://www.sec.gov/Archives/edgar/data/863436/000095015716001840/defa14a.htm

13. Source: https://corporate.ryanair.com/news/ryanair-accuses-ota-pirate-trip-com-of-biggest-rip-off-ever-charging-e6699-for-an-e18-ryanair-ticket/

References

Aguilera, R. V., Federo, R., & Ponomareva, Y. 2021. Gone global: The international diffusion of hedge fund activism. In D. Cumming, S. Johan, & G. Wood (Eds.), *The Oxford handbook of hedge funds*: 317-367. Oxford, UK: Oxford University Press.

Ahn, A. M., & Wiersema, M. F. 2021. Activist hedge funds: Beware the new titans. *Academy of Management Perspectives*, 35: 96-122.

Arslan-Ayaydin, Ö., Boudt, K., & Thewissen, J. 2016. Managers set the tone: Equity incentives and the tone of earnings press releases. *Journal of Banking & Finance*, 72: 132-147.

Barclays. 2026. 2025 was a record year for shareholder activism. https://www.ib.barclays/investment-banking/shareholder-activism/2025-was-a-record-year-for-shareholder-activism.html

Bebchuk, L. A., Brav, A., Jiang, W., & Keusch, T. 2020. Dancing with activists. *Journal of Financial Economics*, 137(1): 1-41.

Becht, M., Franks, J., Mayer, C., & Rossi, S. 2009. Returns to shareholder activism: Evidence from a clinical study of the Hermes UK focus fund. *Review of Financial Studies*, 22: 3093-3129.

Boeker, W. 1992. Power and managerial dismissal: Scapegoating at the top. *Administrative Science Quarterly*, 37: 400.

Bolino, M. C., Kacmar, K. M., Turnley, W. H., & Gilstrap, J. B. 2008. A multi-level review of impression management motives and behaviors. *Journal of Management*, 34: 1080-1109.

Bolino, M. C., Long, D., & Turnley, W. H. 2016. Impression management in organizations: Critical questions, answers, and areas for future research. *Annual Review of Organizational Psychology and Organizational Behavior*, 3: 377-406.

Bolino, M. C., & Turnley, W. H. 2003. More than one way to make an impression: Exploring profiles of impression management. *Journal of Management*, 29: 141-160.

Bourveau, T., & Schoenfeld, J. 2017. Shareholder activism and voluntary disclosure. *Review of Accounting Studies*, 22: 1307-1339.

Boyson, N. M., Gantchev, N., & Shivdasani, A. 2017. Activism mergers. *Journal of Financial Economics*, 126: 54-73.

Bozeman, D. P., & Kacmar, K. M. 1997. A cybernetic model of impression management processes in organizations. *Organizational Behavior and Human Decision Processes*, 69(1): 9-30.

Brauer, M., & Binder, P. 2025. The effectiveness of verbal mimicry in activist hedge fund campaigns. *Journal of Management*, 51: 3189-3220.

Brauer, M., Wiersema, M., & Binder, P. 2023. "Dear CEO and Board": How activist investors' confidence in tone influences campaign success. *Organization Science*, 34: 1487-1508.

Brav, A., Jiang, W., & Kim, H. 2015. The real effects of hedge fund activism: Productivity, asset allocation, and labor outcomes. *Review of Financial Studies*, 28: 2723-2769.

Brav, A., Jiang, W., & Li, R. 2021. Governance by persuasion: Hedge fund activism and the market for corporate influence. *SSRN Electronic Journal*.

Brav, A., Jiang, W., Partnoy, F., & Thomas, R. 2008. Hedge fund activism, corporate governance, and firm performance. *Journal of Finance*, 63: 1729-1775.

Busenbark, J. R., Yoon, H. (Elle), Gamache, D. L., & Withers, M. C. 2022. Omitted variable bias: Examining management research with the impact threshold of a confounding variable (ITCV). *Journal of Management*, 48: 17-48.

Calder, B. J., Insko, C. A., & Yandell, B. 1974. The relation of cognitive and memorial processes to persuasion in a simulated jury trial. *Journal of Applied Social Psychology*, 4: 62-93.

Certo, S. T., Busenbark, J. R., Woo, H., & Semadeni, M. 2016. Sample selection bias and Heckman models in strategic management research. *Strategic Management Journal*, 37: 2639-2657.

Chawla, N., Gabriel, A. S., Rosen, C. C., Evans, J. B., Koopman, J., Hochwarter, W. A., Palmer, J. C., & Jordan, S. L. 2021. A person-centered view of impression management, inauthenticity, and employee behavior. *Personnel Psychology*, 74: 657-691.

Chen, S., & Feldman, E. 2018. Activist-impelled divestitures and shareholder value. *Strategic Management Journal*, 39: 2726-2744.

Cheng, C. S. A., Huang, H. H., & Li, Y. 2015. Hedge fund intervention and accounting conservatism. *Contemporary Accounting Research*, 32: 392-421.

Choi, W., & Gong, J. J. 2020. Hedge fund activism, CEO turnover and compensation. *Journal of Accounting & Public Policy*, 39(6): 1-24.

Chuah, K., DesJardine, M. R., Goranova, M., & Henisz, W. J. 2024. Shareholder activism research: A system-level view. *Academy of Management Annals*, 18: 82-120.

Cobb, M. D., Nyhan, B., & Reifler, J. 2013. Beliefs don't always persevere: How political figures are punished when positive information about them is discredited. *Political Psychology*, 34: 307-326.

Coombs, W. T. 2007. Protecting organization reputations during a crisis: The development and application of situational crisis communication theory. *Corporate Reputation Review*, 10: 163-176.

De Jong, A., & Naumovska, I. 2016. A note on event studies in finance and management research. *Review of Finance*, 20: 1659-1672.

DesJardine, M. R. 2025. The PSI model for predicting activist engagements: Toward a theory of shareholder activism. *Academy of Management Review*, 51: 535-557.

DesJardine, M. R., & Durand, R. 2020. Disentangling the effects of hedge fund activism on firm financial and social performance. *Strategic Management Journal*, 41: 1054-1082.

DesJardine, M. R., Shi, W., & Marti, E. 2024. The corporate opportunity structure for shareholder activism: How activist hedge funds exploit board demographic diversity. *Organization Science*, 35: 644-666.

DesJardine, M. R., Shi, W., & Sun, Z. 2021. Different horizons: The effects of hedge fund activism versus corporate shareholder activism on strategic actions. *Journal of Management*, 48: 1858-1887.

DiFonzo, N., Beckstead, J. W., Stupak, N., & Walders, K. 2016. Validity judgments of rumors heard multiple times: The shape of the truth effect. *Social Influence*, 11: 22-39.

Ecker, U. K. H., Lewandowsky, S., Cheung, C. S. C., & Maybery, M. T. 2015. He did it! She did it! No, she did not! Multiple causal explanations and the continued influence of misinformation. *Journal of Memory and Language*, 85: 101-115.

Ecker, U. K. H., Prike, T., Paver, A. B., Scott, R. J., & Swire-Thompson, B. 2024. Don't believe them! Reducing misinformation influence through source discreditation. *Cognitive Research: Principles and Implications*, 9: 52.

Egelhofer, J. L., Boyer, M., Lecheler, S., & Aaldering, L. 2022. Populist attitudes and politicians' disinformation accusations: Effects on perceptions of media and politicians. *Journal of Communication*, 72: 619-632.

EY. 2021. What boards need to know about shareholder activism. https://web.archive.org/web/20241212164721/https://assets.ey.com/content/dam/ey-sites/ey-com/en_us/topics/board-matters/ey-what-boards-need-to-know-about-shareholder-activism.pdf

Fleiss, J. L., Levin, B. A., & Paik, M. C. 2003. *Statistical methods for rates and proportions. Wiley series in probability and statistics* (3rd ed.). Hoboken, NJ: Wiley-Interscience.

Flynn, D. J., Nyhan, B., & Reifler, J. 2017. The nature and origins of misperceptions: Understanding false and unsupported beliefs about politics. *Political Psychology*, 38(S1): 127-150.

Fombrun, C., & Shanley, M. 1990. What's in a name? Reputation building and corporate strategy. *Academy of Management Journal*, 33: 233-258.

Fos, V., & Tsoutsoura, M. 2014. Shareholder democracy in play: Career consequences of proxy contests. *Journal of Financial Economics*, 114: 316-340.

Gamache, D. L., McNamara, G., Graffin, S. D., Kiley, J., Haleblian, J., & Devers, C. E. 2019. Impression offsetting as an early warning signal of low CEO confidence in acquisitions. *Academy of Management Journal*, 62: 1307-1332.

Gantchev, N. 2013. The costs of shareholder activism: Evidence from a sequential decision model. *Journal of Financial Economics*, 107: 610-631.

Goffman, E. 1956. *The presentation of self in everyday life*. Edinburgh: University of Edinburgh.

Gooch, A. 2026. Policy proximity and candidate repositioning: The value of consistency. *Politics*, 46: 654-674.

Graf-Vlachy, L., Oliver, A. G., Banfield, R., König, A., & Bundy, J. 2020. Media coverage of firms: Background, integration, and directions for future research. *Journal of Management*, 46: 36-69.

Graffin, S. D., Haleblian, J., & Kiley, J. T. 2016. Ready, aim, acquire: Impression offsetting and acquisitions. *Academy of Management Journal*, 59: 232-252.

Greenwood, R., & Schor, M. 2009. Investor activism and takeovers. *Journal of Financial Economics*, 92: 362-375.

Han, J.-H., Pollock, T. G., & Graffin, S. D. 2024. Now you see me: How status and categorical proximity shape misconduct scandalization. *Academy of Management Journal*, 67: 208-231.

Hassan, A., & Barber, S. J. 2021. The effects of repetition frequency on the illusory truth effect. *Cognitive Research: Principles and Implications*, 6: 38.

Hatvany, N., & Strack, F. 1980. The impact of a discredited key witness. *Journal of Applied Social Psychology*, 10: 490-509.

Heckman, J. J. 1979. Sample selection bias as a specification error. *Econometrica*, 47: 153.

Hoetker, G. 2007. The use of logit and probit models in strategic management research: Critical issues. *Strategic Management Journal*, 28: 331-343.

Hogarth, R. M., & Einhorn, H. J. 1992. Order effects in belief updating: The belief-adjustment model. *Cognitive Psychology*, 24(1): 1-55.

Huang, X., Teoh, S. H., & Zhang, Y. 2014. Tone management. *Accounting Review*, 89: 1083-1113.

Hünermund, P., & Louw, B. 2025. On the nuisance of control variables in causal regression analysis. *Organizational Research Methods*, 28: 138-151.

Hwang, S.-H. (Stephen), & Zajac, E. J. 2025. Disambiguating the effects of shareholder activism on corporate director careers. *Journal of Management*. Advance online publication.

Johnson, T. L., & Swem, N. 2021. Reputation and investor activism: A structural approach. *Journal of Financial Economics*, 139: 29-56.

Keating, D. M., & Totzkay, D. 2025. Theorizing about persuasive message repetition in communication research: A systematic review. *Review of Communication*, 25: 14-31.

Kennedy, T. D., & Haygood, R. C. 1992. The discrediting effect in eyewitness testimony. *Journal of Applied Social Psychology*, 22: 70-82.

Khurana, I. K., Li, Y., & Wang, W. 2018. The effects of hedge fund interventions on strategic firm behavior. *Management Science*, 64: 4094-4117.

King, B. G. 2008. A political mediation model of corporate response to social movement activism. *Administrative Science Quarterly*, 53: 395-421.

Klein, A., & Zur, E. 2009. Entrepreneurial shareholder activism: Hedge funds and other private investors. *Journal of Finance*, 64: 187-229.

König, A., Mammen, J., Luger, J., Fehn, A., & Enders, A. 2018. Silver bullet or ricochet? CEOs' use of metaphorical communication and infomediaries' evaluations. *Academy of Management Journal*, 61: 1196-1230.

Koo, H., Wiersema, M., & Park, K. F. 2024. Dare to fight? How activist hedge funds' hostile tactics influence target firm resistance. *Journal of Management*, 52: 767-800.

Kreps, T. A., Laurin, K., & Merritt, A. C. 2017. Hypocritical flip-flop, or courageous evolution? When leaders change their moral minds. *Journal of Personality and Social Psychology*, 113: 730-741.

Krippendorff, K. 2004. *Content analysis: An introduction to its methodology* (2nd ed.). Thousand Oaks, CA: Sage.

Krishnan, C., Partnoy, F., & Thomas, R. S. 2016. The second wave of hedge fund activism: The importance of reputation, clout, and expertise. *Journal of Corporate Finance*, 40: 296-314.

Lagnado, D. A., & Harvey, N. 2008. The impact of discredited evidence. *Psychonomic Bulletin & Review*, 15: 1166-1173.

Lange, D., Lee, P. M., & Dai, Y. 2011. Organizational reputation: A review. *Journal of Management*, 37: 153-184.

Lewbel, A. 2012. Using heteroscedasticity to identify and estimate mismeasured and endogenous regressor models. *Journal of Business & Economic Statistics*, 30: 67-80.

Loos, R., & Schwetzler, B. 2017. Fueling the buyout machine: Fundraising in private equity. *Financial Markets and Portfolio Management*, 31: 397-443.

Lungeanu, R., & Wiersema, M. 2026. Eyes on the ball: Activist campaigns and management's response at the operational level. *Journal of Management*, 52: 1363-1393.

Marcel, J. J., & Cowen, A. P. 2026. Legacies of shareholder activism: The dynamics and consequences of emotion in the boardroom. *Academy of Management Review*, 51(1): 5-24.

McDonnell, M.-H., & King, B. 2013. Keeping up appearances: Reputational threat and impression management after social movement boycotts. *Administrative Science Quarterly*, 58: 387-419.

McDonough, R., Nagar, V., & Schoenfeld, J. 2024. Voluntary disclosures by activist investors: The role of activist expectations. *Review of Accounting Studies*, 29: 2031-2081.

Mohamed, A., & Gardner, W. L. 2004. An exploratory study of interorganizational defamation: An organizational impression management perspective. *Organizational Analysis*, 12: 129-145.

Naumovska, I., & Zajac, E. J. 2022. How inductive and deductive generalization shape the guilt-by-association phenomenon among firms: Theory and evidence. *Organization Science*, 33: 373-392.

Papke, L. E., & Wooldridge, J. M. 1996. Econometric methods for fractional response variables with an application to 401(k) plan participation rates. *Journal of Applied Econometrics*, 11: 619-632.

Petty, R. E., & Cacioppo, J. T. 1984. The effects of involvement on responses to argument quantity and quality: Central and peripheral routes to persuasion. *Journal of Personality and Social Psychology*, 46: 69-81.

Redlawsk, D. P., Civettini, A. J. W., & Emmerson, K. M. 2010. The affective tipping point: Do motivated reasoners ever "get it"?: The affective tipping point. *Political Psychology*, 31: 563-593.

Rhee, M., & Valdez, M. E. 2009. Contextual factors surrounding reputation damage with potential implications for reputation repair. *Academy of Management Review*, 34: 146-168.

Rindova, V. P., Williamson, I. O., Petkova, A. P., & Sever, J. M. 2005. Being good or being known: An empirical examination of the dimensions, antecedents, and consequences of organizational reputation. *Academy of Management Journal*, 48: 1033-1049.

Roberts, P. W., & Dowling, G. R. 2002. Corporate reputation and sustained superior financial performance. *Strategic Management Journal*, 23: 1077-1093.

Roe, M. J. 2013. Corporate short-termism—In the boardroom and in the courtroom. *The Business Lawyer*, 68: 977-1006.

Rogers, T., Zeckhauser, R., Gino, F., Norton, M. I., & Schweitzer, M. E. 2017. Artful paltering: The risks and rewards of using truthful statements to mislead others. *Journal of Personality and Social Psychology*, 112: 456.

Sack, R. D., & Baron, S. S. 1994. *Libel, slander, and related problems* (2nd ed.). New York City: Practising Law Institute.

Sanna, G. A., & Lagnado, D. 2025. Belief updating in the face of misinformation: The role of source reliability. *Cognition*, 258: Article 106090.

SEC. 2000. Selective disclosure and insider trading. Final Rule: Selective Disclosure and Insider Trading. https://www.sec.gov/rules/final/33-7881.htm

SEC. 2023. Fast answers - Form 8-K. https://www.investor.gov/introduction-investing/investing-basics/glossary/form-8-k

Shi, W., Connelly, B. L., Hoskisson, R. E., & Ketchen, D. J. 2020. Portfolio spillover of institutional investor activism: An awareness–motivation–capability perspective. *Academy of Management Journal*, 63: 1865-1892.

Short, C. E., & Pfarrer, M. D. 2025. Managing asymmetric events with anticipatory and reactive strategies. *Journal of Management*, 51: 1170-1200.

Simons, T. 2002. Behavioral integrity: The perceived alignment between managers' words and deeds as a research focus. *Organization Science*, 13: 18-35.

Thorson, E. 2016. Belief echoes: The persistent effects of corrected misinformation. *Political Communication*, 33: 460-480.

Um, C. T., Guo, S.-L., Lumineau, F., Shi, W., & Song, R. 2022. The downside of CFO function-based language incongruity. *Academy of Management Journal*, 65: 1984-2013.

Wachtell, Lipton, Rosen, & Katz. 2024. *Dealing with activist hedge funds and other activist investors*. The Harvard Law School Forum on Corporate Governance. Cambridge, MA.

Walter, N., & Tukachinsky, R. 2020. A meta-analytic examination of the continued influence of misinformation in the face of correction: How powerful is it, why does it happen, and how to stop it? *Communication Research*, 47: 155-177.

Westbrook, V., Wegener, D. T., & Susmann, M. W. 2023. Mechanisms in continued influence: The impact of misinformation corrections on source perceptions. *Memory & Cognition*, 51: 1317-1330.

Westphal, J. D., Park, S. H., McDonald, M. L., & Hayward, M. L. A. 2012. Helping other CEOs avoid bad press: Social exchange and impression management support among CEOs in communications with journalists. *Administrative Science Quarterly*, 57: 217-268.

Wiersema, M., Ahn, A., & Zhang, Y. 2020. Activist hedge fund success: The role of reputation. *Strategic Management Journal*, 41: 2493-2517.

Wolfolds, S. E., & Siegel, J. 2019. Misaccounting for endogeneity: The peril of relying on the Heckman two-step method without a valid instrument. *Strategic Management Journal*, 40: 432-462.

Wong, Y. T. F. 2020. Wolves at the door: A closer look at hedge fund activism. *Management Science*, 66: 2347-2371.