

Beauty and Appearance in Corporate Director Elections

Finance Working Paper N° 537/2017

November 2017

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ECGI Working Paper Series in Finance

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The authors thank Margit Muenzer for providing valuable research assistance. We thank Panu Poutvaara for providing us with the questionnaires used in their research (Berggren et al., 2017). This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sector.

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Abstract

We study the role of facial appearance in corporate director (re-)elections by means of director photographs published in annual reports. We find that shareholders use inferences from facial appearance in corporate elections, as a better (higher rated) appearance measure of a director reduces voting dissent. These heuristics are based on perceived competence, trustworthiness, likability, and intelligence, but not on physical beauty. The results are valid for director re-elections but not for first appointment elections as in the latter cases, shareholders may not as yet be familiar with a director's looks. In firms with few institutional shareholders and more retail investors owning small equity stakes, the latter tend to rely more on facial appearance than institutional shareholders, presumably as institutions conduct more research on the director's background and performance, and consequently rely less on facial appearance. While female directors generally experience lower voting dissent, their facial appearance does not affect corporate voting outcomes.

Keywords: Appearance, beauty, competence, corporate elections, gender, behavioral finance, annual meeting, special meeting, extraordinary meeting

JEL Classifications: G34, G39, G41

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Abstract

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Beauty and Appearance in Corporate Director Elections

1. Introduction

The fact that an election candidate's facial appearance affects and even accurately predicts a political election's outcome has been shown by several studies (e.g. Todorov, Mandisodza, Goren, and Hall, 2005). Most research examines the effect of beauty on electoral success (Berggren et al., 2010; Benjamin and Shapiro, 2009; Leigh and Susilo, 2009; Olivola and Todorov, 2010; Rosar, Klein, and Becker, 2008). Berggren et al. (2010), for example, show that an increase in their measure of beauty by one standard deviation augments the votes in favor of a candidate by 20 percentage points. This finding holds for both male and female candidates and is unaffected by their education and occupation. While one would expect a rational voter to form an opinion about the candidate's suitability based on his or her political ideas, past track record, competence, or at least the program of the political party, the fact that beauty plays such an important role may surprise. The psychology literature on decision-making dedicates much attention to the dual-process decision framework, according to which individuals make instantaneous, unreflective, and effortless assessments of a candidate's appearance (the System 1 brain), and subsequently correct possible biases by consciously engaging in slow and effortful System 2 brain processes (Todorov et al., 2005). The strength of immediate decisions (System 1) can affect the processing of subsequent information, which may not (sufficiently) take place for a segment of the voters who thus mostly rely on first impressions (e.g. Bar et al., 2006; Todorov et al., 2005; Willis and Todorov, 2006, Hall et al., 2009). Still, some, such as White, Kenrick, and Neuberg (2013), try to rationalize the voters' choice by stating that they rely on attractiveness as a cue to avoid electing leaders suffering from diseases. Others suggest that voters may simply favor good-looking candidates, as they enjoy watching them (Berggren, Jordahl, and Poutvara, 2010). It could also be possible that facial attraction is related to a set of traits, which are desirable for a job or position, but Graham, Harvey, and Puri (2017) reject this connection between facial attraction and superior performance.

In this paper, we turn to elections at the corporate level, namely the elections and the re-elections of executive and non-executive directors, which are mandatory in the UK¹, and wonder *whether facial beauty is an advantage in director (re-)elections?* Our basic

¹ The FRC UK Corporate Governance Code from 2016 (B.7.1., p. 15) states that: "All directors of FTSE 350 companies should be subject to *annual election* by shareholders. All other directors should be subject to election by shareholders at the first annual general meeting after their appointment, and to re-election thereafter at intervals of *no more than three years*. (...) The names of directors submitted for election or re-election should be accompanied by sufficient biographical details and any other relevant information to enable shareholders to take an informed decision on their election."

hypothesis is that facial beauty would not play a role because shareholders who vote on director² (re-)appointments can rely on information about the director's education and experience as well as about the firm's past performance, all of which is presented in the annual report and available prior to the (re-)election votes. However, even in a corporate context, there is some evidence that beauty plays a role: beauty is reflected in a corresponding premium in a top manager's remuneration (Hammermesh and Biddle, 1994; Graham, et al., 2017), and the share price returns to news announcements made by CEOs with high facial attractiveness are higher (Halford and Hsu, 2014).

Even if facial attractiveness were to affect corporate elections, *the question arises whether only beauty matters or also the appearance of competence?* In the context of political elections, not only facial beauty but also perceived competence based on appearance augments electoral success (Hall et al., 2009; Todorov et al., 2005; Sussman et al., 2013). Perceived (appearance-based) competence positively affects the CEO selection and the size of his compensation contract (Graham et al., 2017). In addition to beauty and perceived competence, some studies test for other perceived traits (based on looks), such as leadership, trustworthiness, and intelligence, but this does not yield conclusive results (Berggren et al., 2010; Todorov et al., 2005).

We then ask the question *whether facial appearance matters equally for male and female corporate directors?* Some studies suggest that appearance may be the strongest predictor of political electoral success for female candidates, and that voters associate higher female attractiveness with more positive traits (Poutvaara, Jordahl, and Berggren, 2009; Nisbett and Wilson, 1977). Kaplan (1978) states that the 'attractiveness halo effect' only exists for female candidates.

We also examine *whether facial appearance matters more for executive than for non-executive directors*, because the former bear direct responsibility for the corporate results whereas the latter are mainly performing a governance and monitoring role.

Given that we can study both the first elections and re-elections of corporate directors, we wonder *whether facial appearance matters more in the appointment elections than in re-elections?* The reason for this conjecture is that, in the case of re-elections, shareholders have more information at their disposal: they should by then be aware of the corporate performance for which they can hold the directors partially responsible (or accountable), and they have had the opportunity to learn more about the directors' education, experience, and track record because this information has now appeared at least twice in annual reports. Furthermore, they have been able to study the facial appearance more than once such that

² Throughout the paper, we use the UK terminology regarding board membership: a director is a member of the board and can be an executive or non-executive director. In the US, the term 'director' is usually reserved for a non-executive director.

there is no ‘first impression’ effect anymore. Alternatively, facial appearance may be less important at first elections when shareholders may just follow the nomination committee’s proposed candidate without relying on facial impressions, and thus give the candidate the benefit of doubt.

To our knowledge this is the first study on the effects of facial appearance on voting dissent in corporate director elections. Notably, the situation is different from political voting processes in that shareholders usually vote only on a single candidate for a director position. Still, as we observe the total number of favorable, against, and abstained votes for each individual director for each firm-year, we consider the abstained and against votes a disciplining device (Grundfest, 2003). We perform an experiment whereby we have the director candidates’ photos, which we hand-collected from the annual reports, rated on five dimensions (beauty, competence, trustworthiness, likability, and intelligence) on the basis of which we subsequently built our global appearance measure.

Our main findings can be summarized as follows: shareholders rely upon inferences from facial appearance at corporate director elections as voting dissent decreases in a candidate’s appearance (while controlling for corporate performance, other firm characteristics, and director education). When we dissect facial appearance into its five dimensions, we find that beauty does not affect voting dissent, but that directors who look more competent, trustworthy, likable, and intelligent receive more votes in their favor. The correlation between facial appearance and voting dissent holds for executive directors but not for non-executive directors. Shareholders rely more on facial appearance in the setting of director re-elections than of first appointment elections, which may reflect that they are more familiar with the looks of the directors who are up for re-election. Inferences from facial appearance matter more for investors holding small equity stakes, presumably as they have less time to conduct research on the past performance and background of directors. While female candidates experience in general less voting dissent than their male counterparts, their facial appearance (including beauty) does not affect their elections results.

2. Institutional Facts and Data

The setting for our study is the UK, where directors are subject to election by shareholders at the first annual general meeting after their appointment and are required to present themselves for re-election at regular intervals of no more than three years (Hampel Report (1998); Combined Code on Corporate Governance (FRC, 2003); and even on a yearly basis if they are board members of a FTSE350 firm (Corporate Governance Code (FRC, 2016)). Voting at annual general meetings requires an ordinary resolution based on a simple majority, and the UK corporate governance code prescribes that nomination committees

ought to be made up of a majority of independent non-executive directors and that the chairman of this committee can propose a director for re-election if the committee believes in the director’s continuing effectiveness and commitment (FRC, 2003). In terms of corporate landscape, the vast majority of UK companies are characterized by flat ownership structures; there appear to be few cases of ownership pyramids or cascades that could affect the countries ‘one share – one vote’ policy (La Porta et al., 1999; ISS, 2007; Franks, Mayer, and Rossi, 2009).

We collect director election data (favorable, against, and abstained votes) from the Manifest database where we find information on 621 elections and re-elections for 144 male directors and 38 female directors. Following Gregory-Smith and Main (2014), we take as dependent variable the logarithm of voting dissent, which is based on the sum of the non-positive votes (i.e. abstentions and against votes, both in percentages), divided by the favorable votes:

$$Dissent = \frac{(\% \text{ of non - positive votes})}{(1 - \% \text{ of non positive votes})}$$

Casting dissenting votes is likely to have a negative impact on the share price, as it could highlight a problem situated at the board level of the firm (Gregory-Smith and Main, 2014). We report descriptive statistics of dissent as well as the other explanatory variables in Table 1. First election refers to all events where shareholders vote for the first time on a director’s candidacy (26% of the sample), which typically takes place during the first annual meeting after the proposal to appoint the candidate to the board. We label all subsequent elections as re-elections.

For all directors, we hand-collected their photographs from the annual reports at the time of the director election. As the director photographs are frequently re-used in the subsequent annual reports, we cannot track the impact of the evolution of facial appearance over time. We calculated an appearance score based on the ratings of directors’ looks, whereby the raters were contacted by means of Amazon’s Mechanical Turk, an online human intelligence platform, where we performed the experiment. Following Berggren et al. (2010), we asked the Mechanical Turk raters to evaluate the appearance of directors on a scale from 1 to 5 for each of five categories: beauty, competence, trustworthiness, likability, and intelligence, whereby five is the highest perceived attractiveness by category (see Appendix A). We provided the raters with these definitions: beauty stands for physical appearance or attractiveness of the person; competence for the ability to do something successfully or efficiently; trustworthiness for the ability to be relied on as honest or truthful; likability for being pleasant, friendly, and easy to like; and intelligence for the ability to acquire and apply knowledge and skills.

For each dimension of a director candidate's appearance, we collected the responses from at least five different raters. The raters were unaware of the purpose of this study, and did not know that they were evaluating the appearance of executive and non-executive directors. To avoid potential biases induced by the possibility that raters could recognize the directors (as some were e.g. CEOs of large firms who appear in the media), we excluded the director elections that took place over the past decade – our elections therefore cover the period 1996-2007.³ We have chosen raters that share the English-speaking cultural background of the directors; the raters stemmed from either the UK or the US. As a robustness test, in order to minimize the probability that the raters could recognize the directors, we restricted the raters to those with a US nationality. As experienced raters of Mechanical Turk can earn a 'Master' qualification, which reflects high reliability and accuracy in specific tasks across a variety of tasks, we only retained the raters with such a qualification. To make sure that raters have carefully read the instructions and questions before submitting their rating, we excluded the responses for which the evaluations were submitted within two seconds (i.e. 0.8% of the sample).⁴ The degree of rater agreement differs somewhat by category: while the consensus concerning likability is somewhat lower, we observe a stronger homogeneity in the ratings on intelligence and competence (see Table 1).

To compute the overall appearance score, we (i) scale each response by the rater's average response in the respective dimension (beauty, competence, trustworthiness, likability, intelligence) in order to correct for a potential bias introduced by an individual rater's attitude towards the dimension (in other words, we correct for the possibility that a rater persistently gives high or low scores on a specific appearance dimension), (ii) calculate the mean of the scaled responses on each dimension for each director, and (iii) also calculate the sum of the scores over all five dimensions for each director and then divide this sum by the maximum score of 25 in order to obtain the overall appearance score ranging from 0 to 1. This overall appearance score (Mean, Scaled) ranges from 0.41 to 0.74, with an average and median of 0.60 (Table 1). This table also includes the unscaled appearance scores (Mean, Raw is calculated by means of the average ratings that are not adjusted for individual rater's score levels) and the scores based on the median appearance score whereby the median is taken across raters by director and dimension and are presented as raw scores and scaled scores (adjusted for rating biases at the rater level). We apply the default set-up (Mean, Scaled) to the dimension scores that are also presented in Table 1.

³ The raters were also explicitly asked when rating each subject whether they recognized him or her (by giving the candidate's name). This was the case for two raters whose ratings were excluded, thereby following the example of Benjamin and Shapiro (2009).

⁴ As a robustness test, we excluded the responses submitted in less than five seconds, but this did not change the results.

As for the financial data, we use market capitalization (winsorized and log transformed in the regressions) and Tobin’s Q (market capitalization divided by shareholders’ equity, winsorized in the regressions) from Manifest, while all other data are from Datastream. The performance measures $\Delta Q(3)$ and $\Delta Q(1)$ capture the change in Tobin’s Q relative to the average of the previous three years and that of the previous year, respectively.

The information on director gender, tenure (in years), and compensation come from Capital IQ and Manifest. To obtain our adjusted total compensation measure by director, we subtracted the average compensation of all directors for a given year and by industry from the director’s compensation in a specific year, and did this for executive and non-executive directors separately. We also calculated the ratio of non-executive directors on the board as a measure of the degree of board monitoring.

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Insert Table 1 about Here

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Subsequently, we put our hypotheses to a test, using the following regression model which we estimate by means of (i) an OLS model with robust standard errors and with clustered standard errors at the company and the individual levels as robustness test, and (ii) a panel-data based random-effects model:

$$\begin{aligned}
 Dissent_{i,t} = & \alpha + \beta_1 \times Appearance\ score_i + \beta_2 \times Female_i + \beta_3 \times Female_i \\
 & * Appearance\ score_i + \beta_4 \times Performance_{j,t-1} + \beta_5 \times Tenure_{i,t} + \beta_6 \\
 & \times Year_adj_Total_Pay_{i,t} + \beta_7 \times Non - Executive\ Directors\ (\%)_{j,t} \\
 & + \beta_8 \times Market_Cap_{j,t} + \beta_9 \times Industry\ FEs + \beta_{10} \times Year\ FEs + \varepsilon_{i,j,t}
 \end{aligned}$$

3. Results

3.1 Facial Appearance

We present the relation between dissent and director appearance (and other control variables) in Table 2. Columns (1) – (4) exhibit the significantly, negative effect of appearance on voting dissent for each of the four measures of overall facial appearance, described above. The parameter estimates suggest that a one standard deviation increase in the appearance score is associated with a decrease in voting dissent of about 6.5%. Across all measures, the results are statistically significant at the 1% (or 5%) level of confidence and support the idea that directors with better appearance are favored in corporate director elections. The models of Table 2 also show that an improvement in performance relative to the previous year (i.e., higher $\Delta Q(1)$) is significantly negatively associated with voting dissent (at the 10%-level). Neither (board) tenure, which proxies for a first election (of a new director) or re-election, nor director compensation or the proportion of non-executives on the

board are significantly related to the voting outcomes. We find that there is more dissent in larger companies, possibly due to the fact that the shareholder base is more dissipated.⁵ The results from our estimation with clustering standard errors at the individual level are similar to the results with clustering at the company level and to those obtained from random-effects panel data regressions (not shown). In sum, attractive facial appearance reduces dissent in corporate director elections.

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Insert Table 2 about Here
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3.2 Beauty and Perceived Competence

We turn to the question which facial traits do shareholders (unconsciously) care about when voting in corporate director elections? We replace the appearance scores for the dimensions of facial appearance and show the corresponding results in Table 3.⁶ Most appearance dimensions, namely competence, trustworthiness, likability and intelligence do affect voting: dissent is lower when the scores on these dimensions are higher. The exception is beauty, which is not statistically significant, suggesting that shareholders do not value the pure physical attractiveness of a director's appearance. In sum, shareholders pay attention to those dimensions of appearance that they believe proxy for – whether or not rightly so - the traits required to perform the task of a director: competence, trustworthiness, and intelligence. In this sense, facial beauty appears not to be an advantage in corporate director elections, and perceived competence clearly dominates beauty with respect to its impact on shareholder voting behavior.

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Insert Table 3 about Here
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3.3 Gender, Director Type, First Elections, and Institutional Ownership

We examine the role of gender on voting dissent by including an indicator variable equal to one if the director candidate is female, as well as the interaction term between gender and appearance. As before, appearance is significantly negatively related to voting dissent (Column (1) of Table 4). When examining the impact of female appearance, we find no impact on voting dissent as the parameter estimate of appearance and that of the interaction

⁵ We analyze the relationship between ownership structure and voting dissent in a reduced sample of companies for which ownership information is available. Block holdings of financial institutions, corporations and individuals are negatively, albeit not significantly, related with dissent (not shown).

⁶ We do not include the five dimensions in one model in order to avoid possible multicollinearity: the maximum correlation between any two dimensions is 0.5.

term largely cancel out. We also find significantly less dissent for female directors (the female indicator variable). The reason why female directors experience less voting dissent and why their appearance may matter less may be that gender diversity at the board level is an important corporate goal and that top female directors are still in short supply (Adams and Ferreira, 2009; Ferreira, 2010). A more detailed analysis by means of the five dimensions of appearance, such as beauty or competence, shows that these dimensions do not correlate with voting dissent for female directors. In other words, appearance matters more for male than female directors when considering voting outcomes.

Voting on executive director (re-)elections may attract more attention from shareholders because executives bear more responsibility for the firm's performance. Consequently, we split our sample and run our baseline regression on executive directors and non-executive directors separately. The corresponding results (Columns (2) and (3) of Table 4) indicate that the impact of appearance on dissent is mainly driven by the executive directors. This result suggests that facial appearance matters more for executive directors than for non-executive directors, presumably as the former have a higher responsibility with respect to corporate results.

In Columns (4) and (5), we partition the sample into first elections and re-elections. Contrary to our conjecture, appearance does not affect first elections although shareholders have no or little information yet about these directors' performance if they are recruited from outside the firm, and shareholders seem more prone to follow the nomination committee's recommendations in first-elections and approve the candidate. In re-elections, appearance does have an impact on voting dissent. As time passes, shareholders relate directors to past firm performance but when they are more familiar with the directors, their appearance still starts to matter more. A reason may be that shareholders are now ready to deviate from the nomination committee's recommendation, but still largely fail to process additional information to correct biases stemming from their first impressions (Todorov et al., 2005; Todorov and Uleman, 2003).

Lastly, we investigate whether our results depend on shareholder type. It may be that institutional shareholders are more likely to conduct research on the quality of the candidates before they vote. Therefore, director appearance may be less likely to affect their voting decisions. Retail investors, in contrast, who primarily own only small share stakes may not analyze candidates' profiles and past performance in detail, which may entail that they use the appearance heuristic to proxy for the real competence and trustworthiness of the director. Therefore, we retest our baseline regression for the subsamples of firms with low institutional ownership (bottom tercile) and those with high institutional ownership (top tercile) in columns (6) and (7) of Table 4. We find that appearance is important (and statistically significant) for the firms in both subsamples but the effect is stronger for companies with low

institutional ownership, which suggests that inferences from facial appearance matter more for shareholders who are less likely to conduct research on director quality.

Insert Table 4 about Here

3.4 Robustness Tests

We perform the following robustness tests. First, we consider the candidates' level of education as an additional explanatory variable for voting outcome and create a categorical variable equal to 1 if the director has a professional or university-level bachelor degree, 2 for a Master degree, and 3 if the candidate has been awarded a doctoral degree. A candidate without a formal university degree is assigned a value of 0. As we do not find a significant relation between a candidate's education and voting dissent while appearance and the dimensions (competence and intelligence) remain significant, we conclude that perceived competence and intelligence do not go hand in hand with the level of education.

Second, we re-estimate our model using a alternative dissent measures, such as (non-positive votes)/(1-negative votes) and a measure where all abstained votes are excluded. Our results do not change.

Third, we investigate whether the relation between dissent and appearance as well as its dimensions is non-linear by including higher order appearance variables. We do not find evidence that the relation is non-linear.

Fourth, we re-estimate our base line model with different performance measures (e.g. including the change in Q relative from the past three-year average performance) and with a firm's growth opportunities, but this has no material impact on our results.

Fifth, we measure the models presented in table 2-4 by means of random effects models and do not find different results. The results are also robust to including company and industry fixed effects, and time fixed effects. Clustering standard errors at the individual or company level does not affect the outcomes.

4. Conclusion

By means of annual report photographs of corporate directors who are candidates for a board position or are up for re-election, we gather ratings of various dimensions of facial appearance (beauty, perceived competence, trustworthiness, likability, and intelligence) on the basis of which we construct an overall appearance measure. In line with studies on political elections (Berggren et al., 2010; Todorov et al., 2005), our results suggest that shareholders use inferences from facial appearance in corporate director elections. We find that directors with better (higher rated) appearance fare better in corporate director elections,

as an increase in the measure of appearance by one standard deviation is associated with a decrease in voting dissent of about 6.5%. By investigating the various dimensions of appearance, we reveal that facial beauty – in contrast to the case of political elections - is not an advantage in director (re-) elections, but that perceived competence, trustworthiness, likability, and intelligence reduce voting dissent. This implies that shareholders regard director traits, such as competence, trustworthiness, and intelligence, which are all needed in the position of director, as important but that they use imperfect heuristics, namely whether these traits are perceived in the physical appearance of the directors, as proxies for the (real) traits. When we examine gender-related effects of appearance on voting dissent, we find that female candidates fare better in director elections as voting dissent for female directors is generally smaller. Also, neither their physical beauty nor their perceived competence affect voting dissent, which may be due to the fact that companies recognize the benefits of gender diversity at the board level and that top female directors are still in short supply. We also document that shareholders owning small equity stakes are more likely to rely on inferences from facial appearance than those holding high ownership stakes, presumably because institutional owners with higher shareholdings perform more research on the directors' performance and background than small retail investors.

Acknowledgments:

The authors thank Margit Muenzer for providing valuable research assistance. We thank Panu Poutvaara for providing us with the questionnaires used in their research (Berggren et al., 2017).

Funding:

This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sector.

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Table 1. Descriptive Statistics of the Main Variables.

This table shows descriptive statistics of the main variables. The list of variable definitions and the calculations of the variables are presented in Appendix B.

Variable	N	Mean	SD	Min	Median	Max
Dissent	456	0.026	0.059	0.000	0.005	0.422
Appearance - beauty	603	2.994	0.451	1.682	2.994	4.275
Appearance - competence	603	3.021	0.347	1.829	3.009	3.657
Appearance - trustworthiness	603	3.004	0.387	1.959	2.958	3.941
Appearance - likability	603	2.965	0.574	1.342	3.003	4.229
Appearance - intelligence	603	3.014	0.320	2.058	3.038	3.775
Appearance (Mean, Scaled)	621	0.600	0.054	0.406	0.604	0.741
Appearance (Mean, Raw)	621	0.673	0.061	0.464	0.672	0.824
Appearance (Median, Scaled)	621	0.599	0.057	0.403	0.601	0.750
Appearance (Median, Raw)	621	0.671	0.065	0.480	0.680	0.840
Female (dummy)	621	22.2	41.6	0.00	0.00	1.00
ΔQ (3)	547	0.004	0.459	-0.801	-0.035	1.098
ΔQ (1)	538	0.014	0.382	-0.654	-0.019	0.953
Tobin's Q	589	3.155	2.879	0.606	2.168	11.694
Tenure (years)	621	3.994	3.960	0	2.902	21.999
(Adj.) total compensation	591	0.330	5.072	-7.776	0.000	10.347
Non-executives (%)	621	54.9	15.9	0.00	54.5	92.9
Market capitalization (in bn)	589	3.257	5.559	0.062	0.897	22.763

Table 2. Overall Facial Appearance and Dissent.

The table shows the effect of appearance that is measured in four different ways: score based on (1) mean rating, adjusted for rater biases, (2) mean rating, but not adjusted (raw data), (3) median rating, adjusted for rater biases, and (4) median rating not adjusted (raw data) of dissent in corporate director elections. The calculation method is described in section 2 and in Appendix B. The dependent variable is the logarithm of voting dissent (the sum of the non-positive votes over the positive votes, both in percentages). The table shows the coefficients (standard error), as well as the significance of the results at the 10%, 5%, or 1% level, denoted with *, **, and ***, respectively. The data are from Capital IQ, Datastream, and Manifest.

	(1)	(2)	(3)	(4)
Appearance (Mean, Scaled)	-0.144*** (0.053)			
Appearance (Mean, Raw)		-0.136*** (0.048)		
Appearance (Median, Scaled)			-0.120** (0.047)	
Appearance (Median, Raw)				-0.127*** (0.039)
ΔQ (1)	-0.013* (0.007)	-0.013* (0.007)	-0.013* (0.007)	-0.012* (0.007)
Tenure	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
(Adj.) total compensation	-0.050 (0.683)	-0.052 (0.680)	-0.012 (0.685)	-0.005 (0.675)
Non-executives (%)	-0.012 (0.023)	-0.011 (0.023)	-0.010 (0.023)	-0.009 (0.023)
(Log) market capitalization	0.006*** (0.002)	0.006*** (0.002)	0.006*** (0.002)	0.006*** (0.002)
Constant	0.030 (0.034)	0.034 (0.034)	0.018 (0.032)	0.028 (0.030)
Industry dummies	Yes	Yes	Yes	Yes
Year dummies	Yes	Yes	Yes	Yes
Adj. R-Squared	0.048	0.050	0.044	0.051
N	410	410	410	410

Table 3. The Dimensions of Appearance.

The table shows the effect of the five appearance dimensions ((1) beauty, (2) competence, (3) trustworthiness, (4) likability, and (5) intelligence) on dissent in corporate director elections. The dependent variable is the logarithm of voting dissent. The table shows the coefficients (standard error), as well as the significance of the results at the 10%, 5%, or 1% level, denoted with *, **, and ***, respectively. The data are from Capital IQ, Datastream, and Manifest.

	(1)	(2)	(3)	(4)	(5)
Appearance - beauty	-0.009 (0.005)				
Appearance - competence		-0.012* (0.007)			
Appearance - trustworthiness			-0.017** (0.007)		
Appearance - likability				-0.016** (0.007)	
Appearance - intelligence					-0.016* (0.009)
ΔQ (1)	-0.012* (0.007)	-0.013* (0.007)	-0.013* (0.007)	-0.013* (0.007)	-0.013* (0.007)
Tenure	0.002* (0.001)	0.002* (0.001)	0.002* (0.001)	0.002* (0.001)	0.002* (0.001)
(Adj.) total compensation	-0.014*** (0.004)	-0.015*** (0.004)	-0.016*** (0.004)	-0.016*** (0.004)	-0.015*** (0.004)
Non-executives (%)	-0.010 (0.022)	-0.008 (0.022)	-0.010 (0.021)	-0.018 (0.021)	-0.005 (0.021)
(Log) market capitalization	0.006*** (0.002)	0.006*** (0.002)	0.006*** (0.002)	0.006*** (0.002)	0.006*** (0.002)
Constant	-0.027 (0.025)	-0.022 (0.031)	-0.003 (0.025)	-0.000 (0.025)	-0.010 (0.028)
Industry dummies	Yes	Yes	Yes	Yes	Yes
Year dummies	Yes	Yes	Yes	Yes	Yes
Adj. R-Squared	0.049	0.050	0.058	0.068	0.053
N	414	414	414	414	414

Table 4. Gender, Director Type, (Re-) Elections, and Institutional Ownership.

The dependent variable is the logarithm of voting dissent on which the impact of gender is estimated in column (1). The table shows subsample analyses on the impact of appearance on executive versus non-executive directors (columns (2) and (3)), on first elections versus re-elections (columns (4) and (5)), and on low versus high institutional ownership (columns (6) and (7)). The table shows the coefficients (standard error), as well as the significance of the results at the 10%, 5%, or 1% level, denoted with *, **, and ***, respectively. The data are from Capital IQ, Datastream, and Manifest.

	(1) Focus on Female	(2) Executives only	(3) Non- executives only	(4) First elections only	(5) Re- elections only	(6) Low institutional ownership	(7) High institutional ownership
Appearance	-0.164** (0.067)	-0.126** (0.057)	-0.224 (0.138)	-0.037 (0.068)	-0.164*** (0.062)	-0.267* (0.151)	-0.146* (0.074)
Appearance * Female	0.211** (0.088)						
Female	-0.137** (0.055)						
ΔQ (1)	-0.013* (0.007)	-0.018** (0.009)	-0.001 (0.010)	0.004 (0.006)	-0.018* (0.009)	-0.028 (0.018)	-0.003 (0.005)
Tenure	0.001 (0.001)	0.001 (0.001)	0.003 (0.002)	-0.001 (0.006)	0.001 (0.001)	0.000 (0.001)	0.001 (0.001)
(Adj.) total compensation	-0.034 (0.684)	-0.855 (0.767)	1.947 (1.507)	1.126 (1.235)	-0.352 (0.750)	-0.002 (0.002)	0.000 (0.001)
Non-executives (%)	-0.010 (0.023)	-0.008 (0.036)	-0.021 (0.025)	-0.017 (0.037)	-0.008 (0.028)	0.017 (0.089)	-0.013 (0.021)
(Log) market capitalization	0.006*** (0.002)	0.010*** (0.003)	-0.001 (0.002)	0.005 (0.004)	0.006** (0.003)	0.011* (0.006)	0.007** (0.003)
Constant	0.040 (0.039)	-0.032 (0.040)	0.176* (0.089)	-0.016 (0.059)	0.039 (0.038)	0.024 (0.071)	0.012 (0.040)
Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adj. R-Squared	0.052	0.060	0.087	0.073	0.052	0.099	0.095
N	410	302	108	105	305	115	156

Appendix A. Amazon Mechanical Turks Experiment.

We conduct our appearance experiment on Amazon Mechanical Turk. The raters are asked the list of questions presented below. Raters judge appearance based on a director's photo extracted from the annual report. Responses are recorded on a 5-point Likert scale, ranging from 1 (worst) to 5 (best).

Appearance dimension	Question
Beauty	What is your evaluation of the physical appearance or attractiveness of this person?
Competence	What is your evaluation of the competence of this person? (Competence: the ability to do something successfully or efficiently)
Trustworthiness	What is your evaluation of the trustworthiness of this person? (Trustworthiness: the ability to be relied on as honest or truthful)
Likability	What is your evaluation of the likability of this person? (Likability: being pleasant, friendly and easy to like)
Intelligence	What is your evaluation of the intelligence of this person? (Intelligence: the ability to acquire and apply knowledge and skills)


Figure 1 Exemplary Screenshot from Raters' Evaluations Conducted on Mechanical Turk.

Instructions

Please evaluate the subject in comparison to the average among people living in your country of residence.
Please choose ONE option listed under question 1.
If you prefer not to evaluate a certain individual for any reasons, please choose the last option.
If you recognise this person, please write his/her name in the box of question 2. Otherwise, please leave it blank and continue.
If the photo is not shown on the screen, please report "no photo" in the box of question 2.
If you spend too little time (less than 2 seconds) on multiple assignments, your work may be rejected.
Thank you for your effort.

1. What is your evaluation of the intelligence of this person? (Intelligence: the ability to acquire and apply knowledge and skills);

- Very unintelligent
- Below average
- Average
- Above average
- Very intelligent
- Don't know/Prefer not to answer



2. If you recognise this person, please write his/her name below.

Appendix B. Variable Definitions.

Variables	Definition	Source
Voting		
Dissent	Logarithm of percentage of non-positive (against and abstained) votes, divided by the percentage of approval votes.	Manifest
Appearance measures		
Appearance (Mean, Scaled)	The sum of the mean values of the five appearance-dimensions (beauty, competence, trustworthiness, likability, and intelligence), each of which has been scaled by rater average rating. This sum is then divided by 25 (the maximum cumulative rating).	Mechanical Turk
Appearance (Mean, Raw)	The sum of the mean values of the five appearance-dimensions, each of which has not been scaled by rater average rating. This sum is then divided by 25 (the maximum cumulative rating)	Mechanical Turk
Appearance (Median, Scaled)	The sum of the median values of the five appearance-dimensions, each of which has been scaled by rater average rating. This sum is then divided by 25 (the maximum cumulative rating).	Mechanical Turk
Appearance (Median, Raw)	The sum of the median values of the five appearance-dimensions, each of which has not been scaled by rater average rating. This sum is then divided by 25 (the maximum cumulative rating).	Mechanical Turk
Appearance – Beauty	The mean rating of the dimensions Beauty, scaled by rater average rating.	Mechanical Turk
Appearance - Competence	The mean rating of dimensions Competence, scaled by rater average rating.	Mechanical Turk
Appearance - Trustworthiness	The mean rating of dimensions Trustworthiness, scaled by rater average rating.	Mechanical Turk
Appearance - Likability	The mean rating of dimensions Likability, scaled by rater average rating.	Mechanical Turk
Appearance - Intelligence	The mean rating of dimensions Intelligence, scaled by rater average rating.	Mechanical Turk
Performance		
Q	Tobin's Q; market capitalization divided by the book value of equity.	Datastream
ΔQ (1)	Change in Tobin's Q relative to the previous year ($\Delta Q(1)$).	Datastream
ΔQ (3)	Change in Tobin's Q relative to the average of the previous three years ($\Delta Q(3)$).	Datastream
Director traits		
Tenure	The number of years a director serves in his current (board) position.	CapitalIQ, Manifest
(Adj.) total compensation	An executive (non-executive) director's annual total compensation minus the total compensation of other executive (non-executive) directors of the same industry and for the same year.	CapitalIQ, Manifest
Female	A binary variable that equals 1 in case of a female director and 0 for a male director.	CapitalIQ, Manifest
Education	A categorical variable (0-3) with higher value for higher level of education: 1 if director has a professional or university-level BA/BSc degree, 2 for a MA/MSc degree, and 3 for a PhD. A director without a formal university degree is assigned a value of 0.	CapitalIQ, Manifest
Firm characteristics		
Non-executives (%)	The percentage of non-executive directors serving on the board (the denominator is the total number of directors on the board).	CapitalIQ, Manifest
Market capitalization	The market value of equity; the number of shares outstanding multiplied with the share price.	CapitalIQ, Manifest

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