

With the development of an increasingly conscious, demanding and volatile world, the intervention of activist shareholders in companies' dynamics has gained more and more prominence. There are several definitions regarding shareholder activism, but all focus in a core idea: they influence a corporation's behaviour. By exercising their ownership rights as partial owners, whether through a vote on shareholder proposals or through direct dialogue with the company about a specific issue, activist shareholders attempt to pressure the firm to change its corporate behaviour (O'Rourke, 2003).

According to a 2018 report by *Activist Insight*, the number of governance-related proposals from activists has gradually increased, with an average growth of about 11% from 2014 to 2018 and campaigns targeting 805 companies worldwide in 2017. The investment in these campaigns has expanded as well, reaching up to \$200 billion in 2016, comparing to \$47 billion in 2010. There is also a notable geographic expansion of this movement: national campaigns have been launched in various European countries, including France, Germany, Switzerland, Italy and Spain, with 20% of total activist shareholder funds now focusing outside the English-speaking world (Ponomareva, 2018).

Shareholder activism is currently marking its way to the spotlight of the world of business and investment and given its growing influence in the markets' dynamics, it becomes a fascinating topic to explore. It is this influence in the target companies' performance, as well as its impact on these companies' organizational environment that drives this study. This dissertation aims to add clarification as to whether activist shareholders effectively affect the performance of target firms.

To answer the research question of this dissertation "*Do activist shareholders' intervention affect the target firms' performance?*", we use a unique dataset that combines information concerning activist shareholders' proposals to target companies, where are displayed the target firms' industry and country, the type of proposal, the announcement date, the current status of the campaign, among other significant aspects. The sample period goes from 1988 to 2019, with a total of 884 firm-year observations.

Subsequently, an empirical analysis was performed, evidencing the negative and meaningful impact of this type of activism in the target companies' financial performance in the years that follow the activist campaign announcement, with this effect being more prominent until the end of the first year after the targeting.

With all the conclusions reached in this study, we were able to contribute, with solid results regarding firm performance after the targeting, to the existent research in this somewhat unexplored but truly contemporary field that is the shareholder activism.

