PROXY CONTESTS: PROSPECTS AND CHALLENGES FOR CORPORATE GOVERNANCE IN NIGERIA*

Abstract

The legal authority for management and direction of a company rests with the board of directors, whose duty it is to supervise the general course of business, and to use its powers in the best interests of the company. However, ultimate power resides in the shareholders as the board is brought into managerial office by them via elections in annual general meetings. Yet, whenever the shareholders are dissatisfied with the manner the board of directors is conducting and managing the affairs of the company, such management can be ousted through voting it out during another election. By this, shareholders need no longer be content to sit on the sideline and watch as their shares in a company plummet; they are rather standing up and holding management accountable. This study seeks to explore the theory and practice of 'proxy contest', investigates its application in some other jurisdictions, and considers its prospects and challenges with a view to adopting the practice into Nigerian corporate governance.

Key words: *Proxy contest, Corporate governance, Prospects, Challenges, Nigeria*

1. Introduction

Proxy contests are a tool of corporate governance. They constitute a means of disciplining inefficient managers and implementing corporate change. Proxy campaigns are waged and may be won by individuals who convince other shareholders that they possess the skills necessary to run the firm efficiently. These 'dissidents' highlight both their strengths and current management's inequities throughout the entire contest. As a result of these claims, the firm experiences wealth maximizing resignations from its top management as well as lucrative policy changes, such as sales and liquidations.[1] Again, as expected of a transfer of resources to higher valued uses, proxy contests increase shareholder wealth regardless of their outcome.

However, critics maintain that proxy contests are futile and inefficient. They argue that the proxy system requires significant reformation before it can become an effective method of corporate governance. Specifically, they have suggested three general reforms: increased disclosure, increased shareholder access to the proxy machinery, and increased regulation of institutional investors.[2] Be that as it may, it seems that proxy challenges influence the policies of target firms. Regardless of whether dissidents achieve control of the target firm, proxy

*By **Ikenga K.E. ORAEGBUNAM, PhD (Law), PhD (Phil.), PhD (Rel. & Soc.), MEd, BL,** Senior Lecturer and Ag Head, Department of International Law & Jurisprudence, Faculty of Law, Nnamdi Azikiwe University, Awka, Nigeria. E-mail: ik.oraegbunam@unizik.edu.ng. Phone Number: +2348034711211;

***Priscilla N. NNAWUBA, LLB, BL, LLM, PhD Candidate,** Faculty of Law, Nnamdi Azikiwe University, Awka, Nigeria;

***Ngozi C. UZOKA, LLB, BL, LLM, PhD Candidate,** Faculty of Law, Nnamdi Azikiwe University, Awka, Nigeria;

*** 'Nonye NJOKU, LLB, BL, LLM Candidate,** Faculty of Law, Nnamdi Azikiwe University, Awka, Nigeria; and

* **Kenneth C. NZEDIEGWU, LLB, BL, LLM Candidate,** Faculty of Law, Nnamdi Azikiwe University, Awka, Nigeria.

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[1]Top management includes chief executive officers (CEOs), chairmen, and presidents. See H DeAngelo & L DeAngelo, Proxy Contests and the Governance of Publicly Held Corporations, 23 *J. FIN. ECON.* 29, 36 (1989), p. 46.

[2]See F H. Easterbrook & D R. Fischel, The Economic Structure of Corporate Law (1991) p.86 (stating that despite this advantage, cumulative voting is rare in publicly traded firms and most state statutes contain a presumption against it because it creates a holdup power that makes negotiation difficult).

contests can cause target firms to re-evaluate their policies andperhaps prompt a sale or liquidation.

Nevertheless, proxy contest is still unknown to Nigerian company practice despite its popularity in many developed economies. This is in spite of the emergence of globalization and the reality of one-world economic order in which Nigeria wishes to be one of the best twenty economies in the near future. This paper therefore studies the problems and prospects of proxy contest and seeks the gains and possibilities of introducing same into Nigerian corporate governance.

2. Meaning of Proxy Contest

Proxy contest is a battle for the control of a firm in which a dissident group seeks, from the firm's other shareholders, the right to vote those shareholders' shares in favour of the dissident group's slate of directors.[3] According to Dodd & Warner, "a proxy contest is a mechanism by which shareholders can change the firm's board. It occurs when one group, referred to as 'dissidents' or 'insurgents', attempts to obtain seats on the firm's board of directors currently in the hands of another group, referred to as 'incumbents' or 'management".[4]DeAngelo & DeAngelo view proxy contest in a more restrictive view as "the ultimate vehicle enabling shareholders of publicly held corporations to discipline incumbent managers who fail to maximise firm value."[5]Laudano describes proxy contest as an effective means of disciplining inefficient managers and implementing corporate change.[6]Proxy contest or fight has also been viewed as an "unfriendly contest for the control of an organization in which two or more groups seek proxies for the members or eligible voters to back their takeover attempt. These groups try to persuade disgruntled or undecided members or voters to help them oust the incumbent group".[7]

On a broader perspective, a proxy fight is "a situation in which two investors (usually two companies) compete with one another in the attempt to gain the proxy votes of shareholders in a third company. The two investors engage in the proxy fight because both wish to have enough proxy to elect a new board of directors that will effectively do whatever the investor wants.[8] The winner of a proxy fight, if any, is able to control the third company through the board of directors and does not need to directly acquire it, though many often do anyway."[9] Thus, a proxy contest occurs when a group of shareholders are persuaded to join forces and gather enough shareholder proxies to win a corporate vote.[10]It is a strategy that involves using shareholder's proxy votes to replace the existing members of a company's board of directors. By removing existing board members, the person or company launching the proxy contest can establish a new board of directors that is better aligned with their objective.[11]

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[3]'Proxy contest' in *Free Dictionary* available at http://www.financialdictionary.thefreedictionay.com.Accessed on 19th, April 2016.

[4] P. Dodd & J.B. Warner, On Corporate Governance: A Study of Proxy Contests.11 *J. Fin. Econ.* (1983) P. 401, 402

[5] H. DeAngelo & L. DeAngelo, Proxy Contests and the Governance of Publicly Held Corporations.23 *J. Fin Econ.* (1989). P. 29.

[6] E. Laudano, One Man's Junk Mail Is Another Man's Treasure: Proxy Contests and Corporate Governance. 3 *Conn. Pub. Int. L.J.* (2004) p.385.

[7]Available at: http://www.businessdictionary.com/definition/proxy-fight.html accessed on 04/01/2015. 13:29. (All the internet sources in this reference are accessed on 04/01/2015 between 13:29 - 15:00 hours).

[8]Definition of proxy fight available at http://www.businessdictionary.com. Accessed on 19th April, 2016

[9] Available at: http://www.thefreedictionary.com/Proxy+Contest.Accessed on 19th April, 2016

[10] Available at: http://www.investopedia.com/terms/p/proxyfight.asp. Accessed on 19th April, 2016

[11] Available at: *http://www.money-zine.com/investing/proxy-contest/*Accessed on 19th April, 2016

It is important to note that proxy contest is one of the major methods of corporate takeover. It is a primary mechanism for changing or obtaining control in publicly traded corporations with dispersed ownership.[12] At first sight, it seems that proxy contest would be a good way for superior managers to replace the incumbent, given that they do not require the costly acquisition of shares. However, the mechanism suffers from serious problems that limit its use in practice. The most serious disadvantage arises not from the familiar problem that challengers will have to bear the costs of a campaign whose benefits will be largely captured by shareholders. This problem by itself could be solved by reimbursing successful challengers for their expenses. Rather, the fundamental difficulty with a proxy contest is that of persuading shareholders that a rival's victory would be beneficial for them. Because control provides private benefits, the fact that a rival is interested in replacing the incumbent does not imply that the rival would manage the company better. Consequently, if shareholders do not observe the quality of rival, but know that the average quality of potential rival is worse than the incumbent's, the rationale strategy of shareholders will be to vote for the incumbent. Even if the quality of a certain rival is known by the most informed shareholders, voting shareholders may well be unable to infer this quality and thus may vote generally for the incumbent.[13] As a result, even a rival who in fact would be better might have difficulty in persuading the shareholders to vote for it. No doubt, proxy contest like fierce political campaigns can degenerate into mud-slinging and name-calling fight.[14] In addition, shareholders may overvalue skills that are not necessary indicative of good managers while at the same time undervaluing skills that are present in superior managers.

Generally, there are four steps involved in a proxy contest, namely: The acquiring company and/or a group of major stakeholders, such as large institutional investors, decide to join forces and launch a proxy contest against the target company. These investors threaten to use their proxy votes, which are commonly used in large corporations for voting by shareholders, to make the target company comply with their wishes. Proxy voting allows shareholders who have confidence in the judgment of others to "stand-in" and vote for them on corporate governance matters such as the election of board members. If successful in gathering enough proxy votes, the acquiring company can then elect new board of directors using proxy ballots. These newly-installed board members will be much more agreeable to the takeover or merger, and eventually the deal is finalized.

3. Proxy Rules in the United States and United Kingdom

Major areas where the United States and United Kingdom have quite different regulations on corporate governance are the rules regarding proxy contest. In the United State, state laws govern shareholder right, and consequently the holding of shareholder meetings.[15] However, Congress places responsibility with the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, with regards to regulating the solicitation and issuance of proxies. The Securities and Exchange Commission Rule 144 - 8 (the shareholder proposal rule) requires that a company must include a shareholder proposal of not more than 500 words in its proxy materials for presentation to vote at annual or special meetings of shareholders at corporate expense, if the shareholder owns at least 1% (or $2,000 in market value) of the voting

[12]Proxy Contest and Corporate Control available at http://www.kroll.com. Accessed on 20th April., 2016

[13]J Pound, 'Proxy Contest and the Efficiency of Shareholder Oversight,' *Journal of Financial Economics,* (1988) Vol.20. P 237 - 265

[14] L Bebchuk and O Hart, 'Takeover Bids Vs Proxy Fights in Contests for Corporate Control', 2001 available at http://www.lawharard.edu accessed on 20th April, 2016

[15] B Buchanan, 'Are Shareholder Proposal an Important Corporate Governance Device? Evidence from US and UK Shareholder Proposal,' (2010).Available at http://www.ssrn-id1572016.pdf. Accessed on 20th April, 2016

shares for at least a year and if the proposal does not fall within one of the 13 substantive bases for exclusion (e.g. matters relating to an election of the board of directors or the company's ordinary business operation).[16]

In the United Kingdom, the 1985 Companies Act governs proxy rules. Section 376 enables a shareholder to requisition a company to put a resolution of not more than 1,000 words to annual shareholder meetings, although at the shareholder's expense.[17] The sponsor needs to own at least 5% of the firm's voting rights, or be a group of at least 100 shareholders with not less than £100 per holder. United Kingdom shareholders can use shareholder proposals to elect and remove directors, although separate resolutions are required for each appointment and removal.[18] United States shareholder proposal is different from a proxy contest in that the dissidents distribute proxy materials separately from corporate ones at their own-expense and the votes are binding.

Therefore, although the proxy rules are more onerous on sponsors in the United Kingdom than in the United States in terms of ownership requirement and solicitation costs, they confer United Kingdom shareholders greater power because of the statutory right of shareholders to call special meetings, the relative case for shareholders to remove directors, and the binding power of shareholder proposals.

4. Impacts of Proxy Contest and Corporate Governance in Nigeria

Studies on this concept have been relatively discordant on the impact of proxy contests on a company and/or management. While some are of the opinion that proxy contests have been traditionally viewed as the least efficient means of corporate governance, the most expensive, the most uncertain, and the least used of the various techniques available to discipline management and transfer corporate control, [19] some other authors[20] on the other hand have held tenaciously to the view that the activities of the dissidents in championing proxy contests in companies have lately left positive impacts on the companies and on management to wit: making for the outcomes of top management resignations, experiencing of major corporate policy shifts, outright sale of target firms, to mention but a few.

However, it is observed that despite the impact as canvassed by the pro-proxy contests, the real essence of such contests is nevertheless almost usually unattained. However, the ultimate objective of proxy contests is either for a total, or even partial, overhaul of incumbent management to install a favourable and more compliant one, or for a change in corporate policies of the incumbents. It is not just about mere resignations by a disproportionately few managers of the corporations.

In Nigeria, management is superintended by the board of directors as with other companies all over the world. The Companies and Allied Matters Act (CAMA)[21] and such other laws[22] to a great extent regulate the overall mechanics of company management. CAMA provides for ways in which there could come about corporate change in both policies and management. As with the concept of proxy contest, once a group is dissatisfied with the manner in which the

[16] *Ibid*
[17] *Ibid*
[18] B Buchanan, *op cit*
[19] Authors in this category includes, but not limited to, Henry Mann (1965), John Pound (1988), M.W Goroff& G.W Winters (1995), etc.
[20] Authors like Dodd & Warner (1983), DeAngelo & DeAngelo (1989), Erica Laudano (2004), etc.
[21] Cap. C20, Laws of the Federation of Nigeria, 2004. (Hereinafter CAMA)
[22] Laws like Investment and Securities Act, Cap. I24, Laws of the Federation of Nigeria, 2004; etc.

board of directors are managing the affairs of the company, CAMA objects to dissident activity within or without the company, but rather suggests avenues in which such 'wrongs' by the board could be ironed out.[23]

It is however submitted that despite the inefficiency of proxy contests, it is nevertheless needed in a jurisdiction as ours. This is predicated on the simple reason that management could safely circumvent the provisions of CAMA which have outlined activities that would be tagged 'wrong' before a shareholder can be vested with the *locus standi* to come before the courts seeking for injunctions. More so, there are many other wrongs which management could commit but are not captured within the letters of the law. Not only is it when wrongs are committed during management that dissident activity would be convened, but mere dissatisfaction with the manner of management alone would, in other jurisdictions, suffice.

One factor that lends support to the validity of dissident criticisms, and thus the efficiency of proxy contests, is the managerial impact of dissidents' proxy challenges. Despite the fact that dissidents who wage proxy contests rarely win majority control of the board,[24]more than half the firms in which dissidents do not obtain board control experience resignations in top management either during or shortly after the contest.[25] In a study of thirty-nine proxy contests for seats on the boards of exchange-listed firms where dissidents did not obtain board control during 1978-1985, twenty firms experienced resignations by individuals holding top management positions either during the proxy contest itself or within three years of the contest outcome.[26] In these twenty firms, a total of twenty-three individuals resigned thirty-eight managerial positions, including seventeen CEO positions, eleven board chairmanships, and ten presidencies.[27]

These resignations cannot be explained by mere retirement. Despite a "normal" retirement age of 65, the median age of those who resigned was 59.[28] In fact, the only two individuals who resigned close to the "normal" retirement age had been subjected to scathing attacks by dissidents.[29]Consequently, it appears that a more plausible explanation for these untimely resignations is the challenge brought by the dissidents.

Incumbent management resignations are also inconsistent with simple managerial turnover. Grouped in time around the election campaign, "fifteen of the twenty resignations occurred either during the contest itself or within one year of the outcome."[30] Moreover, this 38%resignation rate is much greater than rates typically found in empirical studies of top management changes.[31] Rather, the resignation frequency for the sample appeared more in line

[23] See for example, section 300 of the CAMA.
[24]*See* Dodd & Warner, *supra*, p.409 (dissidents successfully obtain a board majority only 20 25.4% of the time). *See also* DeAngelo & DeAngelo, *supra*, p. 30 (dissidents win a board majority approximately 33% of the time).
[25]Top management includes chief executive officers (CEOs), chairmen, and/or presidents.
[26]DeAngelo & DeAngelo, *supra*
[27]*Ibid.*
[28]The age distribution at resignation is as follows: less than fifty years old, three individuals; between fifty and fifty-nine, nine individuals; between sixty and sixty-three, six individuals; sixty-five or sixty-six, two individuals; sixty-nine or older, three individuals." *Ibid.* at 46
[29]*Ibid.* at 54 (The case of Condec Corporation: There the dissident leader, William Farley, alleged that Condec management, led by Norman I. Schafler (age sixty-five), was "weak," "confused," and had compiled a "miserable track record" by running the company "carelessly and without strategy." Furthermore, he said that "Condec was not a Schafler family heirloom to be handed down from father to son" (Mr. Schafler's thirty-three-year-old son was vice president-operations). Within one year, Mr. Schafler resigned and "would have no further connection with the company."). *Ibid.*
[30]*Ibid.* at 47.
[31]. Jerold B. Warner, Ross L. Watts & Karen H. Wruck, Stock Prices and Top Management Changes, 20 *J. FIN. ECON.* 461 (1988) (documenting an average annualized rate of 11.5% for arrivals or departures by top

with the management change rates previously documented for other significant corporate events. For instance, the rate was comparable to the 33% management change rate for firms experiencing financial distress, the 27% change rate for firms whose managers pay greenmail to deflect a possible takeover, and the 25% change rate for firms that are acquired by another public corporation.[32] Therefore, the timing and frequency of incumbent management resignations appear to be related to the dissidents' efforts to influence managerial change.

Although public sources rarely disclose the "true" reasons for a management change,[33] information from financial press reports about the firm-specific circumstances surrounding each resignation links these resignations to dissidents' proxy challenges. In particular, financial press reports provide evidence of the identity of the replacement as well as the circumstances and conflicts surrounding the resignation. In light of this evidence, the managerial resignations at 75% of the sample firms were reasonably tied to the dissidents' efforts to unseat incumbent management.[34]

The identity of the replacement together with the circumstances surrounding the resignation provides strong evidence of the importance of the dissidents' challenge. In another study, in six of the fifteen sample firms, there signing manager was replaced by a dissident or blockholder to whom the incumbents had sold shares in a "friendly hands" placement in order to diminish dissidents' voting power.[35]Further, the case studies of these firms provided convincing evidence of conflicts between the particular manager who resigned and the dissident or new blockholder whose alliance with the incumbent management ended shortly after the contest.[36]

The visibility of these often heated clashes between dissidents and incumbent management provides further corroborative evidence of dissidents' influence. In an additional five cases, the managerial resignation occurred during hostilities between the incumbents and dissidents, with three resignations taking place after the contest had apparently ended, but amid visible signs of renewed conflict with dissidents who had obtained board representation.[37] In fact, in four of the five cases, financial press reports indicated that the particular individual who resigned had experienced direct personal conflicts with the dissidents.[38] Moreover, in another case, a

management, including retirements from the CEO, chairman, or president positions, reported in the *Wall Street Journal*); Michael S. Weisbach, Outside Directors and CEO Turnover, 20 *J. FIN. ECON*.431 (1988) (documenting an average rate for CEO departures, excluding retirements, of 4.8% for NYSE-listed firms); Anne T. Coughlan & Ronald M. Schmidt, Executive Compensation, Management Turnover, and Firm Performance: An Empirical Investigation, *7 J. ACCT. & ECON.* 43 (1985) (documenting an average CEO departurerate of 8.0% for CEOs younger than sixty-three and of 12.7% for all firms listed in the *Forbes* compensation survey).

[32]*DeAngelo & DeAngelo, supra*

[33]. Jerold B. Warner, Ross L. Watts & Karen H. Wruck, Stock Prices and Top Management Changes, 20 *J. FIN. ECON.*461 (1988), p. 461.

[34]DeAngelo & DeAngelo, *supra,* p. 49

[35] Ibid.

[36]*See, e.g.*, the case of Pantry Pride. Incumbent management issued shares and transferred effective control of the company to MacAndrews & Forbes in order to get a concentration of shares in the hands of a single party, and thus prevent future proxy bids. When the issuance was announced, Pantry Pride claimed that Grant C. Gentry, the company's chairman and CEO, would continue to run the company. However, Mr. Gentry resigned three months later and was succeeded by Ronald O. Perelman, the CEO of MacAndrews & Forbes.

[37]DeAngelo & DeAngelo, *supra,* p. 49.

[38]*See, e.g*., the case of Canal Randolph Corporation. Following a compromise agreement, the dissident leader, Asher Edelman, characterized the chairman of the executive committee, Sir Walter Salomon, as a "76-year-old chairman" who ran the company far too conservatively and as a "foreign resident who spends little time in the U.S." Sir Walter resigned unexpectedly from the position of chairman and from the executive committee. Sir Walter's stated reason for his resignation was: "It's time to entrust the future of the company to the younger generation."

manager resigned within six months of the dissidents' failure to obtain any seats, following a campaign emphasizing his alleged incompetence.[39]

In less than one-fifth of the entire sample, the same incumbent management team remained in control of the still publicly held target firm three years after the contest outcome.[40] Thus, even where dissident shareholders fail to obtain a board majority, their efforts frequently play a significant role in effecting a change in corporate top management. While there is insufficient evidence to infer that the dissidents' efforts were the single critical factor in management resignations, circumstances surrounding most of these resignations suggest that the dissidents' efforts were important in effecting the management changes.[41]

However, these resignations once again raise a question as to whether inferior managers are removed. Because resources are expended in proxy solicitations when there are no material information costs for outsiders to identify the superior management team, some dissident challenges may actually focus on, and ultimately remove, incumbent managers who are in fact better at operating the firm. In contrast, material information costs may enable relatively inefficient incumbents to survive a dissident challenge.[42] Consequently, some firms may become less efficient because of these resignations. Nevertheless, these resignations may allow the firm's board to be more efficient overall. While individual directors may be less efficient than those they have replaced, the dissident-represented board in its entirety may function more efficiently than the previous incumbent board. For example, the individuals who resigned may have been overbearing and stifled views contrary to their own. The removal of these individuals will allow remaining members to speak freely and suggest policies that may maximize firm value. Therefore, the firm may still increase its efficiency despite the apparent loss of these "superior" managers.

In Nigeria, the concept of proxy contest is unknown. Proxy contest is not provided for under the Nigerian laws governing companies and their activities. Rather, provision is made for proxies only. Section 230[43] is to the effect that any member of a company entitled to attend and vote at the meeting shall be entitled to appoint another person (whether member or not) as his proxy to attend, vote and speak at the meeting in his stead. This will not apply in the case of a company having a share capital unless the articles otherwise provide.[44] Every notice calling a meeting must state that the members are entitled to appoint proxy or proxies as the case may be.[45] The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing.[46] In the case of a corporation, it must be under seal or an officer or attorney duly authorized. The instrument appointing a proxy must be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting.[47]

[39]*See, e.g*., the case of Pullman, Inc. The dissidents alleged that Samuel B. Casey, the firm's CEO and president, had mismanaged the company, and sought to have him fired. According to *Wall Street Journal* reports, the dissidents "are betting that even if they can't unseat Mr. Casey by a proxy contest, the questions they are raising will stir up enough adverse publicity to force him out of office." Despite dissidents' failure to obtain board representation, Mr. Casey resigned six months later amid both dissident and shareholder questions "about his perquisites and the company."
[40]DeAngelo & DeAngelo, *supra,* at 49
[41] Ibid.
[42] Ibid
[43] CAMA 2004
[44]Ibid
[45]Ibid., Section 230 (2)
[46]Ibid., Section 230 (6)
[47] Section 203 (7) CAMA 2004

Under Nigerian corporate law and practice, the ways in which the management or control of the board can be changed are by way of merger, acquisition and take-over bids. These processes are regulated by the Securities and Exchange Act 2007. It is submitted that proxy contest should be incorporated into our law to enhance the corporate governance in Nigerian companies in line with international best practice. Proxy contest is not without benefit as it leads to top management resignations either during or shortly after the contest. This is as a result of the rival/ dissident criticisms and challenges. Proxy contest cause the company management to re-evaluate their policies and may cause the company to consider a sale or liquidation.[48] Proxy contest is also an efficient tool for corporate governance as it makes the management team of the company to sit up and be at its best always. Oftentimes, just the mere threat of a proxy contest is enough for the target company to enter into serious merger talks with the acquiring company.

The concept of proxy contests is not part of Nigerian corporate practice. Yet, there is no streamlined system to checkmate the practice in corporate practice which is often bedeviled with corruption, lack of accountability, and industrial dictatorship as opposed to democracy. This has led to chaos internal and external battle through the activities of activists in effecting change in corporate control. In light of this, there is urgent need to enact relevant laws or effect necessary amendments in the extant ones to streamline the practice of system of change in corporate management control, decision taking in management and other corporate issues. The emphasis should be to specifically define the practice of proxy contests, streamline the procedure, the cost management, and define sanctions for any contraventions. Doing this will go a long way to improve system of corporate management in Nigeria. It is therefore strongly suggested that the practice of proxy contest should be injected into corporate governance in Nigeria.

5. Conclusion

This study has examined the theory and praxis of proxy contests and recommends same to Nigeria. Yet the inquiry is not oblivious of the attendant challenges. Proxy contests are a method of forcible takeover and acquisition, which could be against interest of stockholders. Proxy contest activities could lead to directors' deadlock. It could result to buyout of shareholder interest in the company. Proxy contests give room to activists meddling with affairs of the corporate management. Cost of proxy contests is high and may affect cost of management, which may lead to rise in prices of products. It could cause inordinate change in management control. Stockholders might be misled by proxy activists' campaign strategists. Directors' privacies are often invaded by proxy activists. In spite of these disadvantages, the corporate practice acts as catalyst in improving activities of corporate managers who are conscious of their deals for fear of activists' takeover through proxy contests campaign. Proxy contests plays important role in change of corporate control and management ensuring that the best are appointed as screenings are always conducted following hot campaigns. Directors become mindful of their actions and conduct as they will always be brought to front line while placed in the nominees' slate. The cost is normally paid out of consolidated fund or company's fund, while the benefits go to the shareholders who enjoy improved management and rise in stock prices following proxy battle and corporate change. It leads to profit maximization. Thus, proxy fight is a good tool for change in corporate control and management. Constructive opposition, certainly, is always necessary to put the incumbents on their toes towards making right steps in management. As it is in politics, so is it in corporate governance. Adequate legal

[48] Proxy Wars: The Battle for Shareholder Approval available at http://www.corporate.findlaw.com. Accessed on 21th April, 2016

framework needs to be put in place in Nigeria, which will highlight the gains of proxy contest and discourage its shortcomings.