

## **Abstract**

The well-established negative correlation between staggered boards (SBs) and firm value could be due to SBs leading to lower value or a reflection of low-value firms' greater propensity to maintain SBs. We analyze the causal question using a natural experiment involving two Delaware court rulings—separated by several weeks and going in opposite directions—that affected the antitakeover force of SBs. We contribute to the long-standing debate on staggered board by documenting empirical evidence consistent with the market viewing the SBs as leading to lower firm value for the affected firms.