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As the GameStop saga reaches a bitter stalemate, leaving in its wake debates that shake the very core of free-market capitalism, a few questions remain for business specialists and stakeholders.

Among them are concerns around what the stock-market landscape will look like in future. What are we in for after this wave of what is, in essence, a populist revolt against Wall Street and what it stands for?

While industry professionals have based their speculations on the so-called dot-com bubble in the 1990s, there is no way to know for sure. But many assume that markets will likely be driven, in part at least, by increased shareholder activism which has recently gained enormous public attention as a result of the GameStop exposure.

By now, it’s no secret that shareholder activists are painful thorns in the sides of corporations, but in the digital age, the relationship has a whole new set of factors on which to reflect. Add a global pandemic into the mix, and what’s going on in the stock-market landscape takes us into unchartered territory. Predictions for shareholder activism trends in the coming months include a host of influences that can potentially reshape the markets for good.

For starters, activists have demanded that companies improve their policies around environmental, social and corporate governance (ESG). This is exemplified by the funding of costly coal power in the South African energy sector and the strong pushback from shareholders towards more renewable resources and long-term ESG solutions.

Companies prone to lagging indicators – where changes in performance trail the variables that cause them - or which demonstrate poor judgement, especially when responding to the pandemic, will need to engage with stakeholders or risk being targeted. Pandemic stragglers, for example, the FirstRand Group in the latest remuneration debacle, may become particularly vulnerable to attacks by shareholder activists. For companies like them, this could mean a concerted shift towards transparency and executive remuneration cutbacks to punish poor performance.

As a longstanding objective of shareholder activists, mergers and acquisitions (M&A) are a tactical ideal for underperforming and undervalued companies. It’s therefore likely that we will see a strong push from stockholders towards M&A objectives - especially in a market of slowing M&A activity. Investors will seek neatly packaged M&A designs and display an impetus for consolidation in a bid to unlock value. This will likely rank highly and put pressure on companies to shed dead weight or sell to peers in the hopes of speedy recoveries.

As demonstrated by the recent GameStop events, we are experiencing a new era of shareholder activism. Shareholder activists are using the spotlight cast on them to rally behind their core objectives which will likely see a shift in the stock-market landscape.

In these uncertain times, market intelligence hinges on a delicate balance between companies and their shareholders. This, in turn, is tethered to trends in shareholder activism and corporate governance.

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