



Investors not first priority

ONLY 44 per cent of Australian company directors rank shareholders ahead of other stakeholders.

Most directors think other groups — such as creditors or suppliers — are more important than the people who invested their money in the company, according to an Australian-first survey of company directors by the University of Melbourne.

This is in sharp contrast to the attitude of US companies where 80 per cent of directors put shareholders first.

The research also found most local directors would probably cut the dividend to shareholders as their first priority if company finances went down and only a minority of directors thought increasing the share price was important.

It found the relationship between investors and directors was often fraught, with about 25 per cent of directors reporting tensions between the company and its shareholders during the past 12 months.

The top complaint from investors according to directors was financial performance (60.4 per cent), followed by proposed new business strategies (34.4 per cent) and proposed expenditure or investments (30.2 per cent).

More than 400 company directors were surveyed in the research.

Karina Barrymore



SURVEY ... shareholder-director relationship tense.