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Study to analyse company priorities

By **LEON GETTLER**

JUST a week after a parliamentary inquiry recommended not changing the law to make directors behave more ethically, directors are being asked whether they regard shareholders as more important than employees.

The Australia-first study, by the University of Melbourne's Centre for Corporate Law and Securities Regulation and Centre for Employment and Labour Relations Law, will survey 4000 directors from a range of Australian companies. The study is expected to add fuel to the shareholder-stakeholder debate.

The aim of the exercise is to analyse the competing interests of different stakeholder groups, such as employees, creditors and shareholders.

The survey asks directors such questions as whether they see themselves as required to act in the best interests of shareholders or stakeholders, whether this is done in the short or long term, the issues up for discussion between shareholders and management over the past 12 months, what influence, if any, employees and creditors had over management, and whether the company produced

reports disclosing its social and environmental performance.

Companies are asked about their size, their main source of finance, the breakdown of shareholdings and what areas the company would focus on in the event of a marked improvement in financial performance, or a downturn. The director of the Centre for Corporate Law and Securities Regulation, Ian Ramsay, said the study would show how Australian companies ranked the different groups.

According to overseas research, companies ranked the groups differently from country to country. US studies, for example, showed that shareholders were ranked ahead of other stakeholders such as employees. In Japan, however, employees were ranked higher over other stakeholder groups.

Professor Ramsay said that, despite two government inquiries, there was little research on director attitudes. "It's important for us to receive a good range of responses from the directors we are surveying, to build Australia's knowledge of corporate governance," he said.

LINK

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