

## **Shareholder Participation in Corporate Governance**

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**Theme:** Securities Class Actions, Creditors Rights and Enhanced Corporate Governance: The Dawn of a New Age?

**Sub-theme:** Corporate Governance

### **Abstract**

It is widely recognised that shareholders, and in particular institutional shareholders, can, and should, play an important role in ensuring that companies adhere to sound and effective corporate governance standards.

The South African *King Report on Corporate Governance of 2002 (King II)* recognises that institutional shareholders are involved in South African company management to a much lesser extent than they should be. In this paper it is argued that institutional shareholders, like pension funds and unit trusts, can play a vital role in ensuring sound corporate governance practices. The perceived difficulties relating to the involvement of institutional shareholders in company management are investigated and the *King* recommendations on how to encourage institutional shareholders to be more actively involved are discussed and evaluated. The draft Companies Bill of 2007 is also considered. It seems that Australia has a smaller percentage of institutional shareholders and the position in that jurisdiction is, compared to the South African situation.