

Increasing confidence in corporate governance

Both the general public and the capital market actors have increasing confidence in Swedish corporate governance. This is one of the findings of the 2010 Code Barometer, presented by the Swedish Corporate Governance Board.

Public confidence in corporate governance has grown in all aspects, but it remains lowest with regard to the remuneration of company executives. Among actors in the capital market, company chairs are the most positive towards the latest amendments to the Corporate Governance Code, while CEOs of companies which were first-time users of the Code were the most negative.

“After a dip during the financial crisis, public confidence in the running of stock exchange listed companies has recovered and is now at a higher level than before the crisis. The importance of good corporate governance and the key role of the Code are now more widely recognised among actors in the capital market”, notes Per Lekvall, Executive Director of the Swedish Corporate Governance Board.

The general public

Public confidence in the running of Swedish companies has improved considerably since the 2008 survey, rising from -0.26 to +0.34 on a seven-point scale. The increase is greatest among shareholders.

Public trust in companies' financial information achieves the highest average figure, rising from +0.03 in 2008 to +0.45 in 2010. The companies' ethical behaviour is also graded higher, reaching +0.13 compared with -0.15 in the 2008 survey.

The public's assessment of executive pay is the most negative of all the areas surveyed, even though there is an improvement from -1.24 in 2008 to -0.82 in 2010.

The capital market

Confidence among leading capital market actors that Swedish listed companies are being run in the interests of their shareholders has grown from 1.83 in 2008 to 1.91, but this is still below the 2005 figure of 2.02. The differences between the results of the surveys are small, however, and not statistically significant.

When compared internationally, Swedish corporate governance achieves a relatively high score, an average of 1.47 in an upward trend since the Barometer surveys began in 2005.

There has also been a continuous rise in market actors' assessment of the importance of the Corporate Governance Code in attracting risk capital. Company chairs are the most positive, increasing to 4.11 on a seven-point scale compared with 3.26 in 2008.

More respondents see advantages to applying the Code than previously. Company chairs are the most positive, while CEOs of companies using the Code for the first time in 2010 are the most negative.

The Code Barometer survey of the general public was conducted by NOVUS Opinion on 2-8 November 2010.

One thousand Swedish adults aged 16 and above were interviewed. The survey of the capital market was carried out by Hallvarsson & Halvarsson and comprised 123 major shareholders, other leading actors in the capital market and chairs and CEOs of companies listed on Nasdaq OMX Stockholm and NGM Equity.

Full reports on the surveys can be found on the Swedish Corporate Governance Board's website, www.corporategovernanceboard.se.

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