

Ecoda Conference – Brussels

Unlisted Companies as Drivers of Economic Growth: The Role of Good Governance

Othmar Karas, MEP, President of the SME Intergroup and Vice-president of the EPP.

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First of all thank you very much for your invitation. It is a great pleasure for me to be a part of this panel.

The importance of good governance for listed companies is obvious: the trust of investors is improved. Also governance in financial institutions is crucial - this is why we are working on the revision of the Capital Requirements Directives in order to subject remuneration policies of financial institutions to fair rules. That way, governance in financial institutions will be improved as well.

However, we shall not forget unlisted companies which account for more than 75 % of the European GDP.

Good governance should be the first priority of each and every company, not only because its positive effect on shareholders has been proved. It concerns each and every person working for the company, as well as its success in the business world. I do not have to stress that the crisis has shown once more that good governance is necessary. In the Special Committee for the economic, financial and social crisis I am the speaker of the European Peoples Party. This special committee, which has been established for one year, deals with the question how to avoid a crisis like this and how to deal with its consequences. How can we avoid the effects that the crisis had on companies and especially on SMEs? Good governance is key in this respect. So, one reason why we need it, is to limit the consequences of ups and downs in the economy in order to limit effects to all companies.

Therefore, policy-makers should no longer neglect this aspect of good governance but they should keep an eye on unlisted companies as well. In this regard, I welcome EcoDa's initiatives to create corporate governance principles for them.

Allow me to add a thought on SMEs, as particularly SMEs are unlisted companies. Just yesterday the SME intergroup - whose president I am - has had its first meeting, the necessity of action for this group became obvious again - 99% of all companies in Europe are SMEs - we have to protect them particularly. The shareholders of those want to stay with this enterprise for a longer period of time than a shareholder who has bought a share on the stock market. Good governance helps improve the stability of the enterprise. An all-embracing, dynamic approach towards good governance for unlisted companies will ensure and support their success.

I am looking forward to interesting discussions with you.