

**Shareholder Value versus Stakeholders' Interests—
A Critical Analysis of Corporate Governance from
a South African Perspective**

Linda Muswaka

*Faculty of Law, North West University, South Africa
E-mail: leemuswaka@gmail.com*

KEYWORDS Corporate Governance. Shareholders. Stakeholders. Shareholder Value. Enlightened Shareholder Value. Directors

ABSTRACT The board is the focal point of the corporate governance system. In South Africa, and internationally, the board of directors is regarded as the directing mind and will of the company. The board has a collective responsibility to provide effective corporate governance that involves monitoring the relationships between the board and management of the company, and between the company and its stakeholders. Traditionally, corporate governance focuses on the regulation of the directors' duties for the maximum welfare of the shareholders. As a result, stakeholder interests have held very little relevance under classical company law. However, the argument for imposing wider accountability on companies has gained importance and the issue of protecting stakeholders' interests has thus become crucial. Given this background, this paper examines the issue of the protection of stakeholders' interests under the Companies Act 71 of 2008. The main concern is whether the Companies Act adequately protects the interests of stakeholders. The paper concludes that even though efforts have been made in the Companies Act to ensure that other stakeholders, apart from just shareholders are protected, it seems that legislation is far from effectively providing for the rights of stakeholders. In this regard, recommendations for law reform are made.