Gov't ownership of firms 'maximises shareholder value'

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by Thomas Cho

SINGAPORE - The Singapore government's model of corporate ownership is an asset that helps to maximise shareholder value, a visiting US academic said yesterday.

In a forum organised by National University of Singapore Business School, Professor Michael Lemmon of the University of Utah said he found no evidence that political connections detract from the value of firms in Singapore.

"The key is that the Singapore model has adapted an arm length view between government and firms," Mr Lemmon said, adding that the government acts more like an investor that keeps a healthy distance from day-to-day operations, through Temasek Holdings.

Temasek is the controlling shareholder of Singapore Airlines, SingTel, DBS Bank, CapitaLand and numerous other listed Singapore companies.