Editorial

Ethics and Values in the Corporate World

A purpose of good governance is to reinforce accountability in organisations, and by doing so to improve their efficiency and endorse an ethical approach to commercial decisions and enterprise. The five papers in this volume of the Journal address values and ethics in relation to these issues. The first two criticise the mode of government regulation, the first of casinos and the second of the lack of the collaboration between government, industry and business schools that might change the 'system' to one that endorses ethics and moral leadership. The following two papers address the lack of recognition of stakeholder interests in regulation. A final paper returns to the theme that some of the problems identified in the corporate world could be addressed by recognising the importance of community values and ethics in contrast to the current emphasis on competition.

Hancock analyses the Government reviews of Crown casinos, using narrative analysis, a form of story telling used "in the context of public reporting, that is ultimately selective and reflective of certain power relations". The paper identified a shift in government policy, particularly in regard to Crown's Asian location, from encouraging casinos as a form of tourism and economic development, through to a focus on the individual gambler and "harm minimisation", to a current focus on "responsible gambling". It argues that the current regulatory monitoring is inadequate and that the priority given to profit maximising is at the cost of harm to a significant group of regular gamblers who represent some of the most vulnerable groups in society.

Despite the resurgence of interest in business ethics evidenced by the changes in US Federal government guidelines and regulations designed to promote ethics in the workplace, Clarke & Bassell argue that these measures largely fail. Business operates in a "viciously competitive world" where immoral decisions are made by people whose personal morality may be beyond reproach. The problem is the environmental system that breeds the culture that supports these decisions. A corporation is an ecosystem and also a learning organisation in which unethical decisions are made because of the corporate culture. In this context the decisions people make depend on the corporate culture and by extension, corporate boards. Clarke and Bassell's solution is to change to the system. That involves collaboration by business schools and corporate boards to change the system to give more commitment and credence to ethics and moral leadership.

Theoretical support for CSR is found in stakeholder theory which suggests that companies have a social "license to operate" and consequently responsibility to the societies in which they pursue their enterprises. The third paper in this volume by Kapor, Higgins and Goddard assert that a significant weakness of stakeholder theory is the lack of attention to the views of stakeholders themselves and that, in most cases, stakeholders' perspectives are simply assumed to be negative. They addressed this issue in a study of the OK Tedi Mining Company that analysed data from focus groups of members of local communities. The mine, in Papua New Guinea, is typical of mining companies that because of the size of their operations have a major impact on local communities particularly in developing countries where the extraction of mineral resources displaces indigenous people from traditional lands and affect their cultural social lives. The qualitative data provided some contradictory results which

the researchers suggested mirrored a "love-hate" relationship. Participants were frustrated by the slow response of the company to compensation payments and resented the company for polluting their river and destroying the surrounding environment. However, they realised that the mine had introduced modernity and the western world and led to vital health and education services. Kapor et al concluded that despite good intentions, CSR initiatives were largely unsuccessful because of the difficulty of meeting the expectations of people in a 30,000 strong community and the practical difficulties of implementing CSR initiatives.

The paper by Heenetigala and Lokuwaduge argues that the evidence from five case studies suggests that the Corporations Act should include explicit obligations towards stakeholders affected by the activities of a firm. The authors support this argument with six case studies of disasters that had major impacts on the environment and the societies in which they occurred. These were Bhopal in India, Exxon in Alaska, BHP in New Guinea, BP in Mexico and James Hardie and Telecom in Australia. In each case, although the circumstances differed, a dereliction of legal duties by the directors in the companies resulted in penalties but the compensation offered to other stakeholders affected by the company decisions was inadequate. The authors suggest that this issue should be addressed by changes in company law.

In the final paper in this volume Nardo and Francis note that 'future shock", due to the rate of change in society, is as real today as when Toffler first identified it. The effect of rapid change is accentuated by the growing complexity of society, international political instability and contemporary problems such as climate change. The authors argue that solutions to these problems depend upon how the problems are conceptualised and the infusion of community values into the discussion. They propose five principles that could guide an approach to solving these types of problems and conclude that cooperative behaviour is a better way forward than competitive behaviour. Rather than economic self-interest, decisions should be guided by moral values. In this way legitimacy is given to goals valued by a majority in society and, as they imbed community values, they are more likely to be understood and accepted.   volume of the Journal includes articles examining each of the topics that are the focus of the Journal: ethics, business systems and governance. They demonstrate the multidisciplinary nature of the Journal and of course how almost every discipline claims ownership of these areas of

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