Standing Up for Corporate Governance
– A Practical Theology Perspective

by
Bruce Everett

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I certify that this thesis is less than 25,000 words.
Abstract

In the wake of recent corporate failures such as Enron in the USA and HIH in Australia, the issue of corporate governance has been given renewed focus in the business world. While government agencies have used regulations to tighten governance processes, there is an emerging view that governance is less about systems and processes, and more about corporate culture and morality. This view creates a natural entry point for practical theology to establish a dialogue with the issue and with the people responsible for corporate governance because it poses the questions of “what ought to be” and “on what basis do I decide what is right?”

This research is exploratory in nature and the foundation for further research. Rather than seeking to prove a hypothesis, it is grounded in the interview data from a sample group of people in governance roles in Australian corporations. It uses the Whitehead model of theological reflection to foster a critical dialogue between the personal experience of the participants and relevant social theory and Christian tradition.

The personal experience was gathered through two stages of research involving one-on-one interviews followed by a group session to discuss a governance scenario. The initial interviews indicated that corporate values are an increasingly important means of guiding corporate behaviour. The group session then explored ways in which values are significant and suggested a hierarchy of compliance. That is, while there was seen to be ‘some latitude in compliance’ with higher level rules and relationships, the participants proposed that the ultimate guide to ethical behaviour was personal integrity and being able to live with oneself.

This hierarchy of compliance was reviewed in the context of social theory and the Protestant Christian tradition. This review suggested that values are socially constructed and contextual, and may not be objective guides to ethical corporate behaviour. It also suggested that being able to live with oneself was necessary, but not sufficient, to living a life of integrity. Integrity requires an internal and external coherence such that, not only is one true to oneself insofar as one is true to others, but equally one can only be true to others insofar as one is true to oneself. Only upon this dual platform can a person choose right and stand up for corporate governance.

The research provides a context for practical theological engagement for the Church with this “hot” business topic and contributes a focus on integrity to the debate on corporate governance and business ethics.
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1. Introduction

Corporate governance is a “hot” business issue due to recent examples of corporate failure in Australia, such as HIH Insurance and One Tel, and overseas, such as Enron and Worldcom. It has been variously described as:

- ‘narrowly, as the relationship of a company to its shareholders or, more broadly, as its relationship to society’, in Financial Times [1997].
- ‘a topic recently conceived, as yet ill-defined, and consequently blurred at the edges…as a regime to be followed for the good of shareholders, employees, customers, bankers and indeed for the reputation and standing of our nation and its economy’, Maw et al. (1994).

It is the system by which companies are directed to promote fairness, transparency and accountability to stakeholders. So too it balances the entrepreneurial drive for creating economic value with the risks to the business, the stakeholders, and increasingly, the environment. It seeks to interpret the spirit and intention of the law, as well as complying with the letter of the law. ¹

How corporations are governed has always been a key area of business management since the modern corporate structure distanced the owners (i.e. the shareholders) from the managers (i.e. the Board of Directors and the Executive managers). It is a sensitive political issue today because these shareholders and other community stakeholders are becoming increasingly concerned about company failures, excessive executive pay, and abuses of power, and are becoming more active in seeking greater visibility on the actions of these appointed managers. In recent times a bright light has been focused by the regulators, media, and shareholders on the internal workings of boardrooms and on the morality of business leaders. This light has revealed instances of board dysfunction², insider trading³, illegal practices⁴, and other examples of ‘human frailty responding to opportunity’⁵ amongst these managers of corporate Australia.

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² Duncan Hughes, "APRA Minding NAB’s Business," The Age, 24 March 2004. 1
³ Elisabeth Sexton, "I Know What I Did Was Wrong: Vizard," The Sydney Morning Herald, 22 July 2005. 1
⁵ Sexton, "I Know What I Did Was Wrong: Vizard." 1
While government agencies have used regulations (such as CLERP 9 in Australia and the Sarbanes Oxley Act in the USA) to tighten governance processes and attempt to prescribe ethical behaviour, there is an emerging view that governance is less about systems and processes, and more about corporate culture and personal morality. Justice Owen, who presided over the HIH commission into Australia’s worst corporate failure, suspects that the HIH failure was not a failure of law but rather a profound failure of morality.

“From time to time as I listened to the evidence,” Owen writes, “I found myself asking rhetorically: Did anyone stand back and ask themselves the simple question – is this right?”

Justice Owen sees the breaches of law and of trust in the HIH case as a moral issue because morality is concerned with goodness or badness of character and with the distinction between right and wrong. He asks rhetorically why no-one stood back and asked this question – is this right? - of themselves and of others. He implies, therefore, not only a moral failure on the part of the HIH directors but also complicity by others who knew of or suspected improper behaviour.

In raising the moral question, Justice Owen goes beyond the standard of law (for example in the Corporations Act 2001) and the standard of good corporate governance (for example in the Australian Stock Exchange (ASX) Principles of Good Corporate Governance). These laws and governance standards seek to promote fairness, transparency and accountability to stakeholders, both before the event (e.g. independent directors) and after the event (e.g. independent auditors). Karen Leslie Hamilton, Chairperson of the ASX Corporate Governance Council, sees that the intentions of ‘maintaining an informed and efficient market and preserving investor confidence remain the constant imperatives.’ These aims are not so much about right and wrong, but rather the traditional Business Ethic of faith in a self-regulating free market. Justice Owen, however, brings the point home to each of us and our personal ethics. He lays the responsibility for moral organizations on “anyone” and everyone. He sets the standard as to whether it is right or wrong in moral terms rather than just whether it maintains the free market and preserves investor confidence. He raises the issue of how we choose right at the time of the event.

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6 CLERP 9 – Corporate Law Economic Reform Program Act 1999
9 ASX, “Principles of Good Corporate Governance and Best Practice Recommendations.” Foreword
10 The Business Ethic is an approach to trade and commercial practice based on a claimed right to seek one’s own commercial advantage through free competition and the private accumulation of wealth, based on faith in a self-regulating free market. Manuel G Velasquez Business Ethics (New Jersey: Prentice Hall, 1998) 494
Introducing concepts of right and wrong adds complexity and subjectivity to the debate on good corporate governance. Questions of moral relativism and universal rules of right and wrong have been argued in philosophy since before the time of Plato. In sociology the standard of what is right and wrong are observed to vary between communities and cultures (and are grounded in the mix of family, community, universal, cultural, ethnic, ideological, philosophical and religious beliefs). Yet, as with other rules of law, good governance is equally about good people as it is about good regulations. The current regulations in Australia and overseas have encouraged more visibility, independence and self-regulation. However, poor moral choices continue to be made despite increased regulation. For Justice Owen, right and wrong are moral concepts and he thinks that ‘all those who participate in the direction and management of public companies, as well as their professional advisers, need to identify and examine what they regard as the basic moral underpinning of the system of values.’

The continuing instances of poor corporate governance are of concern to all participants in Australia’s free economy, for they cut to the core issue of trust and faith in the integrity of these appointed managers. These instances may be only ‘exceptions to the rule’, but they have created a situation where ‘many Australians do not trust companies. They think they are greedy, selfish and heartless…[and are not] upholding the values they hold dear.’ This lack of trust threatens the belief in a free, self-regulating economy and hence the effectiveness of Australian business. But do the managers of corporate Australia hold different values? Do they leave their personal values at the door when they enter the workplace? Is a focus on corporate values the solution to guiding good corporate governance and rebuilding trust?

This research project matters because it seeks to take on the “softer” governance aspects and explore the values of a group of these managers. It focuses on the alignment of corporate values with the personal values of the participants and whether there is a fundamental disconnection ‘at the door’. It matters, because companies and the economy are not completely separate entities, but are made up of people working in community. If shareholders, consumers and employees believe that companies are greedy, selfish and heartless, then is this just the management and “governors”, or is it all really all of us who work for the company?

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11 Owen, "Moral Hazard." 25
13 Though the law treats the corporation as an immortal fictitious person who can enter into contracts, all in their own name. Manuel C Velasquez, Business Ethics. (New Jersey: Prentice Hall, 1998) 17
This research project was prompted by the cover of the *Business Review Weekly* May 8-14, 2003 that reported on a statement made by Chris Corrigan, the Chief Executive of the diversified transport conglomerate Patrick Corporation, with the headline:

**I defy anybody**

Chris Corrigan dismisses widespread concern about Patrick Corporation’s corporate governance

In context, Chris Corrigan challenges the consensus that a majority of independent directors is best and says:

> If someone wants to challenge my integrity, go right ahead… I defy anybody. If people don’t know that I have a very high level of personal corporate standards…I stand on my record. I’m happy to stand apart from this consensus [on corporate governance].

Chris Corrigan’s strong personal statement suggests he feels that personal integrity is a key value for corporate governance and inspired the questions for this research of:

- personal integrity – what is its source, what informs it, how subjective is it?
- corporate standards - how aware are people of corporate governance standards, how relevant are they, what do they see as their role?
- standing apart - what does it take to go against the consensus, how are whistleblowers protected, when are group decisions most powerful? and
- whether Chris Corrigan can speak for the organization on corporate governance issues, is he responsible, can we rely on his personal integrity?

Chris Corrigan’s statement takes another view on what is right and wrong, and standing apart. Whereas Justice Owen seems to lay the responsibility for moral organizations on anyone and everyone, Chris Corrigan says, in effect, he is the responsible one and he doesn’t need a majority of independent directors on the board to exercise good corporate governance. The interviews with the research participants revealed a similar sense of personal accountability aligned to the same belief in personal integrity as the foundation stone for corporate governance.

But what is integrity and how reliable is it as a guide for corporate governance? Chris Corrigan believes that his integrity is the key to good governance for his organization and points to his record. Regulators, such as the ASX, believe that good corporate

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governance ultimately requires people of integrity, but acknowledge that they cannot regulate for integrity. Integrity is a word that is hard to quantify, objectively measure, or regulate for. While the ASX does not define “integrity”, for definitional purposes in this paper integrity refers to wholeness and soundness of character that reflects honesty, fairness, and consistency in business dealings. This implies an integrated character or self, as well as maintenance of a standard for fair dealing with others.

This research, therefore, explores the issue of values and personal integrity in business. Rather than seeking to test the researcher’s hypothesis, the perspective is grounded in the views of a sample group representing people responsible for governing the activities of Australia’s corporations. Through discussion with the research participants and consideration of relevant social theory and Protestant Christian tradition, this project seeks to better understand the nature of personal responsibility for corporate governance suggested by the statements of Justice Owen and Chris Corrigan, as well as to better understand the role of integrity in corporate governance.

A sample group was chosen of senior businessmen occupying ‘C’ level roles (including CEO, CFO, CIO, Chairman) in financial institutions, manufacturers and technology providers. Their personal experience of corporate governance is predominantly as senior executives with some experience as members of boards of directors. They are male, aged between 40 and 55 years, with middle class upbringings in Australia (with one participant raised and educated in South Africa), university educated during the 1970’s and no explicit religious belief. Apart from the experience to speak to these issues, the participants are all social colleagues of mine, hence were willing to openly share their views and beliefs within the group. For this reason, this initial research did not involve businesswomen and is limited to a male perspective.

The interviews and group session confirmed that the participants understood the issues and responsibilities of corporate governance. They all agreed that they had a moral leadership role and that corporate values are an increasingly important guide to ethical workplace behaviour. Their responses suggested a hierarchy of compliance in business, with their personal values being the ultimate arbiter of decisions rather than rules and regulations. Indeed, poor regulations were seen to have potential to

15 ASX, "Principles of Good Corporate Governance and Best Practice Recommendations.” 25
promote a culture of non-compliance as businesspeople sought to balance their primary objective of maximizing shareholder value in the face of legal “red tape”. Corporate values were also seen to have a hierarchy, with protection of the company’s reputation and retention of working relationships regarded as important but ultimately secondary to maintaining integrity to oneself and being able to live with oneself.

The participants in this research expressed their belief in free and responsible decision-making. The apparent hierarchy of compliance suggested a liberal belief in the autonomy of the individual as well as the *laissez faire* or liberal faith in a self-regulating free market. Exceptions to the rule may be a consequence, therefore, not only, as one participant suggested, of a normal ‘bell curve’ of distribution of ethical people or a response to opportunity or pressure, but also of this seemingly inalienable right of autonomous action by the individual. This individualistic view was, however, mitigated by an acceptance of a broader corporate social responsibility to others.

Based on the input of the participants, the research goes on to consider key concepts of authenticity and responsibility to the self and to others, as well as the objectivity and immutability of integrity as a tool for guiding good corporate governance. These ideas are explored through the analysis of the data generated from the research participants, textual analysis of critical social theory, and consideration of some specific Christian doctrine. My emerging thesis is that integrity requires an internal and external coherence such that, not only is one true to oneself insofar as one is true to others, but equally one can only be true to others insofar as one is true to oneself. Only upon that dual platform can a person choose right.

The title of this research project is “Standing Up for Corporate Governance — A Practical Theological Perspective.” Hence, it not only looks at why people don’t stand back and ask the question: is this right, but also what it takes to stand up against pressure to conform to unethical behaviour in the workplace. The application of this research is to help the Church to better understand and engage with the moral issues of corporate governance, as well as to provide pastoral support for people who are standing up for good corporate governance. This research also helps to support the self-reflection of the participants and the researcher.
2. Model of Practical Theology

Practical theology addresses people’s desire for self-reflection as well as a desire for the Church to be understood and have meaning in a contemporary context. Don Browning sees that there are a number of dimensions of practical theology - the meaning dimension, the action dimension, and the self dimension with practical theology finally concerning “the formation of human selves.”\(^\text{16}\) Hence, this project does not seek to push Judeo-Christian doctrine on rules, values and morals, but rather seeks to record the personal experience of the research participants, to dialogue with relevant social theory and Christian tradition, and to reflect on the nature of the moral self. This critical approach reflects the model of theological reflection proposed by James and Evelyn Whitehead in *Method in Ministry*.\(^\text{17}\)

![Figure 1 - Whitehead Model of Theological Reflection](image)

Although directed to pastoral concerns and the Christian community, the Whitehead model is used to structure the theological reflection and the ordering of this research paper. This paper separates the Personal Experience (i.e. the research data), the Cultural Information (i.e. critical moral and social theory), and the Christian Tradition (i.e. specific Biblical and Protestant doctrine) as a means of shifting the focus. The danger of the Whitehead model for this purpose is that it may suggest an artificial separation of the sources of knowledge when, in reality, Christian thinking and moral perspectives have influenced modern Western business culture and social theory. Don Browning has suggested that all Western people are shaped to some extent, even if they consider themselves atheists or agnostics, by an effective history with a religious dimension.\(^\text{18}\) Hence, though this research is seeking understanding of the issue of corporate governance rather than explicitly seeking God, a Judeo-Christian epistemology is revealed in all three sources.

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\(^{16}\) Don Browning ed. *Practical Theology: The Emerging Field in Theology, Church and World*, (San Francisco: Harper & Rowe, 1983), 87-95


\(^{18}\) Browning, *Practical Theology*. 91
The Whiteheads recognize that the religious information available in each source is partial and, 'while the limitation of personal experience and cultural information as religious resources may be more immediately evident, there are limitations...that arise from the human interpretations and cultural contexts that have shaped the Tradition.' The Whiteheads note examples of limitations in the Christian tradition, including 'culturally rooted biases within the Church today for hierarchical models of leadership and against equal access of women to positions of ministerial leadership.' While changing, similar culturally rooted biases exist within the patriarchal business culture and society that provides the setting for corporate governance. Hierarchical models of leadership and unequal access and representation by women in senior management roles characterize Australian business. They also exist within this research project where, for reasons discussed in Section 3 Research Approach, the participants are all male and a female perspective on these issues is lacking.

The insights from the participant Research Data (Section 4.1) are considered against the other sources of Moral and Social Theory (Section 4.2) and Christian Tradition (Section 4.3). Each section is situated in context, with the Research Data set in Australian business culture and middle-class society, Moral and Social Theory in the modern Western world, and the Christian tradition located in a contemporary Protestant tradition. However, each source is inextricably entwined with the other and the participants bring the worldviews and values learnt as part of their communities.

The model of theological reflection adopts an interactive and critical approach which draws equally from these three sources, critiques each against the others, and seeks to suspend premature judgment. The Whiteheads see theological reflection as essentially practical and 'a systematic way to approach the various sources of religious information, one that leads not just to theological insight, but to pastoral decision.' For this project, practical theology means not only how the Church can engage with the moral issues of corporate governance, but also how the Church can provide pastoral support for businesspeople who are standing up for corporate governance.

19 Whitehead, *Method in Ministry*. 22
20 Ibid. 23
21 Ibid. 2
3. The Research Approach and Results

The interviewing of a small sample group was designed to uncover common themes for subsequent theological reflection and potentially for further exploration of hypotheses with a larger sample. Accordingly, this research project is exploratory in nature. While the sample size is not statistically significant, the significance of the research is seen to come from its timeliness (as a business issue in public debate) and its access (to people involved in governance in Australian corporations), as well as generating data to ground a helpful dialogue between the Church and business.

A sample group of senior executives from Australian corporations was approached to provide personal experience with corporate governance. This experience has been gained in such roles as Company Directors, Chief Executive Officer, Chief Financial Officer, and Chief Information Officer within financial institutions, manufacturing companies and technology providers. Their personal experience of corporate governance is predominantly as senior executives with some experience as members of Boards of Directors. They are male, aged between 40 and 55 years, with middle class upbringings in Australia (with one participant raised and educated in South Africa), university educated during the 1970’s, and with no explicit religious belief.

The participants are part of a casual social club that has been meeting monthly over the past 24 months. A good basis of openness and trust has been built up over this time and helped facilitate the individual sharing of views on corporate governance as well as the group session. Inviting others from outside this circle of friends was seen as a risk to the openness of the group session. As such, it is noted that the sample group excluded a female perspective. Future research would be enriched by inclusion of female businesspeople. The demographic profile of the sample group does, however, correlate with the population of Australian business leaders. According to the Australian Institute of Management-Monash University Leadership Survey 2001, the AIM member population is 76% male, mostly aged 40-59 years, with 54% degree or diploma qualified. 21% are female members with the majority aged 30—49 years.

The sample group is reasonably representative of the “governors” in corporate governance. That is, those in positions of power as business executives and board members. The research, therefore, excludes governance roles such as auditors and

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22 The participant’s religious beliefs and backgrounds were not explored in this initial research. The interviews discussions suggested that two were from Catholic backgrounds with the others from a Protestant upbringing.

other participants in the workforce who may be less empowered than these participants.

There were two data gathering stages – Interview and Group Session - as per below.

The one-on-one interviews used in the first stage of the research allowed freedom for people to reflect on their experiences and to verbalize their motivations. While this helped to get beyond what people say they do and what people think they do, the interviews were self-reflection in comfort rather than in ambiguous or pressure situations. The follow-up focus group in the second stage was helpful to observe the impact of culture and group dynamics on individual decision-making, as well as to stimulate the collective experience of the participants. This second stage was also intended to elicit responses in a situation of more ambiguity and peer pressure.

Rather than the general open questions in the one-on-one interview stage, a scenario approach was adopted in the focus group. The scenario was constructed to present a corporate governance issue that is 'grey', hence, requiring consideration and collaboration with others. The scenarios allowed different moral frameworks to be employed and 'whistleblowers'\(^\text{24}\) to have an opportunity to stand apart. This approach sought to elicit different views from the participants and allowed the Researcher to observe how these views were reconciled, modified or left unresolved in the group.

\(^{24}\) “Whistle-blowing” is a term used to describe action taken by an employee to inform senior management or some outside authority of activity which they regard as fraudulent, dishonest, criminal or dangerous to others.
The results of the interviews and the group session are presented in the following section. Participant quotes are recorded throughout this paper in “italics” and, as appropriate, pseudonyms are used to link specific quotes to participants.

Application was made to the Human Research Ethics Committee of the Melbourne College of Divinity in December 2003 for approval to conduct the research and approval was received in July 2004.

The initial stage involved one-on-one interviews of eight people conducted by the Researcher during September and October 2004. These interviews took 1-1.5 hours and were conducted at a location of the participant’s choice. The second phase used representative corporate governance scenarios with individual and group response from 6 participants, and concluded in December 2004. Participant responses were hand recorded and made anonymous in the subsequent write-up of this paper.

3.1. Stage 1 - Approach to Individual Interviews

The interview phase of this research project sought to identify the following:

- Whether there is a common understanding of corporate governance;
- Whether executives feel a personal responsibility for corporate governance;
- What motivates these executives to speak out on corporate governance; and
- Whether the corporation has a role to play in encouraging ethical standards.

The interview questions and data are included in Appendix 1 & 2. The interviews were analyzed to identify themes for the group session and for later theological reflection.

3.2. Stage 1 – Results of Individual Interviews

Most participants within the sample group saw corporate governance as: “Acting responsibly, in the best interests of shareholders” (participants A, E, F & K). They also expressed that they had a personal responsibility to exercise and role model good corporate values. Similarly, most saw that the organization had a key role in articulating clear corporate values and that these values were crucial to good corporate governance, as well as to sustainable business performance and to realizing the full potential of each person. From their personal experience most believed that, despite exceptions, most corporations and individuals were ethical.
However, there were some who did not see such a positive view of corporate ethics and the efficacy of a corporate values framework. This negative view was reinforced by the common belief that there would “always be exceptions to the rule”, whether it be the rule of law, the rule of corporate values, or the rule of peer pressure. Indeed, the suspicion by some was that the more that business is regulated by corporate governance rules or by values systems, the more opportunities there were for the unscrupulous to work around the system. The sample group could identify few examples of good role models of corporate governance (Michael Chaney of Wesfarmers and National Bank being one) but could more readily recall the past and recent high-profile examples of poor corporate governance such as HIH and Enron.

Key themes to emerge were:

1. That corporate governance is acting with broad responsibility and with integrity in dealing with all stakeholders (e.g. staff, customers, suppliers, regulators).
   Quote: "Acting responsibly, in the best interests of shareholders." “The responsibility to act ethically within the confines of statutory compliance. More than this, there is a responsibility to fellow human beings to act honestly.” “The balancing act…of ethics and the goal of creating maximum shareholder value.” “Not any one thing. It includes external regulatory requirements, internal policy requirements, and corporate values and ethics.” “What goes around, comes around."

2. That they, as senior executives, have a personal responsibility to provide the lead on corporate governance and role model good governance within their organizations.
   Quote: "CEO, Chief Counsel, Board of Directors primarily responsible for Corporate Governance...CEO must walk the talk". “Everybody and the experts…I have a high responsibility to set an example of corporate values, to encourage long term ethical decisions rather than short term expedience, and to bring experience.” "Absolutely! As a director, I need to be aware of the issues and potential conflicts, to speak up where greater transparency is required, and to contribute actively."

3. That a clear values framework within a corporation is equally, if not more, important to good corporate governance than rules and regulations.
   Quote: "[Values framework has a] huge role in agreeing values, providing
feedback on compliance, expelling those that don’t [comply]...Indeed, stronger role than the regulators.” “You don’t leave your values at the door when entering work.” “The problem is that stupid rules lead to transgressions and people trying to work around the rules. This encourages a culture of law breaking.” “People feel that they have some latitude in compliance.” However, there was a view that: Quote: “Corporations pay lip service to values.” “Australian workers have a great ability to rationalize the ‘grey’.”

4. That personal values are “not left at the door when entering work” and that these ethical standards are learnt in the home, in school, and in the workforce (in that order of priority).
Quote: “Learnt in the home, as well as some innate sense of right and wrong.” “Personal values and standards are learnt ‘in the kindergarten’. Life and work experience reinforces or tests these standards (to confirm your limits and which values are immutable).”

5. That these senior executives would be compelled to speak out on corporate governance issues because it is consistent with their personal and corporate values.
Quote: “My innate sense of fair play and a desire to be direct.” “There would be no choice but to speak up if something was inconsistent with my value framework.”

6. That the corporation can play a significant role in reinforcing these personal values – in its hiring, recognition and communications policies.
Quote: “We hire for values…and performance appraisals balance financial and values performance...It is a long term program not a ‘silver bullet’.” “We believe there is a generation that has not been brought up with these essential values. We have a responsibility as an employer to educate our staff.”

7. That there will “always be exceptions to the rule”.
Quote: “There is a ‘bell curve’ of integrity in any cluster [hence] there will always be exceptions to the rule of ethical behaviour.” “There remain individual exceptions that ‘hit the front page’ because of their large scale, ‘tall poppy syndrome’, or as a response to a breach of trust.”
These themes from the interviews reinforce the increasingly visible role that corporate values have in guiding workplace attitudes and behaviour. While organizations have always had values that underpin their cultures and ethical positioning, the recent corporate failures have prompted a renewed focus on values and a shift from the mission statement of what we do to value statements of who we are as responsible business organizations. The themes also reflect the view of the participants that their personal values are “not left at the door when entering work” and that they are personally responsible for making the business organization ethical.

**Stage 2 – Approach to Group Scenarios**

Based on the emergent themes generated from the first stage, the second stage of the research project investigated the strength and practicality of these values in ethical decision-making. Using specific corporate governance scenarios, it looked at which values are important and why, rather than just asking are values important? The theme that there will “always be exceptions to the rule” was also explored in the group session.

The two scenarios are shown in Appendix 3, with the first raising the issue of product safety and its impact on workers and the public, and the second raising the issue of possible collusion in bidding for computer systems. Individual responses to the first scenario were sought by questionnaire before the group session to allow the respondent to gain a feel for the process, as well as for the Researcher to gain the individual's view without the exercise of peer pressure that may occur in the group. The questionnaire presented a typical scenario, in this case on workplace and community safety, and sought the participant’s:

- Experience of this situation
- Exploration of the issues involved, including legal/ethical/practical implications
- Reflection on the values that they believe would guide their action
- Action that they would propose to take.

A similarly structured second scenario on tendering and collusion was then explored in the group session. In this group session, the exploration component not only recorded the individual’s response to the scenario but also explored various factors.

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25 Drawing upon the Director’s Responsibilities put out by the Australian Institute of Company Directors (AICD) and the sample of values recorded on company website. www.companydirectors.com.au

responses from the group. Similarly, the reflection component encouraged the group to reflect upon the principal values that underpinned their individual responses. The scenarios were constructed to present corporate governance issues that are ‘grey’. In so doing, they were intended to allow for differences of opinion that would require consideration and collaboration with the others for a resolution in the group context.

The scenarios were designed to:

- get beneath the surface of the interviews and test whether the responses were what the individual wanted the interviewer to hear rather than what the individual would actually do if placed in that situation.
- Identify which values have more weight in the person’s decisions. For example, whether the teamwork value overrides respect for confidentiality.
- allow different moral frameworks to be employed and “whistleblowers” to have an opportunity to stand apart in the process of the group discussion.
- elicit different views but then to observe how these views are reconciled, modified or left unresolved in the group discussion.

The group session was structured to allow individual consideration in a common space, then a break for casual or “corridor” conversation, followed by group discussion and resolution. My role as Researcher was to facilitate the discussion, record the discussion, observe the confidence or hesitancy of the participant’s responses, and to observe how different views were handled through the group interaction. Responses were sought from participants on the scenario’s legal and ethical issues, their reflection on the values that they would believe are relevant to these issues, and the action(s) that they would take. The values responses were captured on a Values Assessment form. The participants were asked to rate the relevance of the values, or those others they see as germane to their response.

3.3. Stage 2 – Results of Group Scenarios

The results are summarized below and in the table in Appendix 4 – Values Assessment Form (showing the variance in views):

- Experience of this situation – both scenarios were considered by the participants to be realistic and familiar corporate governance issues.
- Exploration of the issues - respondents identified the threat to worker and public health in Scenario 1 and the probity of the tendering process in Scenario 2. They also highlighted the potential conflict between protecting the company’s reputation and its broader duty of care to affected people.
• Reflection on the values they believe would guide their action – the participants appeared to have internalized the corporate values and to employ a similar set in their decision-making. As shown in the Forms in Appendix 4, there is variety in the perceived relevance of the different values.

• Action they would propose to take – there was considerable alignment in the actions that the individuals as well as the group would take. Scenario 1 – Unsafe Products tested the “whistle-blower” response more than Scenario 2 – Collusive Tendering, with protection of human life overruling protection of company reputation. In Scenario 2 the protection of company reputation and shareholder value guided the views.

The Values Assessment Forms indicated that values were held to be important to the situations represented in the scenarios. The strength of the different values varied between the participants with some of the relationship values, for example, working with team mates or responsible citizenship, considered less important.

Specific observations about the responses for Scenario 1 – Unsafe Products Issue, in the individual questionnaire component, included that:

• The participants noted that they were familiar with the scenario, especially in the light of the recent James Hardie asbestos story.27

• A variety of values were identified by participants as critical and in potential conflict (for example, protecting the company’s reputation, a duty of care to others, complying with the law, and staying true to one’s own integrity), with little alignment amongst respondents as to which they considered was the most important.

• There was a strong sense of personal accountability and willingness to take a stand, with most respondents prepared to go directly to the CEO and challenge the lawyers’ recommendation.

• The challenge, however, was typically preceded by their seeking their own legal advice on their position.

• The readiness with which respondents considered resigning as a possible action.

27 The building materials manufacturer, James Hardie Industries, was alleged to be deceptive in its handling of people stricken with cancer and other illnesses as a result of exposure to its asbestos products.
Specific observations about the responses for Scenario 2 – Collusive Tendering Issue in the individual questionnaire component included that:

- The participants appeared confident with the scenario because it was familiar to them, either as suppliers or as buyers of computing systems.
- This familiarity (or perhaps personal operating style) appeared to stifle consideration and reflection, with some participants almost semi-automatically responding to the questions.
- With the more reflective participant, there was some unspoken pressure to complete the questionnaire (with the others putting up their pens and waiting).
- There was a strong sense of a desire to move into action.

Specific observations about the responses for Scenario 2 – Collusive Tendering in the group discussion component included that:

- The focus was on best shareholder value more so than the impact on the personal circumstances of affected staff. Participants thought it was important to “lockdown” external suppliers.
- Company reputation was a primary consideration and the recognition that “what goes around comes around” i.e. business was about trusted relationships.

The intent of the focus group was to observe the impact of culture and group dynamics on individual decision-making; elicit responses in a situation of more ambiguity and peer pressure; give “whistleblowers” an opportunity to stand apart in the process of the group discussion; and observe how these views are reconciled, modified or left unresolved in the group discussion. The second group scenario failed to generate the variety of responses of the first scenario or to generate discordant views that required obvious attempts of reconciliation. This may be in some part due to the less ambiguous nature of the Collusive Tendering scenario or perhaps because this issue has clearer legal boundaries than the Unsafe Products scenario. It may, however, also be in part due to less obvious peer group pressure to align views and move to a decision. So too, it may be in part due to pressure to say things that the individual wanted the interviewer, and their peers, to hear rather than what the individual would actually do if placed in that situation.

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28 Even though this was a timely scenario with Amcor and Visy subject to ACCC investigation of an alleged cartel arrangement that was alleged to be price fixing in the packaging industry
The sample group of participants is not only reasonably representative of senior businessmen, but also representative of a group of Australian men who have a social relationship. The group meets monthly to catch up with what is happening in each other’s personal and professional lives. The group is familiar with each other and open to, indeed interested in, each other’s individuality. New members of the group are welcomed and the group is egalitarian in nature. There is, as with many groups, an inner circle and outer circle reflecting an implicit hierarchy based on pre-existing relationships, status, and ego. There is also an underlying competition, implicit in telling the most interesting tale and more explicitly felt on periodic golfing weekends. Both these things reflect a power dynamic in the group. In effect, the social group serves a multiple role of reflecting back ourselves in how others respond to us, in reflecting how well we are performing vis-à-vis our colleagues; and in reflecting on our life priorities and values. If we fit in, we are powerful. If we do not, we lack power.

Uplifting this social relationship into a business setting for the group scenarios suggests that the peer pressure to comply should be less because of existing trust and respect of divergent views. However, where in the social setting the participants may be more tolerant and reflective, in the business setting of the scenario the pressure was on to complete the questionnaire and move into action. There was pressure to align and act, especially given a seemingly familiar ethical situation of Collusive Tendering. There was also pressure not to appear foolish or, at least, to appear knowledgeable in front of “mates”. This pressure caused the more reflective participant to hurry up and finish, and perhaps stifled the initial written response as well as the confidence to offer opinions in the group discussion.

These observations are relevant for corporate governance situations for two reasons. In the business context there is more pressure to act than to reflect. In the business context there is also more pressure to comply than to be different. Both combine to place pressure on the person who lags. Both combine to disempower the person who might wish to offer a different view. This has implications on “whistleblowers” and places a responsibility on the powerful to act in a right manner and with integrity.

The objective of the group session was to move from asking are values important to look at which values are important and why? The Values Assessment Forms show that multiple values are relevant for both scenarios and the overriding value for each scenario is different for each person. However, for this sample group of businessmen, the issue of personal integrity was the dominant value (named in the space for Value
While maximizing shareholder value was expressed to be the main business objective, obeying the law is necessary, and protecting the company’s reputation is desirable, it all came down to personal integrity and conscience. This was variously described as:

“Doing the right thing.”
“Being able to live with oneself.”
“Treating others as you would want to be treated.”
“Acting in accordance with one’s personal value system as aligned to the accepted values of the community.”
“An honest connection between people.”
“Being able to sleep at night.”
“To thine own self be true”.

The variety of descriptions above suggests that integrity is a word that means different things to different people in today’s world. While its dictionary definition is ‘Integrity n. wholeness; soundness; uprightness, honesty’[^29], the key questions seem to be to what and to whom? The research suggested less of integrity as being true to ideals or organizations, but rather as a value of being true to oneself and living with oneself and others. Their personal integrity is anchored to the idea of maintaining livable relationships with self and with others.

However, just as for Chris Corrigan in his ‘I defy anybody’[^30] quote earlier, the participant responses indicated that personal integrity is a powerful, emotional and strongly held value. Maintaining personal integrity would be the main reason that the participants would speak up if ethically challenged and the main reason that they would resign if the company values were not aligned with their personal values.

Quote: “There would be no choice but to speak up if something was inconsistent with my value framework.”

Integrity was seen as important in a relational sense. The participants seemed to share the view that “what goes around comes around”[^31] and reflects that business is

[^30]: Kirby, “Corrigan’s War.” 32

[^31]: Reflects Galatians 6:7 ‘you reap what you sow’ and the concept of Karma (a Hindu religious belief) that comprises the entire cycle of cause and effect with one interpretation as ‘if you do good things, good things will happen to you - if you do bad things, bad things will happen to you’.
about relationships, hence one's personal reputation for fair dealing was crucial to continued success in the business world. This seemed to be a pragmatic acceptance that for relationships to work, one must trust people and that one must be trusted. Drawing from a quote at the one-on-one interview stage:
Quote: “My key belief is in mutual dependencies i.e. if you are known as immoral, people won’t deal with you.”

Conscience was implicit in the comments of “Being able to live with oneself” and “Being able to sleep at night.” Conscience, like personal integrity, is explored further in the later theological reflection. However, for these participants, the strong linkage between the two ideas suggests that their ethical decisions may be guided by personal integrity at the time of the event and by conscience after the event.

The theme that there will “always be exceptions to the rule” was also explored in the group session. The consensus was that there will always be exceptions because of:
Quotes: “Ego and emotion”, “If someone is determined to be a crook, then you won’t catch them even with controls, codes of whistleblower legislation,” and “The financial markets need for continued growth and success, puts pressure on CEOs and executives to fudge results.”

The theological reflection will also give further focus to exceptions to the rule. These observations and results of the two research stages represent the data gathering component of this project. The next section of Interpretation of Results begins to explore the experience in its business context then in the light of relevant social theory and Christian tradition.
4. Exploration of the Sources

4.1. The Research Data

4.1.1. Focus of the Theological Reflection

The research phase identified a number of themes for theological reflection, including:

1. The increasing role that explicit value statements (e.g. codes of conduct, value statements) play in governing business attitudes, decisions and behaviours.
2. The source of these corporate and personal values (e.g. the role of the church, the state, the education system, families in instilling values).
3. The potential conflict of corporate and personal values, and the effect of such conflict on corporate governance.
4. The nature and source of personal integrity and conscience, and its quantification for corporate governance purposes.
5. The continuing experience of “exceptions to the rule” who make decisions that are contrary to good corporate governance and a culture of values based leadership.
6. The underlying philosophical belief ‘what goes around, comes around’ and that business is about relationships.

The interviews with this sample group of senior executives highlighted that values-based leadership (theme 1) is popular in this group, but may not be successful in identifying all “rogues” (theme 5). While a range of values are important to this group in guiding their leadership and making ethical decisions, the ultimate value which would prompt them to stand up for corporate governance and oppose the corporate direction (theme 3) is personal integrity and conscience. Even more than their personal reputation and the need to sustain relationships in business (theme 6), the ability to ‘do the right thing’, to ‘live with myself’ and ‘to sleep at night’ was the fundamental principle for these executives. Therefore, theme 4 was the primary focus of the theological reflection.

The results of this sample group suggest that there is a hierarchy of compliance and that corporate governance filters down from rules, to general values, and then, ultimately, to one’s personal integrity and conscience.

32 The belief in “what goes around comes around” and Karma is a fruitful area for theological exploration. According to the Theory of Karma, every action taken to achieve a result leaves a karmic residue behind that accumulates and takes away one’s well being and freedom. Christian tradition sees that the residue can be removed and the law of sin and death may be overcome by love and grace, which will restore relationship with God and others (and the ability to sleep at night).
This does not necessarily suggest that the participants would not comply with the law. It does suggest, however, that where the law is “grey” then the individuals feel empowered to make their own decisions and that their personal interpretation is influenced most by what the test of what they can live with themselves.

In reaching this conclusion, however, we need to first look at this interplay of corporate governance; rules; relationships, responsibility; values; integrity; and conscience in light of the research data. Then we need to understand (Section 4.1.2) the business context in which these views are held and sourced. Lastly, we need to note that the research sample is male, white, middle-class, Anglo-Saxon and secular, hence, although representative of Australian business leaders, is a limited sample.

The responses of the participants to the Values Assessment Form in Stage 2 suggests a balanced view of rule-based values such as item (9) on the form - Obey the law and compliance systems; relationship-based values such as item (1) Deal fairly and honestly with other parties and item (5) Responsible citizenship in the broader community; and integrity-based values such as item (4) Avoid personal and financial conflicts of interest and item (10) Other – Personal integrity. The rating of most of the values as Strongly Relevant in Scenario 1 – Safety and Scenario 2 –

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33 The responses suggested that if the law was significantly inconsistent with their personal values and threatened their ability to live with oneself, that the participants may challenge the law. Indeed, if the law was also interpreted as poor and inconsistent with maximizing shareholder value, then ‘workarounds’ may be sought.
Tendering, suggests that the respondents recognize areas of overlap between rules, relationships, and personal integrity.

However, quotes such as: “Government agencies and regulators lead to increased costs, reduced efficiency and resentment – which combines to weaken the [compliance] environment because people work around the rules” and “Corporate governance is no different to other forms of governance. People feel that they have some latitude in compliance”, suggest that rules:

- Should be obeyed;
- Can be problematic and may encourage non-compliance;
- May be considered to have some latitude in compliance.

Similarly, that relationships:

- Are important;
- Reflect the interdependence of business life;
- May be considered to have some latitude in keeping.

The participants acknowledged that corporate values are increasingly important to guide the moral behaviour of staff and that they have a personal responsibility to create, reinforce and role play these corporate values. This reflects that values are learned in community, as well as being shaped and changed by the beliefs of the members of that community, including the business community. The participants recognized that they were in a position of power to influence others.

Quotes such as: ‘[Values framework has a] huge role in agreeing values, providing feedback on compliance, expelling those that don’t…Indeed, stronger role than the regulators”, “It is a long term program not a ‘silver bullet” and “Corporations pay lip service to values”, suggest that values, like rules and relationships also:

- Are important;
- Reflect the interdependence of business life;
- May be considered to have some latitude in keeping.

The participants worked through a process of balancing different values. But which values are fundamental? The objective of the group session was to move from asking are values important for corporate governance to looking at which values are important and why? The Values Assessment Forms show that multiple values are relevant for both scenarios and the overriding value for each scenario is different for
each person. The participants felt that they had a “Balancing act... of ethics with the goal of creating maximum shareholder value” and that they had to choose between conflicting values, for example choosing between public health outcomes and protecting the company’s reputation.

This is reasonable because all ethics involve choice between different outcomes and the study of ethics is concerned with the basis with which people make these choices, for example the greater good, God, and/or self-interest. In the scenarios where the law was unclear and corporate values were potentially in conflict, the participants’ consensus in the group stage was that it all came down to each individual’s personal integrity. This is supported by quotes from the participants that included: “My innate sense of fair play and a desire to be direct.” “There would be no choice but to speak up if something is inconsistent with my value framework” and “Personal integrity is being able to live with myself.” The participants believed in the efficacy of corporate values until the point where they were inconsistent with their own personal values. This would prompt them to speak up and, if fundamental enough, to consider resignation from the company.

Like Justice Owen who posed the simple question: is this right, the participants recognized a moral imperative, especially in the Unsafe Products scenario. However, the language of right and wrong was not used, but rather softer moral language such as being “inconsistent with my value framework” and “being able to sleep at night.”. This language seems to reflect an implicit rejection of absolute standards and an explicit statement that ‘I decide’. It also reflects a confidence in the autonomy of the individual to make free and responsible decisions and the fact that, despite organizational pressure to conform, they still felt free to act according to what allowed them to sleep at night. Hence, though acknowledging a social responsibility, the participants seemed to believe that they are ultimately accountable to themselves and the ultimate arbiter for ethical actions is being able to live with themselves.

The research participants observed there will always be ‘exceptions to the rule’ of ethical business behaviour. They acknowledged the pressure to “fudge results” and “ego and emotion”, but perhaps these exceptions also occur for the same reasons of:

- An implicit rejection of absolute standards and an explicit statement that ‘I decide’.
► A confidence in the autonomy of the individual to make free and responsible decisions and the fact that, despite organizational pressure to conform, they still felt free to act according to what allowed them to sleep at night.
► They believe that they are ultimately accountable to themselves and the ultimate arbiter for ethical actions is being able to live with themselves.

4.1.2. The Research Data in Context
This research funnels to this point of highlighting the importance of personal integrity and accountability to self. For the sample group, personal integrity appeared to be a fundamental, immutable, almost absolute, value. This idea of integrity as being consistent is important in the context of the participants’ business environment where integrity must be maintained in the face of change – in the organization’s focus and performance, the business roles played, and the belief and norms of the business culture. In situating the notion of personal integrity in this business environment, first we need to understand the roles that the participants play, the business objectives they seek and the worldviews which inform their attitudes and behaviour.

The personal experience of the participants in the research phase suggests that:

- Their overriding business objective is to maximize shareholder value;
- They see their leadership role as modeling right behaviour;
- They bring to these roles and this business objective their own worldviews;
- They interpret personal integrity for business leaders as being true to one-self.

4.1.2.1. Business Objective
Maximizing shareholder value is seen to be the key business objective of the sample group. “Economist [Milton] Friedman...advises corporate managers to lay aside personal values and focus solely on generating profits for shareholders. Their duty is to do everything possible - except break the law or commit fraud - to enhance the bottom line.”34 This narrow focus reflects the Business Ethic which claims a right to seek one’s own commercial advantage through free competition and the private accumulation of wealth based on faith in a self-regulating free market.35 As stated by one participant: “The goal of creating shareholder value has been the major influence on corporate governance since the 1980s.” With the close scrutiny of the market analysts and the major institutional shareholders, failure to meet growth projections in

35 Glossary of Ethical terms Velasquez, Business Ethics. 494
share-price is considered to be the ultimate sin. The behaviours that flow from this
single business objective include inflation of assets, transfer of expenditures over
reporting times and between business entities, and fraud. As another participant
noted, “The financial markets need for continued growth and success, puts pressure
on CEOs and executives to fudge results.”

However, and despite exceptions to the rule, a broader focus has emerged over
recent years to recognize that shareholder value must be sustainable over the longer
term and requires a “triple-bottom-line” focus that encompasses financial, social and
environmental outcomes. Corporate governance policies, guidelines and regulations
have also sought to mitigate the single-minded focus on maximizing shareholder
value and to introduce accountability to other community stakeholders. The
participants recognize the need for broader accountabilities in order to maximize
shareholder value over the long term. As they say, “what goes around comes around”
and one also reflected the Christian Golden Rule of “treating others as you would
want to be treated.” (Matt. 7:12) Hence, their personal integrity should be considered
in the context of this broader business objective, rather than to pigeon-hole them as
being measured solely on the financial bottom-line.

To act with personal integrity requires the participants to be congruent with this
business objective and to interpret what maximizing shareholder value means. Taking
a longer term view or considering others beyond shareholders, is difficult for
corporate leaders as ‘short term-ism’ is increasingly dictating actions.36 This ‘short
term-ism’ is reflected in the diminishing tenure of CEOs and the focus on quarterly
growth targets. Maintaining personal integrity and these broader accountabilities
under this business pressure is not easy. Being consistent while the world is
changing around you is not easy. Acting with good conscience when notions of right
and wrong vary between communities and in society is not easy. It is understandable,
therefore, that moral exceptions occur and personal integrity becomes more mutable.

4.1.2.2. Leadership Role

These senior Australian businesspeople say that values are important and recognize
their personal responsibility to “walk the talk” as ethical role models for their peers,
staff, customers and suppliers. As stated by one participant “I have a high
responsibility to set an example.”

To act with personal integrity requires the participants to be congruent with their business leadership role and to interpret how best to demonstrate values that will support the objective of maximizing long term shareholder value. They are called to be leaders and to pursue the values that the corporation believes are key for success. Rae and Wong see that leaders have a responsibility to create moral organizations:

They can encourage these environments by the infusion of values through corporate culture and through the modelling of integrity on the part of executives who set the tone for the whole organization...However, as Dan Smith emphatically reminds us, an ethical corporate climate begins with the moral character of the leaders of an organization. They are the ‘guardians’ of the system.\textsuperscript{37}

The executives set the tone for the organization and are the creators and guardians of the system. This “system” comprises the culture and beliefs of the organization as to what is normal, right and wrong, and common knowledge. It is this system which guides ethical behaviour as much, if not more than, the rules and regulations. Hence, despite common regulations, different organizations will have different systems, cultures, and understandings of what it means to be a moral organization.\textsuperscript{38} As discussed in the following section on worldview, the leaders are part of a prevailing worldview, bring their own personal views into their roles, and act to define and perpetuate the specific worldview of their organization. Accordingly, the leaders have a responsibility to create moral organizations that, in turn, keep them honest. In effect, it is their system of values that they embody in their organization and they themselves who must police the integrity and ethical standing of the organization. The answer to the question: \textit{quis custodiet ipsos custodies?}\textsuperscript{39}, is that ultimately the “guardians” guard themselves.

In many contexts, including the business context, leadership roles place expectations on the individual to reinforce the organization’s activities and publicly defend its decisions. Christine Parker highlights that this can be hard for:

One of the major themes of empirical research on business ethics is that organisational life makes it hard for individuals to maintain their own integrity by acting according to their own sense of ethics and social responsibility.\textsuperscript{40}


\textsuperscript{38} Despite the commonality of views of the research participants, it is likely that a study of the organizations for which they work, would show differences due to history, attitudes to risk, industry regulation, etc.

\textsuperscript{39} \textit{quis custodiet ipsos custodies} Latin for “who shall guard the guardians?”

\textsuperscript{40} Christine Parker, \textit{The Open Corporation: Effective Self-Regulation and Democracy} (Cambridge, UK: Cambridge University Press, 2002). 32
Just as with the business objective and changing business environment, the role that the person plays can sometimes make it difficult to act with integrity and consistency. The participants felt that they had a “Balancing act... of ethics with the goal of creating maximum shareholder value” and that they had to choose between conflicting values, for example, choosing between public health outcomes and protecting the company’s reputation. It is understandable, therefore, that the role of “company-person” and the expectations of staying “in character” can apply pressure for people to maintain integrity with the company such that their personal integrity can become more mutable.

4.1.2.3. Individual Worldviews
As noted earlier, the participants come from different backgrounds, but from a historically White Anglo Saxon Protestant worldview. Their cultural influences from their upbringing and schooling in Australia and South Africa during the 1960’s and 1970’s are Western, middle-class, Christian, white and male orientated.

The research data suggested the belief by the participants that they are:
- free and empowered to control their own destiny - ‘There would be no choice but to speak up if something was inconsistent with my value framework.’
- responsible to others – ‘treating others as you would want to be treated.’
- rational decision-makers - ‘The balancing act...of ethics and the goal of maximizing shareholder value’.
- able to choose the values to which they subscribe and to develop a personal morality rather than comply with an absolute standard.
- ultimately accountable to themselves – ‘being able to live with oneself.’

This worldview provides a context for their views on corporate governance and ethical decision-making. Darrell Reeck sees that ‘morality and ethics are closely related to the way one views reality as a whole... ‘Worldview’ is the framework of one's thinking that sets out the way one holds reality actually and fundamentally to be [hence] ethics and worldview are logically related to each other.”41

People also use different methods of moral reasoning, be it self-interest (ethical egoism), the greater good (utilitarianism), whether it feels right (emotivism), inherent

or reasoned moral duty (deontological), or moral character (virtue theory). For example, a utilitarian leader may be justified in claiming financial bonuses as a consequence of reducing a minority of the workforce and thereby increasing the share price, on the grounds that they have helped achieve the greatest happiness for the greatest number of investors. They may be considered to act with integrity to the business ethic, but who decides if this is moral?

The ethical standard in the Australian business context is set by compliance with Corporations law and professional standards. Exceptions to these rules have seen corporations fail, legal penalties applied and personal reputations lost. However, moral standards are less explicit in this modern age and come back to the individual balancing their worldview, role, and the business objectives of the corporation.

The worldview, like the business objective and role, has a significant influence on personal integrity. For example, whether they are economic rationalists (basing decisions on value-neutral economic effectiveness) or secular humanists (advocating maximum autonomy provided others are not hurt) will have a large bearing on their ethical and moral decisions. It suggests that, even if a person’s integrity is immutable, it remains subjective and may vary from another person’s. As discussed in the next section, the moral standard of the participants seems to hold a tension between the ethical egoist and emotivist standpoints of being true to self and the deontological and virtuous reasoning of being true to others.

4.1.2.4. **Being true to oneself**

These senior Australian businessmen say that personal integrity is their ultimate value. Their quotes of: “Doing the right thing”, “Treating others as you would want to be treated”, and “Being able to live with oneself”, reflect self-interest and living with self, as well as doing the right thing by others. The measure of ‘being able to live with oneself’ may reflect living with good conscience or dealing with guilt, the latter interpretation being suggested by the quote “Being able to sleep at night.” It may also reflect the comment of one participants “That Australian workers have a great ability to rationalize the grey’ and perhaps accept, unethical action.

Being true to self does not automatically imply the moral concepts of right or wrong. A recent example of this is Andrew Landeryou (involved with the failed Melbourne

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42 Rae & Wong. *Beyond Integrity*. 28-39
University Student Union) who said: ‘I started with nothing. I may end with nothing. I don’t really mind as long as I am true to myself.'\textsuperscript{43} Personal integrity as being true to myself, able to live with myself, or able to sleep at night is suggested by the participants as an absolute concept – the only immutable value. However, as discussed earlier, it is a value that is under challenge depending upon the business goal, the leadership role, the worldview, and the ability of the person to rationalize the greys in order to sleep at night. Personal integrity is being regularly tested and, even if it remains immutable, it is not objective nor is it the same for every business person.

The efficacy and reliability of personal integrity as a guide for good corporate governance needs to be considered and similarly tested. Regulations, such as the ASX Principles for Good Governance, regulate for such things as independence and transparency of reporting, but cannot regulate for integrity for the reason that it is esoteric and subjective. The following sections will further explore personal integrity to determine whether there might be some objective measure of personal integrity. This is a research project in its own right but is important for the corporation, not only to find good governance “guardians” but also to find the people across the entire organization who will stand up against unethical behaviour. As the Chair of the Australian Securities and Investment Commission (ASIC), Jeffrey Lucy, says: ‘It’s not all about the directors…Overwhelmingly, Australian companies are run by people of integrity, but companies always involve risk.’\textsuperscript{44} To paraphrase a participant, it is this balance of integrity and risk that defines a good business leader and ‘confirms your limits and which values are immutable’.

The research suggests that objective recognition of integrity is also vital for the individual. Just as for Chris Corrigan’s plea to be judged on his integrity and track record, so too is personal integrity held dear by the participants. Their willingness to resign if their personal values do not align with the company’s values or actions suggests that being true to oneself is extremely important. To situate this strong value in the business context, personal integrity was also seen to be necessary to succeed in business. As one participant said: “I believe in ‘mutual dependencies’ i.e. if you are known as immoral, people won’t deal with you.” Beyond his pragmatic view, it perhaps raises the question of what else can they rely upon if this fundamental value is not the immutable bedrock of their ethical position? Lastly, the strength with which personal integrity is held, suggest a tight linkage to a notion of self.

\textsuperscript{43} Leonie Wood, "'Nothing Left to Lose': Landeryou Promises to Tell It How It Is," \textit{The Age}, 4 May 2005. 3
\textsuperscript{44} Mark Abernathy, "Keeping 'Em Honest," \textit{Charter}, August 2005. 28
4.2. Moral and Social Theory

Having discussed personal integrity in the business context of the participants, it is timely to engage with broader social theory and moral philosophy to see what these sources say about:

- World views, rules, and responsibilities;
- Roles, group behaviour, and self;
- Values, morality, and exceptions to the rule;
- Personal integrity and conscience.

Accessing the resource of social theory and moral philosophy to focus on corporate governance, personal integrity and conscience is a large and complex undertaking. While acknowledging that this access is partial only, it is crucial to place the personal experience of the participants in the context of the prevailing culture and views on moral philosophy. For these times, there are a number of philosophical perspectives and social theories that underpin our assumptions about the world in which we live and the way we do things.

4.2.1. World View, Rules and Responsibilities

The sample group of senior businessmen reflected the beliefs that they are:

- free and empowered to control their own destiny.
- responsible to others.
- rational decision-makers.
- able to choose the values to which they subscribe and to develop a personal morality rather than comply with an absolute standard.
- ultimately accountable to themselves.

This belief in freedom of action and rational decision-making reflects a modern view first proposed by Enlightenment thinkers in the eighteenth century and still evidenced in our concern for efficiency, the rise in global economics and, as observed by Susan Kenny, the role of ‘state bureaucracies in controlling our activities through a myriad of rules and regulations.’\(^{45}\) Kenny references German sociologist Max Weber’s views on the role of bureaucracy in limiting emotions and enforcing rules. In addition to state bureaucracies, Zygmunt Bauman sees that the corporation is the ‘other great institution meant to achieve that purpose’\(^{46}\) of enforcing rules and values.

\(^{45}\) Susan Kenny, *Developing Communities for the Future: Community Development in Australia*, 2nd ed. (Melbourne: Nelson ITP, 1999). 102
\(^{46}\) Zygmunt Bauman, *Alone Again: Ethics after Uncertainty* http://www.demos.co.uk/publications/aloneagain . 4
According to Kenny, Weber identifies four types of social actions:

1. Traditional action is based on customs and habits.
2. Affective action is based on emotions.
3. ‘Wertrational’ action is based on values, that is, it is oriented to some ultimate value or end, such as a religious end.
4. ‘Zweckrational’ action is goal-oriented; it is the most rational of these types of action because it is based on a calculation of the most efficient means to an end.\(^{47}\)

but she points out that Western societies have become increasingly based on ‘zweckrational’ action, with the corporation being an embodiment of this pursuit of efficiency and the maximization of shareholder value. The personal experience reflects this pursuit of efficiency but also suggests ‘The balancing act…of ethics and the goal of maximizing shareholder value’ and ‘wertrational’ actions based on values.

Rather than ethics being seen as just complying with rules, the participants brought a more subjective and considered view where they balanced their responsibility to others with their responsibility to self. This worldview reflects the ideas of secular humanism and post-modernism. Hilgert sees that in secular humanism, ‘critical intelligence, infused by a sense of human caring, is the best method that humanity has for resolving problems...We believe in maximum individual autonomy consonant with social responsibility.’\(^ {48}\) Going further, Hilgert suggests that: ‘Each individual's choice must be considered as valid as the next person's...Of course the safeguard is always added that an individual's choice of lifestyle must not impinge upon or harm another person.’\(^ {49}\)

The participants present a humanist worldview and do believe it is possible to reconcile the corporate and personal standards of different people. The secular humanist view presented by Hilgert is open for challenge with Bauman and Emmanuel Levinas, for example, suggesting that morality means being-for the other. This suggests that, even in this late or post-modern time, there needs to be a greater concern for the other than just not impinging upon or harming them. Bauman sees that this assumption of responsibility for the other is unconditional and that ‘one cannot imagine a point at which one could say with any sort of moral right: “I have

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\(^ {47}\) Kenny, Developing Communities for the Future. 102


\(^ {49}\) Ibid.22
done my share, and here my responsibility ends.” However, Bauman might argue that this is the pressure that the corporation places on its members to follow the rules and accept a “floating responsibility” rather than being directly accountable. Rush Finn suggests that ‘the individual has to weigh the rightness or wrongness of what is expected in any role, but it is precisely the fact that only a part of the self is identified with role that allows all too many of us to justify irresponsible actions.’ Remoteness is also a factor, with John Lachs observing a ‘psychic distance...The board of directors or president of a firm may make a decision that has unintended negative consequences...that do not appear to the decision makers to be as severe as they actually are.’

The research data suggests that the participants do accept a responsibility for corporate decisions in their organizations and to “walk the talk” in role modeling good corporate values. However, the overriding value is being true to self rather than to the other. In opposition to this view, Emmanuel Levinas, for example, would argue that we only exist in relation to others and that it is not possible to be true to self without also being true to others. The research data suggests a pragmatic recognition of this responsibility to be true to others in the comment “what goes around comes around” and an ethical recognition of “doing the right thing”, but falls short of the strong link that Levinas sees between others and self.

They also express a freedom to decide and to act outside of this pressure to comply. This freedom is reflective of the individualism of modern society. It also reflects the positions of power that the participants occupy within their organizations as well as their relative financial security. For example, one participant suggested his courage to speak up came from “confidence in my beliefs and judgments, as well as financial security”. Hence, it is worth noting that this freedom to decide and to stand up against corporate pressure to act unethically is obviously influenced by a person’s position.

However, the question remains: are they free? While acknowledging their power positions and their liberal worldviews of autonomous action, people both shape and are shaped by their cultures. The participants are free to act within the culturally accepted norms of Australian business and Australian culture, but these cultures

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50 Bauman, Alone Again: Ethics after Uncertainty 15
52 John Lachs in “I only work here: Mediation and Irresponsibility” in R DeGeorge and J Pitchler eds. Ethics, Free Enterprise and Public Policy 1978 cf Finn, Pemberton and Rush Toward a Christian Economic Ethic 199
continue to reflect a patriarchal, economic rationalist nature. Their freedom to act ethically is culturally conditioned.

The research participants do not reject absolute standards, whether legal, religious, or corporate, but feel that there is a hierarchy of compliance. In this experience of senior businessmen, corporate standards are considered guidelines for action only and something to be examined against one’s own personal standards as well as against one’s ability to sleep at night. There was little mention of bad or good, true or false, right or wrong. There was recognition of “a sense of fair play” and “acting responsibly”, but ethical decision-making was more based on the “consistency with my personal values framework” and “being able to live with myself.” This does not suggest that their actions would be unethical, but that personal judgment and interpretation come into play. The ASX guidelines are proposed as guides and recommendations rather than prescriptive rules for the reason that business, as Jeffrey Lucy said earlier, involves a balance of risk and integrity. Hence, interpretation of the spirit and letter of the law is an important skill of corporate leaders. The hierarchy also reflects a closing of the modern separation between business and the household, with their acknowledgment that these ethical standards are “learnt in the home” and are “not left at the door when entering work”.

Nowadays, the statement of "consistency with my values framework" appears to be more politically correct than to use language such as right or wrong, good or bad. Perhaps the language of morality carried too many outdated connotations of judging others or sin – concepts that are unacceptable in today’s world of greater relativism, liberalism and secularism. In his book, *After Virtue*, Alastair MacIntyre suggests that:

> the language of morality is in a state of grave disorder. What we possess...are the fragments of a conceptual scheme, parts of which now lack those contexts from which their significance derived...we continue to use many of the key expressions.  

In corporate governance we continue to use, as MacIntyre says, many of the key expressions like integrity, responsibility, duty, trust and values. They retain power, however, in this modern culture they are not as anchored in the traditional notions of community and our responsibility to others. While one participant expressed the fundamental philosophy of “mutual dependencies”, it was seen as a requirement for

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53 However, according to the ASX Corporate Governance Council, 85% comply through reputational, peer, and investor pressure Leon Gettler, "Enlightened Self Interest," *The Age*, 18 May 2005. B4
ongoing trade “otherwise people won’t deal with you” rather than a responsibility for the welfare of the other person. Bauman observes that the paramount value of business ethics is trust which ‘as the small print shows, is mostly concerned with keeping promises and abiding by contractual obligations [for] without such honesty, business cannot survive.\textsuperscript{55}

4.2.2. Roles, Group Behaviour, and Self Identity
Social theorists, such as Erving Goffman, suggest that people play many different roles and are influenced by group pressures to conform to their prescribed roles. MacIntyre observes that in traditional communities, social roles and identity have been seen as ‘part of my substance, defining partially at least and sometimes wholly my obligations and my duties.’\textsuperscript{56} However, roles can also confine thinking and confine accountability. Christine Parker goes on to highlight the challenge to one’s integrity from the demands of different roles.

Organizations often tend to destroy individual's integrity by tearing apart their constituent 'selves' - their commitment to the business goals of the organization on the one hand, and, on the other, the personal ethical commitments and sense of social responsibility.\textsuperscript{57}

The extreme of this line of thought lies in the work of Erving Goffman who argues that there is no self at all. Goffman sees that we have ‘liquidated the self into its role playing, arguing that the self is no more than "a peg" on which the clothes of the role are hung…What seems to be self is merely a series of social masks that change with each successive situation.’\textsuperscript{58} This is a disturbing thought in the context of corporate governance as more focus is placed on what we do rather than who we are.

The participants seemed to have a greater sense of being true to one self and, while acknowledging that they had roles and did role-model behaviours, they linked integrity with an integrated self that encompassed their business and home life. This sample group does, however, acknowledge that there is potential for irreconcilable gaps between their personal values and their corporate roles, to the extent that they would resign if their personal integrity was compromised. This same gap also potentially exists between being true to self and being true to others.

\textsuperscript{55} Bauman, Alone Again: Ethics after Uncertainty . 9
\textsuperscript{56} MacIntyre, After Virtue. 33
\textsuperscript{57} Parker, The Open Corporation. 32
\textsuperscript{58} Bellah, Madsen, Sullivan, Swidler, Tipton, Habits of the Heart: Individualism and Commitment in American Life (New York: Harpers & Row, 1985). 80-81
Existentialist philosophers of the nineteenth and twentieth centuries, such as Kierkegaard and Sartre, saw that what defines a person is not their soul or antecedent essence, but ‘the free intentional acts of consciousness by which the world is given meaning.’ This view resonates with that of Chris Corrigan who said earlier ‘I stand on my record’ and went on to say ‘I’m happy to stand apart from this consensus.’ Existentialism recognizes that estrangement is the nature of our human predicament and the character of our existential self. According to Paul Tillich, existence as estrangement has been explained in ‘deterministic terms: physically, by a mechanistic determinism; biologically, by theories of the decadence of the biological power of life; psychologically, as the compulsory force of the unconscious; sociologically, as the result of class domination; culturally, as the lack of educational adjustment.’ In all these explanations, the existential human being is seen as estranged from their essential being, and the awareness of their mortality gives rise to anxiety. Through Soren Kierkegaard, the word ‘angst’ has become a central concept of existentialism to express ‘the awareness of being finite, of being a mixture of being and non-being, or of being threatened by non-being...in man freedom is united with anxiety.’ As discussed later in the section on Christian tradition, Paul Tillich sees that in the human predicament there is a correlation between this universal destiny to be estranged from one’s essential self and the world, and the freedom of the individual to make choices.

The participants also highlighted some of the positive and negative sides of group behaviour. In the second group scenario the members of the group provided a “sounding board” function as well as implicit ‘hurry up’ to move into action. Group behaviour is often linked to the pressure to comply with unethical behaviour in business. However, Larry May acknowledges the positive power of group behaviour in helping withstand the pressures to move away from what is good or right.

Since the self is also a product of the group affiliations of which it is a part, a weak set of affiliations will make it more difficult for the self both to know what is right and to do it...When group affiliations provide a sense of solidarity or of group identity, then it is more likely that a self can resist, for instance, profit-motivated pressures from his or her employing institution.  

60 Kirby, “Corrigan’s War.” 32
62 Ibid. 34-5
The research did not explore the role of group affiliations in the participant’s corporate governance roles, however as noted previously, the willingness to stand up and/or resign on principle did reflect inner resources (of morality, power to act, and less financial pressure). May goes on to posit his main thesis that:

moral concepts such as integrity and responsibility need to be understood as embedded in social structures and processes such as socialization, solidarity, and collective consciousness. Integrity and responsibility are not the exclusive purview of isolated individual consciences. Rather, these moral concepts are at least partially formed by, and promoted or inhibited in, the interplay of persons that occurs within families, communities and nation-states. 

There is an acceptance by the participants that their values have been formed in community. This too, is an encouragement for corporate governance and suggests that group affiliations may have a more powerful effect on personal integrity than regulations or education.

4.2.3. Values, Morality, and Exceptions to the Rule

Attending to cultural information indicates that the notion of values is experiencing a renewed focus in Australian society, just as it was observed by the participants in the business world. Debate has been stimulated in the workplace due to the recent experience of corporate failures, but also in the church because of revelations of abuses of trust by the clergy and in the schoolyard with the suggestion that government schools have become ‘too politically correct and too values-neutral’, according to Prime Minister John Howard.

Some moral and social theorists, such as Stevenson and Bellah, suggest that values are socially constructed and contextual, not eternal, and hence may not be an objective and reliable guide that corporations and regulators are hoping for. As observed by Robert Bellah et al in Habits of the Heart, the emergence of an individualistic moral framework has led to values being fluid, as one of their research participant described it:

You got to be able to realize that most things are not absolute…in fact, one’s values are not really a single “system”, since they vary from one social situation and relationship to the next.

Bellah et al. question the efficacy of values as objective standards of behaviour:

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64 Ibid. 2
65 Leon Gettler “Directors buck at the suggestion of going back to school” The Age 4 August 2005 B5
67 Bellah et al, Habits of the Heart, 77
A self free of absolute values or "rigid" moral obligations can alter its behaviour to adapt to others and to various social roles. It can play all of them as a game, keeping particular social identities at arms length, yet never changing its own "basic" identity, because their identity depends only on discovering and pursuing its own personal wants and inner impulses.68

The research data suggests a similar individualistic moral framework but also, as Bellah argues for, a residual community commitment. The participants saw that values were an important part of building a moral organization and "a long term program not a silver bullet." Stevenson's view of values as persuasive is supported by the research with a number of the participants seeing a "huge role in agreeing values, providing feedback on compliance, [and] expelling those that don't [comply]." MacIntyre goes to suggest that: 'We use moral judgments not only to express our own feelings and attitudes, but also precisely to produce such effects in others.'69 As a lever for good corporate governance, values are obviously playing this persuasive role and, as one participant noted, “indeed, [a] stronger role than the regulators.”

Values are subject to change, with May observing that values mature through contact with life experience and with others: ‘The self matures by becoming committed to certain values and beliefs as a result of critical reflection, not merely as a result of having been socialized to accept certain values and beliefs.'70 This view is supported by the research participants’ self reflection and the comment that: “Life and work experience reinforces or tests these standards (to confirm your limits and which values are immutable).” This self reflection among the research participants is another hopeful sign for corporate governance. So too is the recognition that values can be positively influenced within their organizations. Writing in the Journal Research Technology Management, Michael Maccoby sees that building moral organisations means ‘getting everyone there to look at the group’s values, to identify gaps between rhetoric and practice, and not punish those that speak up.’71 He believes that the regulatory focus is on ethics not morals:

Ethics has to do with obeying the rules. Morality has to do with reasoning and behaving according to values that go beyond narrow self interest. A change of incentives combined with regulation can improve long term results and corporate ethics. But it won’t create moral organizations.72

68 Ibid. 77
69 MacIntyre, After Virtue. 11-12
70 May, The Socially Responsive Self. 20
72 Michael Maccoby cf. Leon Gettler, "Value-Added Organisations Need First to Sort Ethics from Morals," The Age, 4 April 2005. B21
Ethics is generally considered to answer the question: what ought you do, whereas morality is concerned with goodness or badness of character, or with the distinction between right and wrong. Moral organizations, therefore, need to go beyond compliance with rules and be defined by values that create a business culture of honesty, openness, and fair dealing. A corporation’s culture is created by those in power, hence, leaders like the research participants need to have a “high responsibility to set an example of corporate values, to encourage long term ethical decisions rather than short term expedience, and to bring experience.” As Maccoby implies, they also have a responsibility to create a safe environment for those that are less empowered to speak up for corporate governance.

The participants echoed Jeffrey Lucy of ASIC when he said that ‘overwhelmingly, Australian companies are run by people with integrity.’ Yet they also suggested that there “is a bell-curve on integrity [hence] there will always be exceptions to the rule of ethical behaviour”. This view is backed by Rae and Wong who see that, despite the best efforts of corporations and regulators, there will always be “bad apples”. Increasingly we hear of “rogue traders”, “corporate psychopaths”, and “corporate cowboys” who ride roughshod over workmates and work rules. However, the concern of Rae and Wong is that:

In many scandals, it is not simply ‘bad apples’ in the form of rogue individuals or executives who explicitly set out to defraud the public. Rather, it is usually a combination of organizational and environmental factors that plays the biggest role in creating the ‘bad barrel’ that leads to unethical actions.

By way of recent example, David Bulleen, a trader sacked by the National Bank for fraudulent trading that lost the bank $360m, said the unauthorised trading could have been prevented by the bank, but the management had a “see no evil, hear no evil” attitude. “Up the management tree they want to hear good news and if bad news comes, as long as they are not told directly, they don’t want to know about [unauthorized trading]. The culture was seen to encourage risk and discourage speaking up, with one junior trader ‘terrified of the repercussions of warning senior bank figures.’

73 Sykes, ed., The Australian Concise Oxford Dictionary. 701
74 Abernathy, "Keeping 'Em Honest." 27-28
75 Rae & Wong, Beyond Integrity. 632
76 Hughes, “APRA Minding NAB's Business.” 1
77 Ruth Williams, "NAB Forex Desk Was Told to Smooth Volatility, Court Told", The Age, 4 August 2005. B1
Similarly in *Time* magazine’s ‘Persons of the Year’ for 2002, three women representing Enron (Sherron Watkins highlighted their improper accounting), the FBI (Coleen Rowley flagged crucial information relating to Sep. 11) and Worldcom (Cynthia Cooper exploded the asset ‘bubble’) all stood back and asked the Justice Owen question: is this right? Indeed, Sherron Watkins inspired by the Martin Luther King Jr. quote: “Our lives begin to end the day we become silent about things that matter”, felt she had to act to do right. Each of these whistleblowers answered the *Time* question: How do you explain why so many people at your organization did not do what you did?, saying ‘it’s the value system at the top.’

It appears that, despite beliefs to the contrary, there are enough instances of unethical behaviour to suggest the ‘bell curve of integrity’ is broader than we would hope. This does not suggest that the “rule” is unethical behaviour in business. But it does highlight that the real exceptions are those that choose to stand up and blow the whistle on unethical behaviour. We hear few examples of people standing up for corporate governance, perhaps because of our cultural aversion to “dobbing in mates” or because “whistleblowing” is often seen to be career limiting. While a comment was made by a participant that “I don’t hold with whistleblower protection”, whistleblowers are usually the people ‘who did right just by doing their jobs rightly – which means ferociously, with eyes open and with bravery the rest of us always hope we have and may never know we do…and put pretty much everything on the line.’

This consideration of who the exceptions are is important in the context of corporate governance, because regulations, education and media attention are being directed to the “guardians” of the governance system, namely the directors and auditors. However, as Justice Owen implied in the HIH case, there was not only a moral failure on the part of the HIH directors, but also complicity by those within the organization who knew or suspected improper behaviour. Creating a moral organization requires everyone to look at the company’s and their own moral values and reflect on what is right and what is not. Creating a moral organization also requires the creation of a safe environment for any person to stand up and speak to moral and ethical issues. Personal integrity and conscience are not just issues for the Board of Directors of our corporations, but rather for the whole organization.

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79 Ibid. 34
4.2.4. **Personal Integrity and Conscience**

The participants expressed a belief that personal integrity is the fundamental value that determines their exercise of corporate governance. For this group, personal integrity was ultimately about ‘being true to oneself.’ In Shakespeare’s *Hamlet*, Polonius tells his son, Laertes, “To thine own self be true” and today Edgar Guest’s poem ‘Myself’ might reflect contemporary sentiment:

> I have to live with myself, and so  
> I want to be fit for myself to know,  
> I want to be able, as days go by,  
> Always to look myself straight in the eye;  
> I don't want to stand, with the setting sun,  
> And hate myself for the things I have done.  
> I don't want to keep on a closet shelf  
> A lot of secrets about myself,  
> And fool myself, as I come and go,  
> Into thinking that nobody else will know  
> The kind of man I really am;  
> I don't want to dress up myself in sham.  
> I want to go out with my head erect,

> I want to deserve all men's [sic] respect;  
> But here in the struggle for fame and pelf  
> I want to be able to like myself.  
> I don't want to look at myself and know  
> That I'm bluster and bluff and empty show.  
> I can never hide myself from me;  
> I see what others may never see;  
> I know what others may never know,  
> I never can fool myself, and so,  
> Whatever happens, I want to be  
> Self-respecting and conscience free.’

As the title suggests, this attitude reflects an underlying emotivist view of feeling good about ‘myself’ and mirrors the link that the participants had between being true to self and able to sleep at night.

Yet, is it sufficient for integrity to be just ‘fit for myself to know’? What do social and moral theorists say about integrity? Where does conscience fit? Integrity is a word that is hard to anchor in today’s world. Everyone knows what integrity is yet it remains a subjective term. At its simplest, it is just being honest. Attracta Logan, the Director of Ethics and Sustainability Services at the accounting firm KPMG, observes that: ‘Everyone assumes that everyone else has the same interpretation of integrity. Companies that value integrity need to say that by integrity, we mean always tell the

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truth.' According to Kant, we ought always to tell the truth, and this narrow definition is easily assessable and reflects a rule deontology that 'we ought always to tell the truth' such as advocated by Emmanuel Kant with his 'categorical imperative' to act so that one’s act becomes the rule.

This project’s research data suggests that “black and white” rules are helpful guides but do not adequately capture the ethical decision-making desired by the participants. They tended to favour making value judgments rather than categorical ‘thou shalts’ or ‘thou oughts’, with one observing that “Australian workers have a great ability to rationalize the grey.” This idea of an act deontology has advocates in Aristotle, Joseph Butler, Barth, Niebuhr, Tillich, Sartre and Fletcher, for whom the situation determines one’s moral duty, although one must freely decide to meet this obligation.

In his book, Situation Ethics, Joseph Fletcher argues:

> At best moral laws are simply moral guides. Once treated as absolutes they undermine the very basis of morality, imposing uniform decisions upon situations that might well be different. Situation ethics made the radical demand that all should act as moral agents calculating the morality of each situation afresh.

The hierarchy of compliance suggested by my research data supports the idea of guides rather than rules, and the participants reflect a belief in their freedom to act as moral agents who balance the requirements of each situation.

Taken at its broadest definition, however, integrity needs to be considered in terms of wholeness and soundness, rather than just honesty or ethics. In his book Ethics and Excellence: Cooperation and Integrity in Business, Robert C Solomon sees integrity as ‘not so much a virtue itself as a complex of virtues, the virtues working together to form a coherent character, an identifiable and trustworthy personality’. This coherent character is an important part of the wholeness that is integrity, and makes a person fit for others to know and trust. Yet, it still falls short of the integration of self and others that integrity implies. The moral and social theory of Levinas and Bauman argue that self and other only exist in relation to each other. I would suggest that the self and the other must be in balance, such that a person of integrity is someone who is equally whole, sound, upright and honest in dealing with themselves as they are in dealing with others.

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This dual view of integrity links two categories of moral reflection over the last century, namely the quest for “authenticity” and the more recent emergence of “responsibility”. It also represents the primary challenge of this paper to the research participants' ideas of “being true to oneself” as the primary criterion for ethical leadership. Being true to oneself and being able to live with oneself or, as Guest says ‘self-respecting and conscience free’, does not seem sufficient grounding for ethical and moral decision-making. Beyond the “honest connection between people”, a concern for the other must be in the forefront of every ethical decision. Walter E Conn sees that authentic self-realization is found only in genuine self-transcendence, and:

> Without repudiating the genuine gains of authenticity, the focus on responsibility attempts to re-establish concern for the 'other' as a criterion at the center of moral consciousness...responsibility symbolizes the discovery that one can only be true to one's self insofar as one is true to others - insofar, that is, as one responds to the values in each human situation in a manner that is at once free and creative, critical and fitting. If the responsible person responds to value, then, his or her authenticity is not arbitrary, but self-transcending.\(^85\)

Yet this self-transcending concern for the Other cannot exclude concern for self. Integrity is both authenticity and responsibility. That is, separate but related, with both the self and the Other preserved as independent and self-sufficient. Ethical and moral decision-making, in life and in corporate governance, is about individuals making their own choices, not having their decisions made by others. A starting hypothesis for this research was that people know what is right and wrong but choose not to do right. The thesis that emerges from this research is that integrity requires an internal and external coherence such that, not only is one true to oneself insofar as one is true to others, but equally one can only be true to others insofar as one is true to oneself. Only upon that dual platform can a person choose right.

In line with this broader understanding of integrity, Larry May sees four aspects of integrity: community construal, coherence, critical perspective, commitment to act on one's principles. The community construal aspect draws upon the belief that the various aspects of the self are constituted from group membership.

> Moral integrity is not just a matter of a conscience that sticks steadfastly to its principles. Integrity is not a withdrawal from the influence of the world into one's own core self. Understanding integrity necessarily involved understanding how groups influence the formation of even the most 'essential' aspects of the self.\(^86\)

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\(^{86}\) May, *The Socially Responsive Self*. 11
The coherence aspect recognizes the internal integration or wholeness of integrity. That is “being true to oneself” is actually seeking authenticity and coherence across the many roles and selves that people play in work and society. Dewey sees this integration as an immanent feature of integrity for ‘within the flickering inconsequential acts of separate selves dwells a sense of the whole which claims and dignifies them.’ May’s critical perspective component of integrity recognizes that integrity is constantly challenged and needs examination. Integrity, in this sense, is tested and refined, as the participants noted, through interaction with the world. May sees that integrity is not static, but needs regular maintenance through this critical process of self-reflection. Lastly, integrity also has an action component that requires people to stand up in support of their values and principles. Rae and Wong in Beyond Integrity suggest that this commitment to act on one’s principles must also be backed by ‘prudence and courage.’ The expressed willingness of the research participants to speak up and even to resign if their personal values do not align with the company’s values or actions supports this aspect of integrity.

This holistic view of integrity reflects a life of praxis, where people act and reflect and act again as they respond to the external world. This characteristic is not currently targeted in corporate governance regulations and recommendations, with directors being encouraged to have time in the business (as part of an education push) but not to take time out of the business to reflect. Whereas lawyers often practice ethics through role play and discussion, this is less common in the Board Room. This process of reflection also opens the door for conscience to speak.

As defined, conscience is ‘n. consciousness or moral sense of right and wrong, feeling good or guilty’. The elements of the word suggest a self in dialogue, with the Latin con meaning ‘with’ and scientia meaning ‘know’. The dictionary definition suggests that this awareness of a moral or ethical aspect to one's conduct is often bound together with the urge to prefer right over wrong, as in ‘let your conscience be your guide.’ The research participants described integrity as “being true to myself”, “able to live with myself”, or “able to sleep at night”. These quotes suggest, either “a great ability...to rationalize the grey” or that there is an “inner voice” or conscience test in their reflection on corporate governance issues. However, the word conscience was not mentioned explicitly by the participants.

87 John Dewey Human Nature and Conduct (331) cf May, The Socially Responsive Self. 1
88 Rae & Wong, Beyond Integrity. 39
89 Sykes, ed., The Australian Concise Oxford Dictionary. 216
Early moral philosophers such as Plato and Aristotle also do not mention conscience, however, Augustine’s modification of these classical authors is seen to form the critical backdrop to medieval discussions of conscience. In medieval times, conscience was seen as an awareness of right and wrong, a dialogue or consideration of the proposed action, and then an application of this decision. Medieval thinkers, such as Bonaventure, 90 saw conscience as the considered thought and ‘synderesis’ as the motivation to do good or choose right. In more modern times psychologists, such as Freud, locate conscience as part of the superego in psychoanalysis that ‘judges the ethical nature of one’s actions and thoughts and then transmits such determinations to the ego for consideration.’ 91 Corporate governance initiatives do not mention conscience directly, but the increased openness of such things as reporting, remuneration, and compliance with the guidelines all serve to make actions more visible to others, hence, potentially make it harder to live with unethical behaviour.

4.2.5. Summary

This review of moral philosophy and social theory suggests that the beliefs and worldviews of the research participants seem to align with secular humanist views of personal autonomy mixed with concern for others. These views somewhat support the recent thinking on authenticity and responsibility – of being true to oneself and being true to others. The moral and social theory highlights the role of community in building and reinforcing personal values, as well as the positive and negative role of group affiliations in exercising ethical judgments. Exceptions to the rule are considered in the light of the existential belief in the fundamental estrangement of the human being from other beings. Unlike the existentialists who believe that estrangement is not reconcilable, secular humanists argue that resolution is possible through intelligence.

Morality is seen to have a quality of praxis, with knowledge and action combining to reinforce moral standards. So too, May has suggested that integrity has components of group influence, coherence, critical reflection, and action. Integrity is also seen as a dynamic value to the self, one that is formed in community and matures through life interactions. It is subjective and hence has potential to vary between people. Hence,

90 The Greek word syneidesis, usually referring to a bad conscience, is common in (1c BC) Plutarch, who vividly depicts the conscience that shares our knowledge, uncomfortably reminds us of our offences, and evokes the torments of hell until it is set aside by amendment.
rather than being immutable, this source suggests that personal integrity is in a constant state of challenge and development.

The implications of this review of social theory on corporate governance are that:

- The current principles based approach acknowledges the desire for maximum autonomy in the Australian business culture. It allows flexibility for different circumstances and for personal interpretation, rather than laying down the law.
- This approach also places the responsibility for compliance on the part of the corporate leaders and shifts the risk from the regulators to the Boards of Directors. This recognizes that the value systems and ethical behaviour starts “at the top”, and that these directors have a duty to role model good governance.
- The regulations, guidelines, and policies seek, not only to reinforce accountability, but also to increase visibility. Opening up the corporate governance role to independent review acknowledges the value of an external perspective as well as the recognition that ethical behaviour is embedded in corporate cultures that can become insular.
- The ASX guidelines suggest that ultimately good corporate governance requires people of integrity. The social theory suggests that integrity is also formed in community and needs to be reinforced in corporate cultures. The regulations are silent in best practice recommendations for establishing social structures and processes to support the maturation of integrity.
- The focus of values-based leadership and corporate social responsibility seems to suggest that the regulators are encouraging business to look beyond the office walls into the wider community. The guidelines are, however, silent of how these communities can be brought into the office and, with them, a broader set of values which stretch the corporate thinking beyond maximizing shareholder value.
- The regulations and guidelines are also largely silent in regard to the majority of workers who do not have director or executive roles. Social theory suggests that these people may be subject to pressure to conform to group norms and less empowered to influence corporate governance decisions. Apart from “whistle-blowing” legislation, the silent majority is excluded from responsibility and even “whistle-blowing” is not actively encouraged through education, incentives and best practice recommendations.
4.3. The Christian Tradition

Just as accessing the resource of moral and social theory to focus on corporate governance is a large and complex undertaking, so too is reference to the Christian tradition. Traditional religious ethics are grounded in the belief in a God and a moral universe, and various religious traditions would have insight into the issue of corporate governance and what it means to have personal integrity. For the purpose of this paper, a contemporary Protestant Christian theological perspective will be accessed to consider the personal experience in the light of God’s intent for full humanity and the personal witness of Jesus Christ.

Beyond reference to the Bible, my primary theological source will be Paul Tillich (1886-1965) and his books *The Courage to Be* and *Systematic Theology Part II – Existence and the Christ*. Tillich sees that it is the role of the theologian ‘to participate in human existence, know finitude, experience doubt, and struggle for a theological answer without the presumption of a revealed purpose, eternity or forgiveness.’

This is what I have done to this point in trying to allow the personal experience of the research participants and the socio-moral theory to speak for itself. This project is exploratory in nature and is not seeking a theological answer *per se*, but rather seeks to establish a dialogue between the lived experience of the research participants, the cultural context of the research participant’s assumptions and beliefs, and Christian Tradition. This dialogue has increasingly attended to the issue of personal integrity, with the specific question of corporate governance as to whether personal integrity is immutable and a reliable guide to ethical business behaviour.

The research data suggests that the participants thought that their integrity was foundational to their ethical decisions and, though subject to test, was largely immutable. They also perceived a closing of the gap between home and work values. The cultural information supported their view that integrity was tested and refined through life experience and in community. It also suggested a balance between an authentic self and a responsibility for the other. In this theological perspective, the same approach will be taken to seeing what the Christian tradition says about:

- Worldviews, rules, and responsibilities;
- Roles, group behaviour, and self;
- Values, morality, and exceptions to the rule;
- Personal integrity and conscience.

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92 Tillich, *Systematic Theology 2*. 15
However, because a hypothesis of this paper is that people know what is right but choose not to do it, the focus will also shift to further explore integrity from the viewpoint of the two components of self typically referenced by existentialist philosophers. That is, the essential (or natural) and the existential (or material) self. These theories are complex and contentious, however, as Tillich sees it, existence ‘means standing out of non-being while remaining in it…something that has left the state of mere potentiality and has become actual.’ 93 He believes that a person’s actual existence falls short of the potential of what the person essentially is, yet, ‘it is not a complete loss, for [the person] remembers it and, through this remembrance, he participates in the true and good’. 94 This perspective of falling short of our full humanity, and yet having a residual sense of right, has links to conscience, sin, self-transcendence, and estrangement that will be explored in this section.

4.3.1. World view, Rules and Responsibilities

The responses of the participants suggested that people are free and empowered to control their own destiny; able to choose the values to which they subscribe, and be ultimately accountable to themselves. This worldview places the individual as the central character. The Judeo-Christian tradition also holds that people are free, rational, and empowered to choose. Indeed, this is how God made us in ‘his own image’ (Gen. 1:27) as reasoning, moral, and creative creatures. Free will, and its consequences, is reinforced in Gen. 2:16-17: ‘And the Lord God commanded the man, “You are free to eat from any tree in the garden, but you must not eat from the tree of knowledge of good and evil, for when you eat of it you will surely die.”’

This sentence also places God as the central character and establishes our accountability in being obedient to God. In this one sentence also lies the downfall of those, like Adam, who choose to “eat from the tree of knowledge”, aspire to be their own gods and who are cast out from the Garden of Eden. The Judeo-Christian worldview holds God to be central and believes in the fundamental themes laid down in the first book of Genesis, namely generation (ch. 1-2), degeneration (ch. 3-11), and regeneration (ch. 12-50). These themes recur throughout the bible (as well as our present human existence) with, according to Christian tradition, the sacrifice of Jesus Christ ultimately regenerating the relationship with God. It is only in the last book of Revelation that the tree of knowledge of good and evil is again accessible to humankind. (Rev. 22:2-3)

93 Ibid. 21
94 Ibid. 22
In the Judeo-Christian tradition, ‘being able to live with oneself’ is not sufficient. Rather, true life is ultimately dependent upon the presence of God. This idea of dependency is counter to my research data and secular humanism where ‘we believe in maximum individual autonomy consonant with social responsibility.’ Dependency also appears counter to the notion of free will. However, by definition, dependence suggests a reliance, confidence or trust in another for support rather than an abandonment of free will. In his analysis of the Old Testament, Walter Brueggemann sees an interdependent relationship between people and God, observing that ‘the force, possibility, and significance of human life are not lodged in an autonomous agent who has been either given full freedom or abandoned’ but are lodged in God. While the research participants suggested that ‘being true to self’ was the ultimate guide, Brueggemann believes that ‘the human person is not, and cannot be, sufficient to self, but lives by coming to terms with the will and purpose of the One who gives and commands life.’

The New Testament supports this view and the first four books of the Gospels introduce Jesus Christ as the mediator between people and God. Rather than Hilgert’s description of the secular humanist view that ‘critical intelligence, infused by a sense of human caring, is the best method that humanity has for resolving problems,’ Christians hold that problems are essentially due to the estrangement from God and that humanity has limited regenerative capacity. This estrangement is symbolized by the Fall of Adam in Genesis ch. 3. Tillich writes that this symbol is a decisive part of the Christian tradition and it defines the Christian worldview of individual freedom of choice coupled with the universal destiny of an estranged existence. Hence it has an ethical character and a claim to universal validity that is relevant to corporate governance because it points to ‘the possibility of the Fall; second to its motives; third to the event itself; and fourth to its consequences.’ This rich description will help later consideration of why there are ‘exceptions to the rule’, however, for now the implication for corporate governance is that, according to the Christian worldview, it does come down to the choice of one individual who, aware of the situation, their motives, and the likely consequences, decides to act unethically.
Although Christian tradition and belief focuses on the estrangement (and the hope for reconciliation) of the individual from God, it does not promote an individualistic worldview that ignores rules or the responsibility to the other. Christian tradition draws upon the respect for the Jewish laws expressed in the Torah, with Jesus saying: ‘Do not think that I have come to abolish the Law or the Prophets; I have not come to abolish them but to fulfil them.’ (Matt. 5:17-19) However, again, the central character and accountability is to God.

The hierarchy of compliance in the Christian tradition is shown in the figure below.

**Figure 4 - Hierarchy of Compliance in Christian Tradition**

- Conscience
- Rules
- Professional standards
- Company practices
- Corporate values
- Peer pressure
- True to God
- The Christian community
- The O.T. Law
- Family upbringing
- Holy Spirit
- Personal integrity
- Personal values
- Corporate values
- Professional standards
- Rules

‘…but whoever practices and teaches these commands will be called great in the kingdom of heaven.’ (Matt. 5:17-19)

‘In Christ we who are many form one body, and each member belongs to all the others.’ (Rom. 12:5)

‘Love the Lord your God…and love your neighbour as yourself.’ (Matt. 22:37-40)

‘I will maintain my righteousness and never let go of it; my conscience will not reproach me as long as I live.’ (Job 27:1-6)

‘So I strive always to keep my conscience clear before God and man.’ (Acts 24:16)

Jesus Christ emphasized a hierarchy of compliance when asked by the Pharisees again: Which is the greatest commandment in the Law? He replies:

Love the Lord your God with all your heart and with all your soul and with all your mind. This is the first and greatest commandment. And the second is like it: Love your neighbour as yourself. All the Law and the Prophets hang on these two commandments. (Matt. 22:37-40)

Christians are charged with a responsibility to ‘love your neighbour as yourself’, no more and no less. This resonates with the earlier discussion of the blending of thinking on authenticity and responsibility in the recent moral and social theory. It also adds the idea of “stewardship” to balance the so-called “creation mandates” from Genesis 1:28, that empower human beings to ‘be fruitful and multiply, and fill the earth and subdue it’ which have been variously claimed to justify any domination, including business exploitation of the world’s resources or of their organization’s staff.
Yet, despite the concern for the other expressed by the research participants, it does jar with the comments that held the ultimate value as ‘being true to oneself’.

The Christian tradition introduces another perspective on the responsibility of leaders to be servants. As Jesus said to his disciples at the Last Supper when they disputed which of them was to be regarded as the greatest, ‘the greatest among you should be like the youngest, and the one who rules like the one who serves’. (Luke 22:26)

Within the Christian tradition, with its many stories of Kings and kingdoms in the Old Testament, there runs a thread of good leaders being servants of their people and of God. It also warns of the dangers of hubris or self-elevation, for example in Luke 18:14: ‘Everyone who exalts himself will be humbled and he who humbles himself will be exalted.’ Apart from the call for humility and service, the concern with hubris is that, like Adam, the person is making themselves the centre of themselves and their world, not God. The Christian worldview seeks always to place God at the centre of all things.

4.3.2. Roles, Group Behaviour, and Self Identity

The data and social theory recognise the role playing and role modelling in business and society. These sources also highlighted the influence of group dynamics and business culture on individual decision-making. Lastly, these sources flagged the importance of maintaining a notion of self as a key to acting ethically and with integrity in ambiguous circumstances.

The notion of self is a challenging idea in the Christian tradition and in daily Christian experience. The role description of the Christian is to love God and one’s neighbour. The Christian community is encouraged to support the individual in this role. Yet, where is the self in these roles and these priorities? Walter Brueggemann observes that: ‘much that the Old Testament has to say about human personhood is strikingly odd [stemming] from the fact that the Old Testament has no interest in articulating an autonomous or universal notion of humanness.’ The New Testament is similarly odd in describing human identity as characteristically existing in God rather in the self. In Ephesians 4:22 and 4:24, Paul encourages Christians to ‘put off your old self’ and ‘to put on the new self’, and in Romans 12:2: ‘Do not to conform any longer to the pattern of this world, but be transformed by the renewing of your mind. Then you will be able to test and approve what God’s will is.’

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101 Brueggemann, Theology of the Old Testament. 450
Yet the notions of self-hood and God-hood are, to use Tillich’s term, the “correlations” of the Christian story. They were made to be together, with humans both dependent upon God as well as independent from God. However, as symbolized by the Fall of Adam and continuing to this day, the human being chooses to separate from the ground of their being, God, for reasons of unbelief or hubris. Tillich observes that the resulting state of existence is the state of estrangement from God, from other beings, and from oneself, and that ‘the profundity of the term estrangement lies in the implication that one belongs essentially to that from which one is estranged.’ This sense of belonging and desire to have reunion with the whole is classically described as ‘concupiscence’. For Tillich, it links the ideas of the existential self and the essential self. Rather than denying the self, the Christian perspective seeks self-transcendence to the full force, possibility, and significance of human life.

Like my data and the cited social theory, Christians believe that self-identity is about knowing yourself and how one fits within the community. It is about being true to self and to others. But, in the hierarchy of compliance, it is first knowing how one fits with God and knowing and loving God.

4.3.3. Values, Morality, and Exceptions to the Rule

The participants and social theory highlighted the influence of the community in the development of personal and moral values. The Christian tradition affirms this role of community and reinforces the learning of values “in the kindergarten”. In the Old Testament book of Deuteronomy, the importance of this teaching role is shown in verse 11.19: ‘Teach [God’s commandments] to your children, talking about them when you sit at home and when you walk along the road, when you lie down and when you get up.’ Throughout the bible, God’s people are told that God delights in kindness, justice and righteousness (Jer. 9:24) and that they should hold to ‘whatever is true, whatever is noble, whatever is right, whatever is pure, whatever is lovely, whatever is admirable.’ (Phil. 4:8) Beyond righteousness, there is a further encouragement in Eph. 6:11-19 of the values of courage and commitment so that ‘you can take your stand against the devil’s schemes…with the belt of truth buckled around your waist…and with your feet fitted with readiness.’

Social theorists, such as Robert Browning, have highlighted that Christian values were used as reference point for values in Australian society and business. A

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102 Tillich, Systematic Theology 2. 45
participant quoted the so-called Golden Rule of Christian values of “treat others as you would want to be treated” as a governance principle. Of more theological interest were the comments that “What goes around, comes around” and “there will always be exceptions to the rule of ethical behaviour.” These comments can be interpreted in a number of ways, for example, perhaps as fatalistic expressions of destiny or perhaps as the business principles of exchange and arbitrage\textsuperscript{103}, or perhaps as acknowledgement of statistical probability. However, they also resonate with the earlier discussion on the story of Adam’s Fall and it pointing to ‘the possibility of the Fall; second to its motives; third to the event itself; and fourth to its consequences.’\textsuperscript{104}

There will always be exceptions to the rule is a strong and unequivocal statement. The views of the research participants suggested that the possibility of the fall continues today because of: “Ego and emotion”, “If someone is determined to be a crook, then you won’t catch them even with controls, codes of whistleblower legislation,” and “The financial markets need for continued growth and success, puts pressure on CEOs and executives to fudge results.” The Christian perspective would agree that there will always be exceptions to the rule of ethical behaviour. It would also add the idea of ‘sin’ and would apply it equally to the rule as to the exceptions.

Most theological discussions of sin concentrate on original sin and ‘the causal connection between Adam’s first actual sin and our subsequent sin or sins.’\textsuperscript{105} This seems to suggest that it is in the nature of human beings to sin and that it is the destiny of all people to always sin. Paul expresses this seeming powerlessness in Romans 7:15-16 where he says: ‘I do not understand what I do. For what I want to do I do not do, but what I hate I do...For I have the desire to do what is good, but I cannot carry it out.’ Tillich suggests that this common belief is because the Christian churches used “sin” to describe deviations from moral laws rather than the biblical meaning of the ‘state of estrangement from that to which one belongs – God, one’s self, one’s world...[due to] the personal act of turning away from that to which one belongs’.\textsuperscript{106} Tillich’s belief that it is not a law of nature but rather a matter of personal freedom and universal destiny, is given more hopefulness by theologians such as John Macquarrie who hold that ‘any doctrine of original sin needs to be

\begin{footnotes}
\textsuperscript{103} Exchange i.e. the giving and receiving, and arbitrage i.e. the taking advantage of differences between markets
\textsuperscript{104} Tillich, Systematic Theology 2. 30-31
\textsuperscript{106} Tillich, Systematic Theology 2. 46
\end{footnotes}
counterbalanced by a doctrine of original righteousness. That is, that human beings were created good before the fall into evil and, though people continue to sin, so they retain a fundamental goodness and image of God.

The comment ‘what goes around, comes around’ introduces the idea of the consequences of the fall and of sin. Adam was the original exception to the rule, and was cast out of the Garden of Eden. This comment, like Adam’s story, recognizes the possibility of the Fall, the motives behind it, and the consequences. The related consequence that “if you are known as immoral, people won’t deal with you” implies judgment by those with whom one interacts in business. It also implies estrangement from those same people. The Christian tradition reflects the same consequences of sin in judgment by and estrangement from God. Tillich notes that it is not the disobedience of moral laws that make an act sinful but rather that it reflects a person’s ‘estrangement from God, from men, and from himself.’

Values, morality, and exceptions to the rule in the Christian context are linked to God’s rules guiding relationship to God, others, and self, and to the ultimate value, love. Exceptions will continue to occur because of sin – the state of existential being that is separated or estranged from the essential being grounded in God – but Christian tradition holds that love will conquer this estrangement and bring reunion with God, others, and oneself.

4.3.4. Personal Integrity and Conscience

The data and social theory suggest that integrity is being wholly authentic and responsible, true to oneself and true to others. The Christian tradition again reinforces this description, but expands on the definition of integrity as being integrated and whole.

This tradition believes that one cannot be completely whole – with self or with others – while estranged from God. According to Tillich, this estrangement is reflected in the ideas of unbelief, hubris, and concupiscence. That is, firstly, the choice to turn away from God; secondly, seeing oneself as God with the self as the centre of the universe;

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164 Tillich, Systematic Theology 2. 46
and lastly, the desire for sex, money, and power as a means of affirming one’s own power of being.\textsuperscript{109} Tillich goes on to say that:

> each expression of the estranged state contradicts man’s essential being...[and] contradicts the created structure of himself and his world and their interdependence...The elements of the essential being which move against each other tend to annihilate each other and the whole to which they belong.\textsuperscript{110}

Through unbelief, hubris, and concupiscence, Tillich would argue that personal integrity is impossible for the existential person. By making oneself the centre of everything, then the gap to the full potential of the essential being grows even wider and the common ground between oneself and others becomes irreconcilable. Tillich, drawing upon existentialism and depth psychology, sees that ‘parts of the self overtake the center and determine it without being united to the other parts’.\textsuperscript{111} The consequence of this dis-integration is that: ‘Freedom turns to objects, persons, and things which are completely contingent upon the choosing subject and which therefore can be replaced by others of equal contingency and ultimate unrelatedness.’\textsuperscript{112}

This explanation resonates with the personal experience of recent corporate governance failures linked to either hubris or to concupiscence. It also links to the descriptions in the social theory of multiple selves in multiple roles. The notions of authenticity and responsibility suggested that the different parts could be aligned so that one could be true to self and true to others. However, Tillich’s argument goes further to suggest that “being true to oneself” is never going to be sufficient for personal integrity because the centre of oneself is grounded in the limited existential being rather than the full potential of the essential being in relationship with God. Nor is it sufficient for true relationship with others because each person is the centre of their own universe and there is no common ground for understanding, mediation, and reconciliation.

By way of example, the biblical story of Job grounds his integrity in his relationship with God. Like Chris Corrigan in the introduction to this paper, Job defends his integrity passionately. His story is of a blameless and upright man who suffers loss and illness but remains devoted to God. Job’s friends insist that his suffering is

\textsuperscript{109} Ibid. 51-53
\textsuperscript{110} Ibid. 59-60
\textsuperscript{111} Ibid. 63
\textsuperscript{112} Ibid. 63
punishment for this sin, however, he defends his innocence and expresses his trust in God in Job 27:1-6:

As surely as God lives, who has denied me justice, the Almighty, who has made me taste bitterness of soul, as long as I have life within me, the breath of God in my nostrils, my lips will not speak wickedness, and my tongue will utter no deceit. I will never admit that you are in the right; till I die, I will not deny my integrity. I will maintain my righteousness and never let go of it; my conscience will not reproach me as long as I live.

In Job’s case it is clear that “being true to oneself” is absolutely rooted in:
- faith in God – ‘as surely as God lives…and the breath [is] in my nostrils’
- knowledge of God’s judgment – even if God ‘has denied me justice’
- being true to God – even if God has, apparently, not reciprocated with Job.

Job also introduces the idea of conscience as a measure of his integrity. Interestingly, this is one of the few instances of the word in the Old Testament, and its’ origin is found in the Greek world rather than the Jewish or the Christian. The term conscience is not used by the New Testament writers of the Gospels, but is introduced by the apostle Paul. In Romans 13:5 Paul first uses conscience to describe the pain suffered by people when they do wrong. He sees conscience as that human faculty by which people apprehend the moral demands of God, and which causes pain when people fall short of those demands. Paul, like Bonaventure in the cultural information section, sees conscience as dynamic but also innate to all people. Paul taught that God imprinted certain values in all of us through our consciences. (Rom. 2:14-15)

Indeed, when Gentiles, who do not have the law, do by nature things required by the law...show that the requirements of the law are written on their hearts, their consciences also bearing witness, and their thoughts now accusing, now even defending them.

This description of conscience reflects its advisory role, but Paul goes further in 1 Cor. 4:1-5 to make a strong link between conscience and judgment saying: ‘I care very little if I am judged by you or any human court; indeed, I do not even judge myself. My conscience is clear, but that does not make me innocent. It is the Lord who judges me.’ This judgment is more than a value judgment of right or wrong or “being able to live with oneself”, but rather is a judgment of how the person stands in...

113 The Greek word *syneidesis*, usually referring to a bad conscience, is common in (1e BC) Plutarch, who vividly depicts the conscience that shares our knowledge, uncomfortably reminds us of our offences, and evokes the torments of hell until it is set aside by amendment.

114 For Paul, the nature of conscience is to be inadequately disciplined (1 Cor. 8:7), to become weakened (1 Cor 8:12) and even defiled (1 Cor 8:7), and to grow seared and ultimately insensible (1 Tim 4:2).
relationship to God. With similar passion to Job, the Protestant reformer, Martin Luther, proclaimed: ‘Here I stand, I cannot do otherwise...My conscience has been taken captive by the Word of God...It is neither safe nor right to act against conscience.’¹¹⁵ His courageous stand against the established church, based on conscience and the Bible, linked acting against conscience to spiritual consequences beyond not "being able to sleep at night". Similarly, the story of Adam’s estrangement is a story of conscience (discrimination between good and evil), guilt (shame and hiding from God), and consequence (being cast from the Garden).

The story of Job is about acting with integrity toward God, living with good conscience and having an ‘awareness of having done good and eschewed evil.’¹¹⁶ The message of the Christian tradition suggests that all people will sin, have guilt and suffer judgment. Job is offered as the exception to this rule and as an example of faith. In the Christian tradition, conscience plays the role of sometimes accusing and sometimes defending a person’s thoughts and actions. The response to this internal witness is to repent and ask forgiveness from others and from God. Only in this way, and through the grace of God, can people regain a clear conscience and restore their sense of integrity with God, others, and self. By repentance and faith, people can be delivered up from conscience as “pain” and have their sins forgiven ‘for sin shall not be your master, because you are not under law, but under grace.’ (Rom. 6:14)

4.3.5. Summary

Attending to the Christian tradition focuses on the other Other in the discussion of worldviews, values, integrity and morality – placing God as the centre of the universe rather than oneself or others. It considers the idea of estrangement from God as the source of sin and the source of estrangement from self and others. Hence it supports the participant’s assertion that there “will always be exceptions to the rule.” However, through grace, reconciliation is possible and Christians are commanded to love God and to love the other as oneself. According to this source, integrity is more than ‘being true to oneself’ but rather includes the responsibility to love thy neighbour.

The implications for corporate governance include:

- The acknowledgement of autonomy and empowerment of people as moral agents in the Christian tradition. The current principles based approach acknowledges the desire for maximum autonomy in the Australian business

¹¹⁵ Arthur Beaker, Guilt - Curse or Blessing (Minneapolis,: Augsburg, 1977). 37
¹¹⁶ Nelson, Conscience. 84
culture. It allows flexibility for different circumstances and for personal interpretation, rather than laying down the law.

- The reinforcement of accountability and of the consequence of poor decisions. The principles based approach is also backed by various listing requirements, Corporations law, and financial penalties for breaches of the regulations. In this way, the Christian message of accountability for action and ultimate judgment is reinforced.

- The inevitability of ‘exceptions to the rule’ due to estrangement. Guidelines such as those promulgated by the ASX seem to adopt the Pareto Principle or 80:20 rule i.e. while ultimately requiring people of integrity and directing the best practice recommendations to the majority who comply, they then ask the “if not, why not” question of those who choose not to comply. When backed with penalties and resort to the courts for illegal actions, they seek to pick up the remaining exceptions.

- The vagueness of the term “integrity” in the corporation law and guidelines for good governance. The Christian tradition sees that the nature of integrity is to be integrated with God, with others, and with self. Hence, there is an object and a subject, with integrity only having meaning if it is acted upon.

- How silent the business world is on the principle of love. Paul Tillich would argue that values are grounded in love and that this is the meaning of ethics: ‘to express the ways in which love embodies itself and life is maintained and saved.’ The Christian tradition links the Great Commandment to the love of God and the love of neighbour. It also allows us to love ourselves, rather than just to live with oneself. In other communities where one’s personal values are developed, there are examples of the love of family or the love of the game in a sporting community, however, these are less often associated with the corporate community. The implication for corporate governance is the loss of a force which binds communities and ennobles us, and leaves the corporate world more often as a place of doing rather than a place of being.

The poet TS Eliot has said that the end of all our exploring will be to arrive where we started and know the place for the first time. After working through the three sources of data – the research data, relevant social theory, and the Christian tradition – it is now time to look fresh at corporate governance from a practical theological perspective and reflect on what the exploration has revealed.

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5. Further Reflection

Current corporate governance regulations are focused on increasing the
independence, auditability, and visibility of processes performed by a small sub-set of
business “guardians” – the directors of public companies - to maintain investor and
regulator confidence in a freely regulated market. They seek to create conditions
where directors are more open and accountable in their decision making and, hence,
are seen to do the right thing. As a participant said, “If people think you are immoral,
they won’t deal with you” and Bauman observed that ‘trust is required for business’. 118

Corporate governance regulations do not, however, provide guidelines for these
directors on ethical decision making and actually doing the right thing. The regulators
answer the question: “Who guards the guardians”, by the requirement for
independent directors, independent auditors, and executive signoff on reporting.
However, the ASX says that good corporate governance ultimately requires people of
integrity to guard themselves and in this regard the guidelines are largely silent.

This research project reinforces the view that the guardians do guard themselves,
and that they are moral agents making decisions in fresh situations and often alone.
These decisions are based upon their personal values and personal integrity and
follow a process similar to the tests developed by Dr Raymond L Hilgert.119

- The Legal/Compliance Test – is it legal?
- The Public Knowledge Test – will anyone find out?
- The Long-Term Consequences Test – who and what can be affected?
- The Examine Your Motives Test – is there a conflict of interest?
- The Inner Voice or Conscience Test – is this right?

Yet “exceptions to the rule” and instances of board dysfunction, insider trading, illegal
practices, and other examples of ‘human frailty responding to opportunity’120 continue
to occur amongst these “guardians” of corporate Australia. I do not believe that it is a
question of not knowing what is the right thing to do, but rather that people choose or
are pressured not to do right. If, as Chris Corrigan’s cries, ‘I defy anybody...to
challenge my integrity’, why are the personal values and personal integrity not
preventing these exceptions?

118 Bauman, Alone Again: Ethics after Uncertainty. 9
119 Hilgert, Christian Ethics in the Workplace. 55
120 Sexton, "I Know What I Did Was Wrong: Vizard." 1
Some Existential thinking would see these exceptions as the reality of the human predicament where people are irreconcilably estranged. Some Christian tradition would say that human frailty makes us bound to sin, despite our best intentions and ideas of personal integrity. Paul describes his experience of this dilemma in Romans 7:15-16: ‘I do not understand what I do. For what I want to do I do not do, but what I hate I do...For I have the desire to do what is good, but I cannot carry it out.’ Paul goes on in verse 20 to say: ‘Now if I do what I do not want to do, it is no longer I who do it, but it is sin living in me that does it’ and in verse 23: ‘but I see another law at work...waging war against the law of my mind and making me a prisoner of the law of sin.’ Both these views challenge the freedom of people to be moral agents and have profound implications for morality, given that the moral act is characterized by knowledge and freedom on the part of the agent.

If, as Paul suggests, and Christian theologians in the tradition of Augustine and John Calvin have propounded, it ‘is sin living in me that does it’, then how can there be a moral action unless it is free? John Macquarrie observes that challenging the freedom of will inherent in morality ‘brings us more to the border of theology and ethics.’ Macquarrie goes on to note that a powerful defense of the autonomy of ethics has been made by W.G. Maclagan, who points out that:

many theologians of our time (Barth, Brunner, and Niebuhr are mentioned in particular) have held that man [sic] is rendered incapable through sin of either right action or even right thinking, and that, conversely, they have argued that whatever morally good action a man does must be accounted a work of grace...Maclagan’s point is that if we accept such views, then there is no responsible human action – and therefore no morality – at all.

Without free will in moral actions, knowledge on the part of the agent is not sufficient, hence the recent initiatives in corporate governance directed to knowledge of right principles and best practice recommendations could be seen to be doomed to failure. Reading Paul this way would suggest that there will always be exceptions to the rule because we are all prisoners of the law of sin. However, Paul isn’t denying free will and personal responsibility, but rather is just recognizing the nature of the struggle. Some Christian theologians, including Macquarrie, have held that any doctrine of original sin needs to be counterbalanced by a doctrine of original righteousness.”

That is, human beings were created good before the fall into evil and, though people

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121 Tillich, Systematic Theology 2, 25
122 John Macquarrie cf. Nelson, Conscience. 161
123 Ibid. 162-3
124 Ibid. 164
continue to sin, so they retain a fundamental goodness and image of God. Macquarrie, therefore, maintains an ‘essential hopefulness of the moral struggle [and believes that] sin and grace may support or deflect the agent [but] do not infringe on his [sic] personal responsibility.’

This research project also maintains an essential hopefulness and belief that these “guardians” retain personal responsibility for their moral actions. If we are not automatically doomed to fail, then how does personal integrity support the moral act and why is it not preventing exceptions to the rule of ethical business behaviour?

My thesis is that the idea of integrity as being true to oneself is inadequate to do the right thing by others (and ultimately to self). The sample group recognized a responsibility to others and desire to deal fairly and honestly in business. However, the ability to live with oneself was held to be the ultimate value. I contend that, if integrity was defined as being true to others rather than to self, then instances of board dysfunction, insider trading, illegal practices, and other examples of ‘human frailty responding to opportunity’ would not be such a regular occurrence in Australian business. We are seeing instances where being true to self is overriding the desire to be true to others, and perhaps also where “rationalizing the grey” and living with oneself is an acceptable consolation to loving oneself. Unfortunately this denies our full humanity and leaves us short of the wholeness which characterizes integrity.

As Justice Owen said in his follow up to his rhetorical question: Is this right?

Right and wrong are moral concepts and morality does not exist in a vacuum. I think all those who participate in the direction and management of public companies, as well as their professional advisers, need to identify and examine what they regard as the basic moral underpinning of the system of values.

While this project has noted that values are socially constructed and, for people of a similar demographic to the sample group, remain heavily influenced by a Christian tradition, the fundamental underpinning of the system of values is the test of being true to oneself. Along with social theorists who believe that being authentic or true to self must be balanced with responsibility to others, my thesis is that one can only be true to self insofar as one is true to others (and vice versa). Being true only to self is necessary but not sufficient to personal integrity and to ethical decision-making – it is selfishness. Being true only to others is also necessary but not sufficient to personal integrity.

125 Ibid.165
126 Owen, ”Moral Hazard.” 25
integrity and to ethical decision-making – it is altruism\textsuperscript{127}. Both are required to be in balance for it to be a sufficient and immutable platform for doing right.

Justice Owen’s recommendation for our business leaders to identify and examine the moral underpinnings of their system of values is recognition of the importance of personal integrity and a call for self-reflection. Richard Niebuhr observes that:

> The personal situation of the moral man always involves an effort to come to wholeness and orderliness in life...Reflection on the moral life can help men [sic] to achieve a unity, a first loyalty, a center of personal integrity.\textsuperscript{128}

For both Christian and non-Christian, finding this unity and first loyalty is an effort. The Christian tradition says that first loyalty must be to God, from which all other love for self and others will flow. This first loyalty and centre of personal integrity rests in the concept of love. As noted earlier, Tillich sees that that values are grounded in love and this is the meaning of ethics: ‘to express the ways in which love embodies itself and life is maintained and saved.’\textsuperscript{129}

However, just as morality involves freedom and knowledge, so too does faith in God. Many people doubt the Christian doctrines and freely choose to place their first loyalty in things other than God for reasons of unbelief, hubris, and concupiscence. These three factors are typically the cause of the instances of poor corporate governance and unethical decision-making that have been noted. When being true to oneself is not balanced by being true to others, and one’s being is affirmed by the desire for sex, money, and power, then “exceptions to the rule” occur.

Like Justice Owen, Wesley Granberg-Michaelson reflects in \textit{Leadership from Inside Out} that ‘the unexamined life is unequipped for leading, and the cost of leaders who act blindly or in denial of their own weaknesses is devastating. People suffer needlessly. Trust is betrayed. Entire organizations can be crippled.’\textsuperscript{130}

\textsuperscript{127} In Luke 10:25-37, Jesus tells the story of the Good Samaritan who exemplifies the love of neighbour and in 1 Corinthians 10:23, Paul sums up the basic principles by which Christians are to interpret the law of love – love of God and love of one’s neighbour - saying “All things are lawful, but not all things are helpful”. Hence Christians may avoid actions that are questionable or, out of love for God and desire not to see a weaker brother stumble, that which they may not think is wrong in principle. However, this is neither an instruction to perform good works as the path to salvation nor is it to be a denial of self. Rather, the Golden Rule is to “love your neighbour AS yourself”.


\textsuperscript{129} Tillich, \textit{The Protestant Era}. 160

in the interviews and group session indicate that the business leaders in the sample group do reflect on their values and hopefully this exploration of personal integrity begins to identify the moral underpinning of their values. Examining motives, testing values, and considering consequences are all signs of authentic and responsible ethical leadership. According to Robert E Quinn in the *Harvard Business Review*, authentic leadership comes when leaders are ‘internally directed and more focused on others [and willing to] sacrifice personal security in favor of a greater good.’

The challenge for these “guardians” is:

- To act from their ‘deepest values and instincts.’
- To build and use moral capital for transformational leadership by ‘articulating, defending and symbolizing these values.’
- To ‘be’ rather than to ‘do’.
- To seek self-transcendence such that being true to one’s self is only insofar as one is true to others.
- To balance an internal and external coherence in order to judge how to be able to live with oneself and with others. From this platform, a person is able to make moral judgments of right and wrong.

However, the challenge is also to the silent majority who are not explicitly identified as the target for corporate governance regulation. As Justice Owen implied and the *Time* Persons of the Year described, it is everyone’s responsibility to stand up for good corporate governance. This is not only through “whistleblowing” where actions are clearly improper or illegal, but also in helping to create a culture which supports ethical behaviour, considers the responsibility to the other, and helps in the maturation of personal integrity. All of us need to balance authenticity and responsibility to form the moral organizations that Michael Maccoby advocates. In this way, the corporate “guardians” are guarded by, not only themselves, but by every self-governing moral individual within the corporation.

This challenge is to the majority not to be silent and to stand up for good governance. In the face of pressure to comply, to collude or to remain silent, those who constitute the “rule” need to stand up when they have knowledge of unethical behaviour,

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132 Ibid. 1
because - as the research group, the social theory, and the Christian tradition acknowledged – there will “always be exceptions to the rule.” The National Bank, HIH, Enron etc. examples suggested that the unethical behaviour was known to others in the organization. If this is so, and there will always be exceptions, then more attention needs to be paid to the “whistle-blowers” by corporate leaders and by the regulators. They need to be encouraged to stand up and be supported in their stand.

This encouragement and support must come from individuals within corporations, especially the leadership, but also must recognize that the empowerment of individual action is subject to the collective or institutionalized ethos of the organization. The research participants felt empowered to make individual decisions and to stand up for what they believe is right. Yet even so, there was pressure to conform and to move into action. The culture of the organization, as well as the industry and society in which the organization operates, acts to empower or constrain standing up for corporate governance. Again, this broader cultural context has not been explicitly identified as the target for corporate governance regulation. The pressure is on the organization to put good process in place and on the individual to act with integrity. However, the regulations on Corporate Social Responsibility are soft on stressing the ethical imperative of balancing the objectives of self and care for others.

In the wake of recent failures in corporate governance, a variety of initiatives have been legislated and recommended that focus on the establishment of good governance processes before the event, and on openness and integrity in reporting after the event. The connections I seek between theology and corporate governance are, however, at the event. That is, the decision-making point where responsible company officers ask the question: Is this right? That is also the decision-making point where company staff, suppliers, shareholders, and the public also take responsibility to also ask the question: Is this right?

Corporate governance is, as highlighted by Justice Owen, a moral issue. This paper has touched on the moral underpinning of the values of a group of senior businessmen from corporate Australia. It has shown that this sample group does place significance on their corporate and personal values, and that they do lead examined lives. Hence, I believe the most powerful connection that practical Christian theology has to make to the issue of corporate governance is to encourage this regular examination. Rather than recommending further rules, perhaps underpinned
by the Ten Commandments, or reintroducing the fear of God’s judgment, I suggest that theology will get most traction with these business leaders if it reinforces:

- The need and opportunity for self-reflection;
- The storehouse of practical human experience, lessons and value discussions that are accessible in the Bible;
- the underpinning of their personal values and the passion for personal integrity by highlighting the value of these to their full humanity;
- the role of conscience as more than disclosing and accusing, but rather as an opportunity for self-transcendence insofar as one is true to others;
- the importance to their leadership of building ‘moral capital’ by doing right as well as challenging convention in a proper way;
- the prophetic role of morally justifiable ‘whistle-blowing’ and its link to the offence of ‘false witness’ in the Ten Commandments. (Ex. 20:16) ;
- the legitimacy of love and obedience as concepts of value in the office as well as in the home; and
- the impact on globalization on the heightened visibility of, and responsibility for, our neighbours.

There is a point at the event when people need to act as moral agents, with knowledge of right and wrong and the freedom to act. It is at this point that personal integrity moves from the abstract to become real. It is at this point of testing that the Christian tradition can help.

At the heart of the Christian tradition is the belief that God became human in the form of Jesus Christ, experienced temptation, was tested, and chose to transcend self and serve others. (by Satan in Matt. 4, at Gethsemane Matt. 26:36 and on the cross in Matt. 27:45) This understanding of the human condition, sin and testing is radical and reveals a God that knows the reality of unbelief, hubris, and concupiscence. Unlike Adam in Gen. 3, Jesus transcended self and demonstrated the internal and external coherence that characterizes integrity. In Matt. 4:10, Jesus stood up and said ‘Away from me, Satan! For it is written: “Worship the Lord your God, and serve him only.”’

This idea of internal and external coherence, of being true to self as well as to others, also has a parallel at a macro level with the understanding of triune God that is both transcendent (outside) and immanent (within). In the Christian tradition we see the
transcendent part of God that is almighty, infinite and unchanging. However, if God is only transcendent then we lose so much that informs the Christian hope of redemption and is fatal to the meaning of the Christian message...If God be a conditioned part of the world, then no real salvation is possible; and yet if God is never related to the world, no salvation is known or experienced.\textsuperscript{134} The Christian tradition reveals a God that is personal and understands what it is to make ethical decisions at the event. It reinforces the integration of our external and internal selves. The life, death and resurrection of Jesus Christ also support a belief in more than the here-and-now, in judgment and in salvation – all ideas that bring a balance to support ethical decisions and help prevent the situation of being true to self overriding the desire to be true to others.

The immanent God is revealed in the idea of conscience and the workings of the Holy Spirit which is also helpful at this point of ethical testing. Christian tradition holds that following the death of Jesus Christ, the ongoing role of the triune God was revealed in the Holy Spirit who came to believers at the time of Pentecost and is available for all who do as the apostle Peter said: ‘repent and be baptized...in the name of Jesus Christ for the forgiveness of your sins.’ (Acts 2:38) The review of the three sources in this research project suggests that people have a conscience that works at and after the ethical event. For the Christian, not only is there access to this inner voice of conscience, but also there is the God within, the Holy Spirit ‘another Counselor to be with you forever – the Spirit of Truth.’ (John 14:15-17)

The Christian tradition can also help at this point of testing by reference to the fount of practical human experience, lessons and value discussions that are accessible in the Bible. If, as the social theory, Christian tradition and history suggests, the human dilemma of estrangement, sin and exceptions to the rule continue to characterize our behaviour, then the case studies in the Bible are relevant to people in corporate governance situations today. If integrity is not actualized until it is tested or acted upon, then recourse to and reflection upon the codified experience within the Bible is a valid way of helping to develop a mature personal integrity. Rather than waiting for the ethical event, sample ethical dilemmas can be considered and discussed. As noted in the review of social theory, integrity can also be matured in community and through discussion with other. The Church can help in facilitating these discussions.

\textsuperscript{134} Langdon Gilkey, \textit{Maker of Heaven and Earth} (Lanham: University Press of America, 1959). 340
The Christian tradition also challenges the view that good works can avoid the accumulation of Karmic residue or "what goes around, comes around". Rather it gives hope that one can be washed clean of this residue through the soteriological view of grace given by faith in the suffering, death and resurrection of a singular saviour.

The point of engagement of Christian tradition and practical theology with corporate governance that I propose is a hopeful and encouraging one. It builds upon the passion with which the research participants hold personal integrity and adds a fuller description of responsibility to the other. It also seeks to perform the mediating role of theology, between ‘the eternal criterion of truth as it is manifest in the picture of Jesus as the Christ and the changing experiences of individuals and groups, their varying questions and their categories of perceiving reality.’

\[135\] Tillich, *The Protestant Era.* ix
6. Conclusion

The end of this exploration has shown the many areas of overlap of the experience and beliefs of my research participants, with the various moral and social theories, and with the Christian tradition. God is part of many moral and social theories, and although the religious beliefs of the participants were not explicitly investigated in this research project, God and Christian tradition is also part of their worldviews and values through their participation in modern Western society. Hence, while the Whitehead model’s apparent separation of the different sources of knowledge remains largely artificial, it does reveal God in each source. It also shows that God has something to say on a personal integrity which is more than being true to oneself.

The project was grounded in the views of a representative sample of Australian businessmen and reviewed in the light of social theory and Christian tradition. It matters because these “guardians” are the target of most current corporate governance regulations and education. It is their responsibility to guard themselves and their peers in the performance of ethical leadership. While others in less powerful positions can stand up for corporate governance as “whistle-blowers”, it is these leaders that must also take a stand for good governance and create the moral organizations that will protect the interests of their shareholders and their neighbours.

The research participants recognized the role of the personal values “learnt in the home” in providing the moral underpinning to their corporate values and behaviour. The Christian tradition retains a role in instilling and reinforcing such values. It also has a role in an inclusive discussion of ethical issues, not from the high moral ground but rather from the lived experience of Christian history and the example of Jesus Christ. This research project has highlighted that corporate governance, when directed at the business leaders as well as the potential “whistle-blowers”, presents a great opportunity for the church to wrestle with the meaning dimension, the action dimension, and the self dimension of practical theology. It is an opportunity for practical theologians and pastors “to recover an effective voice…and [reconnect] in creative, non apologetic and non condescending ways”\textsuperscript{136} to a “hot” business issue.

\textsuperscript{136} Davaney, Brown, & Turner, \textit{Converging on Culture: Theologians in Dialogue with Cultural Analysis and Criticism} (New York: Oxford Uni Press, 2001), 8
7. Actions and Further Research

Given that this research project was exploratory in nature and a platform for further reflection, there are many areas for research on the topic of personal integrity and its relationship to corporate governance. Key areas for the researcher include:

- Further critiquing of the Kantian individualism that seems to have shaped the moral reasoning of the research participants.
- Considering the concepts of freedom of choice and of power, to consider whether the sample group is truly free to decide on moral issues in isolation from the prevailing culture within the organization and within the greater society.
- Reflecting on Bellah et al’s discussion in the ‘Habits of the Heart’ on the balancing of individualism and care for the other, as well as the recovery of a culture of coherence.
- Deepening the research with the sample group to seek to uncover the moral underpinnings of their values, and the role of Christian tradition in the development of these values.
- Expanding the research sample group to include the perspective of businesswomen, and those who do not occupy positions of power or financial security.
- Developing a working definition of integrity that can be quantified and used as an objective tool to drive good corporate governance. If governance, as the ASX Principles believe, requires people of integrity, then what does this mean and where do you find them and how do you develop them?
- Further exploring the link between personal integrity and self. If, as Stephen Carter says, ‘Losing integrity does not just lead to having less of something; it means becoming less of a someone’¹³⁷, then how can the self grow in integrity and in relationship to the other?
- Exploring the ideas of universal destiny and individual freedom. If, as the research participants suggested, “there will always be exceptions to the rule of ethical behaviour”, then how can corporate governance be directed to the exceptions rather than the rule?
- Focus on the “whistleblowers” who stand up for good governance and exploring how corporate governance initiatives can be directed to the encouragement of “whistle-blowing”.

• Further research and reflection on the writings of Alastair MacIntyre and his notion of virtues through which a person is able to develop as a moral agent and recover a sense of the larger communal good.

• Further research and reflection on the writings of Levinas (and the ‘other’), Tillich (and the essential self), Niebuhr (on responsibility), for example, as well as research on the contribution of Stanley Hauerwas and writings from contemporary Christian social ethics.

• Considering the implications of the belief in “what goes around comes around” on how this debt, guilt or Karmic residue can be lived with or removed.

• Exploring where love fits into corporate governance, ethical leadership and the creation of moral organizations.

Bellah et al in “Habits of the Heart” spent five years researching American communities and concluded that Americans, largely confined to a vocabulary of individualism, have lost the language needed to make moral sense of their lives. This conclusion echoes MacIntyre’s views and the observations of this research project, and present two sources that may also help guide further research and reflection.

The truism that the more you know, the more you realize you don’t know is certainly true with this project. However, to spend this time exploring the idea and efficacy of personal integrity, as well as reflecting on the theological contribution has been a blessing. It is my hope for my dual audience of businesspeople and theologians, that the words of the prophet hold true as well and ‘in the speaking and the hearing, new things appear in the land’. The final word on personal integrity and humility, I leave to the apostle Paul in Philippians 2:3-11.

Do nothing out of selfish ambition or vain conceit, but in humility consider others better than yourselves. Each of you should look not only to your own interests, but also to the interests of others. Your attitude should be the same as that of Christ Jesus:

Who, being in very nature God, did not consider equality with God something to be grasped, but made himself nothing, taking the very nature of a servant, being made in human likeness. And being found in appearance as a man, he humbled himself and became obedient to death – even death on a cross.

Therefore God exalted him to the highest place and gave him the name that is above every name, that at the name of Jesus every knee should bow, in heaven and on earth and under the earth, and every tongue confess that Jesus Christ is Lord, to the glory of God the Father.
Acknowledgements

This research project has been an investment in my journey as a Christian businessman seeking understanding of the connections between a “hot” business issue and ‘the larger context of God’s ministry of reconciliation.’

I thank the research participants, my Khyatts’ buddies, for their investment of time, openness, and goodwill.

To my supervisors, Christine Parker and Colin Hunter, I thank you for your direction and encouragement that this research mattered.

To my sister Kristina, thanks for investing your critical thinking and understanding of social theories.

And to Rosemary, Alicia, Lloyd and Katherine I thank you for allowing me time out of our family life to follow my path as an individual.

To God in all three parts, thank you for the blessing of this time with you. I continue to be humbled by your grace and fascinated where you lead me.

Appendices

Appendix 1 - One-on-one interview questions...

1) What do you understand Corporate Governance to be?
   1i) Why is it an issue today?

2) What is the source of your knowledge of Corporate Governance?

3) What is your direct experience of Corporate Governance?
   3i) What lessons have you learnt from this experience?
   3ii) What could you have done differently?

4) Who do you see as primarily responsible for Corporate Governance in your organisation?
   4i) How do you think this person can best exercise this responsibility?

5) What do you see as your personal responsibility for Corporate Governance?

6) In a Corporate Governance situation where you are not officially responsible, what would prompt you to speak up?

7) How would you speak up?

8) What is the source of your corporate standards?

9) What is the source of your courage to speak up?

10) What role does the corporation have in encouraging these standards, values and the courage to speak up?
Appendix 2 – Group Scenarios

Corporate Governance Scenario 1 – Workplace and Community Safety:

You are senior executive running an operating division of a major publicly-listed building materials company. This division has supplied building products for many years to such projects as state schools, hospitals, and public housing. During the 1960s and 1970’s these products included asbestos.

The Occupational Health and Safety officer for your division has noted an increase in older workers reporting breathing difficulties and submits an expert report detailing the potential health risk to your employees and customers from long term exposure to asbestos. These health risks include pleural plaques and mesothelioma, both conditions with typically expensive and long tail claims.

You understand the potentially explosive nature of this information on the company’s position – in terms of workplace relations, financial provisioning, market reputation and share price – and you act immediately to inform your Chief Executive. The CEO advises you to keep this information confidential and to wait until he discusses the issue with the Board of Directors.

Your brother works for a facilities management company responsible for repair and maintenance of state hospitals. Your wife is a school teacher working in a state school built in 1965. Your mother and father now live in public housing. Your staff turnover rate is low and 50% of your workforce has been with your division for over 30 years.

The Company Board meet and agree to seek legal advice to submit to the following month’s Board meeting. Your CEO asks you to wait and to continue to keep this information confidential.

The next month’s Board meeting receives the legal advice to adopt a reactive approach in which selective provisioning and safety changes will be made but no public communication will be made. This approach is considered legal and is supported by the insurers and Risk Management committee of the Board. The Board agrees to this approach and the CEO advises you to continue to keep this information confidential so as to protect the reputation and best interests of the company as a whole.

What would you do?
Corporate Governance Scenario 2 – Tendering and Collusion:

You are CIO for a large company that is issuing a tender for a new computer system to implement scheduled changes to tax reporting. This follows a Request For Information from potential tenderers and seeks Best And Final Offer (BAFO) prices. You have a large in-house systems development team of 30 staff which will also be submitting a competing bid. Should the in-house team not win the tender, there will be staff losses (with redundancies of $1m and savings of $2m pa in staff costs). It is coming to end-of-financial year.

The tender documents clearly specify your requirements and the evaluation criteria. Technical merit and reference sites are important criteria, along with best value. The tender also retains the right not to proceed at your sole discretion. Tendering is a costly exercise in time and resources, and the company is keen to implement ASAP.

The tender process is being managed by external consultants and you have established a “chinese wall” between the tender evaluation team and the in-house team. You have previously worked with the external consultants and with one of the potential tenderers. The consultants are being paid on a fixed fee basis with an additional performance bonus based on a sliding scale from the project budget. Hence, the closer to the lower end of the budget, the more their bonus will be.

You have one of the largest budgets in your company, due to headcount and asset acquisition. This reflects upon your remuneration and influence within the company. Within the IT budget, you have provision for $10m earmarked for this project.

The consultants receive BAFO bids from the tenderers in the range of $12-15m. This is outside the budget amount. The two lowest bidders are the in-house team and the bidder with whom you have formerly worked. The consultants suggest that these two lowest priced tenderers be given the opportunity to further ‘sharpen their pencil’.

Would you agree to seek a BAFO from these two bidders? How would you handle the process?
### Appendix 3 – Values Assessment Forms for Scenarios

#### Figure 2 - Values Assessment Form Scenario 1

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<th>Scenario 1 - Safety Corporate Values</th>
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<td>8) Work collaboratively with team mates</td>
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<td>9) Obey the law and compliance systems</td>
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#### Figure 3 - Values Assessment Form Scenario 2

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