

Editorial

Recent convictions of Australian citizens in China raises questions about whether different nationalities hold different views of what constitutes ethical and unethical business practices. The first three papers in this edition of the Journal explored issues for business ethics in different contexts. Segon and Booth conducted a survey of Australian managers to determine whether Australian businesses are as ethical and transparent as the Transparent International corruption index suggests. This study explored perceptions of ethics in organisations, compliance with ethical and unethical guidelines and organisation responses to reporting of unethical behaviour.

A different perspective on ethical standards was addressed by Bruce and Ahmed, whose paper reviews the means of establishing the professional standards and financial planners. Their extensive literature review provides an understanding of the profession and professionalism, and the role of professions in establishing compliance with standards. An innovative methodology using phenomenology described how data gathered from stakeholder groups in Australia, New Zealand and the United States compared their experience of education, examination, experience and ethics requirements

The final three papers address issues central to the governance of small and medium corporations (SMEs). They make the point that governance regulation of SMEs is usually inappropriate because it is designed for big business and potentially detrimental to their performance. Michal Adam's paper points out that the Australian government is on the one hand trying to reduce the regulatory burden, especially on SMEs, while at the same time the Corporations law regulator, ASIC, is pursuing cases to enforce compliance. The main defence for transgressions is the Business Judgement Rule which for small business is ineffectual because SME owners usually fail the "mutual personal interest criteria".

Heenetigala, Armstrong and Clarke reported the results from a study of the corporate supported by the Australian Research Council Grant and COSBOA. The research explored the regulatory difficulties experienced by SMEs and the regulatory factors that inhibited or promoted performance. The results confirmed that SMEs were not aware of their governance duties as directors, and that the main factors inhibiting performance were related to taxation, utilities and access to finance and skills.

The final paper in this issue investigated the linkages between agency cost, ownership structure and corporate governance in SMEs. In a study of New Zealand companies, Wellalage and Locke analysed eleven years of data for 100 unlisted small businesses, using a dynamic panel GMM estimation. The results indicated that ownership concentration had the most significant governance effect and that there was a U-shape relationship between internal ownership and performance,

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