

# Editorial

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This edition of the Journal is the first publication under our new publications management system. It presents an eclectic mix of papers ranging from papers with results drawn from analyses of survey data from small business, to strategic decisions about the factors affecting investment. It concludes with a more philosophical paper which addresses the ethical issues of cultural and moral behaviour in the Australian Defence Force.

The extent of and continuing growth of government regulation has emerged as a major issue for governments. The main problem appears to be compliance and reporting costs. Small business is believed to be the major casualty of this problem. Lewis, Richardson and Corliss's paper describes the results of a study of 391 small businesses in NSW and Victoria. It includes estimates of compliance costs for ten types of regulation, their effect on different sized organisations and how the problems might be addressed.

The second paper into small business by Li Armstrong and Clarke complements the first study. Governance mechanisms have been found to support good firm performance and to add value to corporations. However, these findings are generally drawn from the experiences of large corporations with substantial resources. The study reported in this paper is based on the results of an ARC supported study of 387 small corporations. The results show that corporate governance 'bundles' has a negative impact on the financial performance of small corporations. The results call for a stakeholder approach to meeting the governance needs of small corporations.

Among the strategic decisions made by boards are where to invest in foreign companies and how to ensure the security of intellectual property and company information. The selection of international locations for corporate operations and the associated investment of resources are governance issues. Various factors, including good corporate governance, are believed to attract foreign direct investment (FDI). This paper by Farazmanda and Moradib, explores under what circumstances would democracy be one of these factors. Yankumal and Brown's paper provides an excellent argument to suggest that agency theory, stakeholder theory and resource management theory explain a company's strategic decision to invest resources in information security. Using data collected in a survey they found that the alignment of information security governance mechanisms support risk management, company performance and are value adding.

Small's paper offers a response to the challenges posed by recent reports in the media that the Chief of the Army seeks to change the moral behaviour and culture of the Australian Army. His words demand that defence personnel comply with civil customs, laws and moral values. Small suggests that the study of the writings of classical writers and philosophers who addressed similar issues, may provide some assistance in changing the culture.

In conclusion, the diversity of these papers shows that corporate governance theories and principles are important to a wide range of strategic, operational and ethical contexts. Indeed, their applications illustrate the multidisciplinary nature of the decisions that must be addressed by decision-makers today. From understanding of small business, to decisions about foreign investment, or corporate culture, governance theory has something to contribute. It is this complexity which the Journal of Business Systems Governance and Ethics attempts to address.

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