

Ethics very legalistic
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codes,

[Business](#), [Business Ethics](#)



Ethics and its Roles in Corporate Governance Introduction In this paper we will study the role of ethics in the context of corporate governance system. The corporate governance is defined as a structure and process that guide companies into achieving the necessary high standards of corporate behaviour. On the other hand, Fisher (2004) defines the ethics as a means of doing the right thing. The nature of the corporate governance is very legalistic in the sense that codes, guidelines and regulations are put in place to oversee corporate governance.

compliance, the moral aspect is argued by many to be absent or limited. provide an overview of corporate governance outside the scope of financial performance. This research paper aims to establish a basis for the further exploration of corporate governance from a behavioural perspective by moving research agendas toward a wider scope in the examination of corporate governance issues. We will study the role of ethics in the context of corporate governance system. The corporate governance is defined as a structure and process that guide companies into achieving the necessary high standards of corporate behaviour. On the other hand, Fisher (2004) defines the ethics as a means of doing the right thing.

The nature of the corporate governance is very legalistic in the sense that codes, guidelines and regulations are put in place to oversee corporate governance. moral aspect is argued by many to be absent or limited. In this paper we will explore the experts' perceptions of the role of ethics in the context of corporate governance also we will provide an overview of corporate governance outside the scope of financial performance. This research paper aims to establish a basis for the further exploration of

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We will study the role of ethics in the context of corporate governance system. The corporate governance is defined as a structure and process that guide companies into achieving the necessary high standards of corporate behaviour. On the other hand, Fisher (2004) defines the ethics as a means of doing the right thing. The nature of the corporate governance is very legalistic in the sense that codes, guidelines and regulations are put in place to oversee corporate governance. Corporate governance is constructed by focusing on legal processes and structures to ensure compliance, the moral aspect is argued by many to be absent or limited. This research paper aims to establish a basis for the further exploration of corporate governance from a behavioural perspective by moving research agenda toward a wider scope in the examination of corporate governance issues.

Literature Review Corporate governance theoretical developments focused upon economics, emphasising the financial benefits of corporate governance. Agency Theory emphasizes financial benefits as the ultimate focus of corporate objective. Later other theories came into the picture like governance theories focussing on maximizing the wealth as the objective of corporations. Agency Theory emphasizes financial benefits as the ultimate focus of corporate objective. Later other theories came into the picture like governance theories focussing on maximizing the wealth as the objective of

corporations. The framework of corporate governance is understood as a system of structures and processes to achieve economic gain i.

e., financial benefit. There are several indicators to evaluate corporate governance compliance such as board structure, audit, board of directors, CEO duality, role of individual investors, ownership structure and role of audit committee. The framework of corporate governance is understood as a system of structures and processes to achieve economic gain i. e., financial benefit. There are several indicators to evaluate corporate governance compliance such as board structure, audit, board of directors, CEO duality, role of individual investors, ownership structure and role of audit committee. The phenomenon of corporate governance tells us that high level of compliance does not necessarily reflect good governance like Enron, for example, provides a good case.

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The qualitative study identifies issues without being constrained by predetermined categories, while contributing to the depth and detail of the enquiry. The study is best suited for in-depth exploration of ideas relating to ethics and corporate governance. With keeping in mind, the requirements for qualitative enquiry, selection of experts and the data collection processes were designed. Data credibility is supported by the thorough selection of respondents, comparing responses between samples, use of multiple techniques (interviews and documents), rigour in analysis process, use of quotations, linked words to emergent theory, member check and peer check. We validated our research by thorough research design employed by other researchers. The qualitative study identifies issues without being constrained by predetermined categories, while contributing to the depth and

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We validated our research by thorough research design employed by other researchers. The major validation was in making sense of the association between ethics and corporate governance where ethics and its role in relation to corporate governance was deliberated in three perspectives. Therefore, the research findings give an understanding and meaning of the role of ethics in corporate governance from the social reality context.

Finding and Discussion After analysing the data, we understand that experts perceive ethics in business playing a crucial role in today's world and they highlighted that ethics should be made a priority in governance.

Perception of the experts on ethics is the moral obligation that guides corporate behaviour. " Ethics is described as a conduct of doing the right thing and able to generate aspects of corporate moral obligations". According to the view of experts, ethics is the foundation on which the obligation of doing the right thing and achievement towards wealth maximization are carried out in an accountable, transparent and responsible manner and that supports the long-term sustainability of corporations.

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Ethics in Corporate Governance The analysis of data gives the insightful relationship between ethics and corporate governance.

There are three main themes that attest to the worldview related to the role of ethics in corporate governance. Figure below depicts the perceptions of the experts related to this ethics and corporate governance. The first theme indicates that corporate governance is a big code of ethics. A code of ethics is neither rules nor regulations; rather it is a guideline perceived to be represented by the structure and process and designed to assist corporations in resolving issues arising out of grey areas.

According to the experts, grey area are the cases of conflicting interests faced by the corporate members. Also, “ complying with corporate governance requirement is an act of ethics”. Requirement of the corporate governance contain values related to the key concerns of business ethics. The analysis of data gives the insightful relationship between ethics and corporate governance. There are three main themes that attest to the worldview related to the role of ethics in corporate governance. Figure below depicts the perceptions of the experts related to this ethics and corporate governance. A code of ethics is neither rules nor regulations; rather it is a guideline perceived to be represented by the structure and process and designed to assist corporations in resolving issues arising out of grey areas.

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The second theme gives the different perspective and indicates that ethics is part and parcel, or a subset, of corporate governance.” Inclusivity refers to the rules, principles, self-regulation and guidelines inherent in a good corporate governance system”. In other words, ethics is defined as the subset of corporate governance system and is implicitly included in it.

The issue of governance is not just a set of rules but also a control of conduct. The control of conduct is good behaviour which is linked to ethics. Ethics can be used to motivate corporations and corporate citizens to act in an ethical

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Voluntary requirements indicate that it is not just a set of rules, but also

provides guidance that corporations can follow voluntarily. An opposing view

is suggested by third theme that indicates that ethics are not merely part of

corporate governance; rather, ethics is affiliated with the corporate

governance system. In other words, ethics exist within every individual,

therefore, the creation of a good governance system rests on the individual's

ethical conduct.

According to the experts, ethics is not externally integrated into a governance system, rather it is the values possessed by the individual that steer the governance system. Therefore, we can find a relationship between the individual and any system which is designed to lead towards good governance practices. The governance system would not work without any ethical individuals. The study highlighted here is linked with the utilitarian principles, where the concept of greatest good for the greatest number of people is the basis for the evaluation of rightful acts.

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When one practices ethical behaviour, it means one would do best in governance practices. As per the above themes mentioned, the emphasis is on the inclusion of mandatory and voluntary requirements which are a part of the ethical practices considered as inclusive governance. The mandatory and

voluntary requirements in the structure and process of governance are part of the ethical measures that guide corporations towards being accountable and transparent and which denoted the ethical ideology inclusivity in corporate governance practices. Corporations describe these ethical measures as either explicit or implicit. The best practices followed in regards to corporate governance include “ ethical elements, such as compliance with laws and payments of taxes; not making inappropriate payments or receipts; avoidance of conflicts of interest; maintaining the confidentiality of privileged information; refusing gifts; equal opportunities; and charitable donations” which are explicitly visible in the corporate governance practices. Some of the moral responsibilities which are emphasized in the study includes creating jobs; generating tax revenue; rendering goods and services to consumers; providing secure retirement for employees; ensuring a maximum degree of transparency; and internal and external accountability. However, the study indicates that there is still much to be done to support ethics in corporate governance practices as a means to enhance good governance practices.

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confidentiality of privileged information; refusing gifts; equal opportunities; and charitable donations” which are explicitly visible in the corporate governance practices. Some of the moral responsibilities which are emphasized in the study includes creating jobs; generating tax revenue; rendering goods and services to consumers; providing secure retirement for employees; ensuring a maximum degree of transparency; and internal and external accountability. However, the study indicates that there is still much to be done to support ethics in corporate governance practices as a means to enhance good governance practices. Conclusion The findings of this study have shown that the role of ethics in the context of corporate governance is interpreted from three perspectives: corporate governance as a code of ethics; ethical inclusivity in governance; and ethics as an affiliate of corporate governance.

Such findings indicate the worldview of the social reality of ethics in the Malaysian context. Essentially, the three perspectives contribute to the understanding of ethics in governing corporations. The findings introduce academia to a new perspective of corporate governance issues. The three perspectives that emerged from the findings contribute to the need to revise and re-evaluate the present corporate governance structure. Perhaps more structure and process should be included to integrate ethics in the corporate governance model.

For academics, these findings provide an answer to the question of ‘ what is the role of ethics in the Malaysian corporate governance perspective?’ Much of the major research in corporate governance has been undertaken to

investigate the relationship between corporate governance and firm performance, which relates to the structure of the corporate governance aspects. This research considers the social aspects of corporate governance where the scope of corporate governance research is extended to include the behavioural aspects of governance, rather than simply the structure aspects. This paper aims to establish a foundation for the further exploration of corporate governance from a behavioural perspective, thus, moving research agendas towards a wider scope of examining the corporate governance issue. Such a move will have the potential to provide feedback to, and guidance for, practitioners, regulators and educators. The three perspectives that emerged indicate a different spectrum in the understanding of corporate governance. Such a new paradigm of governance aspects introduces researchers to new governance aspects. In sum, the general perception is that ethics should be 'allowed' to guide corporate moral obligations.

Furthermore, ethics in the context of corporate governance, as perceived by some of the experts, is crucial to educate corporations and their citizens concerning a self-reliant governance system. The findings of this study have contributed to corporate governance from the behavioural perspective. Because the respondents were experts, to what extent their views on ethics and their role in corporate governance resonate with the professional and practitioners' views needs to be ascertained in the future, as the motive between practitioners and professionals may differ.