Full Length Research Paper

Creating value governance: What it ought to be

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Accepted 25 May, 2011

This study aimed to explore the aspect of ethics in the context of corporate governance and to examine the possibility of integrating ethics in the corporate governance structure and process. This study analysis focused on qualitative methodology. The study found that corporate governance structure and institutionalisation of ethics are attributes of ethics that support the foundation of value governance practices. The findings of the study suggested a remedy for the shortfalls of the existing governance structure and process. This study contributed to the practical implications, that is, the ethical dimension that is useful for corporations to enhance their corporate governance practices, and academia, that is, contribution to knowledge by employing the social constructionist approach. This study is the first of its kind to explore corporate governance in the context of values using the social constructionist approach.

Key words: Corporate governance, ethics, qualitative, social constructionist.

INTRODUCTION

Corporate governance builds trust and creates sustainable stakeholder value (Demise, 2005). As such, the development of corporate governance is a priority. Development on corporate governance commonly focuses on corporate governance practices. Corporate governance practices generally refer to governance structure such as board composition, separation of role between chairman and chief executive officer, non-executive director and audit committees (Soobaroyen and Sheik-Ellahi, 2008).

Corporate governance practices became the centre of concern because of their link with corporate failures. Empirical evidence and the views gathered indicate that there is a relationship between the continuing phenomenon of corporate failure with poor governance practices. This phenomenon highlights the shortfall of the present governance system. Arguments often point to inadequacy in the governance structure and process in building corporate sustainability. To prove this point, several studies confirmed that a major factor in the failure of giant corporations, such as Enron and HIH (Marjono, 2005), were due to the ignorance of value in governance practices.

In Malaysia, a similar corporate governance phenomenon is noted, where scandals surrounding corporations such as Transmile Group Bhd in 2005, Axis Inc Bhd and Linear Corp Bhd in 2009, Kenmark Industrial Co (M) Bhd and Sime Darby in 2010, are also linked to poor corporate governance practices (that is, financial irregularities, overstated revenue, etc.). These corporate scandals resulted in massive economic loss. For example, Sime Darby resulted in a massive loss of RM 2.1 billion, (Yee, 2010; Nambiar, 2010). Apart from economic loss, the confidence and reliance on corporate governance systems is also questioned.

Ironically, Malaysia has comprehensive laws and a good regulatory system in terms of corporate governance, however, abuse of governance practices and wrongdoings continue (Liew, 2007). The above examples of governance issues, if not effectively addressed, can have a serious impact on the Malaysian financial market (Abdullah, 2007). Most importantly, as mentioned earlier, issues on governance practices affect

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the confidence of shareholders and society in the public listed companies because of the perceived belief that corporations engage in unethical practices (Gasorek, 2003). Governance scholars (Siebens, 2002) have concluded that there is a possible link between the corporate governance issues and value. Specifically, ethics is claimed as a value that is able to direct and manage corporate governance practices.

There are many claims (Agatiello, 2010; Arjoon, 2005) that support the strength of ethics in corporate governance. For example, ethics promote effective governance (Lovell, 2006). Lack of ethics is also often associated with major corporate scandals (Schawrtz et al., 2005). Some even state that corporate governance reform would not be successful without preserving ethical conduct in organizations (Peter, 2004).

Nevertheless, within the scope of academia, limited studies have acknowledged the ethical perspective of corporate governance. Appelbaum et al. (2009), for example, stated that there is generally a lack of consensus and empirical support in the current literature concerning ethics and corporate governance. Several explanations can be offered as to why there is a lack of support for centralising ethics in governance, particularly with respect to scientific investigations. First, the performance of corporations has been generally cast in terms of economic benefits (Jones, 1995; Friedman, 1970; Jensen, 2001). A firm or a corporation is seen to perform when it is able to achieve its economic goals. It is this basic understanding that has prompted many scholars to examine the economic aspects of a company’s financial performance (Bhagat and Black, 1999; Weisback and Hermalin, 2000) rather than non-economic logic, that is, social and environmental perspective. Thus, leading to the academic contribution towards corporate governance that encourages the application of economic theories. This explains the slowness of accounting theorists in recognizing social interaction (Gaffikin, 2007).

Although, some recent works have identified the role of ethics in influencing governance practices (Bedick and Aruda, 2005; Rossouw, 2009), there is no in-depth explanation as to the process of integrating ethics in governance. In other words, answers as to how ethics can contribute to governance practices in organizations are yet to be found. Based on the above arguments, this study aimed to highlight ethics in corporate governance. The study focuses on social reality to unfold that possibility. Social reality is shared by corporate governance experts. The researcher uses the social constructionist paradigm to explore the possibility of integrating ethics into the present governance system.

The structure of this study is as follows: firstly, brief highlights concerning past findings of corporate governance are provided. Secondly, deliberation of the social constructionist paradigm is explained in the methodology. This is followed by a description of the findings. The study concludes with the contention that value governance is the new outlook for a governance structure that leads to the sustainability of corporations.

**PRIOR STUDIES**

Prior empirical evidence indicates five levels of corporate governance studies. Van den Berghe and Levrau (2001, as cited in Berghe and Carchon, 2002) categorized the five levels as follows:

1. Board of directors,
2. Relationship between shareholders, which focuses on the agent-principal theory,
3. Directors and management, direct stakeholders (which is a more holistic approach),
4. Indirect stakeholders (which is in the context of corporate social responsibility),
5. Corporate governance environment, which is embedded in the economic system, law and regulations, culture and values and norms.

Notably, the first level is the area most commonly researched. Extensive studies (Mohd Ghazali, 2010; Brown and Caylor, 2004; Heracleous, 2001), within this level concentrate on board attributes. However, over the years, there has been a shift in the focus on corporate governance studies. Concern is shifting to the substance of governance. Several researchers (Lichtenstein et al., 2008; Lichtenstein and Dade, 2007; Wu, 2006; Sitlaoja, 2006; Demise, 2005) focused on value as the substance of good governance. For example, a recent survey conducted by Lichtenstein and Dade (2007) empirically proved that the corporate governance outlook is changing its nature to a value based perspective. Data, that is, executives from 163 owners and managers, and the UK and US longitudinal population, revealed such findings. Board integrity (Lichtenstein et al., 2008), and ethics studies (Wu, 2006; Demise, 2005) are two of the recent contributions to support the above contention. Although, in its infancy, studies on ethics have shown promise in contributing to the changing nature of corporate governance. Attention, however, has focused on the role of ethics in governance.

For instance, Bedicks and Arruda (2005) in their analysis determined the role of business ethics in the Latin American corporate governance context. They found that an increase in corporate governance led to an increase in the awareness of business ethics. However, Bedicks and Arruda (2005) argue that there is still much to be done in recognizing the importance of business ethics in corporate governance. They made this statement based on their findings of a Corporate Governance survey in Brazil. They analysed five important sources of information concerning the state of corporate governance in Latin America (including Argentina, Brazil, Chile, Colombia, Mexico, Peru and
Venezuela). The five sources of information are: meetings of the Latin American Corporate Governance Network, debates in the Latin American Corporate Governance Roundtables, studies of the overview of Corporate Governance in Brazil developed by the Brazilian Institute of Corporate Governance (IBGC), the third version of the Code of Best Practices of Corporate Governance produced by the IBGC in March 2004, and the IBGC corporate governance survey in Brazil. The survey on corporate governance in Brazil shows that there is awareness of business ethics. It is noted that, at present, there are ethical elements among the five sources of corporate governance as mentioned earlier, although it is perceived that the level of awareness of business ethics is low. Bedick and Arruda (2005) suggest that there is still much to be done in generating the importance of governance as a means to increase ethics in business. Although, literature indicates progress in understanding the ethical perspective related to governance, further insight is needed to explore ethics in relation to aspects of governance.

Wu (2006), for example, investigated ethical consideration and governance. In a survey of 500 listed and OTC companies in Taiwan, Wu (2006) found that ethical consideration, corporate governance and organizational performance are linked. Wu (2006) discovered three factors that influence ethical consideration, namely, supervision and balancing, legitimacy and capital gathering, and ethical leadership and creative mechanism. Although, Wu (2006) identified a relationship between ethics and corporate governance, Wu (2006) shows weaknesses in the dimension gathered to measure corporate governance practice variables. The researcher comments that Wu did not project the exact concept of the corporate governance practices. This comment is made based on the contention that the corporate governance practice dimension was designed based on the OECD corporate governance principles only; it is assumed that the items do not include the overall meaning of corporate governance practices. Further, Wu (2006) designed a closed-ended questionnaire. According to Zikmund (2003) closed-ended questions limit the participants to express their viewpoint and limit the alternative for the participants, as specific answers are given for the participant to choose. Unlike open-ended questions, in which participants are required to answer the questions in their own words, which give freedom for participants to explain their thinking. In order to show the suitability and accuracy of the meaning of corporate governance practice (in Malaysian environment), the present study, proposes to conduct interviews (that is, open ended questions) with the experts of corporate governance in order to obtain the actual traits of corporate governance practices.

### METHODOLOGY

The present study employed a social constructionist approach. The research processes undertaken are guided by Creswell (2007). Creswell (2007) described the nature of the social constructionist approach as seeking to understand the social reality. The social constructionist approach suits the research aim, that is, understanding the meaning of corporate governance from the perspective of social reality.

#### Data collection

Based on the nature of the study (understand the meaning of corporate governance from social reality), the inquiry technique is used. In doing so, human interaction is crucial. As such, interviews were used as the mediating technique to gather the data in making sense of the meaning of corporate governance from the perspective of social reality. Interviews were held with the various groups of experts. Experts in this sense are persons or associations involved in the development of corporate governance in Malaysia. The selection of experts is based on specific criteria, that is, experience, expertise and suitability, and their involvement in corporate governance development in Malaysia. The snowballing technique is used as the basis for the selection of experts. Table 1 illustrates the selected experts based on the snowballing technique employed.

In total, thirteen interviews were undertaken. The rule of thumb on when to stop the interviews using theoretical saturation, as suggested by Glaser and Strauss, was adopted. The saturation point was reached when the thirteen experts gave little new information towards the subject matter of the study. At this point,
Prepare topic guide
Prior to the interview, open ended questions were prepared. The outlines of the questions were designed to provide a guide during the interview. The open-ended questions are part of the social constructionist approach that the researcher adopted. Creswell (2007) states that open-ended questions and reliance on the participant’s word are the criteria for the social constructionists worldview.

Select method
Using the social constructionist interview technique, that is, conversation based. For example, the opening questions included general questions, followed by specific questions related to the issue. Probing was used constantly.

Design strategy
Using a tape and diary, that is, tape used for recording and diary as a reflexivity process. The interview method suggested by Puvenes vary et al. (2008) was used, that is, seating position during the interview, way conversation is carried to the closing of the interview, way of opening the interview, creation of comfortable atmosphere, which is aimed to create a relaxed atmosphere in order to gather information.

Conducting interview
At the premises of the respondents. Length of interview was 90 to 180 minutes.

Transcript interview
Verbatim transcriptions.

Analysed the text
The analysis of the text involved two main processes. The following description illustrates the process of each stages:

i) Descriptive account – descriptive account involves three stages which are:

a) Summarising or synthesising data
b) Sorting data by theme or concept
c) Labelling or tagging data by concept

ii) Explanatory account – involves six stages which are:

a) Seeking application to wider theory
b) Developing explanations
c) Detecting patterns
d) Establishing typologies
e) Identifying elements and dimensions
f) Refining categories, classifying data

* Analysed of the text is adopted from Ritchie and Lewis (2003) process of analysing research data.

the researcher believed it was time to stop and move on to the next phase of data gathering. The study used Gaskell’s (2000) suggestions for interview procedures. Gaskell staged six main steps, which are: prepare topic guide, select method of interview, design strategy, conduct the interview, transcribe the interview, and analyse the text. Table 2 shows the descriptions of the interview and analysis process and procedures applied.

FINDINGS AND DISCUSSION

This study focuses on understanding corporate governance from social reality. Based on the analysis of the interview data, several themes emerged to support the meaning of corporate governance. The findings bring forth an understanding of corporate governance as a social process that includes value. What ought to be is the inclusion of ethics in corporate governance practices towards value governance. Such is the evidence that supports the earlier contention:

“Corporate governance is the manifestation of the society’s will because people are no longer engrossed when it comes to profit and monitoring terms. The shift of paradigm is there. They said that we want the money, but it has to be done in accordance with morality. They want to call it clean money... the trend is there” (Expert no.4)

The quotation underlines the inclusion of ethics as the foundation of value governance as a social process.
Value governance, as voiced by the experts, is a system that guides business activities with moral obligations. Evidence to support the meaning of value governance is as such:

(i) A conduct to control the good behaviour of staff
(ii) Corporate governance is not only about rules, it is about the principles behind the rules. The principles require a moral or ethical foundation
(iii) A system of being trustee
(iv) Being transparent
(v) About doing the right thing

Congruent with the literature, value is termed by Schwartz and Bardi (2001) as ‘desirable, trans-situational goals, varying in importance, that serve as guiding principles in people’s lives’ (Siltaoja, 2006).

Further analysis of the interview data, revealed several themes that are linked with value governance attributes, which are accountability, responsibility, fairness, honesty, integrity and transparency. These attributes as perceived by the experts guide corporations to act and behave morally. Analysis of the data informed that conformance, monitoring and supervision, interaction with people (stakeholders) and reporting are the act of corporations towards a system that guides business activities with moral obligation. The experts believe that corporations that practice these attributes (accountability, fairness, integrity and transparency) would conform to guidelines, rules and regulations, monitor and supervise the corporations with principle, interact with fairness and report with integrity and transparency.

As explained by Expert number 4, corporations ought to have a system or mechanism that cultures a good business environment. A good business environment, in the experts view, comprises those corporations that are righteously governed. Righteous governance is gained through the persona of the corporation. The persona of the corporation means the legal entity or title obtained by the corporation. The view of Expert number 4 relating to the personification of the corporation is given as follows:

“Companies are recognized as a separate legal entity, so, in my view, pursuant to that, personification of the company as a legal entity basically invites the issue of rights, privileges and obligation to be imported as part of the company framework.”

The quotation indicates the process of corporation personification. In interpreting the quotation, good ethics would indicate good business. Good ethics based on the analysis of the findings means corporations that adopt ethical practices. Ethical mechanism, as voiced by the experts, comprises the corporations that incorporate four main ethical dimensions, namely:

1. Internal ethical structure
2. Ethical culture
3. Ethical considerations
4. Ethical leadership

The present study concentrates on the internal ethical structure because of its apparent support, which is implicit and explicitly structured to guide value governance. Hence, the following focus on attributes of internal ethical structure that are believed to support the creation of value governance.

Integrating ethical structure

From an analysis of the data, internal mechanism, implicit and explicit ethical structure, ought to be developed in a corporation. Empirical evidence (Ethics Research Centre, 2007; Falkeberg and Herremas, 1995) indicates similar results. Formal and informal ethics support ethical behaviour among employees in an organisation.

Data from the experts indicate that governance structure and institutionalisation of ethics are two components of ethical structure that are associated with the inclusion of value in governing corporations. Both attributes, as perceived by the experts, are able to create a sense of value in sustaining corporations. Table 3 shows the lists of attributes voiced by experts as factors that support the foundation of value governance practices.

Governance structure

The data revealed two themes for governance structure:

1. Board structure
2. Support system

Both are mutually dependent and reciprocally associated. The integration of board structure and the presence of a support system are perceived as contributing towards a high standard of governance practices. As confirmed by the experts, compliance with mandatory requirements (that is, requirements from the securities commission and Bursa Listing Requirements) and those voluntarily structured by the corporation (that is, corporate support system) are ethical practices.

Board structure

Firstly, the data revealed several mechanisms (that is, practicing the right kind of ethics, independent, corporate philosophy, and administration) of board structure that experts perceive as moving towards the application of a high standard of governance practices. For example, the experts indicate that explicit forms of governance practices, as prescribed in the codes, are ethical practices. As such, corporations ought to adopt the
practice in order to fulfill their ethical obligation and duties. In addition, corporations ought to abide by the rules and regulations prescribed in the Company’s Act, which is implicitly formulated in the Companies Act, 1965. This is perceived as codified ethical obligations. Hence, corporations, according to the experts, adopted the basic foundation of governance practice – the right kind of ethics. In making sense of the data, the right kind of ethics is defined as actions that are believed to be rightfully performed.

Secondly, is independence as an aspect of ethical practices. Independence is strongly perceived as a significant practice in corporations. The issue of independence is related to the choice or acceptance of business activities.

Thirdly, it relates to corporate philosophy, which is considered by experts as forcing corporate citizens towards governance practices. The experts believe that corporate philosophy (that is, mission and vision) ought to include ethics to nurture corporate practices by exposing value in the mission and vision to guide corporations. Introducing values in the corporate mission and vision may direct corporate citizens to believe in a corporate route towards values. Several examples from corporations that incorporate values in their mission and vision are as follows:

(i) We are driven by a set of values that serve as a guiding principle in all our relationships, internally and externally, unifies and motivates our staff, provides clarity in our decision making and defines the way we conduct business with our community.
(ii) Growing with responsibility.
(iii) We give all to work, passion, loyalty and just.

Lastly, administration, which is viewed as a process directed towards ethical actions. Experts believe that ethics should be embedded in the administration process. Administration is interpreted as the process and procedure of internal matters in a corporation. Meetings are commonly referred to as an important administration process that ought to have ethics embedded. The following response was voiced concerning meetings:

“At meetings the chairman always emphasises ethics.”

The statement identifies meetings as the basic administration through which ethics can be transferred. Meetings are the place where ethics can be inculcated. A clear adoption of ethics should be nurtured in the process and procedure (that is, before, during and after) of meetings. Procedures related to meetings (that is, frequency and agenda, conflicts of interest issues, collective decision making) are among the subject matters that corporations should inject with ethical principles. Documentation (that is, properness in administration, transparency such as declaration of conflicts of interest) should have an ethical foundation. Complying with rules, regulations and guidelines are the expert’s translations of ethical documentation. The earlier mentioned statement is an example given by an expert with working experience in a (Multi National Corporations) MNC. His experience in a MNC provides him with the perception that meetings are the forum for inculcating ethics. He strongly believes that meetings are the venue where the chairman can impose the earlier mentioned suggestions (related to the process and procedures of meetings).

**Support system**

Support systems are an important structure in a corporation. The experts indicate that implementation and enforcement of a significant support system ought to be developed to assist in achieving value governance. Implementation and enforcement involve strategies in a corporation. Essentially, the experts perceived that corporations ought to develop ethical strategies to maintain their business reputation. Implementation, according to the experts, should instil the motto ‘walk the talk’. Implementation ought to be supported by
enforcement. Remedial action and penalties, as enforcement elements ought to be taken seriously by corporations. Some experts view that the Malaysian enforcement system has distracted the fluency of ethical conduct in the process of governance practices. Enforcement, as viewed by some of the experts, is too lenient and, thus, contributes to an increase in governance flaws, for example, non-substantial penalties for directors that are involved in unethical practices. They opined a ‘carrot and stick’ strategy in the form of penalties, such as:

“We make them realize that the allotment of annual returns plus accountability is the central component of Corporate Governance. And we impose penalties compounded in terms of a breach of that provision; then you can see that the enforcement is working...so people are more aware of the requirements of the law.”

Institutionalisation of ethics

Institutionalisation of ethics is socially constructed as the structure that is embedded in a corporation. Literature reviews (Andrew, 1989) as cited in Soutar et al. (1995) indicated that the Institutionalisation of ethics is ‘action needed to map a high road to economic and ethical performance and to mount guardrails to keep corporate wayfarers on track’.

Congruent to the literature, institutionalisation of ethics is perceived as part of the internal governance mechanism that leads towards good governance practices (Othman et al., 2009). The data revealed several mechanisms that experts perceive as institutionalised ethics. These include ethical instrument, ethical positioning and ethical evidence.

Firstly, ethical instrument, which is interpreted by the experts as tangible ethical tools that are considered the basis for guiding ethical practices. Code of ethics, whistle blowing and key performance indicators are the three themes considered as ethical instruments that guide corporate practices.

Code of ethics, for example, is commonly voiced as a tool that guides people to act ethically. Answers are planted in the code as a guide to solve ethical uncertainties. Experience, as shared by experts, indicates that a code of ethics is a significant tool to guide corporate citizens. It is a form of explicit communication to all levels of management. Comments related to the code of ethics include:

“Code of ethics is the pillar of success for multi-national corporations. It is a long-term investment. You have to believe in it to treat it as the culture ... it has to start from the chairman and go down to the country head”

If public limited companies are going to be trusted by the investor we must have a certain code of ethics”.

The quotations emphasise the importance of code of ethics as a source of ethical clarification. A code of ethics, as viewed by the experts is a policy guide in the absence of legal sources. Experts strongly support a code of ethics as an integral part of business activities. Reliance on the code is strongly advocated, and external parties, such as auditors, ought to check the code to identify any violation. An example is given by one of the experts:

“The auditors, when they do the checking, they must ask, where is your code of ethics? Then they can see if there is any violation or not.”

The quotation indicates how auditors can monitor corporations that violate ethical conduct. Auditors should closely observe and understand the code of ethics of a corporation, then crosscheck it for any offences disclosed by the corporation or detected through audit work. Such an enforcement process would disclose any wrongdoing related to the code of ethics.

Furthermore, emphasis is given to believing the code. The experts state that believing in the code is integral. As such, corporations ought to apply the code as part of their corporate culture. The code of ethics should not just be a cosmetic instrument, it should endorse the code as a process of taking ownership of the responsibility and accountability of every individual in a corporation. ‘Make it a norm and way of life’ is the key manifesto of the experts.

Whistle blowing is another tool that is much discussed by the experts and should be incorporated.

“The company should allow support without reprimanding the person or repercussions that affect the job.”

Experts perceive that there is a lack of support for whistle blowing at present. Emphasis ought to be given to provide a mechanism for whistle blowers. Experts believe that whistle blowers are important, as it is a way of attracting attention to expose wrongdoing. In order to protect the whistle blower, experts opined that corporations ought to provide custodians. Company secretaries and internal auditors are the two parties often named as perfect custodians to serve the purpose.

“The company secretary must be the kind of person that an employee can complain to. The company secretary is a person chosen as full time. Maybe an internal auditor, maybe a financial controller.”

Secondly, experts perceive that ethical matters ought to be dealt with formally. Hence, ethical positioning is crucial. Ethical positioning, as interpreted from the data, indicates a description of tasks or positions purposefully created in the corporation to clarify, assist and solve ethical ambiguity.
The experts believe that formal ethical positioning leads to open and transparent ways of conducting ethical issues in a corporation. There are several forms of ethical positioning themes gathered from the data. These include independent body, directorship as a profession and ethics officers.

The establishment of an independent body is a significant monitoring mechanism, as recommended by the experts. The experts suggest that the Malaysian Institute of Corporate Governance (MICG) is an independent body that ought to take responsibility for monitoring the performance of governance and ethical practices of corporations. As pointed out by one of the experts:

"The majority shareholders have the position to influence the decision. That is why we need an independent view [to act] on behalf of the minority."

The quotation illustrates a situation that requires an independent body, such as the MICG, to take charge. An independent body such as the MICG acts for the minority shareholders to voice their dissatisfaction related to decision making. Thus, the MICG can act upon any complaint or voice the concern of minority shareholders.

Directorship is another factor that experts perceive as a mechanism that is able to guide corporate governance practices. As one of the experts said, 'make directorship as a profession. At present, directorship duties are considered as board tasks or responsibilities. The experts perceive that the role of directors would be taken seriously if it had a job description like professionals, such as accountants, rather than just seen as a task. Creating a job portal for directorships is the first step towards legalising it as a profession. Essential requirements ought to include integrity, qualification, experience, and psychometric tests similar to job descriptions for professionals. These are the criteria that experts ought to use to evaluate the profession. This is also a method that could be used to isolate directors with a bad record.

An ethics officer or similar, is another ethical tool that is perceived as a mechanism to support ethical governance practices. Experts highlight that the ethics officer or compliance officer is strongly associated with ethical governance practices. The experts identified several significant duties for ethics officers that would enhance governance practices. These include the description of duties:

1. Frame governance policy, that is, construct rules and regulations,
2. Design ethical practices, such as code of ethics,
3. Deal with ethical dilemmas,
4. Collaborate with internal and external audit in terms of corporate ethical issues, that is, wrongdoing.

However, some of the experts pointed out that positioning the mentioned job description, is 'a bit too soon in Malaysia'. Nevertheless, the experts opined that in order to make it happen (that is, appointment of an ethics officer) there should be enforcement of the appointment of an ethics officer for all public listed companies.

Thirdly, ethical evidence to expose business activities. The annual report and audit report are the two common documents viewed as ethical evidence to support governance practices. These documents ought to enhance the credibility of corporations. The documents are proof of ethical activities performed by corporations. The annual report, for example, is perceived as reliable ethical evidence concerning the corporate activities. In fact, the experts suggest quarterly reporting as a monitoring tool to assess best practice. As mentioned by one expert, the frequency of reporting hampers the process of fraudulent activities, thus, eliminating the opportunity for wrongdoing. Disclosing information is a corporate way of practising transparency. Corporations, as pointed out by the experts, ought to disclose not only profit but also the process of generating the profit. They suggest that this will increase public confidence in the ethical conduct of the corporations. Evidence concerning this belief is illustrated:

"The financial reporting standard is about disclosure, however, you not only want to know that they made money, but how they have conducted themselves in making the money."

Conclusion

This study discussed social construction views expressed with respect to values in corporate governance. The interpretive approach explored corporate governance as a social process. The findings offer a new paradigm of approaching corporate phenomenon related to value governance practices. Ethical structure, ethical positioning and ethical evidence are the three themes developed from the findings that create the value governance. The emergence of the two main themes (that is, governance structure and institutionalisation of ethics) explains the inclusion of the ethics mechanism as value governance. This study suggests the integration of the two main themes as alternative avenues to theorise corporate governance issues. Also, this study provides practical implications, as it highlights non-economic logic as the structure and process of governance practices, hence, broadening aspects of morality in governing corporations. In other words, the corporate sustainability worldview is strengthened by considering the basic element of business, that is, ethics.

However, the findings are limited to circumstantial evidence. To further enhance the findings, the present study proposes examining inferences between ethics and governance. Scientific efforts are required to improve the understanding of ethics in a governance context.
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