

**Business Ethics and Prospects for Restorative Justice in Selected Commercial  
Organisations based in Singapore**

Thesis submitted by

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## **Abstract**

This study explores the principles and practices of business ethics in commercial organisations in Singapore. It also addresses the potential of the concept, restorative justice as a feature of ethical practice in commercial organisations. Two research questions guided the study which were i) what are the principles and practices of business ethics in commercial organisations based in Singapore and ii) what is the potential of restorative justice in commercial organisations based in Singapore?

The principles and practices of business ethics have become increasingly important in a globalised business world where ethics in business has been seen as critical in preventing malpractice and in ensuring organisational viability (Lin-Hi & Blumberg, 2011). A review of relevant literature regarding business ethics canvassed theories and ethical frameworks that influence the ethical practices of the leaders in their organisations, in particular relation to egoism, virtue-based, duty-based, justice-based, utilitarian and Confucian ethics. In the review, I have addressed the role of ethical leadership, ethical decision making, codes of conduct, corporate governance and corporate social responsibility in strengthening ethical business practice. I also canvassed the concept and practices of restorative justice, with its heritage in criminal justice. Within the review, the ways in which restorative justice values and practices have been incorporated and applied in the business sector in areas such as responsive regulation, organisational justice, consumer protection and workplace conflict were identified (Ayers & Braithwaite, 1992; Goodstein & Butterfield, 2010; Kidder, 2007).

Using a case study methodology, cases of five commercial organisations were generated. The organisations were based in different business sectors within Singapore. The case studies highlighted the leaders understanding of business ethics, their principles and

practices. The cases also drew on the organisations' annual reports, product brochures and other publicity materials. The questionnaire data collected from the employees were also included in the case studies.

Analysis supports the view that leaders in commercial organisations based in Singapore perceive business ethics as important. They agreed that business ethics contributes to organisational profit and organisational sustainability. Leaders adopted principles and practices around ethics that aligned with a mixed range of ethical frameworks. Their understanding of business ethics, however, reflected a combination of leaders' ethical values and regulatory practices.

Business ethics in their organisations were implemented mainly in the form of codes, rules and regulations. Compliance with rules and engagement in corporate social responsibility activities were commonly described as ethical business practices. However, these practices appeared to be driven by economic motives related to organisational profit rather than by a stance oriented towards social improvement. The leaders played a significant role in ensuring successful compliance with regulatory frameworks. The leaders' ethical principles and values contributed to the management of regulations, ensuring compliance by the employees in following rules. The leaders' values also contributed to the ethical management of clients, services and products. The values of restorative justice and associated practices were found in the five commercial organisations and appeared more prevalent in the area of employee management. As such, restorative justice in commercial organisations offered some potential application to strengthen ethical business practices.

This thesis outlines the scope of current understanding and practices of business ethics in these commercial organisations. This thesis also points to areas in which future research may expand on these initial findings around business ethics and restorative justice in commercial organisations.

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## Declaration

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university or other institution and to the best of my knowledge contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

*Razwana*

22 Dec 2014

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Razwana Begum

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Date

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## **Chapter 1: Business Ethics in Commercial Organisations**

*...to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of society, both those embodied in law and those embodied in ethical custom.*

Milton Friedman (1970, p. 33).

This chapter outlines the context for this research study. It introduces the problem, outlines the research questions and provides an overview on the environment. It illustrates the merits of examining business ethics and exploring the prospects of restorative justice, as a form of upholding ethics in commercial organisations based in Singapore.

### **1.1 The context**

The ethical failures of a commercial organisation have been seen to affect the sustainability of the organisation and such failures also create a domino effect on all who are linked to the organisation (Floyd, Xu, Atkins & Caldwell, 2013). Developments in technology, infrastructure, globalisation and transformation of ownership of business entities have created a web of dependency in the commercial world (Cosans, 2009). An example of this web of dependency was observed in the collapse of Lehman Brothers. The bankruptcy of Lehman Brothers, one of the largest in the history of the United States had a profound impact on the global economy, resulting in an estimated global loss of close to forty trillion dollars (Kensil & Margraf, 2012; Park, 2009).

Unethical business practices are not contained to the financial sector alone. In the 1984 case of Union Carbide in Bhopal, India, limited safety measures resulted in tragic outcomes to human lives and to the environment. The organisation's malpractice resulted in the release of toxic gas that left many dead, thousands sick (Banerjee, 2008). For the last 20 years or so, those who survived the Bhopal disaster have been petitioning for damages, for environmental remediation of the site and for medical rehabilitation, to no avail (Mitra, 2012, Sharma, 2013). The unethical business practices of Union Carbide and the limited safety measures placed in conducting business were issues that required close attention. However, the limited focus on the victims that were affected by the disaster is another area of concern. As indicated by Ice (1991):

Union Carbide's response to what should be done following the gas leak dealt with the scientific, rather than the human side of the leak's effects... One might even wonder whom Carbide saw as the victim – Carbide or the Bhopal residents (p. 357).

In a case closer to Singapore, the melamine laced milk powder tragedy in China in 2008 caused much public outcry. The death of at least 6 children and 300,000 sick babies highlight the issue of ethics around food security and the fallibility of moral values in the context of business (Xu, 2011). As stated by Zhou (2010):

There is no short of unsafe foods in the Chinese market – a consequence of moral collapse in the society and lack of media freedom to bring such unethical and unmoral activities to be condemned. Polluted environment also contributes to the production of unsafe foods (p. 265).

British Petroleum (BP) and their involvement in the oil spill incident in the Gulf of Mexico in 2010 illustrate elements that strike at the heart of ethics in business (Alijani, Mancuso, Omar & Ordogne, 2012; Padgett, Cheng & Parekh, 2013). BP was popular for its

stringent rules, comprehensive set of internal code of conduct and was closely monitored by external regulatory bodies. Despite such close scrutiny, the organisation went on to engage in unethical business practices that resulted in dire consequences. Lin-Hi and Blumberg (2011) argue that BP as an organisation, wanted to achieve its short-term gains by cutting costs rather than aiming for its long-term objectives by closely following its corporate governance framework. Jennings (2010) stipulates that the lessons learnt from BP are similar to those gained from the global financial crisis.

BP not only violated corporate governance rules but the organisation was also charged with other violations such as felony manslaughter and for breaching statutory regulations related to the environment (Uhlmann, 2011). The unethical business practices adopted by BP severely damaged its image and threatened the existence of the organisation; this is despite the organisation pledging to compensate the harm done to the environment and related stakeholders (Heller, 2012).

These four cases present the disastrous outcome of unethical business practices, on its stakeholders, on the organisation and on the community at large. These organisations were heavily regulated yet despite such external measures and control, they were engaging in unethical business practices. In these cases, unethical business practices and decision-making were noted as the prime issue. In contrast, there are commercial organisations that may engage in business practices that have resulted in unethical outcomes. The side effects of certain decisions made with good intention may not necessarily lead to favourable outcomes. This difference is highlighted as it leads to different forms of intervention. For the purpose of this study, the focus is on intentional unethical business practices as the primary issue.

## 1.2 The problem in context

The cases above illustrate the place of business ethics as it relates to rules, standards, and moral principles governing perceptions of right or wrong in specific situations (Ferrell, Fraedrich & Ferrell, 2000). The understanding of business ethics stipulates that the concept comprises both principles and practices. The principles and values of the leaders contribute and influence the business practices especially in the area of decision making (Woiceshyn, 2011). As stated by Woiceshyn (2011):

Whether people make decisions ethically or not is not a trivial matter, as the outcome of those decisions can make a significant difference to their lives and to the lives of others (p. 311).

A substantial number of unethical business practices that led to failures of commercial organisations were linked to the decisions made by the leaders in those organisations (Lin-Hi & Blumberg, 2012) or it was linked to the organisation's failure to adopt a socially responsible attitude towards the community at large (Lowenstein, 2011). Concrete examples of leadership and organisational failures can be seen from the collapses of prominent organisations such as Enron and Adelphi (Kurzynski, 2012). Kurzynski (2012) refers to these leaders as:

...[a] new breed of business executive – an executive tenaciously participating in a reformulation of the rules of business. Their “fast companies” are busy changing the status quo with respect to the way business is conducted, and a lot of innocent people are being left in the ditch (p. 6).

Another contributing issue related with unethical business practices and organisational failures is the concept of corporate governance. Organisations continued to remain in the limelight, engaging in unethical business practices despite the actions taken by governments,

international bodies and external regulatory institutions in detecting, addressing and rectifying unethical business practices. It is argued that the development in the area of rules, law, corporate governance framework, regulations and code of practice do not always uphold ethical practices (Floyd et. al 2013). Regulatory frameworks appear to be effective in some circumstances but, in others, unethical business practices continued despite external regulatory measures (Arjoon, 2006; Lin-Hi & Blumberg, 2012; Monks & Minow, 2004). As noted by Cheng and Seeger (2012) in the case of HIH (CE Heath International Holdings) in Australia, the internal rules and external regulatory framework failed. The scam was noted to be one of the largest and highlighted the failures of various parties as stated below:

In the case of HIH, there were four possible culprits: management, the board, the auditors, and some general regulators such as Australian Prudential Regulation Authority (APRA) and Australian Securities & Investment Commission (ASIC). Subsequently, however, those named denied any wrongdoing. While the regulators and others accepted some of the blame, the primary responsibility for this debacle rested with the HIH management team starting at the top with CEO Williams (p. 82).

The consequences of the failures of commercial organisations creates a state of injustice that affects stakeholders, namely clients, employees, partners, shareholders, suppliers, competitors and the community at large (Lin-Hi & Blumberg, 2012). This thesis focuses on the need to ensure justice occurs in business contexts and examines the ways in which commercial organisations, their leaders and employees perceive the place of ethics in business and seek to assess the ways in which ethics is upheld. This examination has been influenced by recognising the relative indifference paid to ethical business practices during the global financial crisis (Christopoulos, Mylonakis & Diktapanidis, 2011). It is based on the notion that the outcome of organisational failures creates a state of injustice. It is argued that commercial organisations need to focus on ethics and justice (Simola, 2003) and that the

role of commercial organisations has expanded to include improving society at large (Prasad, 2008). As argued by Prasad (2008):

International business practices should be governed, at the most fundamental level, by the recognition that such practices are legitimate only when they better the living conditions of the community's most disenfranchised citizens (p. 1170).

In providing a differentiated approach to managing transgressions of commercial organisations, Braithwaite (2009) highlights the need to address the harm and the injustice caused by failures of commercial organisations on individuals and society at large. He argued at the onset of the 2008 global financial crisis to consider the concept of restorative justice in ensuring compliance and in strengthening ethics in financial institutions. To this end, this thesis investigates the principles and practices of business ethics in commercial organisations, to explore if the values and practices of restorative justice would be congruent and feasible.

### **1.3 Restorative justice**

It is necessary to provide a brief outline of the changing landscape in administering justice before introducing the concept of restorative justice. In the context of the criminal justice system, the administration model adopted has moved away from punishment, treatment and rehabilitation towards a therapeutic form of justice namely restorative justice (Kidder, 2007).

My interest in the topic of restorative justice comes from working with restorative justice in the context of the criminal justice system which has generated various positive outcomes for the victims and the perpetrator. In my professional work as a probation officer,

my role is often tied to providing positive outcomes in the rehabilitation of offenders. The principles and practices of restorative justice have been useful in the management of offenders. However, in addressing the risk factors of the offenders, the needs of the victims are often ignored. Restorative justice seeks to address the needs of this forgotten group – the victims. In my work as an adjunct lecturer teaching subjects such as company and contract law, I recognised that there was a gap in addressing the issues related with licensing, legislation of commercial organisations and the impact of unethical conduct of commercial organisations on the consumers. I regarded the consumers as ‘victims’ and wondered if the principles and practices of restorative justice could be useful in a commercial context to address the gaps and protect the interest of consumers. This thesis was an approach to investigate this hunch.

Braithwaite (2009) defines restorative justice as:

A process whereby all the parties with a stake in a particular offence come together to resolve collectively how to deal with the aftermath of the offence and its implications for the future (p. 5).

Restorative justice has gained momentum in the criminal justice system from the 1990s (Braithwaite, 1999; Roach, 2000). The concept gained popularity because of its effectiveness in reducing offending behaviour and the benefit it offered to victims of crime.

In the context of commercial organisations, the concept of restorative justice is not common. It appears in the context of corporate governance, organisational justice and consumer protection (Ayers & Braithwaite, 1992; Goodstein & Butterfield, 2010; Larsen & Lawson, 2013). The concept however is receiving attention in the area of business ethics

because of its focus on addressing the harm of unethical business practices on the ‘victims’.

As stated by Goodstein and Butterfield (2010):

Restorative justice helps shift the way we think about *when* ethics matters—in the aftermath of unethical activity. Restorative justice also redirects thinking about *who* matters in ethics—those who have committed transgressions, their victims, and those who may play a significant role in fostering the reintegration of these individuals back into their departments and organisations. Finally, restorative justice surfaces important issues regarding *what* matters in ethics (p. 453).

This study explores the potential of the concept of restorative justice and its possible application through values and practices in strengthening ethics in business. A theoretical review of business ethics is expanded on in Chapter 2 so as to underpin a study in which restorative justice is examined for its prospects in addressing the impact of injustice caused by the unethical business practices of commercial organisations.

#### **1.4 Research questions**

To examine the themes of business ethics and the prospects for restorative justice as an orientation to ethical practices in commercial organisations, this thesis is guided by the following research questions:

- (1) What are the principles and practices of business ethics in commercial organisations based in Singapore? To be more focused, the research specifically addresses:
  - (1a) In what ways do leaders understand and influence ethical business practices in commercial organisations?

To examine the prospects for restorative justice in this context, it is necessary to ascertain if it is possible for commercial organisations to restore the harm done to the clients,

employees and the community at large through this practice. To establish the notion of justice and restoration for victims of unethical business practices, the last research question asks

- (2) What is the potential of restorative justice in commercial organisations based in Singapore?

This thesis assesses the potential of restorative justice, its concepts and practices in commercial organisations based in Singapore. To do this, it examines the ethical business principles and practices adopted in five commercial organisations in Singapore. It predominantly investigates the views of organisational leaders in advancing business ethics. It canvasses the perceptions of the employees around ethical business practices and their views on how leaders contribute to the development and implementation of ethical business practices.

## **1.5 The research environment**

The next part of this chapter provides brief information on the research environment – the country, Singapore. Singapore form part of an international business hub with strong rules of law governing various commercial organisations. The country is small with no natural resources. The country was colonised by the British in 1819 and gained its independence in 1965. It had a small population of 1.9 million then. At the point of independence, Singapore was reliant on the British military base for economic growth. However, with strong political leadership, the country became strong. In 1990, the United Nation classified Singapore as a newly developed country (Usha, Haley & Low, 1998). Since that time, the country’s economic growth has accelerated (Heng, 2013). As stated by Phau and Kea (2007), Singapore has been assessed as “an advanced developing nation” (p. 62). In 2012, the country had a population of 5.3 million.

According to Heng (2013), Singapore is ranked as one of the world's strongest and most competitive economy. He described Singapore as a "key node in the international system coordinating global flows of trade, money, materials, goods and people" (p.424). In Asia, Singapore is a Global City, providing opportunities for all, a pioneer in various areas of governance and policy making. As indicated by Heng (2013):

Price Waterhouse Cooper's 2012 survey, Cities of Opportunity, placed Singapore in the top ten of the category of "City Gateway" which measures a city's global connectedness and attraction to others. In 2011, Price Waterhouse Coopers declared Singapore to be Asia's leading global city (p.431).

One of the key contributions that led to Singapore's success is the confidence of business investors in the country's governance. Quah (2013) highlight that since the 1950s, the government has taken a tough stand against crimes and corruption in both the public and private sector. As noted by Quah (2013):

....Singapore has been consistently ranked as the least corrupt country in Asia from 1995-2009 and 2011, and the least corrupt country in the world in 2010 with Denmark and New Zealand (p. 413).

Corruption used to be a serious problem in Singapore during the British colonial period. The government took a strong stand in improving the legal system and the system has proven to be a strong deterrent against corruption. As indicated in the book written by the Former Prime Minister of Singapore, Mr Lee Kuan Yew (2000):

When the PAP government took office in 1959, we set out to have a clean administration. We were sickened by the greed, corruption and decadence of many Asian leaders... We had a deep sense of mission to establish a clean and effective government. When we took the oath of office at the ceremony in the city council chamber in June 1959, we all wore white shirts and white slacks to symbolise purity and honesty in our personal behaviour and our public life.... We made sure from the day we took office in June 1959 that every dollar in revenue would be properly accounted for and would reach

the beneficiaries at the grass roots as one dollar, without being siphoned off along the way (pp. 182–184).

Quah (2010) notes the success of the anti-corruption policy has not only made Singapore a model for other countries but, also, improved her ability to remain economically viable. As illustrated by Ganesan (2010):

The government's initiatives significantly weakened the negative impact of the global recession on Singapore which is heavily reliant on international trade and exports. In the first quarter of 2009, the economy shrank by 14.6% compared to the previous quarter. By mid-year, however, the average decline had drifted to only 6.5%. By the third quarter, the worst was already over... (p. 209).

The area of business ethics is assured through a legislative and corporate governance approach (Pahn, 1998). The legislation in Singapore was developed during the British occupation. Hence, Singapore adopts the common law system. In 1826, Singapore received the general reception of the English law via the Second Charter of Justice 1826. This is a significant point that contributes to the development of the legislative framework for commercial organisations in Singapore. With the general reception of the English law, most rules in Singapore are based on the English legal system. For instance, the Company Act 2006 has certain characteristics of the common law ruling especially in relation to the director's duties. The main duties of directors includes, but are not limited to, duty to act in the company's best interest, duty to act with due care and skill and duty to avoid conflict of interests.

Despite Singapore's strict approach towards rule-breaking, there were instances where commercial organisations failed to adhere to certain rules and regulations. In the 1970s, the

collapse of the Pan Electric Industries and subsequently Amcol Holdings in 1996 resulted in the Singapore government developing stringent measures and regulations in the area of corporate governance (Chongvilaivan, 2010). Though such disasters were uncommon, there were similar cases subsequently involving companies such as Informatics Holdings, China Aviation Oil Company, Auston International, Accord Customer Care Solutions and Citiraya (Mak, 2005).

Singapore companies operates in the global economy and the Free Trade Agreement between Singapore and the United States created further need to provide effective corporate governance rules. Singapore developed its code of corporate governance in 2001 and the focus of the code is to provide guidelines on issues such as board composition, board performance, directors' remuneration, accountability, and communication with shareholders (Robertson, 2009). Other than corporate governance, organisations in Singapore are also increasingly focusing on corporate social responsibility activities (Robertson, 2009). As stated by Phau and Kea (2007), the concept of 'high ethical maturity' is critical for Singapore. Commercial organisations based in Singapore understand the notion of business ethics and its link to organisational sustainability (Roberston, 2009). Furthermore, research also indicates that the topic of ethics in business is increasingly becoming important (Gustavov, 2011).

The exploration of business ethics and restorative justice in commercial organisations based in Singapore is set within this context. Singapore as a country focuses mainly on legislations in upholding and ensuring ethical business practices of commercial organisations. The country has been developing its corporate governance framework and some of the

commercial organisations based in Singapore are moving towards adopting corporate social responsibility activities.

This research study seeks to understand the nuances of business ethics in the context of commercial organisations based in Singapore. By exploring the concept of business ethics, its principles and practices, the thesis aim to identify prospects of restorative justice in commercial organisations based in Singapore. This research study purposively selected organisations that belonged to various sectors. They were also selected based on the existence of codes of conduct, clear governance structures and evidence of engagement in, or commitment to, corporate social responsibility.

## **1.6 Thesis outline**

This chapter has introduced the study which has sought to develop insight into the ethical business principles and practices of organisations and the role of organisational leaders in securing these. Chapter 2 reviews the literature on ethics in business. The chapter canvasses definitions for business ethics and reviews ethical frameworks that contributes to ethical principles and practices in commercial organisations that contribute to ethical outcomes.

Chapter 3 introduces the concept of restorative justice in the context of organisational failures. The chapter articulates the implications of organisational failures and presents the literature on restorative justice, its values and applications in the context of commercial organisations. This chapter also provides an overview on the two key concepts of business ethics and restorative justice that frame this study.

Chapter 4 describes the multiple case study design adopted in this study. Based on the design, data was collected from five commercial organisations over a period of six months. Interviews were conducted with organisational leaders, a questionnaire was administered to the employees in the organisations and a content analysis of organisational texts was conducted using the documents such as annual reports and materials found on the websites of the organisations. Chapter 5 presents the five cases that are based in the educational, construction, financial, tourism and physiotherapy sectors respectively. These cases developed from data drawn from the leaders, employees and organisational related materials and documents.

Chapter 6 discusses the significance of each case in relation to the principles and practices of business ethics while Chapter 7 develops the concepts by examining the data across the commercial organisations. Chapter 8 examines the potential of restorative justice by assessing the values and practices displayed by the leaders in the commercial organisations. This chapter also identifies the areas in which potential is most evident.

The conclusion of this study, Chapter 9, presents a summary of the thesis and identifies the key findings that have emerged in relation to the research questions. It considers the implications of the study, acknowledges its limitations and identifies directions for further research.

## **1.7 Conclusion**

This chapter sets the scene for the remaining thesis. Here, the key concepts, the research questions, the research environment and the research methods have been briefly presented. The next chapter will review literature surrounding ethics in business.

## Chapter 2: Ethical Framework and Practices

*My concern is that we are raising an entire generation of people without their own in-built sense of ethics and then turning them loose in organisations which are not effectively controlled and where technology leverages their unethical decisions into massive consequences. That is a formula for disaster for the twenty-first century.*

Rushworth Kidder (1997, p. 145).

Founder of the Institute for Global Ethics.

This chapter extends the understanding of ethics in business through a review of literature around business ethics, its principles and practices. In developing this chapter, literature search involved reviewing all readily available materials on business ethics, its principles and its practices. These materials included relevant articles from academic and peer reviewed journals, annual reports of commercial organisations, relevant trade publications, newspapers and magazines. On-line data bases were used to search for related topics by using key terms such as “ethics”, “moral values” and “ethical frameworks”. Other key words used to search for information on ethical business practices included “ethical leadership”, “ethical decision-making”, “code of conduct”, “code of ethics”, “corporate governance” and “corporate social responsibility”. In the first few years of data gathering using the on-line data bases, the search period was unlimited. Subsequently, in streamlining the large amount of information and articles on business ethics, the search period was limited to the last three years. Literature was used from a very broad time range, for example,

utilising the work of Aristotle in setting out the foundational theory to the recent literature to determine the most recent theoretical developments.

There are three parts to this chapter. The first part provides an overview of ethics in business. The second part highlights the ethical principles derived from ethical frameworks surrounding ethics in business. The third part describes the practices that ensure ethical outcomes for commercial organisations.

## **2.1 Context of ethics in business**

While the concept of ethics in business goes back centuries to ancient philosophers, it gained renewed popularity in the business literature from the 1960s (Fischer, 2004; Treviño & Nelson, 2010). The review of the literature associated with business ethics addresses the development in the last three decades (De George, 2005, Freeman, 1991, McHugh, 1988; Werhane & Freeman, 1999). Scholarly development in this area grew even more after the global financial crisis in 2008.

It is argued that the close attention on the role played by ethics in business and the large number of research studies carried out in the area of business ethics indicates an increasing demand for commercial organisations to be accountable for their business practices (Byrne, 2011; Jin & Drozdenko, 2010; Vitell, Ramos & Nishihara, 2010).

The need for business entities to be responsible and committed to ethical business practices is not a new requirement in the context of commercial organisations (Heller & Heller, 2011). Organisational failures are not just linked to economic outcomes as the repercussion of unethical business practices are often felt by the society at large (Crane &

Matten 2007; Pies et al., 2010). On this basis, it is argued that the traditional notion of business entities solely working towards profit is no longer a valid presumption (Duska, 2010). It is necessary for business to go further and commercial organisations have an obligation to protect and improve society (Crane & Matten, 2007; Duska, 2010; Fischer, 2004).

### **2.1.1 The impetus for ethics in business**

There are various studies that highlight the correlation between responsible business and greater profit that ensures organisational sustainability (see Burton & Goldsby, 2009; Carroll, 2004; Chryssides & Kaler, 1996; Donaldson & Preston, 1995). Organisational sustainability is linked to reputation and conducting business ethically ensures this (Cameron & Spreitzer, 2012; Payne, 2003).

Research also indicates that conducting business without ethical consideration results in negative outcomes and bad reputation (McWilliams & Siegel, 2000; Obalola & Adelopo, 2012). It is also argued that ethics in commercial organisation is necessary to ensure quality services and products (Duska, 1997; Fischer, 2004). By engaging in ethical business, organisational sustainability is assured as ethics helps to provide quality products and build strong, reputable brands (Verschoor, 2006).

Other than extrinsic outcomes for the commercial organisations, there are also intrinsic benefits for commercial organisations to adopt business ethics. For instance, Carroll (2004) states that the concept of ethics influences organisational productivity, performance, profits and operations globally. In line with this argument, Verschoor (2006) stipulates that, “good

ethics is good business because it builds brands, draws customers, and saves money in the long run” (p. 3).

The concept of good ethics generating good business is not a new concept in the business world. It is part of an ongoing debate from the 17<sup>th</sup> century. Adam Smith, as far back in *The Wealth of a Nations* (1776) suggests that organisations should demonstrate the advantages of socially responsible activities despite the economic behaviour of an organisation being driven primarily by self-interest. He argued that responsible businesses have better images; become a desirable place to work in and create honourable corporate citizens which augment profits in the long term.

Businesses exist only with the sanction of society and therefore businesses should serve society’s interest (Smith, 1776; Ashraf, Camerer & Loewenstein, 2005). In other words, organisations exist to satisfy the needs of society, which includes consumers and other stakeholders. The accountability of a commercial organisation is described by Dahl (as cited in Banarjee, 2008, p. 57):

Business corporations are created and survive only as a special privilege of the state. It is absurd to regard the corporation simply as an enterprise established for the sole purpose of allowing profit-making. One has simply to ask: Why should citizens, through *their* government, grant special rights, powers, privileges, and protections to any firm except on the understanding that its activities are to fulfil *their* purposes? Corporations exist because we allow them to do so (Dahl, 1973, p. 11).

There are different assumptions that comprise the social and profit orientation of commercial organisations. The justification for business ethics within this landscape must take into consideration the subjectivity of ethical values and the objective of a commercial

organisation that may be solely focused on profit orientation. Such challenges are reviewed below.

### **2.1.2 The challenges for ethics in business**

Despite the strong reliance for commercial organisations to play a responsible role in developing and supporting society, there is another school of thought in business ethics that counters this view. Friedman (1970) argues that the sole responsibility of business is to increase its profits. Therefore, a management team in an organisation has no obligation to support social causes, such as hiring the unemployed to reduce poverty. Friedman states that as long as the organisation is making profit, maximising profit within the limits of law and conducting business free from fraud, the organisation is entitled to compete and increase its business. For Friedman, the organisation and its officers have no right to spend the money of the investors to accomplish social purposes. His concept of responsibility highlights the core objective of any commercial organisation and the main obligation of its management team.

Friedman considers the responsibility of an organisation and its management team from a legal perspective. For instance, the role of a director in an organisation is to maximise profit for its shareholders as they are the lawful owners of the organisation. Regan (1998) highlights the case of Henry Ford in the early part of the 20<sup>th</sup> century that illustrates Friedman's notion. In 1919, Ford tried to implement one of his social engineering plans by choosing to forego the dividend payment to its shareholders. Ford was hoping then to hire more workers so as to lower the unemployment rate and help the workers build up their lives and their homes. The shareholders, however, brought legal action against Ford. The Court ruled against Ford, arguing:

A business organisation is organised and carried on primarily for the profit of the stockholders. Directors cannot shape and conduct the affairs of a corporation for the mere incidental benefit of shareholders and for the primary purpose of benefiting others (*Dodge v. Ford Motor Company*, 1919, cited in Regan, 1998).

Duska (2000) argues that ethics in business is an impossible concept for two reasons. First, commercial organisations are not persons and therefore are not contained by any form of morality. Second, it was not possible for organisational leaders to have moral obligations in their position within the organisation as their mandate is to manage the organisation towards profit generation.

In a highly competitive market, failure to make and enact decisions quickly may result in negative outcomes. Sometimes organisations are pushed into adopting a ‘quick win’ strategy at the expense of sustainable profits (eg. engaging child labour or giving out bribes to officials in third world country before starting business). As illustrated in cases such as Union Carbide and BP, unethical practices of organisations are often linked to maximisation of revenue.

For Banerjee (2008), the sole objective in creating a business entity is to ensure profit and attributes such as trustworthiness and cooperation is unlikely to fit well in the context of a commercial organisation. Banarjee quote Lord Chancellor of England (cited in Poynder, 1844) as follows:

Did you ever expect a corporation to have a conscience, when it has no soul to be damned and no body to be kicked? (And by God, it ought to have both! - The First Baron Thurlow [1731–1806] Lord Chancellor of England (Poynder, 1844, p. 51).

Other researches argue that the role of ethics in business is an oxymoronic idea (Carr, 1968; Duska, 2000). Duska (2000) investigates the role of business and suggest that business is all about self-interested pursuit of profit. Duska adds that the concept of ethics in business is filled with contradiction. There is a tension between balancing profit for the organisation and pursuing business that would benefit the society in general (Crosbie & Knight, 1995; Krishnan, 2011; Pies et al., 2010).

Despite the contradiction and tension, ethics still plays a critical role in business. As suggested by Duska (2010):

... the ethical foundation is the basic purpose of any entity, either the company or the individual professional. Those who work for a company can take solace in the fact that most companies express their basic purpose in their mission statement, and that mission is not maximising profit (p. 23).

The review thus far indicates that the notion of ethics in business is not a simple concept. It is an important concept and yet not so easily accepted or understood in the context of commercial organisations.

### **2.1.3 Understanding ethics in business**

Ethics in business encompasses various dimensions. It is not easy to provide one universal definition of ethics (Duska, 2000; Nel, Pit & Watson, 1989). As mentioned by Crane and Matten (2007) and Lewis (1985), ethics in business is an abstract term with various components. As stated by May, Luth and Schwoerer (2014):

The traditional negative approach to ethics narrowly focuses on prohibited behaviours, enforceable rules, and sanctions for misconduct. The positive approach to ethics is more comprehensive and includes the promotion of positive morally praiseworthy ideals and behaviours (p. 68).

Bird (2009) states that ethics is often expressed in the form of principles, values, rights, virtues or ends. Ferrell et al. (2000) argue that most definitions of business ethics relate “to rules, standards, and moral principles.” (p. 6). This is echoed by De George (2005) who positions:

business ethics as a movement [which] refers to the development of structures internal to the corporation that help the organisation and its employees to act ethically, as opposed to structures that provide incentives to act unethically (p. 8).

Another perspective to understanding ethics in business is seen from the notion of differentiating what is *right* from *wrong*. Shaw and Barry (2001) advocate that “business ethics is the study of what constitutes right and wrong, or good and bad, human conduct in a business context” (p. 4). Beauchamp and Bowie (2001) and Velasquez (2002) identify business ethics as a specialised study of moral values that underpins *right* from *wrong*. In sum, the definition of ethics in business differs. However, there are certain philosophical understanding and ethical frameworks that underpins values and principles that guides behaviours and actions in commercial organisations (Crane & Matten, 2007). Below the ethical frameworks that guides ethical principles are reviewed.

## **2.2 Ethical frameworks**

Ethics is a concept widely debated from jurisprudential thinkers to laypeople. The concept is highly subjective and the principles express a way of living which derives its roots from ancient scriptures and moral codes (Lewis, 1985). Even the terms adopted to explain ethics ranges from ethical theories, moral philosophies to ethical frameworks. In this study, ethical frameworks were used to describe the various principles that support business ethics. To frame the concept of ethics in an organisational context, this section maps the key principles of ethics in business generated from philosophers and ethical thinkers (Crane &

Matten, 2007; de Colle & Werhane, 2008; Ferrell et al., 2002; Kaptein & Wempe, 2002; White & Taft, 2004)

Before reviewing the ethical frameworks, it is necessary to first highlight the link between the concept of ethics and morality. Treviño (1992) describe morality as a socially constructed linguistic concept that comprises acceptable principles or standards for a culture or society. Kaptein (2008) classified morality as either descriptive or normative. Morality may be classified descriptively in a system of morals or in a code of conduct or normatively as in behaviours which are universally adopted by rational persons. For instance, religion forms part of descriptive morality while respect or integrity (and other such universally-accepted moral principles) constitute normative morality. Crane and Matten (2007) elaborate that:

ethics is concerned with the study of morality and the application of reason to elucidate specific rules and principles that determine right and wrong for a given situation (p. 8).

Ferrell et al. (2002) and Kaptein and Wempe (2002) categorises ethical theories and moral philosophies as virtue ethics, deontological ethics and teleological ethics. As highlighted by Crane and Matten (2007), the theories fall between either traditional or contemporary. Differentiation among theories is based on whether ethics are driven by outcomes or consequences. For the purpose of this study, the discussion on ethical frameworks is based on the categorisation by Kaptein and Wempe (2002) and Ferrell et al. (2002) which points to three philosophical positions – virtue ethics, deontological ethics and teleological ethics. Kaptein (2008) elaborates virtue ethics to focus primarily on the intentions, characteristics, qualities, attitudes and disposition of agents. Deontological ethics is categorised as either duty-based or justice-based. Teleological ethics include concept such

as utilitarianism and egoism which focuses primarily on the effects and results of the actions of agents. They are also known as a consequentialist ethical framework that is further categorised as altruistic, utilitarian or egoistic (Thiroux & Krasemann, 2007).

Based on the distinction of ethical frameworks provided by Ferrell et al. (2002), the next part of this chapter would review six ethical frameworks and they are: - (i) virtue-based, (ii) duty-based, (iii) egoism, (iv) justice-based and (v) utilitarianism. To ensure representation of ethical framework from Asia, the review also includes Confucian ethics.

The overview of the ethical frameworks reviewed below is based on literature related to business ethics. Although some of the principles and theories are deeply rooted in philosophy, the focus in this chapter is mainly on the application of the ethical frameworks in the context of business. The six reviewed are commonly used frameworks in the business literature.

### **2.2.1 Virtue-based ethics**

Virtue-based ethics is drawn primarily from the work of Aristotle (MacIntyre, 1981; Knights & O'Leary, 2006). Virtues are a set of traits that helps a person to lead a good life and Aristotle's *The Nicomachean Ethics* (1980) imparts one of the most thorough representations of what it means to be a decent person and to be part of a society. He identifies the three important components to a good life namely *arête* (excellence or virtue), *phronesis* (practical or moral wisdom) and *eudaemonia* (flourishing or happiness).

Aristotle (1980) believes that virtue ethics consists of happiness not in a hedonistic sense, but on a broader level. According to Aristotle, *eudaemonia* should be the aim of all

human action. In order to reach this state of flourishing, one must possess the relevant *arête* or virtues. Crane and Matten (2007) elaborate that a virtuous character is necessary to develop morally positive behavior. From Aristotle's concept of practical / moral wisdom, *phronesis* indicates that the longer you practice the more virtuous you will become. Aristotle (1980) state in *Nicomachean Ethics* that ethics is a habit developed through practice, and involves a modelling process:

A man [sic] becomes just by performing just acts and self-controlled by performing acts of self-control...without performing them, nobody could even be on the way to becoming good...the just and self-controlled man is not he who performs these acts, but he who performs them in the way just and self-controlled men do (Book 2, Chapter 4, 1105b).

*The Nicomachean Ethics* reiterates that a community is an important element in which a person exists. One lives in the *polis*, in the community, in relation to others. MacIntyre (1988) argues that virtue ethics is a useful framework for decision-making in the context of organisations. He adds that:

...virtues cannot flourish in an environment that does not promote ethical conduct; one cannot think for oneself if one thinks entirely by oneself, it is only by participation in a rational practice-based community that one becomes rational ... (p. 396).

Aristotle explains further on the nature of human beings in *The Politics* (1962). He states that human beings are social creatures by nature and that virtues are community-related traits (Aristotle, 1962; Hartman, 2001). In *The Politics*, Aristotle argues that an individual cannot exist without the city-state. Politics is an important part of an individual. In *The Nicomachean Ethics*, he noted that man cannot exist without a community of others. To be a fully functional person, humans cannot live in isolation. They must be part of the *polis* or

city-state (Aristotle, 1962). In *The Politics*, Aristotle wrote that no individual can exist without the city-state for “man is by nature a political animal” (p. 1253a 3).

Solomon (1992) proposed an Aristotelian model of virtue as a viable theory for business. As business entities adopt a virtue-based ethics approach, Solomon (1992) argues that the organisation is redefined as communities, “[c]orporations are real communities ...and therefore the perfect place to start understanding the nature of the virtues” (p. 325). The relationship of individuals to the communities of which they are a part is a key idea within virtue ethics.

*The Nichomachean Ethics* and *The Politics* describe the link between business moralities and a universal conception of ‘the good life’ (MacIntyre, 1984). He further argues for the need to adopt Aristotelian virtue-based ethics in decision-making. MacIntyre (1984) believes that ethics is about the virtues of character. Aristotelian virtue-based ethics focus on excellence, community, personal character and individual and external actions as a moral guide for action.

Virtue-based ethics in the context of decision-making is fundamentally a moral process; “one cannot be practically rational without being just - or indeed without the other central virtues” (MacIntyre, 1988, p. 137). For Aristotle, moral virtue is the balance between two vices, calculated by the *Golden Mean*. This concept highlights the use of an appropriate amount of a particular virtue in a given set of circumstances. Achieving high morality is not an easy task because it requires a person to live the *Golden Mean* between excess and deficiency. Living with the *Golden Mean* requires balancing an action with the right method, timing and person. To achieve this, virtues such as prudence and wisdom is necessary

(Aristotle, 1962). Other than that, justice is also an important virtue in ensuring high morality.

In a business context, de Colle and Werhane (2007), Goodpaster (1994) and Langbert (2011) identifies key moral virtues as a guide in decision-making. These virtues are:

- Prudence - neither too short-term nor too long-term in time horizon;
- Temperance - neither too narrowly materialistic (want-driven) nor too broadly dispassionate (idea-driven);
- Courage - neither reckless nor too risk-averse;
- Justice - neither too anarchic regarding law nor too compliant; and
- Loyalty - neither too shareholder-driven (private sector thinking) nor too driven by other stakeholders (pp. 54-55).

Aristotle, in the works of *The Nichomachean Ethics* and *The Politics* describes the link between business moralities and a universal conception of the good life. This conception defines personal happiness and explains that virtue reaches its height with the exercise of the intellectual virtues of prudence and wisdom. This is applicable to leaders of organisations and how individuals within the organisations are given the opportunities to participate in the management of the organisations. Defining happiness in universal terms, Aristotle insists upon the priority of exercising these virtues and of habitually acting in ways that fulfil the highest human potential.

In the context of organisation, leaders are called to display courage, self-restraint, generosity, magnificence, magnanimity, sociability, justice, prudence, and wisdom in their business activities (de Colle & Werhane, 2007). Aristotle highlights that the framework can

be achieved by cultivating the virtues, through practice, by influence and by knowingly choose to act because it is the right thing to do. De George (2005) also sees connection between the works of Aristotle and business contexts, mainly in the area of behaviour modelling. Such modelling would be based on a set of virtues.

In summary, virtue-based ethics, with its focus on certain characteristics has been considered to hold relevance for business contexts. It identifies key virtues as the guiding principles for leaders to adopt. Virtue ethics focuses on moral excellence, goodness and good character. It suggests that decision-making according to a set of virtues may account for greater profitability and organisational sustainability.

### **2.2.2 Deontological ethics: duty-based**

The virtue-based ethics based on the Aristotelian perspective describes certain qualities or virtues necessary for ethical business practices. Deontological theories, on the other hand, focus on the rules and compliance with these rules. The concept is based on the assumption that decision-makers rely mainly on the rules that guide the right or wrong behaviour rather than the outcomes of specific actions (de Colle & Werhane, 2007). These are also known as non-consequential theories.

The most influential deontological theorist, Immanuel Kant (1785) argues that only actions in accord with rules that can be universalised are considered ethical. Such actions can be ethical only if undertaken out of a sense of duty to those rules that guides the right or wrong behaviour (Kant, 1996; Belak & Mateja, 2012). He calls this principle - *Categorical Imperative*. White (2010) states that, “[according to] Kant’s ethics, duties are generated when plans of action, or maxims, are rejected by his formalisation of the moral law, the

categorical imperative” (p. 2). De George (1999) outlines three parts of the principle, *Categorical Imperative* discussed by Crane and Matten (2007):

- Maxim One: Act only according to that maxim by which you can at the same time will that it should become a universal law;
- Maxim Two: Act so that you treat humanity, whether in your own person or in that of another, always as an end and never as a means only; and
- Maxim Three: Act only so that the will through its maxims could regard itself at the same time as universally lawgiving (p. 94).

*Categorical Imperative* provides a simple test for personal duty and good will, to eliminate self-interest and self-deception and to ensure regard for the moral worth of others. According to White (2010, p. 57), Kant proposes a utopian state of the world as seen from his concept of the *Kingdom of Ends*:

For all rational beings stand under the law that each of them should treat himself and all others never merely as a means but always at the same time as an end in himself. Hereby arises a systematic union of rational beings through common objective laws, i.e., a kingdom that may be called a kingdom of ends (certainly only an ideal), in as much as these laws have in view the very relation of such beings to one another as ends and means (p. 433).

In the *Kingdoms of Ends*, Kant explains that in a community, individuals are bound by rules. These rules, however, are accepted as rational rules by all. Therefore, the members of such a community are all equal subject and sovereign. Bowie (2000) suggests that leaders who understand Kant’s moral philosophy should treat each individual as a rational creature who is entitled to dignity and respect. Kant views relationship in business as interactions among people, not merely transactional. Adopting Kant in the context of an organisation,

leaders therefore should support the development of the followers (Bowie, 2000). Bowie (2000, p. 6) states the following principles should guide a Kantian leader:

- The leader should consider the interests of all the affected stakeholders in any decisions made;
- The leader should have those affected by the organisation's rules and policies participate in the determination of those rules and policies before they are implemented;
- It should not be the case that the leader always gives the interests of one stakeholder group priority;
- When a situation arises where it appears that the humanity of one set of stakeholders must be sacrificed for the humanity of another set of stakeholders, the leader cannot make the decision on the grounds that there is a greater number of a person in one stakeholder group than in another; and
- Every leader must in cooperation with others in the organisation establish procedures to ensure that relations among stakeholders are governed by rules of justice.

Other than the leadership traits which can be developed from Kant's principles, de Colle and Werhane (2008) argue that an organisation which adopts Kantian's principles will consciously embrace the principles in the form of moral law contained in its mission or code of ethics. According to de Colle and Werhane (2008), organisational values and principles are important factors in the development of the ethics programme or code of conduct. By adopting Kant's principles as the foundation, the managers are able to rationalise the need for such programmes and understand their duty to abide with such programmes.

By reflecting on Kantian principles and their application in the context of leadership, the concept of leading an organisation according to certain rules and regulations highlights the need for leaders to be bound by the duty imposed on to them. The next deontological theory builds on this notion of duty and discusses the concept of justice in an organisation.

### **2.2.3 Deontological ethics: justice-based**

Heath, Moriarty and Norman (2010) discuss Rawls and his *Theory of Justice* (1971) as he is noted to be one of the towering political philosophers over the past four decades. Rawls (1971) contend that ethics connotes justice and that justice requires fairness. He further argues that justice should be the “the first virtue of social institutions” (p. 3). Though Rawls intended his principles to be applied to nation-states, Cohen (2010) argues that political philosophy can and should be applied to business organisations.

There are two principles of justice that control the distribution of rights, duties and advantages in a just society. Based on Rawls (1971) ideology on justice, the two principles are that:

- each person is to have an equal right to the most extensive scheme of basic liberties compatible with a similar scheme of liberties for others; and
- social and economic inequalities are to be arranged so that they are both reasonably expected to be to everyone's advantage, and attached to positions and offices open to all (p. 302).

Rawlsian principles indicate the importance of justice as a virtue. Though he discusses it in the context of social institution, it is equally applicable to an organisation. According to Rawls (1971):

each person possesses an inviolability founded on justice that even the welfare of society as a whole cannot override...justice denies that the loss of freedom for some is made right by a greater good shared by others (p. 3).

Rawls argues that individual justice is theoretically derivative from social justice because the 'just individual' is to be understood as someone with an effective or 'regulative' desire to comply with the principles of justice.

To satisfy the demands of justice, it is critical for social institutions to adopt basic political, social and economic arrangements. Although a society is a cooperative venture for mutual advantage, it is typically marked by conflict as well as an identity of interests (Rawls, 1971). It is common for conflicts to exist among varying members of a society, therefore principles are necessary to ensure the division of advantages is fair and that there is disagreement on the proper distributive shares (Rawls, 1971). According to Rawls, people are able to live together despite conflicting moral values and ideals as long as people share a moral commitment to society's basic structure. Furthermore, Rawls (1999) states that, "peoples have a duty to assist other peoples living under unfavourable conditions that prevent their just or decent political and social regime" (p. 37).

From the general discussion on Rawls and his principles, the next segment will highlight how his ideas are utilised in the context of organisations and business ethics. Crane and Matten (2007) elaborates the Rawlsian principles in the context of organisational decision-making to consider basic human rights whereby everyone in an organisation should be treated equally regardless of gender, race or appearance. Similarly, Heath, Moriarty and Norman (2010) states that the principles described by Rawls provide a basic foundation to

avoid wrongful discrimination such as race, gender or other categories in the area of recruitment for instance.

To conclude, Cohen (2010) applies Rawlsian principle of justice in commercial organisations as follows:

...as long as corporations do not threaten the principles of justice, or as long as threats to the principles of justice are addressed through appropriate restrictions and positive obligations, individuals are free to form and participate in those organisations as they wish (p. 568).

Other authors such as Hsieh (2005) and Marens (2010) argue that Rawls' principles require involvement of all workers in managerial decision-making. Hsieh (2005) further states that Rawlsian justice can also be applied in the context of transnational corporations where the corporations can assist the need in the host countries from which they operate. The principles of justice should be taken seriously especially in the context of transnational organisations since such organisations play an important role in distributing the benefits to the citizens of a country (Cohen, 2010).

From the context of ethical business practices, justice should be equally distributed among all stakeholders. For instance, Pogge (2005) contends that the more advantaged citizens of affluent countries, "are actively responsible for most of the life-threatening poverty in the world" (p. 92). There is a moral duty to help and assist people in less favourable conditions.

The application of Rawls's theory on justice as applied above in the context of organisations highlights the importance of justice in the administration of business practices

be it internally or with external stakeholders. The notion of global justice is critical in the modern context of business and globalisation. Rawls (1999) argues that the success of the modern business world relies on the active participation of business leaders around the world. He believes that those in powerful and privileged position have a responsibility to contribute in profound ways to the betterment of the world and in the context of shared responsibility.

Rawls's (1999a) principle of global justice aims at realising and preserving "just (or decent) institutions, and not simply to increase, much less to maximise indefinitely, the average level of wealth, or the wealth of any society..." (p. 107). Equal basic liberties and fair equality of opportunity are Rawls' significant underlying principles. They work together in such a way as to encourage contributions that increase the production of goods and services which in turn are distributed so as to improve the level of income and wealth of all the various income groups involved.

The principles of justice as described by Rawls asserts the importance of adopting justice as one of the key virtues, not only for the leaders but also for the organisation as a whole. This is especially critical in the treatment of employees and the population of workers. The notion of fairness in the development of business and profit maximisation can be further influenced through adoption of such an ethical model.

Rawlsian principles of justice fall into a deontological framework that emphasises the need to abide, follow certain traits or virtues not merely because of their consequences but because it is a duty to do so (Kaptein, 2010). As mentioned above, deontological theories belong to the category of non-consequential theories. To provide a complete overview of the

ethical framework, the next section discusses teleological theories which, in contrast, are mainly concerned with the consequences of certain actions (Kaptein, 2010).

#### **2.2.4 Teleological ethics: egoism**

Egoism, based on a teleological framework, provides a different explanation of ethics compared to the deontological theories discussed above. Burgess-Jackson (2003) argues that the teleological theories focus on an actor's motive, purpose and end. Hospers (1982) explains it in this way, that, "... [my] sole duty is to promote my own interests exclusively" (p. 83). An action is therefore considered to be right as long as it meets the objective or motive of the actor and it does not intentionally hurt others (Crane & Matten, 2007).

Smith (1776) outlines the notion of self-interest in society in his work from *An Inquiry into the Nature and Causes of the Wealth of Nations*. He explains business ethics as an individual's pursuit of excellence within an organisation. Ethics from this perspective in an organisation is measured according to the individual's moral and intellectual qualities rather than by social awareness. The ethical manager, from Smith's (1776) perspective is centred on justice and prudence and not focussed on the public good. This is argued in the famous invisible hand metaphor by Smith (1776):

As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor

is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need (p. 456).

According to Smith (1776), in the context of a capitalist society, individuals work towards their own gain. He adds that “it is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self-interest” (p. 27). The role of the manager is to maximise profit (Friedman, 1970).

McConnell and Brue (1999) further elaborate on the driving force of self-interest:

Each economic unit attempts to do what is best for itself. An entrepreneur ... Workers...Consumers...In brief, capitalism presumes self-interest as the modus operandi for the various economic units as they express their free choices. The motive of self-interest gives direction and consistency to what might otherwise be an extremely chaotic economy. Pursuit of self-interest should not be confused with selfishness (p. 63).

Friedman’s (1982) applies Smith’s theory in addressing the issue of corporate responsibility. In his argument from *Capitalism and Freedom* (1982), he stipulates that the only social responsibility of business is to increase its profits. However, he applies condition that states that “...so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud” (p. 133). The focus of business executives from Friedman’s perspective should be on profit maximisation.

In the context of commercial organisations, Bragues (2009) states that an organisation must pursue the interest of the owners, that is, long term profit maximisation if they are to survive. This is in line with the argument purported by Smith (1776) and Friedman (1982). However, based on this principle, Debeljak and Krkac (2008) argue that business is not just

about self-interest, selfishness or egoism. It is about utility maximisation that indicates generating profit for the organisation benefits others within the organisation. Debeljak and Krkac (2008) state that leaders are not simple egoists, concerned about their own self-interest but rather “enlightened egoists” (p. 2). The leader in that capacity then will not be ignorant of the interest of others. It is necessary for the leaders to take into consideration the needs of other stakeholders as it serves to subsequently meet the needs of the leader to succeed and for the organisation to meet its objectives.

The discussion on egoism above indicates that it may not necessarily be a negative ethical framework as it tends to serve the main objective of a business entity which is to maximise profit and ensure sustainability. Adopting egoism for the sake of oneself, in the context of an organisation, generates the drive for profit maximisation which generates wider benefits.

### **2.2.5 Teleological ethics: Utilitarianism**

A focus on utilitarianism in a teleological framework provides a contrast to the discussion on egoism above. Egoism indicated the need to consider the self and the needs of the organisation. The concept is based on the principles that the right or wrong actions are determined by good or bad consequences. The concept is differentiated as act utilitarianism and rule utilitarianism (Casali, 2011). The differences reveal that act utilitarianism focuses on greatest benefit for the greatest number of people and rule utilitarianism focuses on the need for one to follow rules as those rules benefit the majority. A utilitarianism model is closely linked and to work of Jeremy Bentham (1748-1832) and John Stuart Mill (1806-1873).

Renouard (2011) observes utilitarianism as "...idea to orient the individual desire towards the care of others, so that the search for personal happiness and the quest for the other's good merge" (p. 89). For an action to be morally good, that action ought to produce happiness for the majority (Casali, 2011). In other words, utilitarianism directs an individual to act in a way that would maximise happiness and minimise pain for the greatest number of people involved. Mill (1861) argues that happiness is the fundamental good that all people desire and it is identified by biological, emotional, and aesthetic pleasure. In contrast, pain and suffering are bad consequences that are undesirable. Right or wrong choices are governed by a calculation to the effect that the right choice, the good, is the one that maximises utility (Mill, 1861; de Colle & Werhane, 2008). In differentiating right from wrong, consideration of maximising the interest of others could play a critical role on the outcome. Discerning right from wrong may be subjective, based on perceptions of maximum utility in a particular situation.

In the context of an organisation, a moral dilemma faced by managers requires moral choices and the managers should understand the nature and magnitude of consequences, and rules for deciding upon the right course of action in relation to the consequences and parties involved. Dion (2012) states utilitarianism based decision-making requires a fine balance with achieving the greatest pleasure and ensuring the moral obligation of treating people with justice. One of the aspects noted in the discussion on utilitarianism is the need to consider the perspective of others in decision-making. This theme is taken up in the discussion below.

### **2.2.6 Confucian ethics**

With globalisation and emergence of business entities in Asia, it is important and necessary to evaluate ethical principles and values related to such cultures and communities

(Lau, 2006). Studies related to managerial leadership in Chinese market outlines the concept of moral philosophy according to Confucius (Yang, Peng & Lee, 2008). Confucianism (Eber, 1986; Slingerhand, 2006) refers both to the philosophical teachings of Confucius and the religion associated with Confucius (Sun, 2005).

The virtue of self-regulation is closely linked to Confucius. The moral standard of self-regulation has been researched by Han and Altman (2010) in the People's Republic of China (PRC) in the context of organisational citizenship. Tu (1998) states that self-regulation in Confucianism is the process of regulating one's behaviour toward the self-cultivation and refinement of one's character.

Romar (2002) and Tu (1998) argue that Confucianism can shape management and in turn, make organisations more humane from the individual's perspective. According to Woods and Lamond (2011), there are six key Confucian virtues that form self-regulation: benevolence (*ren*), righteousness (*yi*), ritual propriety (*li*), wisdom (*zhi*), trustworthiness (*xin*), and filial piety (*xiao*). An organisation is considered more humane partly due to the focus on *ren* (benevolence) as a primary leadership characteristic and the underlying belief that relationships define an individual's humanity (Romar, 2002). The exercise of these virtues are prerequisites for being "human" and they should "constitute the horizon of significance that makes our choices intelligible" (Sundararajan, 2005, p. 39).

Another core value of Confucius is an individual's honor and duty to family. Confucius was very concerned with relationships and social propriety. The individual is not as important as a group. Instead, the individual needs are sacrificed in order that the group needs can be realised. Romar (2002) highlights Confucian values to be beneficial in

maintaining an orderly society. In Confucian societies, each person is viewed as being in the centre of a relationship and not simply an isolated individual. Each person has a duty to family and society that supersedes responsibility to oneself. Confucius placed great importance on ethical behavior and propriety, and dictated proper roles for a *junzi*, or person of honor. Confucian duty begins with relationships with others.

The relationships in a Confucian culture are reciprocal in nature. Duty flows in a two-way direction with both parties in the dyad having a duty to act in their proper role. This managerial orientation towards humanism and collective responsibility forms a unique moral obligation with subsequent actions little understood in the West. Sim (2012) indicates the core principles of a Confucian organisation should follow *ren-yi-li* (benevolence, righteousness and ritual propriety). The principles as follows:

- The goals, strategies, and practices of the firm should be defined by the principle of *ren-yi-li*;
- The structure, processes and procedures of the company should confirm to *ren-yi-li*;
- The major stakeholders should be treated with *ren-yi-li*;
- Members of the firms are obligated to be virtuous and act in accordance with *ren-yi-li*; and
- Finally, the leader should lead with *junzi* (a person of virtues).

Chen (2001) indicates that Chinese society and business culture is not just relationship-based. The culture based on Confucian tradition would also be role-based, with people acting in roles prescribed by the values of the tradition (Gao, Arnulf & Kristoffersen, 2008).

### 2.2.7 Outline of ethical frameworks

The research study seeks to examine the prospect of restorative justice in commercial organisations. While the principles, values and practices of restorative justice are reviewed in Chapter 3, this chapter has outlined ethical business principles and six ethical frameworks.

The six ethical frameworks suggest varied central propositions that impact ethical behavioural outcomes. Virtue ethics promotes the good life model asserted by Aristotle by assessing certain ideal characteristics to fully develop humanity. Rawls focuses on fairness and justice. Immanuel Kant highlights the individual's right to choose for herself or himself. Egoism as captured from the perspective of Adam Smith has developed into enlightened egoism. Utilitarianism as conceived by Jeremy Bentham and John Stuart Mill suggest development of laws that would be accepted by all and outcomes that provide the greatest balance of good over evil. Confucian ethics stipulates self-regulation achieved through self-control.

The summary of the six ethical frameworks are highlighted in Table 1.

**Table 1: Overview of ethical frameworks**

<b>Framework</b>	<b>Contributor</b>	<b>Key ideas</b>	<b>Explanation</b>
Virtue ethics	Aristotle	The good actor	Morally correct actions are those undertaken by actors with virtuous character. The underlying principle is based on the belief of good actions coming from good persons.
Deontological / Duty Based	Immanuel Kant	Rule-bound, outcome- focussed	Actions are judged as ethical or unethical based on the fairness shown to those affected. Fairness may be

			determined by distributive, procedural, and/or interactional means.
Deontological / Justice Based	John Rawls	Seeks fair outcomes for all stakeholders	Actions are judged as ethical or unethical based on the fairness shown to those affected. Fairness may be determined by distributive, procedural, and/or interactional means.
Teleological / Egoism	Adam Smith	Driven by self interest	Actions are judged as ethical or unethical based on the personal consequences they foster. Actions that maximise self-interest are preferred.
Teleological / Utilitarianism	John Stuart Mill Jeremy Bentham	Seeks best outcomes for others	Actions are judged as ethical or unethical based on the consequences they yield for 'others'. Actions that maximise the 'good' (create the greatest good for the greatest number) are preferred.
Confucian	Confucius	Discipline and self-control	The concept of self-regulation, the process of regulating one's behavior toward the self-cultivation and refinement of one's character.

The discussion on ethical frameworks highlights overlap in some of the values and principles. As argued by Woiceshyn (2011), the concept of egoism can be traced back to the work of ancient Greek philosophers such as Socrates, Plato and Aristotle. The research study seeks to examine the prospect of restorative justice in commercial organisations. The principles, values and practices of restorative justice would be reviewed in Chapter 3.

There are similarities in the values or virtues. For instance, Yu (1998) argues for the similarity of Aristotle's virtue ethics with Confucian ethics. However, some of the ethical frameworks are also noted to be different. As stated by Burgess - Jackson (2013), "[E]goism and utilitarianism therefore lie at opposite ends of the partiality spectrum" (p. 532). In other words, it is not easy to arrive at one particular application of ethical framework or principles. As indicated by Primeaux (1992) and illustrated in Das (2005):

[W]e can no longer presume a common, universal, prevailing consensus for personal and corporate ethics. Neither academic philosophy, religious morality, or legal proscriptions command the kind of definitive, universal authority that we once thought they had. That is, we can no longer assume that everyone with whom we work ascribes to some single, all-encompassing ethical code (p. 708).

These ethical frameworks will be used as the basis on which to address the first research question in order to identify the principles and practices of business ethics in commercial organisations based in Singapore, as these align with the ethical frameworks examined above.

### **2.3 Ethical practices**

Understanding the philosophical approaches to ethics is critical as it provides the foundation for ethical business practices in an organisation (Treviño & Nelson, 2008). Ethical frameworks provide a foundation for the development of ethical business practices in commercial organisations (Wines, 2008). As indicated by Svensson & Wood (2011), there are various strategies to evaluate ethical business practices in commercial organisations. Similarly, Gustavson (2011) indicates:

In English-speaking countries, for various reasons it appears that "Business Ethics" is no longer being described just as "Business Ethics", but also as "corporate social responsibility", "corporate sustainability", "corporate

governance”, “corporate citizenship”, and “stakeholder engagement” (p. 68).

The review on ethical business practices is divided into two categories. The first part of this section reviews the inherent element of ethics in an organisation such as ethical leadership, ethical decision-making and organisational culture. The second part of this section review measures to ensure ethics such as code of conduct and corporate governance. This part of the review supports the examination of research question which asks about the ways in which leaders understand and influence ethical business practices in commercial organisations.

### **2.3.1 Ethical leadership**

The effectiveness of a leader is measured on the ability of the leader to influence a group of people to meet organisational goals (Bush, Gutermuth & West, 2009; Robbins & Coulter, 2002). The leader’s style is noted to be a critical factor on the performance of the employees (Den Hartog & Belschak, 2012). As stated by Bragues (2008), the large majority of these business scandals occurred because “individuals holding leadership roles in the corporate arena lacked an inner moral core to influence their choices” (p. 373).

Leaders who behave ethically can have positive effects on the attitudes and (ethical) conduct of others at all levels in the organisation (De Hoogh & Den Hartog, 2008). Such leaders may even ultimately affect business unit or organisational performance (Aronson, 2001). Research also shows that leaders’ and their management style have an impact on employees, groups within organisations and organisational outcomes (Brown & Treviño, 2006). Brown, Treviño and Harrison (2005) define ethical leadership as:

the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making (p. 120).

Aronson (2001) highlights the role of a leader in setting examples and as being in the position to determine the harm and impact of organisational activities on communities and societal values. Yukl (2006) describe leadership as an influential process between leader and employees. Ciulla (1998) argues that a good leader is ethical and effective. However, Ciulla (1998) also asserts that the, “usual answer [of what a competent leader is,] is a leader who knows how to get results, make profits, etc.” (p. 333). In other words, ethical leadership may compete with profit generation.

MacIntyre (1981) and Knights and O’Leary (2006) reflect on philosophical perspectives of leadership driven from deontological principles such as duty-based or virtue-based drawn from philosophers such as Kant, Aristotle and Plato. As stated by Daft and Marcie (2006), a manager’s attributes such as personality, religion, values and attitudes contribute to ethical choices made in an organisation. However, research also shows that individuals do not always make decisions by following an internal moral compass (Treviño & Nelson, 2010).

Resick, Hanges, Dickson, and Mitchelson (2006) identify several key attributes to characterising ethical leadership, including integrity, ethical awareness, a people-orientation, empowering and managing ethical accountability. Virtues such as honesty and integrity are critical dimensions of ethical leadership which leads to leaders’ effectiveness (Hackett &

Wang, 2012). Ethical leaders are noted to be concerned for others and such role modelling is highly similar to other leadership styles such as positive leadership (Judge & Piccolo, 2004).

It is argued that responsible leadership rests on deliberative practices and discursive conflict resolution. It is critical to communicate and engage with the public discourses and that organisational actions should be linked to the stakeholders discourse and decided based on the relevant societal actors input (Palazzo & Scherer, 2006). Voegtlin, Patzer and Scherer (2012) argue that responsible leadership is about producing legitimate decisions by providing legitimacy for the organisation. As indicated by Butcher (1997),

...ethical business leadership requires not only investing in the small trees and experimental hybrids that won't yield a thing in this quarter or the next, but also caring for the soil that allows us to produce such a harvest in the first place (pp. 5-6).

Leadership has been argued above as one of the critical elements in the administration of ethical business practices. However, a leader's style must also be situated in the context of the establishment of an organisational culture.

### **2.3.2 Organisational culture**

Organisational culture plays a significant role in driving ethics in business (Treviño, 1992). As stated by Densten and Sarro (2011):

Culture represents the attitudes and values of individuals that impact upon their motivation to contribute to organisational effectiveness. CEOs can use cultural influencing behaviours, such as leadership behaviours, to align the attitudes and values of individuals to that of the organisation (p. 342).

The culture comprises practices, rules and principles of conduct based on certain beliefs and rationales, represents various formal and informal systems of behaviour control (McCabe, Linda & Butterfield, 1999). For instance, an organisation may develop mission statements to align its employees with the organisational goals (Verma, 2010). The organisational mission and value statements may also serve as a form of control mechanism (Cady, Wheeler, DeWolf & Brodke, 2011). As stated by Verma (2010):

that honesty in dealings, adherence to code of ethics, and transparency are highly emphasised by companies in the present day business environment. Companies do seem to use mission to focus on universal values (p. 161).

The formal system of an organisation involves structures placed with regards to compensation methods, organisation's procedures, rules and regulations. The informal systems of an organisation consist of the values, attitude, norms, perceptions and beliefs inside the organisation (Huhtala, Feldt, Hyvönen & Mauno, 2013). The culture is also culmination of a group of people coming together to form certain group identity, working principles and practices.

The organisational culture and its variables provide employees with a reality within which morally relevant actions are sanctioned and judged. An ethical organisational environment helps employees' perception of ethics. As argued by Kaptein (2011):

The ethical culture of an organisation is important in encouraging a positive response to observed wrongdoing among employees, i.e. confronting the wrongdoer(s), reporting to management or calling an internal hotline instead of showing inaction or resorting to external whistle blowing (p. 515).

Several studies have shed light on the impact ethical culture can have on an organisation (Huhtala et al., 2013). The studies revealed that there are positive relationships

between ethical culture and unethical behaviour. A strong ethical culture increases the employees' views of ethics and prevents them from engaging in unethical behaviour (Kaptein, 2011). A strong ethical culture also promotes ethical decisions.

### **2.3.3 Ethical decision-making**

O'Fallon and Butterfield's (2005) review of research on the rationale behind decision-making, based on 174 studies published in the top 22 business journals between 1996 and 2003 highlight that, at some junctures, an organisation will face ethical dilemmas and the leaders are required to make decisions. Pimentel, Kuntz and Elenkov (2010) argue that decision-making systems are tied to certain ethical frameworks. However, there is no one ethical framework found to be conclusive since "business ethics has been investigated under the lens of several disciplines with different foci and methodological orientations, and few attempts at offering an interdisciplinary approach can be encountered" (p. 360). Their review also points out to the challenge of adopting one theory to resolve ethical dilemma in commercial organisations.

The two most influential models of decision making most cited are the Hunt-Vitell model (1986) and the Ferrell and Gresham (1985). Hunt and Vitell (1986) define ethical judgments as "the belief that a particular alternative is the most ethical alternative" (p. 763). According to Hunt and Vitell (1986), an individual's evaluation processes are influenced by four factors such as the individual's personal experiences and traits, organisational norms and ethical climate, industry norms and ethical climate and, finally, the cultural norms and ethical climate. As reviewed by Pimentel et al. (2010), the Hunt and Vitell model offers:

an intricate model wherein the organisational, business, and cultural environments, along with personal characteristics influence the perception

of ethical dilemmas, potential alternatives, and anticipated consequences (p. 369).

Pimentel et al. (2010) review on Ferrell and Gresham model suggests:

...interplay of personal characteristics interplay of personal characteristics (e.g. attitudes and knowledge) with organisational factors (i.e. the existence of well-established codes of conduct and of role modelling effects of which leadership constitutes an example) will have an impact on individual decision making, which subsequently affects the ethical behaviours (p. 369).

It is critical to consider other factors in ethical decision making. For instance, Sonenshein (2007) indicates the role of intuition in ethical decision-making. In a study conducted by Woiceshyn (2009), CEOs were found to adopt a dual process which involved reasoning and intuition in making strategic decisions. Pimentel et al. (2010) argue therefore that it is necessary to look at the individual, organisational, and environmental variables. The focus is not just on one ethical framework. For instance, they argue:

adopting a utilitarian perspective to ethical decision making in organisations limits the quality of the decisions by failing to serve the interests of all parties involved and by conflicting with regulations that guide organisational functioning in a business environment (p. 361).

Despite the various types of models adopted by the leaders, the application of ethical frameworks in the decision-making processes is also contained in some form of rules and regulations. The next section will discuss codes of conduct incorporated in commercial organisations.

### **2.3.4 Code of conduct**

The discussion on organisational culture above highlights the need for guidance to ensure certain behaviours that would provide morally right outcomes in an organisation. The conduct and behaviour of the leaders and employees within an organisation is often codified and known as code of conduct or ethical guidelines. Studies highlight that organisations that incorporate such code have a positive impact on actions and behaviours of its employees (Skubik & Stening, 2009; Svensson & Wood, 2011). However, other studies have revealed that there may not necessarily be a connection between ethical behaviour and code of conduct (Blodgett, 2011).

The role of a code is explained by Ferrell (1999) as one that explains the underlying professional values and principles of an organisation or a profession. These codes comprise of business principles and corporate ethics statements and serve as open guidelines describing desirable behavior and restrictive conduct such as bribery and conflict of interest.

Code of conduct are usually found to be formal policy documents which encompass ethics codes and ethics training programmes, with the objective of guiding employees in conducting themselves in an ethical manner (Weaver, Treviño & Cochran, 1999). Standards guidelines acts as a basic guide to avoid uncertainty on what can be considered right or wrong in the context of the organisation (Blodgett & Carlson, 1997).

The code of conduct allows the organisation to function according to certain standards. Its other purpose is to assure the public that the commercial organisation abides with the required standards. However, despite the value of establishing code of conduct, it may not necessarily develop the organisation to engage in ethical business practices. Blodgett and

Carlson (1997) review twenty-nine codes of conduct conclude that “the codes often contained vague references to acting ethically, then give extensive compliance lists which serve mainly to prohibit violation of current laws” (p. 1369).

There are limitations to the use of code of conduct in ensuring ethical business practices. Raiborn and Payne (1990) believe that a code of ethics will only succeed if it is supported by the board of directors, management and the employees. As argued by Weaver, Treviño & Cochran (1999), repeated articulation and reference to ethical codes may not create a lasting impact. In order to develop an environment that promotes ethical business practices, they argue that it is important to establish a values-based cultural approach that demonstrates the leaders’ commitment to ethics, fair treatment of employees, rewards for ethical conduct, concern for external stakeholders, and consistency between policies and actions. If an organisation is unable to conform or generate its own set of codes or rules, it may be necessary for external regulatory bodies to establish certain boundaries through corporate and global governance.

### **2.3.5 Corporate governance**

The term corporate governance originated from the Greek word, ‘*kyberman*’ which means to steer, guide or govern. The term is often associated with the process of decision-making and the process by which decisions may be implemented. The origin of the word reflects the fact that governance may adopt different meanings across organisations (Abu-Tapanjeh, 2008). The overall objective of good corporate governance is to align the behaviour of organisational members in a way that promotes the sustainable and successful operation of corporations. As stated by Clarke (2004):

Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society (p. 2).

Studies on corporate governance review the structure of the board of directors in terms of the promotion of the effectiveness of its monitoring and controlling function (see Arjoon, 2005) and board composition (see Kakabadse & Kakabadse, 2004). Other research investigates the transparency of the executive compensation system as a form of good corporate governance (Shleifer & Vishny, 1997). Proper incentives encourage the management team to play an effective monitoring role in their organisation (OECD, 1999). In addition to this, external audit committees are linked to good governance (Watts & Zimmerman, 1983).

Sir Adrian Cadbury in the Cadbury Report (1992) defines corporate governance as, “[t]he system by which companies are directed and controlled” (p. 1). The report indicates clear demarcation of roles; managers cannot supervise themselves and are accountable to directors and shareholders. A good compliance system is not just a symbolic statement of the organisation’s commitment to compliance with the law. Rather, it is a set of management controls calculated to identify, correct and prevent wrongdoing throughout the organisation. Research has shown that those organisations with better compliance performance are those with better internal compliance management controls and with ‘cultures’ that support compliance (Fisse & Braithwaite, 1993; Tomasic, 2001). Building more effective internal controls and oversight systems requires a clear commitment from senior management and the board of directors (Lang & Jiangtani, 2010).

Good management are more important than formal systems at influencing compliance management in practice. As stated by Parker and Nielsen (2009):

Compliance management systems that are implemented thoroughly by competent management with plentiful resources, and combined with management commitment to the value of compliance, might make a difference to compliance. But good management and good values are likely to be more important than formal systems at influencing compliance management in practice and, ultimately, actual compliance (p. 5).

Parker and Nielsen (2011) highlight that people's values and attitudes towards compliance can be a contributing factor towards their behaviour and action. In the organisational context, this would mean shared values that support compliance would influence compliance behaviour (Braithwaite, 2002). Highly principled ethical conduct of leaders is crucial in overcoming the recent crisis of values and ethics among organisations (Lewis, 2010; Lowenstein, 2010).

Maier (2005) highlights the relationship between corporate governance and stakeholders:

Corporate governance defines a set of relationships between a company's management, its board, its shareholders and its stakeholders. It is the process by which directors and auditors manage their responsibilities towards shareholders and wider company stakeholders. For shareholders it can provide increased confidence of an equitable return on their investment. For company stakeholders it can provide an assurance that the company manages its impact on society and the environment in a responsible manner (p.5).

Paying attention to the shareholders has become a norm in commercial organisations based in Singapore as well. As stated by Pahn (1998):

Shareholder activism in the USA, Britain and Canada has escalated in the last decade and is set to spill over into Continental Europe and Asia. As the giant multibillion dollar mutual and pension funds increase their investments in these parts of the world, they will bring with them their strong and unequivocal message of shareholder sovereignty, thereby influencing government policy in that direction. Singapore companies, particularly those who desire to play in the global markets should take note (pp. 60-61).

The key to organisational viability lies within the analysis of strategic and normative challenges faced by the organisation and relationships with stakeholders (Donaldson & Preston, 1995; Freeman, 1984). Despite such understanding, leaders in business often face multiple stakeholder claims, based on different and, more often than not, conflicting values. Thus, there are challenges with respect to stakeholder salience (Jones, Felps & Bigley, 2007; Mitchell, Agle & Wood, 1997) and in evaluating and balancing the claims of multiple stakeholders such as employees, clients, shareholder, and suppliers both inside and outside an organisation.

Freeman (1984) was the first to recognise that stakeholders have a vested interest in how organisations make decisions. He defined stakeholder as “any group or individual who can affect or is affected by the achievement of the firm’s objectives” (p. 25). Clarkson (1995) define stakeholders as “persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future” (p. 106). According to Clarkson (1995), primary stakeholders have the power to cripple an organisation or ruin its reputation if they are dissatisfied with actions taken by the organisation. Secondary stakeholders can be affected or influenced by decisions the organisation makes.

Porter and Kramer (2011) state that companies should consider other stakeholders and not just focus on shareholders and, in this way, companies would be able to create social value as a part of corporate social responsibility.

### **2.3.6 Corporate social responsibility**

The concept first emerged in the 1930s (Bakan, 2005; Carroll, 1979) and has evolved to gain significant standing in the world of business (Pimple, 2012). According to Luu (2012), the concept is critical for organisations' sustainability. Carroll (1979) indicates that social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time. Carroll (1979) added that the business institution is the basic economic unit in any society and has a responsibility to produce goods and services that society wants to sell at a profit. There are four dimensions of corporate social responsibility as described by Carroll's model of corporate social responsibility and illustrated in Luu (2012, pp. 548-549):

1. The economic responsibility to generate profits.
2. The legal responsibility to conform to local, state, federal, and relevant international laws.
3. The ethical responsibility to meet other social expectations, not written as law (e.g. avoiding harm or social injury, respecting moral rights of individuals, doing what is right, just, fair).
4. The discretionary responsibility to meet extra behaviours and activities that society finds desirable (e.g. philanthropic initiatives such as financial contribution to various kinds of social or cultural enterprises).

According to Carroll (1999), corporate social responsibility moves beyond immediate gains and minimal respect of the law whereby organisations should undertake voluntary effort to comply with ethical standards. In a similar argument, Young and Thyl (2008) emphasise the importance of social approval for commercial organisations to remain profitable and sustainable. Corporate social responsibility activities are strategies to gain such approval. According to Moon and Orlitzky (2011), there is evidence that favours the view that social and environmental responsibilities are core business issues.

In Singapore, corporate social responsibility has gained popularity (Chapple & Moon, 2005). A group of organisations formed the Singapore Compact in 2009. The Singapore Compact serves as a national platform to encourage dialogue and to further collaboration promoting corporate social responsibility in Singapore (Robertson, 2009). As stated by Robertson (2009):

In a country such as Singapore, with more public rather than private ownership of companies, more effective corporate governance structures, an economy that is relatively open to international investment, and one in which there is a tradition of citizen voice and action, the nature of CSR is likely to be similar to that of multinational firms in the U.S. and U.K. (p. 629).

Luu (2012) indicates that corporate social responsibility is believed to benefit shareholders as well as to operate to the benefit of stakeholders and society as a whole. This point of view is reflected in the need to educate Singaporean firms about the financial benefits of corporate social responsibility. He further argues that one barrier to corporate social responsibility is the lack of appreciation that it contributes to the bottom line. Another major barrier would be the lack of commitment of management to see beyond their stockholders. Concern is often given more to profits and stockholders than stakeholders. Lau

(2006) argues for the need for a change in mind-set, with incentives given companies to practice corporate social responsibility. Thus, strong protection of shareholder rights is compatible with the objective of corporate social responsibility. It is therefore clear that organisations are increasingly under the purview of the community at large; that the community are more than consumers and that organisation, should meet their needs in an ethical manner (Luu, 2012).

There are several major corporate social responsibility guidelines and norms supported by the global community. For example, the OECD Declaration of International Declaration Investment and Multinational Enterprises, the UN Global Compact, the Caux Roundtable Principles of Business and the UN Norms on the Responsibilities of Transnational Corporation and Other Business Enterprises with Regard to Human Rights. For instance, the Millennium Poll on corporate social responsibility indicates that businesses are expected not only to make profits, pay taxes, create jobs and obey all laws, but also set higher ethical standards and help build better societies. The business world is aware that prosperity, profitability and shareholder value alone do not represent the value of a company. The ability to grow and to improve continuously is determined by its social competences, ethical responsibilities and environmental contributions (Marrewijk & Hardjono, 2001).

As highlighted by Scherer and Palazzo (2007) the effect of globalisation is the integration of values and the need for nation states to moderate the outcomes of the economical, political, and social systems. The adverse impact is the gap in governance and the safeguard of public interest (Scherer & Palazzo 2007; Stiglitz, 2008). Sampford (2010) notes the need for mutual reinforcement of global governance institutions, national governance institutions, and corporations. He further argues that law, ethics, politics and

economics should not be viewed as separate entities in the context of governance (Sampford, 2010).

Global governance is about the creation of institutional preconditions for the long-term success of commercial organisations. Though the concept is fairly new, there are global governance practices which advance self-regulation of corporations. For instance, the Responsible Care initiative by Canadian Chemical Producer's Association in 1985 is an example of global governance practice that came about after a series of chemical accidents, notably the Bhopal disaster (King & Lennox, 2000). Chemical companies committed themselves to the promotion of and compliance with higher health, safety, and environmental standards in order to avoid bad practices, regain their public trust, and ensure the long-term viability of the industry (Prakash, 2000).

The review on the global governance indicates the need to constantly consider the environmental factors and gain perspectives from the community, society at large in implementing business practices. The development of such external rules and the need for the organisation to consider the external environment is critical (Svensson & Wood, 2008).

### **2.3.7 Outline of ethical practices**

The review on ethical business practices highlights a range of strategies that may be adopted by a commercial organisation. These strategies may be incorporated internally by the organisation in a form of code of conduct or it may be enforced by external regulatory body or legislations. The ethical business practices reviewed were based on the understanding that ethics in business is often implemented in the form of corporate governance and corporate

social responsibility (Gustavson, 2011). The review also looked into other factors that contribute to ethical business practices such as ethical leadership and global governance.

## **2.4 Conclusion**

This chapter has covered key issues that have emerged in the formation, implementation and execution of ethics in business. The first part of this chapter began with a discussion on the role of ethics in business – the importance of ethics, the challenges and the terms associated with ethics. Reviews have shown that ethics in business is an important concept. However, the concept of ethics in business is not so easily established in view of the traditional role of business as one that should generate profit and maximise wealth. The challenges are not just about fitting the concept of business ethics into the larger puzzle of business and profit maximisation. The challenges also include in identifying the definitions, the components and strategies in implementing ethics in business in an effective manner. The field of business ethics is growing with many research studies, strategies, theories and principles to improve ethics in business.

The second part of this chapter reviewed six ethical frameworks that underpin ethics and ethical principles in business. The reviews highlighted some basic values common across the six ethical frameworks. For instance, the value of justice noted to be one of the key element in ensuring fairness, accountability and commitment towards compliance and corporate social responsibility activities.

The third part of this chapter reviewed six types of strategies and initiatives that aim to strengthen and ensure ethical conduct and practices in commercial organisations. These initiatives may be further divided into two broad categories of leadership and rules.

Leadership determines ethical decision making and organisational culture. Regulations constitutes of code of conduct, corporate governance frameworks and corporate social responsibility activities.

This chapter highlights the basis on which commercial organisations adopt business ethics. This chapter also demonstrates the challenges in implementing ethics amidst a wide range of ethical frameworks which guide ethical principles and practices through leadership and regulations to assure ethical outcomes. The literature review in this chapter has examined the ethical business principles and practices in commercial organisations based in Singapore. The next chapter will focus on the importance of ethics in business and introduce restorative justice as a framework gaining popularity in the field of business ethics.

### **Chapter 3: Business Ethics and Restorative Justice**

*We are committed to the safety and development of our people and the communities and societies in which we operate. We aim for no accidents, no harm to people and no damage to the environment.*

British Petroleum (BP) Code of Conduct (2008, p. 1).

As reviewed in Chapter 2, despite the wide range of literature and engagement of ethics in business, a large number of commercial organisations continue to remain in the limelight for its unethical business practices. These repeated failures and transgressions by commercial organisations require novel perspective on ethics. This chapter postulates a novel perspective on business ethics – the concept of restorative justice. Restorative justice is defined as “a process whereby all the parties with a stake in a particular offence come together to resolve collectively how to deal with the aftermath of the offence and its implications for the future” (Braithwaite, 1999, p. 5).

This chapter begins by examining the unethical business practices of commercial organisations and its impact on its stakeholders and community as a whole. It illustrates the state of injustice perpetuated by certain commercial organisations. Such unethical business practices seek to further illuminate the gap in the commercial system and point to areas where the concept of restorative justice may be a relevant practice. This chapter then introduces the concept of restorative justice in business setting, outlining its elements in strengthening ethics in business. The conclusion of this chapter would highlight the link between ethics and restorative justice in a form of a conceptual model that guides this research study.

### **3.1 Unethical business practices**

Jackson, Wood and Zboja (2013) argue that “unethical decisions have been part and parcel of corporate life since corporations were first formed” (p. 233). The world economy encountered one of the worst economic crises in 2007 (Christopoulos et al., 2011; Fassin & Gosselin, 2011). The sub-prime mortgage failure in the United States spread to Europe and the rest of the world leading to a global financial crisis. The collapse of one of the world’s largest investment bank, Lehman Brothers created a major dent in the trust placed on financial institutions (Christopoulos et al., 2011; Essien, 2013; Zingales, 2011).

Deeper examination on the failures of financial institutions highlights the fallibility of sophisticated funding structures of financial institutions which led to the crisis and lack of confidence in the financial system (Arner, 2009; Awery, Blair & Kershaw, 2013; Bondt, 2010). As stated by Akpakpan, (2009), the structures adopted by some financial institutions were “risky and dangerous to the financial system, the economy, and the society as a whole” (p. 4). At the height of the global financial crisis, the World Bank estimated that the decline of economic growth in developing countries would trap at least an additional twenty million people into poverty. The total global loss was estimated to be forty trillion dollars (Park, 2009).

#### **3.1.1 Corporate governance**

In assessing the causes of the global financial crisis, several researchers have concluded that the failures of some of the financial institutions were linked to non-compliance with corporate governance frameworks (Fetisov, 2009; Kirkpatrick, 2009; Yeoh, 2010). Allen and Carletti (2010) suggest that the cause of the financial meltdown was weak regulatory structures and high leverage in the banking sector. As reported by Kirkpatrick (2009):

....financial crisis can be to an important extent attributed to failures and weakness in corporate governance arrangements. When they were put to the test, corporate governance routines did not serve the purpose to safeguard against excessive risk taking in a number of financial services companies (p. 2).

Similarly, Lin-Hi and Blumberg (2011) stipulate that the reappearance of scandals in the corporate arena highlights “....the apparent weakness in the governance structures of corporations and, ultimately, raises the question of how good corporate governance can be ensured in the everyday business world in a sustainable fashion” (p. 571). The impact of the crisis highlights the lack of stringent corporate governance norms and its implications on economies as strong as United States and United Kingdom (Rishi & Singh, 2011).

Past research studies on failure of organisations indicates one common characteristic; they failed to comply with internal or external control mechanisms (Agrawal & Chadha, 2005; Arjoon, 2005; Monks & Minow, 2004). For instance, if an organisation complied with a set of rules or adopted good governance, the likelihood of the board members making self-serving decision is lowered (Sreejesh, 2012). The role of corporate governance is not just contained to financial or accounting scandals but applies to other organisational failures too.

Organisational failures often result in continuous efforts to strengthen the corporate governance framework, its rules and legislations. The attempt by the governments in making changes to the corporate governance system ensures certain level of control and oversight of commercial organisations. However, there is also a need to develop measures that are effective (Phillips, 2006). Young and Thyil (2008) suggest a holistic model where corporate governance “veers away from narrow approaches focussing on legal and regulatory,

accounting, ethics...” (p. 103). They seek an approach that would incorporate internal and macro perspectives across legal, regulatory, social, ethical, human resource management, behavioral and corporate strategic frameworks.

The review on the failures of commercial organisations attributed to the limited corporate governance indicates not only the rigorous attempts at crafting new regulatory codes and measures, but also the failures of such codes to effectively prevent repeated mishaps and unethical business practices. This also shows that imposition of rules and regulation may not necessarily resolve the issue of unethical business practices amongst commercial organisations. As stated by Braithwaite (2002) and Parker (2002), good management and good values are more important than formal systems at influencing compliance management. Ineffective corporate governance framework is not the sole reason for failures of organisations. Cohen (2013) stipulates:

...that rules, regulations, and mechanical fixes cannot do the job of replacing judgment any more successfully in matters of ethics than in matters of technical expertise and compliance. They cannot remedy all behavioural difficulties (p. 513).

Cohen (2013) argues that the increasing role of legislation in promoting compliance often results in the management team within a commercial organisation trying to find ways to escape such rules and regulations. As he elaborates, to address the underlying issue of unethical business practices, it is important to educate the employees to improve in their conduct. However, with the introduction of new legislation; the focus is diverted towards satisfying prescriptions of the new legislation instead of finding ways to rectify the ethical shortcomings. He further suggests that with legislation, ethical concerns become lost and are not remedied.

Though corporate governance framework is necessary and plays a significant role in ensuring ethical business practices, the review on organisational failures highlight that merely imposing new rules and regulations may not necessarily improve ethics in business. Further review indicates another significant element that contributes to unethical business practices and organisational failures – the role of organisational leaders.

### **3.1.2 Leadership**

As reviewed in Chapter 2, a leader's duty is typically to work for the best interest of the organisation, maximise wealth for the organisation's shareholders (Smith, 1776). The objective of any business is to make money and that the primary role of a leader is to run a profitable business (Porter & Kramer, 2006).

In the context of global business environment and with constant changes to the rules and regulations, a leader is required to do more than just maximise profit. The leader should also consider maximising the value of a business entity for the benefit of all its stakeholders.

As stated by Dodd as far back as 1932:

It may well be that any substantial assumption of social responsibility by incorporated businesses through voluntary action on the part of its managers cannot reasonably be expected. Experience may indicate that corporate managers are so closely identified with profit-seeking capital that we must look to other agencies to safeguard the other interests involved, or that the competition of the socially irresponsible makes it impracticable for the more public-spirited managers to act as they would like to do, or that to expect managers to conduct an institution for the combined benefit of classes whose interests are largely conflicting is to impose upon them an impossible task and to endow them with dangerous powers (p. 1162).

This idle role of a leader is not easily fulfilled as noted in some corporate scandals that illustrated the role of manager focusing on self-interest rather than creating shared value. With increasing number of corporate scandals linked with leaders, it is getting harder to maintain the corporate legitimacy and trust in leaders (Palazzo & Scherer, 2006).

O'Fallon and Butterfield (2011) suggest various reasons for unethical conduct and practices in a commercial organisation linked to leaders. Traditionally, leaders' individual characteristics contributed to unethical business practices within a commercial organisation (Cohen, Pant & Sharp, 2001). Other factors include cognitive and moral development of leaders (Green & Weber, 1997), ethical climate within the organisation (Treviño, Butterfield & McCabe, 1998) as well as organisational characteristics (Weaver & Trevino, 1999). Based on organisational failures of companies such as Enron, WorldCom and Parmalat, it is argued that leaders were not just failing to engage in ethical business practices but they were also involved in large-scale white collar criminal activities (Heath, 2008). The underlying issue is identified as leaders' failure to respect the law and comply with rules.

The issue of white collar crimes have long been part of commercial organisations and is known to be one of the most difficult types of crime to control (Levi, 1987; Tomasic, 2005). In the United States, for instance, Calavita and Pontell (1990) reports that the 1980s saw much unlawful risk-taking and looting by bank executives. Despite measures put in place to stop fraud in the financial industries, unlawfulness did not stop as argued by Braithwaite (2009) and Chung (2008). One example of organisational failure due to fraudulent transactions committed by a leader is noted in the case of Bernard Madoff and his '*Ponzi*' scheme (Chung & Rappoport, 2009). Another incident that illustrates the role of a leader in organisational collapse is the case of Satyam in India (Singh, Kumar & Uzma, 2010).

Satyam collapsed due to the fraudulent transactions committed by its then Chief Executive Officer (CEO) Ramalinga Raju. The failure occurred despite corporate governance framework and control measures. As stated by Craig, Mortensen and Iyer (2013):

Raju and his accomplices are believed to have forged confirmation letters from several banks to indicate that Satyam held money in fixed deposits with those banks (p. 334).

As stated by Rossy (2011), an unethical act has immoral intent. It is done with the full knowledge that it is fundamentally wrong - legally, morally – or it contravenes the prevailing societal or organisational culture. These unethical acts usually violate clear corporate codes of ethics as well as laws and regulations. They are actions or decisions that are clearly wrong and everybody is aware that they are – including the perpetrator. As argued by Knights and O’Leary (2006):

...a more plausible account of the corporate scandals is a failure of ethical leadership that derives from the pre-occupation with the self that drives individuals to seek wealth, fame and success regardless of moral considerations (p. 126).

In reviewing the role played by leaders in the management of commercial organisations, Lin-Hi and Blumberg (2012) conclude that “business is on thin ice” (p. 257). They stipulate three interrelated business ethics competencies that require attention from corporate leaders:

1. the leader must be able to prove that that business and profit-making do have a social function;
2. attention needs to be paid to what defines responsible business; and
3. leaders require the ability to organise responsible decision making within their organisation (p. 247).

In creating a workplace that prevents deviant behaviours amongst employees, leaders play a significant role as well. As illustrated by Hakan and Jamel (2013):

...high moral standard, integrity and honesty, help them (leaders) develop reciprocal and long-term exchange relationships with employees. That is, leaders and subordinates transcend their formal role requirements, treating each other as close partners, which in turn lead to lower level of psychological contract violation and higher organisational deviance (p. 834).

An organisation's success depends on its leadership and an organisation's ethical mismanagement is linked to the decisions made by its leader (Sheppard, Sarros & Santora, 2013). Corporate governance and regulatory framework are measures to its stakeholders (Craig et al., 2013). However, as highlighted by Watson and Watson (2013), the role played by leaders of a commercial organisation is critical to ensure "strong corporate governance of responsibility, professionalism and transparency" (p. 126). Strong corporate governance is possible with leaders adopting values such as honesty, integrity and transparency as corporate goals of the organisation.

### **3.1.3 The concept of justice in commercial organisations**

Justice is a significant concept in commercial organisations. Research into the area highlights the need for justice in managing employees. Fairness in the treatment and management of employees are advanced in the context of organisational justice and in creating an equitable work environment (Colquitt & Greenberg, 2003; Greenberg, 1987). Organisational justice is categorised as (i) distributive justice – perceptions of the fairness of resource distributions (Deutsch, 1975; Homans, 1961), (ii) procedural justice - perceptions of the fairness of procedures managers and organisations use to make decisions (Leventhal,

1980; Thibaut & Walker, 1975) and (iii) interactional justice - perceptions of the fairness of interpersonal treatment and explanations for negative outcomes (Bies, 2001; Bies & Moag, 1986).

Perceptions of justice and injustice have been linked to a wide variety of employee attitudes and behaviours including satisfaction, commitment, trust, turnover and behaviour including negative behaviours such as theft and unethical conduct (Colquitt & Greenberg, 2003; Greenberg, 1990, 1998, 2002; Weaver & Treviño, 1999). In managing transgressions of employees, punishment is often viewed from the perspectives of consequentialist or retributive views (Treviño, Weaver & Brown, 2008). Organisational punishment has been defined as “the manager's application of a negative consequence or withdrawal of a positive consequence from someone under his or her supervision” (Treviño, 1992, p. 649).

According to Treviño (1992) and Treviño and Ball (1996), employees involved in organisational misconduct also have expectations regarding fair discipline and experience a broad range of emotional and cognitive reactions to punishment. This includes feelings of pleasure when wrongdoers receive their “just desserts” (Hogan & Emler, 1981) and disappointment or even outrage when justice has not been served.

Another aspect of commercial organisations where justice is critical was reviewed in Chapter 2 in the context of Rawls' theory of justice. Unethical business practices results in a state of injustice to the organisation and its stakeholders such as the clients and its employees. For instance, in the case of the Bhopal disaster in India, the victims of the gas leaks are still suffering the aftermath (Ice, 1991).

Marens (2007) argues for a need to re-look at ethics in business from the broader perspective of social justice. He argues that for the field of ethics to remain relevant for commercial organisations, it is necessary to return to examining social and economic fairness. He postulates Rawls's justice and social contracting framework as a start to developing fairness and justice. Rawls (1971) argues for fairness in the management of employees and clients. Similarly, Simola (2003) and Snyder, Robertson, Jansinski and Miller (2006) articulate for leaders to adopt rational decision-making by incorporating an ethic of justice.

In developing an ethical organisation, Hartman (1996) states the need to consider the stakeholders of a commercial organisation. He argues:

a morally sound organisation is one that would be designed by a group of people who value being free and politically equal and desire to be responsible citizens, who know they are going to represent stakeholders of the organisation but do not know which kind. They are a kind of ideal board of directors. We can assume that those in the original position would try to design an organisation that would not be brutally hard on any stakeholder and that would produce an overlapping consensus on certain matters but leave room for differences on others (p. 109).

The review on unethical business practices in commercial organisations highlighted several contributing factors – failures in ensuring proper corporate governance, leaders that engaged in unethical business decisions and a lack of justice in dealing with employees and in compensating clients. The review also highlighted the significance of justice in an organisational setting. Given the role played by justice in an organisational setting, the concept is positioned as the cornerstone of ethical business practices in this research study. However, this research study seeks to suggest a concept of justice known as restorative justice in addressing and strengthening the challenges associated with business ethics.

In ensuring justice in commercial organisations and in the decision-making of leaders, there is an overlap between the concept of justice, ethics, morality and culture. The concept of justice in the broadest context includes philosophical perspectives, moral and communal standards that vary according to culture and subjective perspectives. In other words, the concept of justice is embedded in various fields. For instance, justice is linked with morality. Morality refers to a set of deeply held, widely shared, and relatively stable values within a community that would incorporate the element of justice. Ethical frameworks address justice from philosophical perspectives which are represented by the classic works of Aristotle (virtue ethics), Kant (duty-based ethics), and Bentham and Mill (utilitarian and consequentialist ethics).

For the purpose of this research study, choices were made to incorporate justice in relation to principles of business ethics (Crane & Matten, 2007). In this chapter, the concept of justice illustrated is in the form of restorative justice. The historical evolution of restorative justice suggests its application in certain cultures and the emphasis to move the individuals, society, and community at large to focus on restorative outcomes in dealing with conflicts.

Restorative justice may not offer a panacea for all conflicts but it does offer a different philosophy in dealing with crime and conflicts in society (Roche, 2003, Kidder, 2007). The Western legal system with its due process provides legitimate protection to the offender but in identifying the culprit of a crime, assessing blame and subsequent prosecution do not seek to rectify the harm done to the victim. Restorative justice, on the other hand, looks forward and, adopts a problem solving model and is concerned about the victim, restoration and integrating the offender into the community (Marshall, 2003).

In the context of business setting, Goodstein, Butterfield, Pfarrer and Wicks (2014) reviews on restorative justice highlighted its potential in addressing and overcoming transgressions perpetuated by commercial organisations. They stated that:

restorative justice literature (e.g., Braithwaite, 1999; Okimoto, Wenzel, and Platow, 2010; Roche, 2003; Strang, 2004), which emphasises the importance of a collective response to transgressions that addresses the immediate offense and promotes the repair of damaged relationships among the parties (offender, target, third parties) through the processes of making amends, extending forgiveness, and facilitating reintegration (p. 316).

In addressing the challenges in the implementation of ethics in business, the potential of restorative justice will be reviewed next. The next part of this chapter would introduce the concept of restorative justice before discussing some of the application of restorative justice in commercial settings.

### **3.2 Overview of restorative justice**

Restorative justice is not a new concept and has been applied in various situations, transcending different cultures and contexts of conflict resolution. As highlighted by Chang and Huang (2011):

Restorative justice is neither a new nor an innovative criminal justice concept. Indeed, the principles which underpin restorative justice have existed for millenniums and have been used as a dominant model in criminal justice systems throughout most of human history and for perhaps all the world's people (p. 37).

Braithwaite and Strang (2001) articulate that the model of restorative justice is different from other justice systems. The concept was found in the ancient legal code of Hammurabi and Ur-Nammu that focused on restitution (Bazemore, 1998). The concept can be traced back to ancient ideologies of social justice, cultural practices of certain communities and

religious teachings. For instance, restorative justice practices were used by the Greek, the Romans and the Arab communities (Van Ness, 1986). Principles and practices of restorative justice are also associated with the Christian values that emphasis forgiveness of wrongdoing, reconciliation and redemption (Zehr & Mika, 1998). Not just Western orientation, restorative justice values and practices are also embedded in the Vedic civilisation and Confucian tradition from Asia (Weitekamp, 1999).

According to Hakiha (1997), the Maori community in New Zealand and the Pacific nations apply a fully integrated system of restorative justice in resolving disputes. The concept is also used to resolve conflicts in many traditional African, Japanese and Polynesian nations (Benham & Barton, 1996; Childs, 1998). Weitekamp (1999) states that the restorative justice practices such as family group conferencing and circle hearings were used by indigenous populations such as the Aboriginals, the Inuit and the Native Indians of North and South America.

As stated by Woolford and Ratner (2003), restorative justice encompasses concepts from traditional Aboriginal philosophies of conflict resolution, communitarianism, reintegrative shaming and peacemaking criminology. In the modern context, the values and practices of restorative justice is noted in the area of criminal justice system. Restorative justice approaches criminal activity as a result of community conflict and disharmony and that justice should ensure peace-making, dispute resolution and rebuilding of relationships (Christie, 1977; Van Ness & Strong, 1997). The community is allowed to participate in the conflict resolution process and the concept aim to repair the harm done to the victim (Daly & Immarigeon, 1998). The impact of a crime on a victim is highlighted in the restorative justice

process to educate, influence and prevent further offending behaviour of the perpetrators (Armstrong, 2012).

Restorative justice aims to restore justice and this is done by incorporating different strategies in dealing with transgressors, offenders and repeated offenders. Its main objective is to heal rather than hurt through punishment. As stated by O'Brien and Bazemore (2004), restorative justice refers "specifically to viewing crime as harm to victims and communities, and justice as a means to repair the harm" (p. 207). The restorative justice practices adopted in the criminal justice system have worked well. As evaluated by Bergseth and Bouffard (2007) and Zehr (2004) restorative justice can deliver benefits which the traditional criminal justice process cannot; in areas such as victim satisfaction and in reducing offender recidivism. As stated by Armstrong (2012), initial analysis of victims' perception of restorative justice indicates positive outcomes.

Positive outcomes in the application of restorative justice are also noted in Singapore. Restorative justice practices such as family conferencing has provided favourable outcome in managing the offending behaviours of young offenders (Ozawa, 2002; Chan, 2013). Chan (2013) highlight the development of the concept of restorative justice in other jurisdiction such as Thailand, Hong Kong, Indonesia, Malaysia and the Philippines.

The overview of restorative justice highlighted the evolution of the concept in resolving conflicts in many traditional system and communities. Restorative justice is a justice model, originating from ancient ideologies of social justice, cultural practices and religious teachings. It is an alternative form of adjudication that gained popularity in the criminal justice system, providing an option to the punishment and retributive justice model. One of

the key considerations for restorative justice which differs from the traditional justice system is the concept of dispensing justice via community involvement. The distinctiveness of the concept and its values will be discussed next.

### **3.2.1 Values surrounding restorative justice**

As highlighted above, the concept of restorative justice developed mainly in the criminal justice system. The key values and principles of restorative justice are established from the criminal justice system. Criminologists view the concept as an alternative to the punishment model (Braithwaite, 1999; Zehr, 1990). Some of the main practices of restorative justice are rooted in values such as responsibility, restoration and reparation. As argued by Tracy (1998):

. . . [a] crime is an act against a person rather than against the State, crime control is a community responsibility rather than a government responsibility, assuming responsibility and repairing harm replaces punishment, victims are central to the process of resolving a crime rather than being mostly ignored, and dialogue and negotiation, rather than an adversarial relationship, are emphasised (p. 275).

Although the concept of restorative justice is not a new model in resolving conflict, the concept is still considered an emerging model in the business world (Goodstein & Aquino, 2010). As argued by Qafisheh (2012), the values, principles and characteristics of the concept restorative justice are still evolving. Despite the slow emergence of the concept in the business arena, the underlying values are similar to those found in the criminal justice system. Values such as responsibility, reintegration, restoration and respect underpin restorative justice practices (Dignan, 2005; Marshall, 1999).

The value of responsibility is evident in the definition of restorative justice. Restorative justice is defined as “a process whereby all the parties with a stake in a particular offence come together to resolve collectively how to deal with the aftermath of the offence and its implications for the future” (Braithwaite, 1999, p. 5). Responsibility is given to all parties (the transgressor and the victim) of the crime instead of just to the regulator (Marshall, 1999). The resolution requires efforts from the transgressor in understanding the impact of his action on the victim and to be responsible to rectify the situation.

The value of reintegration is noted in the underlying premise of restorative justice in resolving conflict and wrongdoing. In resolving conflict and wrongdoing, relationship building is one of the key aspects of restorative justice (Goodstein & Aquino, 2010; Kidder, 2007). Relationship building takes place by including the transgressor in the conflict resolution process. By involving the transgressor, there is an increased level of acceptance and reintegration of the transgressor back to an organisation or in a community.

The value of restoration is made possible through the healing process that occurs between parties involved in transgressions. For instance, restoration for both the victim and the transgressor is made possible by the parties with the opportunity to discuss and voice their grievances. This is one of the key differences between restoration justice and traditional forms of justice. As suggested by Okimoto et al. (2009):

Instead of restoring a sense of justice through the unilateral imposition of punishment (retributive notion of justice), restorative justice is the restoration of a sense of justice through renewed value consensus (p. 158).

The value of respect is an important element in ensuring success of the restorative justice process. Without respect, it would be impossible to involve all parties in the conflict

resolution process. Resolving the issue by involving the transgressor requires conscious effort to accept the transgressor as an individual. As stipulated by Goodstein and Aquino (2010), restorative justice:

offers those responsible for wrongdoing the opportunity to accept responsibility, regain self-respect, and be reintegrated into the social settings whose norms they have violated without having to bear the stigma of their offense (p. 626).

The concept requires perspective change and commitment from all parties in developing a system that would involve the communities in addressing transgressions. As stated by Boyes-Watson (2005):

The adoption of restorative justice is more than just the installation of a program or technique: the adoption of restorative justice moves organisations towards more communitarian values. It is a project of profound change which requires sustained leadership to invent new organisational infrastructures which brings different sets of participants together to talk in different ways about different things. More than anything else, this process requires personal commitment, not only from above but at all levels of the organisation. People must, at some level, choose restorative justice for themselves. Restorative practices open people to a sense of community by building awareness and respect towards others (p. 366).

The four values of restorative justice come together in ensuring the successful implementation of the restorative justice process. The concept looks forward and adopts a problem solving model by involving the victim and by restoring and integrating the transgressor into the community (Marshall, 2003). Based on these positive outcomes and benefits of restorative justice, its application in commercial organisations is reviewed next.

### **3.3 Restorative justice in the context of commercial organisations**

The concept of restorative justice has permeated areas of conflict resolution (Brownlee, 2010; Feld & Gelfand, 2012), organisational justice (Kidder, 2007) and compliance management in various different sectors (Okimoto et al., 2009). The concept has been used in addressing conflicts in schools, in commercial organisations and in the public sectors. Studies conducted in schools based in Australia (Blood & Thorsborne, 2005; Shaw, 2007) in which restorative justice was applied showed positive outcomes in managing disputes.

Restorative justice contains a multitude of values, practices and programmes. It is a philosophy and its values are exhibited through the process of adjudication, mediation or negotiation. The philosophy and its theory may be incorporated to provide an equitable outcome for all parties affected in a conflict. The practices of restorative justice are especially noted in the area of criminal justice system, associated with punishing the crime, treating the offender, and repairing the harm. Restorative justice as a concept is versatile and offers both a philosophical change as well as practical set of implementation that result in a holistic system that promotes justice for all (Braithwaite, 2002).

Holmes-Bonney (2010) discusses the application of restorative justice in the area of complaint management in the hospital setting. Managing complaints based on the values of restorative justice provides opportunities to deal with the issues based on mutual trust, respect and emotional awareness (Dignan, 1992). Holmes-Bonney (2010) argues that restorative justice:

places the need to repair the harm done to relationships between the people involved in adverse events above the need to blame and punish, and is an invitation for complainants and those they have complained about to converse so that they can support and learn from each other (p. 15 ).

Larsen and Lawson (2013) see the concept in the context of consumer protection. They argue for the right of the consumer to safety which should include restorative compensation as it encourages both the return of equity in a case where harm has been caused, and for the development of policies to ensure processes for product replacement.

Restorative justice has been incorporated in the area of regulation, described as the concept of responsive regulation (Ayers & Braithwaite, 1992; Braithwaite, 2002). Responsive regulation is an approach to compliance where the regulator (either governments or other actors who regulate) is responsive to the underlying motivations of those being regulated such as fear of being detected; desire to earn respect and sense of moral duty (Ayers & Braithwaite, 1992; Braithwaite, 2002; Nielsen & Parker, 2009). It is based on the assumption that sometimes punishment may not be effective and, instead persuasion and dialogue would be better. As explained by Nielsen and Parker (2009), “regulatory policy should take neither a solely deterrent nor solely cooperative approach” (p. 3).

Nielsen and Parker (2009) investigated the utilisation of the values of restorative justice as part of responsive regulation in a study of 141 Australian businesses that had experienced official investigation of alleged breaches of the competition and consumer law. They argue that:

restorative justice (RJ) responsive regulation leaves the role of coercion more to the regulatory system rather than to the regulator as an individual. RJ responsiveness emphasises the normative requirements of fairness, respect, and cooperation in individual regulatory staff and leaves coercion to the law (p. 395).

The study by Nielsen and Parker (2009) highlights the role played by enforcement bodies and investigators and the importance of persuasion rather than simply imposing rules and punishment. Their findings align with the values of restorative justice in compliance management, proposed by Braithwaite (2002), where it is asserted “cooperation and kindness breed cooperation and kindness, and treating people in an open-minded and respectful manner makes them more willing to listen and cooperate” (p. 41). Braithwaite believes that in managing compliance within an organisation, enforcement officers should work towards persuasion first before moving up the ladder to bring about enforcement. As explained by Braithwaite (2006):

...presumption of persuasion gives the cheaper and more respectful option a chance to work first. The more costly punitive attempts at control are thus held in reserve for the cases where persuasion fails. When persuasion does fail, the most common reason is that a business actor is being a rational calculator about the likely costs of law enforcement compared with the gains from breaking the law. Escalation through progressively more deterrent penalties will often take the rational calculator up to the point where it will become rational to comply (p. 887).

There are several successful outcomes noted in the application of restorative justice values in compliance management. For instance, a higher level of conformance with rules was noted when regulators adopted the values of restorative justice in investigating compliance with regulatory frameworks in a nursing home based in Australia (Braithwaite & Braithwaite, 2005). When state regulators engaged in negotiated conversations with managers of corporations and industries (such as nursing homes, trade groups, and commercial enterprises), compliance was seen to be greater and the dialogue allowed more realistic, flexible, and contingent enforcement of important legal standards (Braithwaite, 2006).

The values of restorative justice also provide positive outcomes for the victims as noted in the case of the Colonial Life Insurance Company of Australia (Braithwaite, 2002; Goodstein & Aquino, 2010). Colonial Mutual Life met with these communities, publicly expressed their shame and remorse, compensated over 2000 policyholders, and funded an Aboriginal Consumer Education Fund. In 2003, a bank in Italy, the UniCredit Group embarked on the process of adopting restorative justice in upholding their organisation's integrity charter (Van Ness, 2009). Braithwaite (2009) believes that the recent global financial crisis could have been prevented if measures were taken to address the irresponsible behaviour of bankers rather than wait until there was enough evidence to launch investigation and prosecution.

Goodstein and Aquino (2010) argue that restorative justice provides a better platform in addressing the issues of compliance within an organisation. In an examination of how personal offense can trigger revenge and forgiveness-based cognition and behaviours, Aquino, Grover, Bradfield and Allen (1999) integrate key concepts and ideas from restorative justice. Restorative justice is unique as the focus shifts to the victim, offender and broader community with the aim of healing damaged relationships.

### **3.4 The connection between business ethics and restorative justice**

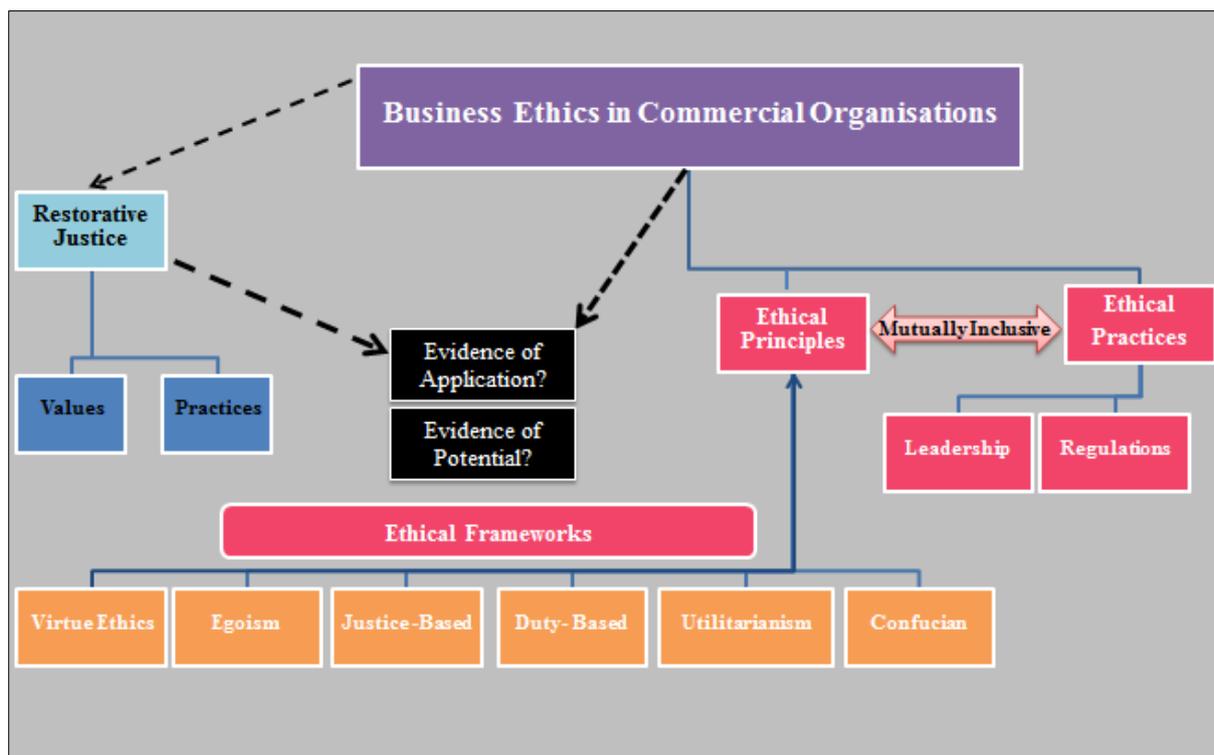
The review on restorative justice illustrates its value in resolving conflict and variations in its application across settings. Goodstein and Butterfield (2010) suggest restorative justice is relevant in view of the recent organisational collapse and that it requires a paradigm shift in managing organisational ethics. They explain:

... how the core components of restorative justice (of making amends, extending forgiveness, and reintegration of offenders), are related to each other and to important outcomes of the restorative justice process, paying

particular attention to perceptions of workplace justice, restoring personal integrity, and the repair of interpersonal trust (p. 458).

In this way, Goodstein and Butterfield (2010) suggest a connection between restorative justice and ethical frameworks and ethical practices in the context of commercial organisations, with the potential of restorative justice to strengthen ethics. The conceptual basis of this connection is depicted in Figure 1 below. It draws on the review of literature presented in both Chapters 2 and 3 and identifies the conceptual connection of business ethics and restorative justice in commercial organisations in Singapore:

**Figure 1: The connection between business ethics and restorative justice in commercial organisations**



As highlighted in Chapter 2, consideration of *Business Ethics in Commercial Organisations* includes both *Ethical Principles* and *Ethical Practices*. *Ethical Principles*

are informed by *Ethical Frameworks* and have been positioned among six ethical frameworks, namely, virtue ethics, deontological (justice and duty-based), teleological (utilitarianism and egoism) and Confucian ethics. Common *Ethical Practices* identified in commercial contexts in Chapter 2 are ethical leadership, ethical decision making, organisational culture, code of conduct, corporate governance and corporate social responsibility. These are grouped under *Ethical Practices* in the figure and are broadly grouped as *Leadership* (which comprise organisational decision-making and cultural practices) and *Regulations* (which comprise corporate governance frameworks, codes of conduct and corporate social responsibility initiatives). The relationship between ethical frameworks and ethical business practices were noted to be mutually inclusive, hence a relationship between the two are noted in Figure 1.

The concept of *Restorative Justice*, as it expresses particular values and promotes distinct practices is outlined as an area parallel to *Business Ethics in Commercial Organisations*. Positioned between *Business Ethics* and *Restorative Justice* is the area which this study aim to address. It seeks *Evidence of Application* of business ethics in the context of commercial organisations in Singapore. It has similarly seek to identify areas of alignment between ethical principles and practices with restorative justice values and practices in order to ascertain *Evidence of Potential* for restorative justice to strengthen business ethics in commercial organisations in Singapore.

### **3.5 Conclusion**

This chapter reviewed two main concepts related to the research study, (i) the gap around ethical practices as seen through ethical failures in commercial organisations and (ii)

the prospect of a concept restorative justice and its application in commercial organisations. These two concepts establish the conceptual basis on which to address the potential of restorative justice in commercial organisations based in Singapore as a means to address unethical practice and the impact of ethical failures on the clients or community at large.

The requirement for justice in commercial organisations in the management of employees and clients was similarly reviewed. Building on the concept of justice, restorative justice as a concept was introduced and its values and application in commercial organisations discussed. A conceptual model was presented which drew together the key concepts in the literature around business ethics and restorative justice in order to depict the connection between business ethics and restorative justice as a potential means for strengthening business ethics in commercial contexts. This review supports an examination of the research question guiding this study which seeks to examine the prospects of restorative justice within commercial organisations as a means to strengthen business ethics. The design of the study, as the basis on which this has been investigated, is outlined in the next chapter.

## Chapter 4: Methodological principles and research design

*Each case to be studied is a complex entity located in its own situation. It has special contexts or backgrounds. Historical context is almost always of interest, but so are cultural and physical contexts. Others that are often of interest are the social, economic, political, ethical, and aesthetic contexts.*

Stake (2006, p. 12).

The purpose of this chapter is to provide a detailed account of the methodological principles and research design of this study. The chapter discusses the research paradigm followed by my ontological and epistemological positioning. The subsequent sections outline the research methods and this chapter concludes by discussing the ethical considerations in data collection and data analysis. The research questions that shaped the study were:

- (1) What are the principles and practices of business ethics in commercial organisations based in Singapore? To be more focused, the research specifically addresses:
  - (1a) In what ways do leaders understand and influence ethical business practices in commercial organisations?
  - (2) What is the potential of restorative justice in commercial organisations based in Singapore?

As highlighted in Chapter 3, research in the area of business ethics and restorative justice is still in its infancy stage. Furthermore, most of the research on restorative justice comes from the criminal justice system and has not been commonly used in alternative

settings such as workplaces or corporate settings. In countries like Singapore, restorative justice is fairly new and understood only in the criminal justice setting. These crucial elements are taken into consideration as it impacts the research design.

#### **4.1 The research paradigm**

Bryman and Bell (2003) and Jonker and Pennink (2010) argue that a research paradigm guides a researcher and holds implications for the research design. Similarly, Kuhn (1970) and Burrell and Morgan (1979) state the choice of a particular paradigm evolves from the way in which the researcher views the world. Guba and Lincoln (1994) argue that the question of the research method is secondary to the question of a research paradigm. According to Guba (1990), a research paradigm is comprised of ontology regarding the nature of reality and epistemology as it relates to what we know and how we go about finding it out. Complementing this is axiology, as the study of values and ethics (Saunders, Lewis & Thornhill, 2009). Axiological perspectives are assumptions regarding the role of values and it is here where I explicitly acknowledge my support for the concept of restorative justice

Marsh and Furlong (2002) highlight the importance of understanding a researcher's beliefs about the world. They argue that the concept is "akin to skin and not a sweater" (p. 17), where the researcher cannot put it on and take it off as the researcher deems fit. As argued by Laughlin (1995) and Kalof, Dan & Dietz (2008), the research paradigm and understanding of ontological, epistemological, axiological, methodological assumptions should not be ignored as they have significant impact on the research process.

Furthermore, there are numerous studies that have highlighted the importance of acquiring knowledge of the theories behind a research process (Blaikie, 2000; Grix, 2001;

Hay, 2002; Marsh & Furlong, 2002). For instance, Hay (2002) argues that “ontology logically precedes epistemology which logically precedes methodology” (p. 5). I address this sequence below.

#### **4.1.1 Ontological positioning**

Blaikie (2000) states that ontological claims are “claims and assumptions that are made about the nature of social reality, claims about what exists, what it looks like, what units make it up and how these units interact with each other” (p. 8). My ontological positioning leans toward an anti-foundationalist view, such that the nature of the social and political reality changes according to how the actors construct it (Marsh & Furlong, 2002). It means that the actor interacts with the environment through their perceptions and actions and the role of a researcher is to study these actors’ constructions.

The research study explores business ethics and, in the process of doing so, to search for any similarities to the concept of restorative justice and its practices. Therefore, the ontological position in this research aligns with the perspective of constructivism. This is where the social phenomena and their meanings are continually being accomplished by social actors. As indicated by Bryman (2012), the social reality is in a constant state of revision and dependent on a particular time or culture (Marsh & Furlong, 2002).

Hay (2002, p.63) argues that “an individual’s ontological position is their answer to the question: what is the nature of the social and political reality to be investigated”. I believe that that the nature of the social and political reality changes according to how the actors construct it. It means that the actor interacts with the environment and therefore it is one of a being rather than becoming. It is built from the perceptions and actions of social actors.

In the words of Marsh and Furlong (2002), this is an anti-foundationalist view. I believe that there is no objective truth out there in the world and my role as a researcher is to study reality as constructed by the actors. An anti-foundationalist perspective does not view the world possessing 'truths' to be found or observed. The world, every thing or actions gains meaning only by actors where the worldview of these actors will play a critical part in their action and belief. Therefore this research is not seeking to observe or find 'restorative justice' that exists in the business sector. The research explores business ethics and, in the process of so doing, to seek openings for the potential of restorative justice as these emerge from the meanings constructed by participants in this study and by myself as researcher.

#### **4.1.2 Epistemological positioning**

Epistemology is concerned with what counts as knowledge. An epistemological stance of a researcher is based on what they view as knowledge and how they seek that knowledge. The researcher and the researched phenomena are not, therefore, independent of each other (Saunders et al., 2009).

Being legally trained and working in the criminal justice system influences my view that individuals are unique and I develop specialised and individualised action plans and I provide assessments based on evidence. To me, nothing is permanent and everything changes according to the nature or circumstances of the world in which the person operates. From that angle, I do not adopt a positivist stand in seeking the truth.

The main research question seeks to assess the ethical principles and practices of commercial organisations which underpin the concept of restorative justice. As explained in Chapter 3, to ascertain the potential application of restorative justice principles and practices,

it is necessary to first understand the current principles and practices of business ethics in the organisations. Therefore, it is not just the ethical business practices or the compliance system that is important but also the social context and processes within the organisation that encourages ethical business practices. Hence, the proposed research focuses on the opinions of the leaders and other sources of data such as annual reports and feedback from employees on ethical business principles and practices. The research adopts the belief that complete knowledge about the outside world may not always be possible and may often be imperfect. However, it is still possible to acquire some view of that world from the lens of the actors even though it may be different from the worldview that I hold as a researcher.

Following Marsh and Furlong (2002), my researcher's skin is governed by an 'interpretivist epistemology'. It is investigative in nature, allowing me to understand social processes and to adapt to the changes that have occurred in the research process. As indicated by Bryman (2008) such research study involves "double interpretation" (p. 17) where I will be interpreting the interpretation of business ethics provided by the leaders and the employees. To address my positioning as a researcher, I made a conscious effort to reflect on my research paradigm in the context of constructivism, and an associated ontology that relies on a socially constructed view of reality. In addition, I remained aware of the layers of identity which I brought to this study (as an interested professional) and remained alert to whose constructions (myself, the participants) were informing the meaning I made of the data. I kept a separate journal to record my thoughts and worked on the data analysis by constantly referring to the research questions.

This research process is classified as inductive in nature, as the data collected was analysed according to the research questions and then subsequently interpreted for potential

patterns that link to the concept of restorative justice (Charmaz, 1990). The research was designed to find the internal logic of the subject rather than impose an external logic as to what constitutes business ethics. Data in the current research therefore were used to develop concepts and theories that may provide an insight into the social context of the commercial organisations and their responses to business ethics.

## **4.2 Methodological approach**

As indicated by Berry and Otley (2004) and Yin (2012), the research purpose and research questions are the starting points in the development of the research design, which are given at the beginning of the chapter in the development of the research design.

This research study adopted a case study methodology, using a qualitative approach predominantly as part of a mixed method design (Tashakkori & Teddlie, 1998). While the orientation of this research was predominantly qualitative in orientation, a mixed method design was chosen in order to facilitate the use of a questionnaire as a strategy to add more detail and other voices to the qualitative data. Alternatively, Bryman (2012) uses the term multi-strategy research whereby qualitative research emphasises words and searches for meaning and insight while quantitative research emphasises quantification in the collection and analysis of data.

Eisenhardt (1989) describes the case study approach as "...a research strategy which focuses on understanding the dynamics present within single settings" (p. 534). Creswell (2009) stipulates case study as one of the traditional form of qualitative research methods. Yin (1984) defines case study as an empirical inquiry that "investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and

context are not clearly evident; and in which multiple sources of evidence are used” (p. 23). Yin (1984) notes, “the process of a case study leads to theoretical propositions rather than statistical generalisation” (p. 70). According to Yin (2009), case study can be categorised as descriptive, explanatory and exploratory.

One advantage of adopting case study research is the allowance given to the researcher to deal with a wide variety of evidence such as documents, artefacts, interview data and observations (Yin, 2003). In this study, while each organisation has to abide with external regulations, certain rules were adopted internally as well. Given the research focus and the various complementing areas of business ethics, it is necessary to gain as much data as possible from the organisation using a variety of sources. However, there was some delimitation. One of it was the data from social media on the organisations. The information were delimited to ensure that the data collected was manageable and targeted at related issues.

There are three main reasons for the adoption of a case study strategy. First, the case study method provides opportunities to integrate information from multiple sources. Secondly, the case study method considers context as an essential part of the phenomenon being examined. In other words, a case study shows causation rather than correlation and deals with the context rather than crude external aspects. Accordingly, the contextual condition surrounding each case is included in their analysis. Finally, the case study method helps link real life situations to theoretical discussions and propositions.

This research adopts a multiple case study design in order to examine the potential of restorative justice in strengthening business ethics. Multiple case studies are often deemed

more compelling and robust (Yin, 2003). Yin (2003) emphasises that within a multiple case study design, every case “must serve a specific purpose within the overall scope of inquiry” (p. 47). In this research study, a standard set of questions were prepared to develop each case yet each organisation was unique in its characteristics. The contexts of the various cases differ, yet common conclusions may be derived and external generalisability of the cases expanded (Yin, 2003).

#### **4.2.1 A qualitative approach**

The central focus of this research design falls within a qualitative methodological framework. Unlike quantitative researchers who seek causal determination, prediction, and generalisation of findings, qualitative researchers seek illumination, understanding, and extrapolation to similar situations (Teddlie & Tashakkori, 2010). As cited by Stenbacka (2001), it has the purpose of “generating understanding” (p. 551). As indicated by Denzin and Lincoln (2011), qualitative researchers study phenomena in their natural settings just like this research study where the principles and practices of ethical business are explored.

The qualitative approach allows the researcher to explore answers to the questions of ‘why’, ‘how’ and ‘what’. Strauss and Corbin (1990) define qualitative research as “any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification” (p. 17). Qualitative research is based on a relativistic, constructivist ontology which posits that there is no objective reality. This fits well with the epistemological positioning that realities are constructed by human beings who experience a phenomenon of interest. In other words, this research study is not based on theory testing but theory development. By understanding the ethical business principles and practices of organisations, the aim is to infer the potential of restorative justice concept and practices.

#### **4.2.2 A quantitative dimension**

The case study methodology also adopts a slight quantitative dimension. Research in the field of management and commercial organisations is assessed to be diverse and complex (Currall & Towler, 2003) and adopting a mixed method research study provided the opportunities to gain a range of data. Collins, Onwuegbuzie and Sutton (2006) elaborate on the use of mixed method research design as a complementary methodology. By adopting a mixed method research design, it was possible to assess the perceptions of the employees via questionnaire, be able to complement these with the views of leaders and to gain a rounded view of the compliance system and culture within an organisation.

In this research study, empirical statements are used to test the perception of the employees. The value statements in this case are generally ordinal values as they capture employees' perception. Demographic data were not collated as they do not serve any purpose in addressing the research questions.

#### **4.2.3 The research design**

A research design highlights how data is to be collected, what instruments will be employed, how the instruments will be used and the intended means for analysing data collected. As indicated by Yin (1989), research design is critical as it “deals with a logical problem and not logistical problem” (p.29). In view of the limited number of organisations that contributed to this research study, it was imperative to provide a comprehensive understanding of the organisations by developing ‘rich’ case studies (Yin, 2009). The research design is therefore supported by the following:

- 1) A literature review on the concepts of ethical business principles, practices and the concept of restorative justice, its values and practices.

- 2) Case studies of five organisations based on data gathered through:
  - a) Interviews with the leaders ;
  - b) A questionnaire with employees; and
  - c) Analysis of organisational documentation

In developing the case study, a mixed method was adopted through qualitative data collection from the leaders on ethical business practices and principles adopted by their organisations. To triangulate the data, research relied on organisational related documents and data from employees via questionnaire. The combination of these data-collection strategies both contribute to, and facilitate, an in-depth understanding about ethical business principles and practices.

In developing the research design, there were limited resources available on the application of restorative justice in the context of commercial organisations. Further, the thesis was attempting to create connections between business ethics within commercial organisations and the role of restorative justice in strengthening this. The literature that was available informed the development of the questions. However, the lack of literature around restorative justice in commercial contexts, together with the absence of research around such a connection, meant that a design was created for this specific purpose without the benefit of relying wholly on previous research.

Such a design also took account of the sensitivity of organisations to questions of ethics. Such sensitivities required a research design that served to inspire participants' trust in me as the researcher and the value of the research study and to encourage their disclosure and keep the identity of organisations and individuals confidential.

In the context of conducting the research study in Singapore, associated cultural elements were not considered as it would not only broaden the scope of this research study; it would also lead to challenges in data gathering. As a result of this decision, cultural perspectives, geographical considerations or differences were not considered in the review of ethical business principles and practices. A choice made in the development of this research study was to focus on ethical theories, principles and practices that would apply across a broad range of commercial organisations. The research process adopted was specifically tailored to achieve these research objectives in a Singaporean context. Its limitations, in hindsight, are reflected in Chapter 9.

### **4.3 Data collection**

To implement a mixed method case study methodology, , multiple sources of data were collected from the organisations' websites, annual reports and media releases, interviews with leaders and a questionnaire conducted with employees of the organisations.

#### **4.3.1 Sampling**

Bloor and Wood (2006) highlight the importance of purposive sampling based on a set of criteria to answer the research questions. Patton (2002) states the importance of selecting participants purposively as it allows the research study to provide information-rich cases. In this research study, the organisations were selected purposively and through a snowball sampling technique. With the snowball sampling technique information rich cases are identified by talking to well situated people (Patton, 2002).

### 4.3.2 Criteria

The pre-determined criteria used for this study was based on the conceptual framework explained in Chapter 3. In adopting a case study research study, it is important to be clear on the units of analysis. The criteria served as units of analysis.

The four criteria were as follows:

- (a) The organisation was governed by external legislation and internal regulations;
- (b) The organisation has been conducting business for at least 5 years in Singapore;
- (c) The organisation disclosed its corporate social responsibility activities; and
- (d) The organisation will allow the employees to participate in the questionnaire.

The selection of cases is considered the most important issue in case study research (Eisenhardt, 1989; Yin, 2003). The cases were selected based on the criteria above consistent with the research problem. Patton (1990) state that the aim of selecting cases purposively is to ensure the case studies is information rich. Information rich cases would provide insights into the issues of central importance to the purpose of the research study.

The organisations were shortlisted using the above criteria by going through their websites and annual reports. When initially communicating with the contact person in the organisation, an explanatory statement of the research was provided to give an overview of the research study. Email and telephone correspondence followed to determine whether the organisation was suitable. For a copy of the letter as well as the explanatory statements for

the interview and questionnaire, refer to Appendix 2. Organisations that agreed to participate in the study were required to provide a written acceptance as well (see Appendix 3).

One hundred and fifty invitation packages were sent out but only two organisations agreed to participate in the research study. Through referral, I adopted a snowballing technique to gather an additional three organisations. In total, five organisations representing different industries comprised the cases. From the five organisations, a total of 49 employees took part in the questionnaire.

The sample size was not determined by the ability to generalise the findings but by the ability to adequately capture the phenomenon under investigation and was dependent on the purpose of the study. The number of cases to be selected is considered a difficult issue as there are no prescribed upper or lower limits. Eisenhardt (1989) argues that with fewer than four cases, theory is difficult to generate, and with more than ten cases, the volume of data is difficult to deal with; however, it is not a definitive number.

According to Cole and Knowles (2000), it is much more important to work thoroughly, meaningfully, and authentically with one participant than to end up with very partial and sketchy understandings based on work with several or many. From the five participant organisations, data concerning the factors that influenced the leaders, employees and organisations to adopt ethical business practices was collected. However, it is acknowledged that there are variations in the data collected since the organisations belonged to different sectors.

The other factor that must be considered in data interpretation is the size of the organisations as it contributes directly to the number of employees that participated in the

questionnaire exercise. In quantitative research, the sample size must hold the power to identify relationships among variables. While size does matter, factors such as time, cost and accessibility are significant considerations (Bryman, 2008). As highlighted above, it was not easy to recruit organisations to participate in the research study. The orientation of this study, however, was strongly qualitative in orientation. Though the number of employees that completed questionnaire was limited, it did allow for some degree of triangulation.

### **4.3.3 Interviews**

The principal research method adopted in the research study was interview. Interviews are one of the most common and effective methods used to understand another person, and offer a significant source of evidence for the field researcher (Fontana & Frey, 2000). There are several benefits to adopting interviews as it allowed the researcher to develop deeper rapport with the participants, to ensure sufficient understanding of the concepts and to gain greater insight into the issues faced by the commercial organisations. Gaining honest, rich responses and ensuring that no one misunderstood the topic of restorative justice was made possible during the interview sessions. This was particularly important in this study as the themes of business ethics were perceived as controversial, and participants seemed to have a tendency not to reveal too much about the organisation. Interviews assisted the process in allowing participants to feel more trust towards me and more positive concerning the research study the purpose of the research was clearly explained. As restorative justice was a concept that was relatively unknown, the interview process allowed the themes to be translated in ways that made sense to participants. At the same time, however, the interview sessions also required time and commitment from the participants.

Unstructured and semi-structured interviewing is about building understanding and explanations of complex events and behaviours through enabling the participant some freedom in introducing new topics to the conversation (Fontana & Frey, 2000). Saunders et al. (2009) state that adopting a semi-structured interview style allows the use of predetermined themes and questions such as a structured interview and yet provides the flexibility to enable the interviewee to talk openly about the topic. Each interview session lasted for approximately three hours in which the pre-structured questions were discussed (see Appendix 4) but also meant that, at times, participants would digress and talk about issues not related to the study until I guided them back on track. During the interview sessions, I adopted the tips offered by Yin (1994), which were to ask good questions, to be a good listener, to be adaptive and to be flexible and to avoid influencing the leaders with my views.

#### **4.3.4 Secondary data**

Documents and archival records are secondary sources of data used in this research study. Documents were gathered and reviewed from the organisations' websites. Documents include the organisation's mission, vision and annual reports, information on the corporate social responsibility activities and their corporate governance framework. The data gathering from the websites is considered an unobtrusive mode of data collection as stated by Denzin (2011).

Although such documents may not necessarily provide an accurate picture of the organisations and may contain materials typically for the purpose of marketing a product, they were helpful for the purpose of the development of the case study. The secondary sources of data offered several advantages. Documents were used to substantiate and

augment the evidence collected from the leaders. In this research study, the reliance on documents was critical as it provided the background to the development of the case studies and increased the reliability of the research study. These documents were valuable sources of information for a number of reasons. They represented a stable form of evidence that augmented the data gathered through the key informant interviews (Yin, 2003). For instance, it was possible to discuss the international recognition accorded to an organisation during the interview since such information was readily available on the organisation's website. The inclusion of documentary evidence encouraged a fuller sociological analysis of the phenomenon of interest and contributed information that may not have gained attention through other methods of data collection (Hodder, 1994).

#### **4.3.5 The questionnaire**

Questionnaires are considered to be an efficient mode of collecting data once the research has established what issues to pursue, and how the variables of interest are to be measured (Sekaran, 2003). In gathering information from the employees, for the purpose of triangulation, this method allowed for accessing wider representation on the issues under examination. The audience were able to answer the questionnaire in their own space and time, with limited disruptions to their day to day work. However, the credibility of responses to questionnaires is weakened if employees failed to fully understand the questions. We also do not know how authentic the responses were, despite strong attempts made to ensure confidentiality of the employees by not incorporating identifying data in the questionnaire.

After reviewing the literature, two major areas were considered essential for inclusion in the questionnaire and were drawn from the categories compiled. The two areas were

compliance practices within the organisation and the leaders' approaches in promoting compliance within the organisation (see Appendix 5 for the questions).

The questions were grouped into 3 categories. The first category assessed the perceptions of the employees of the system within the organisation. The second category assessed the perceptions of the employees on rules in general and the third category assessed the perceptions of the employees on leaders in general.

In this study, self-completion questionnaires were administered through systems such as Google Survey and Survey Monkey. Two separate systems were adopted as one organisation was unable to distribute questionnaires using Google Survey. There was a firewall issue and subsequently the questionnaire was transported to Survey Monkey. One organisation, however, requested for hard-copies for easy distribution as the employees were based away from the main office. This was done via the assistance of the Human Resource Department. As for the other four organisations, a web link of the questionnaire was sent to the Human Resource Department, which was then distributed to the employees.

The employees that participated in the questionnaire were those who worked directly with the leaders interviewed for the research study. However, by submitting the questionnaire via the Human Resource Department, the employees were given a choice to respond. The outcome of the questionnaire was not made known to the leader and the employees were able to complete the questionnaire at their convenience.

For questionnaires, there are three important areas to be addressed in the research design to reduce bias in the results obtained (Sekaran, 2003). First, principles of wording were verified through a pilot test with 25 random employees from a pilot organisation.

The employees that participated in the pilot study worked for a minimum period of 2 years. The recruitment was done via my knowledge of associates and friends who worked in commercial organisations. No other criteria were imposed as the purpose of the pilot study was to fine tune the questions to ensure greater understanding among a future employee cohort. The participants provided feedback on questions that were confusing. They clarified some of the points highlighted in the explanatory statement. The time taken to complete the questionnaire was checked and recorded. The initial questionnaire contained too many questions and some were noted to be repetitive. All unnecessary, difficult or ambiguous questions were discarded. The questions participants identified as confusing were paraphrased for greater clarity. The revised version of the questionnaire was reviewed by my supervisor and Monash University's ethics committee. This was done to ascertain if the questions were easy to understand.

The Cronbach's Alpha analysis was carried out using SPSS to measure the validity of responses from the pilot test. Second, the type and form of questions and third, the general layout of the questionnaire was considered, as an attractive layout is likely to enhance response rates (Dillman, Sinclair & Clark, 1993). Feedback from the employees that participated in the pilot study found the questions and the layout of the questionnaire meaningful and attractive.

A Likert scale was used to assess employer perceptions. Sekaran (2003) recommends the use of Likert scale as it allows respondents to make decisions quickly and to choose alternatives and coding of the information for subsequent analysis is made easier. By using a 4-point scale, the respondents indicated their attitudes toward a statement by checking how strongly they agreed or disagreed with the statement. Research has indicated that this type of scaling permits an accurate measure of attitudes because respondents may agree or disagree with various statements that range from positive to negative (Zikmund, 2000). The questionnaire provided four options, strongly agree, agree, strongly disagree, and disagree. By not including 'Neutral' as a choice, the respondents would be forced to provide an opinion. The options picked were to prevent participants from not answering the questions or simply providing an outcome without thinking about the question.

While the sample size of questionnaire respondents was small, it did offer a way to triangulate the data on which the cases were constructed. Denzin (1978) defined triangulation as "the combination of methodologies in the study of the same phenomenon" (p. 291). Greene, Caracelli and Graham (1989) identified triangulation as one of the major purposes for utilising mixed methods in research studies Yin (1994) also supports the notion that the different data collection methods can provide more detailed data about the phenomenon under investigation. Moreover, the different data help to obtain different perceptions of the phenomena which are useful for researchers to understand what is happening in a situation and in looking for patterns which may be repeated in similar situations.

The triangulation approach in this research consists of three methods of data collection and analysis: i) a questionnaire administered to gather the perceptions of the employees, ii) semi-structured interviews with the leaders and iii) unobtrusive methods of textual analysis

from the organisations' websites. By choosing to triangulate data in this manner, insights were gained into different types of sectors and their understanding and implementation of ethical business practices. The insights were further developed and analysed using the lens of business ethics and the lens of restorative justice.

#### **4.4 Approach to data analysis**

Tashakkori and Teddlie (2003) highlights that data analysis “begins and ends depends on the type of data collected, which in turn depends on the sample size, which in turn depends on the research design, which in turn depends on the purpose” (p. 351). The interview data was first transcribed verbatim (Kvale & Brinkmann, 2009). Then to ensure confidentiality of the organisations, unique codes and names were developed (Wahyuni, 2012).

A template approach to qualitative data analysis was used whereby collected data was reduced, displayed and coded based on themes identified through the literature review and my interpretation or ‘readings’ of the interview texts (Robson, 2002). Informed by the ideas of grounded research, coding was done using three levels: open coding, axial coding and selective coding (Boeije, 2010). These codes subsequently were grouped and helped to identify patterns or clusters emerging around predefined themes (refer to Table 2 below for details).

Analysis began with open coding - the data were examined line by line to define actions or events within the data (Strauss & Corbin, 1990; Charmaz, 2008). The next step was axial coding aimed to make conceptual connections between a category and its subcategories.

Then, the concepts and subcategories are integrated to form core categories. The core categories were eventually reflected the research questions.

**Table 2: Coding template**

<b>Open coding</b>					
Student	Main Focus	Objectives	Country	Needs	Wants
Rules	Law	Employees	Stakeholders	Partners	EduTrust
Justice	Culture	Values	Fairness	Transparency	Enforcement
Standard	System	Objective	Technology	Conduct	Training
Reputation	Quality	Competition	Students	Benefits	Profit
<b>Axial coding</b>					
Stakeholder	Main Stakeholder	Training		Ambassador	
Compliance	Culture	Reward		Recruitment	
Recognition	Fine System	Flexible		Rule Book	
Learning	Cycle	Rules		Re-educate	
Quality	Reputation	Ability		Legislation	
Training	Respect	Self-Policing		Ethics	
<b>Selective coding</b>					
Rules	Regulations	Code of Conduct		CSR	
Compliance	Culture	Reward		Punishment	
Ethics	Principles	Practices		Regulations	
Leadership	Guidance	Training		Empowerment	
Self-disciplined	Reputation	Public		Clients	

At the initial stage, I immersed myself in the data through line by line analysis, coding the data in various ways. The concept and theoretical framework that emerged were written down in short memos. The subsequent step was to glue the fractured data from the open

coding “by making connections between a category and its subcategory” (Strauss & Corbin, 1990, p. 97).

I noted that several of the developing categories were reflective of the main topics of the interview questions. The subsequent write up on the interview data was done using the interview questions as a category of coding. I used the theory-driven approach as the literature informed the content of the interview questions. Adopting this approach presented a richer understanding of each organisation. These processes allowed me to view the data from a different perspective. In the process of reading the data, I reflected upon my own experiences of the business world. I acknowledged my reflexivity and was aware that my background and experiences influenced the coding.

Charmaz (1990) indicate that the researcher is not a passive or neutral observer and that they are involved in a dialectical and active process. Therefore, the researcher’s decisions shape the “process and the product” at every stage of the research (p. 1165). I acknowledge this especially in the context of deriving information to answer the second part of the research question on the potential of restorative justice in commercial organisations based in Singapore. The data gathered were mainly on business ethics, compliance and corporate social responsibility movements within the organisations.

By using interviews, I was able to provide the leaders opportunity to talk about how conflicts, for example, are made overt and resolved and how unfairness is addressed in the organisation. Through the use of interviews and asking questions along these lines, I was able to open the discussion that allowed me to examine the research area of restorative justice. Using the questionnaire, the employees were given a voice to assess the fairness in their

organisations. By engaging the employees, I was able to elicit information on their treatment and the organisation's positioning regarding fairness. The methods and the points of access align with the concept (restorative justice) under examination. Admittedly, because there are no interviews with employees, I was not able to gain the same information about restorative justice but the leaders' management style reflected an implicit restorative justice process so there is some justification in asking for their views through interviews.

In fine-tuning the terms into concrete concepts, some of the initial codes were revised and the minimal codes that were non-existent surfaced subsequently. Examples of these include the codes on legislation, reputation and customer satisfaction which appeared like an isolated version of business ethics in an organisation. However, when placed together, they transformed into the principles and practices of business ethics.

These approaches to data analysis were undertaken to ensure rigorous treatment of the interview data. The processes of description, definition, and specification of relationships among various aspects of the data were approached systematically and with discipline to avoid the potential of producing vague and intuitive pronouncements when working with data. Once themes, concepts, beliefs and behaviours had been identified, the relationships between them were discerned as the data analysis moved towards theory building.

#### **4.4.1 Content analysis**

Bryman (2008) indicates that, "content analysis can be used for unstructured information such as transcripts of semi and unstructured interviews" (p. 275). According to Silverman (2011), content analysis is used to portray reality of the organisation by discovering meanings from the transcribed text data. Similarly, in this research study, I

applied content analysis to the information from the websites to portray the representation of the organisations around ethical practice.

As indicated by Bryman (2004), qualitative content analysis is “searching-out of underlying themes in the materials being analysed” (p.392). It is an “approach to documents that emphasizes the role of the investigator in the construction of the meaning of and in texts. There is an emphasis on allowing categories to emerge out of data and on recognising the significance for understanding the meaning of the context in which an item being analysed (and the categories derived from it) appeared” (p.542).

With that understanding, the content analysis was focused on seeking out patterns and themes that provided understanding on ethical business principles and practices of commercial organisations based in Singapore. I was aware of themes that were dominant in the related literature. I used these to code the data as well as remaining aware of fresh themes emerging in the primary.

In analysing the interview data, the codes were inductively derived from the data. The content analysis used categories derived from the literature review around ethical business practices. The analysis of the information on organisations was coded according to the following:

- (a) Nature of the business.
- (b) Date of inception.
- (c) Corporate governance and control framework.
- (d) Organisational status, awards and recognition.
- (e) Product descriptions materials and brochures.
- (f) Targeted customers.
- (g) Corporate social responsibility initiatives.

#### 4.4.2 Analysis of the quantitative data

As suggested by Kinnear and Taylor (1991), reliability refers to the extent to which the measurement process is free from random errors. Churchill and Iacobucci (2002) argued that, “reliability is the agreement between two efforts to measure the same trait using maximally similarly methods” (p. 413). By testing the reliability, it allowed the researcher to determine fairly whether the population in the study understood the questions accurately and had reflected on them in a similar manner (Vaus, 2001).

Coefficient alpha or Cronbach's alpha is “one of the most important and pervasive statistics in research involving test construction and use” (as cited in Cortina, 1993, p. 98). It is also the most widely used of the internal consistency methods (Vaus, 2001). A high alpha value shows that a combination of items sufficiently captures a construct and shares the common core of the construct (Cronbach, 1951). A positive alpha value indicates that the reliability model holds. The value ranges from 0 to 1 where the closer to the value 1 indicates greater reliability. A coefficient alpha between 0.5 and 0.6 is considered acceptable (Hair, Anderson, Tatham & Black, 1998). The reliabilities of the questions in this study are within the high to very high range (coefficient ranges from 0.799 - 0.829) as illustrated in Table 3:

**Table 3: Reliability outcome for questionnaire**

<b>Reliability statistics</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
0.825	0.813	20

In analysing the quantitative data, it was necessary to reflect on the purpose of the questionnaire. The main objective of administering the questionnaire was to gather the perceptions of employees to complement the information provided by the leaders. The role of the data was to gather some insights into the employees' perception of ethical business practices within their organisations and for the purpose of triangulating the data provided by the leaders. As such, statistical intervention such as parametric or non-parametric tests was not applied to the questionnaire outcomes.

The data was initially recorded on Microsoft Excel before transporting the data to SPSS for descriptive analysis. The Likert scale was coded from 1 to 4, with 4 being 'Strongly Agree'. There were three questionnaires with missing data and '0' was allocated to depict the missing data. The details of the outcomes of the questionnaire for each organisation (refer to Appendix 6). The data gathered was also categorised according to each question (see Appendix 7).

#### **4.5 Ethical considerations**

In any social research, it is important to consider and discuss ethical principles. As indicated by Kakabadse, Kakabadse and Kouzmin (2002), ethics in social science research should include issues such as informed consent and clearance. As part of the requirement for the preparation of this research study, clearance had to be done with Monash University Human Research Ethics Committee.

Subsequently in gathering data from the participants it was imperative to ensure that the participants provided consent to participate in the research study. As highlighted by Buchanan and Bryman (2009), it is not easy to literally include all elements of the research

study in providing the explanatory statements to the research participants. The general rules that were considered in this research study as stipulated by De Wet (2010) involved respecting participants, minimising harm, gathering authentic informed consent, ensuring confidentiality and engaging in meaningful discussion.

As this research study was trying to elicit information on the organisation's ethical business practices and principles, I expected reluctance from the organisation in sharing information on corporate governance and business ethics. The issue of informed consent required negotiations and the leaders were mindful about getting all their employees to participate in the questionnaire exercise. Stake (2003) states that "qualitative researchers are guests in the private spaces of the world" (p. 154) and as such, must adhere to strict codes of ethics. Therefore, it is important to treat all respondents fairly and ethically.

It was made clear to the participants that their involvement in the study was entirely voluntary and would be terminated at their request should the need arise. All participants were provided with a consent form prior to the scheduled interview, and the interview commenced only after consent had been received electronically, in print or verbally (implied consent).

The leaders that participated in the research study were in powerful positions and had led in their organisation for more than 10 years. They were open in their sharing on ethical business practices and its failures. However, they requested to view the transcribed notes to avoid confusion or misunderstanding. Providing the organisations with another name was another way to alleviate any fear of the organisation being signalled out in its ethical business principles and practices.

The formation and management of the researcher–respondent relationship may result in power imbalance and affect the respondents negatively. It is critical to ensure boundaries of the ‘research relationship’, avoid role confusion and such boundaries are made clear from the onset of the research study. For instance, during the data collection stage, I was approached by one of the leaders to develop a comprehensive questionnaire to ascertain the level of corporate social responsibility commitment amongst its employees. I had to explain to the leader that I was only able to collect data for my research study based on the questions that was cleared by the University’s ethics committee. Another leader wanted me to join the organisation’s annual gathering. It was a casual invitation to partake in a meal and informal conversation session with the employees. I was apprehensive to do so as I played the role of a researcher and I did not want to impose my values on the employees in a casual setting.

I was conducting a research study on restorative justice and ethics and I had to be mindful not to harm the participants or influence their perception. I had to ensure that I collected the data in a fair manner. By being reflective about the whole process, I was able to identify, address and manage bias during the design process of the research study (during data collection and data analysis). For instance, I was open to include any organisations that fit the criteria in the research study, regardless of the size or the reputation of the organisation. I was conscious in refraining from advocating for the concept of restorative justice.

As mentioned by Davidson and Page (2012), the main element of ethical research is justice. Therefore, I was careful not to force the leaders to disclose systems or practices that were confidential and refrained from asking all employees to participate in the research study. I also had to constantly stop myself from influencing the leaders or guiding them on

restorative justice principles and practices. I had agreed however to share my findings on the potential of restorative justice principles and practices in strengthening business ethics.

#### **4.6 Ensuring quality**

Bryman, Becker and Sempik (2008) identified certain criteria to ensure quality of mixed methods research. The research design must be relevant to the research questions, procedures employed in conducting the research should be transparent, the findings should be integrated and the rationale for using such approach should be clear. The criteria established above were consciously adopted in the research study. As indicated above, the mixed method research design sought to address the research questions and the rationale for adopting the design has been explicated above.

The procedures adopted in the research study were documented using the concept of an audit trail. An audit trail requires that all research decisions taken about theoretical, methodological and analytic choices are kept recorded (Koch, 2006). Carcary (2009) indicates that such audit trails may be intellectual or physical in nature. I kept a journal of all theoretical, methodological and analytical choices I made before embarking on the research study. Subsequently, I created a diagram of the research process, timeline and milestones. The diagram was updated periodically to demonstrate the shift in thinking upon each key milestones of the research study. The documentation allowed me to clarify and reflect (Akkerman, Admiral, Brekelmans & Oost, 2006) on the concept of restorative justice in commercial organisations in Singapore.

## 4.7 Conclusion

This chapter outlined the theoretical ideas that underpin this research study, the case study methodology and research design and provided the rationalisation for adopting it. The research design was aimed to generate robust data to address the following research questions:

The research questions that shaped the study were:

(1) What are the principles and practices of business ethics in commercial organisations based in Singapore? To be more focused, the research specifically addresses:

(1a) In what ways do leaders understand and influence ethical business practices in commercial organisations?

(2) What is the potential of restorative justice in commercial organisations based in Singapore?

The design underpinned a data gathering strategy on which to prepare a holistic case study of each organisation. In preparation for the discussion chapters, the next chapter presents the five cases.

## Chapter 5: Case Studies

*...business ethics involves identifying norms that should govern business practices, procedures whereby those engaging in business may apply these norms, and the extent to which adherence to these norms is being or can be achieved in practice.*

Byrne (2011, p. 498).

The focus of this research study is to capture and examine the principles and practices of business ethics in commercial organisations based in Singapore. This chapter addresses this within the five organisations that participated in this research study. The case studies were developed to illustrate the leaders' understanding of ethical business principles and practices.

Adopting a case study methodology, the cases were designed from data that were collected from the organisations' websites, annual reports and media release, interviews with the personnel holding leadership positions and questionnaire conducted with employees of the organisations. The sections in the case studies provide insight into the ethical business principles and practices of the commercial organisations and develop the basis of response to research questions 1 and 1a which seek to examine the principles and practices of business ethics in commercial organisations based in Singapore and the ways the leaders understand and influence ethical business practices in commercial organisations. Explicit discussion across these cases, as the data respond to these research questions, is provided in Chapter 6.

## **5.1 Case study 1: Accountancy Advancement**

This organisation belonged to the educational sector. The case study was developed from data collected from the organisation's website, annual reports and employees' handbook. The leader that participated in the research study was the deputy managing director. Two full-time lecturers participated in the questionnaire.

### **5.1.1 Profile**

*Accountancy Advancement* was established in 1985 with the aim to provide educational services to the accountancy sector in Singapore. The organisation was affiliated to the Institute of Singapore Chartered Accountants (ISCA), a national accountancy body that develops, enhances and supports the accountancy profession. The organisation worked closely with ISCA and provided training for its members. Its core training programmes focused on accountancy and taxation matters. To strengthen the partnership with ISCA and to provide a targeted training programme, *Accountancy Advancement* developed the Associate of the Chartered Association of Certified Accountants (ACCA) and ISCA joint examination scheme programme. The organisation also offered professional certification programmes such as the Certified Accounting Technician and Foundations in Accountancy.

Riding on the success of its accountancy and taxation professional programmes, *Accountancy Advancement* expanded its business in 2005. The organisation offered diploma, graduate and post-graduate courses in business studies, finance and law. The organisation collaborated with foreign universities such as University of London, University of Lancaster and Plymouth University to provide the academic programmes. In 2010, the organisation became one of the registered centres for the University of London's external programmes, offering the preparatory courses for law, accountancy and business management.

The organisation was noted for providing reliable and quality educational programmes. In 2012, *Accountancy Advancement* was ranked as one of the top twenty private educational institutions offering professional certification by Jobs Central, Singapore's leading on-line recruitment portal. Its reputation and established standing within the educational sector attracted students, individuals and corporations to enrol in its programmes. Students from Singapore enrolled as did foreign students from Japan, Philippines, China and Vietnam. In 2012, *Accountancy Advancement* had an enrolment of about 5000 comprising both full-time and part-time students.

*Accountancy Advancement* received Singapore Quality Class (SQC)<sup>1</sup> certification in 1995, ten years after it was established. For *Accountancy Advancement* to achieve the status, it had to undergo comprehensive audit on its work processes and quality objectives. In 2012, the organisation renewed its SQC certification. The renewal highlighted the organisation's consistent quality service and its commitment to providing excellent educational and training programmes. For its excellent services, the organisation was awarded the service class award in 2013.

The organisation's focus on quality education can also be seen in its consistent achievement in producing top students from the ACCA programmes. In recognition of the high passing rates, ACCA awarded *Accountancy Advancement* the platinum status in 2007. The award distinguished the organisation as one of ACCA's approved learning partners. In 2012, the organisation produced Singapore's top student for the ACCA examination. This

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<sup>1</sup> The SQC certification was an award established by SPRING (The Standards, Productivity and Innovation Board) and given to organisations that excelled in business. The Singapore government initiated such certification to promote economic growth and productivity. The SQC certification was based on an internationally benchmarked business excellence framework.

was noted to be another outstanding achievement for the organisation since ACCA was offered by a range of other educational organisations in Singapore.

According to the leader, ACCA examination was assessed to be tough and it was not easy for the organisation to produce high passing rates or top students. As indicated by the leader, “[the] pass rates are horrible. Even round the world, pass rate is horrible”. To produce a top student was not an easy task. The organisation attributed its success to its faculty members as they played a key role in enhancing understanding and providing solutions to the students. The leader stated his focus on equipping the lecturers with knowledge by sharing “...what’s been happening with the programme, how [lecturers] move the things forward, what are the changes going on, looking at things like how to improve pass rate”.

Since the organisation’s major area of business came from the professional certification programmes and such programmes catered mainly to adult learners who studied in the evenings, *Accountancy Advancement* employed “a few full time lecturers” and relied mainly on the adjunct lecturers to teach its programmes. The adjunct lecturers were hired based on their experiences and had the background in accountancy, taxation and legal matters.

*Accountancy Advancement* as an organisation can be classified as one that is accountable to both local and foreign stakeholders. In other words, the organisation operated in a global business sector, governed by various requirements, rules and regulations. The business structure of the organisation was unique because of the nature of its business. The organisation acted as a representative, an agent for ISCA and overseas universities. This translated to the organisation adopting a flat structure with limited full-time employees. It performs the role of a coordinator between local students and foreign universities.

### 5.1.2 Mission and culture

*Accountancy Advancement's* mission is to be a leading accountancy education provider, developing accountants to become contributing members of the society. The organisation believed in the principle of “quality education [that provided] lifetime of opportunities” to its students. The leader emphasised that providing education as a business should always be focused on benefiting the students for life. However, the leader also acknowledged the challenges in establishing a fair balance between operating a business entity and in providing quality education. He provided comparison and highlighted the misdemeanours of other educational organisations in Singapore before reiterating that, for *Accountancy Advancement*, quality education was always a priority and that its achievement thus far reflected the organisation's commitment to its mission.

In discussing the organisation's culture, *Accountancy Advancement* adopted operational policies that worked towards providing “long term benefits” to its students. Therefore, the mission of the organisation was the foundation of the organisation's culture. The culture was grounded in providing quality education and the leader highlighted training of the lecturers as a critical factor in the organisational culture and for the organisation's success. ACCA lecturers attended at least two training forums per year.

The organisation maintained its quality by ensuring that it hired lecturers that were experienced in accountancy and taxation matters to teach its professional certification programmes. The lecturers were then groomed to adapt to the organisation's culture. The organisation promoted a culture of continuous learning for its lecturers as the leader indicated the crucial part of teaching as “[the] teaching methodology”. The leader revealed that the organisation “would like to encourage, especially the full time lecturers to get a formal

teaching qualification” and the organisation was working with external universities to bring in such programmes for its lecturers. Other than continuous learning, the lecturers were provided with a clear code of conduct and a handbook on providing quality education.

The lecturers that participated in the questionnaire agreed that the organisation developed a set of code of conduct for its employees. The organisation further promoted a culture of compliance that promoted accountability on the part of the lecturers. The lecturers’ awareness indicated that *Accountancy Advancement* took the time and effort to train, groom and guide the lecturers to meet its mission and standard of providing quality education.

### **5.1.3 Corporate social responsibility**

Based on the information provided by the leader, the questionnaire conducted amongst the lecturers and the activities reported on the organisation’s website, corporate social responsibility activities for the organisation was a significant component of its business. The organisation fulfilled its responsibility to the community and society by focusing on four areas: i) corporate governance, ii) green initiatives, iii) corporate philanthropy and iv) community involvement. The organisation’s green initiative, corporate philanthropy and community involvement was targeted at the students and it encouraged the students to embrace positive values. One example was the *Accountancy Advancement’s* promotion to recycle, reuse and reduce waste for a sustainable clean and green environment.

*Accountancy Advancement’s* corporate philanthropy was mainly in the areas of prizes and scholarships awards to its students. To assist students facing financial difficulties, the organisation supported them by organising fund raising campaigns. The organisation further helped students cope with time management and stress during the examination period by

hiring chartered buses to transport the students to the examination venue. The organisation provided talks and seminars as part of its community involvement. Such events were targeted at achieving its main mission to educate accountants to become contributing members of the society. These efforts were appreciated by the students and the organisation continued to earn favourable responses from the students as reflected by the large number of students enrolled with the organisation.

#### **5.1.4 Ethical business practices**

Other than corporate social responsibility activities, the organisation implemented ethical business practices. The leader described the organisation's ethical business framework as compliance with quality education provision. By adopting the organisation's mission as the starting point for an ethical business framework, the organisation was able to conform to external regulations and maintain its status as one of the main providers of educational programmes in Singapore. The questionnaire outcome showed that lecturers perceived business ethics as a fundamental element in promoting growth and sustainability.

The ethical business practices at *Accountancy Advancement* focused on protecting the interest of the students as the leader highlighted, "ethics for us, a lot of it matters is in ensuring that we are putting the students first". There were other considerations such as "financial compliance" but the "push on the industry is very much to look at the needs of the student".

The leader discussed the organisation's focus on quality. In 2009, the non-compliance of other educational organisations in Singapore resulted in the government administering stricter control mechanisms. The leader encapsulated the demand for such control

mechanisms within the educational sector as “part and parcel of all the ethical stuff”.

According to the leader, the implementation of control mechanisms by external regulatory body ensured reliability, that the educational organisations were “offering programmes that actually have a value” and not merely “programmes that are really only worth the paper they’re written on”.

As highlighted since the “whole business basically revolves around the students”, the business practices of *Accountancy Advancement* were developed to safeguard the interest of the students. The focus on the students created various control mechanisms and external governance for the educational sector. In discussing these practices, the leader elaborated the measures placed within the organisation. The control mechanism focused on the “student’s contract, the class, the fees, the student, the programme [*Accountancy Advancement*] deliver, the outcomes, ensuring that the needs of the students are met”. Such measures ensured that the organisation “don’t do anything that would put the students’ fees at risk, or put the students’ programme at risk”. The lecturers agreed that *Accountancy Advancement* provided a system to detect and control non-compliance effectively.

### **5.1.5 Governance**

In discussing ethics in business, the leader described the initiatives taken by the organisation to ensure conformance to the external regulatory framework imposed by the Council for Private Education (CPE) and the Private Education Act of 2009. The organisation’s governance and control mechanism were clearly documented on the website and found in its handbook to the lecturers.

The requirements imposed by the government and the regulatory bodies guided *Accountancy Advancement's* compliance system. It received the EduTrust mark in 2010, an endorsement by CPE on the organisation's compliance level in protecting the rights of students. In 2011, the organisation was re-assessed and based on its good compliance level; the organisation was awarded the EduTrust mark for a longer period of four years.

To meet the requirements of the external regulatory framework, *Accountancy Advancement* developed its own database to monitor the lecturers' profile, training hours and followed its internal corporate governance framework on evaluating the lecturers. The lecturers' were regularly tested on the requirements imposed within the regulatory framework.

Since 2009, the education sector has been under the regulation of CPE. These regulations were noted to be fairly critical and crucial to the sector. These rules addressed the lacuna in the educational sector and enhanced the standards of the education provided by the educational organisations. As indicated by the leader, such control mechanism and corporate governance framework had created, "...some commonality across the [educational sector] as far as quality is concerned".

The framework stipulated rules to ensure the quality of the education provided. Furthermore, CPE was able to "level up the industry and set some minimum benchmarks". With such requirements and enforcements by CPE, the educational sector was re-organised and was required "to operate in an ethical manner". The leader added that the educational institution "have to be seen to be doing certain things. [The] information's got to be correct".

The imposition of the rules by CPE on educational institution was articulated by the leader as the government's attempt "to try and ensure that there is actually quality" within the educational sector. The leader highlighted the impetus for caution around governance in the educational sector by discussing the issue of recruitment of foreign students by Singapore-based educational organisations.

One such example given by the leader was based on the tendency of educational organisations to misrepresent themselves to foreign students. As the leader indicated some schools was "...not actually a legal university. It was an office above a shop or something like that. So that's why all of [regulation] is basically coming in". The rules imposed by CPE from *Accountancy Advancement's* perspective were developed "to force the industry into ensuring that [educational sector] is ethical"

*Accountancy Advancement* partnered with foreign universities and was required to abide with both the foreign universities' guidelines and Singapore's regulatory framework. The organisation was responsible to ensure that the foreign university that provided the programme fulfilled its requirements to complete the programme in Singapore. The leader elaborated that in order to safeguard the interest of the students, the organisation will insist on a "formal letter from the Vice-Chancellor or if it's a commercial organisation, the president".

Furthermore, *Accountancy Advancement* highlighted one unique problem within the educational sector. As the leader indicated, the sector was filled with "the degree mills that pendulum [students] around". According to him, a student "can go out tomorrow; [student] can go on the internet today. [Student] can buy himself a PhD by next week from an

institution that will sound very prominent”. However, such “completely fake, fictitious” qualifications upon discovery impact the educational sector negatively.

The leader’s description of the issues faced by the educational sector in general highlighted the tension between running a profitable business entity and in providing quality education. The dilemma between making money and serving students quality educational programme was described by the leader as “potentially two diametrically opposed forces operating”. The educational sector had to toggle between “the education issue, and... the commercial issue”. As articulated by the leader despite the organisation’s drive to provide quality education, the organisation was “...also making a profit, or [organisation operates] to make money”.

The number of students enrolled for a particular programme versus the number of lecturers hired to educate the students was another significant factor to impact the profit margin of the organisation. The leader disclosed that “there’s always a fight between the academic issue and the commercial issue. Whether it’s basically on terms of class sizes, the type of lecturer we get”. The leader reiterated that the organisation had to constantly avoid scheduling large number of students to one class and burden the lecturer to teach which may increase the profit margin but also compromise the quality of the lessons offered.

Leadership in the organisation was an important element to moderate the “financial dilemma”. The leader believed that some educational organisations hired academic professors to manage the educational business because such leaders operated from the “the non-commercial side”. These academic professors according to the leader “will be the ones

who usually, will traditionally act as the fight out the academic quality issue, versus the commercial reality”.

### **5.1.6 Challenges**

Despite the external regulatory framework and the commitment articulated by Accountancy Advancement to compliance, the organisation faced challenges in implementing the rules and regulations. The compliance requirements and ethical business practices of *Accountancy Advancement* reached beyond the students. The organisation worked with other stakeholders such as university partners, lecturers and employees. These stakeholders contributed to the mission of providing quality education. Therefore, these stakeholders were required to abide with the regulatory framework imposed by CPE.

According to the leader, one fundamental challenge for the organisation was on the management of expectations of the various stakeholders and getting them to collectively contribute positively to the educational sector. As commented by the leader, the imposition of rules by CPE and its system of compliance was not truly advocating voluntary practice of business ethics. Instead, the governance model was more of “checkbox compliance”.

CPE demanded much from the organisation especially on the details of how the organisation managed its educators. The lecturers on the other hand found the measures onerous to follow. As indicated by the leader, the control mechanism came as a “culture shock” to some of lecturers employed by *Accountancy Advancement*. The lecturers found the monitoring and reporting to be cumbersome since they were required to attend specific training and show evidence of such engagement to continue teaching in the organisation.

The requirements imposed by CPE became a standard policy for all lecturers at *Accountancy Advancement* and the leader highlighted it was difficult to gain the cooperation especially from the adjunct lecturers. He stated that “for some of them, it’s easy. For others, you’re much probably quicker getting information out of the secret service”.

Other than gaining information from the lecturers, there was a need to check on the accuracy of the qualification of the lecturers. For instance, past incidences were described by the leader where lecturers lied about their qualification. Checking this however was not an easy task as well since some lecturers studied overseas and their permission was necessary before *Accountancy Advancement* could write to their universities for verification. As stated by the leader, “in terms of ethics, you need to inform the lecturer; the lecturer has got to give us permission”.

The leader highlighted that if the lecturer failed to comply or cooperate with *Accountancy Advancement* and its requirement for certain information, the organisation will not take necessary action. The organisation will “draw the line if lecturers continue to not provide that information”. *Accountancy Advancement* will not hesitate to decline the lecturer and prevent the person from teaching. As indicated by the leader, *Accountancy Advancement* would take such action “because [lecturer] causing problems with CPE” and this affects the credibility as well as the reputation of the organisation. The leader followed the rules as the CPE closely as he saw the process strengthening student rights. From the perspective of *Accountancy Advancement*, the organisation was focused on “trying to do the right thing” and this included fully complying with the regulations imposed by CPE.

One other challenge faced by *Accountancy Advancement* came from the requirement of CPE in protecting the interest of the foreign students. In the past, the educational sector provided student passes for foreigners but limited checking was done to ensure that the students were actually studying in the organisation. As stated by the leader, there were institutions that “on the books have got thousands of international students. But when you actually go there, you can only find a couple of hundred. The rest are all out working”.

To avoid such unethical practices, CPE required information on the students’ attendance. The lecturers were required to take the attendance of the students twice during a lesson to ensure that the students were present and attended classes. This had presented difficulties for the organisation as it faced resistance from the students who expected to be treated like ‘a customer’ and should be given the choice to attend classes.

The leader indicated that the students sometimes viewed *Accountancy Advancement* and its policies as a “nuisance” and despised being checked upon. The organisation was focused on providing reliable, quality education but the students viewed such requirements as difficult or cumbersome.

The imposition of such measures by the regulatory body resulted in various outcomes. Before taking serious actions such as suspending or de-registering the students, the leader explained that the *Accountancy Advancement* tried to engage, discuss and persuade the students. If such soft tactics failed, then the organisation adopted “straightforward threats” such as “...if you don’t turn up, you’re going home. It can go as far as that sometimes. And sometimes we end up sending them home”.

Despite the challenges posed by the measures and governance enforced by CPE, *Accountancy Advancement* believed that the external regulatory framework will result in greater quality assurance for the educational sector as a whole. As indicated by the leader, the rules provided “a systematic approach to quality assurance”. The regulatory framework of CPE and the checking mechanism according to the leader will eventually “weed out” the “bad” educational organisations. The leader however also highlighted the plight of the students, “that they have just spent a lot of money to come to study with an institution that sounds like it is Harvard and turns out it’s Ha-Vard”. The leader’s sentiment indicated that rules were necessary to ensure quality but the outcome may not necessarily provide a positive solution to the affected students.

### **5.1.7 Compliance conditioning**

*Accountancy Advancement* as an educational organisation faced compliance issues with the students and the lecturers. The issue of cheating by the students as the leader indicated was “a problem for many... universities”. The educational organisations often had to take action against such students. The leader stated that for *Accountancy Advancement*, a student caught cheating during the examination was given an opportunity to explain and was not disqualified from the examination immediately. The leader clarified the need to adopt “equality and respect in dealing with transgressions”. The organisation must be “fair to the students”. The organisation must follow the procedures such as “warning letters, counsel them, take them through the whole thing”.

Other than student management, the leader stated that *Accountancy Advancement* relied heavily on the lecturers in ensuring the success of the organisation. The leader highlighted that despite guidance and training, it was not always easy to ensure compliance with the

syllabus and teaching requirements. The leader provided an example of how a lecturer may possibly be teaching “20 sessions and does nothing for 20 sessions, reads the bus timetable and talks about [lecturer’s] holiday in Bali or wherever for 20 weeks”.

The leader also revealed another aspect that required compliance conditioning among the lecturers. The leader stated that it was crucial for lecturers to conduct themselves in an impartial manner and be fair in setting, marking the examination scripts. For instance, the leader stated that the lecturers often built good rapport with the students and this resulted “whether by accident, or by design, lecturers ...dropping very heavy hints as to what’s on the exam paper”.

Therefore, checks and evaluations was one important component to ensure quality in the educational sector. *Accountancy Advancement* adopted internal measures such “student evaluations, teaching observations” and such integrated feedback mechanism allowed the students to “actually use [such platform] to say that they think the classes are a load of rubbish”.

Another factor that had to be managed differently was the lecturer’s expectations of the students and the students’ capacity to accept frank feedback. For instance, the leader indicated a situation where the lecturer had admonished the student by stating that “you’re going to fail, you’re going to be coming back”. The student lodged an official complaint against the lecturer. The leader highlighted that the lecturer was noted to be reliable but the teaching style over time required some changes. According to the leader, the students were different now and they required a differentiated approach to learning. The students no longer accepted firm and stern reprimands from the lecturer.

The leader was stern in managing lecturers that refused to adapt to the regulations or attend further training programmes. The leader was clear in moving forward by “[hiring] somebody else”. If the lecturers refused to “stay up to date” or “don’t see the need for training” and consider that they “know everything”, the leader highlighted that such lecturers will “find it increasingly difficult to actually find work”.

The feedback from the questionnaire indicated that *Accountancy Advancement* as an organisation adopted fairness in managing non-compliance and transgression. The rules enforced within the organisation were clear to the lecturers. The lecturers had knowledge and insight that the organisation was focused on implementing ethical business practices and comply with the corporate governance framework.

### **5.1.8 Summary**

*Accountancy Advancement* highlighted the challenges faced by the educational sector in providing quality education, conformance with external regulatory frameworks and in managing conduct of the students and lecturers. Tensions around profit making and education were addressed to a large extent in the form of external rules and regulations. The regulatory framework however was not so simple to implement as it required changes in behaviour and accountability on the part of the lecturers. Managing the different expectations was not an easy task.

The organisation’s mission and commitment to providing quality education demonstrated the organisation intention to engage in fair dealing. Despite the monetary rewards, the organisation took conscious steps to curb large classes or hiring of unqualified lecturers. The leader played a significant role in moderating the issue of profit and ethics in

the organisation. The leader balanced the needs of the students, the requirements of the regulatory body, the demands of the lecturers and the importance of profit generation. Personal values displayed by the leader, especially in protecting the interest of the students, demonstrated fairness and justice as well. The leader acted as a moderator in “the fight out the academic quality issue, versus the commercial reality”.

*Accountancy Advancement* exhibited the notion of fairness and justice in its dealing with the students and the lecturers. It was seen mainly from the leader’s perspective and the leader’s intervention to ensure ethical business practices. Though the organisation itself demonstrated the values of fairness and justice in the product that it offered, the leader emerged as a prominent figure in advocating this through consistent practices.

## **5.2 Case study 2: Conscientious Builder**

This organisation belonged to the construction and engineering sector. The case study was developed from data collected from the organisation’s website and annual reports. The leader that participated in the research study was the founder of the organisation. Eighteen workers participated in the questionnaire.

### **5.2.1 Profile**

The organisation was formed in 1997, and specialises in land reclamation work in Singapore. Since its inception, the organisation has expanded to other major countries in Asia namely Malaysia, Indonesia, Vietnam and Korea. The organisation was noted to be one of the preferred contractors for soil improvement work in Singapore. The organisation’s website highlighted some of its successful completed projects. One such reputed soil improvement project embarked by *Conscientious Builder* was situated at Pasir Panjang

Terminal; part of Singapore's port area and the project was noted to be one of its major achievements.

The organisation was formed as a partnership. The leader stated that he "have been together [with the other partners] for about 20 years". He further elaborated that the organisation was his brainchild as he had always dreamt of starting a business of his own upon graduating as a civil engineer. He expressed deep interest in soil reclamation work, wanting to offer integrated services and he emphasised that the business was created with the sole intention of providing "premium services" to its clients.

The leader wanted to distinguish *Conscientious Builder* from other similar organisation by providing quality services and products. The business model was based on delivering integrated engineering services and products. The organisation supplied an all in one total engineering, procurement and construction solution to its clients. In order to achieve the leader's aspiration, the organisation relied heavily on technology, modern equipment and qualified engineers. Other than the physical resources, the leader also attributed the organisation's success to the collective vision adopted by the leader and his partners. The collective vision was critical to the leader. The leader stated that similar values and principles such as "values of honesty, of sincerity" shared amongst the partners guided the organisation towards success.

Other than the management team, the leader also indicated that the organisation's success was attributed to its reliable and loyal clients. The leader recalled that *Conscientious Builder* "started its business on a very good footing". The organisation had good clients that

believed in the leader's aspiration. The leader stated that his "clients...had the same philosophy" and "they were willing to pay [higher price] for premium services".

The leader added that other than premium services, the organisation also adopted client-centric approach by delivering products and services that were targeted at the clients' requirements and specifications. According to the leader, this was not an easy task as *Conscientious Builder's* "clients are Dutch mostly, foreign and or European clients" and the leader had to understand and meet the needs of these foreign clients.

*Conscientious Builder's* strong affiliations and partnerships with various foreign engineering and constructions firms further highlighted the organisation's adoption of ethical business practices. The working relationship with some of the renowned foreign organisations required focused on quality services and products. The organisation's was focused on providing quality services and products. Such commitment fostered close business relationships. The efforts placed by *Conscientious Builder* on ethical business practices reaped its rewards as the organisation was noted to be one of the few organisations in Singapore that supplied constructions workers to Dutch international companies.

The organisation's website indicated as well *Conscientious Builder's* influence in other countries such as Denmark and Germany. The organisation was noted to be one of the few organisations based in Singapore that was supplying skilled construction workers that specialised in soft soil consolidation. *Conscientious Builder* employed largely foreigners to work in its organisation. As explained by the leader, the organisation "has 90 over foreign workers, mostly from Bangladesh and India, with a sprinkling of Thais".

### 5.2.2 Mission and culture

The organisation's mission was indicated on its website as providing premium services and products to its clients. The website also elaborated the organisation's vision to provide an all-in-one EPC (Engineering, Procurement and Construction) to its clients. The organisation aimed to provide one-stop service centre for its clients ranging from products and services that included providing skilled construction workers to foreign organisations.

In order to achieve the organisation's mission of providing "premium services", the leader stated that a job assignment for *Conscientious Builder* was never complete till the assignment received a satisfied endorsement from its clients. The clients played a significant role in the organisation and the leader worked towards ensuring satisfaction by creating a culture that took into consideration perspectives from all stakeholders.

The leader articulated *Conscientious Builder's* culture by referring to the organisation's logo. The logo according to the leader symbolised "two people... sharing the same ideals. They have the same head. Basically across whatever we do. That's what the curved line is for". The leader explained that the logo also illustrated the organisation's importance on gaining different perspectives from various stakeholders. The leader explained that the organisation "want to match [the needs] whether the two people being partners, whether it's a client's, contractor's perspective or whether it's staff's perspective".

In discussing the stakeholders of *Conscientious Builder*, the leader described the organisation's employees and its construction workers as the main stakeholder. The leader elaborated that he had "made enough comments to [his employees and construction workers] to say that [he] was not [their] boss, the [employees and the constructions workers] are the

boss”. The leader explained that if the employees failed to work, the organisation would not make money to pay the management team’s salaries. The leader emphasised that “without the main stakeholders being the workers themselves, the company doesn’t exist”. The organisation’s website revealed *Conscientious Builder*’s focus on developing happy and satisfied employees and construction workers. The leader stated that by ensuring their happiness, the organisation was able to engage the employees and construction workers to remain loyal and produce high quality work output.

In discussing the organisation’s growth and sustainability, the leader believed that the main element of success “is not the managers, it is not the directors, it is not the office staffs that’s critical. It is the lowest person on the totem pole of the company”. The leader illustrated that if the “manager get the office boy happy, the secretary is happy and the manager is ultimately happy”. He believed that the only way an organisation can achieve its mission and goals is through “bottom-up...And if the bosses themselves don’t go right to the bottom, nothing works”.

### **5.2.3 Corporate social responsibility**

*Conscientious Builder* hired close to one hundred construction workers; mainly foreigners from Bangladesh and Thailand. The leader described the corporate social responsibility activities by discussing the organisation’s efforts in ensuring the safety and welfare of its construction workers. The leader indicated that more than 75 percent of the organisation’s construction workers have been working for the organisation for over 20 years. The organisation was able to retain its workers because of the organisation’s emphasis on protecting the construction workers. The leader pointed out that the safety of its construction workers as one of the organisation’s main business strategies. The organisation also

promoted safe working environment as it was an important requirement within the construction industry.

The leader explained that if the construction workers failed to ensure safety at work, the outcome would be disastrous. He stated that such safety failure not only impacted the “[construction worker] but all other construction workers [within the organisation]”. To continuously promote and guide the workers to ensure safety, *Conscientious Builder* provided intensive training for its construction workers.

Other than focusing on the safety of the workers, the corporate social responsibilities of the organisation also aimed to meet the basic needs of the construction workers by providing them with a home-like working environment. The leader emphasised that happy workers generated greater revenue for the organisation and to ensure happiness, the leader provided basic necessities for the workers to work in a comfortable environment.

According to the leader, “all the quarters are air-conditioned, because the workers work almost seven-day week, 12 hours a day. So I want to give them a good rest. Television in almost every container. They get their own internet and everything else”. The leader indicated that for the employees “it’s like home. Back home”. The leader also looked after the physical and leisure requirements of the construction workers. *Conscientious Builder* organised group activities such as soccer, recreational trips and group dinners for its construction workers. The leader further stated that he participated actively with the construction workers in these activities to foster greater camaraderie spirit and teamwork.

The questionnaire outcome revealed that the employees and construction workers understood the organisation's corporate social responsibility activities and its focus on such activities. Their awareness of these activities further strengthens the leader's assertion of *Conscientious Builder's* corporate social responsibility.

#### **5.2.4 Ethical business practices**

The leader expressed difficulty in accurately defining business ethics. He said that it was a "bit difficult to quantify what's a change in business ethics, be it more awareness of the so-called the green movement, environmental or a bit more awareness of human rights". For *Conscientious Builder*, the leader stated that business ethics were efforts driven from the leaders. He highlighted that "whether you classify as business ethics, is just a drive from the company, how [leaders] want [it] to be perceived".

The leader elaborated that "business ethics [he described it as] two parts. [He] set up a business to service [his] clients and to provide a service which is above par. And [he] believe in premium services". The leader stated if the organisation "can solve problems for the clients and solve problems as they occur or forecast problems" as an example of one of the ethical business practices. Based on the leader's description, ethical business practices for *Conscientious Builder* were driven from the organisations' mission to provide premium services to its clients.

Other than the focus on the clients, the leader described another ethical business practice which focused on protecting the employees' and the construction workers' safety and rights. The leader highlighted *Conscientious Builder* only accepted business deals that allowed the organisation to maintain and provide the highest level of comfort to its

employees and construction workers. He stated that “[*Conscientious Builder*] is very selective on who [they] work with”. The leader provided an example of “one particular client always...try and reduce the contract price, contract rate significantly” but he knew that he “can’t sustain at that level. [He] can’t treat [his] workers at that level” so he decided to reject the business. The leader emphasised that he would reject offers that failed to provide the employees and construction workers comprehensive salary packages. The leader’s action highlighted the organisation’s perspective in placing the employees and construction workers’ rights and needs first before embarking on a business opportunity.

The discussion on ethical business practices also focused on the leader and his partners. The leader stated that he and his partner both “believe strongly in presenting a very public and internal face in what [organisation] do and that goes down to the workers themselves”. He highlighted the value of being transparent in delivering ethical business practices. The leader’s was convinced in “providing an environment that’s equitable to all, whether it’s just customers or staff”. The leader highlighted that once the organisation “can create that [equitable] environment, it’s an automatic human response to perform”.

An equitable environment according to the leader required all within the organisation to be held against the same standards. The leader stated that ethical conduct would only flourish in an organisation if all within the organisation practiced such behaviours. The leader highlighted that “[organisation’s] foremost, front end people, are [the organisation’s] staffs. And the staffs see the bosses themselves following what they believe in, the staffs automatically follow”.

The organisation's ethical business practices can be further understood from the information found on the website. The website indicated that more than half of the workforce has been working for *Conscientious Builder* since its inception in 1997. The leader believed that the employees stood firm when the organisation faced crisis, backing the organisation by accepting pay downgrade and incentive cuts. The leader highlighted that he "have... 30 staff [working with the organisation for] more than 5 years. And that's something I'm extremely proud of. That they are willing to stay".

Another policy within *Conscientious Builder* that highlighted ethical business practice was based on the remuneration provided by the leader to the employees and construction workers for work done well. The leader stated that he was willing to provide bonus throughout the year instead of just rewarding the employees and construction workers once a year. He explained that "if there's a significantly difficult job to do...and the job's been done well, [he] just give the staff couple of weeks' bonus or maybe \$1,000 or whatever that[he]felt reasonable as a cash incentive or bonus for doing the job well".

The employees and construction workers' opinion of the organisation's subscription to ethical business practices were noted to be positive from the favourable responses received from the questionnaire. All of them agreed that adopting ethical business practices as critical for organisation's growth and sustainability.

### **5.2.5 Governance**

The organisation is governed by legislations and regulatory framework imposed by the Ministry of Manpower, and the safety of the workers is an important consideration. The Ministry of Manpower in Singapore provided a holistic guide on the safety and welfare of

construction workers at the work sites. According to the leader, the Ministry “implements all the rules [to protect workers]”. The leader listed the Ministry’s responsibilities ranges from processing the foreign workers’ work permit to ensuring the health and safety of the workers. One of such law that focused on the construction workers’ safety is the Health and Safety Act of 2011.

Other than ensuring the construction workers’ safety, the leader also reiterated that the construction workers deserved more than what was stipulated by the Ministry of Manpower<sup>2</sup> Singapore. The employees were covered “for a lot of medical treatment, over and above the Ministry of Manpower requirements”. The leader believed in “insurance policies maybe two or three steps ahead of what Ministry of Manpower want”. He stated that “it’s about valuing the workers as they are. They are human beings”.

### **5.2.6 Challenges**

Since the formation of *Conscientious Builder* in 1997, the leader highlighted some of the organisation’s major challenges to remain on top of its business. The leader elaborated that the organisation “had a very good start from 1997 to 2002. [Organisation] made a lot of money. 2002 to 2004 the whole industry went down because of the sand embargo from Malaysia and from Indonesia”. The leader stated that from 2002 to 2004 “there’s actually no work. So by 2005 [organisation] were in desperate cash flow problems”. To redeem the situation, the leader and his partner decided to take a “40% cut on the directors’ pay”. He stated that he had to “show example” before he could roll out pay cut scheme across the organisation.

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<sup>2</sup> Ministry of Manpower is the leading governmental body in ensuring the safety and welfare of construction workers in Singapore.

The organisation recovered by 2009, “when the company managed to make some money” and by then the leader stated that the “[organisation] gave all the back pay back to the workers”. He highlighted that *Conscientious Builder* was “probably the only one that...anyway [leader] checked with a few companies...that actually back pays workers because they never expected the back pay”. The leader emphasised that “if the money’s there, [organisation] give it back” to the workers.

### **5.2.7 Compliance conditioning**

*Conscientious Builder* adopted a proactive approach in managing the workers. The workers were able to negotiate and set their own standards in their camp. The leader stated that “whenever [leader] set up a camp, or their (workers) home, [leader] actually sit down with [workers] to [listen to] what [workers] would like”. The leader believed that to ensure compliance the leader had to be “proactive and being friends with [workers]”. He added that such a strategy gained him the workers’ commitment as “most of the workers have been working with [the leader] for a long time”.

The leader highlighted his proactive nature and empowerment of his workers by discussing the punishment scale in the organisation. The leader stated that the organisation’s “[enforcement] is actually through the workers themselves”. The leader “didn’t want to put in the fine [himself] as boss because that becomes a rule”. In order to gather buy-in from the workers, the leader would “put [the punishable conduct] on a board and said, ‘OK tell me how much do you want to be fined. And the workers themselves volunteered the amounts”.

In managing the rules and regulations for the workers, the leader shared that *Conscientious Builder* adopted “a three-letter system where there is a first warning, second

warning” and if the workers failed to comply on the third occasion, the workers will be terminated. The organisation also “send out the [warning] letters, and although they are private letters [addressed specifically to the recipient], [the leader] get [the] project manager to tell the other workers that this has been sent”. This served as a form of deterrence to other workers and the leader highlighted the measure as a way of being transparent in managing transgression.

The leader stated that in imposing rules, *Conscientious Builder* worked on a fine system. The workers were given the opportunity to set the fines for non-compliance. The leader stated that he would “sit down with [the workers] and put in what they call a penalty fine system among themselves to keep the place clean, not to litter, not to spit all over the place and just basically having a very pleasant environment”. The leader remarked that by setting rules in that manner, the organisation was “not imposing”. The leader highlighted that “having rules is rules but having rules that are manageable” created an environment where the workers were able to conform to the rules.

The leader also displayed fairness and equitable dealing with workers that transgressed by implementing a fine system that was managed by the workers. The leader stated “self-enforcement...so [organisation] as a business leaves it to the workers themselves to police themselves”. The leader emphasised that such a system worked by “showing fairness” and “by being part of them (workers). By coming down to their level”.

The leader stated that “employing the right people and giving them [leader] personal values” was an important factor. The leader shared another example where the employee was empowered by allowing her to set her own remuneration package. The organisation’s

financial clerk has been working with *Conscientious Builder* for more than 10 years and at the point of interview, the leader had asked her to decide her salary scale based on her capability. He elaborated that by allowing the clerk to decide on her pay scale, the organisation managed to employ “somebody who will commit heart and soul to the company”.

In another example the leader cited a situation where a worker was caught drinking alcohol in the camp. Instead of punishing him, he warned the worker on the implication of alcohol consumption and operating heavy machineries at the construction sites. He used the worker as an example to curb the habit amongst the other workers. The leader ensured compliance conditioning by not only providing the workers with the power to make decisions; he also displayed respect and empathy in managing their transgressions. Though *Conscientious Builder* provided opportunities for negotiations when a worker failed to follow the rules, there were other situations where a worker was terminated immediately from the job. This was decided based on the transgression and its impact on the safety other workers.

When the leader was asked who was the boss in the organisation, the leader responded by stating that “it is either the coffee boy or [the] dispatch rider”. The lowest level of workers in the organisation’s hierarchy required respect and should be treated equally as well as they too contributed to the organisation’s success. The value of such conduct and responsiveness to the employees was explained by the leader as creation of an equitable environment. If *Conscientious Builder* were able to “create that environment, it’s an automatic human response to perform”. The commitment level of the workers increased due to the organisation’s basic principles that highlight ethical business practices.

The leader led the workers by maintaining friendship with them. Though most workers were allowed to work in Singapore for up to two years, the leader allowed some of them to return to their country of origin during an emergency situation. He even took the trouble to buy the ticket and drove one of the workers to the airport when he found out that the worker's father was dying.

The leader remarked that in managing the workers, *Conscientious Builder* “just believe in the staff, the workers and whoever that [leader] work with”. The business environment within the organisation can be a productive environment for the workers if they believed that the organisation was “giving them what they're worth. What we think they should have a better life”.

The workers that participated in the questionnaire mostly agreed or strongly agreed that the organisation adopted compliance system that was effective in preventing repeated transgression. The workers also provided positive outcome on the organisation's level of fairness and how the rules created in the organisation led to accountability on the part of the workers.

### **5.2.8 Summary**

*Conscientious Builder* managed its business in a responsible manner as seen from its efforts to protect the welfare of its employees and construction workers. The leader especially promoted ethical business practices by leading with examples and by creating a working environment that took great initiatives to tackle the transgression within the organisation by creating an environment that promoted fairness.

The organisation demonstrated ethical business practices by being responsive to the needs of its workers. The leader's willingness to go down to the worker's level to resolve issues highlighted the basic principle of due process rights of the workers in addressing non-compliant conduct. The leader's personal characteristics and his leadership style further created opportunities for the workers to engage in rule-making and contribute to the punishment system within the organisation.

### **5.3 Case study 3: Thinking Physiotherapist**

This organisation belonged to the physiotherapist sector. The case study was developed from data collected from the organisation's website, annual reports and marketing materials. The leader that participated in the research study was the managing director of the organisation and 13 physiotherapists participated in the questionnaire.

#### **5.3.1 Profile**

The organisation was formed in 2003 and is now positioned prominently in the area of musculoskeletal rehabilitation. *Thinking Physiotherapist* is a registered provider of Singapore's Health Promotion Board<sup>3</sup>.

Since its formation, the organisation had successfully expanded its business across Singapore, operating six outlets around the island with 20 physiotherapists. According to the leader, "in terms of size relative to the market, [the organisation] would be about the largest private group" offering physiotherapy services in Singapore. The organisation treated clients

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<sup>3</sup> The Health Promotion Board was established in 2001 by the Singapore government to take on the role as the main driver for national health promotion and disease prevention programmes.

(patients) from all over Singapore and the surrounding Asian countries. The leader highlighted that Singapore was seen as a medical hub, some clients travelled to Singapore specifically to seek treatment from the organisation.

The leader was one of the two founders of the organisation. The organisation was formed as a partnership. The leader took on the role of the managing director and according to him, managed the organisation “strictly from a business point of view. His focus was mainly on the business and the organisation’s profit and loss.

The organisation focused mainly on physiotherapy treatment and provided comprehensive services in addressing all ailments related to the body’s musculoskeletal system. *Thinking Physiotherapist* took in referrals from doctors, hospitals and treated walk in clients. They also treated clients that signed up through events and corporate workshops.

The website revealed that the organisation worked on the concept of differential diagnosis that involved observing and discovering signs and symptoms of pain. The organisation is proud of its reputation and its ability to treat patients better and faster based on its model of effective differential diagnosis. The differential diagnosis provided by the organisation is a systematic method used in healthcare to identify the disease causing a patient’s symptoms. The concept of differential diagnosis involves observing and discovering signs and symptoms; progressively considering the most likely illnesses, and then continuously narrowing down the possible diagnoses, eliminating one after another, until one is left with only one specific diagnosis for the patient’s signs and symptoms. By offering such comprehensive treatment framework, the leader stated that the patients were happy with the treatment and returned for more because of the effectiveness of the treatment offered.

In treating complicated conditions, the organisation worked in a multi-speciality setting where the physiotherapists were required to consult each other before making a decision. The organisation operated on the philosophy of caring for its clients based on the concept of the ‘thinking physiotherapist’ - the physiotherapist did not just deliver services but spent time thinking about the client’s problems in a holistic manner.

### **5.3.2 Mission and culture**

The organisation’s mission focused on providing differential diagnosis for its clients. The organisation was guided by the ‘thinking physiotherapist’ and its principles. The leader highlighted that in order to achieve its mission, the organisation invested heavily in keeping up with current practices in the field of physiotherapy and in educating its physiotherapist to adopt and provide holistic treatment.

The leader stated that it was important for the physiotherapist to identify the cause of pain rather than just provide a general form of treatment. The leader indicated that the physiotherapists approached all clients with no pre-conceived ideas on what the problems were. Rather, the focus was on identifying the pain points and treating the clients using multiple resources. The organisation’s mission was to provide pain relief to its clients and the concept of *Thinking Physiotherapist* supported the organisation’s mission.

*Thinking Physiotherapist’s* concept of treatment noted to be successful as observed from the organisation’s popularity depicted on its website. The organisation was featured in various newspapers, magazines, television and radio. The organisation also played a major role as a key media source of information and advice on musculoskeletal health in Singapore.

This further highlighted the organisation's strong standing amidst other similar service providers in Singapore.

The leader stated *Thinking Physiotherapist* adopted a strong learning culture. The physiotherapists were required to participate in regular in-house training programmes, clinical tutorials, case studies, internal courses and were sponsored to attend external courses covering clinical topics as well as business and project management topics. The physiotherapists, regardless of seniority, were expected to participate in teaching some of the physiotherapy training programmes.

The website also highlighted the organisation's mission in providing quality services without overly charging its clients. The website did not reveal any promotional or packaged deals<sup>4</sup>. According to the leader, the organisation kept its popularity by getting the clients to come back because of its quality services. The leader emphasised that the organisation "don't do stuff like packages" and "what's available on the internet, the website, that's published prices. *Thinking Physiotherapist* doesn't coerce people to buy packages".

The organisation believed in the principle of "not making money through taking advantage of [the] client". For the leader, packaged promotional deals often led to unfair practices - "other people in the industry do unethical things and thereby damaging the industry as a whole". The leader made it clear that the organisation worked for profit and "if [the organisation] made [client] happy, [the organisation] expects to be paid for it".

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<sup>4</sup> Packages are common mode of selling in Singapore especially in the health and beauty sector. The Consumer Association of Singapore (CASE) highlighted this hard-selling practice.

The leader further highlighted the organisation's focus on the clients by discussing the commitment of the physiotherapists not to over-book the treatment sessions. According to the leader, this means that each client was treated with respect and given complete attention by the physiotherapist. The leader stated for example, the physiotherapists were given clear instructions to never leave the patients unattended at a machine or multi-task by providing treatment to more than one patient.

In driving the organisation's culture, the leader highlighted "philosophy and the trust behind the book concept" as the main driving force. The philosophy of the organisation was explained by the leader as motivating the physiotherapists "to look after the client's best interests". The leader was challenged by how "[the organisation can] make the client happy in the way that [made] business sense" and he worked with his physiotherapists to create the kind of culture that would result in clients wanting to return for more services.

The organisation's culture, according to the leader was created by partly "absorption [of practices] from people around [the organisation]". The leader embarked on creating a "collegial atmosphere. Everyone shares the work". He elaborated that in getting the physiotherapists aligned to the organisation's goals; he took time and had to keep repeating the mission statement. He believed that once the physiotherapists were familiar with this, it was easier to navigate *Thinking Physiotherapist* to achieve its mission.

The leader believed that the organisation's focus on its clients and in providing quality services had resulted in the organisation's success. For *Thinking Physiotherapist*, the leader stated that "it's [about] taking a longer view of things, than just dealing with more patients for the rewards... it's not a sprint, it's a marathon". While he acknowledged that it had been

hard at the beginning to simply provide what was best for the clients, its worth was borne out by the organisational growth experienced since 2003.

### **5.3.3 Corporate social responsibility**

Providing information and educational resources on physiotherapy services was the organisation's core corporate social responsibility activity. This was reflected on the organisation's website and it was aligned to the organisation's mission of providing the best services for its clients. The employees that participated in the questionnaire were aware of the organisation's corporate social responsibility efforts.

The website highlighted a few initiatives targeted at the clients' welfare. One such initiative focused on providing information on physiotherapy and guiding the clients to lead a healthy lifestyle. The information was provided to the general public via television, newspaper publications and magazines. *Thinking Physiotherapist* also produced and distributed an online healthcare journal to the general public. The purpose of doing so is to provide simpler solutions to any layperson suffering from aches and pains. Other than providing information online, the organisation also offered complimentary assessment and advisory services for children or teenagers who may have scoliosis. These initiatives were highlighted as the organisation's corporate social responsibility.

### **5.3.4 Ethical business practices**

The leader depicted *Thinking Physiotherapist* as "a very ethical provider". The leader perceived ethical business practices as mainly "doing what was right for the patient". The leader described *Thinking Physiotherapist's* limited use of the package offers as an example. The leader stated that packages were "a big component in the business model". However, the

leader highlighted that *Thinking Physiotherapist* does not adopt such a model. The organisation only offered packages “to help people who needs more sessions” and “the packages [offered were] very small”.

According to the leader, the small packages offered also served the purpose to “differentiate [the organisation] from the other high players”. He stated that the organisation should try to get the “patients to keep coming back because they need it and they want to, with [*Thinking Physiotherapist*]” and not forced to return because the clients had bought packages in the past and had to utilise them. In promoting *Thinking Physiotherapist’s* business, the leader stated that if the clients’ requested a discount, he would not entertain them - if the services offered are “good, [clients] should come; [clients] should be willing to pay more”.

Other than the pricing of the services offered, the leader highlighted the organisation’s effort in protecting the clients as another example of ethical business practice. The leader believed that if *Thinking Physiotherapist* practised in ways that were not right for the clients, the organisation would compensate the clients. The organisation would take responsibility, admit to its mistakes and be upfront about it rather than blame the clients or the physiotherapists. The organisation believed in upholding its values by revealing its mistakes rather than continue to perform in an unethical manner.

For instance, if the organisation “screws up an appointment, [we] go all out to take care of the patient. [we] help them reschedule, [we] send them a bottle of wine”. The leader felt such treatment of the clients “makes them feel that [organisation] really cares, and are not just paying lip service to the clients”. And most of the time, [clients are] quite surprised by that.

They don't think it was a big deal. But it was a big deal to [the organisation]". The leader highlighted that in being proactive, the organisation was considering the fact that if "the [clients] get wowed, [client will] be even more loyal. So it's not purely altruistic".

In conducting business in an ethical manner as described by the leader, *Thinking Physiotherapist* gained positive outcome from the business perspective. According to the leader, the organisation "has a very good reputation amongst [organisation's] stakeholders, like doctors. And [doctors] refer with the peace of mind that [organisation] will take care of their patients". The leader further stated that "the patients are very happy to refer their friends".

In working with the physiotherapists on providing services in an ethical manner, the leader believed that "there's really no excuse" for "unethical behaviour". He believed that his employees behaved in an ethical manner and their level of compliance was rated by the leader as "pretty high". The leader highlighted that the physiotherapists genuinely wanted to help the clients and wanted to provide ethical services to their clients. However, the leader also indicated that sometimes physiotherapists "don't necessarily make the best decisions" but the leader was always assured that the "[physiotherapists'] heart is in the correct place".

The questionnaire results conveyed the employees view on business ethics. The outcome indicated only one employee disagreeing with the statement that business ethics was the fundamental element in promoting growth and sustainability for the organisation. The other twelve respondents agreed or strongly agreed, mirroring the leaders' views on the attention to ethics in the organisation.

### 5.3.5 Governance

The leader was supportive of external regulatory frameworks governing practice. The leader viewed regulations as critical since the medical industry was reputed to be moving away from merely providing health related services to becoming more profit-oriented. As stated by the leader, “the medical industry now is under quite a bit of scrutiny”. The difficulties arise from setting boundaries and the leader questioned “where does business end and where does medicine start?”

*Thinking Physiotherapist* was described as “still mainstream medicine” but according to the leader “there are other competitors or alternative substitutes that are not mainstream” and “some of them appear to stretch the boundaries of what is ethical, what is unethical”. The leader elaborated that “in Singapore [physiotherapy] been around for a very long time, but less, relatively, in terms of awareness”.

Despite the limited understanding of the sector and its services, the physiotherapy industry in Singapore has been undergoing various changes from 2010. In 2011, the Allied Health Professions Act was passed and the Allied Health Professions Council (the Council) was set up by the government. The Act required all physiotherapists to be registered and undergo required number of continuous training. The purpose of the Council is to protect the public’s interest through regulating the professional standards for practice, conduct and ethics of registered allied health professionals in Singapore. The leader agreed that “most of the rules [the organisation] required to comply with are usually good for [the organisation]... from a business point of view”. Such rules are meant for organisations to sustain its business as stated by the leader; rules are good “in the long run. Not for short run, quick buck sort of thing”.

*Thinking Physiotherapist* is governed by both the Council and the Singapore Physiotherapy Organisation. As the leader indicated, there was a greater need for such measures in view of the rampant development in the area of alternative medicine. The leader discussed one of the requirements imposed by the Council on continuous education of physiotherapists. *Thinking Physiotherapist* believed that “continuing education is actually very good”. This was a pre-existing standard at *Thinking Physiotherapist* and the leader highlighted that “our people more or less do it”. However, the leader emphasised such standards are implemented “more from a business angle” as it helped the organisation develop its physiotherapists and increase their skills to provide better quality treatment services for its clients.

The culture of governance was based on what the leader stated as “to build [a] cohesive structure”. Therefore, when it came to internal governance, *Thinking Physiotherapy* worked on minimal regulations. The leader stated that the organisation “has very little rules” and he prefers his physiotherapists to “use common sense”. The leader stated that “anybody who walks in and asks for a job in [the] organisation, [he] expect them to kind of have those ... basic [views]”. The basic view according to the leader was the ability to use their common sense to behave ethically and professionally. *Thinking Physiotherapist* “doesn’t have a 10-page, 20-page company rules and policies” or “company policy book”. The management of the physiotherapists were done based on mutual understanding. One example provided by the leader was the leave application scheme of the physiotherapists. The management team expected the physiotherapists to “sort it out amongst themselves” and ensure that the continuity of business was affected even if employees were taking leave.

### 5.3.6 Challenges

The leader highlighted the main challenge in compliance as one related to the industry as a whole. The leader stated “sometimes when another player is doing something completely different, it sucks everyone in”. According to the leader, when other organisation within the industry engaged in unethical business practices, the industry as a whole ends up with the bad reputation.

Another issue related to physiotherapy as a service according to the leader was based on providing “treatments that are not necessarily evidence based”. Despite the lack of evidence, the leader reiterated that physiotherapy still worked effectively in addressing the pain faced by the clients. However, since the industry especially in Singapore is at its infancy stage, the leader stated that it was “easy for the clients to just simply listen to what the professionals” were diagnosing. The requirement for registration of physiotherapists by the Council seeks to address such issues and ensure that all physiotherapists are appropriately trained and qualified to practice in Singapore. With such measures, the likelihood of making mistakes in diagnosing the clients can be eliminated and the clients can be provided with required number of sessions for them to recover.

The fear according to the leader was based on some players within the industry increasing the number of physiotherapy sessions for the sake of making more money and not based on the requirement of the clients’ conditions. The leader elaborated that in providing accurate advice, the issue often boils down to the recommendation provided by the physiotherapist on issues such as the number of treatment sessions required. The leader stated that there may be inconsistency and the physiotherapist may be reluctant to impose more sessions on the client for fear of hard-selling.

### 5.3.7 Compliance conditioning

The alternative medicine industry, according to the leader, attracted individuals who wanted to genuinely help others and therefore, money was not their first priority. The leader stated that “physiotherapists are quite unique in the sense that as a career position, a lot of them come out to help people”. Therefore, “they like to work; they want to work for an ethical organisation”.

The underlying motivation of physiotherapists wanting to help others was viewed by the leader from a business perspective. He stated that “physios are ... very sensitive to taking money from clients, despite providing a service”. For the leader, he was clear that if the physiotherapist “provide a good service, [physiotherapist] should be remunerated for it”. Related to the issue of fixing the number of sessions for the clients, the leader stated that the physiotherapist may feel awkward asking the client to come for treatment regularly.

The leader stated that “they feel very uncomfortable, like [physiotherapist] trying to do a hard sell”. In such situation, the leader would get the physiotherapist to reflect on the needs of the client. He would ask the physiotherapists to re-consider the treatment schedule by referring to the patient as a family member and the physiotherapist would respond positively by reflecting on the treatment requirement of the patients. The leader added that “once the money is out of the issue, the [physiotherapist] think very differently”. The leader highlighted that he often had to inform, train and clarify with the physiotherapist that he or she was “forcing the patient to pay”.

*Thinking Physiotherapist* conducted bi-weekly meetings to discuss organisation’s progress and staff issues. The “management team tele-conference everyday” and the leader

talked to the clinical managers and the physiotherapists on a regular basis. The leader stated that the physiotherapists required constant reminders by “telling and repeating”. The leader further highlighted that *Thinking Physiotherapist* “try to build an organisation that people want to join because [organisation] provide hell a lot of training”. According to the leader, “it’s more tangible to [physiotherapist to learn] through the way [organisation] actually handle cases”. In other words, it was more hands on experience that benefited the physiotherapists.

In discussing the issue of compliance the leader indicated that it was challenging managing the employees. One reason according to the leader was the fact that he managed the organisation from the business perspective and as a professional physiotherapist. According to the leader, “there’s [no] set of rules of how physios should conduct themselves, how receptionists conduct themselves...You should conduct yourselves right”. He stated that if the physiotherapist made a mistake “unknowingly, then there’s the question of making sure they know what they need to do...So if somebody does something wrong knowingly? No second chance”. The leader’s views on compliance appeared to be felt among the employees. Eleven out of the thirteen physiotherapists surveyed felt that the system in the organisation to address non-compliance was effective.

All those who participated in the questionnaire also agreed that the rules in the organisation were fair. The employees that made mistakes were not punished immediately. The leader stated that he was “forgiving of a lot of mistakes”. He also “encourage making mistakes because it’s part of the learning process”. However, he remarked that he “always encourage [physiotherapists] to make decisions where the downside of the mistake is relatively small”.

The leader further admitted that he was firm with his physiotherapists. He said that he was “...not one of the bosses who, “I’m going to give you another chance lah”. He strongly believed that incapable physiotherapists will simply pull the organisation down. He stated that it was “better for [organisation] if [organisation] don’t have people who are straddling, spoiling and contaminating the whole culture”.

*Thinking Physiotherapist* “have to ask people to leave quite often”. The leader stated despite the selection process, “some people who are good, but just may not fit personality-wise. It’s not like we’re bad, or they’re bad. It’s just that don’t fit”.

### **5.3.8 Summary**

Based on the principles and practices adopted by *Thinking Physiotherapist* and its leader, business ethics was observed from the perspective of providing services in the best interest of its clients. *Thinking Physiotherapist* adopted its own set of practices by providing training and education for its employees. By equipping the physiotherapists with knowledge, the organisation was able to develop its business to a higher level and take action quickly if something was not done accordingly.

The organisation in 2011 came under the purview of the Council and required to follow certain external rules and regulations. The leader welcomed the code of conduct as that would serve as quality control of the sector and guard the industry as a whole from bad reputation due to unethical conduct of other similar organisations. There was a strong emphasis on training as a form of learning as well.

The leader described his method of managing the physiotherapists as both “soft and hard”. The leader stated that he was forgiving for most mistakes and he does encourage the physiotherapists to make mistakes in order to learn. However, when the employee repeated their mistakes or if the cost of the mistakes was high, the leader had no qualms in weeding out the physiotherapists from the organisation.

The leader further advocated self-regulation and that the physiotherapists were capable of performing their duties. The organisation positioned its physiotherapists with autonomy and, on this basis; the leader felt they did not need a “rule book”. The leader explained that the physiotherapists “sort it out amongst [themselves]”. A *laissez-faire* approach to management of the organisation was adopted with firm action denoted for repeated transgressions of the employees.

#### **5.4 Case study 4: Client First**

This organisation belonged to the financial sector. It is a foreign finance organisation based in Singapore and one of the oldest and largest organisations that participated in the research study. The case study was developed from data collected from the organisation’s website, annual reports, corporate social responsibility and employees’ engagement materials as well as the organisation’s marketing materials. The leader that participated in the research study was the head of corporate affairs and 11 employees participated in the questionnaire.

##### **5.4.1 Profile**

*Client First* was founded in the 18<sup>th</sup> century in New York, United States and now operates in over one thousand cities and in more than 160 countries. The organisation has

served close to 100 million clients and has achieved the profile of being one of the world's largest retail banks.

In Singapore, *Client First* started its operation in the early 1900. The focus then was mainly financing business entities. In mid 1980s, the organisation started its first consumer bank. The organisation achieved the status of a full bank<sup>5</sup> in 1999. Since then, the organisation has evolved, developed itself and earned the reputation of being one of the top financial institutions in Singapore. The status of the organisation, its years of providing financial services and its popularity among its clients highlighted the organisation's prominent stature in the business environment.

The primary business of the organisation is to provide financial services and investment products. To remain competitive and to provide the best services, *Client First* embarked on providing innovative, novel, seamless financial services. One such service that was unique in its sector is the fund transaction services provided by *Client First*. The service is available in all *Client First's* institutions across the globe. The service allows clients from these countries to send money effortlessly. Such initiatives provided the necessary fuel to sustain the organisation in the global economy and continued to keep the organisation established as a prominent financial institution among the Fortune 500 companies.

*Client First* remained competitive in Singapore amidst local financial institutions by providing services targeted to the local market. The organisation believed that the small and

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<sup>5</sup> The category of QFBs was first created in 1999 under the first phase of banking liberalisation measures to distinguish the QFBs from the existing Full Banks. One of the key privileges of QFB status was the increased number of places of business that a QFB can have, compared to the other foreign banks: Monetary Authority of Singapore

medium enterprises<sup>6</sup> offered much potential for growth in Singapore and may move forward to become the next multinational organisations. With such understanding, *Client First* partnered small and medium enterprises in Singapore and provided custom-made solutions for them to grow and expand across Asia and the world. *Client First* was recognised for its efforts and was ranked as one of the best foreign commercial banks in Singapore by Euromoney and The Banker.

The global expansion of the organisation illustrated not only the various groups of clients it serves but also provided an indication of the large number of employees working for the organisation. The organisation hired and worked with employees from various countries and cultures. Other than merely focussing on the needs of the clients, the organisation highlighted its focus on creating an equitable work environment for its employees. The organisation's initiatives on its recruitment strategies were presented on its websites and in its recruitment materials. The organisation provided clarity and commitment that talented employees will be given the opportunities to thrive and excel irrespective of, race or ability. For its efforts to support the employees, *Client First* was awarded with the People Developer Standard<sup>7</sup> by SPRING (The Standards, Productivity and Innovation Board) in Singapore. Such recognition described the organisation's commitment to its employees.

#### **5.4.2 Mission and culture**

The organisation's mission and culture centred on meeting the needs of the clients. The leader described that *Client First* adopted a "value-based" approach in its day to day

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<sup>6</sup> The SME sector is an important pillar of Singapore's economy. They contribute more than 50 per cent of economic output and 70 per cent of employment - Ministry of Trade and Industry Singapore reported on 11 Mar 2013.

<sup>7</sup> The standard was awarded to encourage organisational excellence by providing a learning environment for people to grow and develop.

operation of the organisation with “the client in the centre” of the system. The leader elaborated the “very first one [value] is of course - client first, anticipates the needs of the client”. To achieve its mission, the organisation focused on basic management principles such as working as a team to meet the organisation’s mission of servicing the needs of the clients.

The leader stated that the organisation strived to enhance the lives of their clients and create greater financial stability by providing comprehensive information of their products. The organisation was committed to providing what they characterised as innovative yet simple solutions to meet the needs of its clients. The values that guide the employees at *Client First*, according to the leader, were simply based on the principle of conducting its business in a transparent, prudent and dependable manner. The employees worked towards providing responsible advice and investment suggestions.

The leader emphasised that the organisation was dealing with “peoples’ money, shore investors’ money, and corporate money” and their interests must be protected. The leader explained that the organisation and its employees must display “higher standards” or greater sense of accountability in performing their duties. The leader described that *Client First* worked on the principle of “[employees] able to provide what the customer needs, and of course, what [the organisation] promised”.

The employees were groomed to meet the organisation’s mission and values through comprehensive training. As explained by the leader, “there’s internal training, there’s external training, and there’s a code of conduct”. The organisation developed a charter for its employees. The code of conduct focused on serving the clients’ with excellence. The leader

described the initiatives taken to instil the values of the organisation to its employees. The leader said that the team members met weekly to discuss each of the core values of the organisation and articulated how these values can be demonstrated in their work with their clients. The employees were given strict instructions to comply with the key values of the organisation and were checked on their demonstration of the values through observation and feedback system. All of the employees who responded to the questionnaire knew about the code of conduct and believed that the organisation adopted a fair checking system. The employees further agreed that the system was necessary to prevent transgression.

The leader indicated that such code of conduct and collective values creation within the organisation ensured greater commitment and accountability from the employees. One key aspect of the code of conduct was the requirement for all in the organisation to act as if they were “the owner” of the organisation. The leader explained that the employees practised “a certain set of values, and enact or discuss a value a day, everyday”. Acting and thinking like an owner, for instance, emulated the situation where an employee can understand that he was “...not the only one. [That the employee] can’t be the weak link... And what they do, impacts [the organisation]”.

To create a work environment that promoted consistent and systematic rules, the leader explained that everyone in the organisation adopted similar values and standards. The concept of teamwork and values such as reliance and trust was explained as critical. The leader provided an example of producing a credit card and illustrated how such task requires assistance from the “backend people” onward.

The leader emphasised that a financial organisation cannot be operated by a single department. According to the leader, the inherent traits of the employees should include characteristics such as integrity, dependable and accountable. The leader added that the organisation was dealing with the money of others, “therefore, [*Client First*] must be held to higher standards than people in other industries”.

*Client First*'s recruitment materials and management policies highlighted the organisation's focus on building human capital. The employees were developed and groomed to perform duties in the best interest of its clients. The employees played the role of a brand ambassador.

#### **5.4.3 Corporate social responsibility**

Corporate social responsibility was explained by the leader as “anything from taking care of staff to giving back to the community, to serving a particular cause”. “[It] could be anything... depends on how an organisation wants to define it”.

For *Client First*, the issue of corporate social responsibility had evolved since its inception. The organisation's commitment to corporate social responsibility activities could be traced back to the 1970s. The organisation formed its own foundation that focused on community development, microfinance, environmental sustainability and capital enhancement. The organisation worked towards placing its business resources and people towards providing services that enhanced the community in general. The leader indicated the concept of “philanthropic investments” that helped improve communities.

*Client First* was actively engaged in supporting, adding value and transforming the communities it was operating from. The organisation focused on developing communities and entrepreneurs alongside with educating the next generation on responsible financial planning, development and skills. As an example, in 2002, the organisation introduced the financial education programme for young people. The organisation was one of the first few that worked towards developing the younger generation to manage their financial resources effectively. *Client First* worked with a variety of students, not only those studying for academic qualifications but also with those students pursuing technical skills in the Institute of Technical Education<sup>8</sup>.

*Client First* became part of the UN (United Nations) Global Compact in 2010. The UN Global Compact provided a practical framework for the development, implementation and disclosure of sustainable policies and practices. UN Global Compact acknowledged *Client First's* efforts and recognised the organisation as being one of the prominent signatory and supporter of its initiatives. The involvement by *Client First* boosted others in the financial sector to become signatories of the UN Global Compact as well. According to the leader, it created a momentum for other financial organisations to embrace the values proscribed by UN Global Compact on corporate social responsibility activities and ethical business practices.

In Singapore, *Client First* was recognised for its efforts in developing the community by the Singapore Compact – a national society that promoted corporate social responsibility initiatives in Singapore. The Singapore Compact adopted the UN Global Compact's framework as well. As illustrated on the organisation's website, the element that stood out

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<sup>8</sup> ITE in Singapore provides courses for students who are strong in technical abilities. Approximately 11800 students at the ITE are on financial assistances or bursaries (Straits Times, 16 Oct 2012).

for *Client First* was its abilities to engage the various stakeholders to achieve long-term sustainability.

As explained by the leader, corporate social responsibility was “not only on giving to community, but also in how we sell responsibly, investment products.... So it is no longer just about philanthropy”. To project a socially responsible business entity, *Client First* maintained its focus on its clients and by providing education on ‘responsible’ fund investment and through projecting the image of responsible banking, the core need of the client was met.

The employees that participated in the questionnaire showed awareness of the organisation’s initiatives. They were aware of the corporate social responsibility activities. The employees also agreed that the ethical business practices were important component for sustainability and growth of the organisation. Their understanding demonstrated the organisation’s commitment to create a workforce that believed in corporate social responsibility activities and in performing work ethically. The leader further indicated that the organisation focused on “engagement of employees to give back to the community”. One such drive by the organisation, according to the leader was “carried out in the rather large scale every year”. The organisation set aside a day for the employees to volunteer their time and services at volunteer welfare organisations or for cause they believed in.

#### **5.4.4 Ethical business practices**

The various corporate social responsibility activities and the organisation’s engagement of its employees in working ethically highlighted aspects of *Client First’s* business practices. *Client First* described business ethics as “what is allowed at work, what is not allowed at

work. This clearly guides the way [organisation] do business and the processes which [organisation] conduct [its] business”. Business ethics for *Client First* was all about adherence to rules and regulations and creating work processes and procedures that were aligned with those rules.

*Client First* adopted a set of code of conduct in the form of client excellence value statements. According to the leader, the success of the organisation relied heavily on responsible business practices since the organisation was in the business of managing money and the sector was noted to be highly precarious after the global financial crisis in 2007.

The reason for maintaining ethical business practices was to ensure sustainable business. The leader questioned the sustainability of the organisation “if [the organisation] get [their] profits in an irresponsible manner”. The leader added that ethical business practices ensured that the “future streams of income” continued. For business continuity, the organisation had “to conduct [its] business responsibly”.

For the leader, an ethical stance was critical “across the entire company” and not merely specific to an individual or a department. The leader explained how the organisation viewed clients as either internal or external. The internal clients could be another department or another sector and the employees were trained, encouraged and inculcated with the value of looking after the interest of the “internal clients” as well. This meant that compliance with ethical business practices was a core demand of all the employees of *Client First*.

As indicated in the code of conduct, the organisation created a culture where the employees, “think and act like an owner”. This ethos promoted the ethical business

principles and practices of the organisation. The questionnaire responses confirmed the employees' perception of *Client First* and they agreed that the organisation was adopting ethical business practices.

#### **5.4.5 Governance**

*Client First* adopted a comprehensive approach to control and governance despite being controlled by external regulatory bodies. The importance of running a business that was responsive to clients' needs was of paramount concern for this organisation since it dealt primarily with money earned by others. To ensure client protection, the organisation imposed a higher level of governance. The leader indicated that the "the rule of thumb as to where the organisation is concerned....is that [the organisation] will follow the law of the land or our internal policy, whichever is stricter".

Governance was seen as critical for the organisation for two reasons. One was because the organisation operated in various parts of the world which made it necessary to adopt standard internal rules for all its operations across the world. The other was because the organisation was dealing with finance and this sector has been receiving negative feedback since the global financial crisis. The leader explained that the organisation closely followed the rules and regulations to ensure that their "conduct is appropriate and [organisation] are able to hold [themselves] against... [their]conduct is sort of unquestionable".

Since the primary business of the organisation was related to money and investment, the organisation was managed with strict governance and compliance requirements. The financial sector was heavily regulated and licensed by the Monetary Authority of Singapore. The regulation for these financial organisations underwent major changes in Singapore after

the Asian financial crisis in 1997. Subsequently the global financial crisis that began in 2007 further expanded the area of governance and rules in the financial sector. Since the crisis, greater measures were placed on the financial sector to ensure transparency and accountability. Further control mechanism was created in the financial sector under the Financial Advisers Act of 2001, Insurance Act of 1966 and the Securities and Futures Act of 2001.

*Client First* stressed the importance of external regulatory frameworks. They offered the organisation and its employees some form of guidance and boundaries to work with. The organisation believed that for regulation to be effective, it was necessary to embrace both the external regulatory guidelines and internal compliance system. It was not “one or the other, it’s both...[*Client First*] probably takes the most stringent requirement as [its] guide.”

The leader believed that the employees were capable of understanding the rules. He stated that once the organisation inform, educate and guide the employees on the value and meaning behind each compliance system or rules, the employees as “a reasonable human being” should listen to them and adhere to the rules.

*Client First* developed a set of practices common within the financial sector. Rules such as training, checks and controls were part of the organisation’s internal system of compliance. For instance, “employees have to go away on leave for two weeks at a stretch so that somebody else has to take over their jobs”. Such compulsory block leaves allows the organisation to scrutinise the work of the employee and detect any transgression or non-compliance conduct. To ensure greater control, the organisation also organised its own discipline committees and ethics hotlines. As indicated by the leader, *Client First*

implemented “many ways in which issues can be raised up through the channels to be addressed”.

Though the leader expressed strong opinion that the employees working for *Client First* were reasonable persons, able to comprehend the need for rules, the leader added that, “every business will need a set of rules that dictate behaviour, conduct, and the process”. The employees were required to have a clear understanding of the requirements in joining a financial institution. As indicated by the leader, “every employee ... must realise that they joined a financial institution”. The employees were required to “clearly meet and be above the required conditions”. The employees according to the leader must be “financially proper” as this was one of the key “regulatory requirement”. For example, employees experiencing financial issues were not able to be employed in the organisation.

The employees’ perception of the organisation revealed that they too agreed that governance was important. For instance, 91% of the employees that responded to the questionnaire agreed that failure to provide good governance and compliance system affects all stakeholders including the community at large.

#### **5.4.6 Challenges**

*Client First* operated a large number of branches all over the United States and Europe; therefore it was not able to escape the global economic crisis in 2008. To manage the financial institution during the crisis, the leader explained that the organisation went “...back to basics” and started looking into the core objective of providing financial services and products.

*Client First* as an organisation survived the crisis because it was able to take responsibility and face the consequences for making wrong decisions. The organisation was described by the leader to have been “at the brink of a disaster” and had to re-organise itself as a business and re-evaluate its purpose as they were accountable to global community. As indicated by the leader, being “the largest global company in the world”, the organisation was accountable to not just the clients but also the employees and their families.

The leader explained that the management team acted as “role models” and “led by example”. The concept of leading by example was also articulated across the organisation, regardless of seniority or designations. All in the organisation were expected to follow similar rules. The leader indicated how the organisation managed the global financial crisis, through leading by example and by being responsible in admitting mistakes. The leader highlighted that the organisation “were writing off tens of billions of dollars every year”. The organisation made “some wrong calls” and those responsible “who made the wrong calls obviously had to face the consequences”. The organisation had to admit “[they] made a mistake” and worked together to rectify the mistakes made. The leader added that the crisis created a “moral responsibility” to the 300000 employees – “that’s a lot of responsibility to them [and] their families”.

The leader believed that the personal characteristics of those in the management team influenced the organisation. According to the leader, leadership was critical and played a key role in steering ethical business practices. The leaders at *Client First* directed the employees towards ethical business practices. The leader described traits such as integrity and responsibility as critical personal factors. He added that all in the organisation should work together to form “collective consciousness”. This was reiterated by the employees via the

questionnaire responses where the employees strongly agreed to certain characteristics of the leader and how that impacted the ethical business practices of the organisation.

The organisation successfully managed to overcome the obstacles during the global economic crisis and continued to realise its highest potential. The organisation's website displayed the recognition and awards conferred to *Client First* in its efforts to provide quality financial investments, services and products. The organisation retained its ranking among global financial institutions. According to the leader, the key principle that contributed to the success of *Client First* was the principle that focused on the clients. All strategies, plans, tactics, rules and regulations were developed with the main aim of providing the best services and products for its clients.

#### **5.4.7 Compliance conditioning**

The leader believed that the employees were able to understand the rationale and the importance ethical business practices and rules that was tailored to serve the needs of the customers. The leader indicated that the organisation attracted "people with above average intelligence" and that "a reasonable person would understand" the value of rules and compliance system. The leader emphasised that the organisation was a financial institution and that the management team was not "running an army".

*Client First* highlighted that the leaders should "set the tone; [leaders] have to set the direction". The "senior management has to set the example, as role models. And they highlight what the priorities are". According to the leader, the management team should possess "very fundamental qualities" such as "integrity, responsibility". Leaders should also lead by example and "show that [they're] responsible".

For the leader, “money [was] not the first thing on the list”. In managing the transgression of the employees or in ensuring compliance to the regulatory framework, the leader highlighted “people; it’s about being the best team in the world”. The leader believed that “happy staff will provide good service to customers” and by working towards creating such a workforce, the leader argued that the “[organisation] will make money”.

*Client First* being part of the financial industry developed rules that were of a “higher standards”. As indicated by the leader, “in the banking industry, [employees] manage people’s money” and the employees have to be “very conscious” of that key responsibility. *Client First* reiterated that those working in the “finance sector adopted higher standards than people in other industries”. The employees were expected to possess certain inherent qualities such as “integrity, and responsibility”. Such values as discussed by the leader should be exhibited by “everyone who works in an organisation. ... It’s like a form of collective consciousness that you are one part of the value chain”.

The employees of the organisation were informed of their roles and they were supported to achieve the organisation’s objectives. According to the leader, *Client First* took the initiative to teach and guide the employees so that they were “not just doing things monotonously”. The employees were “trained and they have the tools which help them do something”. The organisation must ensure that the employees “understand what [they’re] doing ...and if it’s the law, or is it the policy” that they need to comply with.

The organisation adopted a “value-based approach” in getting the employees to perform their duties. As indicated in the organisational culture, all employees were trained in the

fifteen values that were critical in projecting ethical business practices. The training was done across the organisation, “not only [organisation’s] front end folks, but also, every single employee in the organisation on how [they] should conduct business and the value-based approach that we do at our work”.

The core value of “thinking and acting like an owner” allowed the employees to be completely immersed in the organisation’s culture and practices of an ethical business. As indicated by the leader, “the one that sort of wraps up everything together is the, thinking and acting like an owner”. With such values and beliefs, the employees were expected “not do things because [employees] wanted to take a short cut. [Employees] do not do things because [they] just want to achieve [their] KPI”.

Such strong value created an impact on the employees. The employees were “partial owner” and “a representative” as well as “an ambassador”. The employees carried out their duties in a manner that “not only benefits [employees], but also takes care of the entire, sort of, chain that [employees] actually contribute to”. The compliance culture within the organisation was such that promoted openness and opportunities for employees to seek clarifications.

The leader believed that the corporate culture of *Client First* was such that the employees were comfortable enough to voice out anything that was wrong within the organisation. The employees were able to raise doubts and shared their mistakes. The employees should not behave like “a robot” without internalising the rules required for the organisation. It was important to create that kind of culture where the employees “sort of

bring up [their] faults”. The leader believed that with such a culture, there was no “need to incentivise” compliance as the employees performed it willingly.

The financial sector was governed by external regulations and adopted stringent internal measures to ensure compliance. The rules were described by the leader to be “really strict”. Furthermore, the organisation indicated that the global financial crisis resulted in additional measures and greater responsibilities on its employees. *Client First* stipulated that employees that joined the organisation “must be clear and must themselves be of a certain standard of behaviour and conduct”.

According to the leader, it was not uncommon for employees to break the rules as this was part of “human nature”. The leader elaborated that “every company will have individuals who don’t always follow the rules for whatever reason”. *Client First* had to engage the employees in certain “disciplinary actions” as well.

The leader added that *Client First* would seek the root cause of the issue. The rules were not merely presented for the sole purpose of penalising a person. The compliance system was “also to understand” why the employees were unable to comply. If it was irrational behaviour then it was easy for action to be taken. However, it may not necessarily be so and “if there was something that could be improved, it’s up to [*Client First*] to make sure that the other employees don’t follow”. Therefore, the organisation must take steps to improve the system to avoid further transgression.

*Client First* highlighted that the mistakes made by the employees provided an opportunity to learn. Therefore, guidelines and rules were constantly changed to ensure

conformance. The leader believed that development within the organisation occurred even from mistakes. Mistakes were considered opportunities “to learn from each situation and evolve the rules to make it suit different conditions of behaviour”. Rule- making within the organisation was considered to be “an evolutionary process”.

*Client First* encouraged its employees to learn from mistakes and to figure out a way to prevent transgressions. As indicated, the transgression can be considered as “a learning process for the individual. So [organisation] get together and figure it out... what drove this person”. The leader stated that it was important to “try and check what it was, and can that be corrected so that a reoccurrence is avoided”. The leader explained that “as an organisation we learn, and then move on in life”. To live up to the organisation’s mission and objectives, measures and rectifications were always created to ensure “that the customer is not making... is not at a loss”.

#### **5.4.8 Summary**

The organisation was observed in maintaining its promises to its clients and by serving the need of the clients. This according to the leader has successfully allowed the organisation to overcome the challenges during the global financial crisis. By admitting its mistakes, the organisation managed to survive the downturn and subsequently gained profit. *Client First* remained in the top ten list of world’s prominent financial institution.

*Client First* ensured that the clients were taken care of and that they received the required information with regards to their investment. The “responsible investment” was a significant way in which this organisation showcased its respect for justice. The accountability it showed towards its clients and the organisation’s constant compliance with

rules “relevant to customers” highlighted further importance of justice as part of their strategy around responsive management.

*Client First* being in the financial sector has strict code of conduct and the leader described various methods and systems that guide the employees in their practices. In dealing with the transgression of the employees, the leader explained that everybody makes mistakes and that the role of the leader was to ensure that the system is constantly re-evaluated to ensure effectiveness. As indicated by the leader, the regulatory framework and compliance system of *Client First* was not stagnant and that “it’s an evolutionary process”.

The aim of compliance management was not to penalise the employees for their failures in conforming to the rules. Instead, the leader took the time to understand the rationale for such misconduct. The misconduct by the employee provides an avenue to study the situation comprehensively. The leader’s ability to adjudicate in a fair manner was demonstrated in the methodology adopted in disciplining the employees. The questionnaire responses from the employees further corroborated the fact that the leader adopted fairness in managing transgression. This indicated the due process of the transgression investigation and the organisation’s commitment to justice and fairness.

In guiding the employees to accept responsibility and work towards meeting the compliance requirements, *Client First* provided training and ensured that employees understood the rationale for such rules and regulations. It was not imposed without any form of explanation. This allowed the employees to respect the rules and internalise the need to comply with the rules as seen from the questionnaire outcome gathered from the employees.

The leader's traits fit into the basic elements of justice and fairness. This was noted especially in the management of the employees' transgression.

## **5.5 Case study 5: Sustainable Tourism**

This organisation belonged to the tourism sector. The case study was developed from data collected from the organisation's website, annual reports, marketing materials and its corporate social responsibility activities write-up. The leader that participated in the research study was the managing director and 5 employees participated in the questionnaire.

### **5.5.1 Profile**

*Sustainable Tourism* provides tour packages, services and travel related products. The organisation was formed in London in 1978. It is a private company that expanded its business to Singapore in 1985. The organisation operates on an international scale, global presence noted in many countries including Southeast Asia. It worked through and with a large number of tourism networks and tour agencies. In Singapore, the organisation operated and worked closely with other tourism organisations to promote its tour packages and products.

The Managing Director who participated in the research study started his career as a sales executive with *Sustainable Tourism* in 1987. The leader was nostalgic in describing the hard work of establishing the organisation in Singapore. The leader revealed that “[he] carried [the organisation's] brand because [he] worked hard on the ground, [he] introduced the brand, [he] talked to everyone that comes along, [he] made the brand work”. In 2013, the

leader's efforts and contribution to the success of *Sustainable Tourism* was recognised by the Travel Corporation<sup>9</sup>.

*Sustainable Tourism*'s main office in Singapore managed by the leader controlled the quality of the products and services offered in Singapore and Southeast Asia countries. The organisation adopted a flat organisational structure with less than ten employees managing its main office in Singapore.

The office decor created an impression of an organisation that was proud of its achievements, services and products. During the interview session, the leader repeatedly pointed out to various organisation's accolades and awards. These recognitions and rewards showcased the organisation's remarkable reputation amongst its stakeholders and consumers. *Sustainable Tourism*'s continuous popularity highlighted an organisation that maintained its quality despite being in the tourism business for many years.

According to the leader, for *Sustainable Tourism* to achieve its mark in Singapore was not an easy task, especially in the mid 1980s, when it first started its business. Economic conditions in Singapore at that time were less stable and the organisation had to compete with big names such as Singapore Airlines. The tourism sector in Singapore then was dominated by a number of local tour agencies. The competitive nature of the tourism sector then created an impetus for the organisation to distinguish itself. As explained by the leader, the organisation operated on a motto of providing a touring experience of a lifetime. The leader

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<sup>9</sup> Travel Corporation is a collection of international travel and tourism companies offering a selection of worldwide holiday options including escorted touring, independent holiday companies, river cruising and luxury hotels.

stated that the organisation's core value was a critical factor that contributed to the organisation's success and allowed it to compete fairly with local tour operators.

The leader emphasised that despite the competitiveness within the sector; the organisation was able to withstand challenges and remained a leading player in the tourism sector because of its commitment to providing ethical services. The leader elaborated that "...a holiday or a vacation is an investment and that investment must be done correctly with the right organisation". He reiterated that the consumers must choose the tour agencies carefully. He further elaborated that the tourism industry provided intangible outcome to its consumers and it was difficult to quantify the returns in terms of dollars and cents. Since tours and vacation packages offered benefits such as joy, experience and good times, it was critical for tour agencies to offer products and services in accordance to its marketing, promotion and selling brochures. Since the leader believed that a holiday was akin to investment, he ensured that *Sustainable Tourism* offered quality products and services aligned to the product description and selling brochures given out to its consumers.

Other than conformance to product description, *Sustainable Tourism's* success was also discussed by the leader by highlighting the pricing of the products offered to its consumers. The tour packages provided by the organisation cost more than the average tourism packages available in the market. The leader stated that the pricing commensurate with the quality offered and the continuous support from the consumers established the success of the organisation. The leader explained that consumers were motivated to purchase tourism packages that were pricier because consumers wanted to enjoy and experience a destination rather than just travel to a destination. The adherence and commitment of the organisation in

providing services and products according to the marketing brochures further built trust and loyalty among the consumers.

The leader established consistency in providing quality products and services as a critical contributing factor to the success of the organisation. He stated that the “consistency arrives from the gold standard that the [organisation] have”. This applied to everything from “corporate CSR [to] product development or customer service” and was derived from “the single core value of the organisation”.

### **5.5.2 Mission and culture**

The organisation articulated its core values clearly. The mission, vision and values of the organisation were reflected on its website. The leader articulated the organisation’s motto of providing “an experience of a lifetime” to its consumers repeatedly during the interview session. From the information presented on its website, *Sustainable Tourism* projected an image of an organisation that lived up to its promises of providing quality tourism services and products. According to the leader, “the philosophy of running a business and strong culture belief of giving people a good time has to come from the desire and determination of owner or corporate top man [sic]”.

In ensuring that the organisation as a whole embraced the value of providing “an experience of a lifetime experience”, the leader focused on creating an organisational culture which placed the consumer first. The leader argued “everything [in the organisation] should be driven from the consumer”. He elaborated that “the culture, the branding and the delivery needs to meet those expectations of [the organisation] as well as the consumers”.

For *Sustainable Tourism*, large part of the organisation's culture was built around meeting the consumers' needs. The leader highlighted the need for the organisation to be transparent in providing services as the "consumers are more informed and more educated". The leader stated that the organisation must also listen to the consumers' voices. One method adopted by *Sustainable Tourism* in gathering feedback from its consumers was through conducting "focus group discussion". The organisation even created tours that were developed completely by the consumers. The leader added that organisations that viewed "customers as demanding, should re-examine their corporate policies". Engagement of the consumers in an active manner resulted in the organisation being able to provide targeted services and products.

Other than the focus on the consumers, *Sustainable Tourism* created a culture that was described by the leader as "borderless". He felt that there were no differences between the employees and the leader. The members of the organisation worked "for one purpose and for [organisation] to deliver the experience of a lifetime". According to the leader, "in delivering service...one should not have a clear demarcation". If organisation was focused on "corporate hierarchy", it would create "a gap between [leaders] and [employees]". The leader provided an example of the fluid corporate structure in the organisation. According to the leader, even the "CEO and president often hop on coaches [as] mystery shoppers..." to gather feedback and audit the quality of the services offered. The leader stated that he viewed his position as similar to the position of other employees in the organisation despite the leader being the Managing Director.

The "management culture has to start from the point of view to make [employees] understand". The leader built a culture of understanding and compliance by getting the employees to participate in the management of the organisation. He depicted the,

“employees [as] customers”. The leader groomed the employees to adapt to the culture by creating an informal environment where “corporate guidelines and the delivery of it are very personalised”. The leader believed that the “employee comes first, because they are the one that deliver that message”.

In educating the employees to deliver the “message” or the organisation’s mission, the leader engaged the employees by creating informal training sessions. The leader ensured that the employees understood their responsibilities and not merely follow procedures. To impart greater learning experience, the employees were given opportunities to participate in tours. According to the leader, this was done because “they need to understand what it is like being a consumer themselves”.

Employees appeared to have absorbed the organisation’s guidelines and code of conduct. Their questionnaire responses were positive about the guidelines implemented within the organisation. The employees either agreed or strongly agreed that *Sustainable Tourism* engaged the employees in rule-making process and that the measures were effective in creating accountability on the part of the employees. The employees also responded positively and believed that values within the organisation should be “borderless”. Their positive outcome confirmed the organisation’s efforts to train and the leader’s approach in guiding the employees towards providing excellent services.

### **5.5.3 Corporate social responsibility**

The organisation actively engaged in corporate social responsibility activities and promoted ethical tourism. The employees confirmed this in the questionnaire responses. All five respondents to the survey stated that the organisation adopted corporate social

responsibility activities. They also agreed that business ethics is an important component in promoting growth and sustainability for an organisation.

The leader highlighted that “as a tourism player” the organisation had to “protect its assets by keeping them in place, maintained and preserved...An organisation can build the best river cruise boat or ships, but if the river is polluted, nobody will cruise on the river”. Sustainability was a strong theme for the leadership in this organisation. The failure to attend to this was seen to attribute to loss of business opportunities. Organisations who believed that they could always send customers “somewhere else” were, according to the leader, “very short-sighted”. The leader reiterated that such organisations would not be able to sustain its business.

Information gathered from the website expressed the sustainability theme around their tourism services. The leader highlighted that “sustainable tourism is not getting publicity and getting a green award”. It was more than just pure recognition. The leader emphasised that the starting point for such initiatives should stem from the desire to keep the tourist places “good and well for the admiration in the future”.

As indicated by the leader, “sending people to a country to enjoy their sights, their heritage, carries a certain responsibility”. For *Sustainable Tourism*, “it’s not about sending [consumers] there and that’s it”. The organisation took the lead to help the “destination [sites] to upkeep, maintain and to a certain extent, perhaps even to enhance it for future tourism”.

To achieve its objective of providing sustainable tourism, the organisation worked closely with Travel Corporation Conservation Foundation (Foundation)<sup>10</sup>. The organisation's close network and strong affiliation to ethical tourism was another reason for the organisation's popularity and reliability. The consumers were able to pick and choose from the tours offered that highlighted clearly the impact on the environment and how *Sustainable Tourism* took the effort to reduce such impact.

The organisation's level of responsiveness to the community that it served can be seen from its efforts in playing an active role in the Foundation. The leader stated that *Sustainable Tourism* supported the initiatives by the Foundation because the organisation truly valued the need to preserve tourism sites for future business sustainability. The websites highlighted projects such as coach travelling to reduce carbon emission and environmental pollution.

The organisation further promoted conservation works and ensured that tourism do not leave negative footprints on the countries that it patronises. The organisation had a strong image of being a good corporate citizen and the leader attributed this to the organisation's core value which was to provide an experience of a lifetime to each and every one of its customers. This key principle of the organisation drove all its business practices.

The leader added that *Sustainable Tourism's* efforts in promoting corporate social responsibility activities resulted in additional benefits to its employees. According to the leader, "when the organisation believes in the conservation project, it brings in value in

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<sup>10</sup> The Foundation was formed by a group of travel agents with the focus on conservation of the environment and tourist sites. It is a not-for-profit organisation that supports and promotes sustainable tourism. The Foundation aims to benefit the community, preserve heritage and environment.

giving back to the environment” and this “filters down to the staff and they themselves do little things”. The employees of the organisation that participated in the questionnaire confirmed that the organisation engaged in corporate social responsibility activities. The employees’ positive responses indicated that they were aware and aligned to the organisation’s efforts to ensure sustainable tourism.

The employees were encouraged to participate in corporate social responsibility activities on a personal level. The leader stated that he would often transmit information on corporate social responsibility activities in Singapore and encourage his officers to participate in such events. The leader highlighted that it was necessary to generate such commitment from its employees because collective efforts would make more sense. He elaborated that “while [organisation] have a big picture, [leader] must also encourage staff or colleagues to do their little bit in their local community, may it be their home town or their housing estate or whatever”.

#### **5.5.4 Ethical business practices**

In discussing business ethics, the leader made reference to ethics within the tourism sector. According to the leader, the “industry has its own industry standards that perhaps in many occasions have not been observed”. *Sustainable Tourism* was governed by external regulations<sup>11</sup> that dictated “business ethics and code of conduct for [its] members to adhere to”. However, according to the leader, many organisations did not find it easy to comply with the rules because “in the midst of competition, travel agents or organisations do not necessarily follow some of those guidelines”.

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<sup>11</sup> Singapore Tourism Board (Board), the Travel Agent Act of 1976 and Travel Regulations Act of 1976

For *Sustainable Tourism*, business ethics was “very specific” and driven from the main objective of “fulfilling the expectation advertised on [its] brochures”. The leader shared that adopting ethical business practices was critical to maintain the organisation’s reputation. Without ethics in business, an organisation would “fall like a stack of cards”.

The leader described the tourism sector as small, “hospitality business is not exactly a very big circle”. He stated that the stakeholders often knew one another, “[an organisation’s] name travels”. Therefore, ensuring ethical business practices and being consistent in providing services were important factors to *Sustainable Tourism*’s success. He elaborated that the “stakeholders must be part of the whole game”. For instance, the stakeholders “must know how the organisation [was] driving [its] business” and this has to be “communicated daily”. Once the communication breaks down, the leader stated that there would be a “bottleneck or a misunderstood decision that can trigger off a tidal wave” and may affect the reputation of the organisation.

Good reputation not only created a lasting impression of the organisation to its stakeholders but also impacts the employees’ perspective. All five employees that participated in the questionnaire either agreed or strongly agreed that business ethics is a fundamental element to promote growth and sustainability. The employees understood the importance of adopting ethical business practices for continuous success. The leader stated that the “benefit also comes from the recognition that the staff as [they were] more willing to share their experience and influence the buyers”.

### 5.5.5 Governance

*Sustainable Tourism* is governed by legislations in Singapore and in its country of origin as indicated by the leader; the organisation adhered “to all [required] specific guidelines especially when dealing with European Union (EU) rules”. In Singapore, the tourism sector was governed by the Singapore Tourism Board (Board), the Travel Agent Act of 1976 and Travel Regulations Act of 1976. The Board is responsible in issuing the license for travel agencies and it monitors the compliance status of the travel agents. The Board maintains an electronic portal called TRUST (Travel Related Users’ System). The portal provides basic information for consumers and identifies errant travel agents.

The leader emphasised that *Sustainable Tourism* followed closely to the external regulatory framework. The leader stated that its internal policies and code of conduct were geared to meeting the expectations of the external regulatory framework. However, he added that for *Sustainable Tourism*, the policies were developed by considering its stakeholders. The stakeholders were identified as “staff, distributors, travel agents, community at large, suppliers, airlines, hoteliers and the ultimate users the consumers”. The leader stated that if the organisation was able to “understand and appreciate what it means to each of these various stakeholders” then the organisation “will be able to have a fairly good policy”. This view was mirrored by the employees who similarly valued stakeholder involvement. The employees that participated in the questionnaire agreed on the value of creating rules by incorporating feedback from all stakeholders.

### **5.5.6 Challenges**

The challenges for *Sustainable Tourism* came from two different sources. One was from the consumers and the other came from the employees. The leader highlighted that “it gets complicated with customers from different parts of the world”. For “global customers [the organisation had to manage] different expectation [at] different level”. In managing global consumers and global tourist sites, the organisation had to understand the requirements and the regulatory framework of various countries as well.

The leader further stated that the “consumer are more informed and more educated” and they were able to conduct their own research and hold the organisation accountable for any misleading statements. The compliance and regulatory framework had to be adhered with and failure to do so “affects [organisation’s] corporate delivery”. The leader stated that it was necessary for the organisation to be “very careful to exactly what kind of message being delivered” to the consumers.

In discussing the issue of compliance and employees, the leader stated that tour leaders may get frustrated travelling away from home for a period of time and such frustration “will accumulate and turn into very negative customer approach or even defensive” attack towards the organisation. The leader stated that it was important to address some of these issues “there and then” so employees can be guided to avoid transgressing against rules and regulations.

### **5.5.7 Compliance conditioning**

In working with the employees at *Sustainable Tourism*, the leader highlighted the need to understand the differences among the employees. He acknowledged that people have

“different values; personal different values”. Therefore, according to the leader, “it’s important at the hiring process, to be able to identify the candidate’s personal values”. According to the leader, a person’s values determine the level of alignment with the organisation’s values and this indirectly explains the person’s level of conformance to rules within the organisation. The inherent values of a person is important because the organisation may “have a manual but [some employees] don’t read the guideline”. In delivering the guidelines to the employees of *Sustainable Tourism*, the leader stated that it was important to do it with a “very open mind”. The leader stated that he would “enact” the manual and lead by example rather than just informing the employees to read the guidelines. The leader reiterated that “forcing [rules] down [employees] throats will not make them change” or conform to the rules within the organisation.

*Sustainable Tourism* implemented a system that promoted ethical business practices. Failure to comply, however, was not viewed as the fault of the employees. Rather, *Sustainable Tourism* examined the system first before looking at the implementation flaw. The employees were viewed as reasonable persons and the leader believed that they adopted ethical business practices because they understood the consequences of non-compliance conduct. As argued by the leader, “...nobody, no human being wants to deliberately make a mistake...would [an employee] take a knife and cut their own wrist?”

*Sustainable Tourism* worked on the premise of helping employees to overcome their shortcomings rather than punishing the employees for their non-compliance. The role of a leader was “...to support staff”. According to the leader, guiding employees should be based on certain values such as “...leadership by example” and this should be translated in the leader’s “personal lifestyle, [organisation’s] business ethics and [leader] dealings with human

beings”. The leader highlighted that it was important to accord “basic respect for any human being”.

The leader stated that the employees were “guided through corporate policies” and once everybody understood their responsibility, the organisation was able to “to deliver equal standard of services”. The leader emphasised on the concept that “employees are also customers” and that employees “have to subscribe” to the organisation’s mission and values.

The biggest problem acknowledged by the leader was in ensuring compliance come from policies being decided at corporate meeting which flowed downward in the organisation. He said that “guys at the bottom do not, not necessarily able to dissect everything that was given...implementation often gets flawed” due to unclear instructions. In sharing the organisation’s mission, vision and guidelines, *Sustainable Tourism* conducted “retreat, meetings and brainstorm” sessions with its employees. However, the leader took further initiative to implement a “daily routine” that allowed the leader to engage in “informal talks with [organisation] staffs, [leader] chat with them on everything under the sky”.

The leader described *Sustainable Tourism*’s management of non-compliance and it was noted to be an informal approach. The leader stated that “the best policy is through friendship” and he stated that “nobody would stick a knife in their best friend”. The transgression and non-compliance of employees was based on a problem solving model. As mentioned by the leader, “it’s not a military drilling process”. The leader stressed the need to understand the “trigger point”. According to the leader, the “trigger point could be frustration, could be work, could be lack of knowledge” and as a leader, he should not “jump

to a conclusion that [the organisation's] staff is lousy, is no good". According to the leader, arriving at such conclusion without deeper investigation will lead to hasty decisions.

The leader believed that the employees of *Sustainable Tourism* were able to conform to rules because the organisation took the effort to ensure that they understood the rationale for such rules. For the leader, compliance conditioning was "through persuasion, through understanding". The leader "never liked to use the word discipline" in addressing non-compliance; rather "if something like that (non-compliance to rules) happened, [the leader questions] the company's direction". The leader stated that it was "important to have very good understanding with [employees] and what exactly went wrong".

The leader believed that "the system have to be examined" first before pointing fingers at the employees. He illustrated the "hand signal as an example". The leader stated that "when you point a finger at somebody, three point back to you". Therefore, for *Sustainable Tourism* it was critical to evaluate its "oiling machine" before discussing the issue with the employees.

Patience was the style described by the leader to strengthen compliance. The leader indicated that "if [leader] don't have the patience to deal with [employees' misconduct], [leader] don't have the patience to deal with [organisation's] customers". The leader reiterated that in the service sector, it "requires a lot of patience and the thickest of all skins". He said that the objective of addressing any transgression is often trying to restore the damages done and not punishing the employees. The leader reiterated that "through the conversation" the employee will be able to detect the "intention wasn't to punish or to identify their shortcomings". The "motive is to help [employees] to overcome some of their

shortcomings”. In addressing these shortcomings, the leader emphasised the need to “understand basic human behaviour” because “if [leader] shame the person in public, [leader] not going to get anything, it’s going to get worse”.

### **5.5.8 Summary**

*Sustainable Tourism* demonstrated ethical business practices that focused on its consumers. The underlying rationale for such practices was highlighted by the leader indirectly as business profitability and sustainability. The leader indicated that ethics in the tourism sector as critical and that tour agencies should do their role in protecting the tourism sights and the environment. The internal rules within the organisation corresponds with the external regulatory bodies requirements. The organisation’s good reputation indicated that the organisation faced no issues adopting ethical business practices within the local context or in the context of its country of origin and touring countries.

The leader played a pivotal role in promoting ethical business practices in *Sustainable Tourism*. The leader also exhibited certain characteristics that highlighted his responsive nature towards employees’ transgression and failure to comply with rules. The treatment accorded to the employees further demonstrated the respect given to justice and fairness by allowing the employees to explain the misconduct before the leader takes action against the employees.

## **5.6 Conclusion**

This chapter has described the organisations, their business practices and leaders’ initiatives in managing ethical business practices, employees and clients. The cases also illustrated the external regulatory bodies that govern the business practices and employees’

conduct within the sector. The significance of these issues, as they pertain to each case, is discussed within each case.

The five case studies presented in this chapter provided the basis of a broader discussion related to the principles and practices of business ethics in commercial organisations based in Singapore. This discussion provides the basis to address the first research question, namely, - What are the principles and practices of business ethics in commercial organisations based in Singapore? and (1a) In what ways do leaders understand and influence ethical business practices in commercial organisations? This discussion is presented in Chapter Six.

## Chapter 6: Individual Case Analysis

*National markets are held together by shared values. In the face of economic transition and insecurity, people know that if the worst comes to the worst, they can rely on the expectation that certain minimum standards will prevail. But in the global market, people do not yet have that confidence. Until they do have it, the global economy will be fragile and vulnerable.*

Kofi Annan (1999).

Former UN Secretary General.

This chapter analyses the significance of the data found in the five organisations, in particular, how the leaders of these organisations exemplify principles in the form of ethical frameworks and practices that ensures ethical business outcomes. By doing so, the chapter seeks to provide the foundation for a later discussion (in Chapter 7) of the prospects for restorative justice in the five commercial organisations based in Singapore. This chapter builds upon the individual case studies presented in the previous chapter.

The concept of business ethics used as a reference point is Crane and Matten's (2007) view that "business ethics is a study of business situations, activities and decisions where issues of rights and wrongs are addressed" (p. 5). Business ethics are also viewed as rules, standards, and moral principles applied in an organisation (Ferrell et al., 2000). Similarly, Bird (2009) state that business ethics is often expressed in the form of principles, values, rights, virtues or ends. In brief, ethics in an organisation is a combination of principles and practice (Crane & Matten, 2007).

Chapter 2 provided a review on the principles and practices of business ethics. In this research study, the principles of ethics in business were examined based on six ethical frameworks, namely, virtue ethics (the good actor), duty- based (rule-bound and, outcome focused), justice- based (seeks fair outcomes for all stakeholders), egoism (driven by self-interest), utilitarianism (seeks the best outcomes for others) and Confucian (discipline and self-control). Six strategies were reviewed in Chapter 2 as part of ethical business practices. These strategies were mainly focused on leadership (ethical decision making, establishing the organisational culture) and rules (code of conduct, corporate governance and corporate social responsibility). By making references to the literature in Chapter 2 on ethical business principles and practices, this chapter aim to discuss significant factors that make up ethics in business in each of the commercial organisations that participated in this research study.

## **6.1 Accountancy Advancement**

This organisation belongs to the educational sector. The organisation was formed in 1985 and noted to be one of the leading organisation providing education and training for accountants in Singapore. It also works with foreign universities in providing external educational programmes for students based in Singapore. This organisation has been ranked as one of the top twenty educational institutions in Singapore.

### **6.1.1 Quality centred approach to ethics**

Ethics according to the leaders is linked with the quality of the educational services provided by the organisation. Ethics in business for *Accountancy Advancement* is all about quality delivery of services and products. As highlighted by the leader, the organisation strive to provide “quality education [that leads to a] lifetime of opportunities” to its students.

Quality centred approach to ethics provides the basis for the discussion on the ethical principle adopted by the leader. By tailoring the organisation's business practices to achieve the end goal of providing quality services and products for its clients, the principle adopted by the leader can be explained from the perspective of ethical egoism.

As reviewed, egoistic approach to ethics highlights the responsibility of a manager as one to only maximise profit (Friedman, 1970; McConnell & Brue, 1999; Smith, 1776). An organisation that adopts an ethical perspective of egoism is likely to focus on the positive outcome for the organisation rather than focus on the outcomes for the public good (Debeljak & Krkac, 2008). However, the concept of egoism also suggests that by increasing wealth or profit for a business organisation, society in general would benefit from it as well (Bragues, 2009). Therefore, egoism can be considered as not purely a selfish notion when business focuses on its wellbeing (Duska, 2000; McConnell & Brue, 1999). This is noted in the case of *Accountancy Advancement*.

By focusing on the organisation's quality delivery of educational products and services, *Accountancy Advancement* is also benefitting other stakeholders – students, employees and society at large. The leader's notion of education as one that should provide a lifetime of benefits is aligned with the concept of egoism ethics. However, although the leader perceived quality delivery of educational services as critical, there were certain challenges that had threatened the organisation's ability to provide quality education. This is discussed next.

### **6.1.2 Tension between commercial and ethical interest**

The leader of *Accountancy Advancement* revealed tension in managing the organisation. The cause of the tension was linked to the organisation fulfilling its commercial objective of profit generation and its educational mission of providing quality education to its students. The leader believed that quality education should provide students with “long term benefits”. However, he expressed competing demand between a need to enrol large number of students and in keeping the number of lecturers recruited to teach those students to a minimum. The leader articulated the commercial and educational objectives of the organisation as “two diametrically opposed forces” in which “there’s always a fight between the academic issue and the commercial issue”. In other words, profit maximisation and quality were two forces pulling in opposite ways which caused tension in the management of *Accountancy Advancement*.

The tension highlighted by the leader is not an uncommon phenomenon and highlights one of the key challenges in business - balancing profit for the organisation and providing quality products and services that would benefit the society in general (Crosbie & Knight, 1995; Krishnan, 2011). The situation highlighted by the leader in this case illustrates the difficulties in balancing quality educational services that produces a lifetime of benefits for the students and with the underlying objective of a business entity, to generate profit, ensure sustainability and effectively counter competitions (Crosbie & Knight, 1995).

The difficulties faced by the leader can be explained by referring to the differing role played by the leader in business. In the traditional framework of business entity proposed by Levitt (1960) and Friedman (1971), the role of a leader is to create business opportunities for the organisation and to ensure that the interest of the shareholders protected. Basically, the

leader is required to generate profit without contravening rules and law set within a society (Smith, 1776). On the other hand, a socio-economic view of business entity stipulates that business has obligations that go beyond pursuing profits and should play a role in protecting and improving society (Fischer, 2004; Robbins, Bergman, Stagg & Coulter, 2000).

In this case, the different perspectives and expectations of business were embodied by the leader and somewhat managed effectively. He believed an educational organisation should provide benefits that would translate to a “lifetime of opportunities” for its students. To achieve that intrinsic mission of education, the services and products offered by *Accountancy Advancement* are of high quality. However, the leader also struggles with balancing the quality of the services and in reducing the costs of providing quality education. As mentioned by the leader, there is a constant fight between the “academic quality issues, versus the commercial reality”.

The leader’s strong perception of business ethics as providing quality education stipulates his alignment with the socio-economic view of business. The success of *Accountancy Advancement* also illustrates this. The organisation’s reputation for providing quality educational services, its partnership with various foreign universities and its popularity amongst students, especially with the foreign students all points out to the leader managing the organisation with the socio-economic perspective. The organisation’s successful standing in the educational sector further attested to the organisation’s capabilities in balancing the two concepts.

### **6.1.3 Differing perspectives of ethics**

Other than the tension between commercial and ethical interest, the leader also highlighted the challenges faced in managing the differing perspectives of ethics. Since ethics in this organisation was classified as quality services and products, the leader indicated that quality was a subjective term and it was not viewed in the same manner by all the different stakeholders. The different perspectives stem from the various stakeholders, namely the students and the lecturers. To understand these differing perspectives, it is necessary to reflect on the organisation's mission statement.

*Accountancy Advancement* was bound by its mission of providing quality education and the organisation was also required to closely follow the rules and regulations imposed by the Council for Private Education. *Accountancy Advancement* and Council for Private Education shared common objectives – to provide quality education and ensure that the students' rights' were protected.

The students; however as indicated by the leader, found that some of the control measures to be a “nuisance” and disliked the organisation checking up on them. This was particularly so for the foreign students as they were not used to the control mechanisms imposed by the Singapore based regulatory body – Council for Private Education. The students were not the only group that were unwilling to abide with the rules set by the Council for Private Education. The leader also expressed difficulties in engaging the lecturers and getting them to follow the rules stipulated by the Council for Private Education.

The differing perspective of ethics highlights the challenge of meeting the expectations of all stakeholders in a business entity. This is not uncommon as various stakeholders would

possess differing objectives (Jones, Felps & Bigley, 2007; Mitchell, Agle & Wood, 1997). The challenge for the leader is to ensure that ethics is understood clearly by all stakeholders. The stakeholders play a critical role in ensuring ethical business outcomes for a commercial organisation. The leader in this case had identified this issue and he mediates between the different groups by aligning them to the mission of the organisation. As he had articulated, as a leader it is necessary for him to play the role of a moderator and ensure that the quality is not compromised. In short, the leader plays a critical role in managing the expectations and in setting standards that would maintain the quality and ethics in *Accountancy Advancement*.

#### **6.1.4 Standards and control measures to ensure ethics**

The success of *Accountancy Advancement* in the educational sector highlighted its ability to manage the challenges discussed in relation with ethics effectively. The leader indicated that by adopting certain standards and with control measures stipulated by external regulatory bodies, the organisation was able to maintain its quality and still remain profitable.

Quality education was the main success element for the organisation. In order to achieve it, the organisation adopted certain internal standards and control measures. The organisation was also governed by an external regulatory body, the Council for Private Education. As highlighted above, protecting the interest of the students is the main objective of the Council for Private Education. The external rules and regulations were targeted at safeguarding the students and it was compulsory for *Accountancy Advancement* to conform with these external measures. The organisation's adoption of high level of standards or control measures to ensure quality education was recognised in the educational arena by

SPRING<sup>12</sup> Singapore. *Accountancy Advancement* is recognised with the Singapore Quality Class certification. The organisation also received the EduTrust mark from the Council for Private Education. Such recognitions not only justified the organisation's excellence but also contributed to the organisation's profit margin.

As highlighted above, the organisation also adopted certain internal control measures to ensure quality. *Accountancy Advancement* developed a handbook for lecturers that highlighted the employees required code of conduct and behaviour. This internal measure was noted to be effective. All the employees agreed that the organisation's internal system of compliance and code of ethics regulated their work. The use of internal control mechanism in the form of code of conduct indicates the organisation's allegiance to ethical business practices. As indicated by Wood and Rimmer (2003) a code is considered an important element in building interest in business ethics. The code serves an artefact to promote ethical business practices. In this way, a code of conduct served as a guide for the organisation to adopt certain standards (Blodgett, 2011) and aimed to assure the public of the organisation's adherence to certain standards.

The rules and standards imposed by the external regulatory body together with the internal control measures adopted by *Accountancy Advancement* ensured quality delivery of services and products. The leader's description of the rules in discussing ethics in business illustrates another ethical principle that stems from Kant's duty-based approach to ethics. As stated by Bowie (2000), a leader should consider the interest and impact of rules on all members of an organisation and should maintain the rules without being prejudicial to any

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<sup>12</sup> SPRING (The Standards, Productivity and Innovation Board) a governmental agency dedicated to the promotion of Singapore's economic growth and productivity; statistics and information on services and products.

groups or members in the organisations. De Colle and Werhane (2008) states that adopting Kantian's principles requires an organisation to closely follow the moral law contained in its mission or code of ethics.

In this case, the leader of *Accountancy Advancement* demonstrated the importance of following rules, understood the values of the regulatory framework and ensured fairness in dealing with transgressions of the students and lecturers. He believed that the rules were equal for all members in the organisation. This shows that the leader adopted ethical principles that were aligned with Kantian's duty-based approach to ethics.

### **6.1.5 Summary**

The case of *Accountancy Advancement* illustrated ethics as quality-based delivery of services and products. In ensuring this quality of services and product delivery, the leader also highlighted two main challenges. These challenges to a large extent resolved by the leader in maintain conformance with rules and regulations. The organisation drives ethics by closely following the external rules and by adopting its own set of internal rules.

In managing the organisation, the leader demonstrated two ethical frameworks - egoism ethics and duty-based approach. These frameworks complement and support the notion of profit, organisational sustainability and fairness for all stakeholders.

## **6.2 Conscientious Builder**

*Conscientious Builder* is an organisation from the construction and engineering sector. The organisation was formed in 1997 and has been contracted to work on numerous land

reclamation projects in Singapore. The organisation is renowned in Singapore and its popularity promoted business expansions to other regions in Southeast Asia.

### **6.2.1 Ethics in business as a subjective concept**

Ethics was depicted as a subjective concept in the case of *Conscientious Builder*, based on its leader's perspective of what constituted it. For the leader, ethics was driven "...from the company, it was how leaders want [it] to be perceived". Literature review highlights the subjectivity of the concept of business ethics as well. For instance, some authors such as Beauchamp and Bowie (2001) and Velasquez (2002) describes ethics in business as moral standards or judgements applied in a business context. These moral standards or judgements are perceived views of what the concept of ethic means for the actor (Hunt & Vitell, 1986). Others argue that business ethics is a complex process, involving a series of variables at the individual, organisational and cultural levels (Densten & Sarro, 2011).

Given the various influences on business ethics within an organisation, the leader in this case sets the tone for ethics based on his perspective. As the founder of the organisation, he determined the direction taken by the organisation in implementing ethical business practices.

### **6.2.1 A quality centred approach to ethics**

The leader's aspiration was to develop an organisation that provided "premium services". This meant an organisation that aimed to meet the needs of its clients, provide comprehensive services and quality products. The leader set standards for the organisation based on his aspiration and articulated these standards in the organisation's mission statement.

As indicated by Verma (2009), mission statements serve to capture the inherent nature of the company. The mission and values of the organisation could also act as a control mechanism (Cady, Wheeler, DeWolf & Brodke, 2011; Verma, 2009). The leader invoked the mission as part of his guiding strategies and used the statement to ensure quality on the services offered. For instance, the leader highlighted the practice of checking up with the clients on the quality of services provided. According to the leader, *Conscientious Builder* would not close an account or receive payment from the client if the standards provided were perceived by the client to be poor.

The leader's description of ethical business practice was one that was based on the organisation's mission statement, developed and implemented by the leader. As the founder of the organisation, he established certain standards and these standards contributed to the organisation's success. The leader played his role in ensuring success and demonstrated the allegiance to the egoism ethics framework (Duska, 2000; Friedman, 1970; Smith, 1776). The ethical business practice that was stipulated as providing quality products and services was based on the notion of ensuring profit and organisational sustainability. He knew that quality as he had emphasised in the organisation's mission statement as "premium services" was the main factor that ensured repeated clients and steady flow of profit.

### **6.2.2 Understanding employees to strengthen ethics**

In discussing the organisation's success, the leader highlighted the critical role played by the employees in meeting the organisation's mission as well. For him, it was "the lowest person on the totem pole" of the organisation that contributed to the success of the organisation. He further explained the organisation's logo as it represented "two people...sharing the same ideals" and that the logo depicted the importance of gaining

different perspectives from the various stakeholders. The intention of the leader was “to match [the needs] whether the two people were partners, whether it’s a client’s perspective, a contractor’s perspective or whether it’s a staff’s perspective”.

The leader highlighted two key elements that contributed to the success of the organisation. One was the role played by the employees and construction workers. The leader positioned them as the main stakeholder. The other was the importance placed on gathering feedback from all stakeholders including the employees and construction workers. As indicated by Freeman (1984), stakeholders are individuals or groups that can affect or be affected by the organisation’s achievement of its objectives. Ethics in organisation requires involvement of all stakeholders especially the employees. By involving the employees in the ethics management of an organisation, a leader is able to effectively promote a culture of compliance (Fisse & Braithwaite, 1993; Tomasic, 2001). The leader in this case understood this connection and worked towards involving the employees in preparing and implementing rules that ensured ethical business practices.

As noted from the questionnaire, the employees and the construction workers agreed that rules should be formulated with input from all stakeholders. The leader not only worked with them in rule-creation, he continued to develop the working relationship with the employees and construction workers to further strengthen the work environment. In the context of Conscientious Builder, the leader displayed awareness of the role played by the employees and construction workers in ensuring ethical business practices that would lead to organisational success.

### **6.2.3 A rule-based environment that promotes ethics**

To ensure that the organisation provided premium services to its clients, the leader developed clear rules and guidelines for the employees and the construction workers. Feedback gathered from the employees and the construction workers showed that the rules and guidelines within *Conscientious Builder* promoted organisational effectiveness. These rules and regulations were directed to the construction workers as they were involved in carrying out the various projects taken up by the organisation. Some of the internal guidelines developed as a code of conduct were aligned with the regulations imposed by the Ministry of Manpower, the external regulatory body in Singapore.

*Conscientious Builder* was required to abide with certain protocols, procedures and rules. As one of the main organisations working on land reclamation activities in Singapore and as part of the construction and engineering sector, the quality and the safety of the work environment, related products and services cannot be compromised. The construction workers were required to undergo various courses to ensure quality work output and personal safety at the worksites. The leader was conscious of these requirements and believed that the Ministry “implemented all the rules [to protect workers]”.

*Conscientious Builder* developed rules over and above the minimum requirements imposed by the Ministry. As stated by the leader, the employees were covered “for a lot of medical treatment, over and above”. The leader described how the organisation invested in “insurance policies maybe two or three steps ahead of what Ministry of Manpower” required. The organisation took the efforts and initiatives to protect the construction workers because of the value placed in them by the leader.

The organisation's code of conduct was also conveyed by the leader as an ethical business practice. This aligned with the understanding of ethics provided by Bird (2009) whereby business ethics is classified as principles, norms, and standards of conduct governing an individual or group. The leader's description of the code of conduct as an ethical business practice indicated his understanding of how the code served to ensure ethical behaviour of the organisation's employees and construction workers. The rules and regulations not only ensured ethical business conduct but also protected the employees and construction workers.

#### **6.2.4 Development of ethics by collective rule-making**

The leader ensured compliance within the work environment by involving the construction workers to participate in the rule-making processes. The leader stated that whenever he set up a camp for the construction workers, the leader would ensure that he set the rules with the construction workers. As such, the rules and regulations at *Conscientious Builder* were enforced "through the workers themselves". For instance, in setting up the punishment system for rule-breaking behaviour, the leader "didn't want to decide on the fine". He gained input from the workers as he believed it was easier to manage the governance system. He believed that the rule-based work environment succeeded by "showing fairness" and involving the construction workers in the process of rule-making ensured fairness.

The management strategy adopted at *Conscientious Builder* revealed the leader's moral and ethical principles. According to Belak and Mateja (2012), leaders who rely mainly on the rules that guide the right or wrong behaviour of their employees are closely following Kant's moral philosophy. Engaging the employees in the decision-making process,

according to Bowie (2000) is another Kantian's leadership principle. In providing an equal amount of respect and in treating the workers as capable of making rational decisions, the leader of *Conscientious Builder* further displayed his understanding that individuals are rational beings, entitled to dignity and respect (Bowie, 2000).

The collective rule-making process allowed the employees and construction workers to reflect on their conduct. This process also ensured conformance. In sum, the involvement of employees in the development of the internal rules and code of conduct contributed significantly to ethical business conduct. This was noted by the employees and the construction workers as well since most of them agreed that the rules in their organisation were effective and deterred them from further transgressions.

#### **6.2.5 Community of care strengthens business ethics**

In ensuring ethical business practices, the leader had to ensure that the employees and construction workers remained dedicated to producing quality work in an ethical manner. The leader described leading by example as one strategy to ensure compliance with business ethics. He stated that he and his partner "presented a very public and internal face", an image that guided the employees and construction workers. The leader highlighted that the "front end people, are [the organisation's] staff. And [when] the staffs see the bosses themselves following what they believe in, the staffs automatically follow".

Treating staff with fairness seemed to result in organisational performance and compliance. As an example, the leader conveyed that during the sand embargo crisis from 2002 to 2005, the leader and the management team took a wage cut first before deducting the wages of the employees and construction workers. When the organisation recovered from the

crisis, the leader reimbursed the wage cut. According to the leader, “if the money’s there, [organisation should] give it back” to the employees and construction workers. One way of creating consensus amongst the employees and the construction workers was to be part of them and to take the lead in setting up certain standards or protocols.

The value placed by the leader on the organisation’s employees was reflected in the way that he set up the workers’ camp. He created a home environment for the workers and he also added that by taking care of the employees, the organisation would run smoothly. The leader’s values and his approach in leading the employees and construction workers highlight similarities with the virtue ethics framework articulated by Aristotle (1962). Virtue ethics sees ethics as a habit developed through practice and involves a modelling process. The leader modelled the behaviour he expected employees’ to follow. Likewise, all the employees and construction workers that participated in the questionnaire agreed that the leader led by example. As De Hoogh and Den Hartog (2008) articulate, leaders who behave ethically can have positive effects on the attitudes and (ensure ethical) conduct of others at all levels in an organisation.

The leader also took the initiative to develop support system and a sense of community amongst his employees. His initiative in developing the organisation into a *‘polis’* or a community was evident and aligned with virtue ethics (Aristotle, 1962). The community at *Conscientious Builder* consisted of employees and construction workers. As indicated by Hartman (2011), human beings are social creatures by nature and so virtues are community-related traits. The leader’s attempt at creating this sense of community relations amongst the employees accelerated the learning of positive virtues for employees and construction workers.

### **6.2.6 Responsible leadership supports ethical work environment**

The leader described various strategies adopted by the organisation in promoting business ethics. The leader's actions revealed that he acted responsibly in managing his employees and construction workers. The questionnaire findings indicated full consensus on the part of employee and the construction workers that the leader of *Conscientious Builder* played a crucial role in encouraging compliant behaviour and self-responsibility.

The leader was a Singaporean Chinese man who was well-versed with the culture of the various foreign workers and knew how to encourage, reward and retain them. The website for *Conscientious Builder* proudly conveyed that the employees and construction workers were loyal towards the organisation. The organisation was also able to guide the employees and construction workers to adopt self-control by educating them on the impact of transgression. The leader disclosed that the organisation rewarded the employees and the construction workers whenever the organisation made a profit rather than waited on paying them only during the stipulated bonus periods.

Other than the monetary rewards, *Conscientious Builder's* corporate social responsibility activities were focused on the employees and construction workers. In creating the construction workers' camp, the leader took into consideration the culture and background of the workers. Such actions and intrinsic commitment towards the workers displayed by the leader underpinned the organisation's decision making process. The leader's treatment of employees and the construction workers and the manner he executed certain processes displayed certain characteristics and virtues that can be understood through virtue theory drawn primarily from the work of Aristotle (Knights & O'Leary, 2006).

Kaptein (2010) states that virtue ethics focuses on the intentions, characteristics, qualities, attitudes and disposition of the agents. Virtues such as integrity, ethical awareness, people-orientation and trustworthiness are identified as critical in establishing ethical leaderships (Brown & Trevino, 2006; Resick, Hanges, Dickson & Mitchelson, 2006). In the context of *Conscientious Builder*, the leader adopted these virtues aligned with virtue ethics model (Aristotle, 1962). The leader's responsible nature can also be understood as ethical leadership.

### **6.2.7 Summary**

The case of *Conscientious Builder* revealed that ethics in a business context is a subjective concept, open for interpretation by the leader. To this end, the values of the leader managing *Conscientious Builder* were significant in establishing an organisation that adopted ethical business practices. The leader reflected principles from three ethical frameworks namely virtue ethics, egoism ethics and duty-based ethics.

The leader's involvement of the employees and construction workers in the development of rules and management of the organisation further contributed to the success of the organisation. The efforts taken to ensure commitment from the employees and the construction workers directly linked to the organisation's sustainability and profitability.

The leader adopted responsible leadership by creating a culture that took the perspective of the employees and construction workers seriously. The creation of a community that cared and worked towards similar objective were developed conscientiously. By doing so, the leader was able to achieve a workforce that focused on quality services and this ensured the organisation was able to meet its mission, the leader's aspiration. The

mechanisms placed to manage the employees and construction workers ensured compliance and limited crisis situations. These efforts were noted to be onerous on the part of the leader but he was able to create a system that ran smoothly and one that ensured ethical business outcomes.

### **6.3 Thinking Physiotherapist**

*Thinking Physiotherapist* provides physiotherapy services. The organisation was formed in 2003 and operates six outlets in Singapore. It is one of the largest private physiotherapy service providers in Singapore and attracts clients from all over Southeast Asia.

#### **6.3.1 A client-centred approach to ethics**

Ethics within this organisation can be seen through the organisation's focus on client-centeredness. The leader explained that *Thinking Physiotherapist's* ethical philosophy was based on "doing what's right for the client" and providing services and treatment "in the best interest of the clients". The organisation's ethical practices were realised through the adoption of the concept of differential diagnosis in providing treatment for its clients. The physiotherapists were trained to be 'thinking physiotherapists'. They not only delivered services but they also tried to identify and resolve the root cause of clients' pain.

Various literatures highlight ethics in business as one's ability to choose between right and wrong or good and bad judgements within a business context (Beauchamp & Bowie, 2001; Shaw & Barry, 2001; Velasquez, 2002). Ethics in business can be considered as individualised and it relates to one's ability to decide and make judgements in a commercial setting (Hunt & Vitell, 1986). Heller and Heller (2011) argue that business ethics is not a

separate moral standard from the leader and that to understand business ethics, it is necessary to review how personal moral norms are applied to the activities and practices of an organisation.

The literature surrounding the concept of business ethics indicates the critical role played by the leader in the implementation of ethics at *Thinking Physiotherapist*. Furthermore, the leader in this case was one of the founders of the organisation and had developed the work processes and the organisation's culture to focus on the interests of the clients. The leader's understanding of ethics was illustrated by his personal moral value of providing or receiving equitable service for the money paid. The client was the main factor considered in all decisions made by the leader within the organisation.

By placing the clients' interest first, the organisation was able to grow and establish a strong market within the physiotherapy industry. This development was characterised by the leader as not being a "sprint [but] a marathon" wherein the organisation would not seek short-term gains by conducting its business in an unethical manner. One example was the organisation's selling strategies. The leader rejected the practice of selling services in a packaged deal which was a common way to sell health related services in Singapore. Refraining from over-selling, this business practice was aligned with the organisation's client-centred approach. This practice was also articulated by the leader as an ethical business practice.

In providing services based on the needs of the clients, the organisation derived positive outcomes and was able to expand its business. As stipulated by Burton and Goldsby (2009), Carroll (2004) and Donaldson and Preston (1995), an ethical business attracts clients and

builds better reputation. As explained by the leader, the organisation had expanded since its formation in 2003 and in “terms of size relative to the market, [*Thinking Physiotherapist*] would be about the largest private group” offering physiotherapy services in Singapore. The organisation not just catered to Singapore clients but was able to attract clients from across the Southeast Asia region.

The leader of *Thinking Physiotherapist* understood the link between adopting ethical business practices and its impact on organisational growth. This was mirrored by the employees as well. A total of 92% of the employees who participated in the questionnaire agreed that business ethics was an important element for the growth and sustainability of the organisation. Their understanding was similar to various research studies that argue the positive link between ethics and business outcomes (Burton & Goldsby, 2009; Carroll, 2004; Chrystides & Kaler, 1993; Donaldson & Preston, 1995).

However, despite the positive outcome of adopting ethics in business, there are those who see ethics as an inappropriate concept in business (Carr, 1968; Duska, 2000; Friedman, 1976). They assert the role of business is to make profit and that ethics is only adopted if it benefits the commercial business organisations. As stated by Bartlett and Preston (2000), the commercial business organisation is created for the sole objective to create profit and has no interest in the good of society. Therefore, attributes such as trustworthiness and cooperation are unlikely to exist in such an organisation (Bartlett & Preston, 2000).

Despite the ambiguity in the literature on the application of ethics in business, *Thinking Physiotherapist's* adoption of a client-centred approach to ethics resulted in lucrative

outcome. Acting in an ethical manner generated profit and ensured business continuity for *Thinking Physiotherapist*.

### **6.3.2 Ethical business practices promotes business**

Ethical practices in *Thinking Physiotherapist* demonstrated the values placed by the leader in carrying out his duty as a manager. The leader highlighted his main duty as one that was focused on client management. The organisation was quick to apologise for mistakes committed by the physiotherapists and compensate the clients accordingly. Even if the clients felt that the error made by the organisation was not an issue for them, the organisation would still consider making up to the clients in a professional manner. As stated by the leader, the organisation was not merely “paying lip services to the clients” and ensured concrete outcomes for clients affected by the organisation’s mistakes. By adopting a proactive stance in rectifying its errors, the organisation not only apologised to its clients but impressed them which resulted in greater loyalty. The clients were impressed and they continued to engage the physiotherapists on a long term basis. The leader admitted that these initiatives were “not purely altruistic”. They were designed to secure and maintain clients’ trust and commitment towards the organisation.

The organisation’s focus on its clients and the leader’s explanation for managing clients’ concerns aligns with the literature that stipulates the sole responsibility of a manager as being to maximise profit (Friedman, 1970; McConnell & Brue, 1999; Smith, 1776). They argue that the only ethical thing for a manager is to operate the business profitably in the market and that the only social responsibility for business is to increase its profits. This is classified as an egoist ethical perspective.

An organisation that adopts an ethical perspective of egoism is likely to focus on the positive outcome for the organisation rather than for the public good. The concept of egoism in business indicates that by increasing wealth or profit for a business organisation, society in general would benefit from it as well. Therefore, egoism can be considered as not purely a selfish notion when business focuses on its wellbeing (Duska, 2000; McConnell & Brue, 1999). The leader in this case is not acting merely for his self-interest but also for the benefit of all in the organisation.

In the context of *Thinking Physiotherapist*, ethics in business was all about the focus on the clients and their needs. By adopting this principle in making all business decisions, the leader of the organisation was able to meet the needs of its clients. The organisation was able to conform to lawful business activities because it made ‘business sense’ to do so. Conducting business in an ethical manner directly contributed to the organisation’s bottom-line and was a strong motivating factor to continue providing services in the best interest of the clients. The leader also indicated that it was not necessary for the organisation to adopt stringent rules or be placed under close scrutiny of external regulatory body in order to conduct its business in an ethical manner. The leader of this organisation set the tone and created a culture that was focused on the clients and indirectly protected the interest of the clients.

From an egoist ethical perspective, while actions of a manager are often based on self-interest, the actions of the leader at *Thinking Physiotherapist* can be argued to be infused with elements of utilitarianism. The leader’s management style highlighted his drive to maximise profit for all within the organisation, and not purely for himself or for the management team. This is aligned to the concept of utility maximisation (Debeljak & Krkac, 2008) whereby

business is not built purely on egoism or selfishness but rather on the understanding of generating profit for the organisation and benefitting all within the organisation.

### **6.3.3 External regulation and control ensures ethics in business**

The physiotherapy sector as a whole was governed by an external regulatory body - the Allied Health Professions Council and the Allied Health Professions Act of 2011. The framework provided by the regulatory body and legislation served as a control mechanism and ensured standardisation within the physiotherapy sector. The rules were seen to be imposed for organisations to adopt ethical business practices and by doing so, the rules ensured organisational sustainability. External regulation was seen as necessary to ensure quality assurance and standardisation of services. *Thinking Physiotherapist* was monitored by the Council and the legislation. The leader demonstrated strong association with the rules provided by the external regulatory body. His understanding on the values of such external regulation indicated his alignment with the Kantian duty-based ethical framework.

Arjoon (2005) describes corporate governance as relationship of an organisation with its shareholders and society; the promotion of fairness, transparency and accountability and adoption of control mechanism that would meet the interests of key stakeholders. In the context of *Thinking Physiotherapist* the governance system centred around its clients and by providing transparent and accountable services to its clients, the organisation was able to fulfil the requirement of effective corporate governance. According to Claessens (2003), a corporate governance framework within an organisation should focus on balancing the need between economic and social goals. In the context of *Thinking Physiotherapist*, the focus on the economic outcome resulted in reliable services for the clients. The organisation however showcased limited focus on social goals.

#### **6.3.4 Self-regulation maintains ethical conduct**

The organisation ensured ethical conduct of its employees by implementing a limited rule regime. The rules were limited because the leader believed that every employee was able to self-regulate and resolve issues by adopting common sense. A common-sense approach was taken to compliance, where the leader rejected a rule book of company policies in favour of a team work approach that would ensure all employees shares the work within the organisation.

The leader's perception of the employees' ability to self-regulate and his limited imposition of internal rules can be understood by reflecting on the emerging theory of Confucian ethics in business ethics. Confucian ethics promotes certain duties amongst individuals in a prescribed relationship. For instance, there are duties that must be adhered to in a relationship between an employee and an employer.

In the context of *Thinking Physiotherapist*, the leader had cultivated a culture amongst the employees that promoted cohesiveness and teamwork. Likewise, cordial relationships and the principle of reciprocity are elements of Confucian ethics (Ostrom & Walker, 2003). The leader trusted the employees to behave in an ethical manner (Woods & Lamond, 2011) and built an organisation that focused on self-regulation (Slingerhand, 2006). This kind of management style empowered the employees and generated greater compliance levels as noted from the employees' questionnaire exercise. A total of 84% of the employees perceived that the internal culture of compliance in the organisation promoted accountability. Similarly, 77% of the employees agreed that the rules at *Thinking Physiotherapist* were enforced to prevent repeated transgression.

### **6.3.5 Ethics and professional values of employees**

The leader acknowledged the conflict faced by some employees in managing their professional values and organisation's mission of providing services in the best interest of the clients. The leader stated that "physios are...very sensitive to taking money from clients". They feel very uncomfortable to ask clients to attend sessions frequently as they do not want to be labelled as trying to 'hard-sell' the organisation's services. To overcome the conflict, the leader spent considerable amount of time training and guiding the employees to understand the value of providing ethical services in accordance with the needs of the clients.

The leader's initiative to train the employees highlighted his understanding on the important role played by the employees as one of the main stakeholders of the organisation. As stated by Clarkson (1995), stakeholders are "persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future" (p. 106). As indicated by Freeman (2002), it is imperative to treat all stakeholders and their demands as equal. However, this may not necessarily be possible since it is difficult to achieve consensus amongst all stakeholders (Jones, Felps & Bigley, 2007).

In the context of *Thinking Physiotherapist*, the leader managed to align the employees' expectations with the organisation's mission. By promoting an open work environment where the employees were encouraged to develop teamwork and self-regulation, the leader had successfully engaged the employees and ensured that they partner the organisation in its promotion of providing ethical business services, in the best interest of the clients.

### **6.3.6 Summary**

Ethical business practices at *Thinking Physiotherapist* were developed to meet the needs and demands of the clients. By placing the interest of the clients first, the organisation was able to grow its business, remain profitable and ensure sustainability of its business within the physiotherapy sector. The leader of *Thinking Physiotherapist* showcased principles aligned with egoism ethics in managing the organisation. He also demonstrated the importance of conforming with external regulatory body and this shows his association with the duty-based ethical framework. The leader's management style and his perception of the employees to be reasonable, self-regulating individuals highlighted some alignment with a Confucian ethical framework. His description on compliance management also demonstrated the limited role played by rules in the organisation compared with the emphasis placed on meeting the requirements of the external regulatory body.

## **6.4 Client First**

*Client First* operates in the financial industry. It is one of the oldest organisations being established in Singapore since the early 1900. The organisation is recognised for its success and despite the global financial crisis in 2008; it remained as one of the top financial institutions in the world.

### **6.4.1 Rule-based approach to ethics**

*Client First* adopted a rule-based approach to business ethics. The leader described ethics at the organisation as “what is allowed at work, [and] what is not allowed at work”. Being in the financial sector, the organisation was under close scrutiny by external regulatory bodies. The leader stated that “the rule of thumb as to where the organisation is

concerned....is that [the organisation] will follow the law of the land or our internal policy, whichever is stricter”.

The leader elaborated that *Client First* as an organisation followed both external rules and an internal compliance system closely. Feedback from the employees that participated in the questionnaire reflected an organisation that operated on a structured rule-based environment. The understanding of ethics portrayed in this case is aligned with the description of ethics in an organisation as rules, standards and moral principles (Ferrell et al., 2000). The external regulations imposed onto the organisation were the foundation of its corporate governance framework, following a traditional view of corporate governance as a system by which a company is directed and controlled (Cadbury, 2006).

The elements of corporate governance include the organisation’s relationship with its shareholders and society; the promotion of fairness, transparency and accountability and adoption of control mechanism that would meet the interests of key stakeholders (Arjoon, 2005). This was noted in the organisation’s various compliance systems designed to ensure transparency and accountability. Furthermore, *Client First* ensured that its governance system focused on its clients and the community at large. The concept of responsible banking and investment were noted as part of the outcome in adopting stringent corporate governance framework. This is aligned with the review on corporate governance as a system that should balance economic and social goals as well as the individual and communal goals (Claessens, 2003). *Client First* demonstrated these elements in its administration of the corporate governance framework.

#### **6.4.2 Ethical business ensures business continuity**

The discussion on ethical business practices highlighted the organisation's underlying intention to conduct business in a responsible manner, with the objective being to ensure their business continuity. As indicated by the leader, "if [the organisation] get [their] profits in an irresponsible manner" the organisation may not be able to sustain "future streams of income". For business continuity, the organisation has "to conduct [its] business responsibly". As argued by the leader, responsible business is not just a philanthropic effort but it was a necessity to ensure organisational sustainability and profitability.

One aspect of conducting business responsibly was the organisation's rigorous corporate social responsibility activities. The leader was vague in describing the concept of corporate social responsibility when he stated that it could be "anything from taking care of staff to giving back to the community". The underlying focus however was the organisation and its clients.

The corporate social responsibility activities highlighted the organisation's responsible banking and investments strategies. The organisation's efforts were clearly highlighted on its website and the employees that participated in the questionnaire exercise agreed that the organisation engaged in corporate social responsibility activities. The organisation was part of the UN (United Nations) Global Compact and in Singapore, the organisation subscribed to the ethos of Compact Singapore. *Client First's* affiliation to these regulatory bodies further highlights the organisation's commitment to responsible business conduct. Though the organisation embarked on various community initiatives, the leader explained that corporate social responsibility was "...also in how [organisation] sell responsibly, investment products.... So it is no longer just about philanthropy".

The organisation's engagement in corporate social responsibility activities was aligned with the argument that such activities should protect consumers and society in general (De George, 2008). Furthermore, the organisation was able to fulfil the legal or conventional obligations or responsibilities towards the society in which it operated from (Carroll, 1999). Another element was the leader's description of the employees' strong engagement in corporate social responsibility activities. This aligns with Frederiksen's (2010) description of corporate social responsibility programmes and its intrinsic objective of developing moral obligations amongst the employees to care for the local community.

Responsible business was the foundation of the organisation's long standing presence in the financial sector and its corporate social responsibility activities were driven to ensure clients' welfare. Though the orientation of the corporate social responsibility programmes at *Client First* was on its clients, the organisation also developed the employees and the community at large. The leader understood that responsible business correlates to greater profit and ensured sustainability (Burton & Goldsby, 2009; Carroll, 2004; Chryssides & Kaler, 1993; Donaldson & Preston, 1995). In these ways, corporate responsibility need not necessarily be considered as purely philanthropic by nature.

### **6.4.3 Ethical business practices and stakeholders**

The organisation was affected during the 2008 global financial crisis. The organisation managed to overcome the crisis by adopting responsible business practices. As stated by the leader, the organisation was "at the brink of a disaster" and had to re-organise itself as a business. This included what was described by the leader as a "moral responsibility" towards employees and families.

The literature on corporate governance especially in the area of finance indicates corporate governance as a set of rules, structures and procedures by which investors assure themselves of getting a return on their investment and ensure that managers do not misuse the investor's funds (Shleifer & Vishny, 1997). Porter and Kramer (2011) argue that companies should consider other stakeholders, not just shareholder and generate economic value by creating societal value. This was noted in *Client First's* attempt to address and overcome the challenges faced during the global financial crisis. The leader had also emphasised the role played by the management team in declaring its mistakes. Their description highlighted a culture that reinforced integrity and honesty (Treviño & Nelson, 2010).

*Client First* as an organisation successfully pulled through the crisis by adopting responsible business practices. Responsible business practices were not just mainly based on reviewing and re-evaluating the purpose of a bank. The organisation and its management team also adopted responsible leadership in admitting its mistakes and they were conscientious in driving the organisation out of the crisis. Their efforts not only generated economic value but also social value (Porter & Kramer, 2011).

#### **6.4.4 Value-based culture supports ethics in business**

*Client First* operated its corporate governance system by incorporating values to promote ethical conduct of its employees. The organisation's internal corporate governance system was not disseminated to the employees capriciously. *Client First* developed a charter to incorporate the rules and trained the employees to amplify values such as teamwork, integrity, accountability and responsiveness. The charter or code of conduct contained various values and one of the main value highlighted by the leader was "thinking and acting like an owner".

The rules in the context of *Client First* were implemented systematically by incorporating it into the organisation's code of conduct and values statements (organisational charter). The leader stated that *Client First* adopted a culture that promoted learning and sharing to ensure responsible business practices. The employees in the organisation were permitted to raise doubts and share their mistakes. The organisation adopted a proactive approach to ensuring compliance by constantly evaluating its corporate governance system and by educating the employees on the changes within the financial service sector.

The leader's management strategies illustrated similarities with the virtue ethics framework (Aristotle, 1962). This can be seen when rules in the organisation take into consideration the employees' welfare. The organisation focuses on not just providing the employees with salary but also on how to ensure job stability and develop a 'good life'. These considerations for the employees were achieved by ensuring fairness and justice in the implementation of the organisation's code of conduct, internal governance framework and values statements. *Client First's* adopted such an approach to the development of its organisational charter. The leader highlighted this as "...a form of collective consciousness" and that all employees were part of the value chain. This is akin to the concept of '*polis*' and demonstrated community-related traits (Aristotle, 1962; Hartman, 2011).

Another significant element of the virtue ethics framework is its consideration of ethics as a habit that needs to be developed through practice. It also involves modelling from the top management. The charter that focused on values at *Client First* was constantly repeated to its employees. All employees were trained to lead and uphold the organisation's charter. Senior management were expected to set examples by leading from the top. With all these

management practices, *Client First* as an organisation was able to develop a workforce that engaged in ethical business practices (De Hoogh & Den Hartog, 2008).

#### **6.4.5 Summary**

*Client First's* understanding of ethics highlighted an organisation focused on both rules and values in ensuring responsible business practices. As a large multi-national organisation, *Client First* was heavily scrutinised by external regulatory bodies. However, the organisation took the middle ground in rule-conformance by engaging and managing its employees to develop a value based regulatory system. Ethical maturity demonstrated by the organisation contributed to its success and its subsequent victory over the crisis that engulfed many other financial institutions during the 2008 global financial crisis. *Client First* was agile and quick in repairing the damage by admitting to its mistakes. The organisation's move towards such open declaration further highlighted its focus on long-term goals and its understanding of business in the larger economic and social system.

### **6.5 Sustainable Tourism**

This organisation is part of the tourism sector. It was established in Europe and has been operating in Singapore from 1985. The organisation is known for its luxurious European tour packages and for its efforts in ensuring sustainable tourism.

#### **6.5.1 Quality and standards characterised ethics in business**

Quality and standards characterised the ethical approach taken within *Sustainable Tourism*. The leader explained that ethics at his organisation was all about delivering services or products that met the consumers' needs. He highlighted the organisation's motto of providing "an experience of a lifetime" and how that motto was executed at *Sustainable*

*Tourism* in a form of standards. An example of the standard set was explained by the leader in the delivery of the organisation's products or services in accordance to the brochures that illustrated the descriptions of the tourism sites. The brochures were designed with utmost care to ensure that the consumers understood the services and products offered before making the decision to purchase the holiday package. The leader remarked that "holiday or a vacation [was like] an investment" and emphasised that the organisation should not short-change the consumers. The organisation's focus highlighted the value of providing equitable services and products as part of ethical business practice.

In the context of *Sustainable Tourism*, the leader's values or moral perspective was noted in his explanation of how the organisation carefully designed its brochures. The leader amplified consumers' rights in receiving services or products of value. He believed that *Sustainable Tourism* must ensure fair and honest dealings. The underlying principle for developing ethical business practices at *Sustainable Tourism* highlighted the core focus of the organisation on delivering products and services that was expected by the consumers. This is aligned with literature which indicates that ethics in commercial organisations should focus beyond profit maximisation to provide quality products and services to meet the demands of society in general (Duska, 1997; Fisher, 2004).

### **6.5.2 Ethics in business is driven by the leader**

The development and implementation of ethical business practices in *Sustainable Tourism* was driven by the leader. The core value<sup>13</sup> of the organisation was translated to the employees by the leader. This was done on a daily basis and the leader also connected with the employees by engaging them in informal talks. Kaptein (2011) state that corporate

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<sup>13</sup> To deliver the experience of a lifetime

culture reflects shared norms, value and assumptions that shapes an organisation. At *Sustainable Tourism*, the leader worked on embedding the value of delivering quality touring experiences.

### **6.5.3 Adopting virtue based ethics to guiding employees**

The leader adopted strategies that were aligned with virtue ethics framework. The leader explained that “the best policy is through friendship” and by treating his employees as best friends he believed that the employees “...would not stick a knife in their best friend”. The leader added that he was managing an organisation and not conducting “a military drilling process”. In managing non-compliance, the leader would first question the company’s direction before approaching the employees for their justification.

As highlighted by Aristotle (1999) and reviewed by Cohen (2010), justice is one of the main characteristics of the virtue based ethics framework and this was noted in the leader’s approach to the management of transgression by the employees. The leader checked the corporate system first before raising the issues and this highlighted his willingness to listen to the employees’ perspective. His action illustrated the value placed on adopting justice oriented mode of governance compared to merely blaming the employees for being non-compliant. This is aligned with Aristotle and his focus on justice as one of the most important virtues (Knights & O’Leary, 2006).

Aristotle (1962) emphasises three other moral virtues namely courage, prudence and moderation (Langbert, 2011) and these virtues were demonstrated by the leader. As noted in the leader’s management approach, he encouraged certain virtues and developed the employees’ characteristics. The leader’s management approach resulted in high compliance

level amongst the employees. All employees that participated in the questionnaire agreed that the rules within the organisation were fair, effective and that it prevented further transgression. Understanding the employees' opinion further strengthened the correlation between management's approach to ethics and compliance of employees within an organisation (De Hoogh & Den Hartog, 2008).

#### **6.5.4 Balancing ethics and profit**

The leader's explanation of ethical business practices at *Sustainable Tourism* highlighted his role in maximising profit for the organisation. However, the leader also discussed the fine balance of looking after the organisation and meeting the needs of the society in general. The leader stated that "as a tourism player" the organisation had to "protect its assets by keeping them in place, maintained and preserved". It would serve no value if an organisation built the best river cruise ships but the river was polluted. Failure to recognise the importance of looking after the business's needs from an ethical perspective would result in the organisation's failure. The employees that participated in the questionnaire agreed with the notion that good ethics was good business.

The justification provided by the leader for ethical business practices at *Sustainable Tourism* highlighted two objectives. One was for the organisation's sustainability and profitability. The other objective was to contribute to society's betterment. In other words, *Sustainable Tourism* engaged in ethical conduct because it was good business strategy and it would directly impacts the organisation's bottom-line (Frederiksen, 2010).

The leader of *Sustainable Tourism* worked towards maximising profit aligned with the perspective of egoism ethics. The main point argued from this ethical perspective is the

notion of commercial organisation working for economic self-interest disregarding the objective of business on society in general (Shaw & Barry, 2001). However, adopting a different view, it is also argued that egoistic pursuits may focus on self-interest but such a focus would result in greater outcome for other stakeholders including the community at large (Duska, 2000; McConnell & Brue, 1999; Velasquez, 2002).

The leader clearly demonstrated the value of protecting the environment, the tourism sites in the interest of producing greater economic returns in the future. The notion of self-interest was noted in the organisation but it was not a narrow interpretation of egoism ethics. Instead, the organisation was able to generate greater outcome for larger members of the society by engaging in ethical business practices. As indicated by Harvey and Rassekh (2000), the ‘invisible hand’ illustrated by Smith (1776) would produce positive effects for the larger society.

#### **6.5.5 Ethics in the form of corporate social responsibility**

The corporate social responsibility activities and projects embarked by *Sustainable Tourism* highlighted the organisation’s commitment towards social betterment. The organisation was active in preserving tourism sites and collaborated with external parties in its effort to excavate historical sites. For the leader, the purpose of sustainable tourism was to keep the tourist sites “good and well for the admiration in the future” and furthermore the recognition from the efforts ensured sustainability of the organisation.

The leader further indicated that the commitment of the organisation towards corporate social responsibility activities created a positive image for the organisation. Employees were willing to work for such organisation and tourism partners such as hotels were willing to

collaborate with the organisation. All the employees that participate in the questionnaire understood the value of engaging in corporate social responsibility activities and agreed that *Sustainable Tourism* as an organisation committed towards such activities. In this way, corporate social responsibility in this organisation operated in a form of an obligation to protect and enhance the community in which the organisation functions (Pimple, 2012).

As argued by Carroll (1991), there are four dimensions in administering corporate social responsibility activities in an organisation. The four dimensions are economic, legal, ethical and discretionary. Based on the description of the organisation's corporate social responsibility activities, it is assessed that *Sustainable Tourism* was able to fulfil all four dimensions indicated by Carroll (1991). The organisation was successful and profitable in the economic dimension as noted from its status and reputation in Europe and Singapore. The organisation fulfilled its legal dimension by adhering to the regulatory framework in Singapore and rules from its origin country. The organisation was ethical in conducting its business as noted in the initiatives of providing environmentally friendly tourism packages. Finally, the organisation was able to fulfil the discretionary dimension by contributing to the betterment of society. This was evident in the organisation's efforts to protect and preserve the environment and tourism sites.

Carroll (1999) describes corporate social responsibility as a concept that should move beyond immediate gains and minimal respect of the law. Orlitzky, Schmidt and Rynes (2003) states that social and environmental responsibility should be considered as core business issues. In other words, organisations should express a voluntary effort to comply with ethical standards. In the case of *Sustainable Tourism*, the organisation demonstrated strong allegiance towards protecting the social and environmental elements of tourism.

However, such activities at *Sustainable Tourism* may not necessarily be purely voluntary by nature especially since the leader had explained that preservation of tourism sites was a big part *Sustainable Tourism's* business model, ensuring long term business continuity and economic investment (McWilliams & Siegel, 2001).

### **6.5.6 Ethics and organisational performance**

Adopting quality, standard services and products as well as active engagement in corporate social responsibility activities resulted in positive outcome for *Sustainable Tourism*. The organisation gained good reputation, recognised for its efforts and continued to attract consumers. This is aligned with the literature review that indicated favourable link between ethical business practices and organisation's profit margin and reputation (Burton & Goldsby, 2009; Carroll, 2004). As indicated by Cameron and Spreitzer (2012), doing 'good' is part of the requirement for doing well in business. On the contrary, bad reputation often results in organisational failure (Porter & Kramer, 2011).

Ethical business practices and a good reputation not only enhanced the business partnership with other stakeholders but also promoted valuable relationships amongst the employees. As stated by the leader, the "benefit also comes from the recognition that the staff as [they were] more willing to share their experience and influence the buyers". Verschoor (2006) argues that ethical business practices builds brands and draws customers. This was evident in the description provided by the leader on the organisation's efforts to develop the brand and the reputation of *Sustainable Tourism*.

### **6.5.7 Summary**

The discussion on *Sustainable Tourism* revealed an organisation that focused on quality and standards as part of business ethics. The organisation conducted its business in a fair and equitable manner. The organisation was also strong in its corporate social responsibility activities highlighting its dedication to protecting the environment as well as ensuring business continuity. The leader adopted a virtue based approach to management. The leader's approach to management contributed significantly to the development of the organisation in Singapore and the commitment displayed by the employees in maintaining the standard of the services and products provided.

### **6.6 Conclusion**

Data in response to the research questions on the principles and practices of business ethics in commercial organisations based in Singapore as well as the leaders' understanding and influence on ethical business practices in commercial organisations were discussed in this chapter. The discussion revealed multiple ways of ensuring ethics in business. It draws attention to a system of ethics that revolved around compliance, regulations, employees and clients. This system also includes other stakeholders such as partners and society in general. Some of these systems of ethics provide substance for further discussion on restorative justice.

In response to the research questions, which sought to identify the principles and practices of business ethics in commercial organisations based in Singapore as well as the leaders' understanding and influence on ethical business practices in commercial organisations, this chapter has revealed a broader range of perspectives of ethics in business, control mechanisms in the form of governance as well as the benefits of ethics in ensuring

business continuity. The leaders adopted more than one ethical framework in ensuring ethical business outcomes. The egoist and duty-based ethical framework were commonly noted amongst the leaders. The organisations' ethical business practices were mainly in the form of control mechanisms applied, with an internal code of conduct and compliance with external regulatory framework acting as the major mechanisms.

This chapter established the perceived principles and framework related with ethics and the practices adopted by the organisations in ensuring ethical business outcomes. This fluid conceptualisation of ethics by leaders will be discussed further in the next chapter.

## Chapter 7: A Cross Case Analysis

*Lead the people by laws and regulate them by penalties, and the people will try to keep out of jail, but will have no sense of shame. Lead the people by virtue and restrain them by the rules of decorum, and the people will have a sense of shame, and moreover will become good.*

Confucius (1938).

One of the objectives of this study is to understand the ethical business principles and practices of commercial organisations based in Singapore. It seeks to provide greater understanding on the research question 1(a) In what ways do leaders understand and influence ethical business practices in commercial organisations? To achieve this objective, the previous chapter discussed the ethical business principles and practices found in each of the five commercial organisations that participated in this study. This chapter examines the nuances of ethics in business, its principles and practices across all five commercial organisations. This chapter concludes by highlighting the contribution of this study to the field of business ethics.

### 7.1 Ethical business principles

Chapter 6 illustrated the application of various ethical business principles in the five commercial organisations. Based on that discussion, several key factors are discussed below with regards to ethical business principles. As indicated in Chapter 2, ethical business principles are derived from ethical frameworks and some of these ethical frameworks are discussed below.

### 7.1.1 Diverse frameworks of ethical leadership

The leaders' perception and application of ethics in business revealed their conformity to a mixed range of ethical frameworks. Table 4 below provides an overview of the various ethical frameworks assessed across the five leaders.

**Table 4: Ethical frameworks assessed across leaders**

Framework	Key Ideas	AA	CB	CF	TP	ST
Virtue Ethics	The good actor		✓	✓		✓
Duty-Based	Rule-bound; outcome-focused	✓	✓	✓	✓	✓
Justice-Based	Seeks fair outcomes for all stakeholders		✓	✓		✓
Egoism	Driven by self- interest	✓	✓	✓	✓	✓
Utilitarianism	Seek best outcomes for others		✓	✓		✓
Confucian	Discipline and self- control	✓			✓	

Key:

AA=Accountancy Advancement

CB= Conscientious Builder

CF= Client First

TP= Thinking Physiotherapist

ST= Sustainable Tourism

The leaders' alignment with particular ethical frameworks was determined by identifying the key values they expressed or incorporated in their management of organisational compliance, employees and clients. The leaders' description of providing quality products and services as well as their compliance with the organisations' mission and

corporate governance framework further provided insights to their values that underpin their decisions. The leaders elaborated on some of their management style and decision making approach. The data in this area were then matched with the different values noted in the literature on ethical frameworks.

Table 4 illustrates the presence of various ethical frameworks. The values that underpin duty based and an egoism ethical framework is noted across all five organisations. These include values such as fairness, justice and prudence as well as being accountable and responsible in following rules. Virtue ethics, a justice-based and a utilitarianism ethical framework is observed in three organisations, namely *Sustainable Tourism*, *Client First* and *Conscientious Builder*. These include values such as prudence, temperance, courage, justice and loyalty. Confucian ethics was noted only in two organisations - *Thinking Physiotherapist* and *Accountancy Advancement*. This framework is based on values such as self-regulation, benevolence and righteousness. This mixed range of frameworks suggests that the leaders and their values influenced the strategies adopted in resolving ethical dilemmas in their organisations. It also suggests that one ethical framework may not necessarily be useful and may not be applied consistently in all situations across all organisations.

The differences in values expressed by the leaders, and the ethical frameworks which they aligned with also highlight the significant role of a leader in business ethics. As argued by Schein (2004) and Lin-Hi and Blumberg (2012), leaders should characterise certain traits such as honesty and fairness. They are required to set good examples and their behaviours essentially shape the corporate culture. This is apparent in this research study where the leaders played a significant role in moulding and transforming their organisations, its employees towards ethical business practices and outcomes.

The mix range of frameworks is not unusual in a commercial organisation as it has been noted that it is not possible to adopt just one theory or model to resolve all issues faced by a leader in the management of an organisation (Crane & Matten, 2007; Calabretta, Durisin & Ogliengo, 2011). Managers use different philosophical lenses when making a decision (Hunt & Vitell, 1986; Bagozzi, Sekerka & Hill, 2012) and this is borne out in this study.

For instance, in the management of the employees, the leader of *Thinking Physiotherapist* encouraged autonomy by incorporating a culture of team support and self-regulation. He believed in limited rules and expected employees to behave according to their roles and designation. He appeared aligned with the Confucian ethics (Chen, 2001; Gao, Arnulf & Kristoffersen, 2008). He expects his employees to be disciplined and self-regulate. He explained that he provided limited guidance as he viewed his employees as capable of being disciplined at work. Similarly, in the case of *Accountancy Advancement*, the leader expected the employees to behave according to their job description and expected them to be autonomous in meeting the external regulatory framework.

These two leaders adopted values found in Confucius ethics. However, the leaders also ensured compliance with external rules and regulations. By doing so, the leaders subscribed to the values of duty-based ethics. These two leaders ensured compliance from their employees and they relied on the employees to perform according to their roles. They also adopted the duty-based ethics in carrying out their role as leaders and in ensuring compliance with the required regulatory frameworks. On the one hand in managing the employees, the leaders adopted Confucius ethics and on the other hand, the leaders adopted duty-based ethics to ensure compliance.

In contrast with *Thinking Physiotherapist* and *Accountancy Advancement*, in the cases of *Client First*, *Sustainable Tourism* and *Conscientious Builder*, the leaders believed that their employees should be part of the development and implementation of the code of conduct within their organisation. Their philosophy and approach towards managing compliance of their employees revealed the leaders' underlying objective of empowering their employees to take ownership in setting up rules and in creating greater commitment amongst the employees to following rules and regulations.

The outcome of this research study highlighted leaders managing their organisation by adopting different values and principles. These leaders adopted an eclectic approach to ethical frameworks. It appears that a leader may apply more than one ethical framework in managing and resolving issues in their organisation.

### **7.1.2 Pragmatism in business ethics**

The two most common ethical frameworks noted across the five leaders were, egoism and duty-based. The application of these frameworks highlights the leaders' pragmatic approach to ethics in business. Egoism was noted in the leaders' strong drive towards achieving organisational sustainability and profitability. This framework was demonstrated by all five leaders in their attempts to manage the organisations, working towards achieving the organisations' mission and in conducting their businesses in a lawful manner. Their primary mission followed Smith's (1776) view that the only social responsibility of a leader is to work towards organisation's profit maximisation. Smith believed profit driven actions were morally defensible as long as the leaders did not go against the law. This basic proposition can be 'read' in all of the leaders' motivation and drive for maintaining ethical business practices.

In understanding business ethics, an egoist ethical framework has been noted to be common amongst the leaders (Bragues, 2009; Dion, 2011). As indicated by Bragues (2009):

...business ethics has less to do with social awareness, and more to do with the individual pursuit of excellence within companies, rooted in a concern for the moral worthiness of one's own character. The moral and intellectual qualities inherent to such a character make up Smith's vision of the ethical manager, a vision notably circumscribing benevolence and centred around justice and prudence (p. 449).

As indicated by Lynch (2009), leaders of commercial organisations are often viewed to be concerned about their commercial organisations, noted to be self-interested. Hobbes (1960) and Dion (2012) argue that it is common for an altruistic leader to adopt a certain level of egoistic virtues. For instance, altruistic conduct such as engagement in corporate social responsibility activities would result in social recognition and prestige for the organisation. This was noted in leaders from *Client First* and *Sustainable Tourism* who described the purpose of corporate social responsibility activities in their organisations for greater business opportunities, rather than the altruistic reasons for which they are associated. They added that it has become increasingly important for organisations to engage in such practices for recognition and organisational sustainability.

However, the leaders in this study were not working solely for their own self-interest. They worked for the benefits of various other stakeholders such as employees, clients and business partners. They adopted one of the main virtues of egoism ethics, namely rationality (Woiceshyn, 2011). Woiceshyn (2011) argues that virtues such as productivity, honesty, justice, independence, integrity and pride are all aspects of rationality. These virtues were noted in the leadership practices among all five leaders in this study. Their conduct and behaviour subscribes to a shift away from a traditional egoism ethics framework as one where

the individual benefits oneself, first and foremost (Dion, 2012) to an enlightened egoism ethics framework (Bragues, 2009).

One of the key indicators of enlightened egoism ethics framework is the consideration of others in making decisions or working on an action. As stated by Bragues (2009):

... ethics is about the nature and implications of the ties that individuals inevitably establish with each other, their *interconnectedness* within a variety of communities, whether it be families, friendships, neighbourhoods, clubs, firms, industries, or nations (p. 448).

Based on this concept of interconnectedness, the leaders in this study knew that the business community worked on the principle of interconnectedness and cooperation. The concept of interconnectedness and cooperation differed in the five organisations. However, the leaders agreed that their business practices would affect others connected with their organisations. An example of such interconnectedness is noted in *Client First, Sustainable Tourism* and *Conscientious Builder*. These leaders engaged with their employees and viewed them as one of the main stakeholders. In the context of *Accountancy Advancement* and *Thinking Physiotherapist*, the leaders highlighted suppliers and partners as their main stakeholders.

Working on this premise of what is best for the organisation, the leaders' adoption of enlightened egoism ethics took into consideration the impact of their action on other stakeholders within the business community. The leaders' actions suggest that the notion of self-centredness in conducting business was not only for the sake of profit but also for the benefit of others. The adoption of the egoism ethics in this study highlighted the leaders' pragmatic approach to the concept of business ethics.

### **7.1.3 Duty and business ethics**

The duty based ethical framework was observed in all five organisations. Duty based ethical framework focuses on compliance with rules. In this study, a duty based ethical framework is noted in the leaders' compliance with rules and regulations. As stated by Belak and Rozman (2012), "the Kantian approach to business ethics is another way of saying that morality emanates from reason and that our moral duty is to act right – in accordance with universal moral law" (p. 1614). The Kantian approach also highlighted that actions are really undertaken for the sake of duty itself (de Colle & Werhane, 2008). In the context of a commercial organisation, this would mean that an action is carried out because it is stipulated by certain law or regulation. The focus is not on the outcome but on carrying out the duty itself.

In this study, the leaders worked towards achieving their organisations' mission, working for the best interest of their organisations by ensuring profit and organisational sustainability. They also fulfilled their duty towards ensuring compliance and following rules. These regulations especially those imposed by the external regulatory bodies were closely followed by the leaders and such conformance illustrate the significant role played by regulation in ensuring ethics. The leaders' action aligned with Kantian's duty based ethical framework.

### **7.1.4 Relationship-building as part of virtue ethics framework**

The adoption of values noted in three leaders and in their management of employees aligned with the frameworks of virtue ethics and justice. These leaders also focused on the important role of building relationships. Relationship building with the employees was evident in *Client First*, *Sustainable Tourism* and *Conscientious Builder*. The leaders from

these organisations worked closely with the employees and ensured that they understood the purpose of each rule and regulation. Relationship building was also noted from the training and development of employees in these three organisations. The data revealed that training efforts were seen as a form of investment, development of human capital and grooming of employees to provide appropriate services to clients. As stated by leader of *Conscientious Builder*, “without the main stakeholders being the workers themselves, the company doesn’t exist”.

In the context of these three organisations, the leaders viewed their employees as one of their main stakeholders and they worked closely with their employees to ensure successful implementation of ethical business practices. Treating the employees as one of the main stakeholders resulted in the leaders developing strategies that would mutually benefit the organisation and the employees. As an example, in addressing the non-compliance or transgressions of their employees, the leaders took the effort to educate and develop the employees rather than simply punishing them.

The virtues displayed by the leaders were aligned with the virtue ethics framework such as prudence, justice and loyalty (Goodpaster & Matthews, 1982). These virtues were also demonstrated by the leaders in their attempt at including the employees in the process of rule-making. This demonstrated their perspectives towards rules as one of a collaborative process with the employees.

For instance, compliance for the leader of *Sustainable Tourism* was “...not a military drilling process”. Similarly, the leader of *Client First* highlighted that the organisation was not “running an army” and that the management team made the effort to educate each

employee on the values and rules of the organisation. In the cases of *Conscientious Builder* and *Sustainable Tourism*, the leaders developed rules and regulations by involving the employees. The leader of *Sustainable Tourism* encouraged its employees to go on a tour to understand the perspective of their clients. These leaders viewed the employees as part of their organisation's community and worked towards empowering them to make ethical decisions. Their approach appeared to also promote a work environment that supports the development of good character for employees.

By building the employees' community in the organisation, the leaders in the three organisations highlighted above worked on character-building and created a set of values for employees that worked for their organisations. Literature review highlighted that the capacity of an employee to do the right thing in certain situations can be developed by constant reinforcement and practice of certain virtues (de Colle and Werhane, 2008). As stated by the leader from *Conscientious Builder*, "employing the right people and giving them [the leader's] personal values" was an important factor. This is a virtue prized within a virtue ethics framework (de Colle & Werhane, 2008).

As argued by Kurzynski (2009), the basic concept of community, the idea of purpose and the importance of character development in creating a good life for oneself and others are part of the ingredients of a virtue ethics framework. The leaders in the research study focused on establishing relationships with their employees and building a corporate environment that would encourage their employees to assume responsibility for, and to think through, the importance of rules in service delivery. The virtue ethics framework as displayed by the three leaders is predominantly noted in the area of employees' management and from the perspective of relationship building.

### 7.1.5 Utilitarian approach to business ethics

There is some evidence to show that the leaders projected utilitarian ethical framework. Three of the five leaders projected limited traits aligned with utilitarian ethical framework. The leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* illustrated in their management of ethical business practices that it was possible to focus on generating benefits for the larger business community (employees, clients, suppliers) instead of just generating profit for the organisation and its shareholders.

The concept of utilitarianism focuses on the greatest possible happiness for the greatest number of people (Bentham, 1815; Renouard, 2011). According to de Colle and Werhane (2008), supporting the concept of utilitarianism requires leaders to motivate their employees to display feeling of sympathy towards members of the society. In the context of this study, the employees from *Client First*, *Sustainable Tourism* and *Conscientious Builder* were motivated to understand the impact of rule-conformance and the effect of failing to conform with rules on the clients. To some extent, the leaders from *Client First*, *Sustainable Tourism* and *Conscientious Builder* made additional efforts to develop sensitivity in their employees by tailoring their training to include experiential components. This was noted in their attempt to educate the employees on the organisation's mission, goals and rules. Another example that illustrated their social focus was in the corporate social responsibility activities organised by *Client First* and *Sustainable Tourism*. These two organisations encouraged their employees to engage actively in corporate social responsibility activities. The leaders ensured that the employees understood the intrinsic value of engaging in corporate social responsibility. They did this by highlighting the positive effects of corporate social responsibility activities on the recipients.

Belak and Mateja (2012) characterise utilitarianism as performing the right action that would provide the maximise outcome. Belak and Mateja (2012) also argue that the concept of utilitarianism is not so easily applied in the context of business. For instance, it is not easy to satisfy all stakeholders equally. For *Client First, Sustainable Tourism* and *Conscientious Builder*, their focus was on creating the maximum outcome or value for the organisation and its related stakeholders. The leaders worked on satisfying the clients, the employees and suppliers. However, the underlying objective appeared to be focused on generating greater satisfaction, commitment and loyalty towards the organisation and its products. There is limited evidence to illustrate utilitarianism as traditionally formulated by Jeremy Bentham (1815) in which it is argued that all acts are committed for the greatest happiness of the greatest population. This differs as noted from the cases in this study where the organisations made decisions for the benefits of a few stakeholders namely the organisations' shareholders, the clients and the employees.

As stated by Lin-Hi (2010), a business leader is required to focus on issues related to society and not just the commercial organisations. Lin-Hi and Blumberg (2012) stipulate that leaders must be able to show that business activities are not only linked to efficiency but to social solidarity. The ethical dimension should focus on generating value for society. The leaders in this study did not articulate or elaborate on this ethical dimension of generating value for society. However, their conformance with rules indicates that they would not go against policies and legislations that sought to protect society in general.

#### **7.1.6 Justice as the cornerstone of business ethics**

The data reveals two key values displayed by the leaders in the management of their employees - fairness and justice. This was noted in *Conscientious Builder, Sustainable*

*Tourism* and *Client First* in their approach to resolving the employees' transgression or non-compliance among their employees. The leaders developed an internal compliance system where the employees were provided with equitable rights and fair outcomes. More than 95% of the employees from these organisations agreed that transgressions in their organisations were managed fairly.

Other than the management of employees, the leaders also adopted a sense of equality and fairness in their dealings with their clients and other stakeholders. This was noted in *Conscientious Builder* and *Sustainable Tourism*. Such approaches align with the concept of justice articulated by Rawls (1958, 1971) and further developed by Hartman (2001) and Cohen (2010). Rawls (1958) sees justice as fairness. There are two main principles of consideration. One, the liberty principle that suggest that all actors in an environment should be entitled to basic liberties, including political liberty, freedom of speech and assembly, freedom of thought, right to property, and freedom from arbitrary treatment. The second principle, the difference principle, suggests that any inequalities that arise from the implementation of the liberty principle must produce the greatest benefit to the least-advantaged members (Rawls, 1971).

In the three organisations, the concept of justice is translated in the form of rules and regulations or internal codes of conduct. For instance, in working with the employees, the leader of *Conscientious Builder* focused on treating the employees fairly by adopting a governance framework provided by external regulatory bodies. As stated by the leader, the employees in his organisation were covered “for a lot of medical treatment, over and above the Ministry of Manpower requirements”.

The three organisations notably *Client First*, *Conscientious Builder* and *Sustainable Tourism* adopted the Rawlsian principles of justice that focuses on values such freedom, equality and responsibility (Hartman, 2001). This was noted in their obligations towards the employees and the clients. Employees were not treated as wrongdoers until proven so and the leaders investigated the cause of the transgression from the organisational perspective. The safeguard expressed by the leaders in protecting their employees exemplified their approach towards fairness and justice.

For the clients, these three organisations worked on the principle of creating value and their involvement in corporate social responsibility activities further attested to the organisations' concern for clients' welfare and benefits. The leaders were clear in placing the clients first in their decision making. The leaders focused on the harm or impact of their decisions on their clients. The treatment accorded to the clients and employees highlights the element of justice as one the main virtues in developing and implementing business ethics. This value supersedes all other traits in protecting and providing for all stakeholders in a business environment.

## **7.2 Understanding ethical business practices**

Ethical business practices within the organisations that participated in this study were noted mainly in two areas – (i) rules and regulations and (ii) corporate social responsibility.

### **7.2.1 The association of ethics with rules and regulations**

Data highlight the association of ethical practices with rules and regulations. Four organisations demonstrated this. The leaders from *Accountancy Advancement* and *Client First* described ethics as rules or law imposed by external regulatory institutions. *Sustainable*

*Tourism* and *Conscientious Builder* adopted code of conduct to guide the employees to conform with ethical business practices. Differing from this pattern is the case of *Thinking Physiotherapist* where the leader described ethics as mainly providing services in the best interest of the clients. However, in discussing the changes in the sector, the leader indicated that the regulatory framework served to ensure quality in the delivery of physiotherapy services.

For organisations *Client First*, *Conscientious Builder* and *Accountancy Advancement*, failure to conform with external regulations could result in the dissolution of their organisations. In the cases of *Thinking Physiotherapist* and *Sustainable Tourism*, the regulatory bodies provided guidelines that encouraged and promoted ethical business practices. Failure to comply would result in poor image and reputation.

Regulation and ethics (in the form of leadership) emerged as a combination in ensuring ethical business practices. This is inferred from all of the leaders' description of rules and their impact on the organisation. For instance, it was characterised by the leader of *Accountancy Advancement* who believed rules imposed by the requisite regulatory body were developed "to force the industry into ensuring that [educational sector] is ethical". As stated by Crane and Matten (2007):

...there is indeed considerable overlap between ethics and the law. In fact, the law is essentially an institutionalisation or codification of ethics into specific social rules, regulations, and proscriptions. Nevertheless, the two are not equivalent.... (p. 5).

The data revealed that the regulatory system played a major role in upholding business ethics in all the five organisations. As stated by Miller (2011), law is developed by standards

adopted by a society to govern itself and is often “informed by prevalent moral theories” (p. 104). In the context of this research study, the foundation of an organisation’s ethical standards is built by obeying the law. Rules and regulations were the central foundation of business ethics in the five organisations in Singapore.

However, Crane and Matten, (2007) argue that rules and law is only a partial aspect of ethics and provides the minimum acceptable standards of behaviour. For a business entity, there are various morally contestable issues that are not covered from a legal perspective and require solutions from an ethical perspective. For this reason, Crane and Matten (2007) argue that business ethics “begins where the law ends” (p. 7). Unlike Crane and Matten’s sense that business ethics begins where regulation ends, for the five organisations in the study, the regulatory aspect of ethics emerged as primary. However, there was a particular dimension to the primary positioning of the regulatory and legal aspects within some of the cases.

Blodgett (2011) highlights the integration between law and ethics as substantive law. This requires a mixed adoption of ethics and law to include values or integrity-based ethics. For example, in the area of corporate governance or in the context of compliance program within an organisation, the rules should be part of a value system rather than just be imposed by external regulatory institutions. The integration of law and values was evident in three organisations, namely *Client First*, *Conscientious Builder* and *Sustainable Tourism*. The leaders of these organisations worked towards educating and empowering the employees by involving them in the formation of internal rules and regulations.

Extending the concept of ethics from its foundational basis as rules and regulations into an area of moral reasoning was not as clearly evident in cases such as *Thinking*

*Physiotherapy and Accountancy Advancement.* The leaders revealed that the employees were expected to follow certain protocols or conduct themselves as per the requirement of their designation. There was limited emphasis on guiding them to understand the rationale of the rules or code of conduct.

In summary, the association of business ethics with rules and regulations indicate the dominant role played by law and regulation in ethical business practices in the five commercial organisations in Singapore. While these aspects comprised the basis of business ethics in all of the five organisations, three of the five organisations adopted a particular orientation in the implementation of their organisations' code of conduct that included moral reasoning and value based training. This meant that leaders engaged employees in learning about and following rules such that the centrality of rules went beyond compliance.

### **7.2.2 Social responsibility as ethics**

All five organisations positioned their organisations' corporate social responsibility activities as part of their ethical business practices. This is aligned with research that illustrates the evolving role of business entities to address the impact of their business on society where products and services add value not only to the organisation but also to the society as a whole (Cannon, 1992; Frederick, 1994; Krishnan, 2011). As stated by Thomas (2006), the secretary of Singapore Compact<sup>14</sup>:

Corporate social responsibility in [Singapore appears in] various forms— worker welfarism and corporate charities, notably—are already long in practice in Singapore. But its presence is patchy, largely confined to

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<sup>14</sup> Singapore Compact for Corporate Social Responsible is the national society promoting sustainable development for businesses and stakeholders founded in 2005.

multinational corporations and large local businesses. Corporate social responsibility will gain strength over time. We are winning the support of business people and non-governmental organisations are well represented (cited in Robertson, 2009, p. 628).

The five organisations in the research study closely resembled this description of corporate social responsibility in Singapore. The corporate social responsibility activities were clearly outlined on the websites of *Client First*, *Accountancy Advancement* and *Sustainable Tourism*. The leaders of the other two organisations, *Conscientious Builder* and *Thinking Physiotherapist* also highlighted various corporate social responsibilities activities as part of their organisations' ethical business practices. The five organisations in the research study showcased their corporate social responsibility activities as benefitting stakeholders.

All of these organisations demonstrated their adherence to ethical business practices through forms of corporate social responsibility activities. Although there was no fixed type of activity that fell within the sphere of corporate social responsibility or specific target groups that benefitted from the activities, the organisations shared similar objectives in implementing corporate social responsibility activities which were to both generate a positive reputation that would lead to profit generation and, at the same time, address social needs.

*Thinking Physiotherapist*, *Client First* and *Accountancy Advancement* developed activities that created economic value for their organisations. Their action suggest that maximising the shareholders' wealth and profit for the organisation is assessed to be one of the main objectives of these organisations' engagement in corporate social responsibility activities. *Thinking Physiotherapist* provided newsletters to further educate their clients and offered free physiotherapy services for the disadvantaged. *Client First* and its corporate

social responsibility activities were linked to their core business in the form responsible investments and savings programmes as well as out-reach programmes for youth. The leader of *Accountancy Advancement* highlighted the organisation's efforts in providing scholarships and financial assistance to their students.

These three organisations focused their corporate social responsibility activities around their clients, products and services. They viewed corporate social responsibility activities to benefit the organisation, add value to its image and maximise the interests of shareholders. These organisations in this study understood the benefits that translated from engagement in corporate social responsibility activities which could positively influence financial outcomes for these organisations (Carroll & Shabana, 2010).

The other two organisations in this study, *Conscientious Builder* and *Sustainable Tourism* demonstrated a different approach to corporate social responsibilities. These organisations sought primarily to serve social needs and their initiatives were aligned with the focus on corporate social responsibility as a strategic direction of attaining a 'win-win' outcome in business transactions (Martin, Odemilin, & Bampton, 2010). Their views aligned more closely to providing benefits to the larger community with their attempts at protecting the environment and ensuring fairness for employees.

World Business Council for Sustainable Development (1999) highlighted corporate social responsibility as all about "the ethical behaviour of an organisation towards society – management acting responsibly in its relationship with other stakeholders who have legitimate interest in the business" (p. 6). The leaders of *Sustainable Tourism* and

*Conscientious Builder* demonstrated this respectively through their interests in preserving the environment and in looking after the welfare of their employees.

In summary, corporate social responsibility activities are viewed as ethical business practice by the five leaders in this study which served two purposes for their organisations – financial growth and social benefits.

### **7.3 Business ethics in commercial organisations based in Singapore**

The next part of this chapter would illustrate the key findings on ethical business principles and practices in commercial organisations that participated in this study.

#### **7.3.1 Business ethics ensures business continuity**

The leaders' description of ethics in their organisations highlights the importance of the concept. The findings suggest that ethics in business is aligned with the underlying objective of business – to generate profit and to ensure organisational sustainability. As such, business ethics was described to be a core component for business continuity.

As discussed in Chapter 6, all five organisations engaged in ethical business practices and the leaders embraced certain ethical frameworks in making business decisions. While the context of each organisation varied, the central reason enunciated by each leader for adopting ethics was to ensure the viability of their business. As described by the leader of *Thinking Physiotherapist*, adopting ethics in business was a long-term commitment, akin to “a marathon and not a sprint”. Similarly, in the case of *Client First*, the leader emphasised the need “to conduct [its] business responsibly” to ensure business continuity. The leader of *Sustainable Tourism* described on organisations which adopted unethical business practices

as likely to “fall like a stack of cards”. The leaders’ perspective was echoed by the employees. Ninety seven percent (n=47) of those who participated in the questionnaire agreed that ethics was critical in their organisation for business continuity.

This standpoint around business ethics is aligned with research that stipulates the importance of adopting ethical principles and practices for business continuity (Sen, 1993; Luu, 2012; Okoro, 2012). An organisation that is able to continue its business is able to continue generating profit. The study provides evidence of the economic benefits of business ethics in commercial organisations. The business case for these organisations is based on measurable outcomes that were described by the leaders – reputation, brand loyalty, profitability and organisational sustainability.

Ethical business practices such as conformance with rules and regulations can be measured and monitored to ensure consistency in the practices of these organisations. These practices reaped rewards and positive outcomes. The data show that by positioning ethics as a critical and essential component in business, leaders of the organisations perceived that they were able to establish and maintain their good reputation. *Client First* was ranked by Euromoney in 2012 as one of the top financial institutions in the world. In Singapore, the organisation received the People Developer award from SPRING (The Standards, Productivity and Innovation Board). *Sustainable Tourism* and its leader was honoured and recognised for the organisation’s efforts in preserving the environment by the Travel Corporate Conservation Foundation<sup>15</sup>. *Accountancy Advancement* was ranked in Singapore

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<sup>15</sup> The Foundation was formed by a group of travel agents with the focus on conservation of the environment and tourist sites. It is a not-for-profit organisation that supports and promotes sustainable tourism. The Foundation aims to benefit the community, preserve heritage and environment.

as one of the top educational institutions, recipient of the Singapore Quality Class (SQC) ranking and the organisation was also recognised by foreign institutions and universities for developing top students in certain external educational programmes. The finding suggests that ethical business practices in these organisations were developed and implemented because the leaders understood the strong business case for doing so. Adopting ethical business practices ensured their reputation and recognition which directly contributed to their organisations' profit maximisation.

While *Thinking Physiotherapist* and *Conscientious Builder* were not ranked or recognised publically, the leaders of these organisations understood the value of ethical business practices and how such practices translated to reputation and profit. For instance, the leader of *Thinking Physiotherapist* asserted its status as one of the largest private organisation offering physiotherapy services in Singapore. The organisation's standing in the sector was maintained because of its delivery of quality services.

In the case of *Conscientious Builder*, the leader would not engage in unethical business transactions which would affect the quality of the services offered or affect the employees' welfare. The leader's explanation of ethics highlights the focus of ethics extending to the welfare of the employees. The rationale to look after the employees' needs yielded positive outcomes such as employees' commitment to the organisation. This organisation attended not only to the profit orientation of business ethics but illustrated the need to protect the employees as they were considered vulnerable stakeholders.

As illustrated in all five cases, the leaders of the organisations understood the correlation between ethical business practices and positive corporate outcomes such as reputation and profit. This rationalisation aligns with research findings that stipulate good business outcomes for organisations that adopted ethics in their business (Carroll, 2004; Vershoor, 2006; Burton & Goldsby, 2009). The leaders understood that implementation of ethical business practices contributed to their organisations' continuous success, good reputation and profitability. A reputable organisation not only attracts clients and ensures brand loyalty as noted in the case of *Client First* and *Sustainable Tourism*; it is also an important element to ensure commitment from employees as indicated by the leader of *Conscientious Builder* and *Thinking Physiotherapist*.

### **7.3.2 Ethics as critical in a global business environment**

The concept of ethics in business has developed significantly after the global financial crisis in 2008 (Rossy, 2011; Lin-Hi & Blumberg, 2011). One of the five organisations in the research study, *Client First* located in the financial sector, was directly affected by the 2008 crisis. In addressing the challenges, *Client First* went "...back to basics" by evaluating the purpose of banking and financial services. Going back to basics required the organisation to re-build the trust with its clients and focus on providing responsible banking and investment.

The crisis situation faced by *Client First* illustrates the demands placed on commercial entities to adopt responsible business practices. Failures of some large financial organisations during the global financial crisis not only impacted the financial sector created a ripple effect on the world economy in general (Park, 2009; Clarke, 2010). Client demands for greater accountability is seen in the form of rules and regulations. The leader of *Client First* explicitly highlighted this connection as did the employees that participated in the

questionnaire. Eighty eight percent of the employees that participated in the research study (n=43) agreed that the global financial crisis had created a greater emphasis on compliance.

While the other four organisations in the research study were not directly impacted by the global financial crisis in 2008, they, too, revealed that unethical business practices of organisations within their business sectors results in greater regulatory measures. The leaders of *Conscientious Builder*, *Thinking Physiotherapist* and *Accountancy Advancement* highlighted greater scrutiny of the management of their organisations and changes to regulatory frameworks as a result of ethical failures of other organisations within their sector. The leader of *Accountancy Advancement* described the role of the Council for Private Education as one to “level up the industry and set some minimum benchmarks”. Similarly, the leader of *Thinking Physiotherapist* commented that “other people in the industry do unethical things...damaging the industry as a whole”. This suggests that unethical conduct of organisations creates a domino effect on other similar organisations within a business sector.

The need for commercial organisations to see ethical business as core to their operations is not just based on the imposition or changes to the regulatory framework following a crisis situation. Ethics is also increasingly important when addressing competition in the global market (Carroll, 2004; Scherer & Palazzo, 2007; Pies et al., 2010; Okoro, 2012).

The leaders in this study highlighted their sensitivity to this as they felt the demand to conform with some of the international rules around business ethics. For instance, in the case of *Client First*, the leader highlighted the organisation’s affiliation with the UN Global Compact. In the context of *Accountancy Advancement*, the leader stipulated the need to abide

and follow guidelines imposed by external universities in providing educational services.

The need to conform with international rules and regulations were also noted in organisations such as *Sustainable Tourism* and *Conscientious Builder*. The global positioning of *Thinking Physiotherapist*, in Singapore noted to be one of the leading medical hub required the organisation to conform with international standards in managing clients and taking care of patients requiring physiotherapy services.

The exposure of the organisations in this study to the international business market impacted the management of ethics in their organisations. As argued by De George (1995), business is often viewed from the perspective of dollars and cents. With the increased competitiveness, worldwide economic downturn and expanded global economic struggles, the leaders face much hardship to ensure success in the commercial organisations (Pies et al., 2010). Constant competition fuelled the pursuit for short-term economic returns (Lowenstein, 2011; Reich, 2011). The leaders in this study revealed that they too felt the heat in competing with other players within the sector.

The five organisations valued ethics as a core component in the area of business continuity for reasons associated with i) the changing landscape of the business environment with the expanding global market, ii) greater scrutiny on the quality of their products and services and iii) greater demand from law-makers, compliance institutions and clients for organisations to be ethical in their business practices.

## 7.4 Conclusion

This chapter presented the principles and practices of business ethics across the five commercial organisations that participated in this study. The discussion and analysis in this chapter has resulted in the following -

1. Business ethics is perceived by leaders as crucial for organisational sustainability.
2. Business ethics is a combination of ethics and rules.
3. Leaders adopted a mixed approach to ethical business principles.
4. Egoism ethics and duty-based ethics guide ethical business practices.
5. Ethical business practices were effective as leaders were committed towards compliance with rules and regulations. The ethical practices appeared limited and were implemented mainly because of their legal mandate.
6. Three areas emerged as significant in the leaders' pursuit of ethical business practices – (i) following rules, (ii) adopting a system of corporate governance through codes of conduct, and (iii) corporate social responsibility activities
7. The motivation of ethical business practices was to ensure organisational viability.

According to Crane and Matten (2007) and McNutt (2010), the combination of the concepts of business and ethics can be classified as an “oxymoronic twist” (p. 741). McNutt (2010) argue that the concept of business ethics has developed significantly but mainly in the context of corporate governance or corporate social responsibility. However, he also highlighted that “compliance is an objective that can only be attained with effective enforcement” (p. 742). It is also argued that increasingly, the concept of compliance and responsibility is adopted in a narrow sense mainly defined in terms of policies and procedures and processes within a company (Rossi, 2010; Demidenko & McNutt, 2010).

The evidence from this study suggests that compliance and ethics are supportive components, mutually reliant on each other and they can be successfully incorporated in business. The discussion on ethical business practices and principles illustrated the combination of rules and leaders' values as elements that ensured ethics in business. The protection of the clients was a significant factor that drove the ethical business practices. Following Okoro (2012), the leaders from this study understood the increasing need for business to be accountable to the clients. The leaders embodied the ethical business principles and played the role of a moderator in ensuring compliance with ethical business practices.

These findings contribute to the field of business ethics in two ways. First, it establishes business ethics as important to ensure business continuity. Business ethics then is established as something that is 'good for business' rather than a burden or additional cost. This affirms studies that highlight the correlation between ethical business practices and a positive reputation and business sustainability. Second, the findings identify that leaders and external regulatory bodies play significant roles in ensuring ethical business outcomes. This shows that the role of the legislation is critical in ensuring ethical business outcomes. This also suggests that organisations would not be able to maintain ethical business practices without internal rules or external regulatory frameworks. The leaders' values play a part in the compliance amongst the employees. The leaders' management of employees, especially in addressing transgressions, contributes significantly to ethical business outcomes in the organisations. Although literature highlights the impact of rules on ethical business outcomes, this study has demonstrated the need to consider both rules and the perception of leaders in the development of ethical business framework.

While therefore of merit in their own right, the findings then establish a basis on which the potential of restorative justice, for addressing the contravention of business ethics, may be viewed. Some of the values and practices demonstrated hold similarities with the concept, values and principles of restorative justice. This will be addressed in the next chapter.

## **Chapter 8: Restorative Justice in Commercial Organisations**

*Underlying restorative justice is the vision of interconnectedness... we are all connected to each other, and to the larger world, through a web of relationships.*

Zehr & Gohar (2003, p. 38).

This chapter discusses the findings from a restorative justice lens. The chapter begins with a brief overview of restorative justice. Next, the chapter highlights the values and practices of restorative justice that were apparent in the five commercial organisations that participated in this study. The chapter concludes by addressing the significance of the findings and the potential of restorative justice in commercial organisations based in Singapore.

### **8.1 Overview of restorative justice**

As reviewed in Chapter 3, restorative justice is defined by Braithwaite (1999) as “a process whereby all the parties with a stake in a particular offence come together to collectively resolve how to deal with the aftermath of the offence and its implications for the future” (p. 5). The definition highlights the aims of restorative justice to restore the victims and to develop a sense of responsibility on the part of the transgressor.

### **8.2 Values of restorative justice in commercial organisations**

The values of restorative justice seek to promote relationship building and repairing of harm (Roche, 2003; Bazemore, 2008; Kidder, 2007). This is achieved by incorporating values

such as responsibility, reintegration, restoration and respect in resolving disputes (Dignan, 2005; Marshall, 1999).

In the context of this study, the data that was collected from the leaders and organisations on ethical business principles and practices has been interpreted through the lens of restorative justice. The leaders' descriptions of practices around business ethics and organisational values were examined based on the four key values of restorative justice, namely, responsibility, restoration, reintegration and respect.

### **8.2.1 Responsibility**

In the context of commercial organisations, restorative justice seeks to promote responsibility in conflicting situations by encouraging the organisation and its employees to take responsibility for their actions (Braithwaite, 2002; 2009). In this study, the value of responsibility was identified in three management areas- (i) management of compliance, (ii) management of employees and (iii) management of clients. All five leaders identified their organisations' compliance with rules as the main priority in upholding ethics in their respective organisations. The leaders were mindful of the legislative requirements and the oversight provided by the regulatory bodies. The leaders demonstrated a strong sense of responsibility for following the rules and for governance.

Other than the leaders showing values that displayed responsibility and accountability towards rules and regulations, the leaders also exhibited the value of responsibility in managing the employees. The leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* developed guidelines and worked closely with their employees in

ensuring they followed the rules and, by so doing, these leaders had clear expectations of their employees being responsible towards compliance and regulatory mechanisms.

The leaders from *Thinking Physiotherapist* and *Accountancy Advancement* viewed their employees as responsible individuals capable of performing their duties and accepting responsibility for transgression or diversion from the rules. These leaders did not, however, discuss their own responsibility as leaders in ensuring this outcome. They expected their employees to be able to self-regulate.

The value of responsibility was also noted in the leaders' management of the clients. All five leaders in this study highlighted acceptance of their responsibility towards their clients. In addressing unethical business practices, the organisations were swift in taking up responsibility and in rectifying the mistakes by providing compensation.

In summary, the leaders from all the organisations demonstrated strong sense of responsibility in complying with rules and regulations. Similarly, they were responsive towards the needs of their clients. With regards to the employees, the leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* displayed greater level of responsiveness in guiding their employees.

### **8.2.2 Restoration**

Restoration of harm inflicted by the perpetrator towards the victim is a significant value within the practice of restorative justice. Restoration in the context of criminal justice system aims to restore relationships, harm done to the victim and promote acceptance of the offender back into the society (Zehr, 2005; Armstrong, 2012). The process of restoration requires

understanding the impact of the crime on the victim. This is achieved by engaging in peacemaking, dispute resolution process and by rebuilding relationships (Christie, 1977; Van Ness & Strong, 2010).

In the context of commercial organisations, restoration of harm takes place slightly differently. In an organisational setting, harm is inflicted usually in the context of unethical business conduct and restoration of harm usually targets the clients (Braithwaite, 2002; Larsen & Lawson, 2013)

The leaders displayed restoration in their management of clients and employees. Leaders from *Thinking Physiotherapist*, *Client First* and *Sustainable Tourism* were focused on their clients and highlighted initiatives taken by their organisations to apologise, to rectify errors and make amends towards their clients. The leaders from these organisations were quick in restoring the loss suffered by the clients, not merely in terms of products or services but also restoring the loss of confidence in the organisation. For instance, the leaders from *Accountancy Advancement* and *Conscientious Builder* discussed the importance of providing quality products and services to ensure client satisfaction and brand loyalty.

Another area that highlighted the value of restoration was in the area of employee management. For instance, in the context of transgression management, the employees from *Conscientious Builder*, *Client First* and *Sustainable Tourism* were given opportunities to explain themselves. The leaders' method in disciplining their employees revealed the underlying objective of restoring the employees' commitment and ability to work with the organisation rather than push them towards termination for breaking rules.

These three leaders also constantly reviewed their organisations' compliance system. They choose to reflect on their system first instead of blaming the employees for non-compliance. By reviewing the system, the leaders stated that they were able to create a work environment that promoted compliance. The leaders also attested to treating employees as equals and encouraged them to contribute to the compliance regulation. By doing so, the leaders were able to restore the employees' dignity and their ability to self-regulate. This additional step of reviewing the organisations' compliance system first before dealing with transgressions of the employees restored the employees' confidence in fair dealings.

### **8.2.3 Reintegration**

From the criminal justice perspective, reintegration provides an opportunity for the perpetrator to be forgiven and accepted into the larger society (Roche, 2003). The rationale is not to label the person but to reject the behaviour of the person. By ensuring inclusion of the perpetrator back into the society, there is a greater accountability on the part of the perpetrator to refrain from committing further transgressions (Braithwaite, 2009).

In the context of a commercial organisation, reintegration requires the transgressor to be given an opportunity to explain the misconduct, be forgiven and be given a chance to continue being part of the organisation. Adopting the broad definition provided by s indicated by Goodstein, Butterfield, Pfrarrer and Wicks (2014), reintegration is all about "repairing the relationships damaged by various acts of individual and organisational wrongdoing and regaining support such as legitimacy, trust and respect, from key internal and external stakeholders" (p. 316).

In this study, the value of reintegration is noted in the management of employees. The leaders from *Client First, Sustainable Tourism* and *Conscientious Builder* highlighted how their compliance system allowed employees the opportunity to explain and provide chances for them to make amends. The leaders expressed willingness to listen, re-examine their own compliance management system, forgive and provide opportunities for employees to change. The other two leaders from *Thinking Physiotherapist* and *Accountancy Advancement* were less tolerant in managing the employees' transgression. They also expected the employees to self-regulate and work within the rules and regulations.

The leaders did not highlight the involvement of all stakeholders. In the management of employees' transgression, the leaders discussed only the involvement of the employees. The involvement of other stakeholders such as the clients, business partners or community at large was not highlighted.

#### **8.2.4 Respect**

Respect in the context of restorative justice requires re-building the self-esteem of the offenders and integrating them into their community (Braithwaite, 2002; Okimoto et al., 2008). In order to empower the offenders to take up responsibility, it is important to first respect them as an individual (Braithwaite, 2002; Bazemore, 2005). The focus is not only on the offenders. Restorative justice seeks to address the harm suffered by the victims. As argued by Wong and Mok (2011), restorative justice seeks to empower the victims and this requires respecting their hurt and individuality in the criminal justice process. In the context of commercial organisations, the value of respect is noted in the area of workplace justice, restoration of personal integrity and in repairing the interpersonal trust (Goodstein & Aquino, 2010).

In this study, the value of creating effective relationship was discussed by leaders *Conscientious Builder*, *Client First* and *Sustainable Tourism*. Respect was seen to be the foundation in the leaders' description of their organisations' accountability towards the clients. These leaders followed the rules closely because they believed that the rules were meant for protecting the clients. Their high level of compliance reflected their respect toward rules and legislation. These leaders also respected the clients and believed that they deserved the best products and services.

Evidence of respect was also seen in the management of employees and their involvement in the rule-making process. By respecting the employees as individuals capable of contributing towards the rule-making process, the leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* were able to garner greater support from the employees. In a situation where the employees failed to conform, the employees were given the opportunity to explain. Treating employees with respect and guiding them to understand their role and importance in the larger organisational system indicates the leaders' effort to restore to the employees their position in the organisation.

In the other two organisations, *Thinking Physiotherapist* and *Accountancy Advancement*, the leaders viewed the employees as rational individuals capable of making decisions on the need for compliance with rules and regulations. They approached the employees by providing them with a set of guidelines and worked minimally in addressing any issues related with the compliance management system. They believed that the employees should know what needs to be done in an organisation and failure to comply with rules may result in termination. To a certain extent, the employees were treated with respect

but in addressing transgressions, the leaders did not demonstrate a system that promoted willingness to accept mistakes and make amends.

### **8.3 The practices of restorative justice in commercial organisations**

The next part of this chapter looks at the practices of restorative justice found in the commercial organisations. As highlighted above, restorative justice practices often takes place in the form of negotiation and mediation. Since these practices are common in all organisations, the elements of responsive regulation (Ayers & Braithwaite, 1992) and restorative justice process (Goodstein & Butterfield, 2010) are used to explain this part of the discussion on restorative justice practices. Data analysis revealed that the restorative justice practices among the five organisations were mainly found in the management of employees.

In the context of employee management, leaders described how offending employees were given opportunities to make amends and the leaders extended forgiveness and fostered reintegration. The leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* promoted this process in their management of employees. The process in these organisations highlighted the notion of trust exhibited by the leaders in their dealings with employees. The leaders believed and trusted the employees to be follow rules and accept responsibility for their mistakes.

These three organisations in this study created an open work environment that allowed employees to discuss issues related to compliance system. The leaders created an open work culture, building trust amongst the employees and creating opportunities to discuss issues related with compliance (Braithwaite, 2002; Walker, 2006). The questionnaire outcome indicated that the employees believed that their organisation promoted a 'safe' work

environment for sharing of mistakes. In these ways, the leaders' practices conformed to Goodstein and Butterfield's process (2010) of addressing unethical behaviour or organisational transgression. The process is based on values such as making amends, extending forgiveness and fostering reintegration. The process requires involvement of offender, the victim and the workplace community.

In the case of *Thinking Physiotherapist* and *Accountancy Advancement* the leaders demonstrated a work environment that was based on rules imposed by external regulatory bodies. These rules were monitored closely and failure to comply led to employee termination.

Ayers and Braithwaite (1992) propose a model for commercial organisations which implements various levels of disciplinary sanctions before employee termination. Braithwaite (2002) depicts restorative justice as a pyramid of regulation where persuasion in a respectful manner is the first step towards ensuring compliance. Failure to conform subsequently would be escalated with the last step being incapacitation of the organisation.

The leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* adopted an approach similar to this model in dealing with employee transgression. For instance, in the management of rules and regulations for the employees, the leader of *Conscientious Builder* adopted "a three-letter system where there is a first warning, second warning" and if the worker failed to comply on the third occasion, termination would follow. This served as a form of deterrence to other workers and the leader highlighted the measure as a way of being transparent in managing transgression. The leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* followed a certain flow in employee management in which they did

not resort to immediate termination. At the same time, they did not allow repeated transgressions.

These practices follow Braithwaite (1998) whereby the process of deliberation in resolving conflict emphasises healing rather than punishing. This provides the offender or transgressor with the chance to rebuild his or her moral and social selves. In the context of this study, all employees from these three organisations that participated in the questionnaire agreed that the sanctions in their organisations were fair.

#### **8.4 Conclusion**

This chapter presented the values and practices of restorative justice in commercial organisations. The discussion and analysis in this chapter has resulted in five conclusions:

1. The potential of restorative justice evident in commercial organisations as the four values of restorative justice observed in the leaders' management of their organisations;
2. The four values of restorative justice were noted in three management areas – management of compliance, management of employees and management of clients;
3. In managing the employees, the leaders from three organisations namely *Conscientious Builder*, *Sustainable Tourism* and *Client First* displayed all four values of restorative justice;
4. In managing the employees, the compliance management approach of the leaders from *Conscientious Builder*, *Sustainable Tourism* and *Client First* aligned with the restorative justice process of managing compliance and transgressions;

5. One of the key elements of restorative justice requires involvement of all stakeholders in managing transgressions. This was observed in the area of employees' management but limited to only one stakeholder.

The discussion above illustrates the values and practices of restorative justice exhibited by the leaders in managing their organisations. These values and practices were noted in three areas of management (i) leaders' management of compliance, (ii) leaders' management of employees and (iii) leaders' management of clients. Compliance management is an important task for the leaders and the leaders viewed this as critical for the organisations' success. The leaders also emphasised the need to satisfy the clients and in addressing any issues related with the clients. These two management areas were related with compliance management. In managing the employees, the leaders explained how they demonstrated certain strategies to ensure conformance with rules. Non-compliance with rules was addressed with the focus on ensuring compliance. This highlighted the notion of organisational justice as the employees' perception of fairness were important to prevent further transgressions (Kidder, 2007). The leaders also demonstrated accountability and fairness in managing the clients.

The values displayed by the leaders in this study are similar to the values of restorative justice in commercial organisations noted in the literature mainly in the area of compliance management and organisational justice (Ayers & Braithwaite, 1992; Parker & Nielsen, 2005; Kidder, 2006; Goodstein & Butterfield, 2010). In the context of compliance management, restorative justice seeks to promote healing and repairing of harm done towards the business community (Goodstein et al., 2014). Similarly, the leaders demonstrated strong willingness to comply with the rules and rectify any transgression against the regulations.

The three areas of management draw on values of restorative justice– namely, responsibility, restoration, reintegration and respect. However, not all values are observed consistently across all three management areas as illustrated in the table below:

**Table 5: Values of restorative justice assessed across leaders**

Values	Management area	AA	TP	CB	CF	ST
Responsibility	Compliance management	✓	✓	✓	✓	✓
	Client management	✓	✓	✓	✓	✓
	Employee management	✗	✗	✓	✓	✓
Restoration	Compliance	✓	✓	✓	✓	✓
	Clients	✓	✓	✓	✓	✓
	Employees	✗	✗	✓	✓	✓
Reintegration	Compliance	✗	✗	✗	✗	✗
	Clients	✗	✗	✗	✗	✗
	Employees	✗	✗	✓	✓	✓
Respect	Compliance	✗	✗	✗	✗	✗
	Clients	✗	✗	✗	✗	✗
	Employees	✗	✗	✓	✓	✓

Key:

AA=Accountancy Advancement

CB= Conscientious Builder

CF= Client First

TP= Thinking Physiotherapist

ST= Sustainable Tourism

The values of responsibility and restoration were noted in all five organisations in the area of compliance management and client management. The values of reintegration and

respect were identified only in the area of employee management and were demonstrated only by three leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism*.

Although the values in the three areas of management were not equally distributed, the presence of the four values in the three of the five commercial organisations is significant as it illustrates the potential of restorative justice in some areas of management in commercial organisations based in Singapore. Conversely, this mapping also indicates the limitations of the concept and its application across all areas of management areas.

As reviewed in Chapter 3, the concept of restorative justice in the criminal justice system is often argued as one that does not offer a panacea or replacement for the punishment model in dealing with offenders (Roche, 2003). As stated by Shapland, Atkinson, Colledge, Dignan, Howes, Johnstone, Robinson and Sorsby (2006):

restorative justice is not a ready-made package of roles, actions and outcomes that can be plucked off the shelf, but has to be, often quite painfully, made from its basic ingredients by the particular participants who have been brought together as a result of the offence (p. 507).

This is noted in this study as the leaders adopted various values of restorative justice in different scenarios, with some of the values of restorative justice not observed in the organisations that participated in this study. The leaders adopted a range of principles and practices in managing their organisations and this shows that the values and practices of restorative justice may well be part of those existing principles and practices. However, literature on restorative justice has also highlighted the model should not be a complete step by step guide. Instead, Zehr and Gohar (2003) argue that:

restorative justice is *not a map* but the principles of restorative justice can be seen as a *compass* pointing a direction. At minimum, restorative justice is an invitation for dialogue and exploration (p. 9).

There are particular elements, however, which support the presence of restorative justice in the commercial organisations in the study. In the area of employee management, i) leaders' beliefs around compliance management and ii) leaders' influences over the culture of the organisation promoted the application of restorative justice values and supported aligned practices. With regard to i), these were demonstrated by the attested practices that the leaders of *Conscientious Builder*, *Client First* and *Sustainable Tourism* adopted. The leaders' beliefs in compliance management contributed to the shape taken to the development and implementation of the compliance management system in their organisation. They believed in empowering the employees by involving them in the compliance management. The employees in their organisations were able to contribute to the rule-making process and they were also consulted in situations where there was transgression or non-compliance. By involving the employees, these leaders were able to generate greater commitment in compliance.

As noted by Goodstein et al., (2014), leaders play a central role in the process of reintegration and reconciliation through their efforts to get all parties involved in resolving a conflict. The literature around restorative justice on addressing transgressions of individuals and organisational justice highlights the need to create accountability and for transgressors to make amends (Bradfield & Aquino, 1999; Kidder, 2007; Okimoto & Wenzel, 2008; Wenzel et al., 2008; Goodstein et al., 2014). By engaging the transgressor in a dialogue to understand their perspective, opportunities for greater commitment from employees are created (Okimoto & Wenzel, 2014). Neilsen and Parker (2009) identify that restorative justice practices create greater respect towards rules and regulations and deeper moral commitment. This was seen in employee' perceptions that their organisational regulations were fair and the compliance system promoted compliance.

Braithwaite (2002) describes how “...resorting to more dominating, less respectful forms of social control only when more dialogic forms have been tried first, coercive control comes to be seen as more legitimate” (p. 33). This was noted in the efforts of leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* in working with the employees on compliance management system rather than expecting them to accept the rules without understanding. These leaders created an organisation that worked on values as well as rules. The values were embedded in the organisational culture and this created a sense of commitment amongst the employees.

The leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* played a crucial role in managing non-compliance and resulting transgressions in a fair and effective manner. They provided clear and transparent structures and were open in the process of dealing with transgressions. They understood the need for greater accountability from the transgressor rather than just punishing the transgressor. These practices aligned with Morrison’s (2001) notion that, “an effective restorative process would allow the offender to accept responsibility for the wrongful act and then create opportunities to strengthen the relationships that sustain individual responsibility” (p. 202). The leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* understood this connection and worked towards repairing and building relationships.

In contrast, the leaders of *Thinking Physiotherapist* and *Accountancy Advancement* imposed greater control on employees. These leaders believed that employees were capable of regulating their conduct and failure to comply would result in sanctions. The leaders believed that employees that transgressed should be given an opportunity to explain but these leaders were also firm in terminating the employees for their misbehaviour.

The second element supporting the presence of restorative justice values and practices in commercial organisations is the organisational culture and the leaders' influenced its development. As indicated by Wenzel et al. (2008):

...the core of restorative justice is a dialogical process geared toward making offenders accept accountability for the harm they have caused (as well as its repair), show remorse, and offer an apology, while victims are, at least implicitly, encouraged to overcome their resentment and offer forgiveness (p. 377).

In this study, leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* created an open environment where the employees were able to come forward and disclose their mistakes. These leaders believed that employees are rational individuals and should be treated with fairness and respect even in the context of them transgressing against certain rules and regulations. These leaders created a work environment that was conducive for sharing and disclosing mistakes and promoted a culture that allowed communication amongst the leaders and employees.

The leaders of *Thinking Physiotherapist* and *Accountancy Advancement* described a stricter work environment. The leaders indicated limited involvement in guiding the employees or in creating an open environment that promoted interaction or communication.

By adopting an open culture, the leaders from *Conscientious Builder*, *Client First* and *Sustainable Tourism* highlighted their willingness to forgive and accept the transgressor. This is aligned with the studies on restorative justice and forgiveness in commercial organisations which is linked with open culture of the commercial organisations (Wenzel et al., 2008; Goodstein & Aquino, 2010).

In summary, this chapter has discussed the presence of restorative justice values and practices in commercial organisations based in Singapore. The evidence of restorative justice, its values and practices highlight the potential of expanding the application of restorative justice to commercial organisations. Restorative justice has its roots in the criminal justice system and in the management of offenders. This study shows the likelihood of expanding the concept to commercial organisations, for leaders to adopt the values of restorative justice and to engage in ‘restorative leadership’ especially in the management of transgression or non-compliance amongst the employees. This study also shows the potential of incorporating the principles and values of restorative justice in further strengthening ethical business outcomes. The values of restorative justice such as responsibility and restoration may provide greater consideration to those who are affected by unethical business outcomes.

## Chapter 9: Conclusion

*No one person is entitled to everything. To have an ethical world, there are times when people need to sacrifice their own interests for the good of others.*

Duska (2003, p. 21).

This chapter returns to the research questions that guided this thesis and addresses them. It identifies the key findings that emerged, highlights limitations of the study and outlines directions for future research.

This study was driven by the main research question: 1) What are the principles and practices of business ethics in commercial organisations based in Singapore? To narrow the scope of this question, it sought more specifically to address in 1a) what ways do leaders understand and influence ethical business practices in commercial organisations? To ascertain the potential of restorative justice within a commercial context in Singapore, the second part of the study addressed the question: 2) What is the potential of restorative justice in commercial organisations based in Singapore?

### 9.1 Overview of this study

This study sought to examine the ethical business principles and practices in commercial organisations based in Singapore. In light of the global financial crisis in 2008, the review on ethics in business highlighted the notion of ethics as significant in the context of business (Friedman, 2009; Lin-Hi & Blumberg, 2012). The continuous failures of commercial organisations and the economical repercussion of such failures resulted in greater

demand for businesses to be responsible and accountable with their business practices (Lin-  
Hi & Blumberg, 2012).

The literature review also found that establishing ethics in business poses a tension (Crane & Matten, 2007) when the underlying goal of business to generate profit may not fit well with the requirements of conducting business ethically (Byrne, 2011; Duska, 2010; Friedman, 2009; Lowenstein, 2012).

Alongside the recognition of this tension, there has been development in the area ethical business principles and practices. Ethical business principles are influenced by various ethical frameworks (Crane & Matten, 2007) and six such frameworks were reviewed, namely, virtue based, duty-based, justice-based, egoism, utilitarianism and Confucian moral philosophy. The business practices that ensure ethical outcomes reviewed were ethical leadership and ethical decision making (Trevino & Nelson, 2010) and the increasingly prevalent role played by rules, regulations and regulatory bodies in strengthening business ethics (Charles, Glover & Sharp, 2010; Okpala, 2012).

The objective of ethical business principles and practices is to prevent commercial organisations from unethical business behaviour. However, the literature review also showed that despite the rapid development in the area of business ethics, commercial organisations continue to engage in unethical business practices. With such recognition, , this study also explored the concept of restorative justice, its values and practices as one potential strategy in strengthening ethics in commercial organisations (Ayers & Braithwaite, 1992; Brownlee, 2010; Feld & Gelfand, 2012; Kidder, 2007; Okimoto et al., 2009). As highlighted by Goodstein and Butterfield (2010), “restorative justice provides a framework for innovation in

dealing with ethical transgressions in the workplace” (p. 454). The value of restorative justice was also highlighted at the height of the global financial crisis in 2008. As argued by Braithwaite (2009):

....the relevant strength of this restorative justice strategy is that it can move regulators in on hot spots long before they light conflagrations like the string of 2001 collapses. The philosophy is that it is a mistake to wait until there is enough evidence to launch a prosecution (p. 8).

This study was developed to examine ethical business principles and practices in commercial organisations based in Singapore and to explore the potential of restorative justice to strengthen ethical practice within a business context. In addressing the research questions, a case study methodology was applied to examine five commercial organisations in Singapore. The organisations selected for the case study were from different industrial sectors and all operated as global companies. Each of these organisations gave access to some of its documentation and to its leader for interview. For the purpose of triangulation, a questionnaire was used to survey employees to which 49 employees responded.

## **9.2 Scope and limitations**

In the development of this study, there were certain choices made that demonstrate both the scope and limitations of this study. The use of a case study methodology with small number of participants from different commercial organisations limited the generalisation of the findings in this study. Similarly, the small number of employees (n.49) that participated in the questionnaire limits the use of the data for any statistical evaluation. Instead, the data was collected mainly for the purpose of triangulation and was used in the case studies to add another perspective to the one provided by the leaders. The conduct of the case studies

across five different industry sectors allowed for broad consideration of the utility of restorative justice across settings.

While efforts were pursued to randomly select employees for this research study, it is possible that their views were skewed towards their leaders and their organisations. This could explain the more positively aligned outcomes to the questionnaire. Future research may address limitations by engaging the employees in interview sessions instead of conducting questionnaires and by seeking to extend on the number of employees as participants. Consideration of researching more deeply within one sector rather than across sectors would also be important.

The five leaders who responded to the invitation and were willing to participate in this study were already managing organisations that implemented ethical business practices. It could suggest, therefore, that the data collected for this research were from a group of business leaders who leaned more positively toward the adoption of ethical business practices. Future research may want to focus on extending the viewpoints of those who experience ethical business practices such as the clients and employees to strengthen the range of perspectives canvassed and as a way to complement those of leaders.

This study was exploratory in nature and attempted to investigate ethical principles and practices in commercial organisations based in Singapore. The scope of this research was to identify to the presence of ethical business principles and practices and to extrapolate the description of principles and practices into ethical frameworks. It was not designed to ascertain the validity of any particular ethical theory or principle. Its purpose was to lay out the ground on which to explore the potential for restorative justice in the area of business

ethics. The data on restorative justice has thus been inferred from the data collected from leaders' and employees' perceptions of business ethics. Decisions were made to avoid direct questions on restorative justice posed to leaders and employees for fear of misunderstanding or lack of knowledge.

To assure the robustness of this study, different strategies were adopted including, but not limited to, triangulation across multiple collection points, tools, and cases. The findings in this study are exploratory and begin to highlight understandings of the concept of business ethics and restorative justice in commercial settings. The findings point to avenues for future research which may, in turn, lead to the development of theories or practices in business ethics for commercial organisations based in Singapore.

### **9.3 Responses to the research questions**

The next part of this chapter highlights the key findings with regards to the two research questions on business ethics and restorative justice in commercial organisations based in Singapore.

#### **9.3.1 Business ethics**

In response to the research question around ethical business principles and practices, four key findings emerged from this study.

##### **1. Business ethics is perceived as critical for organisational sustainability**

Business leaders saw that the presence of ethical business principles and ethical business practices as critical in their organisations. Their understanding of ethics and their positioning of ethics in business illustrates that the concept of ethics in business as a viable concept. Unlike the challenges highlighted by Friedman (1970), Crosbie and Knight (1995),

Krishnan (2011) and Pies et al. (2010) around business ethics and profit maximisation, the leaders in this research study expressed limited tensions and challenges around balancing profit for the organisation and pursuing ethical business practices.

Leaders in this research viewed ethical business practices mainly in the form of rules and regulations. The compliance with regulations was highlighted as ethical business practice and was important for organisational sustainability. Their understanding that ethical business practices resulted in positive outcomes such as organisational sustainability, better reputation and higher numbers of clients aligns with the literature which argues that ethics is good for business (Burton & Goldsby, 2009; Carroll, 2004; Crane & Matten, 2007; Chryssides & Kaler, 1996; Donaldson & Preston, 1995).

The leaders perceived the two concepts, namely, ethics in business and the profit motives of business as co-existing and complementary for organisational sustainability. However, despite the positive acceptance of ethics in business, the leaders' narrow understanding of ethics related mainly to compliance with rules and regulations is an area of concern. As argued by Banarjee (2008) and Duska (2010), businesses are required to go further and commercial organisations have an obligation to protect and improve society in general. The limited consideration of the role played by business entities in benefitting society in general did not emerge strongly in this study and highlights that understanding of business ethics in Singapore requires further development.

**2. Business ethics are externally influenced through regulation at the same time that they are influenced internally, by leaders' ethical values and leadership practices**

This study revealed that leaders' engagement with business ethics in commercial organisations based in Singapore is driven externally by the regulation to which they respond and internally by their ethical values and leadership practices. Three areas emerged as significant in leaders' pursuit of ethical practices. They were i) following rules and regulations imposed by external regulatory bodies, ii) possession of a corporate governance framework including codes of conduct and iii) an organisation's corporate social responsibility activities. These three areas highlight the commercial organisations strong affiliation to ensuring compliance. Compliance is the key ethical business practice for the commercial organisations and plays a predominant role in setting standards and in guiding the organisations.

Research, however, shows that leaders play a significant role in guiding employees to meet organisational goals (Bush, Gutermuth & West, 2009; Robbins & Coulter, 2002). Therefore, while ethical business practices were predominantly related to leaders' compliance with certain rules and regulations, the leaders themselves adopted a stance to ensure compliance and conformance with these rules and regulations. As such, leaders' ethical values and leadership practices shaped the outcomes of ethical business practices. The critical relationship between compliance with regulation and leadership values has been noted in the literature. As highlighted by Bragues (2008) with regards to commercial scandals, "individuals holding leadership roles in the corporate arena [who] lacked an inner moral core to influence their choices" (p. 373).

Ethical leadership is crucial in driving an organisation towards ethical business practices (De Hoogh & Den Hartog, 2008; Den Hartog & Belschak, 2012). While leaders highlighted compliance with regulations as ethical business practices, they also adopted

certain ethical principles in implementing and ensuring compliance within their organisations and among employees. The leaders that demonstrated principles aligned with virtue ethics clearly demonstrated the importance of modelling, teaching and guiding the employees. As noted by Brown, Treviño and Harrison (2005), ethical leadership is all about:

demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making (p. 120).

The leaders played a significant role in the successful implementation of regulatory frameworks within the organisation and in complying with the external regulatory bodies. The principles of the leaders contributed to the leadership approaches they adopted within their organisations, even though following rules were still the main guiding force influencing their ethical practice.

### **3. Leaders adopt a mix of ethical business principles which are positioned across ethical frameworks**

This study found that there was no single set of ethical business principles which were consistently visible across all five commercial organisations. Instead, the ethical principles adopted fell among a range of ethical frameworks. This is not unique to the leaders in this research study. Ethical principles and frameworks are seen as highly subjective (Lewis, 1985; Crane & Matten, 2007). This suggests that it may not be possible or productive to merely adopt one or two ethical frameworks in the management of commercial organisations (Calabretta, Durisin & Ogliengo, 2011). Due to the nature of ethical dilemmas faced by global business entities, it is argued that leaders should use different philosophical lenses when making a decision (Hunt & Vitell, 1986; Bagozzi, Sekerka & Hill, 2012).

The adoption of an eclectic approach to the application of business ethics principles in commercial organisations has two implications. First, a clear demarcation between the various ethical principles may not be feasible in evaluating the application of the ethics in business. Second, the presence of ethical business principles was inferred from the leaders' description of their approaches to managing commercial organisations. Thus, the leaders' characteristics, knowledge and experiences are factors that should also be considered as influencing the understanding and application of ethical business principles in commercial organisations.

#### **4. Egoist and duty-based ethics guide ethical practices**

The data showed that egoist and duty-based ethics were the most common ethical frameworks observed in leaders' description of their practices. The ethical principles of egoism were observed in the actions of the leaders mainly in the area of client management whereby leaders took the initiative to ensure client satisfaction. This emphasis aligns with egoist ethics, "capitalism presumes self-interest as the modus operandi for the various economic units.... The motive of self-interest gives direction and consistency" (McConnell & Brue, 1999, p. 63). All five leaders in this research study were aware of this principle and worked towards ensuring client satisfaction which in return resulted in the organisation's good reputation, profitability and sustainability.

The principles of duty-based ethics were noted in the leaders' management of compliance in which they understood ethics as compliance with rules and regulations. The leaders were mindful of regulations and their approach to ethics were described as developing codes of conduct, managing employees to conform with rules and setting standards within their organisations aligned with external rules. Leaders in this study demonstrated duty-

based ethics which influence acts according to rules and regulations (Belak & Rozman, 2012).

### **9.3.2 Restorative justice**

The findings noted above build a bridge to establishing prospects for restorative justice in commercial organisations for two reasons. First, restorative justice is related to compliance with rules and regulations. The leaders' primary understanding of ethics in business as related to rules and regulations support the potential for restorative justice in the context of commercial organisations. Second, the two ethical principles dominant in this study draw on underpinning values of benevolence, justice and prudence. These values are associated with restorative justice and align with the concept of justice inherent in restoration and healing.

As argued by Tracy (1998), restorative justice seeks to provide opportunities for victims to participate in the resolution of a conflict or harm. The responsibility is also given to the offenders or transgressors to make amends. In the context of this research study, the application of the values of restoratives justice mainly in the area of employees highlights this. In response to the research question on the potential of restorative justice in commercial organisations based in Singapore, three key findings emerged.

#### **1. Values of restorative justice are observed in commercial organisations**

Three out of five leaders demonstrated the values of restorative justice (responsibility, reintegration, restoration and respect) in the management of their employees. The other two leaders demonstrated the two values of responsibility and restoration in their management of

compliance and clients. These findings support research studies (Braithwaite, 2009; Nelson & Parker, 2009; Goodstein & Butterfield, 2010) which had identified the applicability of restorative justice in commercial organisations in areas such as compliance management and organisational justice.

However, these findings point to limited evidence of the two restorative justice values – respect and reintegration in these management practices. By including respect and reintegration in the management of conflict, transgressors are given the opportunity to make amends and to return to the community. In the context of commercial organisations, these values are important in the area of workplace justice and in ensuring rebuilding of trustworthy relationship (Kidder, 2007; Goodstein & Aquino, 2010; Wong & Mok, 2011).

## **2. Restorative justice was most evident in employee management**

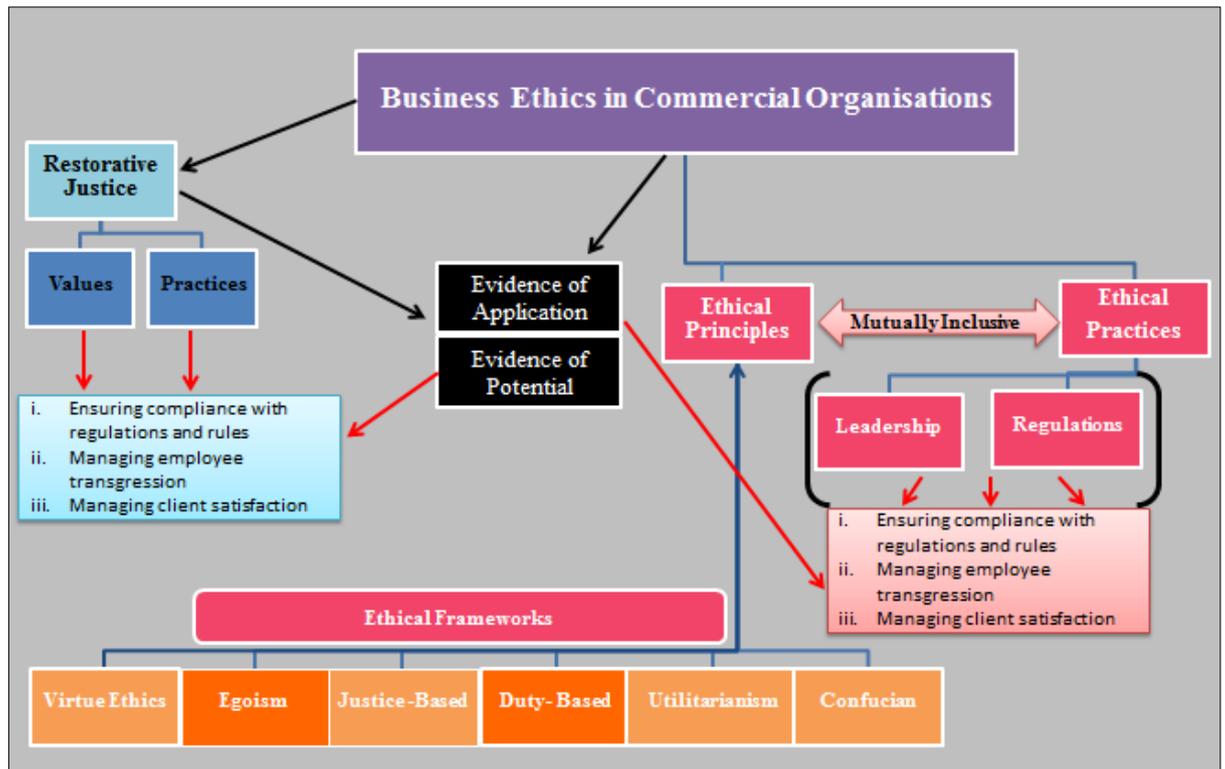
Three leaders demonstrated all four values of restorative justice in the area of employee management. Their interaction with the employees and their involvement of the employees in the rule-making processes indicated the importance placed on justice and fairness. The values of justice and fairness were significant for the employees as well and support studies on restorative justice in commercial organisations that focuses on organisational justice (Brownlee, 2010; Kidder, 2006; Okimoto et. al, 2009). In managing the employees, the leaders displayed not only the four values of restorative justice; they were also noted to engage the employees in dialogue and involving them in addressing the transgressions. Such initiatives are similar to the practices of restorative justice in managing non-compliance and transgressions (Braithwaite, 2009; Nielsen & Parker, 2009).

### **3. Leadership and organisational culture influence prospects for restorative justice**

The leaders embraced certain principles and values which translated into organisational culture that promoted openness and willingness to accept transgression and offer forgiveness. Such a culture aligns with values of restorative justice which focus on mending relationships and the reintegration of transgressors. The three leaders that displayed all four values of restorative justice worked towards creating a sense of belonging and a corporate culture that promoted compliance amongst employees. In the management of employees, the leaders had demonstrated a sense of justice by involving them in the rule-making process and in addressing the harm done by their actions towards the victims or the affected parties. As illustrated by Okimoto et al. (2009), by removing the element of punishment and by replacing it with persuasion and education, “restorative justice is the restoration of a sense of justice through renewed value consensus” (p.158). The leaders in this study were able to develop consensus amongst the employees by getting them to participate in the rule-making process.

The key findings of this study are depicted in Figure 2. Figure 2 is based on the concept highlighted in Chapter 3 that guided this study. The figure also includes the area where the potential of restorative justice, its values and practices were established.

**Figure 2: The application of business ethics and the potential for restorative justice in commercial organisations based in Singapore**



The study has shown that business ethics is an interaction of leaders’ values, principles (derived from ethical frameworks) and regulations. The study provided evidence of ethical business principles and practices in three areas. First, this was evident as leaders’ ensured compliance with rules and regulations. The leaders discussed ethics as compliance with rules and regulations. External regulatory bodies played a critical role in guiding ethical business practices within the organisations. The leaders developed internal codes of conduct to ensure compliance with the external regulatory bodies and legislation. The leaders close conformance with regulations also connects to duty-based ethics as one of the two dominant ethical frameworks visible in leadership practices.

Second, the leaders demonstrated certain ethical frameworks in their management of employees. The leaders were fair and managed the employees' transgression by adopting values such as justice and prudence. The management of employees to comply with rules and to address their transgressions suggested an emphasis on a duty-based ethical framework.

Third, the leaders highlighted ethics in client management. Client satisfaction was the foundation of ethical business practices in the commercial organisations and regulatory frameworks were developed to ensure client protection and quality products and services. The leaders were conscious of the connection of client management and organisational reputation, sustainability and profitability. In this way, leaders' practices aligned with egoist ethics.

It was in these three areas, (i) ensuring compliance with regulation, (ii) management of employees and (iii) clients, that the four values inherent in restorative justice, namely responsibility, restoration, reintegration and respect were seen. It is in these areas in which the potential for restorative justice is found.

#### **9.4 Implications and recommendations for future research**

This study was developed by incorporating two major concepts that had not previously been connected – business ethics and restorative justice. There were numerous challenges in working through the literature and in identifying the related materials to guide the data collection process. Despite the challenges, there were three main lessons that provided significant insights to the field of business ethics and restorative justice. First, the study highlighted the importance of ethics in ensuring business continuity. This came as a surprise in view of the negative feedback on commercial organisations and their inability to conform

with ethical business practices. Second, although there were several ethical frameworks that frame the development of ethics in business, the role of the leaders emerged as significant in ensuring ethical business outcomes. Third, the topic of restorative justice was not common in the business literature. However, there was potential to expand the boundaries of the concept and apply it to the context of business and in ensuring ethical business outcomes.

This study showed the presence of restorative justice values and practices in managing employees to adhere to corporate governance. Since business ethics is viewed as conformance with rules and regulations, restorative justice may be included as part of an ethical framework that supports adherence to (or addresses transgressions of) rules. However, the notion of restorative justice requires involvement of all stakeholders (Mika & Zehr, 1997; Parker, 2002).

In this study, references made to involvement of all stakeholders in developing ethical practice were limited. The leaders focussed mostly on employees, and, to a lesser extent, on clients. The involvement of these stakeholders was mainly in the form of addressing harm done but not in seeking feedback to further strengthen organisational practices before transgression had ensued. Furthermore, the involvement of the broader community as a business stakeholder was not evident in this study. Engagement of the community is an essential component for restorative justice as observed in the definition of restorative justice provided by Braithwaite (1999), as “a process whereby all the parties with a stake in a particular offence come together to resolve collectively how to deal with the aftermath of the offence and its implications for the future” (p. 5).

Another perspective of restorative justice in commercial organisations that requires consideration is the requirement to consider the impact of unethical conduct on others including the clients and employees (Braithwaite, 2002; Goodstein & Aquino, 2010). In the context of business transgressions, the affected parties are likely to be the end-users or clients and their hurt or harm should be restored as argued in the area of consumer protection (Larsen & Lawson, 2013). This does not happen when there is a gap in accountability, as argued by Pranis (2001):

...the 'accountability gap' ... arises from the separation of organisational roles from other social relationships. When people cannot imagine themselves in another person's shoes or experience them as a full human being, it is easier to do harm to them or be indifferent to their suffering or needs... this undermines morality (Pranis, cited in Boyes-Watson, 2006, p. 364).

In conducting future research, it is imperative to consider the limitation of this research study. A larger sample size may provide better argument to incorporate restorative justice, values and practices in strengthening ethics in business. It may also be beneficial to consider the potential of restorative justice in similar sectors since this study was done across a range of sectors.

Future research study should also consider the differences in the culture of the organisations as well as the national/ global cultures in which organisations operate. It would also be helpful to develop research that considers the issue of morality by developing ethical dilemmas or vignettes to illustrate moral values incorporated by leaders in the decision-making process.

To build on the evidence for the potential of restorative justice in commercial organisations, there are two factors that must be considered – (i) leaders’ willingness to consciously incorporate the four values of restorative justice in managing their organisations and (ii) the involvement of a broader range of stakeholders in organisational ethical practices. By being more explicit in incorporating the four values of restorative justice in management practices, ethical business practices may include developing rules and regulations by placing the clients and community at the centre of the business model. This would mean the organisation would extend on the application of business ethics in commercial organisations, with its current focus on organisation and economic benefits, to the involvement of the broader community with a focus on social development. In adopting a restorative perspective to the management of business ethics, the leaders of commercial organisations would consider the impact of their policies, procedures, services and products on all stakeholders who would be affected by related actions. In this way, the rules and regulations developed to ensure ethical business practices would focus on impact and outcomes not just for the organisations but also for its clients and community at large. This would also generate greater commitment towards compliance. As illustrated by Okimoto and Wenzel (2014):

If all parties recognise that the other involved parties sincerely care about their justice needs, they will be more likely to make the concessions and proffer the vulnerability required for reconciliation and reintegration (p. 454).

Given the need for involvement of all stakeholders in ensuring restorative justice, future research should draw in greater numbers of organisations from similar sectors to fully understand and develop the concept of restorative justice values and practices in strengthening business ethics. It may also be necessary to explain the concept of restorative

justice so the leaders and employees are able to provide concrete opinion on the viability of the concept in commercial organisations.

The essence of restorative justice is to repair broken relationships. In the context of commercial organisations and ethical transgressions, the harm affects community at large. With this understanding of the need to involve all stakeholders in a restorative justice process, future research should also consider the role of the community in strengthening business ethics in commercial organisations. As argued by Boyes-Watson (2006):

While we talk about the need for organisations to contribute to building community, we have not addressed whether organisations are adequately designed to play that role nor have we thought about the contribution communities can make to building the kind of organisations that would strengthen the community (p. 360).

## **9.5 Conclusion**

This thesis examined ethical business principles and practices adopted by leaders based in commercial organisations in Singapore. Analysis of the ethical business principles and practices was the basis of an exploration of the potential of restorative justice in these commercial organisations. On the basis of the key findings generated through this thesis, this study adds to knowledge around leaders' understanding of business ethics in commercial organisations and their practices which enact these. It identifies the seeds from which the concept of restorative justice may grow to further strengthen ethics in business.

With continuous demand for commercial organisations to remain profitable, sustainable and ethical, the knowledge generated in this study contributes to greater understanding of the management of ethics in commercial organisations and, in particular, the ways in which leadership and transgression of business ethics plays out. This study has acknowledged the

contextual and systemic issues within commercial environments which make leadership of business ethics and fair handling of ethical transgressions a challenge to pursue. However, in a complex and bleak environmental, social and economic conditions that are faced in our global community, Kurzynski (2012) calls out for a new paradigm of management– “...one that is less bottom-line oriented and more “other-oriented” (p. 20), in which ethical and restorative practices may be more easily and obviously associated with commercial ventures.

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## Appendix 1: Certificate of approval



Monash University Human Research Ethics Committee (MUHREC)  
Research Office

### Human Ethics Certificate of Approval

**Date:** 11 October 2010  
**Project Number:** CF10/2435 - 2010001391  
**Project Title:** Assessing the potential of restorative justice in strengthening business ethics  
**Chief Investigator:** Dr Zane Ma Rhea  
**Approved:** From: 11 October 2010 To: 11 October 2015

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#### Terms of approval

1. The Chief investigator is responsible for ensuring that permission letters are obtained, if relevant, and a copy forwarded to MUHREC before any data collection can occur at the specified organisation. **Failure to provide permission letters to MUHREC before data collection commences is in breach of the National Statement on Ethical Conduct in Human Research and the Australian Code for the Responsible Conduct of Research.**
2. Approval is only valid whilst you hold a position at Monash University.
3. It is the responsibility of the Chief Investigator to ensure that all investigators are aware of the terms of approval and to ensure the project is conducted as approved by MUHREC.
4. You should notify MUHREC immediately of any serious or unexpected adverse effects on participants or unforeseen events affecting the ethical acceptability of the project.
5. The Explanatory Statement must be on Monash University letterhead and the Monash University complaints clause must contain your project number.
6. **Amendments to the approved project (including changes in personnel):** Requires the submission of a Request for Amendment form to MUHREC and must not begin without written approval from MUHREC. Substantial variations may require a new application.
7. **Future correspondence:** Please quote the project number and project title above in any further correspondence.
8. **Annual reports:** Continued approval of this project is dependent on the submission of an Annual Report. This is determined by the date of your letter of approval.
9. **Final report:** A Final Report should be provided at the conclusion of the project. MUHREC should be notified if the project is discontinued before the expected date of completion.
10. **Monitoring:** Projects may be subject to an audit or any other form of monitoring by MUHREC at any time.
11. **Retention and storage of data:** The Chief Investigator is responsible for the storage and retention of original data pertaining to a project for a minimum period of five years.

A handwritten signature in black ink, appearing to read "Ben Canny".

Professor Ben Canny  
Chair, MUHREC

cc: Ms Razwana Begum Bt Abdul Rahim

Postal – Monash University, Vic 3800, Australia  
Building 3E, Room 111, Clayton Campus, Wellington Road, Clayton  
Telephone +61 3 9905 5490 Facsimile +61 3 9905 3831  
Email [muhrec@adm.monash.edu.au](mailto:muhrec@adm.monash.edu.au) www.monash.edu/research/ethics/human/index/html  
ABN 12 377 614 012 CRICOS Provider #00008C

## Appendix 2: Explanation on reseach study



XXXX

XXXX  
XXXX  
XXXX

Dear Sir,

My name is Razwana Begum. I am a PhD research student from the Faculty of Education, Monash University, Australia. I am conducting a research on the potential of restorative justice in strengthening business ethics. An analysis into the area of business ethics indicates the significance of organisational justice and its pivotal role in ensuring compliance. By exploring the notion of restorative justice, a new form of leadership style can be evoked to ensure voluntary compliance, corporate citizenship and responsive regulative state. It is purported that adopting such strategy may lead an organisation to excel further in the area of compliance and corporate social responsibility, establish committed employees and gain popularity among all stakeholders especially the shareholders and customers. This would translate to better reputation, enhanced profitability and greater sustainability.

I would like to invite your organisation to participate in the research project. Your organisation's core principle highlights good ethical practices. I strongly believe your organisation will be able to provide valuable comments on my research topic and hope that you would grant my request.

If your organisation is willing to partake in this initiative, please provide a permission letter (template included in the package) as well as a contact person for further liaising. I would like to request for 20 employees to participate in a short questionnaire that would take approximately 5 minutes and access to speak to 1 leader for approximately 30 minutes each. The research will be conducted from Nov 2010 to Mar 2011. Your input will be kept strictly confidential and will only be used in my thesis and / or publications. In my writings, your organisation will not be identified. You can request for information on the aggregate research finding that will be made available from Jun to Dec 2011.

Best regards

Razwana

Ms Razwana Begum  
Monash University, VIC 3800, Australia  
Building 6, Clayton Campus, Wellington Road, Clayton  
Telephone +65 9646 7550 / +61 3 9905 2823  
Email [rhabd2@student.monash.edu.au](mailto:rhabd2@student.monash.edu.au)  
Website [www.education.monash.edu.au](http://www.education.monash.edu.au)  
CRICOS Provider No. 00008C

## **Explanatory statement – In-depth interview**

5 Oct 2010

Target Participants: Employees / Leaders in the area of corporate governance and corporate social responsibility

Title: Assessing the potential of restorative justice in strengthening business ethics

This information sheet is for you to keep.

My name is Razwana Begum Bt Abdul Rahim and I am conducting a research project with Dr Zane Ma Rhea a senior lecturer in the Faculty of Education towards a PhD at Monash University. This means that I will be writing a thesis which is the equivalent of a 300 page book and / or articles for journals and conferences. The data gathered may also be used to supplement another research project in the future.

Why did you choose this particular person/group as participants?

You are chosen for this research project mainly because your organisation focuses on compliance and corporate social responsibility. Your scope of duties at work and your experience in the area of compliance and business ethics is another crucial factor that would provide valuable inputs to the research.

The aim/purpose of the research

The aim of this research is to find out the possibility of adopting restorative justice practices in addressing the challenges in promoting compliant behaviour and strengthening business ethics.

Possible benefits

The research may provide an alternative solution in addressing the challenges in implementing business ethics. By exploring the notion of restorative justice, a new form of leadership style can be evoked to ensure compliant behaviour, voluntary compliance and responsive regulative state. This initiative will allow the organisation to strive in the area of business ethics, excel in corporate social responsibility, establish committed employees and gain popularity among all stakeholders especially the shareholders and customers. This would translate to better reputation, higher profitability and enhanced sustainability.

What does the research involve?

The study involves surveys and in-depth interview.

How much time will the research take?

The survey which consists of 20 questions will take approximately 25 minutes to complete.

The interview will take approximately 60 to 90 minutes.

Inconvenience/discomfort

The research will take up some of your time and will require reflecting on your current job scope, your organisation's mission and your leaders' directions.

Can I withdraw from the research?

Being in this study is voluntary and you are under no obligation to consent to participation. You may withdraw from the research at any time and all data from you will be deleted from the database and removed from the research.

#### Confidentiality

The survey does not include your name or your organisation's name. During data analysis, the researcher will code the data systematically according to the themes of the research and will not divulge any personal details.

#### Storage of data

Storage of the data collected will adhere to the University regulations and kept on University premises in a locked cupboard/filing cabinet for 5 years. A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report.

#### Results

If you would like to be informed of the aggregate research finding, please contact Razwana Begum at [rbabd2@student.monash.edu](mailto:rbabd2@student.monash.edu). The findings will be available from Feb 2011 to Dec 2011.

If you would like to contact the researchers about any aspect of this study, please contact the Chief Investigator:	If you have a complaint concerning the manner in which this research 'Assessing the potential of restorative justice in strengthening business ethics' is being conducted, please contact:
Dr Zane Ma Rhea <a href="mailto:Zane.Marhea@monash.edu">Zane.Marhea@monash.edu</a>	<a href="#">Executive Officer</a> <a href="#">Monash University Human Research Ethics Committee (MUHREC)</a> <a href="#">Building 3e Room 111</a> <a href="#">Research Office</a> <a href="#">Monash University VIC 3800</a>  <a href="#">Tel: +61 3 9905 2052</a> <a href="#">Fax: +61 3 9905 3831</a> <a href="mailto:muhrec@adm.monash.edu.au">Email: muhrec@adm.monash.edu.au</a>

Thank you.

Razwana Begum

## **Explanatory statement – Survey / Questionnaire**

5 Oct 2010

Target Participants: Employees / Leaders in the area of corporate governance and corporate social responsibility

Title: Assessing the potential of restorative justice in strengthening business ethics

This information sheet is for you to keep.

My name is Razwana Begum Bt Abdul Rahim and I am conducting a research project with Dr Zane Ma Rhea a senior lecturer in the Faculty of Education towards a PhD at Monash University. This means that I will be writing a thesis which is the equivalent of a 300 page book and / or articles for journals and conferences. The data gathered may also be used to supplement another research project in the future.

Why did you choose this particular person/group as participants?

You are chosen for this research project mainly because your organisation focuses on compliance and corporate social responsibility. Your scope of duties at work and your experience in the area of compliance and business ethics is another crucial factor that would provide valuable inputs to the research.

The aim/purpose of the research

The aim of this research is to find out the possibility of adopting restorative justice practices in addressing the challenges in promoting compliant behaviour and strengthening business ethics.

Possible benefits

The research may provide an alternative solution in addressing the challenges in implementing business ethics. By exploring the notion of restorative justice, a new form of leadership style can be evoked to ensure compliant behaviour, voluntary compliance and responsive regulative state. This initiative will allow the organisation to strive in the area of business ethics, excel in corporate social responsibility, establish committed employees and gain popularity among all stakeholders especially the shareholders and customers. This would translate to better reputation, higher profitability and enhanced sustainability.

What does the research involve?

The study involves the conduct of a survey.

How much time will the research take?

The survey which consists of 20 questions will take approximately 25 minutes to complete.

Inconvenience/discomfort

The research will take up some of your time and will require reflecting on your current job scope, your organisation's mission and your leaders' directions.

### Can I withdraw from the research?

Being in this study is voluntary and you are under no obligation to consent to participation. You may withdraw from the research at any time and all data from you will be deleted from the database and removed from the research.

### Confidentiality

The survey does not include your name or your organisation's name. Data collected will be delivered via the portal Survey Monkey and/or by you using the enclosed self-addressed envelope to be sent directly to the researcher. This will not compromise the identity of the sender. During data analysis, the researcher will code the data systematically according to the themes of the research and will not divulge any personal details.

### Storage of data

Storage of the data collected will adhere to the University regulations and kept on University premises in a locked cupboard/filing cabinet for 5 years. A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report.

### Results

If you would like to be informed of the aggregate research finding, please contact Razwana Begum at [rbabd2@student.monash.edu](mailto:rbabd2@student.monash.edu). The findings will be available from Feb 2011 to Dec 2011.

If you would like to contact the researchers about any aspect of this study, please contact the Chief Investigator:	If you have a complaint concerning the manner in which this research 'Assessing the potential of restorative justice in strengthening business ethics' is being conducted, please contact:
Dr Zane Ma Rhea <a href="mailto:Zane.Marhea@monash.edu">Zane.Marhea@monash.edu</a>	<a href="#">Executive Officer</a> <a href="#">Monash University Human Research Ethics Committee (MUHREC)</a> <a href="#">Building 3e Room 111</a> <a href="#">Research Office</a> <a href="#">Monash University VIC 3800</a>  <a href="#">Tel: +61 3 9905 2052</a> <a href="#">Fax: +61 3 9905 3831</a> <a href="mailto:muhrec@adm.monash.edu.au">Email: muhrec@adm.monash.edu.au</a>

Thank you.  
Razwana Begum

### **Appendix 3: Permission letter to conduct research study**

#### Permission Letter

#### **Assessing the potential of restorative justice in strengthening business ethics**

**5 Oct 2010**

**Razwana Begum Bt Abdul Rahim  
Clayton Campus  
Faculty of Education  
Monash University VIC 3800**

Dear **Razwana**,

Thank you for your request to seek permission to conduct the research and to distribute information to potential research subjects from \_\_\_\_\_ for the above-named research.

I have read and understood the Explanatory Statement regarding the research “Assessing the potential of restorative justice in strengthening business ethics” and hereby give permission for this research to be conducted.

**<Please include any stipulations / clauses the Company / Organisation / School may have about recruitment of human participants>.**

Yours Sincerely,

**<insert signature of CEO/Manager/Principal etc>**

**<insert name of the above signatory>**

**<insert above signatory’s position>**

Thank you.

## Appendix 4: Questions for leaders

### Part A:

#### Understanding of Business Ethics

- The driving factors that lead to changes in the area of business ethics.
- Knowledge and practices of business ethics within the organisation.
- The rationale and /or benefits of business ethics to the organisation.
- Methods and challenges if any in dealing with business ethics.

### Part B:

#### Exploration of Justice

- The notion of justice in leading an organisation.
- The need for fairness, equality and respect in dealing with transgression.
- The potential of developing rules through consultation with all stakeholders.
- The possibility of ensuring voluntary compliance by highlighting the impact of transgression on other stakeholders.
- The possibility of creating a safe environment where transgression can be resolved and wrongdoing repaired rather than just adopting punitive sanction.
- The possibility of gaining greater support from employees by adopting a resolute, restorative, reparation kind of leadership style.

## Appendix 5: Questions for employees

1. The recent financial crisis has created greater emphasis to the area of compliance  
 Strongly Agree  Agree  Disagree  Strongly Disagree
2. My organisation has an internal system to ensure compliance  
 Strongly Agree  Agree  Disagree  Strongly Disagree
3. My organisation has a code of ethics to regulate employees  
 Strongly Agree  Agree  Disagree  Strongly Disagree
4. My organisation believes that business ethics is a fundamental element in promoting growth and sustainability  
 Strongly Agree  Agree  Disagree  Strongly Disagree
5. My organisation advocates corporate social responsibility  
 Strongly Agree  Agree  Disagree  Strongly Disagree
6. Poor governance and non-compliance affects all stakeholders including the communities  
 Strongly Agree  Agree  Disagree  Strongly Disagree
7. Rules in my organisation are enforced to prevent repeated transgression  
 Strongly Agree  Agree  Disagree  Strongly Disagree
8. The sanction for breaching rules in my organisation is fair  
 Strongly Agree  Agree  Disagree  Strongly Disagree
9. The system to address non-compliance in my organisation is effective  
 Strongly Agree  Agree  Disagree  Strongly Disagree
10. The internal culture of compliance in my organisation promotes accountability  
 Strongly Agree  Agree  Disagree  Strongly Disagree
11. Leaders should lead by example  
 Strongly Agree  Agree  Disagree  Strongly Disagree

12. Leaders should create a safe environment for sharing of mistakes
- Strongly Agree  Agree  Disagree  Strongly Disagree
13. Rules should be formulated with inputs from all stakeholders
- Strongly Agree  Agree  Disagree  Strongly Disagree
14. Non-conformity to rules should be addressed with involvement from the wrongdoer and all affected parties
- Strongly Agree  Agree  Disagree  Strongly Disagree
15. All in an organisation should be held to the same organisational values
- Strongly Agree  Agree  Disagree  Strongly Disagree
16. Leaders should communicate the impact of non-compliance and create awareness for the need for compliance
- Strongly Agree  Agree  Disagree  Strongly Disagree
17. Leadership should be based on respect and mutual understanding
- Strongly Agree  Agree  Disagree  Strongly Disagree
18. Leaders should encourage collaborative discussion among all stakeholders in addressing non-compliance
- Strongly Agree  Agree  Disagree  Strongly Disagree
19. Leaders play a crucial role in encouraging compliant behaviour and self- responsibility
- Strongly Agree  Agree  Disagree  Strongly Disagree
20. To promote voluntary compliance, rules should be implemented based on justice and fairness
- Strongly Agree  Agree  Disagree  Strongly Disagree

## Appendix 6: Outcomes for each organisation

### Conscientious Builder (n 18)

No	Questions	Strongly Agree	Agree	Disagree	Strongly Disagree
1	The recent financial crisis has created greater emphasis to the area of compliance	6 (33%)	12 (67%)	0 (0%)	0 (0%)
2	My organisation has an internal system to ensure compliance	12 (67%)	5 (28%)	1 (5%)	0 (0%)
3	My organisation has a code of ethics to regulate employees	5 (28%)	12 (67%)	1 (5%)	0 (0%)
4	My organisation believes that business ethics is a fundamental element in promoting growth and sustainability	6 (33%)	12 (67%)	0 (0%)	0 (0%)
5	My organisation advocates corporate social responsibility	5 (38%)	13 (62%)	0 (0%)	0 (0%)
6	Poor governance and non-compliance affects all stakeholders including the communities	14 (78%)	4 (22%)	0 (0%)	0 (0%)
7	Rules in my organisation are enforced to prevent repeated transgression	4 (22%)	14 (78%)	0 (0%)	0 (0%)
8	The sanction for breaching rules in my organisation is fair	12 (67%)	6 (33%)	0 (0%)	0 (0%)
9	The system to address non-compliance in my organisation is effective	13 (72%)	5 (28%)	0 (0%)	0 (0%)
10	The internal culture of compliance in my organisation promotes accountability	14 (78%)	4 (22%)	0 (0%)	0 (0%)
11	Leaders should lead by example	6 (33%)	12 (67%)	0 (0%)	0 (0%)
12	Leaders should create a safe environment for sharing of mistakes	13 (72%)	5 (28%)	0 (0%)	0 (0%)
13	Rules should be formulated with inputs from all stakeholders	5 (28%)	13 (72%)	0 (0%)	0 (0%)
14	Non-conformity to rules should be addressed with involvement from the wrongdoers and all affected parties	12 (67%)	6 (33%)	0 (0%)	0 (0%)
15	All in an organisation should be held to the same organisational values	2 (11%)	12 (67%)	4 (22%)	0 (0%)
16	Leadership should be based on respect and mutual understanding	13 (72%)	5 (28%)	0 (0%)	0 (0%)
17	Leaders should communicate the impact of non-compliance and create awareness for the need for compliance	13 (72%)	5 (28%)	0 (0%)	0 (0%)
18	Leaders should encourage collaborative discussion among all stakeholders in addressing non-compliance	5 (28%)	13 (72%)	0 (0%)	0 (0%)
19	Leaders play a crucial role in encouraging compliant behaviour and self-responsibility	6 (33%)	12 (67%)	0 (0%)	0 (0%)
20	To promote voluntary compliance, rules should be implemented based on justice and fairness	6 (33%)	12 (67%)	0 (0%)	0 (0%)

**Client First (n 11)**

<b>No</b>	<b>Questions</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
1	The recent financial crisis has created greater emphasis to the area of compliance	7 (64%)	4 (36%)	0 (0%)	0 (0%)
2	My organisation has an internal system to ensure compliance	10 (91%)	1 (9%)	0 (0%)	0 (0%)
3	My organisation has a code of ethics to regulate employees	8 (73%)	3 (27%)	0 (0%)	0 (0%)
4	My organisation believes that business ethics is a fundamental element in promoting growth and sustainability	9 (90%)	1 (10%)	0 (0%)	0 (0%)
5	My organisation advocates corporate social responsibility	9 (82%)	2 (18%)	0 (0%)	0 (0%)
6	Poor governance and non-compliance affects all stakeholders including the communities	4 (36%)	7 (64%)	0 (0%)	0 (0%)
7	Rules in my organisation are enforced to prevent repeated transgression	6 (55%)	4 (36%)	1 (9%)	0 (0%)
8	The sanction for breaching rules in my organisation is fair	5 (45%)	6 (55%)	0 (0%)	0 (0%)
9	The system to address non-compliance in my organisation is effective	6 (60%)	3 (30%)	1 (10%)	0 (0%)
10	The internal culture of compliance in my organisation promotes accountability	3 (27%)	7 (64%)	1 (9%)	0 (0%)
11	Leaders should lead by example	10 (91%)	1 (9%)	0 (0%)	0 (0%)
12	Leaders should create a safe environment for sharing of mistakes	8 (73%)	3 (27%)	0 (0%)	0 (0%)
13	Rules should be formulated with inputs from all stakeholders	4 (40%)	6 (60%)	0 (0%)	0 (0%)
14	Non-conformity to rules should be addressed with involvement from the wrongdoers and all affected parties	6 (55%)	4 (36%)	1 (9%)	0 (0%)
15	All in an organisation should be held to the same organisational values	6 (60%)	4 (40%)	0 (0%)	0 (0%)
16	Leadership should be based on respect and mutual understanding	6 (55%)	5 (45%)	0 (0%)	0 (0%)
17	Leaders should communicate the impact of non-compliance and create awareness for the need for compliance	7 (64%)	4 (36%)	0 (0%)	0 (0%)
18	Leaders should encourage collaborative discussion among all stakeholders in addressing non-compliance	6 (67%)	3 (33%)	0 (0%)	0 (0%)
19	Leaders play a crucial role in encouraging compliant behaviour and self-responsibility	10 (91%)	1 (9%)	0 (0%)	0 (0%)
20	To promote voluntary compliance, rules should be implemented based on justice and fairness	7 (70%)	3 (30%)	0 (0%)	0 (0%)

### Sustainable Tourism (n 5)

No	Questions	Strongly Agree	Agree	Disagree	Strongly Disagree
1	The recent financial crisis has created greater emphasis to the area of compliance	1 (20%)	3 (60%)	1 (20%)	0 (0%)
2	My organisation has an internal system to ensure compliance	0 (0%)	4 (80%)	0 (0%)	1 (20%)
3	My organisation has a code of ethics to regulate employees	1 (20%)	4 (80%)	0 (0%)	0 (0%)
4	My organisation believes that business ethics is a fundamental element in promoting growth and sustainability	4 (80%)	1 (20%)	0 (0%)	0 (0%)
5	My organisation advocates corporate social responsibility	2 (40%)	3 (60%)	0 (0%)	0 (0%)
6	Poor governance and non-compliance affects all stakeholders including the communities	1 (20%)	4 (80%)	0 (0%)	0 (0%)
7	Rules in my organisation are enforced to prevent repeated transgression	1 (20%)	4 (80%)	0 (0%)	0 (0%)
8	The sanction for breaching rules in my organisation is fair	2 (40%)	3 (60%)	0 (0%)	0 (0%)
9	The system to address non-compliance in my organisation is effective	1 (20%)	3 (60%)	1 (20%)	0 (0%)
10	The internal culture of compliance in my organisation promotes accountability	2 (40%)	3 (60%)	0 (0%)	0 (0%)
11	Leaders should lead by example	5 (100%)	0 (0%)	0 (0%)	0 (0%)
12	Leaders should create a safe environment for sharing of mistakes	2 (40%)	3 (60%)	0 (0%)	0 (0%)
13	Rules should be formulated with inputs from all stakeholders	2 (40%)	3 (60%)	0 (0%)	0 (0%)
14	Non-conformity to rules should be addressed with involvement from the wrongdoers and all affected parties	1 (20%)	3 (60%)	1 (20%)	0 (0%)
15	All in an organisation should be held to the same organisational values	2 (40%)	3 (60%)	0 (0%)	0 (0%)
16	Leadership should be based on respect and mutual understanding	2 (40%)	2 (40%)	1 (20%)	0 (0%)
17	Leaders should communicate the impact of non-compliance and create awareness for the need for compliance	4 (80%)	1 (20%)	0 (0%)	0 (0%)
18	Leaders should encourage collaborative discussion among all stakeholders in addressing non-compliance	4 (80%)	1 (20%)	0 (0%)	0 (0%)
19	Leaders play a crucial role in encouraging compliant behaviour and self-responsibility	4 (80%)	1 (20%)	0 (0%)	0 (0%)
20	To promote voluntary compliance, rules should be implemented based on justice and fairness	4 (80%)	1 (20%)	0 (0%)	0 (0%)

### Accountancy Advancement (n 2)

No	Questions	Strongly Agree	Agree	Disagree	Strongly Disagree
1	The recent financial crisis has created greater emphasis to the area of compliance	1 (50%)	1 (50%)	0 (0%)	0 (0%)
2	My organisation has an internal system to ensure compliance	0 (0%)	2 (100%)	0 (0%)	0 (0%)
3	My organisation has a code of ethics to regulate employees	0 (0%)	2 (100%)	0 (0%)	0 (0%)
4	My organisation believes that business ethics is a fundamental element in promoting growth and sustainability	0 (0%)	2 (100%)	0 (0%)	0 (0%)
5	My organisation advocates corporate social responsibility	0 (0%)	2 (100%)	0 (0%)	0 (0%)
6	Poor governance and non-compliance affects all stakeholders including the communities	0 (0%)	2 (100%)	0 (0%)	0 (0%)
7	Rules in my organisation are enforced to prevent repeated transgression	0 (0%)	2 (100%)	0 (0%)	0 (0%)
8	The sanction for breaching rules in my organisation is fair	0 (0%)	2 (100%)	0 (0%)	0 (0%)
9	The system to address non-compliance in my organisation is effective	0 (0%)	2 (100%)	0 (0%)	0 (0%)
10	The internal culture of compliance in my organisation promotes accountability	0 (0%)	2 (100%)	0 (0%)	0 (0%)
11	Leaders should lead by example	2 (100%)	0 (0%)	0 (0%)	0 (0%)
12	Leaders should create a safe environment for sharing of mistakes	2 (100%)	0 (0%)	0 (0%)	0 (0%)
13	Rules should be formulated with inputs from all stakeholders	1 (50%)	1 (50%)	0 (0%)	0 (0%)
14	Non-conformity to rules should be addressed with involvement from the wrongdoers and all affected parties	0 (0%)	2 (100%)	0 (0%)	0 (0%)
15	All in an organisation should be held to the same organisational values	0 (0%)	2 (100%)	0 (0%)	0 (0%)
16	Leadership should be based on respect and mutual understanding	2 (100%)	0 (0%)	0 (0%)	0 (0%)
17	Leaders should communicate the impact of non-compliance and create awareness for the need for compliance	2 (100%)	0 (0%)	0 (0%)	0 (0%)
18	Leaders should encourage collaborative discussion among all stakeholders in addressing non-compliance	1 (50%)	1 (50%)	0 (0%)	0 (0%)
19	Leaders play a crucial role in encouraging compliant behaviour and self-responsibility	2 (100%)	0 (0%)	0 (0%)	0 (0%)
20	To promote voluntary compliance, rules should be implemented based on justice and fairness	1 (50%)	1 (50%)	0 (0%)	0 (0%)

### Thinking Physiotherapist (n 13)

No	Questions	Strongly Agree	Agree	Disagree	Strongly Disagree
1	The recent financial crisis has created greater emphasis to the area of compliance	0 (0%)	8 (62%)	5 (38%)	0 (0%)
2	My organisation has an internal system to ensure compliance	0 (0%)	11 (85%)	2 (15%)	0 (0%)
3	My organisation has a code of ethics to regulate employees	0 (0%)	12 (92%)	1 (8%)	0 (0%)
4	My organisation believes that business ethics is a fundamental element in promoting growth and sustainability	2 (15%)	10 (77%)	1 (8%)	0 (0%)
5	My organisation advocates corporate social responsibility	2 (15%)	9 (70%)	2 (15%)	0 (0%)
6	Poor governance and non-compliance affects all stakeholders including the communities	4 (31%)	6 (46%)	3 (23%)	0 (0%)
7	Rules in my organisation are enforced to prevent repeated transgression	4 (31%)	6 (46%)	3 (23%)	0 (0%)
8	The sanction for breaching rules in my organisation is fair	1 (8%)	10 (76%)	1 (8%)	1 (8%)
9	The system to address non-compliance in my organisation is effective	0 (0%)	13 (100%)	0 (0%)	0 (0%)
10	The internal culture of compliance in my organisation promotes accountability	0 (0%)	11 (84%)	1 (8%)	1 (8%)
11	Leaders should lead by example	2 (16%)	11 (84%)	0 (0%)	0 (0%)
12	Leaders should create a safe environment for sharing of mistakes	8 (62%)	5 (38%)	0 (0%)	0 (0%)
13	Rules should be formulated with inputs from all stakeholders	8 (61%)	4 (31%)	0 (0%)	1 (8%)
14	Non-conformity to rules should be addressed with involvement from the wrongdoers and all affected parties	4 (31%)	8 (61%)	1 (8%)	0 (0%)
15	All in an organisation should be held to the same organisational values	3 (23%)	8 (61%)	1 (8%)	1 (8%)
16	Leadership should be based on respect and mutual understanding	4 (31%)	8 (61%)	1 (8%)	0 (0%)
17	Leaders should communicate the impact of non-compliance and create awareness for the need for compliance	5 (38%)	8 (62%)	0 (0%)	0 (0%)
18	Leaders should encourage collaborative discussion among all stakeholders in addressing non-compliance	3 (23%)	9 (69%)	0 (0%)	1 (8%)
19	Leaders play a crucial role in encouraging compliant behaviour and self-responsibility	5 (38%)	7 (54%)	0 (0%)	1 (8%)
20	To promote voluntary compliance, rules should be implemented based on justice and fairness	6 (46%)	6 (46%)	1 (8%)	0 (0%)

## Appendix 7: Outcomes for each question

Each table shows the question number, and the number and percentages of respondents from each organisation who responded Strongly Agree (SA), Agree (A), Disagree (D) or Strongly Disagree (SD) for that question. Percentages have been rounded off to the nearest whole number for easy reference.

<b>Q1. The recent financial crisis has created greater emphasis to the area of compliance</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	0 (0%)	8 (62%)	5 (38%)	0 (0%)
Conscientious Builder (N=18)	6 (33%)	12 (67%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	1 (50%)	1 (50%)	0 (0%)	0 (0%)
Client First (N=11)	7 (64%)	4 (36%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	1 (20%)	3 (60%)	1 (20%)	0 (0%)

<b>Q2. My organisation has an internal system to ensure compliance</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	0 (0%)	11 (85%)	2 (15%)	0 (0%)
Conscientious Builder (N=18)	12 (67%)	5 (28%)	1 (5%)	0 (0%)
Accountancy Advancement (N=2)	0 (0%)	2 (100%)	0 (0%)	0 (0%)
Client First (N=11)	10 (91%)	1 (9%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	0 (0%)	4 (80%)	0 (0%)	1 (20%)

<b>Q3. My organisation has a code of ethics to regulate employees</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	0 (0%)	12 (92%)	1 (8%)	0 (0%)
Conscientious Builder (N=18)	5 (28%)	12 (67%)	1 (5%)	0 (0%)
Accountancy Advancement (N=2)	0 (0%)	2 (100%)	0 (0%)	0 (0%)
Client First (N=11)	8 (73%)	3 (27%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	1 (20%)	4 (80%)	0 (0%)	0 (0%)

**Q4. My organisation believes that business ethics is a fundamental element in promoting growth and sustainability**

	SA	A	D	SD
Thinking Physiotherapist (N=13)	2 (15%)	10 (77%)	1 (8%)	0 (0%)
Conscientious Builder (N=18)	6 (33%)	12 (67%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	0 (0%)	2 (100%)	0 (0%)	0 (0%)
Client First (N=10)	9 (90%)	1 (10%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	4 (80%)	1 (20%)	0 (0%)	0 (0%)

**Q5. My organisation advocates corporate social responsibility**

	SA	A	D	SD
Thinking Physiotherapist (N=13)	2 (15%)	9 (70%)	2 (15%)	0 (0%)
Conscientious Builder (N=18)	5 (38%)	13 (62%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	0 (0%)	2 (100%)	0 (0%)	0 (0%)
Client First (N=11)	9 (82%)	2 (18%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	2 (40%)	3 (60%)	0 (0%)	0 (0%)

**Q6. Poor governance and non-compliance affects all stakeholders including the communities**

	SA	A	D	SD
Thinking Physiotherapist (N=13)	4 (31%)	6 (46%)	3 (23%)	0 (0%)
Conscientious Builder (N=18)	14 (78%)	4 (22%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	0 (0%)	2 (100%)	0 (0%)	0 (0%)
Client First (N=11)	4 (36%)	7 (64%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	1 (20%)	4 (80%)	0 (0%)	0 (0%)

**Q7. Rules in my organisation are enforced to prevent repeated transgression**

	SA	A	D	SD
Thinking Physiotherapist (N=13)	4 (31%)	6 (46%)	3 (23%)	0 (0%)
Conscientious Builder (N=18)	4 (22%)	14 (78%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	0 (0%)	2 (100%)	0 (0%)	0 (0%)
Client First (N=11)	6 (55%)	4 (36%)	1 (9%)	0 (0%)
Sustainable Tourism (N=5)	1 (20%)	4 (80%)	0 (0%)	0 (0%)

<b>Q8. The sanction for breaching rules in my organisation is fair</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	1 (8%)	10 (76%)	1 (8%)	1 (8%)
Conscientious Builder (N=18)	12 (67%)	6 (33%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	0 (0%)	2 (100%)	0 (0%)	0 (0%)
Client First (N=11)	5 (45%)	6 (55%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	2 (40%)	3 (60%)	0 (0%)	0 (0%)

<b>Q9. The system to address non-compliance in my organisation is effective</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	0 (0%)	13 (100%)	0 (0%)	0 (0%)
Conscientious Builder (N=18)	13 (72%)	5 (28%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	0 (0%)	2 (100%)	0 (0%)	0 (0%)
Client First (N=11)	5 (45%)	4 (36%)	1 (9%)	0 (0%)
Sustainable Tourism (N=5)	1 (20%)	3 (60%)	1 (20%)	0 (0%)

<b>Q10. The internal culture of compliance in my organisation promotes accountability</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	0 (0%)	11 (84%)	1 (8%)	1 (8%)
Conscientious Builder (N=18)	14 (78%)	4 (22%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	0 (0%)	2 (100%)	0 (0%)	0 (0%)
Client First (N=11)	3 (27%)	7 (64%)	1 (9%)	0 (0%)
Sustainable Tourism (N=5)	2 (40%)	3 (60%)	0 (0%)	0 (0%)

<b>Q11. Leaders should lead by example</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	2 (16%)	11 (84%)	0 (0%)	0 (0%)
Conscientious Builder (N=18)	6 (33%)	12 (67%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	2 (100%)	0 (0%)	0 (0%)	0 (0%)
Client First (N=11)	10 (91%)	1 (9%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	5 (100%)	0 (0%)	0 (0%)	0 (0%)

<b>Q12. Leaders should create a safe environment for sharing of mistakes</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	8 (62%)	5 (38%)	0 (0%)	0 (0%)
Conscientious Builder (N=18)	13 (72%)	5 (28%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	2 (100%)	0 (0%)	0 (0%)	0 (0%)
Client First (N=11)	8 (73%)	3 (27%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	2 (40%)	3 (60%)	0 (0%)	0 (0%)
<b>Q13. Rules should be formulated with inputs from all stakeholders</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	8 (61%)	4 (31%)	0 (0%)	1 (8%)
Conscientious Builder (N=18)	5 (28%)	13 (72%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	1 (50%)	1 (50%)	0 (0%)	0 (0%)
Client First (N=10)	4 (40%)	6 (60%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	2 (40%)	3 (60%)	0 (0%)	0 (0%)
<b>Q14. Non-conformity to rules should be addressed with involvement from the wrongdoers and all affected parties</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	4 (31%)	8 (61%)	1 (8%)	0 (0%)
Conscientious Builder (N=18)	12 (67%)	6 (33%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	0 (0%)	2 (100%)	0 (0%)	0 (0%)
Client First (N=11)	6 (55%)	4 (36%)	1 (9%)	0 (0%)
Sustainable Tourism (N=5)	1 (20%)	3 (60%)	1 (20%)	0 (0%)

<b>Q15. All in an organisation should be held to the same organisational values</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	3 (23%)	8 (61%)	1 (8%)	1 (8%)
Conscientious Builder (N=18)	2 (11%)	12 (67%)	4 (22%)	0 (0%)
Accountancy Advancement (N=2)	0 (0%)	2 (100%)	0 (0%)	0 (0%)
Client First (N=10)	6 (60%)	4 (40%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	2 (40%)	3 (60%)	0 (0%)	0 (0%)

<b>Q16. Leadership should be based on respect and mutual understanding</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	4 (31%)	8 (61%)	1 (8%)	0 (0%)
Conscientious Builder (N=18)	13 (72%)	5 (28%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	2 (100%)	0 (0%)	0 (0%)	0 (0%)
Client First (N=11)	6 (55%)	5 (45%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	2 (40%)	2 (40%)	1 (20%)	0 (0%)

<b>Q17. Leaders should communicate the impact of non-compliance and create awareness for the need for compliance</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	5 (38%)	8 (62%)	0 (0%)	0 (0%)
Conscientious Builder (N=18)	13 (72%)	5 (28%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	2 (100%)	0 (0%)	0 (0%)	0 (0%)
Client First (N=11)	7 (64%)	4 (36%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	4 (80%)	1 (20%)	0 (0%)	0 (0%)

<b>Q18. Leaders should encourage collaborative discussion among all stakeholders in addressing non-compliance</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	3 (23%)	9 (69%)	0 (0%)	1 (8%)
Conscientious Builder (N=18)	5 (28%)	13 (72%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	1 (50%)	1 (50%)	0 (0%)	0 (0%)
Client First (N=9)	6 (67%)	3 (33%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	4 (80%)	1 (20%)	0 (0%)	0 (0%)

<b>Q19. Leaders play a crucial role in encouraging compliant behaviour and self-responsibility</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	5 (38%)	7 (54%)	0 (0%)	1 (8%)
Conscientious Builder (N=18)	6 (33%)	12 (67%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	2 (100%)	0 (0%)	0 (0%)	0 (0%)
Client First (N=11)	10 (91%)	1 (9%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	4 (80%)	1 (20%)	0 (0%)	0 (0%)

<b>Q20. To promote voluntary compliance, rules should be implemented based on justice and fairness</b>				
	SA	A	D	SD
Thinking Physiotherapist (N=13)	6 (46%)	6 (46%)	1 (8%)	0 (0%)
Conscientious Builder (N=18)	6 (33%)	12 (67%)	0 (0%)	0 (0%)
Accountancy Advancement (N=2)	1 (50%)	1 (50%)	0 (0%)	0 (0%)
Client First (N=10)	7 (70%)	3 (30%)	0 (0%)	0 (0%)
Sustainable Tourism (N=5)	4 (80%)	1 (20%)	0 (0%)	0 (0%)