

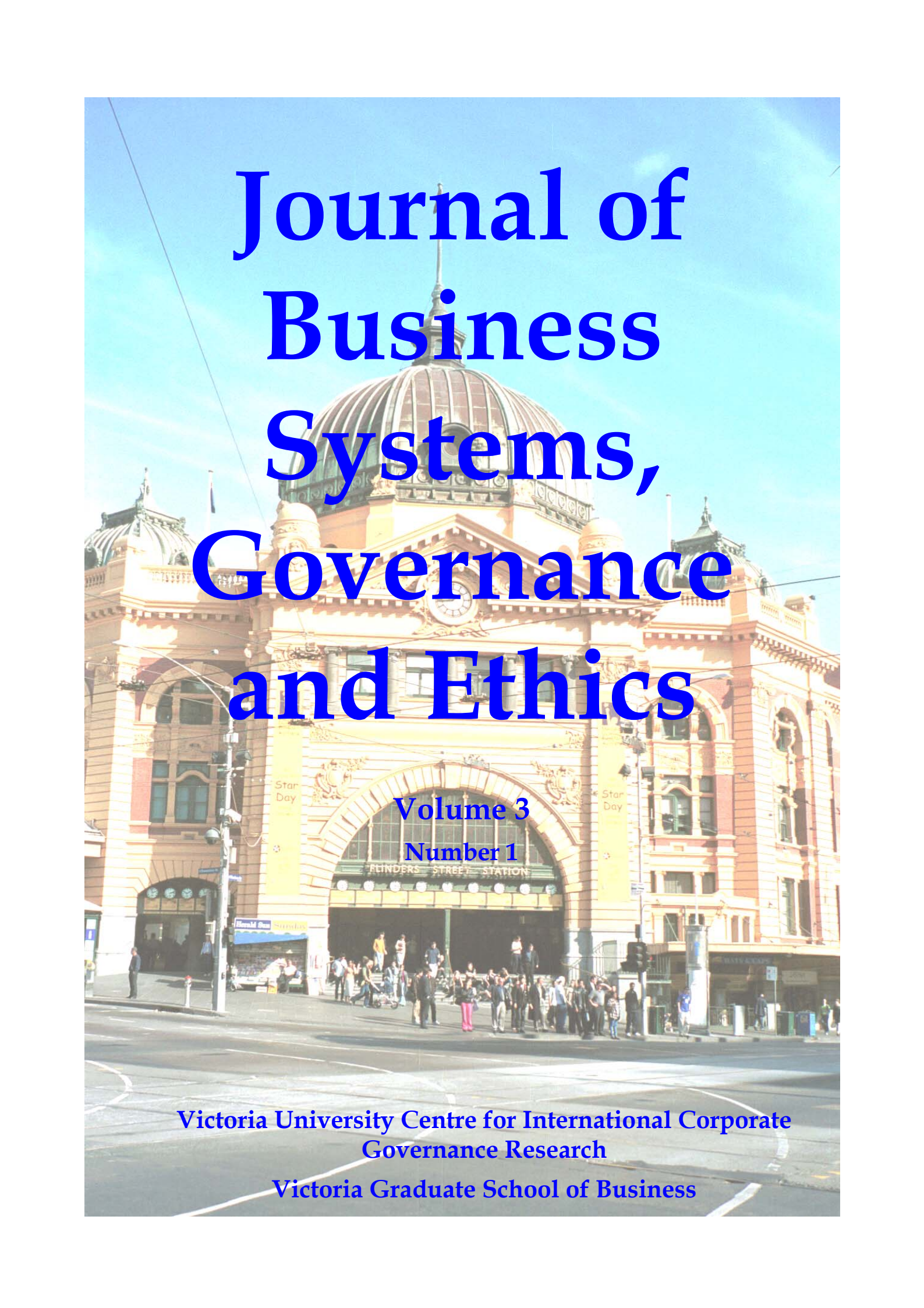
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The background of the cover is a photograph of the Flinders Street Station in Melbourne, Australia. The station is a grand, ornate building with a large central dome and multiple arched entrances. People are seen walking on the street in front of the station. The sky is clear and blue.

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Editorial

This is the first issue in the third year of publication of the *Journal of Business Systems, Governance and Ethics*. As usual the articles included cover a wide range of topics and come from a spread of different countries; in this case Belgium, the United States of America, Australia and Malaysia.

The first article in this issue was written by Sven H. De Cleyn from the University of Antwerp in Belgium. This article: *Compliance of Companies with Corporate Governance Codes: Case Study on Listed Belgian SMEs* notes that both listed and large companies are becoming increasingly subject to internal and external pressure to comply with ethical and social standards. It focuses on corporate governance, one important aspect of this issue. The paper investigates whether, and to what extent after its first year of introduction, publicly listed Belgian SMEs comply with the Corporate Governance Code. Compliance is analysed in a sample of 78 Belgian listed SMEs, showing that after its first year of introduction, companies comply with, on average, 70% of the Code's provisions.

In the second article: *The Global Context of Human Rights Violations: the Impact of the Alien Tort Claims Act*, John Betton from the University of Wisconsin-La Crosse in the USA, notes that corporate responsibility for human rights violations has historically been approached as a domestic national issue in the United States. He points out that despite international legislation governing human rights violations in an international context, courts have generally held that activities of U.S. corporations outside the United States involving individuals who are not U.S. citizens does not fall within their jurisdiction. This view of culpability for human rights violations has recently changed both informally, with the emergence of global guidelines regarding human rights applying to corporations such as the Global Reporting Initiative, Amnesty International Guidelines and O.E.C.D. guidelines for Transnational Corporations, and with the application of an 18th century law, the Alien Tort Claims Act, that has been used to sue corporations for human rights violations outside the United States. The article examines the implications of this changed context for corporate responsibility in the context of the emergence of the multiple voluntary guidelines that seek to hold corporations accountable for conduct outside their own countries.

Ronald D. Francis and Anona Armstrong, from Victoria University in Melbourne, then discuss issues associated with *Personal Ethics in a Corporate World* and propose an assessment of the value of moral intelligence to business, arguing that development of the concept and a test, have substantial commercial benefits. The article addresses the relationship between personal morality and ethical corporate behaviour by positing the concept of moral intelligence – the relationship of personal moral stance and corporate behaviour. The authors argue that just as there is intellectual competence (IQ) and emotional intelligence (EIQ), so too there is moral intelligence. The article outlines the theoretical and practical basis for the case, making mention of confounding issues such as the stability of moral intelligence, the way in which situational context may over-ride it, and how it might be identified in a manner that is economical, reliable, and valid.

In the final paper on *Governance and Performance: Publicly Listed Companies in Malaysia*, Cyril H. Ponnu of the University of Malaya and Sarimah Ramthandin from the Malaysian Securities Commission investigate the relationship between corporate governance practice (as indicated by corporate governance disclosure) and a company's financial performance. The results of their study show that there is a positive relationship between corporate governance practices and company performance and findings could be used by regulators, investors, corporations and others who contend that good corporate governance is important for increasing performance and investor confidence.

Finally, on behalf of all the member of the Journal's Board of Management, I thank Dr Andrew Wenn for his efforts for the journal over its first two years of operation in reviewing articles, editing a special issue and taking a very constructive part in the journal's management. We all wish him all the best for his new job.

Arthur Tatnall
Editor