

[CURRENT ISSUE](#)

[ARCHIVES \(2004-\)](#)

[ARCHIVES \(1996-
2004\)](#)

[MANUSCRIPT
SUBMISSION](#)

TOWARDS AN UNDERSTANDING OF THE MIND AND SPIRIT OF MAN - EQUITY INVESTMENT IN WORLD MARKETS

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Executive summary This paper aims to stimulate thinking, examine current practices and limitations and to provide thought processes for thinking about the future without necessarily providing a solution to equity markets and behavior. As such the paper aims to cover a lot of ideas and ground rather than provide a linked structure and logic flow.

The early psychology and management academic Abraham Maslow was the pioneer behind the hierarchy of needs and the concepts of self-actualisation. A published work of the early 1960's 'Eupsychian Management' was a series of notes written to himself from a summer posting to the Non Linear Production House. He was out of his university environment and into the real world. We quote from those notes.

"What do we do with superior individuals? ---How do we handle them--- such people would gravitate to the top of the society as cream rises to the top of the milk-----to some extent this may contradict the whole notion of functional leadership --- ----tendency for people who are good at anything to feel sort of guilty about it and be apologetic.

"What do we do with disparities in talent?"

"How good a human does a society permit?"

"Given fairly OK people in a fairly OK organisation work tends

to improve people -----proper management of their work lives, of the way they earn their living can improve them and improve the world etc."

"The good community, the good organisation, the good team can help where the individual therapist is hopeless."

A primary goal of science is to " to shove truth down a reluctant throat "

" To gain truth through personal experience is to be a " courageous knower "

" I learnt years ago as a graduate student through various incidents not to worry about having my ideas stolen. In short, what I discovered was that whenever they were stolen it was by a person with such bad taste that he overlooked the good ideas and stole the poor ones. I finally turned from being angry and making resolutions of keeping my mouth shut to finding the whole matter humorous and funny and thereafter never bothering to keep my mouth shut and never bothering to keep any of my ideas secret or to withholding them until I had worked them out myself. The very process of talking about the ideas helps the creativeness and thereby makes it more likely that that there will be hundreds of ideas where there were only dozens before. Copying or stealing is a bit like stealing the egg, instead of the chicken that lays the egg"

" Self actualisation-- the loss of self awareness and self consciousness. How attainable is it in the present corporation structure----- by their works --- by their words you shall know them "

" Every child has the need to create-why do they loose it as adults "

Then a quote from the editors of a reprint of the Maslow notes

" Learning, creativity, fairness, responsibility and justice come naturally to people according to Maslow's theories. Why is it that we often design organisations as if people naturally shirk responsibilities, do only what is required, resist learning and cannot be trusted to do the right thing. Yet most of us would argue that we believe in the potential of people and that people are our most important organisational assets. If that is the case why then do we frequently design organisations to satisfy our

need for control and not to maximise the contributions of people"

Can we build on these Maslow notes? Will it effect our thinking?

Glossary of Terms. * to be read first

Our own understanding of language is based on our experience of how words are used. To maximise the usefulness of this article we set down how we understand the following. For the inspiration and some explanation of words I am indebted to ACOG.

ACOG -The Australian Centre for Organisational Governance.

This center has been created to provide guidance on organisational governance, support research, role modeling, accreditation of organisational governance systems and the certification of governance advisors and auditors. The Centre also aims to support professional associations who want to integrate and align their fields of practice as part of a governance system. Representatives on the board of the ACOG are from Flinders University, Adelaide University, Australian Institute of Internal Auditors, Australian Institute of Human Resources. See organisational governance, self-committed governance.

Competencies.

We need to think through and decide whether we are comfortable with the following

Our own 'added value' of ourselves as individuals.

What we bring in ourselves to a task.

To be human is our greatest competency.

What we believe, how we accept others, not only those who are 'our type' but how we respect the views of others, hear what they are saying, understand their point of view.

Our 'whole selves' is not only a matter for family and friends.

We need to consciously develop workplaces where we

encourage understanding as a conscious effort of forward planning and the development of the human resources.

We need to expand the understanding of human resources so that we can expand the value added of human resources in the workplace.

As human beings we respond well to the suggestion that our whole self will be welcome at work. To bring our whole selves to work has been described as the thinking heart. See elsewhere for trust

After the human competency we add the professional qualification, experience etc. The fact that Securicare has enlisted the help and the competencies of the ACOG denotes a understanding of the opportunities as well as the need to work co-operatively with the professional groups and research institutions to fulfill the reality of what is intended by Securicare. See reality, values, and stewardship.

Corporate governance

This style of governance presumes that what needs to be done to protect a business against fraud and misuse of assets has previously been identified by the board of directors. The board to control human behavior designates plans, processes and policies that are carried out and monitored. The overall management framework is of keeping to the rules and the regulations rather than a framework of shared responsibility. See Glossary organisational governance and stewardship.

Innovation and Change

The basic ingredients of innovation and of change are

Reality, the truth , the real facts

Freedom to express the real facts, the vision for the future, the ideas, the possible changes

Acceptances that each individual hears what others are saying/ expressing in their own language, from their own reality. As part of that acceptance we will need to build a commitment that others understand and can follow through into action. The action-based instructions will need to be a reality to all the parties involved. To understand what are people's realities we

need to understand their own vision, their own values, what are their 'buttons' motivators. See Motivators, realities,

Motivators

These intangibles bring out the superior performance in whatever people are doing. Sometimes we call it ' putting our heart and our soul' into the task.

If we are to expect people to perform to this level the workforce needs to take time to understand their people, their value system.

To optimise performance the intangibles such as trust, commitment, accepting responsibility, being accountable, being able to give a full commitment need to be discussed.

To give a full commitment people must be happy in what they are doing; it must fit in with their own value system. See must, trust, innovation and change.

Organisational Governance

This style of management is performance orientated and is an integrated system of directing, managing and operating. It puts reliance and trust on each individual in the organisation.

We can presume that it will take time to build trust, that mistakes will be made, experience gained and the process continued.

Trust cannot be achieved overnight and a realistic framework for an existing operation could be as little as eighteen months but may take many years in a culture which has learnt to hide the truth from prosecution.

See competancies, relationships and self committed stewardship

Priorities.

The 1994 the Compass Group and The New Leaders 1994 in international values survey found that the eight priorities for people in the workplace to be

Growth and development of the individuals

Management taking a long term view

Management caring about all the stakeholders

Social responsibility

Democratic participation in the organisation

Ecological values

Spiritual values

Employee ownership

Reality

Do you remember that children's game, where we all whisper the message to the next person who in turn whispers on what he heard? At the end of the loop we have a completely different message. What happens is we all hear the same message differently? The part of our brain that deals with 'our own created reality' is made up of life experiences, our lifestyle beliefs and the values on which we put priority. What each individual's human values is not as important as being able to express what are our realities, be listened to and listen to others who have a different view. It is only through these interchanges that we can share others realities. If this opportunity is not given, if we are working outside what are our realities, we are in fact only being a part of the full person we are capable of being. When people discuss their realities we are not talking winners we are simply talking differences. See values, worldview.

Self Committed Stewardship

Self committed stewardship by employees and others that influence organisational performance. Self committed stewardship being

A state of mind in terms of commitment, trust, accepting responsibility, being accountable, developing relationships, thinking not simply following

Competancies in managing performance, resources, assets and relationships. Competancies include performance measurement and monitoring, risk assessment, process design and operation

and self-review and reporting.

A governance style focused more on performance measurement and monitoring , risk assessment process design and operation and self review and reporting

Governance advisors and auditors, who can support self-commitment stewardship, advise on the balance between performance/ conformance focus and provide independent opinions on systems effectiveness.

See organisational governance

Trust.

The traditional meaning of trust is to be able to depend on the opinions and conduct of the person who is trusted. Businesses are made up of individuals. If the business is to be trusted it must be made up of persons who in their daily conduct are trustworthy. Do we trust our institutions, do we trust our governments, do we trust our businesses, who do we trust. See innovation and change.

Values

These are the basic understandings that we all have of what is good in our lives, that gives us pleasure, delights us, gives satisfaction, makes life worthwhile. It is a value that puts meaning into our lives and how we relate to others. In the workplace if we cannot be our true selves, if we have to hide from the truth, we feel used. To the positives and the negative experiences of life the individual's response will depend on their values system.

World View

This is based on our own experience and how we view reality in our environment.

It may be from a position of / experience of being threatened in starting a new job or where there has been a significant history of employee abuse. The more our workplace can accept and understand our own reality the more we relate positively to all our environments business and personal. (More information about a worldview is available.)

Using this Glossary of Terms and the notes of Maslow is it possible to build understanding towards a new corporate model?

In 1992 I had stepped aside from consulting to understand and to reflect on

Consumer based cultures which had increasingly become orientated to the needs of self

Legal systems inadequate to the demands of the arbitrating and the resolving of commercial disputes

Unduly complicated legal documentation and linking of legal firms internationally.

Lack of a stated common and effective value system where businesses both nationally and internationally can work together.

Inadequacy of the culture of service providers who negated their own liabilities when giving investment advice.

Increasing problems of world equities market where stock brokers, derivatives traders, market hedgers and superannuation funds managers are effectively the same conglomerate groups.

In trying to bring an understanding of this development work to the Australian Government it was suggested that I try to set out a Charter of Responsibilities (or Mission Statement)

Then the thought came. Could such a Charter of Responsibilities be a central document to bind a business, its service providers and investment capital(equity). With terms and conditions which personalised what was intended could such a Charter of Responsibilities be the core document for joint ventures, licensing agreements, prospectuses, work contracts, contracts between directors, service providers. The name Securicare was trademarked. If Securicare is to be implemented it will build on the earlier work of Maslow and use the concepts of the Glossary of Terms.

To be eligible to use the standard Securicare Charter of Responsibilities a business must be Securicare registered. The principles of Securicare are outlined in its Charter of Responsibilities (" SC of R"). The original was specifically for SME's (small and medium sized businesses which include the

business outside the All Ords Index of the Australian Stock Exchange)

SECURICARE

Charter of Responsibilities

The responsibilities of the parties to equity investment in small and medium sized businesses (SME's) is to be as follows:

The management of the SME's to the management of the equity investors is to be parents to adult children/adult children to parents depending on their circumstances.

In the management of these SME's and of their equity investors we include banks, lawyers, accountants, research institutes and other consultants.

In this way, openness to what these categories of people do not know and to what these people need to know becomes a two-way responsibility.

This two-way responsibility is the only viable way to provide a starting point and develop a new commercial environment of mutual trust and human values.

It is believed that SC of R. enables:

A clear understanding of the intentions of all parties involved in a transaction using the Securicare philosophy;

Use's language which is understood in all cultures; and

Is simplistic in it's approach, whilst embodying a philosophy that enhances the understanding of care and due diligence.

The wording parent and adult child have been used to denote a standard of care and due diligence. In addition a supplementary list of human values see below supports the broad meaning that is given to " human values " with the SC of R.

At the Australian Financial Services Inquiry of 1997 the Securicare submission was not an outcome of the inquiry. However sufficient confidence was gained from discussions for the process to continue.

So we still had the problem of

How can we communicate the vision of Securicare?

How can we insure that we achieve the expected result, a safer and more ethical investment environment?

The uses of the words ‘ mutual trust and human values ‘ are deliberate to suggest an attitude. But is this enough? Can the vision be reinforced at the all-important time when we are interviewing those businesses that require membership of Securicare?

The linkages between Maslow, organisational governance and Securicare.

In developing Securicare we envisage an environment for a sustainable competitive advantage where the business structure and culture optimise the human contribution to the business. We recognise that to do this satisfactorily we must create the environment that inspires and leads the human resources.

ACOG wanted to develop the environment for integrating change and development rather than monitoring of the rules and regulations that are handed down from boards of directors. This links with Maslow and his self-actualisation – the freedom to effectuate one’s own ideas, try things out, make decisions, and make mistakes.

There are starting to be simple linkages

The ACOG self committed stewardship is primarily self-examination. It has to be thought about, a personal commitment, possibly leading to self-actualisation.

ACOG has governance System Assessment and Accreditation, standards of Professional Practice for Stewardship, and Governance Competency Assessment and Certification Guidelines.

The work of Brian Hall, as in the Human Values list has been developed internationally. In Australia this is reflected in the Australian Values Inventory. They have developed a usable framework for those who have an interest in understanding what are their own values, needs in the work environment, how they

view the world etc.

Is there a linkage to Securicare?

Securicare in the Charter of Responsibilities gives a framework for the business operation, a desirable outcome. Where necessary the wording can be varied

SECURICARE

Charter of Responsibilities

The responsibilities of the parties to equity and financial investment is to be as follows:

Businesses that use peoples financial resources and businesses that care for peoples financial resources must

Respect the trust of the investors.

In the management of these businesses we include banks, financial markets, lawyers, accountants, research institutes and others whose advises be relied on to protect the parties.

In this way, openness to what each category of person does not know and to what each category of person needs to know becomes a two-way responsibility.

This two-way responsibility is the only viable way to provide a starting point and develop a new commercial environment of mutual trust and human values.

When this is discussed in the marketplace the reaction always is ' sounds good ' but how do you protect the performance? ACOG can provide certain answers but how do you protect investment?

The answer is suprisingly simple. Current practice for valuation of businesses publicly listed is a market valuation led by stockbrokers and analysts. Why not have the Securicare registered businesses set and be responsible for their value? Where publicly listed these businesses can trade to a stated percentage, say 10% above the valuation. In the case of private capital raisings Securicare can be the at arms length monitor of the value. If the businesses are to set their own value they will agree with the Securicare organisation on the penalties for under

performance, bonuses for exceed reasonable expectations.

Where will the discussion of the promise of Securicare end?

The Abraham Maslow notes were originally published as 'Eupsychian Management' -human behavior in the workplace. The reprint 'Maslow on Management' with Deborah Stephens and Gary Heil 1998 published by John Wiley and Sons.Inc