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Bachelor of Commerce (B2001) | Year 1 • Part A Core | Monash University

Introduction to management

Course Code: MGC1010 • Module 4 Notes

Module 4: Management Control, Ethics, Diversity, Globalisation & Sustainable Governance

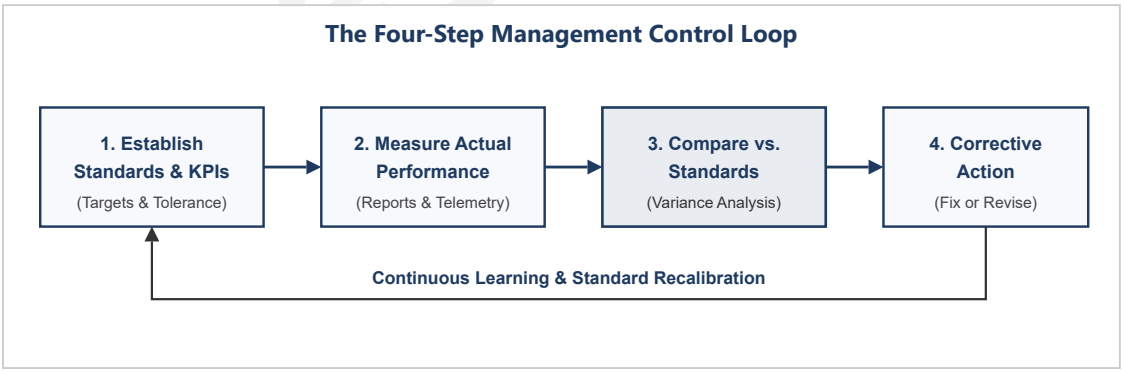
1. Management Control Systems and Performance Measurement

Control is the fourth function in the POLC cycle and serves as the essential feedback anchor for planning. Without systematic control, managers cannot verify whether strategic initiatives are delivering expected value, whether resources are being deployed lawfully, or whether external shocks require tactical course correction. **Organisational control** is the systematic process of regulating internal activities so that actual performance conforms to established strategic standards, budgets, and ethical expectations.

1.1 The Four-Step Control Process and Timing of Controls

Across financial, operational, quality, and compliance domains, control operates as a continuous closed feedback loop consisting of four sequential steps:

1. **Establish Performance Standards:** Translate strategic goals into clear, verifiable benchmarks (such as quarterly operating margins, defect rates per thousand units, workplace injury frequency, or customer net promoter scores) paired with acceptable tolerance bands.
2. **Measure Actual Performance:** Collect timely, objective, and reliable data through management accounting ledgers, automated enterprise telemetry, mystery shoppers, or staff audits.
3. **Compare Performance Against Standards:** Calculate deviations (variances) between actual results and standards, distinguishing normal random fluctuation from statistically significant exceptions requiring management intervention.
4. **Take Corrective Action:** Either rectify underlying operational root causes (e.g., retraining staff, recalibrating equipment, renegotiating supplier contracts) or revise unrealistic standards if external market conditions shifted permanently.



Managers intervene at three distinct points relative to operational transformation. **Feedforward control** anticipates problems before inputs enter production—for instance, conducting pre-employment clinical credential verification in a Victorian hospital or inspecting raw dairy shipments prior to processing. **Concurrent control** monitors ongoing activity in real time so corrections occur before defects compound—exemplified by agile daily stand-ups, direct floor supervision, or automated

cybersecurity intrusion alerts. **Feedback control** evaluates completed outputs after the fact—such as quarterly financial audits prepared under Australian Accounting Standards (AASB) or post-campaign customer surveys. Although feedback control arrives too late to undo past errors, it supplies vital evidence for bonus allocation and next-cycle planning.

Control Timing	Point of Intervention	Primary Managerial Mechanism	Australian Industry Illustration
Feedforward	Before inputs enter operations	Screening, training, supplier pre-qualification, preventive maintenance.	CASA pre-flight maintenance sign-offs and bank KYC identity verification.
Concurrent	During active transformation	Real-time telemetry, floor supervision, agile sprint reviews, access limits.	Cold-chain temperature sensors in Coles refrigerated trucks; live fraud alerts.
Feedback	After outputs are completed	Budget variance audits, NPS surveys, post-project reviews, AASB accounts.	Quarterly ASX earnings reviews and hospital post-discharge readmission audits.

1.2 Control Mechanisms and Quantitative Variance Analysis

William Ouchi classified organisational controls into three archetypes: **Bureaucratic control** (formal rules, budgets, standard operating procedures, and hierarchy), **Market control** (external pricing, return on capital benchmarks, and internal transfer pricing), and **Clan control** (shared cultural norms, peer trust, and professional ethics—indispensable in creative R&D or autonomous knowledge teams where rigid rules stifle innovation). Regardless of mechanism, poorly designed Key Performance Indicators (KPIs) invite **Goodhart's Law** ("when a measure becomes a target, it ceases to be a good measure"): rewarding call-centre staff solely on short call duration encourages premature hang-ups rather than resolving customer issues, while tying executive bonuses purely to annual Earnings Per Share (EPS) can motivate cuts to essential safety maintenance or R&D. Managers must also guard against *tactical budget gaming*—such as "use-it-or-lose-it" year-end spending sprees or deliberately conservative revenue sandbagging—by pairing incremental operating budgets with periodic zero-based reviews and cross-functional peer audits.

Core financial controls rely on two complementary instruments: **operating and capital budgets** (which translate strategic plans into quarterly revenue, expense, and cash-flow baselines) and **financial ratio analysis** (which tracks solvency, efficiency, and capital productivity relative to industry benchmarks).

Control Ratio Category	Key Metric	Diagnostic Purpose for Managers
Liquidity	Current Ratio (Current Assets / Current Liabilities)	Verifies short-term capacity to meet payroll, supplier invoices, and BAS/GST obligations.
Leverage	Debt-to-Equity & Interest Coverage Ratios	Monitors financial risk exposure to Reserve Bank of Australia interest-rate increases.

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Control Ratio Category	Key Metric	Diagnostic Purpose for Managers
Operational Activity	Inventory Turnover & Debtor Days	Measures how rapidly working capital converts inventory and receivables into cash.
Profitability	Operating Profit Margin & Return on Equity (ROE)	Evaluates pricing power, cost discipline, and net return generated on shareholders' equity.

In financial and operational control, managers quantify budget deviations using absolute variance (V) and percentage variance ($\%V$) against predetermined standards:

$$V = A - S \qquad \text{and} \qquad \%V = \frac{A - S}{S} \times 100\%$$

Where: V is the absolute variance (in AUD or operational units); A is actual observed performance or cost; S is the budgeted standard; and $\%V$ is the percentage deviation from standard. For cost items, $V > 0$ represents an *unfavourable* cost overrun; for revenue items, $V > 0$ represents a *favourable* surplus.

Worked Example: Quarterly Operating Budget Control for a Melbourne Hospitality Group

Melbourne Waterfront Dining Pty Ltd sets a quarterly labour cost standard of A$420,000 ($S_L = 420,000$) and a revenue standard of A$1,250,000 ($S_R = 1,250,000$), with an exception-reporting tolerance band of ±5.0%. Actual Q3 results show labour cost A$453,600 ($A_L = 453,600$) and revenue A$1,275,000 ($A_R = 1,275,000$). Determine whether management intervention is triggered.

1. **Step 1 — Labour Cost Variance (V_L and $\%V_L$):** $V_L = 453,600 - 420,000 = +33,600$, or +A$33,600 (Unfavourable). $\%V_L = \frac{33,600}{420,000} \times 100\% = +8.00\%$.
2. **Step 2 — Revenue Variance (V_R and $\%V_R$):** $V_R = 1,275,000 - 1,250,000 = +25,000$, or +A$25,000 (Favourable). $\%V_R = \frac{25,000}{1,250,000} \times 100\% = +2.00\%$.
3. **Step 3 — Management by Exception Decision:** Revenue (+2.00%) lies well within the ±5.0% tolerance band and requires no immediate intervention. However, labour cost (+8.00%) exceeds tolerance by 3.00 percentage points and outpaces revenue growth fourfold, triggering an immediate audit of casual overtime rostering and Fair Work Hospitality Industry Award penalty-rate scheduling.

1.3 Kaplan and Norton's Balanced Scorecard

Relying exclusively on lagging historical financial ratios tempts managers to slash staff training, preventive maintenance, or customer service to boost short-term quarterly profit—mortgaging future competitiveness. Robert Kaplan and David Norton's **Balanced Scorecard (BSC)** solves this myopia by linking strategic objectives across four balanced perspectives: (1) **Financial** (return on capital employed, operating cash flow, revenue growth); (2) **Customer** (retention, Net Promoter Score, market share); (3) **Internal Business Processes** (cycle time, defect rate, safety compliance); and (4) **Learning and Growth** (employee capability, digital readiness, engagement). Visualising causal links

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across these perspectives in a *Strategy Map* reveals how investments in Learning and Growth drive Internal Process quality, which lifts Customer loyalty and ultimately sustains Financial returns. Managers evaluate holistic performance through a weighted Balanced Performance Index (BPI):

$$BPI = \sum_{k=1}^{4} w_k P_k$$

Where: BPI is the composite Balanced Scorecard Performance Index (out of 100); w_k is the strategic weight assigned to perspective k ($\sum_{k=1}^{4} w_k = 1.00$); and P_k is the normalised achievement score (0 to 100) for perspective k.

Worked Example: Balanced Scorecard Evaluation for a Regional Water Utility

A Victorian regional water authority weights its four BSC perspectives as Financial ($w_1 = 0.20$), Customer ($w_2 = 0.30$), Internal Processes & Water Safety ($w_3 = 0.30$), and Learning & Growth ($w_4 = 0.20$). Annual scores are $P_1 = 88$, $P_2 = 82$, $P_3 = 94$, and $P_4 = 75$.

1. **Step 1 — Weighted Contributions:** Financial $= 0.20 \times 88 = 17.60$; Customer $= 0.30 \times 82 = 24.60$; Internal Processes $= 0.30 \times 94 = 28.20$; Learning & Growth $= 0.20 \times 75 = 15.00$.
2. **Step 2 — Composite Index (BPI):** $BPI = 17.60 + 24.60 + 28.20 + 15.00 = 85.40$ out of 100.
3. **Step 3 — Strategic Diagnostic:** Strong regulatory water-safety execution (94) and sound finances (88) anchor a solid overall index (85.40), yet lagging Learning & Growth (75) flags emerging engineering succession risks requiring targeted graduate upskilling next year.

2. Managerial Ethics and Corporate Governance in Australia

Compliance with legislation represents the minimum floor of acceptable business conduct, not its ceiling. **Managerial ethics** concerns the moral principles, values, and reasoning standards distinguishing right from wrong when rules are silent, ambiguous, or lag behind technological and social change.

2.1 Normative Ethical Frameworks

When facing complex trade-offs—such as retrenching staff during automation, pricing essential medicines, or deploying algorithmic hiring tools—managers draw upon four major philosophical traditions:

Ethical Framework	Philosophical Root	Core Decision Criterion	Strengths	Critical Limitations
Utilitarianism (Consequentialism)	Jeremy Bentham, John Stuart Mill	Choose the action yielding the greatest net good for the greatest number of stakeholders.	Encourages rigorous stakeholder impact analysis and efficiency.	Can justify sacrificing minority rights if majority benefit is large; hard to quantify non-monetary harms.
Deontology (Duty-Based)	Immanuel Kant	Act only on universalizable principles; treat humans always as ends, never merely as tools.	Protects inviolable human dignity, honesty, and contractual duties.	Rigid when two absolute duties collide (e.g., transparency vs. confidentiality).
Virtue Ethics	Aristotle, Alasdair MacIntyre	Act as a person of practical wisdom (*phronesis*), integrity, courage, and fairness would act.	Cultivates enduring moral character and leadership role-modelling.	Lacks crisp procedural rules for resolving technical policy disputes.
Justice & Fairness	John Rawls	Ensure equal basic liberties; permit inequalities only when fair equality of opportunity exists and the least-advantaged benefit.	Counters structural bias; underpins distributive, procedural, and interactional fairness.	Debates persist over what constitutes equitable desert versus equal need.

2.2 Ethical Decision-Making and Australian Corporate Governance

Psychologist James Rest modelled ethical behaviour across four sequential links: (1) **moral awareness** (recognising an ethical issue exists); (2) **moral judgement** (evaluating right vs. wrong); (3) **moral intent** (prioritising ethical action above self-interest or peer conformity); and (4) **moral courage/action**. Individual moderators such as moral identity and internal locus of control interact powerfully with organisational context—particularly ethical climate, leadership tone at the top, peer norms, and formal whistleblower protections. Under Part 9.4AAA of the *Corporations Act 2001 (Cth)*, Australian public companies, large proprietary companies, and registrable superannuation entities must maintain accessible whistleblower policies guaranteeing confidentiality and shielding eligible disclosers (employees, contractors, suppliers, and their relatives) from civil, criminal, or workplace retaliation when reporting suspected misconduct.

At the board level, **corporate governance** establishes the accountability architecture governing how boards oversee executives on behalf of shareholders and society. In Australia, directors face enforceable statutory duties under sections 180–184 of the *Corporations Act 2001 (Cth)*, reinforced by the **ASX Corporate Governance Council's Principles and Recommendations**. Key governance pillars include: (1) laying solid foundations for management oversight through clear board-versus-executive

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charters; (2) structuring an effective board with a majority of independent non-executive directors and an independent chair; (3) instilling a culture of acting lawfully, ethically, and responsibly backed by codes of conduct and anti-bribery controls; (4) safeguarding the integrity of corporate reports via independent audit committees and external auditor rotation; (5) making timely, balanced continuous disclosures to the ASX; (6) recognising and managing financial and non-financial risks (including cybersecurity and climate transition); and (7) remunerating executives fairly and responsibly using clawback ("malus") provisions so misconduct forfeits deferred bonuses. The 2019 **Hayne Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry** exposed systemic failures—such as charging fees for no service—driven by conflicted sales commissions and weak board non-financial risk accountability, prompting tighter ASIC enforcement, the Financial Accountability Regime (FAR), and board-level cultural oversight across Australian finance.

3. Workplace Diversity, Equity, Inclusion & Australian Industrial Relations

Contemporary Australian organisations operate within one of the world's most culturally diverse, highly regulated labour markets. Managing people fairly and effectively requires integrating Workforce Diversity, Equity, and Inclusion (DEI) with statutory industrial relations compliance.

3.1 Dimensions of Diversity and the Inclusion Imperative

Scholars distinguish **surface-level diversity** (immediately observable demographic characteristics such as age, gender, ethnicity, and physical disability) from **deep-level diversity** (values, cognitive styles, educational backgrounds, socioeconomic experience, and neurodiversity). Importantly, diversity alone does not guarantee superior team outcomes: demographic heterogeneity without inclusive leadership can fracture into identity-based faultlines and interpersonal conflict. **Inclusion** ensures all employees feel respected, heard, and able to contribute authentically, while **equity** removes systemic structural barriers so every person receives fair access to development, promotion, and compensation.

Both moral and strategic arguments support DEI: equitable opportunity upholds human dignity and statutory compliance, while cognitively diverse teams outperform homogeneous groups on complex non-routine problem solving, mitigate groupthink, and better mirror multicultural Australian and Asia-Pacific customer markets.

3.2 Australian Legal and Industrial Relations Framework

Managers operating in Australia must navigate an explicit statutory workplace framework enforced by national regulators:

- **Fair Work Act 2009 (Cth):** Establishes the safety net of 11 *National Employment Standards (NES)* (maximum weekly hours, flexible working requests, parental leave, annual and personal leave, notice of termination), industry-specific *Modern Awards*, collective *Enterprise Agreements* vetted by the Fair Work Commission under the Better Off Overall Test (BOOT), unfair dismissal protections, and recent "Right to Disconnect" provisions.
- **Federal Anti-Discrimination Legislation:** Comprises the *Racial Discrimination Act 1975*, *Sex Discrimination Act 1984*, *Disability Discrimination Act 1992*, and *Age Discrimination Act 2004*,

prohibiting direct and indirect unlawful discrimination across recruitment, pay, promotion, and dismissal.

- **Workplace Gender Equality Act 2012 (Cth):** Requires Australian private-sector employers with 100 or more staff to report workforce composition and gender pay gaps annually to the Workplace Gender Equality Agency (WGEA), which publishes employer-level pay-gap data publicly to accelerate accountability.
- **Work Health and Safety (WHS) Act 2011 & Respect@Work Reforms:** Requires Persons Conducting a Business or Undertaking (PCBUs) and company officers to eliminate or minimise both physical hazards and *psychosocial hazards* (chronic excessive workload, workplace bullying, trauma), alongside a positive statutory duty under the *Sex Discrimination Act* to take proactive, reasonable measures to prevent workplace sexual harassment.

Best-practice Australian managers operationalise DEI beyond statutory minimums through structured competency-based interviewing, regular gender and ethnicity pay-equity audits, flexible hybrid work architectures, neuro-inclusive workspace adjustments, and meaningful **Reconciliation Action Plans (RAPs)**. Endorsed by Reconciliation Australia across four progressive tiers—*Reflect* (scoping relationships), *Innovate* (piloting cultural learning and employment pathways), *Stretch* (embedding measurable First Nations hiring and Indigenous-owned supplier procurement targets), and *Elevate* (demonstrated sector leadership)—RAPs transform symbolic goodwill into accountable governance. Complementing structural targets, inclusive managers actively counteract affinity bias in talent reviews, rotate high-visibility "promotable" project assignments equitably, and measure employee belonging alongside demographic headcount so diverse talent is retained and promoted into senior decision-making roles.

Australian Statute / Standard	Scope & Threshold	Key Managerial Obligations
Corporations Act 2001 (Cth)	All Australian companies (ss. 180–184; Part 9.4AAA)	Directors' duties of care, good faith, and proper purpose; mandatory whistleblower policies for public/large proprietary firms.
Fair Work Act 2009 (Cth)	National workplace relations system	11 National Employment Standards (NES), Modern Award compliance, Enterprise Agreement BOOT test, Right to Disconnect.
Workplace Gender Equality Act 2012	Private employers with 100+ employees	Annual WGEA reporting and public disclosure of gender pay gaps and workforce composition metrics.
Model WHS Act 2011 & Respect@Work	All PCBUs and company officers	Eliminate physical and psychosocial hazards; positive duty to prevent workplace sexual harassment proactively.
Modern Slavery Act 2018 (Cth)	Entities with consolidated revenue ≥ A$100 million	Annual Modern Slavery Statement assessing forced-labour and trafficking risks across global operations and supply chains.
AASB S2 Climate Disclosures	Phased large entities under Corporations Act	Mandatory climate governance, risk, scenario, and Scope 1, 2, and material Scope 3 GHG emissions reporting.

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4. Corporate Social Responsibility, ESG, Globalisation & Sustainable Governance

Modern management extends beyond internal efficiency to how organisations steward natural ecosystems, human rights, and transnational supply chains while crafting sustainable futures.

4.1 Corporate Social Responsibility, Shared Value, and ESG

Archie Carroll's **CSR Pyramid** structures corporate obligations across four tiers: *Economic* (remaining profitable and viable—the foundation), *Legal* (obeying domestic and international laws), *Ethical* (acting fairly and avoiding harm beyond bare legal minimums), and *Philanthropic* (voluntary community contributions). Michael Porter and Mark Kramer advanced this agenda through **Creating Shared Value (CSV)**—identifying business strategies that simultaneously generate measurable economic profit and solve pressing social or environmental challenges, rather than treating philanthropy as an afterthought. Examples include Australian insurers subsidising flood-resilient home retrofits in Queensland and northern New South Wales, lowering both community disaster losses and long-term claims payouts.



Today, institutional investors and Australian regulators operationalise sustainability through **Environmental, Social, and Governance (ESG)** metrics grounded in John Elkington's **Triple Bottom Line** (People, Planet, Profit) and the United Nations **Sustainable Development Goals (SDGs)**. Under Australia's mandatory climate-disclosure reforms (**AASB S2**, aligned with international ISSB standards), large Australian entities must disclose governance, strategy, risk management, and Scope 1, 2, and material Scope 3 greenhouse gas emissions alongside financial statements. Simultaneously, the ACCC actively prosecutes deceptive environmental marketing ("greenwashing") under the Australian Consumer Law, imposing multimillion-dollar penalties when net-zero, carbon-neutral, or recyclability claims lack rigorous scientific substantiation.

4.2 Quantitative ESG Tracking: Carbon Emissions Intensity

To prevent absolute output growth from masking efficiency gains—or vice versa—managers monitor normalised **carbon emissions intensity (CI)** alongside total emissions:

$$CI = \frac{E_1 + E_2}{R}$$

Where: CI is operational carbon intensity (tonnes of CO_2-e per A$1 million of revenue); E_1 is direct Scope 1 greenhouse gas emissions from owned combustion or fleet operations (in tCO_2-e); E_2 is indirect Scope 2 emissions from purchased electricity (in tCO_2-e); and R is annual operating revenue in millions of Australian dollars (A$m).

Worked Example: Tracking Decarbonisation at a Victorian Packaging Manufacturer

Murray Packaging Ltd generated A$200 million ($R_1 = 200$) in revenue in FY2025 with Scope 1 emissions of 14,000 tCO_2-e ($E_1 = 14,000$) and Scope 2 emissions of 26,000 tCO_2-e ($E_2 = 26,000$). In FY2026, revenue grew to A$220 million ($R_2 = 220$) while rooftop solar and renewable Power Purchase Agreements reduced Scope 2 emissions to 15,600 tCO_2-e and electric forklifts trimmed Scope 1 emissions to 12,800 tCO_2-e.

1. **Step 1 — FY2025 Carbon Intensity (CI_{2025}):** $CI_{2025} = \frac{14{,}000+26{,}000}{200} = \frac{40{,}000}{200} = 200.00$ tCO_2-e per A$1m revenue.
2. **Step 2 — FY2026 Carbon Intensity (CI_{2026}):** $CI_{2026} = \frac{12{,}800+15{,}600}{220} = \frac{28{,}400}{220} = 129.09$ tCO_2-e per A$1m revenue.
3. **Step 3 — Performance Assessment:** Absolute emissions fell by $(40,000 - 28,400)/40,000 \times 100\% = 29.0\%$, while revenue-normalised carbon intensity declined by $(200.00 - 129.09)/200.00 \times 100\% = 35.45\%$—demonstrating genuine decoupling of production growth from operational emissions suitable for verified AASB S2 reporting.

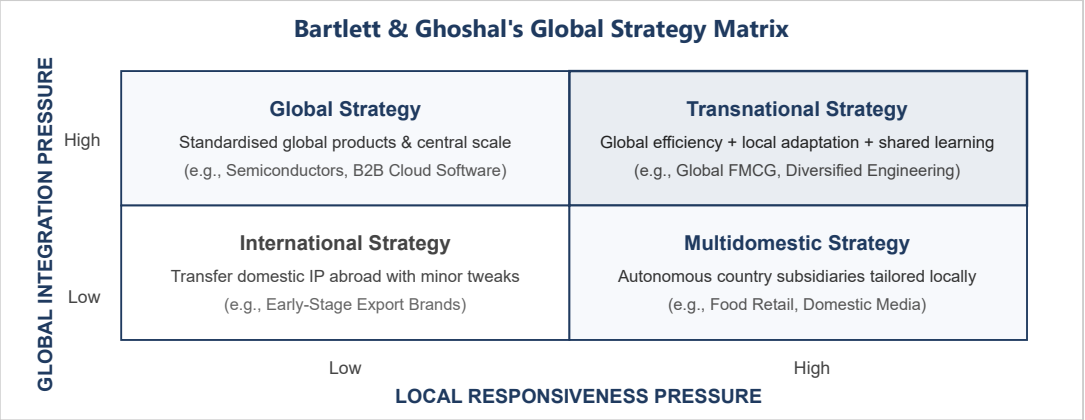
4.3 Globalisation and Managing Multinational Enterprises (MNEs)

Australian firms increasingly operate across borders—whether exporting resources and agricultural goods, scaling software globally (Atlassian, WiseTech Global), or sourcing components across Asian manufacturing hubs. Managers select **market entry modes** along an ascending continuum of capital commitment, control, and risk:

- **Exporting:** Producing domestically and selling abroad through distributors or e-commerce—low capital commitment and reversible, yet exposed to tariffs, freight volatility, and exchange-rate swings.
- **Licensing and Franchising:** Granting foreign partners rights to intellectual property, patents, or brand systems in exchange for royalties—accelerates expansion with modest capital, though risking quality dilution or intellectual property leakage.
- **Strategic Alliances and Joint Ventures:** Co-investing with a host-country partner to share local regulatory knowledge, distribution channels, and political risk—requiring disciplined governance to prevent partner opportunism.
- **Wholly Owned Foreign Subsidiaries:** Establishing greenfield operations or acquiring an established overseas competitor—affords maximum strategic control and margin capture while absorbing full sovereign, currency, and integration risk.

Once operating internationally, MNEs balance two competing pressures mapped by Christopher Bartlett and Sumantra Ghoshal's **Integration–Responsiveness Framework**: pressures for *global integration* (standardising products and pooling R&D/manufacturing for economies of scale) versus

pressures for *local responsiveness* (tailoring offerings, HR practices, and marketing to distinct host-country regulations, tastes, and cultures).



Cross-border operations introduce acute ethical governance challenges. Rather than defaulting to extreme *ethical relativism* ("when abroad, ignore human rights if local enforcement is lax") or rigid *ethical imperialism*, global business ethicists advocate upholding universal core human rights (prohibiting forced labour, child exploitation, bribery, and unsafe workplaces) while respecting legitimate cultural customs. In Australia, the **Modern Slavery Act 2018 (Cth)** mandates that entities with consolidated annual revenue of at least A$100 million publish annual Modern Slavery Statements detailing supply-chain risks of forced labour, debt bondage, and human trafficking across Tier-1 and deeper offshore suppliers, along with due-diligence remediation steps.

Global MNE Strategy	Global Integration / Local Responsiveness	Typical Structural Configuration	Key Governance & Control Challenge
Global Strategy	High Integration / Low Responsiveness	Centralised global product divisions; standardised R&D and manufacturing hubs.	Blindness to local host-country regulatory shifts and cultural nuances.
Multidomestic Strategy	Low Integration / High Responsiveness	Decentralised autonomous national subsidiaries adapting products and HR locally.	Duplicated overheads, weak cross-border scale, inconsistent ESG compliance.
International Strategy	Low Integration / Low Responsiveness	Domestic headquarters exporting core IP with light overseas sales affiliates.	Vulnerability to agile local competitors once foreign markets mature.
Transnational Strategy	High Integration / High Responsiveness	Integrated network sharing R&D globally while localising market delivery.	Extreme matrix coordination complexity and executive conflict resolution load.

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4.4 Integrated Australian Governance Case: Supply-Chain Sustainability and Corporate Accountability

Contemporary Australian managers confront interconnected governance pressures spanning climate transition, human rights, algorithmic accountability, and consumer trust. Consider an ASX-listed Australian apparel and homewares retailer sourcing garments from factories across Bangladesh, Vietnam, and southern China while operating 350 domestic stores. Under traditional cost-minimisation control, procurement managers received bonuses solely for cutting landed unit costs—creating perverse incentives (Goodhart's Law) that drove suppliers toward unauthorised sub-contracting, excessive overtime, and unsafe dye-house effluent practices.

Rebuilding sustainable governance requires aligning all four modules of management practice simultaneously. First, board directors exercise statutory care and diligence under the *Corporations Act 2001 (Cth)* by embedding Scope 3 emissions and human-rights due diligence into the Audit and Risk Committee charter. Second, procurement incentives are redesigned via a Balanced Scorecard weighting landed cost alongside third-party factory social audit scores, living-wage progress, and verified recycled-fibre composition—preventing misleading "eco-friendly" claims that attract ACCC greenwashing litigation. Third, collaborative supplier partnerships replace punitive short-term price squeezing: multi-year purchasing commitments give offshore factories financial stability to invest in fire safety, clean water treatment, and worker grievance hotlines verified under the *Modern Slavery Act 2018 (Cth)*. Finally, transparent AASB S2 climate disclosures and Reconciliation Action Plan procurement targets inside Australia ensure that financial performance, ethical integrity, inclusive people management, and planetary stewardship reinforce one another across the entire enterprise value chain.

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