

# THE CONSCIENCE OF THE FICTIONAL REASONABLE PERSON AND THE CONCEPT OF "DOING THE RIGHT THING" - THEIR IMPACT ON DIRECTORS DUTIES

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The 'reasonable person' test is used to interpret much of our statutory law and concepts in equity. It is the required standard to determine the extent of directors' duties under the Corporations Act, which imposes their legal obligation to act in accordance with the community values and expectations of our society.

There has been extensive movement in community expectations of how directors should perform their duties. We can expect more emphasis on directors' duties to stakeholders, other than shareholders, based on the conscience of the fictional reasonable person.

Increasingly, not doing the right thing is doing the wrong thing based on community expectations and judicial interpretation.

This paper argues there is no need to amend legislation to expand directors duties to stakeholders other than shareholders, because current judicial interpretation of the standard of a reasonable person under the Corporations Act already requires it.

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