

Greed Leaders not Good Leaders

Much to the chagrin of moralists, it is becoming commonplace to witness corporate leaders behaving in a manner that leads us to believe acting ethically while making a profit is a paradox. Present day leaders are so preoccupied with the goal of profit maximization for self-serving interests that they are not considering the implications their actions are having on all affected parties. The most pressing leadership issue of today is greed, and the neglect of obligations to stockholders, and all other pertinent stakeholders. Regrettably, there are plenty of topical instances to illustrate this, in addition to ample examples dating back over the past decade.

In most recent days, we have observed several leaders allegedly break the law, far exceeding ethical boundaries, putting their own benefit in front of those they were supposed to be representing. The greed purportedly displayed by two such leaders, rogue traders Bernie Madoff and R. Allen Stanford, have led to a further decimation of investor confidence. The fraudulent activities of leaders like these have led to a public outcry for tighter control, and stricter regulation. Earlier this month, Congress held hearings to thrash out why the Securities and Exchange Commission failed to uncover Madoff's scheme (Burrows and Goldstein, 2009). The United States is not alone regarding the existence of unethical, greedy, and sometimes unlawful leaders, though.

In January, Ramalingam Raju, the chairman of Satyam Computer Services, alerted his board and India's regulatory body. Raju admitted to hiding news that he had intentionally fixed the balance sheet, which included a severely inflated cash number, the subjecting of a major liability on funds arranged by Raju himself, and an overstatement of revenues. Raju submitted his resignation, but it did not halt investors from fleeing as Satyam's shares fell more than 75% that day. Raju's actions adversely impacted India's Sensex index as well, seeing it drop over 7% on the day (Kripalani, 2009). The greed and deceptive leadership of one person, yet again, negatively affected so many innocent bystanders.

The aforementioned examples are only the most recent ones. One of the more notable cases of greed and deception, and intentional neglect of all their stakeholders, over the past decade is Enron's leadership. The Enron scandal came to light in October 2001. From what was once a well-respected company, allegations were that Enron's leadership, namely Chairman Kenneth Lay and CEO Jeffrey Skilling, were involved in "fraudulent self-dealing, falsification of financial information, and illegal market manipulations (Ostas, 2007)." The two were later found guilty.

Enron Corporation was only one of a number of valued companies, and leadership corps that acted unethically, illegally, and in conflict with their stakeholders' best interests over the past decade. A collection of other big name fraud and deception cases include Bernie Ebbers, former CEO of WorldCom Inc., and Dennis Kozlowski, former CEO of Tyco International Ltd.; along with former executives of HealthSouth Corp. and Adelphia Inc. (Brickey, 2008). The trend seems to be continuing, with new instances of corporate leadership deceit surfacing periodically.

Additionally, there seems to have been a trickle-down effect that has taken place, as we have witnessed some fairly ruthless fraud having occurred at the lower management and operational levels. A recent example of this is Societe General's rogue trader, Jerome Kerviel. Like the famous Barings' trader, Nick Leeson, Kerviel managed to blow in excess of 1 billion of his company's money (Banyard, 2008), via a variety of ongoing fraudulent transactions. Aren't employees a reflection of their leadership? It seems the days of good leaders and a shareholder focus are gone, but rather we are living the days of greed leaders and a global financial crisis.

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