

# Enron – ethics assignment

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Enron: The Smartest Guys in the Room / Lack of Ethics Enron at one time was a Fortune 500 company, but in truth it was just a fallacy and a lie for what it truly was, an ethically bankrupt company that eventually became a bankrupt company. Henry Taylor, a 19th century statesman wrote “ Falsehood ceases to be falsehood, when the truth is not expected to be spoken”. Enron senior management gets a failing grade on truth and disclosure. The purpose of ethics is to enable recognition of how a particular situation will be perceived. It is recognized that a certain amount of puffing, exaggeration, and bluffing is part of the business game.

When does it become a problem that your ethics don't even matter anymore and you break major rules of ethics? Ken Lay and Jeffrey Skilling are at the top of the list of liars and deceivers in what is one of the biggest business scandals in the history of modern business. But they are not the only ones to be blamed, even though they were the leaders. Accountants, financial institutions, and financial analysts role is to serve shareholders and potential shareholders in rectifying the information asymmetries that exist when shareholders deal directly with the company.

Enron's accountants, including Arthur Anderson, and many Wall Street analysts ratified and legitimized the company's scenarios and statements regarding its prospects. I also could not believe a business as big as Enron would even allow for a conflict of interests to evolve. I have no idea how The Enron board “ waived” the company's own ethics code requirements to allow the company's CFO to serve as general partner for the partnerships that it was using as a conduit for much of its business. Regardless, it was a horrible

decision and a show that all Enron really cared about in the end was the almighty dollar.

The biggest lack of ethics of all is that Ley and Skilling didn't have the guts to be able to take responsibility for their actions. The belief that a leader should "accept responsibility" is a moral notion, having to do with the idea that when one takes charge of, and is tasked with managing, an organization, one thereby accepts responsibility for whatever goes on there. In part, we hold leaders responsible because they have the power, if not to control everything that goes on in their organizations, at least to set the tone and direction of the organization, and to set an example for appropriate behavior.

How can you be in charge of a Fortune 500 company, yet deny not be responsible for your companies actions, and to not even know what is even going on. How can you even say that your not responsible and didn't know what was going on in the company you were leading after you cost people their livelihoods, future retirement and jobs, while at the same time cashing in your stock for millions while knowing your company is sinking like the Titanic.

It is truly sad what happened at Enron and more importantly, the people who lost their savings and jobs. In the end, was the downfall due to Power, temptation and greed or the arrogance of those who were in power? Did the deregulation of energy policies have anything to due with Enron's downfall? In the end we will never truly know all the facts, except that Enron was an ethically bankrupt company which eventually became bankrupt.