

Friends of angelo

Business



The Countrywide financial scandal is an example of a firm in which leadership was not present in the operations of the company. Leadership can be defined as a special case of interpersonal influence that gets an individual or group to do what the leader wants done (Schermerhorn, Hunt, Osborn, 2003). At Countrywide its managers lack leadership. The firm was at one point in time the largest mortgage lender in the United States holding a market share of nearly 20%. The CEO of the company, Angelo Mozilo, did not properly manage the funds of the firm. He created a lot of new financial products that were not sound. One of those programs he created was the friends of Angelo program. Through this program the firm offered rates that were below market value. Angelo used this program as a way to benefit politicians, friends, and other executives in the industry including Fannie Mae executives. Senators Chris Dodd and Kent Conrad were among the VIPs who received sweetheart mortgages under the Friends of Angelo program (Wsj, 2009). The existence of this program in the banking industry was very unethical.

The societal implications of this scandal were significant. The actions of Countrywide were a contributing factor to the financial crisis that occurred in 2008. Between 2008 and 2009 there were 8.4 million jobs lost in the United States (Stateofworkingamerica). The preferential treatment that Countrywide applied through its friends of Angelo program was unfair to the common citizen. The actions of this company were also hurtful to other stakeholder groups of Countrywide particularly the shareholders and employees. The stock price of the company plummeted by 86% and the firm fired 11,000 employees (Cengage). Angelo Mozilo is an example of everything that is wrong with corporate America. Companies that lack leadership such as <https://assignbuster.com/friends-of-angelo/>

Countrywide have a very low chance of succeeding in the long run.

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