

Scandals

Sociology



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Scandals ABC 12/4 Contents Contents 2 Introduction 3 Sociological and media aspects of the scandal 3 Conclusion 4 Introduction An allegation or a set of allegations which is widely publicized and damages the reputation of an institution, creed or an individual is termed as a scandal. Recently, the world has witnessed some major scandals and scams with reference to many organizations, individuals and creeds.

Here we will be discussing one such scandal which rocked the world in October, 2001 – The Enron Scandal. The company was established in the year 1985 and quickly rose to become one of the major organizations. It became a very famous company and reigned all through the 1990s especially due to its innovative techniques. Although the firm stuck to its original produce of operating gas lines and building power plants, it gained reputation due to its distinctive trading business. The organization also started opening businesses in many domains like weather futures, advertiser's broadcast time and Internet bandwidth.

However the company spent a sizeable amount on lobbying to get help for advancing projects in other nations and furthering the deregulation of energy. In order to display high stock prices and sustain growth, the firm hid its losses by means of complex accounting practices. However the stock prices of Enron Corporation tumbled and the scam was exposed (Li 2010).

Sociological and media aspects of the scandal

The Enron Scam is one of the worst examples of ethical failure. Top executives working with Enron provided biased and false information about the company which led the stock prices to rise. They were able to earn millions and were fully aware that they were driving the company to ruin. While the top executives earned money, ordinary people like workers lost

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their jobs and sizeable retirement earnings. Also ordinary shareholders lost a lump sum amount due to the scam.

Enron permitted insider trading. Hence a lot of top executives were well aware of the manipulation of financial accounts conducted in Enron. Hence, these people took advantage of the situation and sold their stocks at inflated prices. Enron failure can be attributed to leadership issued wherein three top executives, namely, Kenneth Lay, Andrew Fastow and Jeffrey Skilling knowingly engaged in ethical misconduct. Moreover the board of directors of this organization never carried out their responsibilities seriously. The company's chairman was also not very interested in the matters of the firm (Culpan and Trussel 2005). The financial and accounting malpractices spurred the wave of a number of stringent laws and regulations which were enforced by the American government post Enron.

On the other hand, Enron made headlines in newspaper and media. The media highlighted the plight of the ordinary workers and shareholders who lost almost all their earnings due to this huge scam. Enron grossed the headlines as one of the major scandals and caused furor among the general public. The scam highlighted the importance of ethics in business and corporate social responsibility. Post Enron, a lot of emphasis is provided to adhere to ethics in business and organizations are prompted to act ethically. In fact, lectures on ethics still highlight Enron as one of the major scams which happened due to gross ethical misconduct of the top executives of the organization.

Conclusion

To conclude, the top executives of Enron were ethically failed leaders who failed to carry on their judicial duties and caused a great loss to the

shareholder. Nowadays corporate organizations and business firms are stressed on the importance of ethics in business. Also the organization culture should be healthy and competitive. It should look forward to the benefit of the people and the nation as a whole.

Works Cited

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