

Cases in Practical Ethics: From Enron through the Financial Crisis

The Enron scandal and subsequent financial crisis of 2008 brought to light a host of ethical failures that have had a profound impact on the global economy and society. These cases provide rich material for examining the ethical challenges faced by individuals and organizations in the complex world of finance. In this article, we will explore some of the key ethical issues raised by these cases and discuss their implications for business and society as a whole.

Enron was an energy company that was once the seventh-largest corporation in the United States. However, in 2001, the company filed for bankruptcy after it was revealed that it had been using accounting tricks to inflate its earnings and hide its debt. The scandal led to the resignation of Enron's CEO, Jeffrey Skilling, and the eventual imprisonment of several top executives.

The Enron scandal raised a number of ethical issues, including:



Resisting Corporate Corruption: Cases in Practical Ethics From Enron Through The Financial Crisis

by Stephen V. Arbogast

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- **The importance of transparency and accountability:** Enron's executives misled investors and regulators about the company's true financial condition. This lack of transparency and accountability allowed Enron to continue operating for years despite its underlying financial problems.
- **The role of greed and self-interest:** Many of Enron's executives were driven by greed and self-interest. They put their own financial gain ahead of the interests of the company and its stakeholders.
- **The consequences of ethical failure:** The Enron scandal had a devastating impact on the company's employees, investors, and the broader economy. It also damaged the public's trust in the business community.

The financial crisis of 2008 was the worst financial crisis since the Great Depression. It began with the collapse of the subprime mortgage market in the United States and spread to other countries around the world. The crisis led to the failure of several major banks and financial institutions, and it caused a sharp decline in stock prices and economic growth.

The financial crisis raised a number of ethical issues, including:

- **The risks of excessive risk-taking:** The financial crisis was caused in part by excessive risk-taking by banks and other financial institutions. These institutions made risky investments in subprime mortgages and

other complex financial products without fully understanding the risks involved.

- **The importance of regulation:** The financial crisis revealed that the financial industry was not adequately regulated. This lack of regulation allowed banks and other financial institutions to take on too much risk and to mislead investors about the risks involved.
- **The consequences of ethical failure:** The financial crisis had a devastating impact on the global economy and on the lives of millions of people. It caused widespread job losses, foreclosures, and poverty.

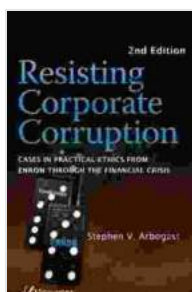
The Enron scandal and the financial crisis of 2008 provide valuable lessons about the importance of ethics in business and society. These cases show that ethical failures can have devastating consequences for individuals, organizations, and the broader economy. They also highlight the need for strong regulation and oversight of the financial industry.

Some of the key ethical lessons that we can learn from these cases include:

- **The importance of transparency and accountability:** Businesses must be transparent about their financial condition and their operations. They must also be accountable to their stakeholders, including investors, employees, and customers.
- **The role of greed and self-interest:** Greed and self-interest can motivate individuals to act unethically. Businesses must create a culture that discourages greed and promotes ethical behavior.
- **The consequences of ethical failure:** Ethical failures can have devastating consequences for individuals, organizations, and society

as a whole. Businesses must understand the risks associated with ethical failure and take steps to mitigate these risks.

The Enron scandal and the financial crisis of 2008 are two of the most important ethical scandals in recent history. These cases provide valuable lessons about the importance of ethics in business and society. They also highlight the need for strong regulation and oversight of the financial industry. By learning from these cases, we can help to prevent future ethical failures and protect the global economy and society.



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