

## Enron's Ultimate Victim: Ethics

By: [Paul Shearstone](#)

FROM the 'MORAL HIGH GROUND', where we imagine ourselves, the Enron fiasco should have come as no surprise. Enron is simply a quintessential example of the degradation of principles such as trust, loyalty and ethical standards.

Why it happened, however, is what really needs to be understood if business is to restore its ethical foundation and survive tumultuous times.

Few will argue that business today is more challenging and competitive; most everyone accepts that the marketplace is more cutthroat than ever. We live in a dog-eat-dog world where for most, corporate survival is focused on just trying to not get eaten.

Not long ago, things were not so ruthless, or so we'd like to think. Companies had a tacit understanding with their employees: the company will always be there for you. The expression, "I'm a company man," once represented the unquestioned relationship between employees and employer. The company was our family, and families looked out for one another. Anything less was considered disloyal and unacceptable.

The 1990s ushered in changes that still exist today. The 90's also started us on the slippery slope that altered the ground rules for ethics and basic corporate loyalty. Call it downsizing, rightsizing or realigning, but dedicated employees suddenly found themselves on the outs with new, supposedly competitive, corporate initiatives that were sold as necessary to keep companies viable. Keeping viable sometimes meant severing long-serving employees, who were left disillusioned, betrayed and often unarmed to fend for themselves.

Pre-1990, the downsizing of corporate workforces was inconscionable. Companies had an obligation to look after their people, didn't they? Apparently, they didn't. The targets of the realignment strategies were the suddenly "overpriced," tenured employees. Survival strategies were designed to replace higher-income staff (in reality, those who had given the most to the company) with less experienced workers to reduce payroll expenditures.

Cuts in tenured staff were easy to justify providing you bought into the argument that older employees were redundant, i.e., bereft of computer skills. There was some legitimacy to this, but therein lies one of the clearest examples of expediency and cost-cutting prevailing over loyalty and ethics.

It was train existing staff or replace them with young techno-grads at half the price. History demonstrates the route most companies took. It also marked the beginning of the separation of trust between employees and their companies. There is little loyalty left.

Today, employees lucky enough to have outlived the 90's occupy many of the corner offices on the executive floors. Those who write the cheques and run the companies are the surviving veterans of the last decade, well-trained in guerilla management now unfettered by moral obligations for traits such as loyalty or ethics.

This is not to cast aspersions upon today's executives but to show how "Enronesque" outcomes can result when industries abandon components essential to sustaining moral values.

Ethics and morality have taken a backseat in business, and there is no greater example than the outgoing settlement cheques being issued to Enron execs. At the same time, 20- and 30-year Enron employees are losing their entire retirement portfolios.

Executives cannot be held totally to blame. They are victims themselves, the byproduct of those well-trained in the new business religion. Most new executive contracts include a Parachute Clause, insurance against the executive or company who wants to part ways. The practice is ethical but, in my opinion, another example of a breakdown in loyalty. It all but promotes failure.

Parachute Planning is analogous to a prenuptial. The purpose and logic is understood. The facts speak for themselves. I read recently that reported 98.9 per cent of prenup-weddings in North America fail within three years. From another perspective, it appears there are now tangible rewards for failure or disloyalty.

The Bottom Line:

Ethics, trust and loyalty are still there. Fundamental values have not changed. Companies who buck the "all-for-me" trend to garner respect and trust will benefit everyone, but it will take time.

---

**Paul Shearstone aka The 'Pragmatic Persuasionist' is one of North America's foremost experts on Sales and Persuasion. An International Keynote Speaker, Author, Writer, Motivation, Corporate Ethics, / Time & Stress Management, Recruiting Specialist, Paul enlightens and challenges audiences as he informs, motivates and entertains. To comment on this article or to book the Pragmatic Persuasionist for your next successful event we invite you to contact Paul Shearstone directly @ 416-728-5556 or 1-866-855-4590, [www.success150.com](http://www.success150.com) or [www.paulshearstone.ca](http://www.paulshearstone.ca).**