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## **Does Charisma Equal Corruption in U.S. Business?**

In recent years, the business world has watched as the charismatic and often visionary leaders of U.S. corporations such as Tyco International, Enron, Worldcom and HealthSouth have been caught in ethical lapses that have led to the collapse of their companies and in some cases prison sentences. Is there a connection between iconic status in the business world and dramatic falls from grace?

Marianne Jennings, J.D., a professor of legal and ethical studies in the Department of Management at the W.P. Carey School of Business and author of "A Business Tale: A Story of Ethics, Choices, Success (and a Very Large Rabbit)" and "The Seven Signs of Ethical Collapse" says that "charisma turns corrosive when an iconic leader rules unchecked." Her premise is that when a leader becomes famous for their leadership, over time, people around them cease to question their decisions.

Dr. Jennings goes on to state a strong, independent board of directors, with no conflicts of interest, is the only solution to this challenge. I agree that this is the first of three important steps in creating a system of checks and balances on the judgment calls of a CEO.

In addition to a strong board, I advocate that secondly, companies create and nurture a strong, enterprise-wide ethical culture. The 2007 National Business Ethics Survey conducted by the Ethics Resource Center found that companies that adopted an enterprise-wide approach to building a strong culture of ethics reduced observed misconduct by three-fourths and retaliation against employees who reported misconduct was virtually eliminated. In contrast, however, this survey also found that fewer than 1 in 10 companies in the U.S. has a strong enterprise-wide culture, which is comparable to the number prior to the collapse of Enron and the passage of the Sarbanes-Oxley Act of 2002. It is my experience that enterprise-wide ethics initiatives are most effective and long-lasting when implemented, endorsed and promoted by the board of directors, the executive suite and other senior managers. This approach is often called creating a "Tone at the Top."

Once the tone is set by management, one final area of focus for concentration is hiring practices. While the skill-set and experience-base of a prospective employee is no less important, of equal importance is the job seeker's ethical profile. Companies should focus on hiring and retaining independent-minded employees who are willing to take action on behalf of the greater good when they suspect misconduct; in short, those who behave as fiduciaries of the corporation. Hiring employees at all management levels that reflect the ethical standards of the company will ultimately result in a strong ethical enterprise and will ensure that the chain of succession for the future is populated with ethical leaders.

*As both a practicing attorney for over 16 years and an Assistant Instructional Professor for the University of Houston School of Communications, Michael Tate Barkley has become a highly regarded expert in the development of ethical corporate cultures and effective communications. Barkley's first book, Successful Ethical Decision Making: Get What You Want Without Getting In Trouble, written with Dr. John Henry Glover, will be published in February 2008. For more information about Michael Tate Barkley and his company Critical Communications, LLC visit his website at [www.criticalcommunications.org](http://www.criticalcommunications.org).*