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University of Dayton

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NEWS TIPS

UNIVERSITY OF DAYTON BUSINESS ETHICIST BOGGLED BY ANDERSEN'S ACTIONS, ENRON'S MANAGERIAL ARROGANCE

DAYTON, Ohio — Having Arthur Andersen act as both Enron Corp.'s auditor and financial consultant is analogous to "allowing a lawyer to represent the plaintiff and the defendant in the same case," says a University of Dayton business ethicist. "This is a clear opportunity for conflict of interest."

Andersen "didn't break any rules, per se, but something will have to change to prevent another Enron (situation)," says John Quinn, a professor of philosophy and co-author of the book *Management Ethics: Integrity at Work* (Sage Publications, 1997). In the book, the authors try to redefine what it means for a manager to function with integrity in the private and public sectors, domestically and globally.

Quinn's comments come on the heels of the Securities and Exchange Commission's recommendation that the accounting industry be policed by a group dominated by outside experts — instead of policing itself.

Once considered the most ethical of professions — thus the acceptance by society of self-regulation — the accounting industry has fallen somewhat from grace with this latest scandal, Quinn adds. "We've always had great respect for the accounting profession. It's seen as an objective, dispassionate pursuit, much like the sciences. Arthur Andersen has put a black mark on accounting."

As for Enron, the energy trade company's leaders have "set a precedent in managerial arrogance and opportunism," Quinn says. "They got too rich and too powerful too fast, and probably thought they were untouchable. They thought they walked on water."

That biblical illusion, Quinn says, was sustained by Enron's nearly \$500 million in campaign contributions to Republicans and Democrats over the last decade. "This type of mechanism — greasing the skids — is the American way, the entrepreneurial sense of entitlement. Enron managers handed over bad news to many, broke a variety of ethical and legal duties. And lacking in good business character, they were deficient in many virtues, not the least of which was humility."

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