

## A little bit of Enron in us all

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This week, a celebrity of sorts was in town in the form of Lynn Brewer, the former Enron executive who blew the whistle on the egregious behaviour that went on at the once high-flying energy company.

Brewer spoke at a gathering organised by the Institute of Directors, and made some alarming revelations about the misbehaviour of the times, not only at Enron, but at many other companies around the US and globally.

Brewer's premise is less that Enron and other companies displayed poor or fraudulent leadership, but that all of these companies displayed a deep cultural problem, in which egregious behaviour is tolerated by stakeholders, be they staff, clients, investors or the general public.

People let questionable practices happen, either because they do not want to question authority, or would prefer to believe that these practices either do not happen, or do not matter. While corporate governance is very much in vogue nowadays, Brewer maintains there are many potential Enrons still out there.

Brewer asks the question: "Is there not a little bit of Enron in all of us?" It's a variant on the saying that for evil to flourish, all that is required is that good people do nothing.

While this is fair and good, one has to also ask the question about whether we are confronting the corporate governance issue in the right way. Is the proliferation of compliance red tape not putting the brakes on the stock markets? The likes of Enron have made investors fearful and distrusting (often unnecessarily so) of investing in the stock market. However, investors are happily throwing money into property, which could be every bit as risky.

Worse, there seems to be a proliferation of corporate governance practitioners these days, who have created a veritable industry out of the post-Enron worries about governance. They use the fear and anger about governance to justify fat fees for services from consulting to rating companies on governance issues.

Perhaps this is an overly cynical view. Still, there comes a time when investors should put their fears away and start taking responsibility for their own investment decisions.