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IMPLICATIONS OF ACCOUNTANTS' UNETHICAL BEHAVIOR AND CORPORATE FAILURES

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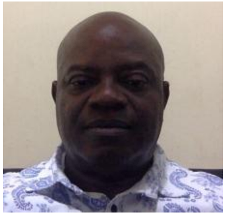

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ABSTRACT

Purpose/objective: Emphasis on short term profit and share prices as criteria for the determination of business success have led to attrition of stakeholder trust and unlocked the doors for unethical conducts by professional accountants. Acceptable ethics and encounters of accountants are very critical in the global market place. This study was undertaken to advocate high ethical practices by accountants to protect the interest of the stakeholders. Methodology/approach: A literature review of fifteen scholarly peer-reviewed journal articles on corporate scandals caused by unethical behaviors of corporate leaders and accountants. Findings: (1) Unethical practiced by accountants have unintended consequences globally; (2) The accounting profession has suffered severe image damages as a result of unethical behaviors by corrupt accountants; (3) Unethical behaviors by accountants significantly contributed to the global corporate scandals, the Nigerian banking sector reorganization, and the extinction of some global companies from 2002 - 2009; (4) With the right corrective measures, organizations plagued with scandals can survive ethical challenges; (5) Audit committees oversight functions are critical in preventing corporate scandals; (6) (Un) ethical behaviors by professional accountants, organizational leaders is a tenable leadership theory. Implications/research limitations: This study, grounded in conceptual framework of business ethics, addressed the implications of unethical behaviors by accountants. This research examined the penalties of immoral conducts by accountants and organizational leaders citing Tyco International scandal as case study. Implications are that unethical behaviors by accountants have unintended consequences on stakeholders. Unethical behaviors by accountants contributed to global corporate scandals, the Nigerian banking sector reorganization, and the extinction of some global companies from 2002 – 2009. For imminent studies, effort should be made to include other relevant literature into the study.

1. INTRODUCTION

All commercial and monetary dealings have financial and moral implications. Consequently, all human beings in the society are a stakeholder in such dealings. Wilcke's diary (as cited in Strider and Diala-Nettles (2014)) is in support of this assertion. This researcher and other notable scholars are in support of this philosophy as well. Recently, global organizations have placed a lot of emphasis on short- term profits and share prices as the primary determinants of business success. Professional accounting firms have closely collaborated with business leaders and compromised their ethical standards in return for massive monetary and financial gains. These have opened the doors for unethical practices by business leaders in general and professional accountants in particular. The end products of these unethical practices are corporate scandals, false accounting, forced mergers and acquisitions, the recent Nigerian banking sector reorganization, business closures and a host of other unintended consequences.

The universal quandaries discussed in this study were unethical practices by professional accountants from the year 2000 until the present. This study grounded in the conceptual framework of institutional theory and business ethics, addressed the implications of unethical behaviors by professional accountants on the global market place. This study investigated the penalties of immoral conducts by professional accountants and organizational leaders citing Tyco International scandal as a case study. The study included fifteen scholarly peer-reviewed journal articles on recent corporate scandals caused by unethical behaviors of corporate leaders and accountants. The results of this study included: (1) Unethical behaviors by accountants have unintended consequences on the stakeholders. (2) Professional accountants and the accounting profession have suffered severe image damages as a result of unethical behaviors by corrupt accountants. (3) Unethical behaviors by accountants significantly contributed to the global corporate scandals, the Nigerian banking sector reorganization, and the extinction of some global companies from 2002 - 2009. (4) With the right corrective measures, organizations plagued with scandals and fraud can survive ethical challenges. (5) Audit committees oversight functions are critical in preventing corporate scandals. (6) (Un) ethical behaviors by accountants and organizational leaders is a tenable leadership theory. This study was undertaken to encourage professional accountants to think and act ethically and in the interest of all stakeholders. Upcoming research should attempt to include other pertinent studies into the literature.

2. BACKGROUND OF THE STUDY

2.1. Historical Summary of Tyco International

Tyco originally founded in 1960 by Arthur Rosenberg as an investment and holding company. In 1964, Tyco went public and strategically began a sequence of acquisitions. Originally, Tyco International Ltd. was organized under the laws of Switzerland. Tyco International, a Massachusetts corporation, was created in 1997 following acquisition of Tyco International by ADT Limited, a public company. ADT Limited, organized under the laws of Bermuda, had to change its name to Tyco International. Following the board resolution on March 12, 2009, the company stopped to exist as a Bermuda corporation and continued to exist as a Swiss corporation. Tyco's International registered office is in Schaffhausen, Switzerland with its management office in Princeton, New Jersey, U. S. A. Within a period of four years; Tyco had acquired sixteen companies, and the expansion strategy continued through 1982. Dennis Kozlowski began his career with Tyco in 1975. Kozlowski found a friend and mentor in the person of Joseph Gaziano, then the CEO. Gaziano believed in and practiced an extravagant lifestyle that was financed and sustained by resources owned by Tyco. Gaziano died in 1982 and was succeeded by John F. Fort III. "Kozlowski, who had thrived under Gaziano, was forced to adapt to the abrupt change in leadership" (Boostrom *et al.*, 2011). Soon, Kozlowski was promoted to the position of president of Grinnell Fire Protection Systems Company, the largest segment of Tyco International.

From 1973 to 1982, the company grew from $34 million to $500 million in combined sales. Subsequently, the company was reorganized into three business divisions: electronics, fire protection, and packaging. Tyco continued its expansion strategy through 1990's during which time it changed its name to Tyco International: clearly, a sign of its international presence. During the early 2000s, Tyco International's acquisitions numbered over thirty including major companies such as CIT Group, Raychem, and ADT. The antecedent of these unfortunate incidents was that L. Dennis Kozlowski was accused by the District Attorney (DA) of Manhattan of cheating on $1 million in sales tax on the purchase of art. This accusation opened the doors for broader investigation by Tyco board of directors and the Manhattan DA. Resulting from the investigations, L. Dennis Kozlowski, and Mark H. Swartz indicted on more than thirty counts of misconduct.

2.2. Problem and Purpose of the Study

The universal quandaries discussed in this study were unethical practices by professional accountants from the year 2000 until the present. The research question examined the effects of immoral behaviors by professional accountants in particular and global organizational leaders in general, citing the Tyco International scandal as a case study. The study was undertaken to highlight the repercussions of unethical behaviors by professional accountants and to inspire professional accountants to think and act ethically and in the interest of all stakeholders. The current study reviewed fifteen scholarly peer-reviewed journal articles on recent global corporate scandals caused by unethical behaviors of corporate leaders and professional accountants.

2.3. Conceptual Framework

This study grounded in a theoretical framework of institutional theory and business ethics. The study was based on the notion that corrupt organizational leaders do not act independently. Rather, corrupt corporate leaders are aided and encouraged by close collaborations and compromise by corrupt professional accountants in return for massive financial and monetary gains. Professional accountants have responsibilities to create processes and internal controls, so shareholders and stakeholders continue to trust and rely on their professions and to relate with them and their clients with confidence that needed for efficient operations. Institutional theory, according to Greenwood and Suddaby's diaries (as cited in Strider and Diala-Nettles (2014)) was first summarized by Greenwood in 1957. Leicht and Fennell's diaries (as cited in Strider and Diala-Nettles (2014)) further opined that institutional theory requires organizations, their leaders, accountants, lawyers to act ethically with morals and attitudes forming the basis for professional standards. Besides, institutional theory examined economics as an informative model. Additionally, an institutional theory is a suitable conceptual framework if the study of behavioral preferences is preferred. The study of behavioral preferences is an objective of this research.

For many practical reasons, this researcher espoused the social constructivist worldview for this study. The constructive social worldview is very appropriate to qualitative studies if the researcher sought to appreciate the world in which the study partakers work and live. The social constructivist worldview allowed for the in-depth study of the experiences of an individual and led to a comprehensive representation of the formation and applications of values.

According to Ford and Lawler's diaries (as cited in Strider and Diala-Nettles (2014)) by taking into account the conducts and actions of study participants, the social constructivist viewpoint study the past and a highly recommended method where the study of leadership behaviors is preferred.

3. LITERATURE REVIEW

3.1. The Historical Scenario Surrounding Tyco International

Tyco originally founded in 1960 by Arthur Rosenberg as an investment and holding company. In 1964, Tyco went public and strategically began a sequence of acquisitions. Within a period of four years, Tyco had acquired sixteen companies, and the expansion strategy continued through 1982. From 1973 to 1982, the company grew from $34 million to $500 million in combined sales. Consequently, the company was reorganized into three business divisions: electronics, fire protection, and packaging. Tyco continued its expansion strategy through 1990's during which time it changed its name to Tyco International: apparently, a sign of its international presence. During the early 2000s, Tyco International had acquired over thirty major companies including CIT Group, Raychem, and ADT. The antecedent of these unfortunate incidents was that L. Dennis Kozlowski was accused by the District Attorney (DA) of Manhattan of cheating on $1 million in sales tax on the purchase of art. This accusation opened the doors for broader investigation by Tyco board of directors and the Manhattan DA. Following the investigations, L. Dennis Kozlowski and Mark H. Swartz were indicted on more than thirty counts of misconduct (Kaplan, 2009). Is also of the opinion that the crimes that Kozlowski committed do not fit the punishment. "If avarice alone were grounds for incarceration, much of Wall Street would be doing time" (Kaplan, 2009). On the contrary, Stephens *et al.* (2012) disagree with Kaplan's assertion.

3.2. Extravagant Spending and the Loans Concealment

The lavish and extravagant lifestyle of Dennis Kozlowski, financed by the wasteful spending and unauthorized loans from Tyco International resources were very glaring. A $31 million Fifth Avenue apartment, a vintage yacht, a Renoir and a Monet. But the academic question to ask is: why did the spending and the loans continue for so long? With a corporate governance system composed mainly of trusted friends and allies with similar questionable and unethical behaviors, concealment of the spending and illegal loans was not only possible, but it was also encouraged. Mark Swartz (CFO) had substantial connections with Deloitte & Touche. Mark Belnick (general counsel) also had strong ties with Paul, Weiss, Rifkind, Garrison & Wharton. Boostrom *et al.* (2011) opined that the kitchen cabinet directors of Tyco International under Kozlowski had the responsibility of safeguarding Tyco's shareholders through the discovery of questionable inappropriate and unethical issues.

3.3. Evaluation of the Outcome of the Events

The result of the corporate scandal at Tyco International is one of the major issues surrounding this case study. Even the aggressive expansion approach used by Kozlowski had unintended consequences. Most of the companies acquired by Tyco were worse off after acquisitions. Former employees of the merged companies were economically and financially affected. Consolidated earnings, share prices, cash flow projections for Tyco astronomically increased with Kozlowski at the helm. However, these gains all disappeared with the scandal that almost led to the extinction of Tyco International. Besides the financial and economic losses, Tyco leaders, shareholders and followers suffered severe psychological and emotional harm. Kozlowski and others are serving time in jail. Kozlowski's families and millions of other were and are still psychologically and emotionally affected. The global marketplace suffered massive financial losses as well.

3.4. Was The Punishment Justified? Why or Why Not?

Another major issue surrounding this case study. Did the punishment given to Dennis Kozlowski and Mark Swartz fit the crime or crimes that they committed at Tyco? Kaplan (2009) is of the opinion that Kozlowski did not get a fair trial and that punishment given to Kozlowski was too harsh. He even went further to support his views by suggesting that if greed alone were grounds for jail time, a greater percentage of Wall Street would be behind bars. Other scholars differ from Kaplan's viewpoint. Stephens *et al.* (2012) argued that we, as a society, have a responsibility to be ethically and morally guided by our consciences.

3.5. Is it Difficult for us to See Ethical Breaches that we Commit?

There are six stages or levels of moral reasoning according to Stephens *et al.* (2012). Stage one being the lowest ethical level (moral for fear of being caught or punished). Stage six is the highest moral level (ethical because it is the right thing to do). The difficulty of seeing our ethical breaches gets progressively easier as we climb the six levels of moral reasoning. On the contrary, Kaplan (2009) is inclined to the view that it is hard seeing our ethical breaches until we act unethically. "The question is whether that makes him a temple for prosecutors today or a scapegoat deserving retrospective leniency. I would suggest the later" (Kaplan, 2009).

4. DISCUSSION

4.1. Unethical Behaviors or Incidents Investigated

The unethical conducts or events under consideration at Tyco International can broadly be categorized into abuses of trust and loyalty, stealing, fraudulent financial dealings and misappropriations of Tyco International funds for personal gain. The above unethical behavior or events at Tyco International as perpetuated by Dennis Kozlowski (Chief Executive Officer, CEO) and Mark Swartz (Chief Financial Officer, CFO). Mark Swartz, as the CFO was supposed to be the embodiment of truth, honesty, and trust and was responsible for the overall safeguard of Tyco International assets. But Mark Swartz turned out to be the architect, an accomplice and a collaborator of unethical financial dealings at Tyco International. These unethical financial dealings caused the iconic corporate scandal at Tyco International and almost led to the extinction of Tyco International. The lavish and extravagant life style of Dennis Kozlowski, financed by the wasteful spending and unauthorized loans from Tyco International resources were very glaring. With almost a half-billion in earnings, a $31 million Fifth Avenue apartment, expensive toys, a vintage yacht, a Renoir and a Monet, a $6,000 corporate funded glided shower curtain and an ice sculpture of David peeing Stolichnaya. But why did the spending and the loans continue for so long?

With a corporate governance system composed mainly of trusted friends and allies with similar questionable and unethical behaviors, concealment of the spending and illegal loans was possible, encouraged by the leadership of Tyco International and with collaborations from Mark Swartz (CFO) and Deloitte & Touche, the professional accounting firm for Tyco International. Mark Swartz (CFO) had solid connections with Deloitte & Touche. Mark Belnick (general counsel) also had strong ties with Paul, Weiss, Rifkind, Garrison & Wharton. Boostrom *et al.* (2011) posited that the kitchen cabinet directors of Tyco International under Kozlowski had the responsibility of safeguarding Tyco's shareholders through the discovery of questionable inappropriate and unethical issues. This study asked: did they? No. Rather, through collaborations and compromises from the CFO and the accounting firm, Tyco International almost got wiped out from the global market place.

Precisely on September 12, 2002, former CEO, L. Dennis Kozlowski and former chief financial officer (CFO), Mark H. Swartz, all of Tyco International were postured in handcuffs on national and local television sets following their arrests and charged with the crime of misappropriating more than $170 million from Tyco International. The duo indicted for stealing more than $430 million through fraudulent sales of Tyco International stock without the knowledge of Tyco International stockholders. Also, Dennis Kozlowski (CEO) accused of granting illegal loans to the tune of $106 million to employees. Still, Mark Swartz (CFO) charged with fabrication of loan documents amounting to $14 million. All these frauds, stealing and unethical practices happened under the watchful eyes of Deloitte & Touche, the professional accounting firm for Tyco International. Given all these, the academic question to ask was: was Deloitte & Touche incompetent, an accomplice or a collaborator? The opinion of this author is that the accounting firm of Deloitte & Touche was both an accomplice and partner in the Tyco International scandal.

4.2. Reflection on Ethical Standards

Is it true that the term 'business ethics' as used within and outside the United States is an oxymoron? Is telling a lie always wrong? Do moral business practices by professional accountants hinder successful businesses? Should we as individuals make honest attempts to do what is right? Do we have reasons for being ethical? What is in there for someone who is moral? Answers to these questions have posed serious challenges to contemporary ethicists and many at times have worsened within individual and corporate jurisdictions. It is an accepted fact that ethics is valuable especially to professional accounting firms. Evidence also abound that most global professional accounting firms merely adopt standards so as to comply with some laws or regulations that carry some form of punishment or sanction for noncompliance. Corporate scandals, like that of Tyco International, have serious unintended consequences on the organizational shareholders, stakeholders, followers, leaders and the global market place.

Ethical leadership is an embodiment of ethical standards. Same is genuine and applicable to global accounting firms. According to Freeman (2002) it is incumbent on the leader to strike a balance between being a good leader and a morally right person. Additionally, ethical leaders are responsible to the shareholders, subordinates, stakeholders, customers, suppliers and the community in which they operate. Freeman further posits that primacy rightly belongs to insiders and stakeholders since their actions may potentially have effects on the organization as well. Many scholars including this author are in agreement with Freeman's assertion above. Moral and ethical values of leaders and supervisors play a very critical role (Miao *et al.*, 2013) in regulating organizational behavior. Unethical perspectives of leadership, like the scandal of Tyco International, more often than not result in unintended negative consequences for the organization. It is the opinion of this paper that the board at Tyco International emboldened the immoral behaviors of the leadership of Tyco. The board of directors at Tyco International failed in their obligations in ensuring that Kozlowski and his team did not expose the organization to all the unnecessary risks. This paper also opined that if Mark Swartz (CFO) and the accounting firm of Deloitte & Touche did not compromise or collaborated with the leadership of Tyco International, the fraud, stealing and the subsequent scandal at Tyco International would have been minimized or prevented.

In 2005, the Nigerian banking and financial sectors were in a severe state of distress. According to Soludo diary (as cited in Oghojafor and Adebisi (2012)) as of 2004, there were 89 banks with approximately 3,382 branches located in urban areas with extreme operational deficiencies including illiquidity, insolvency, and overreliance on public sector deposits and trading from foreign exchange. To restore public confidence in the financial sector, the Central Bank of Nigeria (CBN) headed by Professor Charles Soludo, resorted to mergers and acquisition strategy. In the end, 24 Nigerian banks survived with a new requirement to maintain a minimum capital base of 25 billion naira. The root causes of the near collapse of the Nigerian banking sector in 2004 were unethical conducts by the leaders including the chief financial officers and compromises and collaborations by accounting firms in charge of the affected Nigerian banks. The 2004 distress in the Nigerian banking sector was yet another painful reminder of the Tyco International scandal. It is the opinion of this paper that the Nigerian banking sector is not out of the woods yet especially with the global decrease in crude oil and gas prices.

4.3. Influence of Leadership

Leadership styles exert a lot of influence on organizational performance and outcomes. Transformational and servant leadership styles are two of the most tenable and very useful leadership theories in practice. Servant leadership (Choudhary *et al.*, 2013) embarks on very helpful behavioral and emotional features for the benefit of the organization. Choudhary *et al.* (2013) further posited that transformational leadership has more influence on organizational learning than Servant leadership. Despite the slight similarities between the two concepts, this paper is of the opinion that the leadership, the accountants and the accounting firms for the companies under study did not embrace any of these two leadership concepts.

The leadership style that is best suited for organizational performance is beyond the scope of this paper. However, leadership at Tyco International, the accounting firm of Deloitte & Touche did not encourage intellectual stimulation through inspiration: a cardinal feature of the transformational leadership. Also, leadership at Tyco International, Deloitte & Touche did not motivate, guide, offer neither hope nor provide a caring experience for their subordinates and followers as postulated by the servant leadership theory. The unethical and corrupt behaviors of Kozlowski, Swartz, and their team exposed the firm to unnecessary risks and the negative outcomes that ensued. So, this paper is of the opinion that the unethical behavior of Tyco International's leadership, collaborations by Mark Swartz, Tyco's board ineptness, lack of adequate oversight by the audit committee and the compromise and collaborations from Deloitte & Touche jointly and negatively influenced the organizational culture of Tyco. Kozlowski started working with Tyco after (Boostrom *et al.*, 2011) short periods with SCM Nashua corporations. At Tyco, Kozlowski found a friend and mentor in the person of Joseph Gaziano, then CEO of Tyco. Gaziano, according to Boostrom et al. had a very lavish lifestyle: company jets, extravagant vacations, company cars and country club memberships, all financed by Tyco resources. This paper is of the opinion that Gaziano, as a friend and mentor, exerted tremendous negative influence on Kozlowski. Kozlowski charted the footsteps of Gaziano and was briefly forced to adjust to the leadership of style of John F. Fort III. Kozlowski lifestyle imaged after that of Gaziano, therefore, the unnecessary risks that he subjected the firm to and the near extinction of Tyco International.

Similarly, Kozlowski exerted unethical influence on Mark Swartz, the CFO. Kozlowski was the CEO and Swartz reported to him. It very possible that most of the accounting frauds were crafted and designed by Swartz while the final approval rested with the CEO-Kozlowski. Most of the directors at Tyco International were trusted friends of Kozlowski. To make matters worse, the majority of these directors had worked under Kozlowski for ten years or more. They were very familiar and negatively influenced by the management style of Kozlowski. Show me your friend and I will tell you who you are. Apparently, the directors exhibited unethical values, and they encouraged the unethical behaviors of Kozlowski and Swartz. Those directors and other stakeholders that opposed Kozlowski and his cabal got fired: Jeanne Terrile of Merrill Lynch was a victim. A clear signal that Kozlowski did not want people that were honest, trustworthy and of high integrity around him. So, from the CEO to the CFO to the directors, moral values were lacking, and unethical conducts became the norm rather than the exception. Due to the trickle- down effect, the employees of Tyco International were negatively impacted by the unethical behaviors from the leaders and top management. Kozlowski had zero tolerance for whistle blowers. So for Tyco employees, it was put up and shut up. The subordinates at Tyco had no alternatives except to be unethically influenced by Kozlowski and his corrupt kitchen cabinet.

The mergers and acquisition strategies between 2004 and 2005 adopted by Professor Charles Soludo needed a boost by the CBN in 2008. "The effect in the capital market defiled all measures put in place by regulators to boost the market during the year" (Osuala *et al.*, 2013). This author agrees. Consequently, in 2009, the CBN under the leadership of Mallam Sanusi Lamido Sanusi removed the leadership Oceanic Bank International Plc., Intercontinental Bank Plc., Union Bank Plc., Afribank Plc. and FinBank Plc. The above- mentioned bank leaders were corrupt and inept with striking similar unethical conducts as the leaders at Tyco International. This paper opined that the corrupt and unethical conducts of these Nigerian bank leaders were encouraged and sustained by the chief financial officers and the professional accounting firms in charge of these defunct banks. The question is: why were these corrupt professional accountants not punished alongside with the bank leaders? Or were they? The collapse of Enron Corporation was yet another bad example of unethical behavior by global corporate leaders, accountants, and professional accounting firms.

Enron Corporation was a conglomerate by all standards with reported revenues above one hundred billion in 2000. However, there were serious allegations during the 1990's involving Enron and Arthur Andersen, its accounting firm. These accusations as were later proved to be true, involved crooked accounting procedures with false implications. The share price of Enron declined from above $90 per share to just nickels and dime. The scandal led to the collapse of Enron Corporation and the dissolution of Arthur Andersen which was one of the largest accounting firms in the world at that time. "The financial collapse of Enron had substantial and far-reaching ramifications throughout the financial investment field (Bottiglieri *et al.*, 2009). This paper agrees. As a result of the immoral conducts of the leaders at Enron, Enron's corrupt and compromising professional accountants, over twenty thousand workers became unemployed. The global market place lost billions of dollars, Jeff Skilling, the former CEO of Enron is serving jail time and his son found dead; former Enron CFO is also behind bars and above all, Ken Lay, the former chief executive officer Enron Corporation committed suicide. Another painful reminder of the unintended consequences of unethical conducts by organizational leaders, professional accountants, and professional accounting firms.

4.4. Social Responsibility Responses: Actual and Appropriate

It is hard to have a discussion about recent unethical conducts by professional accountants and the subsequent corporate scandals without references to social responsibility implications. Some authors including (Lauesen, 2013) are in doubt whether the corporate social responsibility (CSR) movement had enough teeth to stop another financial crisis. This paper agrees with the opinion of Lauesen above. However, with stringent legislations such as the SOX, further global financial crisis and scandals can be minimized if not prevented. Various social responsibility responses trailed the unethical behaviors of Mark Swartz, the corrupt accountants under study and the associated professional accounting firms. Among the actual responses was tarnished image and reputation, lack of faith by shareholders and stakeholders. Leaders and practitioners must understand and be conscious of how leadership ethical behaviors can impact the ethical and social responsibility of the organization and its followers, Groves and LaRocca (2011). Leaders with the singular focal point of shareholder wealth maximization, financial performance and personal wealth (Groves et al.) usually exhibit corrupt subordinate behavior and ethically reproachful changes in their organizations. This paper is in agreement with the above assertions.

4.5. Tarnished Image and Reputation of the Accounting Profession

Since the collapse of Enron, and other iconic corporate scandals at Tyco International, WorldCom, AIG, Arthur Andersen, the Nigerian banking sector reorganization and a host of others, the accounting profession has been under tremendous scrutiny by the governments, regulatory authorities, shareholders, and stakeholders. Not a surprise given the unintended consequences of unethical conducts by corporate leaders and their professional accountants. There is a critical and important correlation between ethical stewardship and trust. Given the recent numerous corporate scandals, there exist a gap of trust between stakeholders and the accounting profession. The tarnished image undermines stakeholders' commitment, prevents wealth creation and increases transaction costs for the global organization (Caldwell *et al.*, 2010). This paper is in agreement with this assertion. Also, the Sarbanes-Oxley Act of 2002 (SOX) was a direct offshoot of unethical conducts by accountants. According to Knott and Steube (2014) the SOX was aimed at curtailing and punishing corporate and accounting fraud, protecting the interest of employees and stakeholders with extreme penalties for offenders.

4.6. Tarnished Image and Reputation of Tyco International and Other Scandalous Companies

While at the helm of Tyco International, all Swartz, Kozlowski and Deloitte & Touche cared about was their personal wealth. The short-lived "excellent" financial performance and shareholders return were fake and window-dressing. They did not care about the welfare of the shareholders, employees, and other stakeholders, hence their numerous social responsibilities failures and shortcomings. To stop their employees from whistleblowing, Swartz and Kozlowski offered various "loan forgiveness" to the tune of $106 million and relocation programs to employees.

Noticeably, one of the most ardent supporters of Kozlowski and Swartz, David Kaplan is aware of how socially irresponsible Kozlowski and Swartz were when he noted that "if avarice alone were grounds for incarceration, much of Wall Street would be doing time (Kaplan, 2009). According to Palmer's diary, (as cited in Stephens *et al.* (2012)) leaders must set the moral and ethical character for the organization. The social responsibility of a firm demands that leaders of the organization should maximize the wealth of the company. Leaders should also set the moral tone for their businesses, and practice what they preach, be of high ethical values and also be socially responsible to its shareholders, its customers, employees and the community in which they operate.

Mark Swartz, Tyco leadership, Enron leadership, Arthur Andersen, leaders of the defunct Nigerian banks, their accountants, and the accounting firms did none of these, hence the tarnished image, loss of confidence by shareholders and stakeholders and other unintended social responsibility consequences that followed. Restoring tarnished corporate image is many at times challenging to organizations (Eweje and Wu, 2010). This author agrees with the opinion of Eweje and Wu (2010) consequently, it is better for global organizations to demonstrate corporate social responsibilities at all time. Tyco International learned the hard way and survived major image damage. Other organizations such as Enron Corporation, Arthur Andersen, Oceanic Bank, Afribank, Bank PHB, Spring Bank and others were not so lucky, hence their extinction from the global market place.

4.7. Related Cultural, Environmental, and Legal Implications

Tyco was born in Switzerland, got married to a Bermudan and changed its name to Tyco International and adopted the United States as its official residence. So, the scandal at Tyco International was not without cultural, environmental and legal implications. The same were true for other scandalous global companies under study.

4.8. Cultural Implications

The unethical practices by these global companies were bound to affect their international partners as well, and it did. Their shareholders, employees, stakeholders, suppliers, customers came from different parts of the globe. Hence, the effects of their scandals were felt globally. Besides the negative global financial impacts, investors, (mostly foreign) started losing confidence in these respective companies. The image damages done these firms as a result of the scandals extended across national boundaries. Ethics, including business ethics, is a subjective concept. What is ethical in one country may be unethical in another country. Our morals also differ depending on cultural and national beliefs. So, it is the opinion of this paper that some of the unethical behaviors that confronted the leadership of Tyco International, Enron, Arthur Andersen, Oceanic Bank, Afrikbank, Bank PHB, Spring Bank and others were culturally driven. The multi-cultural and multi-national backgrounds of these global companies impacted the ethical behavior and their organizational cultures.

4.9. Environmental Implications

No firm is an island and firms do not exist in a vacuum. Operational activities of businesses are associated with environmental impacts as well. Social responsibility of business includes taking care of the environment in which the company operates. Given the scandal, theft, stealing and unethical business practices at Tyco International and other global companies under study, the environment was neglected while their leaders pursued their extravagant self- interests.

4.10. Legal Implications

The unethical behaviors of these corporate leaders and their accountants were criminal with some serious legal consequences. Generally, in the legal system, you are innocent until proven guilty. Most if not all the unethical leaders and accountants had some allegations leveled against them. Most of them went through the legal process. Most of them were found guilty and punished for the crimes they committed. But the academic question is: have we learned from the past mistakes of these corrupt corporate leaders and professional accountants? If so, how did Bernie Madoff cheat billions of dollars from the stakeholders? How was the 'London Whale' at JP Morgan able to expose the company and investors to significant losses? The legal implications of these corporate scandals are clear: the global market place and the investing public want to rid the global market place of corrupt leaders and accountants. The global market place legal system is ready to restore investor's confidence in the global market place firms. The battle is on. It is only time that will determine who wins this battle.

4.11. Impact on Stakeholders

Tyco International and other global organizations under study, their shareholders, followers and the global market place can benefit from leaders and accountants with moral and ethical behaviors. However, the reverse was true in the cases under study. The affected companies, their stakeholders, and employees were economically and financially disenfranchised. Though consolidated earnings, share prices, cash flow projections for these scandalous companies tend to increase astronomically, however, these gains all disappears when scandals set in. Besides the financial and economic losses, these leaders, accountants, shareholders, and followers suffered severe psychological and emotional harm. Some of these leaders and accountants are serving time in jail. The global market place suffered massive financial losses as well.

4.12. Outcome of Events with a Comparison of the Consequences

The unethical business practices of Tyco International under Kozlowski had significant outcome and consequences. Tyco International scandal of 2002 had snowball adverse effects within and without Tyco International. As of January 2002, Tyco stock was trading at $60 per share. In December of 2002, Tyco share value dropped by a whopping (70%) and sold at $18 per share: an enormous financial loss to Tyco shareholders and the global economy. Sadly enough, most of the shareholders of Tyco International were the employees of Tyco International. Tyco International suffered severe damage to its corporate reputation. Still, professionals and their related associations like Certified Public Accountants suffered image damages as well. Ken Lay of Enron committed suicide. Leaders of AIG, Lehman, and Bear Stearns caused the extinctions of their former global companies. Jeffrey Skilling also of Enron Corporation and Bernie Ebbers of WorldCom are serving lengthy jail sentences. The corporate leaders of Oceanic Bank, Bank PHB, Afribank and others are no more at the helms of these defunct companies. Also, most of their ill-gotten wealth has been forfeited by the government and billions of naira will have to be refunded by these corrupt leaders as well.

However, in the Nigerian banking sector reorganization, punishments were not meted out to the corrupt accountants that aided and encouraged these bank failures. Or were they punished? All these leaders and their respective firms have something in common: their unethical behaviors led to the corporate scandals and subsequent extinction of their companies. However, Tyco International survived the scandal and is recovering. Clearly, an indication that businesses can survive significant ethical challenges (Boostrom *et al.*, 2011) and scandals if they embark on the correct courses of remedial actions. Tyco International did just that, and it is well on its way to full recovery from the scandalous ethical practices of its past leaders.

4.13. Fairness of Punishment

Following one mistrial, Kozlowski was convicted for a series of felonies and send to prison for an indeterminate period of eight to twenty-five years. The trial, sentencing, and the punishment meted out to Kozlowski and Swartz were controversial. Some critics including Kaplan argued that the penalty meted out to Kozlowski for his crimes was too stiff. "If avarice alone were grounds for incarceration, much of Wall Street would be doing time" (Kaplan, 2009). On the contrary, Stephens *et al.* (2012) and this author disagree with Kaplan's assertion. Based on the crimes that Kozlowski and his cabal committed, the punishment given to them was fair. In deciding the punishment for the crimes that Kozlowski and his cabal committed at Tyco, the legal system, in my opinion also considered punitive damages for the serious harm done to Tyco, its shareholders, and the global economy. Also, the corporate leaders of Oceanic Bank, Bank PHB, Afribank and others are no more at the helms of these defunct companies. Also, most of their ill-gotten wealth has been forfeited by the government and billions of naira will have to be refunded by these corrupt leaders as well.

The legal system was desirous of zero tolerance for the types of crimes committed by these corrupt corporate leaders and accountants. Which form of punishment will compensate for the financial, physical, psychological, economic and mental harm that these scandals caused to the victims? To my critics; is the harsh punishment responsible for the unrepentant attitude of Kozlowski after being a prisoner for a long time now? Was Ken Lay of Enron fair to himself when he committed suicide following his unethical behavior? Should we not allow the legal system and process (including clemency) a fair chance to work assuming that these corrupt leaders and accountants will repent and be of good behavior? Can bribery, corruption allow the legal system in Nigeria to work as is the case in advanced countries such as U. S. so that wrongdoers and corrupt corporate leaders and accountants pay for their crimes? Have we learned any lessons from the Tyco International incidents? My expert answers are no. Bernie Madoff cheated billions from stakeholders after the sad events at Tyco. At J. P. Morgan, "London Whale" was able to expose the company and investors to considerable losses following the Tyco scandal. I am of the same opinion with Stephens *et al.* (2012) that we need to concentrate on the moral failures that have led to these unethical behaviors rather than focusing on the rule of law including the fairness of punishments. By focusing on and criticizing the punishment given to these corrupt corporate leaders and accountants, we are in effect focusing on the rule of law. Obviously, this is counterproductive and will not help remedy the current ethical challenges that the global market is facing.

5. RECOMMENDATIONS

The impact of unethical behavior by organizational leadership can have tremendous unintended consequences on the organization, shareholders, followers and the larger global market place. Ethical leadership is an embodiment of ethical standards. According to Freeman (2002) it is incumbent on the leader to strike a balance between being a good leader and a morally right person. Additionally, ethical leaders have responsibilities to the shareholders, subordinates, stakeholders, customers, suppliers and the community in which they operate. Freeman further posited that both the insider and the stakeholders have rights to primacy since their actions may potentially have effects on the organization as well. Many scholars including this author are in agreement with Freeman's assertion above. Moral and ethical values of leaders and supervisors play a very critical role (Miao *et al.*, 2013) in regulating organizational behavior. Unethical perspectives of leadership, like the scandal of Enron, Tyco International, Arthur Andersen, Oceanic Bank, Bank PHB, Afribank and others, more often than not, result in unintended consequences for the organization. The board of directors at these scandalous companies failed in their responsibilities in ensuring that their corporate leaders and accountants did not expose their organizations to the unnecessary risks. Also, the board must adopt a system whereby management is not evaluated, rewarded financially and subsequently promoted based on short-term profits. Management should be evaluated, rewarded financially and promotion based on short-term profits, long-term profits and for upholding and encouraging ethical standards. Practitioners have a duty to adopt one or a combination of the possible and tenable leadership theories that promotes ethical behaviors and concern for shareholders and subordinates. The national professional accounting associations must ensure that professional and practicing accountants undergo yearly training and retaining on ethics as a requirement for their membership renewals. The global market witnessed and had been a victim of unethical corporate structures as practiced by these unethical leaders and accountants under study. Organizational boards of directors also have an obligation not to allow a decentralized corporate system in their organizations. The corporate audit committees must ensure that they provide and execute their oversight functions effectively to avoid a repeat of these scandals and corporate extinctions.

Academicians, also have a duty to safeguard the global market place from total collapse. Within the academics, more studies and findings are needed to solve some of the challenges facing the global market today. As a word of caution: academicians also need to be aware of the fact that ethics is a subjective concept and differs across national boundaries. Thus, what is illegal in Canada may be perfectly legal in Britain. Academicians also must ensure that ethics are part of their curriculum. Academicians must not relent in teaching ethics to the students.

Globally, regarding ethical values, students are severely deficient. Surveys and reports on moral values of today's students are very troubling. Stephens *et al.* (2012) are of the opinion that the ethical behaviors of today's youth (students) are not in harmony with the current professional or leadership needs. This author agrees. Academicians can teach all the ethical values that we know to our students. However, the ultimate decision of becoming exemplary leaders of tomorrow is a personal choice. Habits of dishonesty: stealing, cheating, and lying are very rampant among students. An exemplary leader must be honest, trustworthy and of high personal integrity. As our future leaders, students must be willing and ready to hold people accountable whenever they are not doing the right thing. Making ethical values the foundation stone of educational career will better prepare our youths for a career as an ethical, efficient and effective leader tomorrow.

5.1. Limitations

The author cautions that this study should be viewed and understood in the light of its limitations. Though conducted in an efficient manner, the scholarly peer-reviewed studies used for this case study were limited to only fifteen and were published in the English language. So to guide potential scholars in their studies, more work should be done to include other relevant studies into the literature. Incorporating more and other related literature into the studies is an excellent method of proving or disproving the findings of the current study.

6. CONCLUSION

All commercial and monetary dealings have financial and moral implications. Consequently, all human beings in the society are the stakeholder in such dealings. Recently, global organizations have placed a lot of emphasis on short- term profits and share prices as the primary determinants of business success. Professional accounting firms have closely collaborated with business leaders and compromised their ethical standards in return for massive monetary and financial gains. These have opened the doors for unethical practices by business leaders in general and professional accountants in particular. The end products of these unethical practices are corporate scandals, false accounting, forced mergers and acquisitions, the recent Nigerian banking sector reorganization, business closures and a host of other unintended consequences.

The universal quandaries discussed in this study were unethical practices by professional accountants from the year 2000 until the present. The current study, grounded in the conceptual framework of institutional theory and business ethics, addressed the implications of unethical behaviors by professional accountants on the global market place. The research question investigated the consequences of unethical conducts by professional accountants and global organizational leaders using the Tyco International scandal as a case study.

In conclusion, this study found that: (1) Unethical behaviors by accountants have unintended consequences on the stakeholders. (2) Professional accountants and the accounting profession have suffered severe image damages as a result of unethical practices by corrupt accountants. (3) Unethical behaviors by accountants significantly contributed to the global corporate scandals, the Nigerian banking sector reorganization and the extinction of some global companies from 2002 - 2009. (4) With the right corrective measures, organizations plagued with scandals and fraud can survive ethical challenges. (5) Audit committees oversight functions are critical in preventing corporate scandals.

(6) (Un) ethical behaviors by accountants and organizational leaders is a tenable leadership theory for organizations and their followers. The impact of unethical behavior by organizational leadership can have tremendous unintended consequences on the organization, shareholders, followers, and the larger global market place. Ethical leadership is an embodiment of ethical standards. It is incumbent on the organizational leader, the accountant and the professional accounting firm to strike a balance between being a good leader or accountant and a morally right person. Additionally, ethical leaders are responsible to the shareholders, subordinates, stakeholders, customers, suppliers and the community in which they operate. It is very necessary to accord primacy to both the insiders and the stakeholders since their actions may potentially have effects on the organization as well.

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