WHY LEADERSHIP FAILS? FEW CAUSES FOR WHY GOOD LEADERS DO BAD THINGS

Bogdan FRĂȚILOIU
Bucharest University of Economic Studies
alexbogdan1977@gmail.com
Andreea-Nicoleta BICHEL
Bucharest University of Economic Studies
andreea_bichel@yahoo.com
Andreea Bianca ENE (CONSTANTIN)
Bucharest University of Economic Studies
andreeabianca.constantin@gmail.com
Dragos BUJOR
Bucharest University of Economic Studies
dragos.bujor@hotmail.com
Corina Georgiana SERBAN (PATRINTAS)
Bucharest University of Economic Studies
corinasrn@yahoo.com
Adela JANSEN
Bucharest University of Economic Studies
jansen.adela@yahoo.com

Abstract
The six factors considered for achieving success in leadership are clarity, role modeling, achievability, commitment, transparency and openness. The article analyzes the factors that generate a failure of leadership, even for the so-called widely renewed good leaders, precisely the behavior causes and developments that lead to failure and not their acquiring process. The chosen target population is represented by the leaders ruling large organizations, which need an integrated vision to produce effective leadership.
The perspective will have a theoretical basis but also an empirical one. The quantitative part relies on a survey conducted among leaders for three different industries (pharmaceutical, IT and telecom). They were asked questions regarding the causes, which produce leadership failure and finally produce misconduct and breaches of the compliance rules and regulations. In addition, the survey asked the participants to develop their proposals for preventing leadership failure. It was established the importance of the tone from the top, leading by example, a clear mechanism for checking the health of the organization from a leadership perspective. The article will also show that the way to prevent leadership failure and avoid behaviors that lead to misconduct is a permanent journey.

Keywords : *Leadership, Integrity, Ethics, Behavior, Corporate Culture*

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I. INTRODUCTION

The causes that generate leadership' failures are to be seen in behavioral patterns and many sorts of pressures from society, business, and the organization itself. When a constantly changing environment is present, we expect that the leaders are able to navigate through, equally for themselves and for their teams and communities, although it is not easy to avoid partially or all of these factors without being impacted. The more we are transparent and open to review in an objective manner the topic, the clearer is the big picture of the organization. An early strong mechanism to prevent leaders from doing bad things helps the company to perform and conduct business sustainably.

The research has a theoretical foundation and a quantitative empirical study based on a survey conducted among leaders from three different industries, pharmaceutical, IT and telecom. They were asked questions regarding the causes, which produce leadership failure and lead to misconduct and breaches of the compliance rules and regulations. In addition, the respondents were asked to develop their proposals for preventing leadership failure. It was established the importance of the tone from the top, leading by example, that represents a mechanism for checking the health of the organization from a leadership perspective. The article argues around the permanent journey to be done, the usefulness of support structures in leadership failure' prevention, the role of organization's transparency and early prevention mechanisms, clarity and strongness of the subject addressing.

What is integrity?

A business cannot exist unless there is trust between stakeholders. An engine of trust is the integrity, that often is perceived in terms of general accepted values and behaviors.

According to Aristotle "the ethical virtues" like justice, courage, temperance are related to rational, emotional and social skills, which contradicts Plato's idea that encourage self-development in sciences and philosophy prior to be called virtuous. Nowadays, for a good and respectful life, we mainly refer to things like good relationships, well-being and honor (Bartlett R.C, and Collins S.D., 2012).

In our days, it is widely used the model to manage organizations based on values and principles.

In business we have strategies and policies referring to "'customer focus', 'integrity', 'professionalism', 'entrepreneurship' and 'sustainability' that is complicated in specific situations to be clear about them as managers or employees, and several steps are needed to better explain them well. Kaptein (2012), The same for high-value concepts of 'doing honest business' or 'sustainability' that need translation in facts and figures related to, for example, 'separation of waste', 'awareness of energy usage' and 'recycling' (Kaptein, 2012)."

The challenge is to translate all these concepts in the basic language and to assure their effectiveness. The question of why top managers commit fraud is not easy. However, there are some roots of this type of behavior. Several external pressures contribute to the personal ambition and ego, past experiences, complex personality structure of the individuals, where leaders make no exception. In a complicated environment should be the ones setting the tone form the top, be a reference to be followed, be able to restrain or change themselves first, which may not always be possible, as we shall analyze in the next research 'sections.

II. LITERATURE REVIEW

Leadership has been defined as the inspiring and enabling factor that manages to impact different areas of an organization, including employee work behavior and performance (Chen Tang Jin et al, 2014, quoted by Bagheri 2017 pp 159).

Leaders' personal characteristics such as demographics, skills and personality shape their leadership behaviors. (Lukoschek et al, 2018). Gudonavicius et al. (2014) have stated that there is a high amount of evidence that human performance is connected to personality, particularly two of the Big Five traits: openness, conscientiousness, extroversion, agreeableness, neuroticism, namely conscientiousness and emotional stability are positively associated to performance at work.

Connected to leaders and employee's behavior, competency describes those specific characteristics that ensure the success of a job or task (Tubbs & Schulz, 2oo6, quoted by Hertelendy et al. pp. 5). For leaders, specifically it has been underlined that the most effective competencies are related to self-management competencies, that allow the leader to be stable and adapt in unspecific environment with rapid changes, business management competencies that imply strategic thinking and planning as well as people management competencies that ensure collaboration and teamwork, conflict management and empowering others.

Leaders determine direction for an organization, and it is via their actions that success or failure is ensured. Operating in multi-cultural or even global environments exposes leaders to various business models that enhance their cognitive complexity (Dragoni and Mcalpine, 2015). However, exposure to questionable, unethical, or even corrupt practices which, in various cultures and business environments are not only not reprimanded, but even legitimized can result in the creation of a new "normal" (Modesto and Pilati, 2020). We may notice that the top leadership level is the most corrupt, tempted to fail the systems for career progression or better remuneration schemes (EY, 2022).

We can say that leadership is a complex process that cannot be completely captured. A leader must be passionate about learning and continuous self-development. He must adapt with the right solutions for each situation in order to be supported by the team and to gain trust and respect in the long term. The key to solving problems is integrity, collaboration, and constant adaptation to challenges (Luedi, 2022).

New leaders who have set performance goals can focus on protecting their self-image and approach situations in which they are confident they can succeed, avoiding situations that may lead to failure, like challenges or situations that need more involvement (Crane, 2022).

Generally, good leaders take responsibility for failure. Although they initially blame subordinates, it is important to evaluate their own motivations and judgments and make efforts to change this in the future, as well as learn to apologize to others they blamed, so that they can work together effectively (Spitzer, 2005).

As Chizema and Pogrebna (2019) specify, governmental integrity has a positive influence on the decisions of corporate leaders. Governments must do the right thing before they expect corporate citizens to do the right thing. On the other hand, it is obvious that in situations where governmental integrity is low, there is a gap between what is right and ethical and what is established by law, a gap that can be closed by instilling acceptable social norms by corporate leaders.

Corporate governance structures, checks and balances from compliance departments, risk management are set in place to mitigate such risks however, these are imperfect at best, given the ever-increasing emphasis on short-termism and the potential conflict between immediate shareholder value creation and long-term sustainability (Clarke, 2014). Likely the most relevant example of leadership failure and corporate checks and balances succumbing to pressure to create shareholder value lies in all the big scandals and crisis that determined the governance codes creations or updates, out of which the Great Financial Crisis of 2008-2009 with well-documented consequences, however the diffused nature of decision making inherent in a complex checks and balances system made it extremely difficult to prove criminal intent and obtain prosecutions (John Sturc, 2021).

Following many accusations of moral misconduct and questionable decisions, the integrity of leaders has been increasingly called into question, as integrity is an essential element of leadership (Six, Bakker and Huberts, 2007). As Bauman (2013) mentions, integrity means being trustworthy, honest, moral, true to oneself and acting on one's claims. Any discussion about the behavior of leaders brings up the concept of integrity, and the problem arises with the lack of an exact definition of integrity, which leads to contradictions and misunderstandings between those who approach these concepts.

In the aftermath of such events, the unintended consequence of the desire to bring justice to the individual person is the creation of a more robust, better functioning economic and legal system, more so than a rational calculation to promote the public good (Paganelli and Simon, 2022).

The failure of leaders first begins because of a cost-benefit analysis when faced with the possibility to engage in dishonest, unethical or even corrupt behavior. Having more effective systems in place following past transgressions of predecessors can be a useful deferent, however being more sensitized to ethical considerations, and the impact of one's own behavior on others, has the potential to augment self-control, awareness of consequences and can moderate any improper behavior in the first place. (Dimant and Schulte, 2019).

It is important to distinguish between unethical, dishonest, and corrupt behavior (Dimant and Schulte, 2019), with the latter, besides displaying the characteristics of pursuit of personal benefit, presenting the element of "abuse of power" (Modesto and Pilati, 2020). Consequently, leaders are, by definition, more likely to find themselves not only failing to provide direction towards achieving sustainable business objectives, but displaying what qualifies as corrupt behavior. We will analyze factors that can lead to failures in leadership that constitute fraud, corruption, and unethical behavior.

III. DISCUSSIONS: MAIN REASONS FOR LEADERSHIP FAILURE

1) The pressure of society

Certain individuals argue that criminal conduct is social in character and provide social or group-level theories to describe it. These hypotheses are founded on a potential idea of "cultural deviation": all persons comply to the norms of the group, and crimes occur only when the norms of the subgroup collide with society standards. Generally speaking, is about the definition of whether or not it is a crime. At the broadest level of society, according to the anomie theory, social norms influence people's demands for material goods and other success markers. The institutional Anomie Theory (IAT) was originally developed by Messner and Rosenfeld (1994, 2013 quoted by Hövermann et al., 2015 pp 409) to understand for comparatively high crime rates of certain countries, compared to the others. The theory argues that many Western capitalist societies tend to promote an institutional imbalance of power favoring the economy that dominates those institutions that should be neutral by their own nature to economic criteria.

Bandura, 1986, 1977 quoted by Chen et al, 2016 pp. 1 has developed the Social Learning Theory that states that people learn specific behavior by observing and following a person who is perceived as legitimate in their action. Therefore, the development environment as well as the mass practice in a certain area, plays a definitive role within a person's development, including leaders.

Saks and Ashforth (2000), has noted that individuals with low general self-efficacy are more susceptible to external influence due to lesser confidence on their appropriateness of their behavior.

People who cannot achieve their wishes through traditional means experience stress and may use unusual means to alleviate this pressure to achieve their desired goals. Of course, this shows the crime is based on socioeconomic status. People in the lower socioeconomic classes will be particularly stressed. (because of their feeling of poverty or inequality) and will seek to reduce stress by resorting to criminal acts.

The white-collar crimes committed by the first managers challenged the theory of crime based on social status and poverty. These hypotheses were unable to adequately define the criminal behavior of high-ranking individuals, for example key executives from the world's major corporations in the world. These people have high incomes, are in the upper strata of the socioeconomic class and are unsusceptible to the pressure of experience in the traditional sense. For you to rise to the top of your company, it is reasonable to assume that the values of these managers are somewhat similar to the values of your society in general. However, these managers may be under pressure from high expectations from their stakeholders. For them, what they get from the company and their jobs will never be enough, as we will explain later.

2) The pressure of industry

Industry conditions may also compel top management to engage in, encourage, or permit fraud. Difficult industry conditions can cause or worsen fraud.

Keith Grint quoted by Gorski, 2017, pp 373 considered that "Leadership, or the lack of it, seems to be responsible for just about everything these days", so apart from the personal characteristics of an individual. Several variables related to industry might influence the occurrence of senior management fraud. Usually, they are industry culture, standards and history, industry investment periods, payback periods and financial returns. Additionally, industry concentration, environmental hostility, environmental vitality, and environmental heterogeneity are often listed as triggers for producing frauds at top management level.

Over time, the industry will form unique stories and standards that shape individual, management, and company behavior. Some cultures place a premium on aggressive and quick strategic moves. This is a type of other incentives well-thought-out strategic actions. These cultures have influenced the way senior managers define their company's position in the industry, and how can improve or maintain that position. Executives know very well that they must match the pace of the industry and the pace of strategic changes to get it right.

Experience in managing fraud varies widely between industries. In the highly competitive industry, is under increasing pressure to commit fraud. An investigation of a few highly competitive aviation industries reported few hundreds of frauds committed by employees and management for one year. Managers in the construction industry, gaming, and gambling sectors have a long history of accepting bribes and "circumventing" existing rules and regulations (sursa ?) . Various modifications reflect long-established informal business standards in these industries.

The presence of industry collaboration norms is an essential aspect that might influence managers' propensity to commit fraud. In industries where regulations of reciprocity and collaboration prevail, senior managers may have less pressure to implement fraud. For example, cross-company collaboration is common in the biotech industry, where companies often face lengthy development and regulatory approval cycles. Faced with the enormous development costs and limited resources, the company found that the alliance helps reduce its research and development costs and other uncertainties in its operations. The collaboration also helps reduce the potential for new product development to fail and to improve the company's financial performance, which can reduce the incidence of management fraud. Willingness to collaborate can also be a way to test the credibility of the company and its managers. Other people tended to investigate what these managers and companies did. Aware of possible censorship, executives may act ethically.

Giessner et al., (2018) have shown that leaders who fail to achieve group or organizational goals tend to lose follower endorsement. The leader is affected by leader group prototypicality—the leader's representativeness of group identity, the followers, or employees tending to consider and trust the leader as being part and similar to their group, but loosing this trust once lack of ethical behavior, or major failure to achieve positive results is observed.

Expectations for the payback duration, time range, and acceptable rate of return differ by sector. The pharmaceutical sector is used to prolonged investment periods and substantial returns on investment of successful products. In the software industry, updates are frequent, so the investment period is much shorter, and the profit margin is usually lower. These factors influence stock analysts' predictions of the company's financial success. Variables may put pressure on managers to smooth their profits. Variables may even lead the top managers to perpetrate fraud. Senior executives understand that their goal, remuneration plan, and even company image depend on how well their company performs in the analyst forecast. Even the remuneration scheme of leadership teams may be even considered by stakeholders a fraud intention if the long-term perspective is not encouraged, especially through sustainability perspective. In this case, managers may consider fraud to be a means of correcting departures from these forecasts.

Irrational expectations (thinking that new technology or business models would deliver significantly better returns than conventional approaches) can also become the standard among investors and analysts, prompting C-level to commit fraud by purposefully misrepresenting outcomes. These anticipations generally start with the newer industries promising to change the world, much like the early days of the internet boom. However, they penetrate other industries and inject the belief that the companies can become leaders in their industries by taking significant risks in a freshly defined market sector. When such expectations were dispelled, the industry was thrown into a financial frenzy, and analysts and investors grew greedy, demanding more than the corporation could deliver. Here, some managers may also repurpose fraud as a technique of inflating income and meeting the industry's high returns expectations from the industry.

Competition in a free-market economy limits management while encouraging wealth-creating creative thinking and entrepreneurial risk-taking. Slimane et al. (2015), have noted that according to existing research, competition combined with strong demand is a major driver of innovation. When the industry is concentrated and is dominated by a couple of companies, the possibility of collaboration grows. Large corporations that control certain sectors can use their resources to sway authorities and so avoid public scrutiny. Because of their enormous power and wealth, big corporations also exert political influence and, of course, can silence the capacity of the administrators of discipline. Even if the manager is found guilty of fraud, he can use the company's means to protect himself. These huge conglomerates have properly staffed legal teams committed to safeguarding their firms' and managers' interests. They might also argue that the intricacy of their company prevents them from understanding what is happening in each department or operating department. Some senior managers know that the penalty will be delayed or eased, and fraud may be committed. Or that a fraud washing may be committed by changing the norms and thus hiding a defect from the past. Therefore, as industry concentration grows, so does the motive and opportunity for senior executives to perpetrate fraud.

The hostile of the external environment could also lead to leadership failure. For certain sectors, such as biopharmaceuticals, communications, and computer software, provides a relatively rich environment for growth in resources and opportunities. The other industries are full of hostility, and the organization dynamics of one of the company's main industries do not support the company's mission or development ambitions. Low or diminishing demand, rigorous regulatory constraints, strong rivalry, low profit margins, and a high organizational failure rate describe banking and financial services, metal forming, wood goods, apparel and textiles industries, that may create the proper conditions to manage fraud.

Companies in these complex environments generally require a large investment in product, process, and management innovation. They must also spend a lot of money on advertising and marketing to keep clients and attract new ones. The majority of these initiatives will be beneficial for the company maintain survival in a competitive climate that is becoming increasingly difficult, demanding, and unmanageable. Administrative fraud is exacerbated by environmental enmity, although it is an indirect effect. As hatred grew and organizational performance suffered, several CEOs focused on their operational processes. An important factor to be noted is the cultural difference due to the pressure implied by the more developed societies in what values concern. Cultures of high values tend to have leaders that are not directly concerned with the social difficulties and far from people that are less able to voice their opinions (Mishra et al., 2017).

In most of the cases, they have a clear financial control system in their organization. These controls establish specific quotas, but people are asked less frequently how they are implemented. These rules, especially when used in excess, can encourage and maintain fraud. Senior management may even restrict information regarding the company's condition and financial performance when the climate is severe. Outsiders cannot completely and correctly judge what is going on inside for these reasons. This makes early detection and prevention of administrative fraud challenging. In general, high environmental hostility can encourage centralization, giving top management the opportunity to commit fraud and conceal it from others through various mechanisms that are in their level of control.

Technological progress, market changes and competition movement changed the company's external environment. These modifications have had an impact on the health of the company's ecosystem, demonstrating the pace and unpredictability of change in certain industries. Some good examples are the abundant and truly amazing growth opportunities that are in Telco industry (sursa ?) . Parts of the market continue to arise and evolve as a result of the quick and persistent technological progress. Of course, these businesses must invest extensively to identify these possibilities and build the required infrastructure to capitalize on them. These investments may decrease the firm's performance in the immediate term, limit existing resources, and result in the continual entry of domestic and foreign rivals and opportunities for growth. However, these investments may inspire managers and improve their perception of the associated risks with these investments. Even within the most dynamic sectors, long-term existence and profitability are not guaranteed. Uncertainty raises the prospect of managerial fraud. The higher degree of expertise of the company's key people may contribute to a higher frequency of management fraud in dynamic industries. As the organization grows, environmental vitality permits each division or unit to function independently. In turn, opposite to its original intent, autonomy may provide top managers with the chance to implement and conceal fraud. With quickly rapidly shifting market conditions, few individuals have the time, energy, or inclination to properly analyze what senior managers were doing, and this is especially unlikely if they are charismatic leaders.

Simply put, numerous industrial conditions may require senior management to conduct fraud, either individually or collectively, or they may give a particularly appealing opportunity for those who choose to perpetrate such fraud. Severo et al. (2021) have noted that low and middle -income countries remain vulnerable and social changes will require reflection, new behavior, and thoughtful action.

Importantly to mention although, despite the increased pressure on the manager, not all senior managers are ready for committing fraud. When the conditions of specific organizations meet with the rising pressure generated by the external environment, this inclination to engage in fraud will grow. A prevention and repairing mechanism that starts to be regulated and used is the whistleblowing one.

3) The pressure of the organization

A basic characteristic of companies today is the separation of their systems of control and ownership. Today, most of the leading public companies hold shares, which are spread among a huge number or owners all around the world. The shareholders of large, listed companies usually transfer decision-making authority to salaried and hired management, and their sole interaction with the firm is through their work contracts. Individual investors have little motivation to employ resources to monitor senior management even with this authorization, in part because owners often diversify their exposures by buying a portfolio of equities. Without the supervision of shareholders, some executives can take opportunistic actions and get rich by giving up activities that create long-term value for their companies that shareholders expect, as managers recognize that their pay, advancement, and tenure are largely determined by the company's short-term success. These executives devised methods to inflate profits in order to raise their pay Indeed, the researchers discovered that certain executives purposefully controlled the company's profitability in order to enhance cash remuneration and incentives, as well as manipulate results in order to maximize earnings from the initial public offering (abbreviated as IPO). As a consequence, some top executives make crucial corporate choices (such as acquisitions, foreign development, and innovation) with the goal of increasing their personal wealth. Several legislation and regulatory structures are intended to curb top managers' opportunistic conduct. These systems outline senior managers' duties, rights, and obligations, particularly in terms of safeguarding stakeholders' interests. In response to these external systems, several businesses have adopted a Code of Conduct, which defines acceptable and undesirable administrative activity (un exemplu?). The company's internal control system has also been overhauled in order to detect and prevent administrative fraud. The Board of Directors oversees these internal controls, the team delegated by the shareholders to be the stewards of their interests, themselves as ultimate leadership level, being subjects of potential misconduct unless a good governance is put in place.

The main responsibility for supervising senior management lies with the board of directors of the listed company. However, in the past, the board of directors did not allow seniors to assume sufficient responsibility. Executive boards are a vital component of the organizational structure and success of organizations as they are responsible for the main view as well as the visionary leadership that guides both the current and future direction of the company (Koppolu, 2021) and its culture. These boards have a certain number of members and are usually appointed by the CEO, who often serves as the chairman of the board. Many directors also serve many other boards at the same time. Due to the lack of active supervision of these committees, fraud sometimes occurs without detection. However, due to the increase in shareholder activism and the threat of litigation, the Board of Directors has increasingly shifted from the "rubber stamp" of management decisions to more active supervisors and voluntary police officers. The audit committee has become more frequent and active and is wary of management fraud. These committees have reserved experts and independent analysis to ensure that the company's financial statements do not conceal fraud.

The composition of the board of directors has also undergone changes to ensure a broader representation of the composition and the different interests of shareholders. This ever-changing composition aims to increase the amount of outside directors on the board. This strategy has the potential to effectively limit fraud by senior managers. Some studies have shown that the board of directors is led by outside directors who are independent of management, and that is the most suitable to supervise executives and curb their opportunism.

The increasing separation of the chairman and CEO positions is another important trend in corporate governance. The practice of consolidating jobs into one to reward CEO achievement has resulted in the centralization of power within the company. When only one individual holds these two roles, the system of checks and balances that ensures honesty and impartiality in decision-making is jeopardized. To complicate things worse, when a corrupt politician holds crucial jobs at the same time, he or she might escape through fraud and concealment. Conversely, when two different people carry out the two positions, there is a greater chance of fraud being reduced or discovered quickly. Also the supporting committees to the Board, like the Nomination and Remuneration committees may be helpful in designing, reviewing and recommending proposals to be made to the board for better governance implementation.

In the case of companies without boards, a solution could be represented by the advisory boards that assist the administrator / the CEO in his activity, including fraud prevention or conflict of interest's avoidance.

Over time, organizations may develop an abnormal culture in which violations are rationalized and institutionalized. These companies are typically led by leaders that accept unethical behavior and conceal corrupt activity. As a way of achieving success, these leaders may also encourage wagering and political manipulation. Considering the available resources and time, these managers may also set unreasonable expectations for their staff to achieve.

When combining the many already existent ethical principles, together with the primary legal requirements of directors, six core ethical ideals emerge. Honesty, integrity, loyalty, respect, duty, justice, and citizenship are among them. Others have established universal underlying ethical values that are congruent with these values (Josephson, 1997, p. 2627; Schwartz, 2002). These six core ethical ideals serve as the organizational basis for a director's legal or ethical obligations. The ideals that should underpin every director's ethical code can be developed from the convergence of numerous sources of ethical standards. These values must be applicable to all corporate directories worldwide.

Stouten et al (2013) have stated that ethical failures within organizations such as fraud and corruption clearly show the need for ethical leadership that focuses on leaders as guardians and communicators of ethical standards and healthy organizational culture.

Six essential ethical ideals are identified, which lead to more precise ethical standards to be followed –

(1) Honesty: It is the ethical responsibility of directors to behave honestly. Truthfulness and directness are characteristics of honesty. To prevent generating a terrible impression, it is vital to talk honestly when required. The truthful director opposes half-truths as well as other language tactics designed to cause misconceptions. Comment: Honesty may influence all directors' actions, including truthful reporting on corporate activity. The importance of honesty was remarked by Veasey (2003, p. 450) who argued that good corporate governance and shareholders' comfort may be assured by honest corporate boards acting in.

(2) Integrity: Directors should behave with integrity, which demands them to operate with dignity and to always operate in line with their company's beliefs and ideals. Just about all codes of business ethics emphasize the need of operating with integrity; in fact, several codes include the term integrity in their title. (as an example, EDS "Act with integrity: Code of business conduct"). Associations including the Southern African Institute of Directors and the National Association of Corporate Directors (NACD) include the notion of integrity into their basic beliefs. "Corporate governance, in short, is based on integrity; the integrity that is expected of each individual director and the integrity that is expected of the entire board. Integrity means being inviolable at all times, which makes decisions and actions predictable and safe. "

(3) Loyalty: Senior executives must act with loyalty, in the best interest of the company and not in personal interest, as a normal fair conduct, avoiding: negotiating property rights, seizing business opportunities, participating

in apparent or prospective conflicts of interest and the use of privileged information, must be objective in making decisions and safeguard sensitive information and unique property.

(4) Responsibility: Leaders must meet their corporate law responsibilities in a transparent manner that enables them to be held accountable. Taking responsibility implies fulfilling a series of established functions as a leader. It is founded on the legal concept of due diligence. This includes attending meetings regularly, providing information, and maintaining an appropriate level of competence (for example, it requires proper management oversight without micromanaging company activities. (Siebens (2002, p. 112): This includes accountability, which necessitates proper transparency and information. It also necessitates a self-evaluation of your ability to execute your obligations as a director and the report of any infractions of other Code rules. Accountability is frequently mentioned in various corporate governance standards. William Patterson (2003), director of the AFLCIO Investment Office, stated that "good governance depends on the independence and responsibility of the directors" (Murray, 2003, p. R. 8). Assuming responsibility goes beyond simply appearing in meetings, but also when it is appropriate to express objections. For example: "... Directors of many companies affected by scandals, including Tyco International Ltd. and WorldCom Inc. But they did not question enough and did not consider dissent as an obligation" (Hymowitz, 2003, p. 1). In other words, the directors should not be a "label". The question is: "Do you have procedures in place for disclosing material information that lack of disclosure or misrepresentation could affect users' decisions?" (Administration, shareholders, creditors, etc.) Additionally, a worldwide movement supports the disclosure of company choices' social, ecological, and ethical effects (Weil et al., 2002, p. 49). Self-evaluation is also a key aspect of accountability. The boards of directors of both Enron and WorldCom manifestly failed to perform their obligations and accused all others.

(5) Fairness - Leaders must regard others fairly and make choices that reflect this. This entails assessing the interests of all parties involved in all decisions, including recruiting, firings (including preliminary investigations), and executive remuneration. It also helps guarantee that all categories of shareholders are properly treated, as well as examining internal norms and processes for the fair treatment of shareholders (International Chamber of Commerce, 2003).

This fundamental principle is also consistent with the concerns articulated in the OECD Code: "... treat fairly the interests of stakeholders". Enron's board of directors appeared to ignore fairness in its board's compensation decisions, which the Senate Subcommittee deemed "excessive" (Senate Report 2002, p. 3).

(6) Citizenship: Directors should act as good citizens, which includes keeping that both you and your company follow all applicable rules and regulations, along with the community norms in which you function. Being a good citizen entails more than simply personal compliance with the law; as a director, you must also guarantee that procedures are in place to guarantee that all company representatives adhere to the law and act ethically. This necessitates putting in place an adequate ethics or compliance policy, which included a non-retaliation reporting mechanism, and taking appropriate action when wrongdoing is reported or identified. Citizenship also entails making judgments that safeguard the environment and thus do not affect the community in an unnecessary way. This essential ethical virtue is underpinned by all ethical standards sources. Furthermore, it represents laws (for example, the Federal Sentencing Guidelines, the Caremark case, and the Sarbanes Oxley Act) that place an emphasis on corporate agent compliance. Bernie Ebbers of WorldCom revealed that he did not care about this fundamental ethical value when he allegedly pointed out that the proposed Code of Ethics was a "colossal waste of time" and never demanded ethical business conduct (Directors Report, 2003, p. 19). Directors have also neglected to establish a secure mechanism for whistleblowing (Directors Report, 2003, p. 18). A Conference Board research conducted in 1998 discovered that over a quarter of directors were not engaged in the formulation of their company's codes of ethics (Barry, 2002). These six basic ideals must pervade the code and be expressed in all of its elements and components.

A survey conducted among leaders from various industries (pharma, IT, oil & gas) evidencing some key factors which may lead to corporate fraud. A number of 17 leaders with the age between 23 and 59 years old responded to the survey. Male counted 8 respondents while female counted 9.

About 60% of the leaders mentioned that pressure generated by unrealistic sales targets, the direct connection of reaching these figures with the possibility to keep the jobs as well as very tight deadlines are on top of generating fraudulent behavior.

Somehow unexpected, just 30% of the leaders mentioned that personal gain would be a trigger for fraudulent behavior. In this case, we may have a connection with the answer of another question of the survey that stated that keeping the reputation is more important than a fast and short-term gain. This was mentioned by 65% of the respondents.

Other causes for fraudulent behavior (e.g. weaknesses and flows of the informatics systems of the company, reduces consistency of the monitoring activity of the internal audit/compliance/internal investigation departments or the fact speak up channels/whistle blowing policy/non-retaliation policies are not strong and enforced enough) are mentioned by approximately 50% of the respondents.

The importance of compliance training was underscored by more than 80% of the respondents, showing that investing in prevention is always cheaper than treating the dealing with compliance incidents.

Finally, yet importantly, it is worth mentioning the fear of legal consequences, which was mentioned by about 70% of the respondents as a key factor in preventing corporate fraud. This could explain why the very regulated industries, which have in place a mechanism to control how financial resources are spent, are less exposed to corporate fraud.

IV. CONCLUSION - WHAT HAPPENS WHEN LEADERSHIP FAILS?

Our research identified several pressures that have been identified that impacts leaders' behaviors, at societal, industry and organization level that may lead to misconduct and compliance failures, leading to potential modal or financial frauds. Senior management fraud has a pervasive and far-reaching impact for all the stakeholders, employees, customers, suppliers, shareholders and community at large.

Fraud can also damage the reputation of related individuals and companies.

Shareholders are almost often the first sufferers of senior management deception. When a company's fraud is discovered and made public, the market value of the company involved immediately shrank. The company's bondholders and other creditors may end up paying the consequences of administrative fraud. If the firm's credit rating is reduced as a result of the fraud, the bonds issued by the firm would lose value, and, as a consequence, bondholders will suffer immediate losses. In many cases, banks may have loans for collateral that are overvalued or non-existent, or cash flow forecasts are inflated. This complicates the recovery of such loans.

The disclosure of fraud by executives has raised public doubts about the power of the board of directors to monitor executives and defend the wealth of shareholders. Fraud is damaging the managers' reputation and careers too, leading to its end or even harder consequences such as imprisonment. In multiple fraud cases, executives were prosecuted, compelled to quit or lost their employment status. Executives were indicted and penalized in several situations and even imprisoned. Many of these managers will never recover their career that affected their reputation due to fraud. The company they worked for also continued to battle for its image, trying to salvage its credibility and expected to restore popular support. Easy to understand, the recent disclosure of large-scale and widespread administrative fraud incidents around the world has triggered a strong dispute concerning the role of auditing firms, directors' corporate boards, and regulatory authorities in identifying and preventing such practices.

In each case of the above-mentioned pressures, our research identified several solutions, such as good governance represented by structures, systems, process and right people on the right leadership positions.

Nevertheless, our research has limitations, out of which we are underlining two. The first one is due to the complexity of the subject, that should be analyzed further at least by industries, ownership type of the company, size, type of governance. Second, the human capital and demographic information of the target population, that may introduce supplementation pressures to the leaders, like family situation, personal will for particular career goals and an ambitious self-perception of their career success, personal reaction as decision-makers to stressful situation including crisis.

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