Business Horizons (2012) 55, 543—550

Available online at www.sciencedirect.com

SciVerse ScienceDirect

KELLEY SCHOOL OF BUSINESS
INDIANA UNIVERSITY

www.elsevier.com/locate/bushor

Every story tells a picture: Lessons from cartoons on corporate governance

Ria Wiid [a], Leyland Pitt [b,*], Adam J. Mills [b]

[a] *KTH—Royal Institute of Technology, Stockholm, Sweden*
[b] *Beedie School of Business, Simon Fraser University, Vancouver, Canada*

KEYWORDS
Corporate governance;
Senior executives;
Cartoons;
Humor

Abstract While pictures tell stories, in the case of cartoons, stories also tell pictures. A theory of cartooning suggests that cartoons reflect public sentiment toward issues. As such, cartoons are a useful way of gauging and tracking public sentiment over time. This article uses a historical cartoon analysis to track public sentiment toward issues surrounding corporate governance. Specifically, it compares what cartoons reflected prior to the economic crash of 2008 and what they portrayed after. The criteria of narrative, location, binary struggle, and normative transfer were used as a framework to analyze 258 cartoons. We found that three major changes emerged after the 2008 crash that hold important lessons for those who govern corporations: the public's concern is no longer so much about corporate and individual fraudulent behavior as it is about corporate and individual greed; there is an impression that corporations do not do bad things so much as they do not do any good things; and ordinary people, workers, and taxpayers are those who suffer most when corporations are not governed well.

1. A picture is worth a thousand words. . .or more

According to an old article by Fred Barnard (1927) in the advertising journal *Printer's Ink*, a picture is worth a thousand words. "Every picture tells a story," sang Rod Stewart nearly 50 years later. While pictures may tell stories, stories also inform and—in a sense—create pictures. For instance, many of the great works of art during the Renaissance were pictures of stories from scripture, and Leonardo was not only a great inventor and artist but also a cartoonist (Hoffman, 1957). Later in history, the growth of newspapers in the early 19th century accelerated the emergence of the political cartoon as an important visual communication device. By 1814, there were 346 newspapers in the

* Corresponding author
E-mail addresses: ria.wiid@fullstream.ie (R. Wiid), lpitt@sfu.ca (L. Pitt), adamm@sfu.ca (A.J. Mills)

0007-6813/$ — see front matter © 2012 Kelley School of Business, Indiana University. Published by Elsevier Inc. All rights reserved.
http://dx.doi.org/10.1016/j.bushor.2012.07.001

United States alone (Mott, 1941), and in a pre-photographic age, the drawn picture—or cartoon—was a common tool used to summarize and comment on news.

Political cartoonists draw their inspiration from the news. Political scandals, sexual rumormongering, conflicts, victories, defeats, disasters, and economic turmoil provide the cartoonist with a never-ending flow of stories to tell by means of pictures. The cartoonist seeks to reflect not only what is happening but also what people are thinking such that stories create pictures and, in turn, pictures tell stories. Thus, tracking cartoons over time provides an excellent gauge of sentiment toward various issues, what was and is important over time, what people were and are thinking, and what they were and are passionate about.

Business and the state of national and world economies have always been beloved topics of cartoonists. Heady growth and the depths of recession spark a plethora of visual metaphors. Business heroes and corporate villains are sitting-duck targets for the caricaturist, who seeks to encapsulate stories of success, disaster, or deceit in a few strokes of the pen. While the recent economic past might have caused headaches for government policy makers, nightmares for investors, and heartache for employees, it has provided an abundant harvest of stories for cartoonists, who have used these tales to create pictures. The transgressions of senior executives from Enron and WorldCom in the early years of the new millennium gave way to the crash of 2008, and the demise of Lehman Brothers, Madoff, and bailouts all fed cartoonists with marvelous material to expose, ridicule, and parody.

There has always been an interest in and concern about the way in which companies are directed and controlled. For instance, the demise of Robert Maxwell and the Mirror Group in the United Kingdom in the early 1990s led to the work of the Cadbury Committee (1992), which made recommendations on the arrangement of company boards and financial control systems to reduce corporate governance risks and failures. The collapse of large U.S. corporations such as Enron, Tyco, Global Crossing, and WorldCom, in 2001 aroused political interest in corporate governance. The U.S. federal government responded by passing the Sarbanes-Oxley Act (SOX) in 2002 with the intention of restoring public confidence in the way corporations were governed. The financial meltdown that began in many developed countries in 2008 was precipitated, according to many economists, by bad high-level decision making in large financial institutions regarding so-called sub-prime mortgages. However, as the slump continued, the general public and media saw the events as a general indication of a lack of good governance in large companies as managers of technically insolvent financial institutions continued to receive huge bonuses and top executives of bankrupt auto manufacturers flew to Congress in private jets to beg for bailouts funded by the public purse.

One of the problems of tracking public sentiment toward issues over time is that the obvious questions are always realized post hoc. Had we known the public would care so deeply about economic mismanagement and realized we might have wanted to track the nature and extent of this public sentiment over time, we could have designed regular tracking surveys. Unfortunately, we, as well as many other researchers, did not. However, if the stories of what is happening 'tell' pictures or cause them to be created, then tracking these pictures over time might give us a way of gauging whether sentiment has changed and what directions these changes have taken. For example, does the general public feel differently about corporate governance today than it did prior to the recent economic crisis? If so, which aspects of corporate governance are in the limelight and which matter less? In this vein, are there lessons for those who govern corporations to learn from cartoons? These are the questions this article seeks to answer.

We proceed as follows. First, we broadly discuss the main issues surrounding corporate governance that are of importance to practitioners. Second, we provide a broad overview of perspectives regarding political cartoons and introduce a framework to study such cartoons objectively to gain valuable insights. Next, we describe a relatively simple study of cartoons regarding corporate governance over time in order to compare public sentiment prior to and after the crash of 2008. Finally, we use the major findings from this study to identify important corporate governance lessons for today's senior executives.

2. Corporate governance over the years

Corporations and governance have come a long way since 1882 when William Vanderbilt famously responded to reporter Clarence Dresser's assertion that the public had a right to know the facts concerning the running and financing of his railroad by saying, "The public be damned." Despite Milton Friedman's (1970) assertion that those who discuss the social responsibilities of business are notable for their analytical looseness and lack of rigor, in the