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THE SEVEN SINS OF UNSUSTAINABILITY

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Abstract

Purpose of the article Provide a comparative analysis of the seven Asins of human kind and their principles disclaimed by the Dominican priest St. Thomas Aquinas in his manuscript *De Veritate, Thomae Aquinatis Opera Omnia* and some perceived management practices and behaviors, corporate policies and strategic decisions that very often leaded companies and organizations to an unsustainable future and to their own fall.

Methodology/methods Based on the assumptions of the indicated reflections about the human capital sins, the methodology includes a brief review about these principles and the sustainability of organizations and a comparison between the seven capital sins with some empirical case studies of management practices and behaviors and strategic decisions from different places and economies, in particular from well-known Russian and Portuguese organizations.

Scientific aim To establish a link among the principles of the seven capital sins and some managerial practices and behaviors and strategic resolutions that bring organizations to their unsustainability and fall.

Findings From this study, it appears from the showed cases that in each of them we see many managerial practices and behaviors similar with the principles of the seven capital sins. Furthermore, most of them reveal also a complete lack of ethics and moral principles in businesses in its practices, sometimes doing illegal acts and going against market rules and to the Law. Moreover, from the majority of the studied examples it appears that this type of bad managerial practices, management behaviors and strategic decisions led organizations to get serious problems in the future, sometimes with the end in its bankruptcy and fall.

Conclusions We found different faults and behaviors that reveal a lack of respect for the collective good, to citizens and economic agents and to the established rules of management practice. Also one of the main reason for companies' unsustainability is the desire of managers to perform what we can consider deadly sins on behalf of the governed companies. In this sense it´s possible to establish an analogy between the concept of sins in the religious domain and morally reprehensible practices in economic activity. The main limitation of this study is the small number of cases used to identify the boundaries of the proposed concept and also the origin of them, mainly well-known cases from Portuguese and Russian economies. In future researches is intended to evaluate a bigger sample of management cases from other different countries and economies and also to get the expert opinion from managers, supervision authorities and other economical agents with the development of an inquiry regarding mismanagement practices and the so called "management deadly sins".

Keywords: Sustainability, Strategy, Management, Sins.

JEL Classification: D22, L21, M14

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Introduction

Existing literature provides plenty of references about good managerial practices in books, media news and in scientific researches and articles, some of them converted in to businesses case studies discussed in management schools and scientific conferences and transformed in references to make benchmarking.

However, the opposite don´t get the same allusion in academia and specifically in scientific works. Even Cândido and Santos (2009) made an extensive review about the rates claimed by several researchers on strategy implementation failure and concluded that nobody really knows what is the true failure rate, due to the lack of solid empirical evidences and robust research methods, among other features.

But recent developments on worldwide economy and the fall of organizations all over the world due to generally recognized bad managerial practices and strategic options have awakened citizens in general and some management researchers for the real characteristics of organizations sustainability.

Somehow, this phenomenon reveal's a great resemblance with ethical issues mentioned by Argandona (1997), cited in Anunciação et al. (2011, p.222), when the society and their common citizens mainly think and take care about ethical practices when they are in front of unethical facts.

Quite often the real efforts made to achieve corporate sustainability remain unclear, more resembling that they result from a set of favorable factors and lucky coincidences instead of well-defined sustainable strategies, resulting in managerial practices mainly focused on short-term gains and interests of restricted groups, institutions and persons.

These managerial actions which are usually implemented in contradiction to the official rules and laws and overlook good management practices, lead to the unsustainability and sometimes to an unexpected failure of organizations.

Recently, several cases associated to bad and illegal practices had occur in Portugal and abroad, namely related with private banks, financial groups, communications and energy enterprises and building contractors among others, being some of them in judgement or controlled by the courts and also under inquiry by official regulation authorities and special parliamentary commissions.

Evaluation of this type of managerial practices shows that they are often similar to the capital sins of human kind disclaimed by the Dominican priest St. Thomas Aquinas in his manuscript *De Veritate, Thomae Aquinatis Opera Omnia*.

This author assessed the human practices over the centuries and interpreted their actions in a group of seven human conditions classified as vices or capital sins according to the Catholicism, suitable to be judged and condemned.

In this paper we use this philosophical framework to systematize the main faults of contemporary corporate governance and draw a line between the seven deadly sins in everyday life and business management practices, as the main managerial mistakes are driven by these deadly sins adjusted to companies.

The general idea of sin is that it presents a bad practice, individual or corporate, that has been used and studied in several areas of management and society behavior by some authors, from Frank (2001) in her discussion about the common accepted practice of some sins in modern society to Bhagwati (2011) in his research about markets and morality issues, Kerzner (2012) with the study about how the seven deadly sins of project management failure and Rowe (2014) with the study about the consequences of ethical leadership, among other studies.

In this sense, the aim of this research is to establish a link between the principles of the seven capital sins and some managerial practices and strategic resolutions that induce organizations to their unsustainability and death, based in the analysis of empirical cases about managerial practices coming from different places and economies, in particular from Russia and Portugal.

This study is empirically based and assumes an informative and exploratory role on the present theme (Yin, 2003a, b). It follows a methodology that allows us to put together several sources of quantitative and qualitative information. It also allows us to perform transversal and longitudinal analyses, assuming simultaneously descriptive, explanatory and predicative characteristics (Pérez-Aguilar, 2004).

1 The Seven Deadly Sins

According to Rodrigues (2007) the human being seeks, with heartbreaking selfishness, thousand paths where run out the biggest and best energies of dignity and human nature.

The seven deadly sins, also known as capital vices, are a millennial classification of human conditions prior to Christianity and later used by the Roman Catholicism in order to control, educate and discipline the basic instincts of their followers.

St. Thomas Aquinas[2] in his manuscript *De Veritate, Thomae Aquinatis Opera Omnia* analyzed the gravity of sins and ranked them in to seven distinct categories.

According to this and other theologians, each sin is the cause of the following ones, such as creating an habit or disposition to sin and providing material for another one, causing other for the same purpose or when to end a sin is committed another sin, in the same way that a fraud is committed with the objective of making money.

Thus, the capital vices are nothing more than those pointing to certain purposes especially desirable in themselves, guiding also this purposes for other vices, each one with their own characteristics.

Pride is strongly related with vanity and according to Saint Augustine[3] is connected to a distorted desire for greatness revealed in arrogant and presumptuous postures of human nature.

Is a vice which seeks to overcome the proper measure of aspiration to superiority based on ostentation, ridiculous presumption and futility in which someone seeks to glorify himself in a false way, even though about something ephemeral, showing ostensibly their goods and alleged virtues.

Connected to an excessive demand for excellence it´s a vice that leads quite often to disobedience, haughtiness, hypocrisy, conflicts, obstinacy, discordance and a snobbishness about everything new.

Envy is a vice that looks to reach other persons badly, opposed to charity and to the desire of wanting good things for others and it's the source of other deadly sins leading sometimes to hatred.

The principle of this sin is the pursuit of preventing others glory by lessening their goods or saying bad things about them, in an unnoticed way through the gossip or openly with slander.

Is a mixed feeling of disgust with the joy and prosperity of others and gluttony for what others have.

Laziness is a sin related with negligence, inaction and indolence and it is associated with the sadness felt about something actually bad.

The lazy tends to deviate from what saddens him and find what he like, instigating the indolent to abandon their duties and the sleepy to fulfill them in a sloppy mode.

Sometimes being driven by despair, the lazy is tricked into losing oneself in the instability of his intentions and objectives.

The **anger**, closely related with the desire for revenge, creates accusations and leads to insults and shouting, indignation and blasphemy.

When justified by a suffered damage considered as unfair it generates indignation and quite often revenge.

When transformed in to offenses to third parties can assume a direct way through disparaging words spoken against others or a diffuse approach through a messy and cluttered speech to disguise the offenses made.

Greed is linked to a messy and excessive voracity and ambition for the possession of any goods and money.

So greedy is the one who spends money in excess without any generous purpose as the one who excessively searches and retains money, sometimes from others.

This excessive appetite for money leads, when someone seeks to trick another to draw profits, to attitudes of treason, perjury and lie and also to acts of fraud and violence in several forms.

In its most common principle, Gluttony is related with a huge appetite, keenness and lack of moderation in eating and drinking.

According to Gregory the Great[4] the vice of gluttony can be express in five distinct modes through five words: inappropriate in the anticipation of the time due to eat, luxurious in the requirement of expensive foods, exquisite in the complaint for food preparation refinements, moreover in eating and drinking more than necessary and devoted with the misplaced desire for food.

Despite its resemblance to a certain happiness and pleasure, gluttony leads sometimes to a dump over committed excesses, to an anesthesia of the human intelligence and also to an ignorant joy and debauched expansiveness produced by the cluttered and excessive consumption of foods and drinks.

The completion of **lust** is the pleasure and it's related with exuberance, debauchery and the practice of libertine acts.

[2] Theologian and priest (1224-1274), canonized by Pope John XXII in 1323.
[3] *De Civitate Dei*, cited by Rodrigues (2007, p.28).
[4] Quoted by Rodrigues (2007, p.80)

Sometimes the practice of this sin produce thoughtlessness by the lack of deliberation, blindness of mind through the overlap of desire in the face of apparent realities, precipitation in attitudes without taking into account any reasonable judgment, inconstancy by the lack of persistence in what was decided and despair about the future taking refuge on material and carnal issues.

We can resume the main characteristics and acts of each sin in the following table:

Table 1 Main characteristics and acts of sins

SIN	MAIN CHARACTERISTICS AND ACTS
PRIDE	Vanity, distorted desire for greatness, arrogant and presumptuous postures, ostentation, futility, excessive demand for excellence, obstinacy, snobbishness, desire of honor, recognition and distinction.
ENVY	Preventing others glory, reach others badly, lessening goods from others, saying bad things about others, gossip, defamation, gluttony for what others have.
LAZINESS	Negligence, inaction, indolence, sadness about something bad, abandon of duties, instability on personal intentions and objectives.
ANGER	Desire for revenge, accusations, insults, shouting, indignation, blasphemy, offenses to third parties, disparaging words, messy and cluttered speech.
GREED	Messy and excessive voracity, ambition to own goods and money, money spend in excess, retaining money from others, tricks to draw profits, treason, perjury, lies, acts of fraud, violence.
GLUTTONY	Huge appetite, lack of moderation in eating and drinking, expensive foods, food preparation refinements, anticipation and misplaced desire, excesses committed, intelligence anesthesia, ignorant joy.
LUST	Exuberance, debauchery, practice of libertine acts, lack of deliberation, blindness of mind, overlap of desire, precipitation in attitudes, no reasonable judgments, inconstancy, refuge on material and carnal issues.

Source: adapted from Rodrigues, 2007

2 The (un)sustainability of organizations

In recent past many companies all over the world revealed certan inability to deal with businesses in a global economic environment, failing in to disclose proper strategic decisions in a significant number of cases, using unbalanced management practices and generally failing in making use of their resources efficiently and effectively in a business environment full of volatile markets.

The financial and economic attitude implemented by some companies, focused mainly on short-term earnings and surpassing a humanist and social vision of businesses and society, many times reveals a lack of ethic and corporate responsibility in transactions development and in the relations with stakeholders, incompliance with legal obligations and sometimes the manipulation of financial and other corporate data in order to boost company's valuation.

According to several authors, firms and managers will have to abandon the traditional strategic view, focused essentially on profits and financial performance, and present an alternative vision that is based on the interaction with diverse stakeholders, to their interests and to the environmental impact of their activities according to a triple bottom line approach (Oliveira, 2007; Almeida, 2007; Donaire, 2006; Santoro, 2003; Elkington, 2001).

In fact, it has never been more urgent than today to realign business and investment practices to value long-term prosperity. The global economy can no longer afford "business as usual", focusing on short-term gains and ignoring long-term risks (CERES, 2010).

But quite often financial, social and environmental information’s claimed by organizations reveal a lack of transparency about their performance, changing the same according to the impact of their activities on each context and often reflecting interests of individuals, groups and corporations (Santos, 2012).

According to Baumgartner and Ebner (2010), a good short-term performance of organizations evaluated mainly on the basis of accounting figures and other annual balance sheet information may "cover" difficulties to grant their medium and long term sustainability and the simple earning of profits is not necessarily a result of proper companies’ management and shareholders’ value and annual profits are not enough to measure corporations’ efficiency (Svirina, 2009).

Although many companies aim to achieve sustainable management of businesses and publish their sustainability reports, the real efforts made by them to achieve corporate sustainability remain unclear, more resembling that the same result can be achieved as a consequence of irrelevant factors and lucky coincidences instead of well-defined sustainable strategies based upon valuation of internal and external aspects of the organizations (Santos, 2012).

With this thought, Svirina (2009) proposed a complex of managerial efficiency indicators to evaluate existing relation between managerial functions performance and company’s profit, efficiency and shareholders’ value in organizations.

Aiming to disclose the main features crucial for organizations to achieve their sustainability, Gisbert López et al. (2011, 2010) and Santos (2012) settled the “DPOBE Model for Organizational Sustainability”, an empirical model established after focus group discussion whit several recognized managers supported in five pillars referred as the most important ones in the frame of organizational sustainability and in which managers and organizations should develop their abilities.

For this authors, the core of organizational sustainability is supported mainly in the following: Direction, in order to evaluate the economic sense that must be given to organizations; Posture, related with management conducted by ethical values which will give organizations credibility and respect; Organization, which is measuring essential management activity for providing a multi-dimensional and multi-contextual answer to deal with businesses; Behavior, with quality as a rule for organizations, measuring all activities developed in the sphere of quality insuring and following strict standards of quality according to patterns of efficiency and effectiveness; Evaluation, with the implementation of procedures to analyze the organizational performance according to the defined strategic options and objectives.

However, despite a general recognition about the importance of this “way to see” and “way to be” in businesses by managers, academics and researches, the reality of business and management world and the facts we are continuously seeing all over different economies, markets and countries led us to the common impression that from words to actions there's a big difference, sometimes with dreadful effects.

3 Empirical facts about managerial practices and behaviors

In March 2010, an official court report about Lehman Brothers Holdings in US, bankrupted since September 2008, indicated that their executives regularly used disguising accounting tricks to make its balance sheets appear less unstable than they really were, using these practices as a type of repurchase agreement that temporarily removed securities from the company's balance sheet (Santos et al., 2013).

After American Hewlett-Packard bought the British company Autonomy Corporation in October 2011, they found that the price paid was much higher than the true value of it in an amount of 11 billion dollars, due to the hard-driving sales culture shaped by its founder and CEO Mike Lynch and the current use of aggressive accounting practices to make growing revenues from software licensing and boost company’s valuation (Worthen et al., 2012).

In Portugal, the Portuguese Government had to nationalize in 2008 the private bank BPN as a result of its poor management which led to a debt of almost two billion euros and several irregularities and violations revealed in the institution.

The serious and huge dimension of this problems and the possibility of contamination in the banking structure led the Portuguese Parliament to create a specific Commission to disclose possible bad and illegal managerial practices, despite other investigations still running in the Portuguese courts and the preventive jail of one of the bank administrators.

In April 2010, the Bank of Portugal decreed the end of the private bank BPP and in bankruptcy legal procedures several of its managers where accused for accounting distortion, tax crimes, money laundering and fraud.

One former administrator of BPP admitted in court that have done operations in obedience to "instructions" made by other members of the administration's board but with the awareness that was not a correct procedure, saying that "*If I knew I could do it in another way I would do it. What I did and how I did, didn't harm anyone and I didn't take any personal benefits from it. It may not have been in the correct way but I didn't mean to hide anything.*" (Sol, 2015).

Since August 2014, the Portuguese Espírito Santo Group, with strong involvement in banking and financial markets has in real estate and assurances among other businesses in Europe and abroad, owner of the older Bank Espírito Santo, saw several of its companies and holdings being declared insolvent in Europe and US due to bad management practices and enormous amount of uncovered debts.

Espírito Santo Financial Group, a holding company owned by Espírito Santo Group based in Luxembourg to control financial assets from the group and Espírito Santo Financière, another holding which has under its purview the financial assets of the group in France and Switzerland, declared insolvency after Luxembourg courts refused any legal protection against creditors (Correia, 2014).

The huge dimension of insolvencies within Espírito Santo Group even took Luxembourg judicial authorities to advertise on internet, in a specific web page, all the information concerning developments on insolvency procedures of five companies of the economic group (Cavaleiro, 2014).

Meanwhile and by superior decision of the Bank of Portugal, Bank Espírito Santo was separated from the rest of the business group in order to prevent a general failure, giving origin to the new bank Novobanco with only the considered good assets and leading to other institutions and to the courts the resolution of massive uncovered investments made in other group organizations, some of them disguised by its former bank to their customers as normal long-term bank deposits.

According to an audit report requested by the Bank of Portugal, leaders from Espírito Santo Financial Group made twenty-one disobediences against previous instructions issued by this banking supervision authority (Alves, 2015).

Due to the massive dimension of the money hole in the resources of this older family and originally financial business group, the need of intervention from Bank of Portugal in order to prevent a cardiac arrest to other banks and the investment of almost 900 million euros made by the major Portuguese communications cluster PT in assets of the Espírito Santo holding Rioforte, apparently to cover a disguised loan, all of this combined together with supposed irregularities and violations in management and market practices in order to cover financial problems and boost group value in stock markets, led the Portuguese Parliament, as it happen with bank BPN, to create a specific Commission to investigate the origins of all this problems and disclose possible bad and illegal managerial practices, despite other investigations still running in the Portuguese Attorney General's Office.

According to Fernando Negrão, chairman of this special Parliamentary Commission of Inquiry, after more than four months of work and the conclusion of almost seventy auditions to several administrators and top executives from the group companies and other large corporations with connections with them as well as to actual and a former Portuguese Minister of Finance, other government officials and to the supervision and regulation authorities of Portuguese banking and financial activities, the most visible obstacle to Commission's work was all the significant and notorious hesitations, nonattendances and sometimes lacks of true revealed in several statements and clarifications provided during the hearings (Lira and Costa, 2015).

Statements used by several respondents such as "*I don´t remember!*", "*I don´t know!*", "*I suppose so!*", "*Maybe it´s like it!*" and "*Nobody informed me!*" where several of the answers made very often by some of the top executives heard during committee's sessions, most of them live broadcasted in television channels and intensely attended by journalists and political and economic analysts.

Only an administrator of Escom, another company from Espírito Santo Group, assumed before the Commission of Inquiry that deliberately used all the possible means to mask trading commissions received by Escom's role in the business of selling submarines to Portuguese navy from a German consortium, in order to make difficult the access to this information and wait for an opportunity with better tax conditions to pay legal tax obligations (Barroso, 2015).

But it´s not only in banking and financial corporations in Portugal that we can see organizations falling down due to, at least, questionable managerial practices and strategic options.

Top managers and stockholders from communications cluster PT decided and earned in personal salaries, bonuses and stock rewards almost 3.5 billion euros since 2010 despite a nonstop falling of organization's stock value up to 92% in the first half of 2014 (Cardoso, 2015), largely as a result of the fusion made with the Brazilian communications group Oi and also due to the large amount of money invested in Rioforte, one of the Espírito Santo Group divisions declared insolvent by the Luxembourg courts.

Several medium and large contractors are in special recovery processes controlled by the courts in order to prevent their insolvency and fall, some of them with attested unappropriated decisions taken by its management leaders in recent past, being some of them in investigation by judicial authorities with the suspicious of influence practices and favoritism in public contests.

An unpredicted legal recovery protection process is being taken also by YDreams, a Portuguese technological company several times recognized in Portugal and abroad by the quality of its management and great organization's value with several contracts with major international companies.

Even with the absolute confidence of its CEO and founder António Câmara that they will recover from actual condition, the reality is that the company founded in 2000 by this university teacher and other partners have claimed debts from about one hundred and eighty creditors in a total amount of almost 18 million euros, in a large part of it claimed by some banks.

Despite being a company that attracted powerful customers such as Coca-Cola and Adidas, the open of several offices in Spain (Barcelona) and Brazil (Rio de Janeiro and São Paulo) and its split into several companies such as Ynvisible, listed on Frankfurt Stock Exchange, since 2011 there were rumors about delays in the payment of salaries to their employees (Ralha, 2015).

Another example of a business failure due to questionable managerial practices is Aquapura Hotels Villas & SPA, a Portuguese company founded in 2002 by Diogo Vaz Guedes, former CEO of Somague, a great contractor group created by his grandfather in the mid-twentieth century and merged with the Spanish group Sacyr at the beginning of the new Millennium.

Almost ten years ago, this manager and entrepreneur stated publicly in an interview to a magazine his ambitions to invest in hospitality and tourism sector: "*I want to build 10 to 12 hotels in 10 to 12 years!*" (Prado, 2015).

But things didn´t occur as intended to. With the ambitious goal to invest more than 200 million euros until 2010, the first venture was an investment of 25 million euros in a luxury hotel opened in 2007 and located in the Douro, Portuguese region classified as world heritage and considered one of the favorite destinations for tourism.

Meanwhile, the company had plans for a hotel in Lisbon and other in the South of Portugal but the first never saw the daylight and the second one, despite the architecture projects done, was never built.

In their achievement to reach its expansion to Brazil, they invested 30 million euros in the first six-star hotel in Brazil. But in the predicted year for its inauguration (2007) the building was legally stopped by the Brazilian Environmental Institute and remains abandoned ever since.

Even so, the company announced another investment in Brazil of about 122 million euros in a project with hotels, residential houses, golf courses and a theme park to be open in 2014. However, the company is currently in a special process of recovery after judgement in courts about its insolvency and the creditor list points to company debts of about 46 million euros.

Mário Ferreira, a succeeded businessman of cruises along the Douro River, stated about the specificity of this case: "*Hotel units in Douro have quality, are beautiful and well located. But they have no dimension. And without a common efficient and effective strategy to promote, with financial and logistic capacity and know-how to promote themselves internationally, recognitions and awards don´t have any interest to business success.*" (Nunes, 2015).

Also in public organizations and services it's possible to witness bad managerial practices or, at least, decisions taken with unethical principles and in favor of personal and group's interests against the public interest.

Some superior management careers in municipalities and central public departments and organizations are being given to citizens according to their own political ideologies and family connections instead of being taken by professionals with proved skills and managerial experience. Following this sense Pereira (2014), former deputy and lecturer, referred that "*the level of requirement to work in public services it's already so low, regarding the ones there now.*".

Paulo Morais, university lecturer and Vice-President of the Association for Transparency and Integrity, former member of Oporto city government, states that promiscuity between politics and business is the main catalyst of corruption in Portugal, without any distinction between politics and business since the political activity has been captured and it's in service to some economic groups (Baptista, 2014).

According to this teacher and researcher, Portuguese justice is ineffective with corruption and the achieved results are disappointing since there is neither convicted or arrested persons nor, as in other countries, recovery of any assets from corruption crimes.

He explains that "*the financial sector, through the influence that it has in the State, manages all kinds of supports, transfers many risks for the State and still get huge returns at the expense of Portuguese sovereign debt. In turn, we note that urbanism is a sector where it is possible to turn agricultural land into building plots, generating capital earnings of 600 to 700% similar to the profitability of drug trafficking activity. In public-private partnerships are guaranteed to private investor's huge profitability without any risk for them.*"

Some of the measures that must be taken to increase the fight against this type of crimes are, according to him, "*taking away fortunes in corruption cases, suspend State payments in irregular and illegal contracts and separate completely business from politics through a very restrictive law of incompatibilities.*" (Baptista, 2014).

The supposed and commonly noticed corruption in turn of government procurement and public contests are, several of them, related with municipal governments and mayors due to favoritism given to some providers in exchange of favors and illegal payments to public decision-makers.

Very often this type of procedures are revealed by the external signs of fortune that some public representatives and workers and even politicians show without any compatibility with their known goods and incomes which can identify possible cases of corruption in it´s different forms.

This type of evidences become quite common and gave origin to a number of legal investigations. Some years ago a police branch made an investigation to a former Mayor of a Portuguese north municipality that supposedly received an huge amount of money from an economic group, with the involvement of a third part between them, in order to allow the construction of two medium-sized commercial surfaces in a forbidden area of the national ecological reserve with an alleged violation to the metropolitan master plan (Público, 2003).

Even now a former Portuguese prime minister and others accused are under investigation and some of them are in preventive jail with the suspicious of money laundering, tax evasion, corruption and illegal intervention in businesses promoted by governmental departments in order to get about 23 million euros in illegal profits, all of this with supposed connections to private companies, contractors and public-private partnerships also under investigation.

Looking to Russia, the sanitation in 2011 of the Bank of Moscow took place when it was revealed that the portfolio of the bank did not allow it to have financial stability as a result of poor management practices and aggressive accounting disguise policies. Russian government had to invest 10 billion euros to provide its liquidity before the cleanness of bank VTB could start its antirecessionary procedures.

These was just one example in a row of about thirty others (in all cases Russian central bank was providing money to provide proper crisis management of these banks), all due to unsustainable portfolios and high deposit rates that banks could not afford but were implemented by bank managers to attract customers (Zubova, 2014).

Skolkovo business school was a promising educational project build on principles of practice-oriented management education and attracted the attention of former Russian President, Dmitry Medvedev, who decided to ensure development of Russian Silicon Valley on the basis of this institution. During five years the project had not achieved any of the set goals (Reuter and Golunov, 2015).

Even a worse situation happened to proposed Smart-city, a satellite city of Kazan, which was supposed to become a place of life, work and innovative entrepreneurship. But the project was closed in February 2015 after five years of implementation.

In pursuit to become the biggest Russian retailer of children goods, Banana Mama retail chain was implementing a very aggressive strategy that involved covering of all Russian major cities. To gain big market share the company was postponing payments to suppliers and rental payments, which resulted in bankruptcy after suppliers' refuse to continue shipment.

The competitive strategy of KamAZ plant which is a major supplier of trucks in Russian Federation, was to achieve preferences from the Russian government which would allow the company to acquire utilization fee from the government for replacement of old trucks (more than 20 years old) by the new KamAZ ones.

To ensure this KamAZ general manager's wife became a member of the Parliament to do the lobbying. The strategy failed when in 2014 Russian government refused to provide suggested privileges to the plant, and resulted in losses which were unexpected.

Rosneft company had risen on the basis of former Yukos main asset, Yuganskneftegas (Chaika, 2004), and exploited it since 2004 when it was acquired. By using this asset Rosneft acquired technology, equipment, human, information and organizational capital which allowed it to be profitable for a decade. But the drop of oil prices in 2008 and later in 2014 revealed that the company had not developed any of its own core competences to ensure competitiveness.

Daughter companies of Gazprom, one of the major Russian companies, in the beginning of 2015 was buying 39 iPhones with Swarowski crystals for the company together with pens with gold and platinum platter. At the same time North Caucasian Energy company was spending money on Versace handkerchiefs and Montblanc pens for “celebration of victory in World War II” (Volkova, 2015). At the same time both companies are claiming losses and as they are natural monopolies, are constantly applying for government approval of tariffs’ increase.

In October 2014 Moscow Arbitrary Court proved the right of one of the main Russian TV channels (TV channel “Pervyi”) to use the original concept of Endemol program concept (a UK entertainment channel) without paying for property rights (Boletskaya & Bryzgalova, 2014).

The suit of the owner of TV concept of the program in question (*Your Face Sounds Familiar* in the original program version) was declined as the court “*had not found evidence that any of the protected elements were copied*”, though the defendant, the Pervyi channel, did not even disagree that the programs are very similar.

Hence the Arbitrary court in fact allowed the use of other’s intellectual property in case the defender claims it had changed something and created a different and better product, thus providing Russian companies with a competitive advantage.

4 The Management Deadly Sins

The existence of such cases, when management practices seem to stimulate decrease in long-term efficiency of the companies by achieving a short term result, in authors’ opinion, require provision of a concept that can provide a structure to describe mismanagement practices.

The achievement of profits without sense, rules or limits and sometimes by implementing illegal practices, lies, distortion of facts and figures and creation of false information about trades and businesses are some of the sins of managerial practices and behaviors seen above.

A distorted desire of ambition, greatness and recognition by managers and entrepreneurs among society and business partners can be considered a sin with impact in organizations leaded by this type of managers, with the whole business structure created and developed for these propose and conducted in their own image and wishes.

If one considers reasonable the desire and ambition of any entrepreneur or manager to grow and ensure high growth rates of its businesses, the lack of experience in some chosen activities allows us to consider unacceptable to reveal an excessive ambition to build an empire when nothing exists apart from a deep mixture of misplaced desire for greatness and a would-be recognition and distinction about something not yet implemented.

Even the strategic option for markets and businesses with strong growth and high returns without owning any experience and real knowledge about them may reveal an excessive voracity to get high profits in a relatively short period of time without taking in account the investments needed to be made.

The same idea can be considered about the decision on exclusive investments as a way to mark an international expansion, mainly for management leaders to express a certain exuberance and profound need to exceed expectations from other competitors and among the ones next to them, by creating a manifestation of exclusivity revealed afterwards by the facts as an option lack of a solid analysis and strategic coherence for who is taking its first steps in strongly competitive activities.

Following previous understanding, the option for markets and strategic movements decided upon what others do without a proper examination about their own and the core competences of its organizations are, from time to time, a consequence of envy about others success, being sometimes this attitude a revenge on them and a way to claim the same capacities to achieve the same goals.

Negligence and inaction of companies in the turbulent environment can be also considered a management sin if manager’s don´t take into account any changes in industries and competitors and other conditions in the engaging environment, continuing to develop “business as usual” without taking in account the need of reworking its structure and management practices according to changes on economies.

The lack of ethical principles in management actions when taking as a priority in managerial decisions the specific interests of small groups, persons and corporations against the common good of all different stakeholders, sometimes using illegal practices, is also one of the common management sins that led to the collapse of plenty of companies, businesses and other private and public organizations.

Considering all the previous analysis and other facts released before in this research, the authors propose the following establishment of the seven sins in management practices and behaviors.

Table 2 Sins of management practices and behaviors

SIN	MANAGEMENT PRACTICES AND BEHAVIOURS
PRIDE	. Building a "show room" instead of a company . Manipulation of management reports to ensure good external perception of organizations . Revealing widely signs of organizations richness . Arrogant positions and behaviors
ENVY	. Simple copy of other company's strategy . Show that its company is doing the same things better than a competitor instead of developing its own core competences . Practices of favoritism and influence within decision-makers . Search for appointment to relevant positions . Lack of transparency in actions and behaviors
LAZINESS	. Involvement in minimal economic activity . Gain of privileges to ensure profits instead of competing in the markets . Negligence and professional malpractice . Irregularities in accounting . Power abuse to influence businesses . Dishonor of others
ANGER	. Aim to get rid of competitors at any price . Ensure about competitors problems instead of building its own competitive advantage . Revenge on third parties . Rebellion against official institutions . Defamation and insults over third parties
GREED	. Involvement in informal and manipulative activities to earn extra profits . Ambition and power struggle . Active corruption . Handling of influences . Money laundering
GLUTTONY	. Overwhelming pursuit for profits . Profits gained by ilegal activities . Illegal practices to increase heritage . Disguise of earnings . Cover-up of information . Privileged use of information . Illegal enrichment
LUST	. Spent of company's money in products and services unnecessary for company development . Spent of company's money in luxury products to managers and others . Forgery of documents and information systems . Economic and policy promiscuity

Source: Own work, 2015

Conclusion

The present study aimed to establish an analogy between the concept of capital sins and some common failures and errors committed in the development of economic activities.

In this paper we suggest that one of the main reason for companies' unsustainability is the desire of managers to perform what we can consider deadly sins on behalf of the governed companies and, as we can derive from the above mentioned cases, the framework of seven deadly sins becomes a conceptual model for evaluation of mismanagement practices, seeking to establish an analogy between the concept of sins in the religious domain and morally reprehensible practices in economic activity.

In this sense, we directed our study to the research and analysis of several real business and management cases, most of them profoundly documented and largely released, where we could find different faults and behaviors that reveal a lack of respect for the collective good, to citizens and economic agents and to the established rules of management practice, especially with well-known cases from Portuguese and Russian economies.

The main limitation of this study is the small number of cases used to identify the boundaries of the proposed concept, made from the sensitivity of the researchers with limitations on time and information sources as well as the limitation of the study to known cases of Portuguese and Russian economies.

In spite of this limitations, we can conclude with the observation of the cases previously exposed that actual "sins" of non-sustainability are mostly the same in Russia, Portugal and other countries despite cultural and economic differences.

Hence the future research is intended to evaluate a bigger sample of management cases in order to gain additional evidence on the concept and also to get a quantitative evaluation of the data on mismanagement practices to cluster those, gaining a quantitative justification of the proposed concept.

Other future possibility to deepen this research is with the development of an inquiry regarding mismanagement practices to be evaluated and answered by several economical agents, from managers to supervision authorities passing also by different stakeholders, in order to validate the research carried out and seek the existence of other postures suitable to characterize more specifically and comprehensively each of the deadly sins listed.

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