International Project Week 2017 - Metropolia University of Applied Sciences
METROPOLIA BUSINESS SCHOOL "*Business Ethics & Sustainability*"
May 14th – 19th, 2017 - Helsinki (Finland)

BUSINESS ETHICS AND THE SINS OF UNSUSTAINABILITY: A COMBINED APROACH BETWEEN THE NEW ETHICS CHAIN OF VALUES AND THE DPOBE MODEL FOR ORGANIZATIONAL SUSTAINABILITY.

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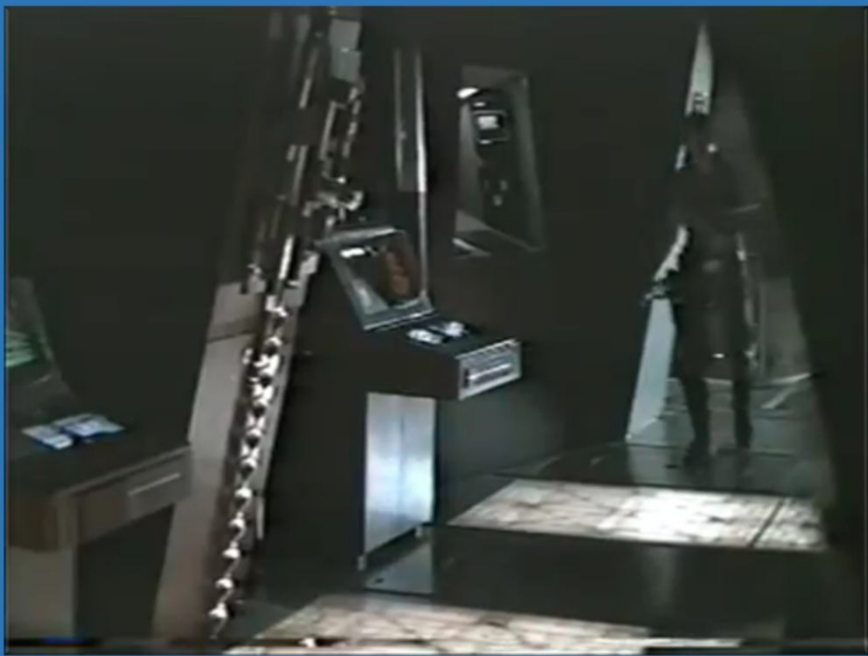
Some questions for reflection:

"The lack of ethical managerial principles can bring unsustainability in profitable companies and other organizations? How?..."

"The so called sins of unsustainability are related with managerial practices far away from business ethical and moral principles?..."

"With the lack of ethical managerial principles are we in the presence of the DARK SIDE OF MANAGERIAL FORCES?..."



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A fiction history in several small chapters

or

"*Where did I saw this history before?* "

(Any facts or presented scenarios are not simple coincidences!)

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Chapter 1

The CEO of a medium company asked to its official accountant to "make-up" company's accountability in order to get "better figures" to stockholders and banks.

The accountant mentioned that it was against his Guild practices and governmental rules and it could let him loose his official grant as certified accountant.

The CEO insisted on the request, adding that if he didn´t do this his place in company would be questioned and may even lead to an unilateral finish of his employment contract due to serious incompatibility with the management board and failure with company's policies.

Fearing the loss of his job, the accounting officer proceeded with the requested changes and certified enterprise's accounts as legal ones.

Comments?...

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Chapter 2

A group of strong stockholders of the company met with the CEO in which he explained the issue of the "accounting changes" done.

Although showing some reservations the stockholders approved the decision of the CEO (named by them), enabling him to go to the banks to show the financial reliability of the company in order to get the loan they needed to invest in a new market.

According to a study conducted internally, this new market showed a strong growth potential and high financial return.

Comments?...

Chapter 3

Based on company's accounting data and the information provided about the objectives pursued with the investment, the bank approved the requested loan.

With the investment assured, the group of strong stockholders accepted the CEO suggestion to employ a recognized specialist to lead this new market project.

Given the expertise and training required for this function, the stockholders granted full freedom to the CEO to negotiate remuneration and working conditions with the new employee.

Comments?...

Chapter 4

The candidate chosen to lead the project, knowing its details and the conditions for its implementation, decided to accept the challenge due to the remuneration and working conditions proposed by the company.

He decided to finish his career of more than two decades in previous company where he worked and in which played first-line management functions for more than five years, to embrace this new professional challenge extremely well-paid.

The new project leader never had any previous information from the CEO or prior knowledge about the way it was achieved the loan nor about the conditions settled in the study that led to the decision to invest in this new market.

Comments?...

Chapter 5

The new leader of the project, given the size and details of the desired business, decided to ask a longtime collaborator in his previous company to join the leading team of this new challenge.

For such he presented an interesting and well paid proposal that the longtime collaborator accepted.

Consequently, this longtime collaborator and now his "right arm" in the project ended a rising career of almost fifteen years in his former enterprise.

Comments?...

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Chapter 6

The management team of the new business began to develop and implement the same based on the information contained in the study internally conducted, in particular regarding the potential of business growth and the expected financial return.

However, after a while and at an early phase of development of the new business, they realized that the basic assumptions considered for the investment did not translate the reality of the market and the expectations about financial return had been fairly blistered.

Comments?...

Chapter 7

With business development far from the original expectations, the investment and operating costs were clearly higher than the incomes generated by the business in this new market.

In addition to the distortion of the accounting structure of the company, the massive use of other financial resources to cover continued losses arising out of this new market (mainly third-party capital and stockholder's loans) has strongly increased the level of indebtedness and the substantial reduction of economic and financial performance ratios of the corporation.

Comments?...

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Chapter 8

The hostility between the CEO and the leader hired for the project grew deeply.

The CEO stated that the objectives that the project leader has undertaken with the company were largely compromised due to bad management practices and policies followed and the obvious inability to develop a business like this by the project leader.

On the other hand, the business leader put emphasis on the fact that all the work of implementation and development of the new business have been supported in the study prior to his entry into the company, based on wrong assumptions and market analysis too optimistic that served to support the investment decision in the new market.

Comments?...

Chapter 9

Due to the obvious managerial differences between the CEO and the project leader and the growth of losses with the new deal, they both reached to a friendly agreement in order to dismiss the leader of the project, receiving him a huge financial compensation for it.

The CEO together with the company's reference stockholders decided to continue the investment in this new market, assuming the CEO the leading of the project until it was found a management alternative for this specific business.

Comments?...

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Chapter 10

The difficulty in obtaining funds for payment of commitments with third parties induced company managers to take drastic measures.

Were dismissed about 50% of the employees, renegotiated the payment of salaries with other employees and it was attempt the negotiation of debts with banks and other creditors.

Not approving the presented plan, several banks have submitted to Court an application for company's insolvency with the aim of recovering their money.

With the nonexistence of sufficient credits, the Court declared company's bankruptcy.

Meanwhile, the CEO along with the hard core of company's stockholders decided to create a new enterprise to carry on previous businesses.

Comments?...

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Comments and general discussion about this brief, sad and unfortunately common history?...

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Thanks for your attention, see you next lecture!