



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



# THE SEVEN SINS OF UNSUSTAINABILITY

PROCEEDING OF SELECTED PAPERS "PERSPECTIVES OF BUSINESS AND ENTREPRENEURSHIP DEVELOPMENT"  
 15<sup>th</sup> INTERNATIONAL CONFERENCE AT BRNO UNIVERSITY OF TECHNOLOGY - FACULTY OF BUSINESS AND MANAGEMENT  
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Empirical facts about managerial practices and behaviors <sup>(1)</sup>

- **Lehman Brothers Holdings (2008)** – accounting manipulation, largest bankruptcy in US, global impact on financial system;
- **Bernard L. Madoff Investment Securities (2008)** – reference in Wall Street, edge fund fraud with Ponzi scheme (more than 50 billion dollars), top managers and owners in jail/suicide;
- **Private Bank BPP (Portugal, 2010)** - Bank of Portugal decreed it's end, legal procedures for bankruptcy, administrators and managers accused of accounting distortion, tax crimes, money laundering and fraud;
- **Autonomy Corporation (UK, 2011)** – aggressive accounting practices and manipulation, Hewlett-Packard paid more 11 billion dollars than the company value;



*Empirical facts about managerial practices and behaviors* <sup>(2)</sup>

- **Espírito Santo Group (Portugal, 2014)** – several companies and holdings declared insolvent in Europe and US, bad management practices, huge amount of uncovered debts, 21 disobediences against previous instructions issued by the banking supervision authority, Portuguese Parliament Commission to investigate the origin of the problems;
- **Private Bank BPN (Portugal, 2008)** – nationalization by the Portuguese Government due to bad management, almost 2 billion euros of debts, irregularities and law violations, investigations running in courts, preventive jail of one bank administrator;



*Empirical facts about managerial practices and behaviors* <sup>(3)</sup>

- **Portugal Telecom (2015)** – top managers and stockholders decided and earned in salaries, bonuses and stock rewards almost 3.5 billion euros since 2010, nonstop falling of organization's stock value up to 92% in the first half of 2014;
- **Ydreams (Portugal, 2014)** – recognized in Portugal and abroad by the quality of its management and great organization's value, since 2011 with delays on salaries payment to their employees, claimed debts of 18 million euros from 180 creditors;
- **Aquapura Hotels Villas & SPA (Portugal, 2010)** – recognized CEO and entrepreneur stated "I want to build 10 to 12 hotels in 10 to 12 years!", company in a special recovery process, 46 million euros list of claimed debts;



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*Empirical facts about managerial practices and behaviors* <sup>(4)</sup>

- **Portuguese North City Council (2003)** – investigation to a former Mayor due to a huge amount of money paid by an economic group to allow the construction of two commercial surfaces in the national ecological reserve;
- **Former Portuguese Prime-Minister and Others (2014)** – under investigation and/or in preventive jail, suspicious of money laundering, tax evasion, corruption and illegal intervention in businesses promoted by governmental departments, 23 million euros in supposed illegal profits connected with private companies, contractors and public-private partnerships;



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*Empirical facts about managerial practices and behaviors* <sup>(5)</sup>

- **Bank of Moscow (2011)** – sanitation of the bank by the Russian government, 10 billion euros of investment to provide liquidity before cleanness, poor management practices and aggressive accounting disguise policies;
- **Skolkovo Business School (Russia)** – educational project based on practice-oriented management education, five years of project without any goals achieved;
- **Banana Mama (Russia)** - retailer with a very aggressive strategy to gain big market share, company was postponing payments to suppliers and rental payments, bankruptcy after suppliers' refuse to continue shipment;



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## The Seven Deadly Sins

- Or 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;
- 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;
- St. Thomas Aquinas analyzed the gravity of each sin and ranked them in to seven distinct categories:



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## The Seven Deadly Sins

(St. Thomas Aquinas in *De Veritate, Thomae Aquinatis Opera Omnia*)

SIN	MAIN CHARACTERISTICS AND ACTS
<b>PRIDE</b>	Vanity, distorted desire for greatness, arrogant and presumptuous postures, ostentation, futility, excessive demand for excellence, obstinacy, snobbishness, desire of honor, recognition and distinction.
<b>ENVY</b>	Preventing others glory, reach others badly, lessening goods from others, saying bad things about others, gossip, defamation, gluttony for what others have.
<b>LAZINESS</b>	Negligence, inaction, indolence, sadness about something bad, abandon of duties, instability on personal intentions and objectives.
<b>ANGER</b>	Desire for revenge, accusations, insults, shouting, indignation, blasphemy, offenses to third parties, disparaging words, messy and cluttered speech.
<b>GREED</b>	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.
<b>GLUTTONY</b>	Huge appetite, lack of moderation in eating and drinking, expensive foods, food preparation refinements, anticipation and misplaced desire, excesses committed, intelligence anesthesia, ignorant joy.
<b>LUST</b>	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.

## The Management Deadly Sins <sup>(1)</sup>

SIN	MANAGEMENT PRACTICES AND BEHAVIOURS
<b>PRIDE</b>	<ul style="list-style-type: none"> <li>. Building a "show room" instead of a company</li> <li>. Manipulation of management reports to ensure good external perception of organizations</li> <li>. Revealing widely signs of organizations richness</li> <li>. Arrogant positions and behaviors</li> </ul>
<b>ENVY</b>	<ul style="list-style-type: none"> <li>. Simple copy of other company's strategy</li> <li>. Show that its company is doing the same things better than a competitor instead of developing its own core competences</li> <li>. Practices of favoritism and influence within decision-makers</li> <li>. Search for appointment to relevant positions</li> <li>. Lack of transparency in actions and behaviors</li> </ul>
<b>LAZINESS</b>	<ul style="list-style-type: none"> <li>. Involvement in minimal economic activity</li> <li>. Gain of privileges to ensure profits instead of competing in the markets</li> <li>. Negligence and professional malpractice</li> <li>. Irregularities in accounting</li> <li>. Power abuse to influence businesses</li> <li>. Dishonor of others</li> </ul>
<b>ANGER</b>	<ul style="list-style-type: none"> <li>. Aim to get rid of competitors at any price</li> <li>. Ensure about competitors problems instead of building its own competitive advantage</li> <li>. Revenge on third parties</li> <li>. Rebellion against official institutions</li> <li>. Defamation and insults over third parties</li> </ul>

## The Management Deadly Sins <sup>(2)</sup>

SIN	MANAGEMENT PRACTICES AND BEHAVIOURS
<b>GREED</b>	<ul style="list-style-type: none"> <li>. Involvement in informal and manipulative activities to earn extra profits</li> <li>. Ambition and power struggle</li> <li>. Active corruption</li> <li>. Handling of influences</li> <li>. Money laundering</li> </ul>
<b>GLUTTONY</b>	<ul style="list-style-type: none"> <li>. Overwhelming pursuit for profits</li> <li>. Profits gained by illegal activities</li> <li>. Illegal practices to increase heritage</li> <li>. Disguise of earnings</li> <li>. Cover-up of information</li> <li>. Privileged use of information</li> <li>. Illegal enrichment</li> </ul>
<b>LUST</b>	<ul style="list-style-type: none"> <li>. Spent of company's money in products and services unnecessary for company development</li> <li>. Spent of company's money in luxury products to managers and others</li> <li>. Forgery of documents and information systems</li> <li>. Economic and policy promiscuity</li> </ul>



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Comments about this  
classification of managerial  
actions and behaviors?...



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**Thanks for your attention,  
see you next work!**