

Research design db



Running Head: Research Design A Research Design In APA Style I. Enron

Introduction Enron is one of the most controversial companies in the present era on the basis of the bankruptcy that had occurred in 2001. Upon analysis of the said event, it can be considered that managerial decision making is the main cause of the fate of Enron. The collapse of the company can be attributed to the misuse of data and fraud in a serious sense (Fusaro, Miller, & James, 2002).

Collapse of Enron

1. The Misuse of Data

The manipulation of the company's financial and accounting records is the main crime committed by the financial personnel of the company. Such actions target the virtually higher value of the Enron stocks in the market that insured continuous and even increasing investor support. The said actions resulted to a vicious cycle of manipulating records to be able to present a continuous growth of the company (Fusaro, Miller, & James, 2002).

2. Results of Data Misuse

Basically, the misrepresentation of the company records can be considered as an escalating problem that is a continuous threat to the company's survival. The fraud has been kept for long due to the fact there is an existence of accounts in other countries that were able to hide the real losses of the company. In the absence of such accounts, the manipulation of the records cannot be possible. On the other hand though, although the said actions are carefully undertaken, the unconventional presentation of records continuously raised suspicion until the said company finally collapsed due to the lack of supporting assets (Fusaro, Miller, & James, 2002).

3. Limitations and Significance of the Data

The misuse of the data by Enron can be considered to benefit the reputation and the price of the stocks during the particular time. The company had been able to continuously lead the market although loses can be considered substantial. The said loses which are well hidden during that time had been the cause of the fall of the company. Every data that are related to finding out the crimes committed limits the operation of the company (Bazerman, 2006; Fusaro, Miller, & James, 2002).

4. Ethical Implications of Data Misuses

In relation the ethical implications of the Enron case, the fraud and deceit of the different parties that are involved can be considered as the main issue. Basically, any misrepresentation of data specifically in business organizations can be ethically questioned.

Conclusion

The fact that the company lacks the real assets that amounts to the values represented in the records can be considered as the main basis of the bound failure of Enron. In addition, the ethical implications of such actions of the financial personnel can be considered of detrimental effects in any business organization and company on the basis of fraud and deceit. One of the main crimes in addition to the manipulation of the records is the betrayal of the investors. Although attraction of investors may mean presentation of records in the positive way, manipulation of the highest degree is not only fraud but can also be of detrimental effect and harm to the company's stability itself.

References:

Bazerman, M. H. (2006). *Judgment in managerial decision making* (6th ed.). Hoboken, NJ: Wiley.

Fusaro, P. C., Miller, R. M. and James, T. (2002). *What Went Wrong at Enron*: <https://assignbuster.com/research-design-db/>

Everyones Guide to the Largest Bankruptcy in U. S. History. John Wiley and Sons, 2002.

II. Non-Rational Escalation of Commitment

Introduction

In the business community and even in other types of organizations, trust can be considered as an important factor. This can be attributed to the fact that trust is important in the accomplishment of different actions and establishment of different decisions. The non-rational escalation of commitment is one of the cognitive actions that can be related to a decision to be able to recover from certain loses which can be attributed to decisions made by the company.

The Issues Related to Non-Rational Escalation of Commitment

1. Circumstances Leading to Escalation of Commitment

The scenarios wherein non-rational escalation of commitment can be observed can be related to cases wherein certain assets had been lost due to wrong decisions and miscalculations. For that matter commitments and decisions from the group which for some reasons can be irrational in certain cases and standards are made (Bachman & Zaheer, 2006). Basically, when related to issues on trust, it can be considered to equate in cooperation and commitment. Thus when decision of the group can be considered non-rational, individual judgement falls secondary to trust.

2. Occurrence of Non-Rational Escalation of Commitment

Another important issue that can be relation to the escalation of commitment is the occurrence of the said event in different scenarios. Included in the said scenarios are those that can be considered to have detrimental effects to the different related parties. It can be observed in

markets wherein there are companies with the capacity to monopolize. Other cases involve marketing and arm races that can test the consensus of the group. The performance of the workers in a company that can lead to demonstration and strikes can be also considered as escalation of commitment to non-rational issues (Bachman & Zaheer, 2006).

3. Reasons for Non-rationality

The escalation can be considered irrational on the basis of the fact that there are cases where in there are differences in the decisions and opinions of different groups in the said company and organization. For that matter, even if there are cases wherein the decision or the consensus of the whole group is non-rational, standards are to be followed and actions are pursued mainly trusting on the judgement of the whole group that the consensus had positive effects.

4. The Effect of the Escalation of Commitment

Based on the different issues discussed the effects of the escalation of commitment can be considered of more detrimental aspects rather than positive due to the lack of rationality. The impact of the escalation of commitment then is comparable to the influence of subgroups in the decision of the whole organization or company. Basically, trusting the group regardless of the non-rationality of the decisions can be considered to bring the negative effects of the said scenarios.

Conclusion

Based on the study of the escalation of commitment in the non-rational way, it is important due to the fact that decisions that are made often mean that influence can affect consensus with the assumption that it is for the benefit of the whole group, organization or corporation.

References:

Bazerman, M. H. (2006). Judgment in managerial decision making (6th ed.).

Hoboken, NJ: Wiley.

Bachman, R. and Zaheer, A. (2006). Handbook of Trust Research. Edward

Elgar Publishing, 2006.