

Bankruptcy

[Business](#), [Management](#)



Bankruptcy Bankruptcy Social and ethical responsibilities are the two major traits that a person must possess before starting any type of business. Filing for bankruptcy in reality, is the last resort in the minds of Entrepreneurs, because this act is considered bad for a person's reputation. According to my opinion, filing for bankruptcy is both a social as well as an ethical responsibility. It allows the entrepreneur to send a clear message to his clients that he will not be able to pay his debts. It also allows the lower staff to understand that they will not gain any profit from the company. Filing for bankruptcy is like being honest to the people around you. When an organization files for bankruptcy it gives the decision making ability to the working staff to become decisive on whether to invest more in the company or just simply stop. It allows the subordinates to know the conditions in which they are going to work (Miller 2012).

If I came to know that my company is about to collapse then the first sensible thing to do is to file bankruptcy. Filing bankruptcy will allow me to get creditors off my back or negotiate with them to get a settlement in order to return only a certain percentage of the amount of money owed by the company. It also gives a certain time period in which the creditors will not be able to take any action against the company which will buy the entrepreneur some time to find new sources of cash.

References

Miller, R. L. (2012). *Fundamentals of Business Law: Summarized Cases* (9th Ed.). Mason, Ohio: Cengage Learning.