Rep 105 case study

Business

Describe the situation of the Lehman brothers from an ethics perspective. What’s Our opinion of what happened here? Lehman’ executives exploiting loopholes in the accounting standards to manipulate their balance sheet in order to mislead the investing public is the ethical issue that contributed to the company’s collapse.

Lehman was able to clear vast amounts of unprofitable assets off of its balance sheet instead of selling them at a loss by using Rep 105. There was evidence that the chief executive knew about the use of Rep 105, but pretended to not know anything about it.

The main motivation Enid Rep 105 was to keep the investors’ confidence by trying to prevent a crash in the stock. The result was that Lehman was projecting a false image of its financial status. Investors were tricked into believing that their investments were safe as Lehman forged accounting reports. 2.

What was the culture at Lehman Brothers like? How did this culture contribute to the company’s downfall? At Lehman brothers, employees that too excessive risks were rewarded and employees that questioned said risks were ignored and dismissed. Also, questionable deals were rewarded heavily, and company managers made many business mistakes. E risks caused Lehman to make a vast amount of business mistakes and provided a culture that produced bad Judgment and poor decisions making. The culture pushed anyone that did not agree to what others were doing to the bottom of the ladder. 3. What role did Lineman’s executives play in the company’s collapse? Were they being responsible and ethical? Rhea executives at Lehman did not act ethically.

Said executives took risks and were rewarded when there was a positive result. Executives were making bad calls and rutting up misleading reports. When they saw an asset they did not like, they wrote it if as opposed to selling it at a loss.

People have lost faith in the market because executives making bad and risky decisions, and for having no respect for the people that have to deal with the consequences of the choices the executives have made. 4. Could anything have been done differently at Lehman Brothers to prevent what happened? Explain.

Managers can do a number of things if they are serious about encouraging ethical envious? hiring employees Witt high ethical standards and establishing codes to ethics, and leading by example. One of the things that could have been done to prevent what happened at Lehman Brothers would be for the executives to lead by example by being more ethical in their leadership.

The best way for employees to learn is by example, so if the top managers and executives are acting responsible and ethical, then so will the other associates. Demonstrating ethical and responsible leadership is being a role model for the company. Actions by managers have a strong influence on employees' choices and behavior. As an executive or manager, they should be leading by example.

One thing that could have been done to prevent the collapse at Lehman Brothers

Mould be to hire employees with strong ethical standards. By themselves, actions will not have much of an impact, but if an organization has a comprehensive ethics program in place, it can potentially improve an organizations ethical climate. Having strong sense of ethics should be one of the determining factors during the hiring process. 5. After all the public uproar overEnronand then the passage of the Serbians-Solely Act to protect shareholders, why do you think we still continue to see these types of situations? Is it unreasonable to expect that businesses can and should act ethically?

We continue to still see companies collapse because of unethical behavior because they are trying to avoid taxes, to lure in potential investors, and to please current investors.

This manipulation of financial information and reporting has led to the downfall of many companies. In order to reduce this from happening, the United States passed the Serbians-Solely Act. Strict enforcement of this law will go a long Nay in reducing these unethical practices. Unethical practices usually come from Individual managers who, when encouraged, turn their behavior into the company’s corporate behavior.