

# Yahoo reaction paper

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On the 3rd of May, 2012, Daniel Loeb, Yahoo's largest external shareholder, who then controlled 5. % of the company through his hedge fund - Third point, launched an attack on Yahoo! And its new C. E. O. , alleging that Scott Thompson had lied on his resume about his academic qualifications. This was a result of a proxy war between Yahoo! And Loeb, who being a major stakeholder, wanted his choice Of candidates on the board and saw Thompson as an obstacle. These allegations snowballed into a huge crisis during a trying period for the organization.

After rejecting a profitable takeover bid from Microsoft, steep competition from other internet giants and top level management issues, this situation weakened the company rather. Thompson, in his resume, claimed to have a college degree in accounting and computerscience from Stonewall College near Boston. This " claim" was published on the company's bio and annual report, a legal document whose validity and authenticity is confirmed by the CEO- He even certified these degrees in the Securities and Exchange Commission filings.

After receiving Lobe's letter stating that Thompson only had an accounting degree from Stonewall and the college didn't even offer a computer science degree at the time, Yahoo! Initiated an investigation. Upon receiving the findings of the investigation, Yahoo! Encoded that Thompson in fact only had an accounting degree and called the mistake an " inadvertent reproof. F- judging information on ones resume is something that many people indulge in, in order to make their profiles appealing especially in competitive job markets, a place where they fear loss to other capable candidates.

Scott Thompson probably didn't need to lie about this particular qualification as he was in fact more than capable to lead Yahoo! Given his past experiences in technology firms like PayPal and Visa. In my opinion, one of the most important methods of moral reasoning that one must adopt while making any professional or even personal decision, is the Rawls Liberalism moral method. As Minnie Moldavia rightly suggests, one should keep in mind that the decisions you make could eventually decide your social position in the future.

This future could not just have a positive or negative effect on you, but also the others who depend on and matter to you. Had Scott Thompson followed this method while making his resume as opposed to just a consequentiality approach, it is very likely he wouldn't have found himself in such a controversy. This saga did not just affect him, but also the organization, its shareholders and employees. Since Loeb first revealed Thompson padded resume, Yahoo's shares fell by around 3%. Since his tenure began, Thompson began to cut costs by laying off almost 14% of the Yahoo! Rockford, most of whom were in fact engineers and computer science graduates. Although the "Resume-Gate" seemed to some a minor error blown out of proportion, several disgruntled Silicon Valley employees questioned how they could work for an organization where the C. E. O. Claimed to be a computer scientist and actually wasn't. Employee and shareholder morale was at an all-time low, a situation caused by a decision made many years ago, which Thompson's rabble thought would never come back to haunt him. Thompson is not alone. There have been other C. E.

Co's who have lied about their credentials in the past and some have almost got away with it. Ronald Carmella, C. E. O of Bausch & Lomb, admitted to his mistakes and retained his position. Others like David Edmondson from Radiograms haven't been so lucky. In the name of marketing or branding themselves, people believe they can attract aspirations jobs and seem appealing to employers. More often than not, people do not need these little lies to achieve success or the job of their dreams. David Edmondson, for example, had climbed up the company ladder and had become C. E. O. Cause of his ability and skillset, not because of the degree he showcased on his resume. Radiograms may have been too harsh when they implemented their decision, but it was definitely for the long term stability of the company. From the observations so far, understand that the active agents are the board of directors at Yahoo, Scott Thompson and Daniel Loeb. Their decisions will affect the passive agents I. E. The shareholders and the employees. So were Yahoo! And Radiograms justified in asking their prized possessions to move on? As a decision maker, the questions one must ask, according to Graham Tucker, are as follows.

Is the decision Profitable? On firing Scott Thompson without cause, Yahoo! Would have to pay him a huge severance fee and stock grants of up to \$million. This would seem a huge compensation and a loss for the organization in the short term, but could definitely seem profitable in the near future as the stock prices were bound to increase, which they did upon Thompson resignation. Tucker also asks if the decision is legal. The answer to that is also yes. According to the Serbians-Solely Act of 2002, violators

face penalties of 20 years in prison and fines of up to \$million if the data submitted to the SEC isn't authentic.

Fairness of the decision is another question that Tucker asks. According to the Yahoo's code of ethics, all employees are expected to disclose fair, accurate, timely and understandable information in reports and documents filed to the S. E. C. This applies even to directors. It would be unfair to other employees if such conduct ignored what the top level management was up to. The decision of firing Thompson was also the right decision as this would not just set a strict precedent at Yahoo, but it would also salvage the company from a trying tuition.

No company would want their leader lying about anything let alone something as petty as three words on their resume. Trust issues creep in and shareholders could question the transparency and openness the company has to offer. Lastly, Tucker asks if the decision taken would ensure further sustainable development. I personally believe that during this predicament, in spite of multiple changes in management a few years earlier, a good change would benefit Yahoo's future growth. A situation like this sets a bad tone at the top and beginning afresh would uplift employee and shareholder morale.