

(This information is obtained through a discussion our team member had with an executive director on 4.9.13. He had been in the company before the crisis, at the times of crisis and few months after the crisis as well. He prefers to stay anonymous.)

➤ **Why did the crisis happen?**

The Golden Key was a credit card company. The whole company carried out with the Customer deposits. The people had a huge trust over the company so day by day deposits tend to increase and the new customers were persuaded to deposit their money on Golden Key because the company was providing higher interest rates. However many of them did not know that the company was not register in the Central Bank. Unfortunately many frauds happen inside the company because the responsible position holders did many frauds, by withdrawing and using the money for their personal use. This is where the crisis happened, because when the time pass the company was losing the money that was need for the smooth functioning of the company. The former chairman Dr. Kotalawela understood about the situation and he was doubt and was scared to face the crisis so he provided all these inside information's to the public by writing huge articles on newspapers and he resign from his position. The real crisis happened afterwards because the account holders heard that there are internal problems with in the company therefore all the account holders tend to pull out their money at once. Due to this the Golden key collapse and couldn't not manage the crisis well. Still their under courts orders and the problem has not been recovered fully.

➤ **How did it impact within the organization?**

The crisis spread to every corner of the organization, many employees lost their occupation because the company was unable to fund them, at the same time most of the high level skilled, experienced and trustworthy staff left the Golden key because they were not motivated to work under the company as it has spoil the reputed name of it and it's was really hard to win the trust of the customers back. This affected the whole functioning of the company.

➤ **What was the management's strategy?**

Actually according to my finding they haven't had a good management strategy before the crisis or after the crisis. They have not performing their functioning to a management strategy it was the main reason for the mismanagement & fraud inside the company. According to the research even after the crisis they have not involved in a proper management strategy or any action plan. Most of the debts were paid by selling the company assets which has creates some other problems too. As leaders they have not taken any responsibilities to involved in any strategy or a plan, this was the reason why the Golden key is still suffering from the crisis and has not recovered.

➤ **Was the crisis handled by an individual or by a team?**

It had been handled by a team. The team included the directors.

➤ **Were outsiders called in to assist?**

No.

➤ **How was the crisis communicated to the employees? What channels of communication were used? Did the employees hear about the crisis from the management or from the news?**

The crisis had being heard by employees through news. When the Dr. Kotalawela release the internal management problem to the public through articles that was the first time that the lower level employees got to know about it. They had been doubt and scare about their occupation and they have not being guided correctly after the crisis. So some employees had lost their jobs and some has moved out by expecting it to happen. Therefore it is apparent that a channel of communication had not used to pass the relevant information or news to the employees and they have not being guided properly as well.

➤ **What was the management hierarchy?**

Chairman



Deputy Chairman



Chief executive Directors (14)



Executive Directors



General Managers



Staff

➤ **What could've been done to prevent the crisis?**

Mismanagement was the main reason for the golden key to end up in this situation or in other word end up with a crisis. They should have worked under a strategy and action plans. Not only that if the rules, regulations and the security were monitored properly, fraud will not exist. The

main point is that the leader has not monitored the company well and it seems that he have not undertaken his responsibilities properly, if he did, this couldn't leads to such a big crisis. According to my opinion I think he has act as a laissez fair leader by giving empowerments to other, but if he was a Democratic leader he should reduce the crisis or limit at least without allowing it to spread. However at the time when he realized that there is bad situation within the company, and frauds are happening internally, he should have act as an Invitational leader who does not shows the real crisis and tries to create a positive impact on employees as well on account holders if so, they should have solve the problem slowly, step by step. If he insure that he dint provides & inform the internal problems to the public, the account holders will never tries to withdraw their deposits at once, so that they should have solve the crisis by implementing proper strategies and action plans. Even after the crisis the leader should have not left the company, he should apply the contingency theory where a leader can adjust and adapt to a changing situation.