

## **Effects on stakeholders**

Crisis happened as a result of directors giving a lot of autonomy to the managers of Golden Key. They also hadn't held board meetings for the last 4 years which is an indication of lack of supervision and leadership. Also they didn't communicate efficiently with the managers and the employees, as it can be seen that the employees got to know about the crisis and lost jobs through news.

Investors lost their investments as well as the expected returns since they were unable to get the expected profits from their investments.

Employees didn't get the salaries and other compensations for February 2009 and eventually lost their jobs. The power distance was so high that the employers were not involved in the decision making process. The employees got to know that their jobs are in danger through media and that shows that there was no transparency or communication between the employees and the management

## **How was the crisis communicated to them?**

The crisis had being heard by employees through news. When Dr. Kotalawela released the internal management problem to the public it was the first time that the lower level employees got to know about it.

They were left in doubt and therefore they were scared for their jobs. They had not been guided or communicated to correctly after the crisis.

## **Leadership Styles and strategies in the Ceylinco crisis:**

Leadership is one of the most observed and least understood phenomena on the Earth. Leadership was a key aspect in the Ceylinco crisis. It was as a result of mismanagement and lack of supervision from the directors that Ceylinco collapsed. Directors were not leading the managers properly (by giving them too much autonomy), which gave an ample opportunity to the managers to commit the fraud.

It was an autocratic leadership where the Ceylinco crisis is concern that Dr. Kothlawela has taken his own decisions regarding the businesses. We can suggest that he was a brilliant intrapreneur and manager but the decisions he took were not acceptable from the perspective of leadership. A good leader should have a clear vision about the future, a back up plan in a crisis and should not put his followers into trouble. He should also unbiased, selfless and needs to be transparent. We can't see these qualities when analyzing the Ceylinco crisis.

As the Golden Key Credit Card crisis grew, Ceylinco Consolidated Chairman Lalith Kotelawala made an unexpected move to sell Seylan shares to raise funds for Golden Key depositors. This was an autocratic move by the chairman. Though it looked like strategic move it was rather a selfish move to avoid personal responsibility. This can't be taken as a good leadership strategy in a crisis.

According to the investigation, it has been revealed that the financial statements and audit reports have been changed and adjusted with the consent of the senior management to deceive the board of directors. No board meetings were held during the past four years. According to the financial statement 2007 the Golden Key Credit Card Company posted a profit of Rs. 20 million but the actual loss was amounting to Rs. 7 billion. As a board of directors, one of their responsibilities was to conduct board meetings and keep an eye on the management of the company. Here, as a result of directors not fulfilling their basic responsibilities not only to themselves and the employees, other stakeholders had to pay for their mistakes. This would certainly question the accountability of the company.

### **How did communication affect the crisis:**

According to the researches, it is clear that directors, top level management nor employees had communicated well before or during the crisis. For example, no board meetings were held during the past four years. This would indicate that the directors didn't have any information regarding the financial position of the company in 4 years. This may also have led to a situation where the managers were doing the same mistakes over and over as there was no-one to supervise them. The communication process between management and the employees was also not that great since news articles show that the employees got to know about their jobs being at risk through the news instead from their employers.

If there is no proper communication, there is no motivation neither there is no leadership. If there is no leadership there will be no management. And when there is no management or proper management, it is hard for any organization to survive. Just like what happened with Ceylinco.