

THE TOSHIBA ACCOUNTING SCANDAL Harvard Case Solution & Analysis



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What Was the Scandal?



Toshiba

- · Company Toshiba for seven years had been lying about its profits. They had overstated by \$2 billion (Addady, Michal, 2015).
- · Company had made goals for their profits that were unrealistic and not met. Accounting issues led to inflating the results to met the goals (Addady, Michal, 2015).

Who Was Involved?

Company & Investors

- · Affected people included investors and shareholders (over 400,000 worldwide) who were
 - Customers who buy from the company were also affected by concerns of how honest the company really was (Addady, Michal, 2015).

Ethical Decision Making?

What Went Wrong?

Management of Toshiba, was flaved so file accountants and strapelyees were not able to go against their decisions. Documents were altered to satisfy these decisions that could not be net under not mell countants on the satisfy these decisions that could not be met under not mell circumstances.

How Was the Scandal Discovered?

How did it Affect Company & Investors?





What Happened to the Perpetrators?

Consequences

- Chief Executor of the company, Hisao Tanaka, stepped down from his position after the incident (CNBC,
- The company now is facing charges from \$2.4-\$3.2 billion (CNBC, 2015).

How Did Scandal Change Business & Accounting Environment?

- The company, in July, decided to change management to fix the problems in accounting and regain trust in shareholders, customers etc
- (Addady, Michal, 2015).

 Thought that the amount of independent executive members was likely the cause for a bad strategy that lead to faulty accounting (CNEC, 2015).

Works Cited

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Fthical Decision Making?

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Toshiba President Hisao Tanaka. 2015. The Times of India. Web. 12 June 2016. http://timesofindia.indiatimes.com/thumb/msid-48031838, width-400, resizemode-4/48031838, jpg>.

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- Customers who buy from the company were also affected by concerns of how honest the company really was (Addady, Michal, 2015).

Ethical Decision Making?

What Went Wrong?

- Management at Toshiba was flawed so the accountants and employees were not able to go against their decisions.
- Documents were altered to satisfy these decisions that could not be met under normal circumstances (Matthews, Chris, and Stephen Gandel, 2015).

 Another reason is thought that the company was trying to make up for loses that could occur due to the Fukushima disaster in 2011 (CNBC, 2015). could not be met under normal circumstances (Matthews, Chris, and Stephen Gandel, 2015).

How Was the Scandal Discovered?

- Third parties were hired to investigate bookkeeping and found the error.
- Incident first began in April when checks on bookkeeping started (CNBC, 2015).

How Did Scandal Change Business & Accounting Environment?

How did it Affect Company & Investors?

- When the accounting error was released, shares in the company fell for reasons such as distrust and less sales (Addady, Michal, 2015).
- Areas in Toshiba's electronics sales are no longer profiting (Addady, Michal, 2015).
- The largest department, memory-chips, is losing demand and sales in China (Addady, Michal, 2015).
- In Tokyo, shares went down 27% (CNBC, 2015).





Toshiba Commerce. 2016. Toshiba Global Commerce Solutions, Las Vegas. Web. 12 June 2016. .