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The Business Management Of Distress Situations

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Abstract

In this article, we have discussed the management of business during distressed situations such as crises. Internal code is considered as the backbone of the organization and it provides sets of rules followed by the board members during a stressful situation. The article will help to evaluate the impact of internal code on the shareholders as well as stakeholders. Different companies use internal code in a different way to address the challenges faced by them. The main findings present in the real world have been discussed in the article.

Keywords: Business management, internal code, crisis, distress situation, and stakeholders.

Introduction

Internal code is considered a special code that provides detailed information regarding the vote of directors. Internal code discusses the meeting conducted by the board as well as the strategy discussed and the people involved inboard. The rules for specifying the elected members are discussed in the internal code (Radulescu et al., 2018). Procedures for electing board members as well as corporate officers are done in the internal code and during the code, the board members are allowed to stop the services provided to the corporate officers. Age limit, deadlines, and reshuffling of the officers due to their fault are some of the terms through which the services of the corporate officers can be stopped.

As per Nayak et al., (2020), the business of the company can be managed by using the concept of internal code. The level of compensation for directors such as their annual participation in the board meeting as well as their annual salaries is specified through the internal code (Shayb & Musetescu, 2020). All the structural details, as well as operational addition, are covered in the internal code such as the number of directors involved in the board meeting as well as the number of internal and external and the time required for the mandates of directors (Roland et al., 2021).

Materials and methods

Research methodology is used to complete the study efficiently. Research design, research philosophy, research approach, and data collection method are the various methodologies used to fulfill the objective of the study. In this study, descriptive research designs have been used by the researchers to complete the study. A descriptive research design allows the researchers to complete the study in an effective manner (De Mezzo, 2021). In this study, positivism The research approach has been to understand business management in stressful situations. Positivism research philosophy allows the researchers to collect the data in a structured way (Kakti et al., 2021).

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Result and Discussion

One of the most common topics for the debate is the number of directors needed for representing the stakeholders (Fabeil, Pazim & Langat, 2020). In some of the studies, 7 to 8 directors are required for effective working whereas in most of the organizations 12 to 15 board members are required for effective working. The Majority vote of the board of directors can change the internal one of the organization that can affect the status of the company as well as state laws. Internal code should get special consideration from the incorporations.

Conflict in the driving mode brings the internal code in the play that helps in the correct implementation of the process governance (Sheth, 2020). For the private-open corporations, the annual shareholders' meeting is considered a major event. The board needs to communicate with the shareholders of the company when certain approval for any action is needed. Internal code can be implemented in the organization by analyzing the flexibility provided to the shareholders to submit their votes (Sarkar, 2020).

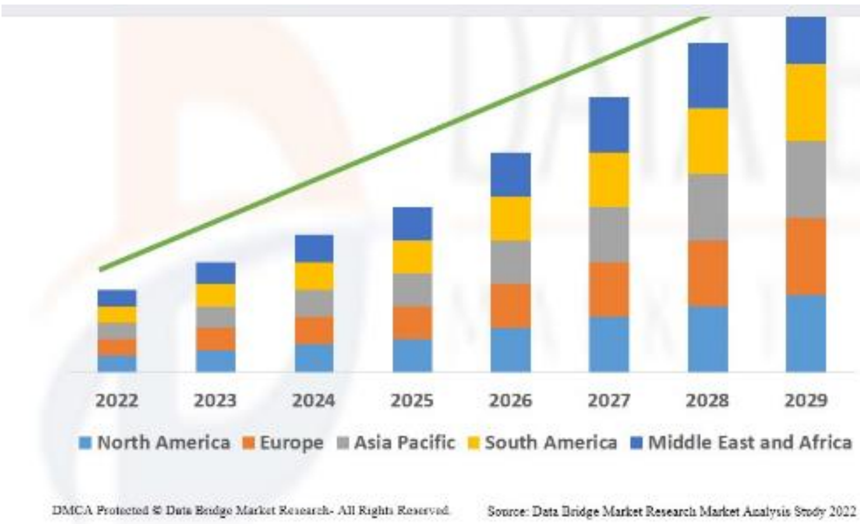

Figure 1: Workplace stress management market
(Source: created by author)

Starting points for the business differ in every corporation that shareholders may not present at all the stages of the development of business. As per Almahirah et al., (2021), the establishment of a new relationship between equity and debt through borrowing helps in the restructuring of the distribution of corporate capital. Some of the major moves involved in the corporate governance model are the creation of new classes of shares, selling assets, issuing new shares as well as selling the company (Sarkar & Osiyevsky, 2018).

Facebook uses two classes of sharing including class A and class B. As compared to class b sharing class A has 10 times higher voting power. 28% of the class A share is held by the founder of Facebook Mark Zuckerberg and the power of vote for class A is 57.1%. Mark Zuckerberg holds 9.1 % of the class A (Zhao, 2020).

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Total capital $ 50 million dollars (100% equity)	Expected earnings less than 20%	Expected earning	Expected earning plus 20%
Earning before Internet and taxes	5 12,000,000	$ 15,000,000	$ 15,007,000
Internet expense	5 12,000,000	$	$
Pretax income	5 4,200,000	$ 5,250,000	$ 16,000,000
Net income	5 7,000,000	$ 9,750,000	$ 11,708,000

Table 2: Financial Leverage in Corproate Capital
(Source; created by author)

When class A is shared by sale and becomes the share of class B. Other shares will go through the least one sale after a certain period through which the minority shareholder gets to provide a majority of the vote in the company. It creates a unique situation where L:ary Page and Sergey Brin acquire 30% of the class A share of the corporation however they are not involved in the majority of the decision. A sudden movement in their correlation creates long-term issues (Muparadzi & Rodze, 2021). As per Pandey et al., (2022), the principle and connection between corporate action and pressure created should be understood by the board of listed corporations that helps in reading resource time-consuming methods. In the organization, much of the working time is occupied by new millennium intensified trade (Muparadzi & Rodze, 2021).

The appointment of the same people on the board of directors helps in the discontentment of the shareholders. Some members of the corporate are the parrot of the board that is not able to give 100% of the attention leads to create dissatisfaction among the members. Merger and acquisition lead to the feeling of job security therefore it is important for the company to create new streamlines in the corporation and show their concern regarding the changes (Pappas & Brown, 2020). Removal of weak or failing leads to consolidating the two boards into one board. Two parts have to be discussed in the hostile takeover, such as the members who want to take the corporation as well as the members who want to stay in the position (Gupta et al., 2022). An additional bonus is given to the formers for granting exchange for actions that have been taken.

Stakeholder, hostile takeovers and the emergence of new regulations are three elements that created external pressure on the organization (Elali, 2021).

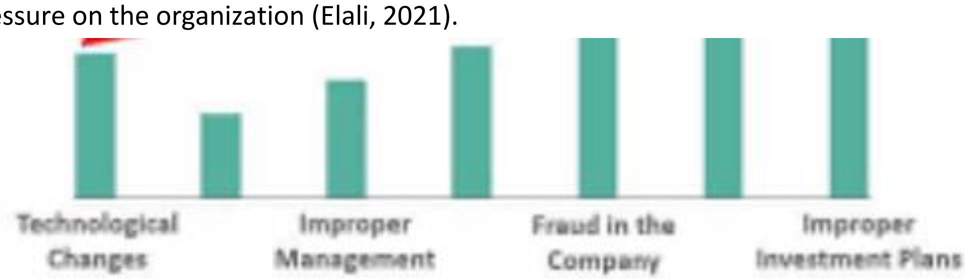

Figure 2: Finnancial distress in company
(Source: created by author)

Violation of human rights at the workplace at the beginning of the 20th century arises from activism among corporations. This phenomenon was started in the US that discusses the issues in unsafe and

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unhealthy conditions at the organization of food and drug manufacturers. Labor relations are considered as the key element for the elimination of salary and exploitation of children. The provision of minimum sanitary conditions was also imposed at the working place (Li, Lee & Lee, 2020). In activism, unions are created for protecting the rights of the employees. Transparency is another topic that has been debated by researchers. In the executive board, transparency is considered mandatory to protect and provide fair decisions.

Conclusion

During the 20th century activism among the organization was started due to violation of human rights at the workplace. The unsafe and unhealthy environment at the workplace place leads to the growth of this phenomenon in the US. Federal drug administration is a federal and state law that has been set up for eliminating the slavery system in the business. Several unions have been created to support the rights of the employee. Transparency in the executive board is one of the most debated topics by the research for the management of the business in a stressful situation.

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