

Businesses Built on Debts

Case Study #03

Scenario

Financial engineering may protect us from legal responsibility when things go wrong and losses incurred, but as Christian businessowners, we do have an ethical and moral responsibility to protect our stakeholders including:

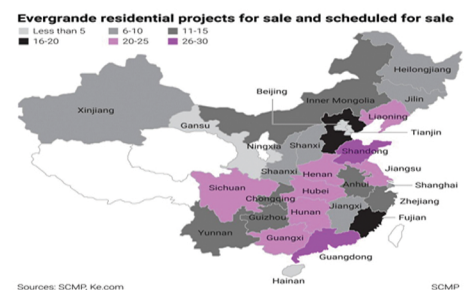
1. Investors who entrust us with their investment capital.
2. Lenders who lend us money for our business
3. Customers in good faith buy our products and services.
4. Suppliers, trusting our integrity, supply our raw materials and supplies.
5. Collateral damage to the society and financial markets, especially when the business is considered “too big to fail.”

Often, we hear the logic of using other people's money to grow business (leverage). Modern business schools advocate the use of leverage to magnify returns. **China Evergrande Group, until recently the world's largest property developer, owns dozens of stalled sites with unfinished construction. Buckling under more than US\$300 billion in liabilities, the company collapsed, leaving 1.5 million buyers waiting for finished homes. SCMP 16.10.2021 (Matthew 7:12, Ecclesiastes 11:2, Proverbs 22:7)**

Suppliers and creditors are seeking hundreds of billions of dollars of unpaid bills, as well as more than 70,000 investors and stalled construction on apartments for more than one million home buyers who invested their life savings on the promise of a more prosperous future, which has turned sour. *Jing Daily* – 4.11.2021

A financially distressed Evergrande caused illiquidity for its direct and indirect suppliers. Most of them are small and medium-size enterprises that rely heavily on large customers, not only for business but also for access to finance, often in the form of credit extended to Evergrande by sellers in order to move their product—supply-chain finance, that is. Mint Curator – 1.11.2021

“The plans of the diligent lead to profit as surely as haste leads to poverty.” - Proverbs 21:5



WHAT DO WE DO?

What does the Bible teach about borrowings and how do we apply to our business?



PROVERBS 13:11

Dishonest money dwindles away, but he who gathers money little by little makes it grow.

from Case Study #03

Philippians 2:4

Reflection Questions:

- NOTES & REFLECTIONS:**