**THE STATE UNIVERSITY OF ZANZIBAR**

**DEPARTMENT OF COMPUTER SCIENCE AND INFORMATION TECHNOLOGY**

**SCHOOL OF BUSINESS (SoB) CHWAKA**

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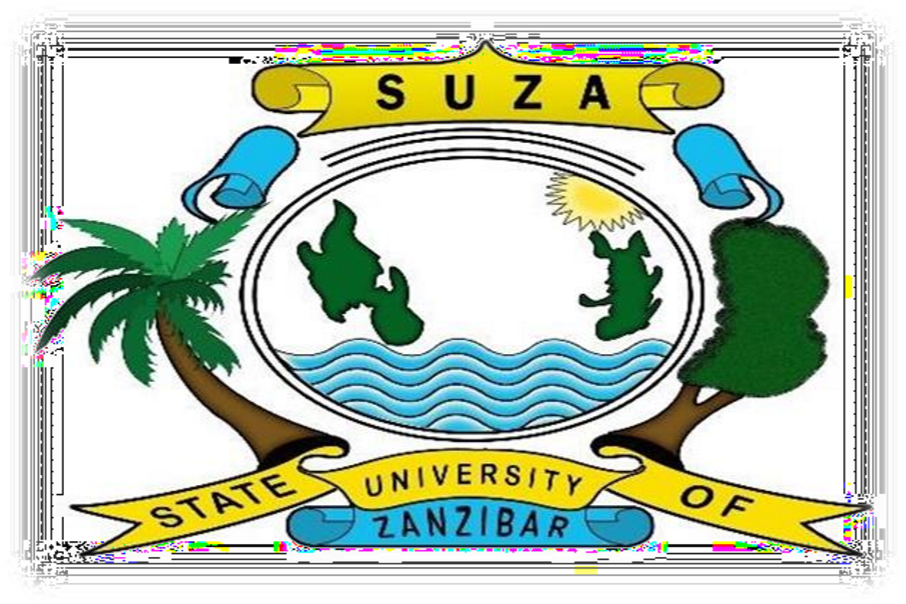
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**LECTURE NAME**

DR. ESTELLA

**SUBJECT NAME:**

CORPORATE GOVERNANCE



Introduction of WorldCom

WorldCom was one of the biggest telecom companies in the United States. WorldCom became a well-known name in the telecom world and was once seen as a successful company. People trusted the company, and many invested their money in it, hoping to see it grow more.

Financial State of the Company

The company showed big profits and said it was growing fast. Many investors were excited about its success. But the truth was different. The company was losing money, but the managers didn’t want people to know. They changed the numbers in their financial reports to make it look like the company was making profits. In reality, WorldCom was in serious financial trouble, but they hid the real situation for years. When the truth came out, it shocked everyone.

Reasons for Its Collapse

Accounting Fraud: the company lied about how much money it was making. Managers lies on the reality profit maked by the company and hide declining financial statement. This misleading accounting created the illusion of profitability. Just did this to keep investors happy. This was not allowed.

Bad leadership; The CEO, Bernard Ebbers, and others in top positions were more focused on keeping the company looking good rather than being honest. They also borrowed a lot of money and bought many companies, which made the situation worse when the market slowed down.

**Lack of Internal Controls**; The company was few effective internal systems to detect or prevent financial misreporting. Employees and some leader on the management who questioned the practices were often ignored or silenced.

Weak Corporate Governance: The board of directors failed to properly oversee executive decisions and accounting practices, allowing unethical behavior to go unchecked.

In conclusion, WorldCom is a good example of how a big company can fall when there is dishonesty and poor management. Even though it looked successful on the outside, the truth was very different. The company’s leaders made wrong choices to hide their problems instead of fixing them. WorldCom collapsed because of business dishonesty and cheating with company money.