

SUMMARIES OF SIMULATION CASES (R2)

Akumulator Company

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Peter Novak, the CEO of the Akumulator company, is sitting in his office during the evening, reflecting on the events of the day that has passed. Just last month, he had an important meeting with the Vice President of the Volkswagen Group, Mr Erik Schmitt. During the meeting, Schmitt presented him with an offer that could potentially expand Akumulator's business, albeit requiring a significant investment. The deadline for an answer is relatively short, so over the past month Mr. Novak has gathered essential information to help him and his team in making a decision. Novak, along with his assistant Mojca Strel who is also in charge of the HR Department, has just finished preparations for tomorrow's meeting. Additionally, he has invited their accountant Mark Kovač, the head of the financial sector Jana Sitar, and their occasional business partner, tax consultant Dejan Belak. They are facing a challenging task as they will have to consider several different options before deciding on a course of action that could drive significant growth for their company in the coming years.

The Nytek Case

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Nytek is a leading Slovenian software company, providing technology services to clients in Europe and the USA. The recent financial report indicated a stable long-term profit, mainly in the North and West of Europe as a result of Nytek's innovative products and strict sustainability policy. Expansion into one Central or Eastern European country is currently considered in response to the expected rise in demand for sustainability products across Europe, due to the recent changes in the EU law and regulations, increasingly promoting sustainable business development. It has been decided that the most cost-effective and risk-minimising strategy for international expansion at present is outsourcing Nytek's cloud and applications service lines for the public sector, the manufacturing, and the banking industry. Two potential outsourcing partners in Croatia and Bulgaria have been initially selected due to their proven track records of similar experience in specific technology fields.

To make a more sustainable choice between the Croatian and the Bulgarian information technology (IT) companies, an internal team from the financial and legal departments at Nytek has been formed to evaluate the financial health of the two companies, as well as the external business environment in which they operate, in terms of compliance with the EU legislation related to sustainability. An external consultancy firm has been hired to investigate, analyse and identify some significant cross-cultural differences in management practices that may hinder effective communication in a likely future

collaboration, as a result of incompatible cultural values and attitudes to innovation, sustainable development, and corporate social responsibility (CSR).

Light Bulb Case

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The Light Bulb Company, based in Sliven, Bulgaria, specializes in manufacturing incandescent light bulbs (ILB). Despite predominantly serving the Bulgarian and Eastern European markets, recent EU regulations mandate the phasing out of inefficient ILBs. To adapt, the company faces a pivotal decision: transition production to LED lamps or continue with ILBs for special industrial purposes. Transitioning to LED lamps entails significant investments in equipment, training, certifications, and marketing, potentially resulting in layoffs and resistance from the local community. Conversely, maintaining ILB production necessitates legal procedures and poses future risks. The CEO, Ivan Ivanov, faces the dilemma of balancing economic viability with sustainability considerations while navigating market dynamics and regulatory pressures.

Solar Ltd.

Author: Jana Vuk

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Solar Ltd. is a company based in Zagreb, Croatia, specializing in the production, distribution, and installation of solar panels. Founded in January 2023 by childhood friends Darko Wolf and Marko Markić, the company operates from a facility in Turopolje, near Zagreb- the capital of Croatia. With a share capital of 5.000 EUR, Solar Ltd. aims to adhere to ESG sustainability standards and attract new investors to support its growth. The project team consists of key personnel including the Manager of Business Processes, Accountant, Director, Lawyer, and Head of Human Resources Department. Students completing the tasks will gain skills in plan calculations, business plan development, investor presentations, and investor selection based on compliance with sustainability standards.

The Green Toothbrush

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Zelena zobna ščetka d.o.o. is the general agent for the sale of toothbrushes and other oral hygiene products in Slovenia and the markets of the former Yugoslavia. Its sales are mainly focused on supplying retail stores as well as dental practices of all types. During the Covid period, they also launched an online shop and became agents throughout Europe.

In April 2022, the company prepared a *Sustainable Development Policy* based on the recommendations of the European Union Directive and the Sustainable Development Agenda 2023. On the basis of the Sustainable Development Policy which sets out a number of key objectives that the company wants to achieve in order to contribute to reducing air pollution, the annual investment plan states that the company will build a solar power plant on the roof of their warehouse, and purchase electric cars to distribute ordered products (from Maribor) to the final consumers.

In the example, students get offers to build a solar power plant and buy electric cars. They

calculate all the financial effects of the investments envisaged and also the tax effects according to current tax legislation. Finally, they prepare a proposal for sustainability report and demonstrate the effects of the investments made.

Organic Wine Case

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The Organic Wine Company, nestled in Croatia's Dalmatia region, is renowned for producing high-quality organic wines from local grape varieties. Led by the Budalić family, the company champions sustainability and excellence, adhering to stringent organic standards. However, despite domestic success, the family faces a pivotal decision as they receive an offer from a hotel chain for a budget-friendly wine, straying from their organic ethos. Analyzing the financial implications, they grapple with compromising their established practices for market expansion or preserving tradition amidst evolving demands. This dilemma underscores the intricate balance between economic viability, sustainability, and maintaining brand integrity in a dynamic industry landscape.

G.C.C.: Consequences of misbehaviour of employee due to environmental incidents

Athor: Vidović Ante

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Ivan I. joined G.C.C. renowned for its sustainability efforts and was hired as a Manager of Car Service and Maintenance. He played a pivotal role in waste management and environmental protection, and quickly integrated into G.C.C.'s .However, a waste disposal issue in spring 2023 strained relations with Manage Recycling personnel and Management, leading to a warning for Ivan for violating his employment obligations. Following another ecological incident involving use of unauthorized substances that lead to dead cattle near G.C.C.'s facility, Ivan received a dismissal notice. He contested the decision, initiating a labour dispute. G.C.C. also pursued a compensation claim against Ivan. This case emphasises the importance of effective communication, compliance with environmental regulation, and fair labour practices in the corporate environment.

Automotive Parts Factory – Balancing Sustainability and Profitability

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Automotive Parts Factory is an international business in the automotive components manufacturing industry. In the mid-2010s, Automotive Parts Factory run several departments, including one that manufactured traditional internal combustion engine components. However, with the automotive industry starting to shift towards electric and hybrid vehicles, the demand for these traditional components began to decline. Consequently, the company faced challenges in sustaining profitability within this department due to decreasing sales volume and increasing competition from overseas suppliers offering similar components at lower costs.

Dilemma: Should a company drop a loss-making manufacturing department? What should be done

with the 400 workers employed in this department? How can the sustainability aspects of the business be taken into account in making such a decision?

How to Start a Green Business

Author: Jasna Vuk

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Petra and Iva, owners of a dog grooming salon, won a lottery jackpot, inspiring them to utilize the money for creating a positive impact. Their desire to foster sustainable values gave them an idea to conceptualize a guide on starting green businesses. Faced with challenges in setting up their own company, they aimed to develop comprehensive resource and a complete guide emphasizing environmental sustainability and social responsibility. They advertised for contributors with expertise in sustainable business, finance, and law across Croatia, Slovenia, and Bulgaria. Selected team members will collaborate to compile materials, design, and publish the guide online for free access. The guide, planned in digital format, should prioritize cost-effectiveness, and environmental sustainability, encompass legal frameworks, green business definitions, establishment processes, start-up costs, tax considerations, and subsidy opportunities. It should emphasize the importance of eco-friendly practices such as waste reduction, green marketing, and circular economy models. This guide will serve as a valuable resource for aspiring entrepreneurs seeking to establish environmentally conscious businesses, fostering sustainable practices, and contributing to a greener future.