WHY DO LARGE COMAPANIES FAIL?

The ideal desire of every business is to thrive till ages to come while still being relevant in its market space despite the vicissitudes of time. Business failure, on the other hand, is undoubtedly inevitable when certain practices and customs go unchecked. It is in the light of this that this essay seeks to address the issue of the failure of large companies and offer recommendations as to how best they can be, if not avoided, solved.

To begin with, “3business failure is a situation in which a business ceases operation due to its inability to generate sufficient revenue to cover its increasing expenses”.  
The causes of business failure can be put in three broad categories: “1firm-specific, industry-specific and country-specific reasons”.  
Firm-specific reasons encompasses bad managerial decisions, poor timing, slow decision-making process, yes-sir mentality, poor financial management among many others. For instance, Woolworths Group PLC failed as a result of poor financial management and the petty theft of the pick ‘n’ mix. Kodak on the other hand, instead of marketing its new technology, held back for the fear of hurting its lucrative film business, even after digital products were reshaping the market.  
Industry-specific reasons has to do with competition amongst firms which seemingly provide similar services. For example, Blockbuster’s top managers denied the market reality of the rise of streaming while the idly watched Netflix destroyed its business. Another example is Yahoo who failed to recognize the death of web portals and the birth of social media. The reasons under the industry-specific category can be summed up as not paying attention to disruptive technology but only focusing on a company’s customer base.  
The last category of reasons, which is the country-specific, talks about economic factors within a particular country that triggers the failure of large businesses. Some of these factors are high inflation rate, wars, biasedness in political decisions, economic depression among many others.  
For instance, “5over 11,000 banks failed in the US during the Great Depression which occurred in the 1930s, leaving many with no savings”. Another example is failure of Ghana Airways which is attributed to liberalization, and frequent changes of the top management team due to political reasons. It is undoubtedly true that most state-owned companies fail in developing countries.

The reasons highlighted above can be, if not avoided, solved quickly when these recommendations are heeded to.  
There is no denying the fact that once a business becomes so large, it comes with its own challenge of delay in decision-making processes. Due to this, “1a large company can create an independent branch outside the company to allow it to make quick decisions without the influence from the headquarters and also Stockholders”. In countries where the state meddles in the affairs of the appointment of the top hierarchy of leaders, an act from the parliament can help prevent that. An example is the new companies act, Companies Act, 2019 (Act 992) which was passed Ghana on August, 2019.  
The acquisition of small companies that might be considered disruptive is also key. An example is the acquisition of WhatsApp and Instagram by the owner of Facebook.   
Whiles some of the factors are avoidable, cases like wars and high inflation rate in a given country can only be speculated and this comes with its own risks. Social services rendered by the large companies to the domain they are situated in help foster peace and at the long run providing a serene environment to ensure its operations.

“If you see your neighbor’s beard on fire, water your own”, Martinique proverb. The best of all the ways to preventing the failure of large companies is to learn from the failure of other business within the same domain, or producing the same product.   
 The downturns in business cycle are unavoidable hence as company becomes large, it is every expedient that it watches out for the three broad categories that summarizes why large companies and be very proactive in dealing with it.

Sources

1. [www.theaustralgroup.com/blog/why-do-successful-companies-fail](http://www.theaustralgroup.com/blog/why-do-successful-companies-fail)
2. [www.google.com/amp/s/articles.bplans.com/6-reasons-your-small-business-will-fail](http://www.google.com/amp/s/articles.bplans.com/6-reasons-your-small-business-will-fail)
3. [www.financial-dicitionarythefreedictionary.com/Business+failure](http://www.financial-dicitionarythefreedictionary.com/Business+failure)
4. [www.hg.org/legal-articles/ghana-has-a-new-companies-act-the-companie-act-2019-act-992-53033](http://www.hg.org/legal-articles/ghana-has-a-new-companies-act-the-companie-act-2019-act-992-53033)
5. [www.thegreatdepressioncauses.com/great-depression/banks/](http://www.thegreatdepressioncauses.com/great-depression/banks/)