An exploratory study of the reasons for the collapse of contemporary companies and their link with the concept of quality

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Abstract

Purpose – The purpose of this paper is to explore the link between causes of corporate collapse/demise and the concept of quality.

Design/methodology/research – The paper is informed by a review of literature on corporate collapse and quality management. A literature review and global web search of corporate demises is then conducted. Actual causes of corporate demise are established and compared/contrasted with those in the literature to ascertain any similarities/dissimilarities. The link between causes of corporate demise and the concept of quality is then explored and appropriate implications and conclusion drawn.

Findings – Evidence from the research suggests a clear linkage between causes of corporate demise and the concept of quality. Quality deficiencies/flaws if unattended may occasion corporate demise, which may be instant or gradual depending on the degree of corporate resilience.

Practical implications – Corporations can only afford to ignore the concept of quality at their own peril. The linkage between the causes of corporate demise and the concept of quality requires managers to prioritise the concept quality and by extension quality management more seriously than ever before.

Originality/value – The line of inquiry pursued by this paper provides additional insights into the phenomenon of corporate demise from a quality management perspective, thereby broadening its understanding.

Keywords Business failures, Quality, Organizational behaviour, Organizational change, Quality management

Paper type Research paper

Introduction

While corporate demise has increasingly become a reality in our midst we have not learned to live with it. Sadly though, any such demise/collapse brings with it financial and non-financial strains and difficulties to local communities, employees, customers, society, other institutions, government and even in some case the international community. With every collapse society, interested parties and governments usually react by suggesting a myriad of measures on the hope of stemming further collapses, yet despite such measures corporate demises rapture randomly from one sector to the other and one country to the other. The rampancy of such demises thus seems to suggest that one needs to re-look into the documented causes of corporate demise from a different perspective. This piece of research therefore seeks to delve further into this

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phenomenon and particularly explore the linkage between the concept of quality and its association if any with corporate demise. Hopefully, this line of inquiry will provide additional insights on managing the turbulent corporate world of the twenty-first century.

This inquiry is informed by findings on causes of corporate demise and its association with the concept of quality from previous research. Then a literature and global web search of 120 collapsed companies between the year 2000 and 2007 is undertaken and the causes of such corporate demises documented. The actual causes of corporate demise are then compared and contrasted with those obtaining in the literature to ascertain similarities/dissimilarities. The link between the concept of quality and causes of corporate demise is then explored and appropriate managerial implications and conclusions drawn.

Corporate collapse

Business collapse/demise can either be sudden or gradual and a myriad reasons (some similar and others dissimilar) have been put forth to explain these demises/failures. Montuori (2000) for example attributes organizational mortality to uncertain environments that are fraught with turbulence, inability to adopt to change, uncertainty and turbulence. This is also a view shared by Elenkov and Fileva (2006) who attribute business failures to lack of adequate knowledge of prevailing economic ideology and cultural value orientations. Likewise, O'Brien (2006) cites a mismatch between strategy and risk management, whereas Brooks (2007) attributes corporate collapse to management greed. In his opinion false accounting and frauds aren't the proximate causes of corporate collapse, but rather means of hiding greater and more widespread failings within the concerned firms. Brooks thus raises an important point here that will be considered later that is there is need to distinguish the proximate cause of demise from the remote causes. Often it is the remote/secondary causes that are attributed to corporate demise rather than the proximate cause. Likewise, Mardjono (2005) associates corporate collapse with failure to implement good corporate governance principles and best practice: accountability, integrity, efficiency and transparency. These views are shared by Finkelstein (2005) who attributes corporate mortality to: arrogance plus hatred and disrespect of competitor's landscape, failure to understand corporate strategy, misreading the competitor's landscape, blinded by own light/successes and desperation management. Likewise, Sheth (2007) suggests that successful companies often acquire self-destructive habits that eventually undermine their success, namely: denial, arrogance, complacency, competency dependence, competitive myopia, territorial impulse, and volume obsession. Thus, abuse of corporate strategy is compounded by acquisition of self destructive habits which if unchecked leads to demise. Sheth's assertion is particularly interesting because it implies that with time even the best of organizations gets corrupted and acquires destructive tendencies that ultimately brings it down, which is true if recent collapses of high flying organizations like Enron are anything to go by.

Fisher (2002) too posits that an institution tends to take the character of its leadership; if its leaders are shaky and lacks focus the institution too will struggle and eventually hang itself. Thus, Enron's fatal flaw was reflected in its management hubris, that was tacitly encouraged by the board members, regulators and politicians and stock analysts, many with financial ties with it and who looked the other way as warning lights flashed. Equally, Finkelstein (2004) associate corporate failure to three shortcomings: many chief executive officers (CEOs) are arrogant and proud of it (they believes their companies can do whatever it pleases because of their position in the market place), the CEOs tend to make same decision repeatedly (even when those decisions no longer seem appropriate) and CEOs tend to elevate public relations over a strategic consideration. Thus, it may not be difficult to see the logical link between leadership and corporate demise given its criticality in effective management. Both Fisher and Finkelstein's contentions are true to some extent – organizations are what their leadership is, given the overwhelming influence leaders wield and exert on corporate culture.

Likewise, reflecting on the South Africa experience Smith (2006) lists the principal causes of corporate collapse and by extension the critical success factors for a successful turnaround strategy as: diversification away from core competence, inadequate management planning and control, uncontrolled expansion, fatal flaws in vital contracts, failure to respond to changing circumstances, second-generation family business, lenders too generous; client borrowers too much, cyclical business and fraud. Kelly (2005) though takes a different dimension and argues that while lack of financial control, exchange rate and currency issues and diversification are cited as common causes of corporate failure, it is poor management that is cited as the most critical in Ireland. In effect therefore commonly cited causes of corporate mortality may not after all be the actual causes of demise. Kelly (2005) lists: overtrading, lack of financial control exchange and currency issues, diversification and poor management as the commonly cited causes of corporate failures in Ireland. On his part Posner (2007) suggests that judgement calls for reality tests, hence mistakes of the heart are what doom companies to failure. In his opinion what kills companies usually has less to do with insufficient money, talent, or information than with something more basic: a shortage of good judgement and understanding at the very top. Once entrepreneurs have made the decision to go into business, too many fail to routinely step back and ask – or let others ask – if what they're doing adds up. Indeed, they're swayed by their sentiments to act in ways that, unwittingly, put their business at risk. They rely on too much heart and not enough head. Others like McFarland (2005), tow the idea that companies collapse when they fall on hard times and make one or more of these mistakes: fail to anticipate problems, are unable to respond promptly when problems arise, exhibit bad rational behaviours and/or adopt disastrous values, that run counter the shared values of its staff. Posner and McFarland's arguments are essentially one and the same. Their assertion that in the face of problems and pilling pressure organizations like human beings tends to exhibit irrational behaviour and misjudgement and act or fail to act on issues they should is very true to an extent.

Otherwise, Razi *et al.* (2004) while exploring failure of dotcoms established two broad causes of failures: controllable and non-controllable. The controllable causes include: strategic (lack of business experience, poor business model, free- spending patterns, lack of differentiation and coders as planners); operational (vulnerable financial structure, managerial incompetence's and misuse of funds, poor customers support, inefficient promotion and slow delivery); and technical causes (web design, pop-in distractions, down saver). On the other hand non-controllable causes include: over-expectation, weak reliability, week customers loyalty and mushrooming growth) and technical attributes (internet security problems, or mussed transactions). However, citing (Finkelstein, 2004) Wilkinson and Mellahi (2005), contends that the causes of organizational failure are not executional errors (as often alleged), rather executional errors are mere symptoms that hide a deeper explanation of why things go wrong. In their view thus corporate failures can be contributable two broad causes: exogenous factors (external and which the organization has no control over) and organizational factors (individual level factors that can be manipulated by organizations). These include: management mindset or cognitive failures, protective, mechanism, delusional attitude, information breakdowns, and ineffective leadership practices. Finkelsen's argument bring to bear the difficulty of diagnosing corporate deficiencies, since often symptoms are mistaken for actual causes, leading to wrong "prescriptions" that further compound the deficiency.

Charan and Useem (2002) assert that companies collapse in their own way, some go out in blind supernovas (Enron), others linger like white dwarfs (AT&T) still others fizzle out over decades (Polaroid), hence they see failure as part of the natural cycle of business (creative destruction). Accordingly they attribute corporate failures to: an incremental descent into poor judgement, a success-oriented" culture, mind-numbing complexity, unrealistic performance goals all mixed until the violation of standards become standards, softened by success; see no evil attitude, fearing the boss more than the competition, overdosing on risk, acquisition lust, listening to wall street more that the employees, strategy lapses, rouge trading culture, and a dysfunctional board. This argument is not is not difficult to relate to real life experiences since some organizations get swayed easily by their successes and busk in past glory at the expense of the present, and only wake up to reality when its too late to remedy the situation. Longenecker *et al.* (1999) likewise, classifies causes of corporate mortality into four bands: failure at the top, customer and marketing failures, financial mismanagement failures, and system and structural failures.

That causes of corporate demise are varied, it is not a surprise considering the disparity of opinion amongst authors. Nonetheless, these causes may broadly be classified into the following:

- *External vs internal* – some authors' wholly attribute corporate demise to external/environmental factors (beyond the control of concerned entities) while others blame internal operational/organizational deficiencies for the failure. Those in between these opposing ends attribute corporate collapse to a combination of both external and internal circumstances. This distinction makes sense considering that in reality causes of demise varies from one organization to another, necessitating a thorough diagnosis prior to associating any one demise with a particular cause.
- *Proximate vs remote causes* – some authors call for a distinction between the proximate causes from remote causes. The contention here is that it does not always follow that the last cause in a chain of causation is always the proximate cause, yet often these are almost always tagged as the proximate causes. This is particularly true where no thorough investigation follows after a particular demise. This distinction is important because it necessitates different remedial approaches where revival is contemplated.
- *Human vs non-human failures* – some authors largely attribute corporate demise to human related failures: leadership, corruption and agreed amongst others

while others on the extreme end lay blame on non-human operational failures (internal or external). Amidst this polarization are those who adopt a middle of the road approach and attribute corporate demise to a combination of both. Whichever the case, it is true to say that each entity faces different circumstances where more of one or both of these factors operate to hasten its demise.

- *Acts of omission or commission* – some corporate demises may be explained by actions of omissions (failure by these entities to act when expected to) or actions of commission (actions by entities that resulted into adverse results), or indeed a combination of both omissions and commissions. Whether these are self-destructive habits, abuses of corporate governances ... etc, they often result from poor judgement or irrational behaviour or simply a case of an organization being blinded by its successes and become oblivious of the threats to its survival.
- *Rapid vs gradual* – some authors argue that certain causes have instant impact on organization's wellbeing, whereas others trigger a momentum for corporate decay that gradually sucks life out of an entity before ultimately bringing it into its knees. The speed of decay will obviously depend on the resilience to such adverse forces.
- *Controllable vs uncontrollable* – the argument is that certain causes are controllable (are within the reach of management to manipulate), whereas others are not. Arguably, controllable causes are largely internal/executional factors, whereas non-controllable are largely external/exogenous. Perhaps its with this reality in mind, that organizations seek to be proactive, scan the external environment so as to be compliant.

Whichever the grouping, one thing is apparent that rarely do any of these groupings operate in isolation of the others; often it's a combination of sorts. Likewise, it's difficult to isolate proximate causes from remote causes and often what is assumed to be the causes are often symptoms of deficiencies disguised as causes, hence requiring thorough diagnosis.

Reflecting on his experience Montuori (2000) thus sees the following as critical for maintaining corporate longevity: putting a system for understanding the interaction between the organization and the environment, altering the organization's culture such that the engagement in on going change becomes second to nature to ensure organizational learning, and enmeshing in that modified culture a mechanism for the development and support of conceptually complex leaders. Similarly Bowman and Wittmer (2000) summarize the central components of management to include: equity and universality of standards, tolerance of cultural practice, leadership and modelling, relationships and responsibilities, prudence and self development, accountability, government regulations, social leadership, professionalism, process and quality.

Broadly speaking therefore, the causes of corporate demise in the literature may be banded into six bands (Table I). Nonetheless, most authors not only see these causes as varied but also as cutting across or spreading across the groupings as evidenced by the authors' distribution across the bands.

The diversity in opinion amongst authors perhaps signifies the complexity of the phenomenon of corporate demise and by extension the thoroughness and caution required in tagging causes to any particular demise.

	Cause	Attributes	Author
1	Uncertain environments, (mainly external)	Lack of knowledge (economic and culture), misreading competitors landscape, exogenous, non controllable	Montuori (2000), Elenkov and Fileva (2006), Finkelstein (2004, 2005), Razi *et al.* (2004), Wilkinson and Melahi (2005)
2	Operational or organizational	Mismatch – strategy vs risk management, inflexibility, customer and marketing failures, competitive myopia, diversification/uncontrolled expansion, overtrading, disastrous values, creative destruction, mind-numbing, mushrooming growth, cyclical nature of business	O'Brien (2006), Longenecker *et al.* (1999), Sheth (2007), Smith (2006), Kelly (2005), McFarland (2005), Razi *et al.* (2004), Wilkinson and Melahi (2005), Charan and Useem (2002)
3.	Dishonesty	Management greed, abuse of corporate governance, arrogance, self destructive behaviour, fraud	Brooks (2007), Mardjono (2005), Finkelstein (2004, 2005), Sheth (2007), Longenecker *et al.* (1999), Kelly (2005), McFarland (2005)
4	Leadership	CEOs' arrogance and/or incompetence, inadequate management planning, poor management, poor judgement, bad rational behaviours that run counter to values, complacency, dysfunctional board	Fisher (2002), Longenecker *et al.* (1999), Finkelstein (2004, 2005), Smith (2006), Sheth (2007), Kelly (2005), Posner (2007), McFarland (2005), Charan and Useem (2002)
5	Financial	Financial mismanagement, lack of transparency, misappropriation, lack of financial control	Longenecker *et al.* (1999), Kelly (2005), Brooks (2007), Razi *et al.* (2004)

Table I.
Cause of corporate collapse

Quality and corporate collapse

The concept of quality has been variously defined as satisfying customers' requirements continuously (Kanji, 2001), what customers perceive it to be (Grönroos, 2004) and satisfying and delighting the end customer (Zairi, 2005). The rallying call of the quality concept is customer delight, which must be at the heart of any quality initiative. By extension total quality management refers to obtaining total quality by involving everyone's daily commitment (Kanji, 2001), and a positive attempt by organizations to improve structural infrastructure, attitudinal, behavioural and methodically ways of delivering to the end customer (Zairi, 2005). Zairi (2003) citing Zhang *et al.* (2000) list 11 constructs that constitute the concept of TQM, namely: leadership, supplier quality management, vision, and plan statement, evaluation, process control and improvement, product design, quality systems improvement, employee participation, recognition and rewards, education and training and customer focus. Similarly Tari (2005) posits that while the critical TQM factors differ amongst authors they all have common issues cutting across namely: leadership, continuous improvement, employees' fulfilment, customers focus, process management, quality data and reporting, partnership management and public responsibility. Lytle (2004) too suggests ten elements of services excellence: servant leadership, services vision, employee empowerment, customers' contacts services technology, service standards communication, service failure prevention, service failure recovery, service training and development, and service reward and recognition. Equally Dayton (2003) citing (Black and Porter, 1996) list ten TQM critical success factors as: people and customers management, supplier partnership, communication of improvement information, customers satisfaction, orientation external interface management strategic quality management, teamwork structure for improvement operational quality planning improvement measurement system and corporate quality cultures. Likewise, Xie *et al.* (1998) observe that there are nine common criteria that were found cutting across the National Quality Awards (NQA's), namely: leadership, impact on society (contributions to society and environment), resource management (information, technology, material and finance), strategy and policy, human resources management, process quality, results, customer management and satisfaction and, supplier/partner management and performance. Nuland *et al.* (2003), too specify the fundamental concepts of the EFQM model, which has gained wide acceptance as a parameter of quality in Europe and beyond as: results orientation (achieving results that delight all the organisation's stakeholders), customer focus (creating sustainable customer value), leadership and constancy of purpose (visionary and inspirational leadership, coupled with constancy of purpose), management by processes and facts (managing the organisation through a set of interdependent and interrelated systems, processes and facts), people development and involvement (maximising the contribution of employees through their development and involvement), continuous learning, innovation and improvement (challenging the status quo and effecting change by utilising learning to create innovation and improvement opportunities), partnership development (developing and maintaining value-adding partnerships), and corporate social responsibility (exceeding the minimum regulatory framework in which the organisation operates and to strive to understand and respond to the expectations of their stakeholders in society). A closer examination of these listing of TQM attributes points to some commonality of attributes that cut cross authors and indeed forms the bedrock of TQM. It is the mismanagement and/or deficiencies in these attributes that trigger corporate demise if unattended.

In fact Kelly (2005) attributes poor management (aspects of sloppy leadership) as the common cause of corporate failure in Ireland. The indicators of poor management include: absence of current reliable management and financial information, regular operations outside the terms of the overdraft facility, insufficient funds available to meet creditors as they fall due, poor sales figures coupled with a low order book and corresponding reduction in overheads, failure to reorder stock on a timely basis with adverse effects on production and efficiency, failure to meet budgets on a regular basis. Smith (2006) equally, rank inadequate management control and planning as the principal causes for corporate business failures followed by failure to respond to changing circumstances and second-generation family business failures. On his part Vermeulen (1997) argues that attitudes of organization's members are the primary determinants of its future; including failure or growth. In sum, these attributes constitute the yardsticks or parameters of quality/excellence against which corporate survival should be hinged upon.

Interestingly, Williams (2006), suggests that while there may be no company whose collapse is directly attributable to quality, it is nevertheless true that a good quality programme is a guarantee to corporate success as the winners of the Malcolm Baldrige National Quality Award (MBNQA), European Foundation for Quality Management (EFQM) and British Quality Foundation (BQF) amongst others bear this fact out. By association, therefore a company that has failed in other aspects would most likely have failed in its quality programme too. Watson (2003) too argues that good corporate governance delivers benefit to each organizational stakeholder (customers, employees, shareholders and society). Governance defines the value context of the organization and shapes the direction of its mission while setting the long-term business perspective for ethical conduct and effective public responsibility. Good corporate governance is based on three cornerstone principles: ownership, stewardship, and accountability. Similarly, Vermeulen (1997) asserts that the attitude of an organization, including failure to grow stems from management's failure to recognise the importance of attitudes and to foster positive change in them is the primary reason for the failure of the quality transformation process. Reflecting on the collapse of Andersen, Byrne (2002) observes that the collapse of Andersen represents an unimaginable failure of leadership and governance. Andersen was more like a loose confederation of fiefdoms covering different geographic market than an integrated company. Checks and balances were few and frequently ineffective insular and inbred. Andersen was unable to respond swiftly to crisis even to govern itself decisively. The numerous accounting scandals and emphasis on growth over audit quality, reluctance to walk away from big clients with questionable accounting and stunning ignorance of potentially crippling issues all contributed to its collapse. Likewise *Strategic Direction* (2002) in the assessment of why Barings bank collapsed asserts that management failing (representative bias, too much control in the hands of one, unclear role expectations, ego defensiveness, the fact that no one ever asked why? As well as turning assumptions into facts) were the principal causes of its demise.

Echoing similar sentiments Teahan (2002) while detailing what is said to be the causes of Swissair's failures observed that: years of poor decision incompetence and absentee management with little managerial experience in the aviation industry and rouge expansion strategy termed the "hunter strategy", is the single-most cause of collapse. Using the strategy, Swissair aimed to grow its market share through the acquisition of small airlines rather than entering into alliances agreements. Swissair was advised to acquire 49.5 per cent of the unprofitable Belgian flag carrier; Sabena and significant stakes in the carriers' like air liberate AOM, Air littoral, LOT, Air Europe, TAP Portugal, Turkish Airlines, South African Airways, Portugal and LTU all within a short span and without proper due diligence process. The buying spree created a major cash flow crisis for parent company let alone the fact that the vast majority of these airlines had major financial problems. The situation was further exacerbated by the by the September 11 terrorist attacks in the USA, which resulted into a general slump in travelling. Unable to make payments to creditors of its mountain of debt, and the refusal of USB AG to extend its line of credit on October 2, 2001 the entire Swissair fleet was abruptly grounded.

It would follow thus that organizational change and learning are mandatory for organizational success. Building on this arguments Bowman and Wittmer (2000) maintain that the focal components of management should include: equity and universality of standards, tolerance of cultural practise, leadership and modelling, relationships and responsibilities, self development, accountability government regulations, social leadership, professionalism and processes.

The foregoing, suggests a possible linkage between the causes of corporate demise and the concept of quality. This research therefore sought to explore the linkage if any between the causes of corporate collapse/demise and the quality management and more specifically, whether quality deficiencies/flaws indeed leads to corporate demise.

Methodology

A combined literature review and web search of collapsed companies and reasons for their collapse and attendant details: year of collapse, country of operation, and industry of operation were gathered and documented. In total 120 (number purely based on convenience) collapsed companies that had collapsed between the year 2000 and 2007 were involved in this exploration (Table II). The actual causes of their demise were compiled and compared with those obtaining in the literature to establish commonality and/or divergence in causes. The actual causes were then compared with the concept of quality (specifically its attendant attributes) to explore possible linkages if any between the causes of corporate demise and the concept of quality. Appropriate implications and conclusions were then drawn. This simplified methodology was considered appropriate because:

- The corporations/entities under investigation were already dead or out of operation, hence it was not feasible to get data from them let alone corroborating the accuracy of this data. Reliance on third part reports (web and literature) were unavoidable.
- Limited studies with a rich database on corporate demise didn't seem to exist with which to base this inquiry. In fact, save for Europe, USA and Australia, corporate demises were rarely studied elsewhere let alone mentioned in business newspapers, which seriously limited the availability of credible data. Thus, while this aspect may have clearly limited the efficacy of this exploration, web search was perhaps the only feasible and least expensive way to generate this data.
- The multiplicity of sources of data (for some entities) and in most cases the sketchiness/inadequacy of details for most sources, necessitated piercing together several sources of particulars/details to build some understanding, may have compromised the accuracy of the data of demise.

Thus the means and sort of data generated constrained rigorous data analysis, which would otherwise have been necessary in exploring these associations further.

Data analysis and results

In terms of geographical spread the 120 collapsed companies were from 18 countries scattered throughout the world (Table III). However, the bulk of them were from the USA, Ireland and UK. A robust press culture towards openness and disclosure of business information and an enabling research culture in this phenomenon perhaps explain why data from the three countries was readily available compared to others.

In terms of economic sector of operation (Table IV), the 120 companies were drawn from diverse economic sectors. It follows that ICTs, financial and manufacturing sectors recorded the highest number of collapses. The ease with which the ICTs firms

Table II. List of collapsed companies

	Year of collapse	Company	Country	Industry	Cause of collapse
1	2002	WorldCom	USA	IT	Misappropriation
					Scandals
2	2002	Octagon Technologies	Ireland	IT	Competition
					Slump in sector
3	2003	Trans International Freight (TIF)	Ireland	Transport	Rising fuel costs
					Rising insurance costs
					Slump in economy
					Competition
4	2004	PC Superstore	Ireland	IT	High start-up cost
					Slump in computer retail
5	2004	Volney Hotel	Ireland	Hospitality	September 11 attack
					Invasion of Iraq
					Rising overheads
6	2004	FPS Voyager	Ireland	IT	New product failure
7	2004	Friendly Design Software (FDS)	Ireland	IT	Loss of key customers
					Debt management
8	2004	Limerick Printers	Ireland	Printing	Soaring operational costs
					Competition
					Loss of key personnel
9	2004	Data Dispatch	Ireland	Courier	Computer error
10	2004	Aer Turas	Ireland	Airline	Soaring insurance costs
					Competition
					Inability to service customers
					Soaring insurance costs
11	2005	MG Rover	UK	Motor	Slump in sales
					Competition
					Soaring debts
12	2005	Neosera Systems	Ireland	IT	New product development
					Soaring debts
13	2006	Stringfellows	Ireland	Hospitality	Start-up costs
					Protests from locals
14	2005	Doherty Agency	Ireland	Advertising	Leadership/reckless mgmt
					Misappropriation

(continued)

Table II.

	Year of collapse	Company	Country	Industry	Cause of collapse
15	2004	Parmalat	Italy	Food	Corruption Misappropriation Currency losses Leadership
16	2005	EUjet	Ireland	Aviation	Branch underperformance Fewer aircrafts High fuel price New cargo product failure Withdrawal of banker support
17	2007	Swedex Windows & Doors	Ireland	Building	Accounting error Slump in sales Competition
18	2006	Velvet Contract	Ireland	Design	Misappropriation Disagreements
19	2006	Broadstone Fund Management	Ireland	Financial	Misappropriation Regulatory breaches
20	2000	Doheny Transport	UK	Transport	Soaring fuel costs Soaring wage bill New product dev. failure
21	2001	Oniva	Ireland	e-Consultancy	Slump in sector Huge product dev. costs
22	2001	HIH Insurance	Australia	Insurance	Misappropriation Regulatory failures Management extravagancy Breakdown in financial reporting
23	2001	Funcom Dublin	Ireland	IT	New product dev. Costs Supply chain disagreement

(*continued*)

Table II.

	Year of collapse	Company	Country	Industry	Cause of collapse
24	2001	Enron Corp	USA	Utility	Corruption Misappropriation Affiliates collapse Project failures Scandals Sham transactions Securities fraud Tax evasion Securities fraud Directors greed Buying influence Political manipulation
25	2002	CA World	USA	IT	Leadership Corruption
26	2004	Flightlease	Ireland	Aviation	Collapse of parent company – Swissair
27	2005	Herhof	Germany	Waste	New projects dev. Costs Soaring operational costs
28	2006	Crystal Tiles	Ireland	Building	Soaring operating costs
29	2006	Hibernia Foods	Ireland	Food	BSE scares Expansion problems Soaring operational costs
30	2006	Camoate Construction	Ireland	Construction	Soaring receivables
31	2003	Dublin Daily News	Ireland	Newsprint	Soaring set-up costs Financing crisis
32	2004	Prediction Dynamics	Ireland	IT	Soaring operating costs New product dev. costs Investment capital hitch
33	2005	Fota on Ice	Ireland	Ice skating	Freak storm – blew away ice rinks

(continued)

	Year of collapse	Company	Country	Industry	Cause of collapse
34	2001	One.Tel	Australia	Telecomms	Leadership Misappropriation Cronyism Flawed business model Social glamour Ego Folly
35	1993	Stanlow Trading Ltd	Ireland	Food	Political pragmatism Misappropriation
36	2007	Smyth Aerospace Manufacturing	Ireland	Aerospace	Misappropriation Fraud Substandard/used parts Substandard counterfeits Falsification of parts certificates Manufacture of parts without licences
37	2006	Eirjet	Ireland	Aviation	Currency shifts Soaring fuel costs Overbooking Lease charges Fallout with bus. partners
38	2004	Bula Resources	Ireland	Oil exploration	Foreign misadventure Shares not paid for Foreign bribes Misappropriation Corruption
39	2004	Talkshop	Ireland	Telecomms	Wrong business decision
40	2006	B&F Media	Ireland	Publishing	Partners disagreements
41	2000	Sealion Services	Ireland	Boat Company	Misappropriation Mismanagement
42	2003	Xonen Technologies	Ireland	IT	Souring product dev. costs Supply chain links collapse

(continued)

Table II.

	Year of collapse	Company	Country	Industry	Cause of collapse
43	2005	New Generation Advertising	Nigeria	Advertising	Staff Misappropriation Economic depression Power struggle
44	2005	Crazy Ron's Communications Australia Pty	Australia	Communication	Under-capitalization Misappropriation
45	2000	Boo.com	UK	e-commerce	Mismanagement
46	2000	Ybag.com	UK	e-commerce	Mismanagement
47	2000	Netimperative.com	UK	e-commerce	Mismanagement Expansion problems
48	2000	E-tailer Boxman	UK	e-commerce	Mismanagement
49	2000	Somerfield online	UK	e-commerce	Mismanagement Merger hitches
50	2005	Refco	USA	Financial	Misappropriation Mistrust Managerial integrity Reputation of executives
51	2003	Starmedia	Mexico	Internet portal	Countable irregularities
52	1985	National Road Haulage Company	Tanzania	Transport	Under-capitalization Unplanned expansion Soaring maintenance costs Managerial inefficiency Staff dishonesty Poor checks and balances Bad road conditions Unskilled and inexperienced workforce Competition
53	2002	Flinders Osborne Trading	Australia	Power	Deals Supply chain challenges
54	2005	BHL Group	Australia	Communication	Misappropriation Debt crisis

(continued)

Table II.

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	Year of collapse	Company	Country	Industry	Cause of collapse
55	2000	Avonwood Homes	Australia	Building	Financial hitch Merger disagreements Rapid expansion Deceptive advertising Pricing disagreement
56	2000	Daewoo Motors	Korea	Motor	Management failures Debt crisis Supply chain challenges Labour disputes
57	2004	Jetmagic	Ireland	Aviation	High set up costs Failure to attract business customers Competition
58	2005	Elk House Ireland	Ireland	Construction	Internal disputes
59	2005	Spectrum Garment Factory	Bangladesh	Garment	Collapse of factory building
60	2006	E3	USA	Game Industry Ass.	Members unhappiness Irrelevancy Souring hosting costs Internet Withdrawal of key partner companies Declining attendance
61	2004	Tyco International Ltd	USA	Engineering	Ethical compromise Conspiracy and corruption
62	2002	Global Crossing	USA	Telecommunication	Ethical compromise Directors greed
63	2003	Netscape Communications Corp	USA	IT	Competition
64	2003	Health South Corp	USA	Health	Ethical compromise
65	2003	Rock Financial Services	Gibraltar	Financial	Misappropriation Fraud

(*continued*)

	Year of collapse	Company	Country	Industry	Cause of collapse
66	2007	Music Zone	UK	Music and film	Debt crisis Price war Digital downloading Expensive expansion
67	2004	MyZones	Ireland	Internet	Over promising Cheating on staff capacity
68	2006	Oxford Online Learning Project	UK	Education	Lack of enough student numbers
69	2006	Farepak	UK	Saving club	Financial irregularities Debt crisis
70	2006	Merrythought Toys	UK	Toy Maker	Dwindling sales Debt crisis
71	2007	Fopp	UK	Music	Dwindling sales
72	2007	Hawkshead	UK	Clothing	Dwindling sales
73	2000	Equitable Life	UK	Insurance	Misappropriation Inadequate govt supervision Fraud Failure to service claims
74	2005	Addoceo Digital Media	Ireland	IT	Falling sales Soaring operational costs Slump in market Competition
75	1993	Kenya National Assurance Co. Ltd	Kenya	Insurance	Misappropriation Looting/plundering Failure to service claims
76	1994	Access Insurance Co. Ltd	Kenya	Insurance	Misappropriation Fraud Failure to service claims
77	2003	Lakestar Insurance Co. Ltd	Kenya	Insurance	Misappropriation Fraud Failure to service claims
78	2005	Stallion Insurance Co. Ltd	Kenya	Insurance	Misappropriation Fraud Failure to service claims

(continued)

Table II.

Table II.

	Year of collapse	Company	Country	Industry	Cause of collapse
79	2006	United Insurance Co. Ltd	Kenya	Insurance	Misappropriation Fraud Failure to service claims
80	2007	Kwik Save	UK	Retailing	Competition Under-investment Supply chain disputes
81		ZISCO Steel	Zimbabwe	Steel	Misappropriation Staff looting Mismanagement
82	2002	ASW	UK	Steel	Competition Soaring operational costs Dwindling sales Excess capacity
83	1970	Penn Central	USA	Rail road	Soaring operational cost Competition Debt crisis
84	1986	LTV Corp	USA	Steel	Cash crisis Alternative product competition Competition Labour disputes Excess capacity
85	2001	Irish Steel	Ireland	Steel	Debt crisis Rapid expansion Competition
86	1986	United States Steel	USA	Steel	Cash crisis Debt crisis Pension crisis Global overcapacity Cheap imports
87	2000	Credit General Insurance Co.	USA	Insurance	Misappropriation Fraud Debt crisis
88	2003	N.C. Factory	USA	Clothing	Cheap imports

(continued)

	Year of collapse	Company	Country	Industry	Cause of collapse
89	2003	Ashikaga Banking Group	Japan	Banking	Bad loans Plummeting share price Rise in equity market Ailing economy Ailing businesses Competition
90	2002	Chubu Bank	Japan	Banking	Bad loans Ailing economy Competition
91	2001	Ishikawa Bank	Japan	Banking	Bad loans Ailing economy Competition Ailing corporate customers
92	2004	Invaro Group	UK	Litigation funding	Rapid expansion Stretched settlement periods Liquidity crisis Poor management Misappropriation Lack of Govt regulations
93		Claims Direct	UK	Litigation funding	
94		Accident Group	UK	Litigation funding	
95		Imperial Consolidated	UK	Finance	Management fraud
96	2000	Sogo Supermarket	Japan	Retail	
97	2001	Mycal Supermarket	Japan	Retail	Debt crisis
98	1998	Japan Leasing Corporation	Japan	Banking	Debt crisis Bad loans Economic recession
99	1997	Crown Leasing	Japan	Banking	Bad loans Debt crisis Economic recession

(*continued*)

Table II.

Table II.

	Year of collapse	Company	Country	Industry	Cause of collapse
100	1997	Yamaichi Securities	Japan	Banking	Non-performing loans Debt crisis Debt crisis Economic recession
101	2006	Santa Light Metal	Japan	Flex circuit manufacturing	Leadership crisis Poor management systems Poor quality Control systems Outdated technology Competition
102	2006	North Corp	Japan	Flex circuit manufacturing	Outdated technology Competition Receivables problems Declining sales Slump in market
103	2006	Cosmo Electronics	Japan	Flex circuit manufacturing	Managerial failures Production inefficiencies Competition Slump in market
104	2006	Ocean Grand Holding	Hong Kong		Management failures Misappropriation Accounting irregularities Lack of supervision
105	2006	Ocean Grand Chemicals	Hong Kong	Chemical	Management failures Misappropriation
106	2007	Bridgecorp	Australia	Travel	Rapid expansion Cash crisis Inadequate Govt regulation
107	2006	Westpoint	Australia	Travel	Inadequate Govt regulation

(*continued*)

	Year of collapse	Company	Country	Industry	Cause of collapse
108	2007	Mugoya Construction & Engineering Co.	Kenya	Construction	Dishonesty in project management Poor quality construction Non-completion in time Forgeries Escalating contract costs Inefficiency
109	2007	Metronet	UK	Transport	Managerial structural problems Misappropriation Cost overruns Varying work specification mid-term Inefficiency
110		Railtrack	UK	Transport	
111	2001	Flooz.com	USA	On-line currency	Massive credit fraud
112		Beenz.com	USA	On-line currency	Credit fraud
113	2002	KPNQwest	USA	Telecom	Significant overcapacity Corrupt acquisition Misappropriation
114		Swiss Air	SWISS		Hunter strategy (buying smaller struggling airlines)' Corruption September 11 attacks Misappropriation Corruption
115	2005	Portus	Canada	Financial	Embezzlement Falsification of records
116	2002	Andersen	USA	Auditing	Leadership crisis Audit scandals
117	1995	Barings Bank	UK	Banking	Rogue trading
118	2002	Global Crossing	USA	Telecommunication	Personal greed Accounting fraud Expansion gone mad
119	2003	Polaroid	USA	Photography	Technological competition Shifting product base
120	2002	Kmart	USA	Photography	Mismanagement

Table II.

are set up (small capital base and/or weak structures), competition and the general decline in ICT business fortunes in the recent past explain their collapse.

The financial sector worldwide is vulnerable to other economic swings, which in the recent past have made the sector precarious. This together with stiff competition from non-traditional service providers serves to explain the vulnerability in the sector. As for manufacturing firms, technological changes, competition from substitute products and rising operational costs may well be the underlying causes.

With regard to actual causes of corporate collapse/demise (Table V) several factors/causes of collapse were identified and clustered into ten bands of related attributes, namely:

Table III. Company collapse by origin

	Continent	No. of companies
1.	North America – (USA, Mexico)	23
2.	Europe – (UK, Ireland, Italia, Germany, Gilbraltar, Swiss)	65
3.	Australia	8
4.	Asia – (Japan and Hong Kong, S. Korea, Bangladesh)	15
5.	Africa – (Kenya, Nigeria, Zimbabwe & Tanzania)	9
	Total	120

Table IV. Sectoral representations in the collapsed companies

	Sector	No. of companies
1	ICT	28
2	Financial (banking, insurance and financial services, advertising)	26
3	Transport, aviation, travel, motor and telecommunication	23
4	Manufacturing, engineering and printing	17
5	Food, hospitality, and entertainment,	10
6	Building and construction	6
7	Others (utility, oil exploration, clothing, education, retailing, photography, health	10
	Total	120

Table V. Actual causes of corporate collapse

	Cause	No. of Companies
1	Leadership	45
2	Dishonesty	37
3	Customer care	32
4	Financial	53
5	Economic slump	13
6	New development failures	19
7	Regulatory failures	7
8	People management failures	10
9	Process management	36
10	Others	11

(1) leadership (mismanagement, management failures', extravagancy, unskilled, inexperienced);

(2) dishonesty (misappropriation, forgeries, embezzlement, theft, fraud, corruption, scandals, greed, and ethical compromises);

(3) customer care (price wars, loss of customers, poor servicing, decline in numbers, over promising, digital download, irrelevancy, and cheap imports);

(4) financial (fuel, start-up, insurance, wages, maintenance, crisis, cost-overruns, currency losses, withdrawal bank support, financial crisis, currency shifts, tax evasion, capital hitch, under investment, bad loans, bad debts, and bad receivables and pension crisis);

(5) economic slump (slump in sector, slump in sales);

(6) new development failures (new products, projects, rapid expansion);

(7) regulatory failures (political manipulations, regulatory breaches, political pragmatism, poor state checks, lack of govt. regulations, and inadequate regulations);

(8) people management failures (turnover, supervision, inefficiency, disagreements, power struggle, withdrawal, and fall out);

(9) process management (collapse of buildings, underperformance, collapse of parent company, infections of crops, substandard parts, use of counterfeit parts, share price drop, supply chain links collapse, poor claim servicing, excess capacity, outdated technology, production inefficiency, varying work specifications, flawed expansion, flawed business operation model, and slow completion); and

(10) others (computer error, community protests, freak storm, bad roads, stretched settlement period, rise in equity market, and 11 September attack).

In order of frequency/distribution (Table V), the commonest causes of corporate demise/failures was financial, leadership, dishonesty, process failures, customer care, new product/venture development, economic slump, others, personnel disputes, and regulatory failures in that order. However, a closer re-examination of the same data revealed (Table VI) that perhaps more than anything else the impact of these causes

Table VI. Causes of corporate failure (sectoral perspective)

Sector	Causes of corporate collapse									
	L/sh	Dish	Cust	Fin	Eco	New	Reg	Peo	Proc	Oths
ICT	7	4	5	5	3	7			3	
Financial	17	15	4	8	6	1	4	1	9	1
Transport	9	8	7	14	2	5	2	2	10	4
Manufacturing	6	3	8	8	1	1		4	5	
Food	2	2	2	5		2	1	1	1	3
Building	1	2	1	6	1	1		1	2	
Others	3	3	5	7		2		1	6	3
	45	37	32	53	13	19	7	10	36	11

Notes: L/sh: leadership; Dish: Dishonesty; Cust: Customer; Fin: Financial; Econ: Economical; New: New product developments; Reg: Regulatory; Peo: People: Proc: Process management; Oths: Others varies from sector to sector. Different sectors seems to have different reactions and/or resilience to the same causes identified than others.

The pattern emerging (Table VI) suggests that perhaps focusing on sectoral causes of corporate collapse offers a better grasp of the phenomenon under investigation than lumping together all entities. Thus based on frequency from the most frequent to the most infrequent, the causes of corporate collapse per sector were:

- *ICT sector* – leadership/new product development, competition/financial, dishonesty and economic crisis/operational failures in that order.
- *Financial sector* – leadership, dishonesty, operational, financial, economic, regulatory/competition, and then new product development/personnel disputes/others, failures in that order.
- *Transport and communication sector* – financial, operational, leadership, dishonesty, competition, new product, others, economic/regulatory/personnel failures in that order.
- *Manufacturing sector* – competition/financial, leadership, operations, personnel, dishonesty, and economic/new developments failures in that order.
- *Food sector* – financial, others, leadership/dishonesty/competition/new developments and regulatory/personnel/operational failures in that order.
- *Building sector* – financial, dishonesty/operational and leadership/competition/economic/new development/personnel in that order.
- *Others* – financial, operational, competition, leadership/dishonesty/others, and personnel in that order.

Overall:

- *leadership failures* – was a leading cause of corporate collapse in the financial, IT and transport sectors in that order;
- *dishonesty* – in the financial and transport sectors in that order;
- *competition* – in the manufacturing and transport sectors; financial in the transport, manufacturing and financial sectors;
- *economic failures* – mainly in the financial sector;
- *new product development failures* – in the ICT and transport sectors;
- *regulatory failures* – mainly in the financial sector;
- *personnel failures* – in the manufacturing sector;
- *operational failures* – in transport and financial sectors; and
- *other failures* – in the transport sector.

Effectively therefore five principal causes: financial, leadership, dishonesty, operational and competition failures explain up to 80 per cent of the corporate failures. It is instructional to note therefore that for every five corporate collapses four of them would be attributable to these five principal causes. Overall the causes of corporate collapse in these 120 companies to a large extent mirrored those obtained in the literature review.

Actual vs theoretical causes of corporate demise

In comparison to theoretical causes of corporate demise, there were apparent similarities and dissimilarities as revealed in Table VII, between the two sets of causes. The actual causes of corporate demise had more groupings incorporating newer causes of corporate demise hitherto uncovered in the literature review, which is a welcome contribution of this exploration.

It may be argued with reference to Table VII that to a greater extent the theoretical causes of corporate demise are pretty similar to the actual causes of corporate demise. An uncertain environment is equivalent to economic slump (the both focus on economic uncertainties), operational/organizational factors relate to process management/people management/customer care (organizational factors that impinge on performance). Otherwise dishonesty, leadership and financial mismanagement cut across both actual and theoretical causes and were in that respect a perfect match. The only new additions to actual causes were regulatory failures and other causes which affected seven and 11 companies respectively. A closer look though of these two causes suggested they could as well be hooked to the other similar factors. For example, regulatory failures may as much appear to be an external attribute whereas in reality this relates to operational/organizational failures; the fact that the government fails to regulate an industry well is no warranty for the management to engage in unorthodox practices that imperils the existence of an entity. Similarly, the classification “others” partly relates to operational failures and partly exogenous factors. Arguably thus, theoretical factors closely mirror the actual causes and in that respect are the same.

Quality and corporate collapse

With regard to the relationship between corporate collapse and quality management, the principal causes of corporate failures did in effect bore some semblance to the tenets/principles of excellence, as discussed, namely:

- *Leadership* – is the second leading cause of corporate collapse in terms of frequency. While leadership as a cause of corporate collapse is diverse and more encompassing, its nevertheless the same in scope as in that of leadership as a principle of excellence. Thus, there exists a relationship here and clearly a violation of this principle leads to corporate collapse.
- *People management failures* – similarly, as a cause personnel failures are diverse and ranges from employee disputes, turnover to inefficiency, hence more

	Theoretical	Actual	Differences
1	Uncertain environments	Economic slump	
2	Operational or organizational	Process management People management Customer care New developments	
3	Dishonesty	Dishonesty	
4	Leadership	Leadership	
5	Financial	Financial	
			Regulatory Others

Table VII.
Theoretical vs actual causes of corporate demise

encompassing in scope. These attributes are pretty similar to those under people development and management/human resource management, teamwork, and employees' empowerment. To a considerable extent therefore, non-adherence to the people management principle leads to corporate collapse.

- *Customer care* – as a cause of corporate collapse, customer care embraces elements of competition (non-competitiveness) and customer care (inability of a business to meet the needs and aspirations of customers). It would follow thus that customer care as a cause of corporate collapse, has some similarity with customer care as a tenet of excellence. Hence failures in customer care will inevitably lead to corporate collapse.
- *Process management* – the constituent attributes of process management as a cause of corporate collapse are very much the same as entailed in the scope of process management as a principle of excellence. Consequently, abuse of the tenets of this principle; triggers corporate collapse.
- *Financial mismanagement* – the leading cause of corporate collapse superficially looks very dissimilar to any tenets of excellence. However, a close look of the constituent elements herein, reveals a remarkable similarity with some principles of excellence, particularly quality data and reporting (which calls for accurate financial data and reporting for effective decision making) and resource management. Finance is a key resource in any business hence any mismanagement or imprudence in its application is bound to have far reaching consequences to a business, including triggering corporate collapse.
- *Dishonesty* – whether motivated by selfish individual and/or corporate gains (whatever the form) stems from lack of accountability and/or abuse of stewardship responsibilities. Dishonesty in organizations may either be perpetuated by the leadership, middle managers or indeed junior staff. Whatever the rank, dishonesty amounts to abuse of resources and could well be a leadership failure and/or people management failures, which are tenets of excellence.
- *New development failures* – new developments whether products, services or projects succumb to demise for a whole lot of reasons. Process management failures, resource mismanagement (financial), poor leadership, poor people management, communication flaws, strategy and policy shifts, supplier/partner mismanagement, amongst others. Evidently, the constituent elements of new development failures are scattered amongst several tenets of excellence, suggesting that indeed failures in new developments are closely linked to quality management failures.

The foregoing aside, the difficulty in trying to link the concept of quality with corporate demise partly lies in:

- *The difficulty of ascertaining the proximate vs. remote causes* – often disentangling the proximate cause from a series/chain of remote causes is difficult and strenuous. Often it's the symptoms of quality flaws (remote causes) that are seen on the last leg of an entity that are attributable to corporate demise, rather than the primary and proximate cause – which triggered or occasioned this deficiency. The last cause in the chain of causation is in most cases considered the plausible cause and hence the most effective. This is further complicated by the fact that for any one demise, there may in effect be a series of factors in operation yet some of the most "lethal/potent" (proximate) are actually hidden from the public glare, so what is often reported as actually causes of may be nothing more than symptoms of underlying causes, that will perhaps never get to fore now that these entities are dead.

- *Difficulty of disentangling quality from its deficiencies* – often its difficult to disentangle quality as a cause of demise and its symptoms of poor quality that show-up in all forms of corporate deficiencies, leadership, people problems, customer care . . . etc. Owing to this difficulty, often what is seen on the surface and attributed to corporate demise are in effect the deficiencies/shortcomings of an otherwise "quality deficient organization", and its these that tend to be flagged out as the causes rather than the underlying quality flaws.
- *Speed of corporate demise* – somewhat related to the previous two, which may be rapid or gradual. Dubrovski (2007) has argued that often organizations facing crises mistake symptoms for root causes of their problems, and often management places blame on a particular cause (often the last event), which may have merely triggered the collapse, rather than actual contributing cause. In this regard for example a business in its final leg facing financial crisis owing to imprudent financial management (which is natural at this stage of degeneration), will be said to have succumbed to financial difficulties, yet, financial difficulties are really, a secondary cause, imprudent management and by extension leadership failures ought to be blamed.

Thus, in reality quality as a factor of corporate demise tends to disguise itself and may not be brought to the fore as the primary cause of demise, rather it is its deficiency in organizations, which will manifest in different forms of shortcomings. Often it is these shortcomings that will feature prominently as possible causes and tagged to a particularly demise, which is unfortunate. Often, the "tell" "tell" signs of an entity in limbo will manifest in one or a multiplicity of the core quality attributes, which thus makes it difficult to flag quality at once as the proximate cause of demise. This disguise often presents difficulties in the diagnosis of ailing entities as often symptoms of poor quality ends up being "treated" (fire fighting) rather than addressing the root causes of such quality flaws.

The challenge is graver in diagnosing organizations particularly those that have been ailing for some time – often there would be a chain of causations aggravating their crisis prior to demise and it's in these organizations that tracing quality as a primary cause of demise often tends to be difficult. For those entities whose collapse is instant and without prior "ailment history" (though a rarity) then the actual cause of corporate demise may be easy to pinpoint – i.e. the one that actually leads to demise.

It would be argued thus that while the concept of quality has not in the past been directly linked to corporate failures, the results of this exploration strongly supports existence of such a linkage. Non-adherence to the tenets of excellence, which generally manifests in organizations in form of mismanagement of one form or another if unchecked, builds momentum for corporate collapse. Depending with the degree of resilience, this momentum may erupt into instant collapse (case of rapid demise) or build up over time and gradually lead to demise (case of gradual demise). Moreover, since quality management or excellence embraces all aspects of business; it's only prudent to anticipate that mismanagement of these aspects if unchecked may trigger corporate demise.

Implications

Corporations can only afford to ignore quality at their own peril. Failure to adhere to sound quality management principles and/or effectively attend to quality flaws/deficiencies if unchecked builds momentum that may trigger corporate collapse. Depending on the resilience of a company, this may occur sooner or later as the case may be. The linkage between causes of corporate demise and the concept of quality established in this exploration challenges managers to give quality management more prominence and particularly robust responses to quality flaws than perhaps they have been giving in the past. Arguably, any attempt to address the causes of corporate demise that overlooks the centrality of quality in terms of deliverables/offerings and performances is bound to be ineffective and may not halt corporate decay. It is only continuous improvement and adaptation of best practice (that are central to quality) offers the only guarantee to corporate longevity.

Limitations

Three major limitations were apparent in this exploration:

(1) The culture of reporting about corporate demise seemed to vary from one geographic region to the other. Generally, whereas in the developed economies of Western Europe, America, Australia and Japan had elaborate reports on cases of demise, the story was pretty different for most of the developing economies. The accuracy of some data in this exploration particularly that from developing countries may have compromised the efficacy of this. We had to make do with what was available, most of which was sketchy.

(2) The sketchiness of details available necessitated piercing together different sources of information to build understanding, which may also have possibly compromised the quality this study,

(3) Moreover, the fact that these entities had already collapsed limited any form of possible corroboration of data/information, from these entities that may have possibly enhanced their accuracy.

The nature of data generated similarly limited rigorous statistical analysis, which would otherwise have explored further these apparent relationships. As a recommendation, perhaps future studies could employ more rigorous statistical analysis to test the said associations.

Conclusion

While the concept of quality has only in the past received minimal or no association at all with causes of corporate collapse, the findings of this exploratory research suggest that indeed there is some association and possibly even a strong one in some cases. Although the extent of this association may be difficulty to ascertain from this exploration, the study nevertheless provides some additional insights that point to some linkage between corporate demise and the concept of quality. Ignorance of quality if unchecked inevitably triggers corporate collapse. Stemming corporate demise thus calls for managers to give best practice quality management principles more prominence than they have been willing to do in the past. Quality concerns/failures can no longer be swept under the carpet infinitely without exploding and perhaps even causing dire consequences to the organization sooner or later. Arguably unlike human death, corporate demise are preventable, and the solution seems to lie in embracing a robust quality management system that effectively addresses both symptoms and root causes of potential demises.

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