Topic selection 3

Linguistics, English

History of bankrupt companies Introduction History Bankruptcy is the legal of being in debt to certain creditors, and when a company is bankrupt, and then they cannot pay their debts. Debts borrowed by a company are used to create and build a company. In most legal settings, bankruptcy is imposed by a court order and is often initiated by a debtor. Bankruptcy causes a huge financial impact on the economy of a place since it shows that companies that once employed people and had adequate finances. A company becomes bankrupt mainly because of misuse of finances and assets (Wood, 2007).

Business

For businesses to recover from bankruptcy, legislation and business debt restructuring require that the underlying problems be assessed in order to ensure that the risk of another bankruptcy period does not occur. Debt advice is also required together with financial teaching about how to use money in accordance to how it is received. Help is needed in order to find other sources of income that will ensure smooth running of a business without the necessary need to borrow money. Debt settlement plans should be drafted so as to reduce the debt accrued over a certain period. Partial payment should be made in order to start build up of a company again (Wood, 2007).

Psychology

Psychology in business is what leads the business back to recovery, both in the market sector and the global sector. Using psychology, the cash flow burden to the company if minimal as it is done in a correct manner. When sales decrease, then the market value of a company decreases and recovery from such may take time. It dictates that a company should be more careful with the services and products that it is offering to the public otherwise there will be a shortage of customers. With the correct input of sales, the cash flow into the company will turn out to be more that the cash flowing out. This will enable the company to make profits and boost the economy (Wood, 2007).

References

Wood, P. R. (2007). Principles of international insolvency. London: Sweet & Maxwell.