

Example of essay on problem definition

[Business](#), [Company](#)



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A business undergoes challenges in the short and long run stages, which may hinder its goals and objectives. The paper explores problems that affect growth of a business in all states of operation. These problems that affect growth include inadequate capital, poor management, high costs of operation and inadequate market for its products. The paper analyses these problems as follows:

Inadequate capital

Inadequate capital limits the firm to acquire adequate resources for its operation. The capital also limits firms to purchase adequate raw materials for processing in order to meet the market demands. A firm with inadequate capital is unable to access professional personnel with competitive skills for sustaining business growth.

Poor management

The nature of management is important in determining business growth. The management team should have proper skills in order to meet business goals and objectives. Poor managers are unable to organise their workers properly.

They are unable to plan workers in both division and specialisation of labour. This inhibits the maximization of production and these disadvantages the firms. Poor managers also misappropriate funds therefore limiting the productivity. This limits the growth of a firm.

High costs of operation

This problem mainly affects firms at the short run, making them incur costs at this stage. These costs affect the factors of production that are labour, capital, and land. The firm is therefore unable to reach the planned goals, due to constrained marginal revenue. At this stage, the firm is unable to use the appropriate technology for methods of production, and this raises the costs. The firm uses intensive methods to advertise for its products at this stage and this increases the costs of production.

Inadequate market

This problem affects the firms at the short run. The firm is new and yet to establish new markets for both local and global levels. The firm is therefore unable to maximize its profits and this inhibits its growth. The firm therefore intensively advertises its products to reach larger markets for its products.