

# Business finance week 5 discussion post

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Business Finance week 5 Discussion Post Several industries and companies practice short-termism. A good example of such an industry in the US is pharmaceutical industry. This pattern often exists because of the following reasons. First, the practice of gearing the bonuses of corporate executives to short-term results. Such executives tend to adopt short-term orientation to get the bonuses. Secondly, the pattern is driven by high cost of capital (Daft, 120). In order to meet such costs, companies tend to focus on goals that generate returns in the short-term. Thirdly, the shorter tenure of CEOs also contributes to short-termism. They therefore take short-term oriented measures since they do not have incentives for long-term orientation. The last cause is the failure of the United States' trade policies to safeguard its companies and industries from Japanese dumping and targeting.

In order to keep that emphasis, managers should understand the market conditions. They need to react to those market conditions in not-so-great economic times but dictate both short- and long-term focus during great economic times. Managers should ensure that their products are thoroughly tested to ensure safety and quality (Daft, 125).

Work cited

Daft, Richard L. Understanding Management. Mason, OH: South-Western Cengage Learning, 2011. Print.