Time, value, stocks and bonds

Finance

Time, value, stocks and bonds Time, value, stocks and bonds Company valuation is fundamental for any company. The factorsthat lead to a company valuation as opposed to the fiscal statements is the need to examine the strengths of the company particularly when the company faces the danger of being wiped out in the market as a result of the hard-hitting economic times (Hitchner, 2011). Company valuation, therefore, acts as a form of strategic planning for companies, with the contribution of its stakeholders towards strengthening the company.

Company valuation, as argued by Hitchner (2011), enables the company assess the internal and outer factors that influence the company. This, therefore, helps the company make both long and short term decisions regarding the functioning of the company. Valuation, in this case, determines the course of the company so as to maximize its profits (Hitchner, 2011).

On the other hand, Harrison & Wicks (2010) argue that company executives make the best value for its stakeholders through assessing all company documents that relate to the company's performance. It is also the responsibility of the executives to scrutinize the market so as to review the capability of the corporation to compete with other companies (Harrison & Wicks, 2010). Executives also create the best value for its stakeholders through selecting the finest approach in the course of valuation (Harrison & Wicks, 2010). This is done after a complete understanding of the current value of the company then determine whether a market approach, an income approach or otherwise would be valid for the company.

References

Harrison, J. & Wicks, A. (2010). Stakeholder Theory: The State of the Art. Cambridge: Cambridge University Press.

Hitchner, J. (2011). Financial Valuation: Applications and Models. NY: John Wiley & Sons.