

Projecting financial trends 1

[Finance](#)



Economic Factors Affecting Business projection Affiliation) Economic factor are influences that affect business value. These influences are considered when planning and forecasting in any business or organization future output. They affect the decision to be, taken by any management when determining investment portfolio and planning the projected financial outcome (Kimani, 2010).

1. Why should companies pay attention to economic factors when managing the organization finance?

Economic factors are taken into consideration by various organizations or companies when setting or formulating their business plan. These factors play a crucial role in determining the outcome of a company at any given fiscal year (Clark, 2008). For a company to the existence, for a longer period it needs to consider all the surrounding factors that tend to affect the environment where it is located. These helps in approximating the trends and reduce the risk of running out of the business or being unable to cope up with prevailing economic times that are dynamic (Sullivan & Steven, 2007).

2 How do economic factors influence the projecting of financial trends?

Economic factor helps in determining the future economic trend of a business based upon facts that are present and affect the output of a business. For example if the region that the business is located is experiencing a high level of inflation the output of the business will be affected negatively. These will influence financial projection and will be reflected in a downwards trend. Projection is influenced by the prevailing outcomes that will either make the business has a hard time with its operations or friendly environment (Clark, 2008). Companies that are located in friendlier financial environment tend to have a higher projection due to <https://assignbuster.com/projecting-financial-trends-1/>

reduced cost of running and a better environment for doing business

References

Clark, B. (2008). *Economic Trends: A comparative approach of Business*. Westport, CT: Preager.

Kimani, S. (2010). *Economics strategy in Organizations*. Nairobi, NUP: Kenya.

Sullivan, A. & Steven M. (2007). *Economics: Principles in Action*. Upper Saddle River, New

Jersey : Pearson Prentice Hall. Pp. 31