

The bible and corporate finance assignment

[Business](#)



Being a profitable business owner or just an upstanding employee are also good things. In order to do that though, we need knowledge of finance and business operations. We also should strive to be able to care for ourselves, our families and our future. In the business world we need to be able to evaluate our business health as well as other businesses in which we or our company are a stakeholder. We want our business and/ or our employer to be profitable. We also want to make sure that we make good decisions for our business or employer.

It is important to understand the finance and accounting parts of our business, but it is more important to apply Biblical principles, ethics, and the law of the land to our practice. God wants us to be successful, but He also wants us to be an example for Him. We do that by having a strong moral compass and good ethics. In an article discussing ethics in the accounting and finance industry the author writes, ' The challenge to the profession, therefore, is to make fiduciary responsibility consonant with its roots in ethical and moral behavior, and thus with the tradition of the competent and caring professional. (Alphabet, 1 997) What that is saying is there is moieties a challenge with parties of a business arrangement maintaining good ethical character and competence. Sometimes there are opportunities to borrow money or to make a profitable business decision that aren't always moral or wise. Personal decisions we make also need a good understanding of finance, for instance, planning for children going to college, planning for retirement, or something as immediate as keeping a roof over our house. The first thing we need to realize, however, is that all that we have has been given to us by God, and it is our duty to be good stewards with that.

We also need to know how to be good stewards and that involves understanding what God has given and how do we please Him with our decisions. We need to understand the risks of investing and borrowing. It is also good to understand the while borrowing is not inherently bad the Bible does warn the borrower is slave to the lender. Equally making money and planning for the future is also not inherently bad, greed is bad. It is good to look at retirement accounts and savings accounts and plan how to meet a future goal. We should be looking how to meet a future goal and what the cost is now.

Once again we should be doing it from a Biblical perspective. God does give us many rules that will lead us in our financial decision making. We are commanded to first provide for our families. If we can't provide for ourselves or our families how can we also give as God as has commanded. Dave Ramsey has said on hundreds of occasions that " We should live like no one else, so later in life we can give like no one else. " That is very true. Part of living is living right. Same concept applies to our professional careers and business dealings.

As a Christian it is very necessary to act like one. That means even when we are valuing companies, valuing investments, looking to improve efficiency, and make a profit; doing things that seem like they have no relation to our beliefs, they actually do. Proverbs 3: 9-10 says " Honor the Lord with your wealth and with the best part of everything you produce. Then he will fill your barns with grain and your vats will overflow with good wine" (New Living Translation). If we honor the Lord with what we do, and praise Him and give back to Him, He will bless us more than we can fathom.

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Risk, Return and Capital Budgeting Christ like life experience during any financial capital planning. The most important part during the business financial planning is outweighing risk and return on business investments. Managers should remember to be transparent not hiding any financial exceptions that could alter or change the outcome of the financial statements. Building a professional group that is consistent year by year requires enforcing professional financing standards by put into effect a detail transparent investment and expenditure planning process.

The establishment of clear guidelines of budget and projected benchmarks must be discussed before, during and after budget development. It is mention De that capital budgeting “ is a systematic method Of allocating financial, physical, and human resources to achieve strategic goals.

Companies develop budgets in order to monitor progress toward their goals, help control spending, and predict cash flow and profit” (Inc. , 2000). The expertise for a successful final capital budget is a combination of Gods teachings, individual’s expertise and businesses strategic goals.

In conclusion, the expertise and financial understanding of business are Gods given talents to us to use for the betterment of the mankind and the economy. The bible s mentioned that, “ But remember the LORD your God, for it is he who gives you the ability to produce wealth, and so confirms his covenant, which he swore to your ancestors, as it is today ” (Deuteron 8, 2014). Business is a partnership with God and following all his commandments will bestow a bright future with wealth in your business for those who do what is right and just.

Corporate Financing, Debt Policy, and Venture Capital Raising capital, making proper investments, and wisely managing capital are all very Biblical concepts. God makes it clear that we are to use what is given to us in a wise manner and not just sit on it. In Matthew 25, Jesus told a parable. There were three servants that were entrusted money while the master was away. When he came back, two of the servants had doubled their money, while the one with the least money just buried it and did not use it in anyway in fear of losing it.

To the two servants who doubled their money, the master said, " well done, good and faithful servant. " To the other servant, he took the money from him and gave it to another servant and was disgusted with him. God gives each person different amount of resources. It is up to them to make the best of what has been given to them. In the same way, businesses are to invest their money wisely and work hard to increase what they started with. Businesses can do this by proper research, proper decisions, and eliminating wasted time and money.

All businesses need some sort of finances to get start. This is where seeking investments take s place. Developing a business plan that can be presented to potential investors is essential in seeking venture capital. Without proper planning, research, and confidence in your company, investors will shy away. Bradley, Myers, Marcus, 201 2, p. 424) Investors are looking for a company that is honest and direct about their finances and knows their numbers. This is why it is so important to keep good record and provide evidence of wise use of your current finances. Elbowing, 2004) Once that money is entrusted in the company, just as in the parable of the talents, it is up to that business <https://assignbuster.com/the-bible-and-corporate-finance-assignment/>

to make more of what they have been given and please the investors. Debt Policy and Increasing Shareholder Value (Coned) There are many verses throughout the Bible in regards to being a faithful toward of all God has entrusted to His people, especially in regards to managing debt. Debt policy involves how a company uses its debt to finance new Ventures. (Bradley, Myers, & Marcus, 2012, p. 50) unfortunately, too often, debt begins to overtake companies, and then unethical practices are taken in order to try to compensate for the increasing debt. Borrowing can be a positive practice, if used in the appropriate context. Romans 13: 8 says " Let no debt remain outstanding, except the continuing debt to love one another, for whoever loves others has fulfilled the law" (NM). Sometimes, debt is squired in order to promote a new product or to increase shareholder value. It is important to keep Proverbs 22: 7 in mind as well, " The rich rule over the poor, and the borrower is slave to the lender" (NIB).

Debt is a necessary part of doing business, but it should be handled ethically. Companies should also avoid excessive amounts of debt. Another important aspect of finance is increasing shareholder value. Without shareholders who are fully invested in the company, it will be increasingly difficult for the company to increase its profitability. It is important for management to make decisions that will increase, even if it decreases earnings in the short-term. (Rapport, 2006) Proverbs 10: 4 says, " A slack hand causes poverty, but the hand of the diligent makes rich" (ESP.).

Managers who are making the best decisions to increase the value of the organization will ultimately profit over those managers who are solely focused on short-term successes. The Bible assures businesses and <https://assignbuster.com/the-bible-and-corporate-finance-assignment/>

individuals that there is nothing wrong with obtaining wealth. The problem arises when wealth becomes the primary focus of every decision that is made. Keeping the shareholders happy is a crucial part of doing business publicly. Nevertheless, Mark 8: 36 should remind companies that profit will not matter if the company compromises along the way.

Long-term Financial Planning and Payout Policy According to Bradley, Myers and Marcus; “ long-term financial planning focuses on the firm’s long-term goals, the investment that will be needed to meet those goals, the finance that must be raised” (2014). The Bible is essentially a guide to aid in the planning of ones eternal future, just as long- term financial planning outlines the goals needed to secure a company’s financial future. Proverbs 24: 27 says “ prepare your work outside; get everything ready for yourself in the field, and after that build your house” (English Standard Version).