

Financial Management approaches with based on organizations and business trade

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Abstract- This paper has been focused on Financial Management Approaches on organization and business trade . The main aspect of this paper is on taking approaches and solutions in new financial sources and generating them to all of trade activities . Challenges in business and trade management especially in global and strategic management are discussion subjects of this paper.

Key Words : financial management; Business strategy; trade; organizational strategic management

1. Introduction

Finance knowledge of economic principles and concepts in making decisions and solving problems. Science circle of finance can be classified into three categories: financial management, investment, financial institutions

Financial Management: The Financial Management Companies (Corporate finance) or business financial management (business finance) is also called. Primarily with financial decisions on trade issues dealing. Maintain financial management decisions, including cash balance, accounts expanded, employing other institutions, borrowing from banks and issuing stocks and bonds.

Investments: This section of the Science of Finance on the financial situation and determine the price of securities focus. Investment Managers duties may include the stock price, select securities for pension funds or assets are securities Performance Assessment.

Financial institutions: this part of the Science of Finance with the task of banks and other institutions that collect funds and other financial consumers have joined together is included. For

example, a bank manager may make decisions about lending, preserving cash levels, to determine interest loans would also ways to deal with regulations.

Particular area of financial management is important but what is important is that business conditions and makes any theories or financial instruments to be adopted and do not include investment (of investment) Funding (capital increase) is.

Managers who each of these areas are working with financial information are the same areas. In our book you are familiar with this common knowledge and we will show how financial decisions will use this knowledge.

Despite the emphasis of this book reviews the main principles of financial management tools used in investment and financial institutions are also used. The prelude to the kind of decisions we are the financial managers and the role of financial analysis, different modes of commercial property and business decisions and objectives are the managers. Finally the relationship between managers and owners of our companies will describe.

Involve financial management decisions are different. We can make these decisions to the three basic types:

One - two investment decisions - decisions to fund 3 - decisions that include both of them .

Investment decisions with the use of the capital, purchase, possession or sale of all types of property dealing. Thus it is necessary that a device is disabled buy? It is necessary to set up a production line to? Sell old equipment? Buy a company or institution? Keep your cash in the bank?

Financial decisions, including providing the necessary capital for investment and funding for activities to be every day. Do managers need income obtained from the institutions to use? Do they need the liquidity out of the business units they obtained to use?

Activities and investments a company can be out of jobs they are funding liabilities imposed Institute (incurring debts) before such use of bank loans and selling bonds or by selling ownership shares. Because each of these methods in the financial business offers various routes in which financial decisions is important. Many business decisions simultaneously include both the investment fund is. For example, a company may want a company or other institution in the decision to use investment.

Although successful in their selection depends on how the fund is down: that is to borrow money or to deal with the purchase price or sell shares or securities are exchanged for stock or securities Bashdv If managers decide to borrow money to make borrowed money must be given after the set time. Capital spending (borrowed money are the ones) usually profit companies that have borrowed money will not be shared. On the other hand, if managers decide that selling shares to fund acquisitions, the investment should not be so. Although sales of this stock makes fade Current shareholders will control.

Whether the financial decisions, including investment, funding or both will depend on the two important factors. Risks and returns required by the science of finance your studies, you will handle these factors. The difference between the required return potential benefits and costs of

potential. The risk is that the amount of uncertainty about the return is required.

2. Financial Analysis

Financial analysis, financial management is one of the tools that include evaluation of financial condition and performance of a business or even a situation where the economy and the company forecast its future condition and performance company. Words anymore This means that the risk and return the required checks.

Analysis of financial information may be in parts like the parts inside the institution or the production of marketing organizations that have information or accounting of companies are selling information, such as finance company (bloomberg) or investment services (Moody) and companies working Standard and Poor (stanadad .. FOOR) may also government publications such as Federal Reserve. Financial publications such as Fortune, forbes, Business week, wall street journal time financial information and economic data (including industries, markets and the economy) will be released today, but more information is available on the Internet.

In a review of financial companies may not only to evaluate its performance, but the company used to evaluate different parts of companies, sectors and product lines also are used. This analysis may also periodically and when required to do so can only make informed decisions just on the financial guarantee. But as an aid to adopt policies and personal incentive systems used. Outside of this institution, financial analysis may determine the value of a new consumer device that is used to power sources for long-term contract terms and market performance to evaluate competitors. Institutions and investors who have spend time and resource expert that financial considerations do not may attempt to buy its analysis of companies that specialize in this area do have reports of such companies can decay and the analysis was quite detailed investigation to simple to do business.

For example, service companies (Dun and Bradstreet) itinerancy credit institutions were from large companies to local businesses to review. Other examples of financial services companies such as Fitch, Standard and poor, Moody are the value and validity of the bonds

that are issued by companies to assess and comments in the form of classified documents by the three companies are released are available.

3. Various business units

Limited to financial management institutions is not a huge volume. This in all modes and sizes, and job requirements is essential. Three main forms of business organizations, single-Maliki, are stock companies Partnership. It features a number of organizations that differ with those of the commercial impact of decisions are:

Way and the way financial institutions are.

Owners on how decisions are lobbying.

Equity Commitment

Facilitate transfer of ownership of shares

Continuing activities of business units

3.1. Single property

The simplest and most common form of business units has proprietary single-mode means that the trade is controlled by one person is the owner of enmity and one owner called it. Because there are few legal requirements to a single business unit ownership, there comes this form by many people who start a working institution will be selected. Owner of such companies for his own personal benefit and no understatement from someone other than employees doing things. Owner of all the revenues that these companies alone get the job alone, and decides whether the proceeds to invest again or to use for personal purposes.

Homeowners to borrow against all liabilities and the Company are accountable and responsible. In fact the owners are in debt up jobs and bring your business if the assets are not enough owners to pay debts to the company from liability to pay personal property.

If more liquidity from the cash rate by up to conduct business activities and development companies need to be obtained from the owner to use his personal assets or to borrow for most single-property companies, banks as a place to borrow money is considered and although restrictions on the amount of money that banks can do business units to pay a single property,

there are often relatively little money can be paid.

Such owner's tax time, business units report proceeds provide personal income as business owner's personal income is considered. Single business unit property assets may be sold to other companies or institutions when the single property owner of the company away or dies in any way other proprietary single status is lost. However, when the owner dies his assets looks.

3.2. Company Partnership (Partnership)

State Partnership agreement between two or more persons who agree to do business together. Partnership mode is similar to the single property owner rather than the exception, with a few owner's face. In this case that there is more than one owner raises issues:

Who in business decisions every day is? Who is responsible (Financial Responsibility) is working in debt? How revenue is divided between them? How are taxes paid? Some of these cases are resolved by agreement partners in others by law is solved. Such a partnership agreement that gains and losses should be divided between the partners and management responsibilities at work to describe in detail.

More general partnership is a partnership that includes the active partners are fully involved in management tasks, they share the profits and losses on debt and are also responsible. Each of the active partners alone business units responsible for the debts of its debt, even by other members that have been created and partners are also responsible. Company Limited Partnership mode includes at least one active partner and a partner is disabled. Disabled partners in work and investment experience, but they do not participate in Amrmdyryt. Disabled partners share in the profit and loss business unit through a partnership agreement to be bound by. In addition, passive partner in that debt out of his initial investment has no responsibility. His contribution as an independent state institutions and separating but you do not tax any of his partners must pay taxes. Duration of the partnership agreement until the partners may continue. For example, partners may agree that the company just for a few years or certain

activities within not find work. This partnership when one of the partners should die before being stopped and the partnership agreement specified What is not important. A dead partner's share can not be deposited to his heir at the death of any of the partners a partnership is terminated and may be deposited back to someone else. One problem is that the share of Partnership participation of partners without the consent of other partners can not be sold. So who wants a partner to share your financial problems can not sell without the consent of other partners will do it.

Another problem is liquidity, limited access to partners. Apart from restrictions on their share of sales through partners can only borrow money from banks to complete the necessary funding and there are limits here too it is that much (usually in small quantities) the bank is willing to lend to them .

And set out in businesses including accounting, law and physical tasks partnership companies usually are organized. Using state of the partnership may first state laws and regulations and industrial organizations qualified to be attributed to mean that any of the attorneys limit their duties in every area are open.

3.3. Joint Stock Companies

Corporate is a legal institution under state law and within a partnership process arise. Corporation institution has the ability to explain contract and activities as a name and is separated from its owners. For a corporation to create state laws that work against the institution wants to do:

Company Statute to create.

Statute law company represents the company name, its position in trade and business units is the nature of this certificate gives soul to the Company means the contract between the corporation and its owners creates. The Corporation option contract gives the property to create units that say the stock ownership units and owners of rights indicates that the owners, called shareholders. Rules of procedure law corporation is run. Rules of procedure and legal authority staff, board members and shareholders to turn. More companies in stock for each of the shareholders it is possible to manage the tasks to be about control. For example, at the end of

2001, Emerson Electric Company had approximately 33,700 shareholders. For each of the shareholders is not possible to work on the Emerson management companies have direct supervision. Therefore, a Board of Directors Shareholders have a choice in deciding major matters in the work activities of business units and control over company management would be their representative. Instead, board lady and employees choose to monitor their performance. Managers of such companies employees. Managers are called internal and the other side of those who are not in stock companies. Or external independent directors are called on Emerson Electric Co. of the 18th manager in 2003, six cases of domestic and Director were foreign. In total there is the belief that whatever the number is greater than foreign managers. Board independence in the management company and the company further. foreign managers of joint stock companies as substantially different. For example, in 2002 only 44% of the company board was food. Foreign managers were part of the board while 89% Institute of Foreign Board was formed.

Each state entity any of the companies incorporated in the permit collaborative knows. Joint stock companies law in many states and coordinated set of rules to follow that same as "business model of the stock performance of companies is referred. When corporations were created, can close the contract, a legal title to choose. Of who or where to complain or they will complain and even to continue their lives forever. Although shareholders may die, but corporations continue its existence. Owners and shareholders of limited liability investment company incorporated in them by shareholders buy the stock.

Unlike single-ownership and Partnership companies, joint stock companies are subject to the tax. In these companies based on their income taxes the company paid. This specific law of federal income and state tax codes are determined based on tax rates is limited to companies with revenues from the personal tax rate is different. If the board decides to capital is divided between the shareholders of the money remaining after paying income taxes will be paid. Amount of money that is paid or also about the income that shareholders should have the tax deduction is to be considered. So than corporations subject to income tax twice a week

is. As revenue sharing and once again as personal income per share benefit of shareholders by the directors of each company's stock was based on the number of shares that each shareholder is divided. If a shareholder has doubled shareholder B shares, a shareholder, doubles shareholder B will be money. Ownership of the shareholders in joint stock companies as a stock or equity is referred to as the sheet stock is provided. Corporations have only a small number of shareholders that control over the decisions they have stock limited company (Pvt.) is called the equity shareholders of the Company outside the circle of buying and selling shareholders are the public corporation (LLP) is called. March Company M & M biscuits producers in other confectionery products is the Joint Stock Companies.

Stock corporations freely buy and sell stock markets, while ownership is the ownership of the corporations than on a single company-specific Partnership property shall be transferred easily to others. Companies that their stock traded on the stock markets will have their preliminary statements to Securities and Exchange Commission (SEC) offer. The organization to oversee the implementation of federal securities laws in America is there. The letter said, the national declaration, bylaws corporations and complete information about the nature of its business units, debt and stock corporation, employees and managers and those more than 10% are able to share provides.

4. Other forms of business units

particular kind of partnership firms companies with limited stock for each of the shareholders who are trading in the stock market. For example, more than two jeans companies in the stock market developed a special partnership has been registered in New York that includes Celtic; companies cabin crew reject (Red Lion) stock ownership, which represents a specific percentage of ownership is the same way as joint stock companies are dealing. Although the only difference Companies can, with determination and issuance of new ownership shares to investors while the company developed a special partnership that such action is not possible. It is possible that our 100% ownership of the shares get sold and also the possibility of selling

additional shares of companies incorporated there. Another difference is that the special partnership companies earnings advanced only be taxed once.

Another type of joint stock companies, business units, professional institutions, which are created under state law and be subject to taxation to trade shares in a company are considered while shareholders against any liability limitation does not exist. Each of the shareholders personally responsible for company debts are. The companies business units that they are considered service to the present are needed to allow such state physicists, and architects and attorneys because it is so total that will feel the wishes of the people that such a professional by forcing the responsibility on their actions.

Recently, companies that are in the form of multi-purpose businesses that use it say limited liability company (LLC) company best features of this type of Partnership companies and shares, has combined the 1988 tax service organizations LLC announced a partnership for state tax is considered week while the owners and shareholders regarding the debt has no responsibility. Generation of such a legal license for each state law firms have limited liability.

Although less total state laws differ, LLC has owners and shareholders against the debt obligations are limited.

IRS to tax companies taking the LLC as a partnership company if the company considers one of the front four does not feature. 1 - 2 Limited - Central Management 3 - Freedom in the transfer of shares to non-4 - perseverance in the tasks. If a company more than two of these features have to be for taxes as a corporation will be considered tax The proceeds are awarded the company and shareholders.

Members of such private companies, partnerships what, Partnership, or stock are added together and look for specific business situations are. Special partnership could eventually go away. Recent alliances between entertainment and social institutions that shaped the thinking in the future, how will business.

Some believe that what our progress will be a virtual institute. A temporary alliance without

the usual paperwork companies would not be incorporated in the News Virtual Moses can quickly and firmly to any place to go and take advantage of business opportunities.

5. Pluralization

three types of benefits and commercial points of their financial decisions are shown in Table 1-1. Institutions tend to single ownership of companies or joint stock companies, partnership and become financially because they are growing and require more financial resources. The single property is selected to begin while the stock is selected for sustainable growth. Most businesses in America have the single property but most companies incorporated by commercial proceeds is returned.

6. Financial Management Goals

So far, we've come to the conclusion that financial managers must first investment decisions and financing decisions within the business structure to adopt. Most parts of the business decisions are taken that will improve growth and about 89% of business revenue in America encompasses. While most decisions in this book continue to make decisions on financial stock companies, but in many cases to complete the business units in the states is considered.

7. Economic Profit vs. Accounting Profit: stock price versus earnings per share

When you study economics, you notice that the institutions aim is to gain the most profits tax purpose in science, although many owners of wealth is sure whether this is a contradiction? Different words to express the same objectives we used the differences of differences between accounting profits and economic profits are created.

Economic benefit costs and income difference between the cost of concrete work, including the costs (direct costs) and implicit costs are. Incidental expenses paid to ensuring that our financial resources is essential that the capital costs are saying. First person in any commercial

institution provides funds then invest in it will work. The suppliers of capital may be the owners job, entrepreneurs or banks or the shareholders .

And uncertainty about the investment, no matter how we ensure that more investment is the investment amount will be greater.

Position and status of a regular corporation, consider. Shareholders on their equity investment firm with the notion that they will use the dividends. But shareholders could make their money to invest in another job. So what makes them interested in investing in a corporation be? To gain more profit from their investment profits here more than elsewhere in their business. Considering the uncertainty they get more profit if a corporation fails to produce economic benefits of their shareholders funds are out there.

Accounting profit, the difference between costs and income based on accounting principles can be achieved where the cost is the cost of domestic tasks. Implicit costs - opportunity costs, and ordinary income - which represents the uncertainty is liquidity and scheduling .

8. Added financial management and revenue owners

Financial managers, responsible decisions that increase the wealth of the owners of capital will be changes. In case of a corporation that is his duty, the price increases shareholders. If the stock market, market value is quite efficient in a corporation must show investors that it expects the company's success in the future. Stocks when investor expectations are changing .

Financial managers in decisions about value, present value benefits resulting from management decisions should be more dependent on the cost while the cost of capital is. If the ownership and management between the company and there are different institutions. The difference here is that company managers are not merely owners. Other issues to tackle and there review. If the decision is Bob Mill Co., company management, but Bob does not eat what? How can owners be sure that the managers think are their profits and interests. How can owners and managers, forcing owners to make decisions that

benefit take them. More in the next chapter we will talk about these issues.

9. Summary and Conclusion

If you're one of the owners of single-property companies, you make decisions that you will benefit to you. But if financial management is the business owner and what not? In this case, your decisions are what the grid is useful for others, not your own person. For persons who mediated or someone else does. Person or persons due to their own representative called. Relationships between intermediaries and the original owner of the brokerage relationships they say. A kind of broker relationships between managers and shareholders in companies incorporated there.

Rights than their compensation - the lowest payment that a manager receives. Managers should be about smart and talented is not enough. But the rewards should be based on evaluation of their performance which is in line with shareholder interests. company plans to have struck at least partial compensation to managers that they value the economic benefits have increased.

Original mind behind the Stock Options to certain price and stock up to that limit managers to become business owners because the motivation for taking state revenues and punishing non-continuous decline. As the owner and the owner and managers not only revenues are shared, but is punished when they make decisions to increase revenue in company profits are shared. The main motivation, while that to the stock, not stock price and the owner is having its shares. This is why the stock performance and stock the right kind of investment is that the recipient is not operating successfully. Stock Options for a certain price for the more active the impulse would be nice to request that their shares be owned for a long time.

This action will cost more but its stock price in the market, it is necessary money managers and investment into their work.

Currently much attention on the corporations because the individual executive service managers, they had nothing to do with performance. In recent years, many U.S. companies, many small and limited to its employees and the rights of employees who have remained much reduced.

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