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Submission date: 27-Nov-2019 06:29PM (UTC+0300)

Submission ID: 1222837415

File name: post.docx (15.38K)

Word count: 788

Character count: 4074

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Various factors increase capital investment decision risk of any given company. One of the factors is the project itself. The management may fail to estimate the cost of the project while on the other hand the project fails to meet its initial schedule which may become apparent for some projects. However, this can be avoided by the management in investing in similar projects which gives the yield predictable performance. The other factor is the industry aspects which may include regulations. In addition, changes such as disasters or industrial accidents may increase the risk of capital investment decision (Andor et al., 2015). Consequently, any scientific inventions and technological breakthroughs can also lead to increase in risk. The other unforeseen factor that can contribute to increase in risk of capital investment decision is competition. This mainly occurs when a competitor comes up with a new invention that cuts their cost of production. Last but not least factor that could lead to increase in risk of capital investment decision is market. Changes in the market such as inflation, interest rates and stability of the economic growth may result to risk aversion. I think the project and market factors may lead to more risk than the industry and competition. If the management fails to accurately estimate the cost may find out later that they invested a huge sum of capital which was not worth. On the other hand, if the project does not meet the allocated schedule may be riskier to the company. On the other hand, changes in interest rates may adversely affect a company's investment and hence in turn make it riskier.

Favorable market conditions can reduce the risk of capital investment decision. When the market is favorable it means that the existing interest rates are favorable and hence the company will undertake its capital investment with minimal risk chances. Secondly, proper project selection may also reduce the risk of capital investment decision. This takes place when the

management of the company has familiarized with the project through intensive research hence making wise investment decisions. Low production cost is another factor that would reduce the risk of capital ¹ investment decision (Elmassri et al., 2016). When the cost of production is low, the risk of investing in a certain project decreases. The factor that would reduce the risk of capital investment decision is cash flow budget. Having regular cash flow budget during a certain given period for a certain project makes the project suitable for the company and hence the risk of investing in such a project decreases. I believe that cash flow budget and low production cost decrease the risk of capital investment decision more than favorable market conditions and proper project selection. This is because when the cash flow is favorable the project will be able to finance itself. On the other hand, low production costs will in turn reduce the cost of maintaining the project and thus make the project less risky.

Milestone approach helps the investor to know the changes that are taking place in a certain project in every stage. Using this approach it is easy to get to know the key events and hence the investor or the owner of the project can ensure that the project stays on track. Besides, milestone approach is also helpful in helping to communicate what is happening in the project and hence the owner of the project can be able to make adjustable and necessary changes to increase project effectiveness (Miranda, 2019). However, milestone approach can sometimes be ineffective since it is not able to prevent the problem but offers reaction to the problem. Problems in a project can compound to an extent that they are no longer manageable. In the company I used to work some few years ago on part-time basis, they used milestone approach which seemed not to work well with them due to the aspect of realizing some hitches in the project when it is too late. America being a mixed economy, this has prompted many businesses to prefer capital investment decisions than traditional approach. This helps them to exploit more

profitable opportunities which is being boosted by the new and patents technologies. On the other hand, the level of inflation and interest rates has also been behind the American businesses to prefer capital investment decisions.

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