Enron Scandal

Name

Course

Tutor

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**Question 1**

It is difficult for health care companies to get expansion financing in today’s economic climate and financial issues with expansions. This is as a result of being in need of an increase in the financial resources available. The financial resources will be expected to increase given the number of responsibilities that the companies are required to cater to. These are the increasing demands by patients as well as the laws that change frequently. In short, the management of investment is difficult especially in an environment that experiences constraints in capital available for use. The hospitals experience restraints in the amount of money available for use in the improvement of the health of patients, following the pressure that comes with outcomes being expected to be boosted and cost-cutting expected to be met. The money available to hospitals and the healthcare companies is in limited amounts compared to the needs of the hospital that are required to be met which makes expansion financing difficult to get with expanding needs (Bauer, 2009).

**Question 2**

It is important for healthcare companies to look beyond their banks to secure financing. It usually becomes an issue or becomes difficult to refund the amount of money borrowed from these banks or any assistance for that matter from the banks. Such steps are getting to a point of limiting these healthcare organizations’ access to the capital that is needed to conduct different activities and meet the various needs that the hospitals are in needed of. On this note, it is important to note that the best means out of the capital problems or difficulty that the hospitals are facing is through the use of mergers with other organizations which then aid in the access to capital for the various needs that need to be met by the hospital. Such needs are upgrades of the infrastructure for the hospital as the updates in technology. The previous bank loan methods were too costly to be afforded by the hospitals that are in dire need of an increasing capital aid to meet the infrastructural and technological needs that then aid in meeting the needs of its patients (Doak, Doak, In Fischhoff, In Brewer, In Downs & United States, 2011).

**Question 3**

The importance of making a good case for the expansion of the healthcare providers’ methods in break-even analysis calculation is to make it possible for the health care organization to show their capability of managing funds available to them. This will assist the health care organization to get funding for the various projects that are pending for the development of the organization in a bid to meet the needs of its patients. The funding will only be released once the lending organization or the organization that is involved in the merger can believed and trust in the ability of the organization to stand on its own. The numbers as well as the functioning of the financial sector of the health care organization has to be in a position that it might receive help and help itself later as opposed to helping n organization that does not have efficient financial management (Committee on the Robert Wood Johnson Foundation Initiative on the Future of Nursing, at the Institute of Medicine., Robert Wood Johnson Foundation., & Institute of Medicine (U.S.), 2011).

**Question4**

The break-even analysis is inclusive of both the financial and non-financial factors to make it possible in calculation and inclusion in consideration of receiving funding for the healthcare organization. One of the non-financial factors is the investment policies which guide in the direction that the health care company ought to follow so that the most profitable investments are taken on by the company which then aid in the growth and development of the company. The break-even analysis also includes the key changes required in cash management so that investment can be effective and efficient in the growth of the company. Picking out or selecting a Chief Financial Officer to manage the finances as well as the investments pertaining to the company’s business in its effort to improve and provide needs to the patients.

**Question 5**

The Affordable Care Act was brought forth for the sake of providing reforms to the system of health. The spending in health care is controlled as a result. With the act have come lower fixed costs for the various companies involved such that the production break-even units decrease as a result. This leaves the margin at a constant (Rawal, 2016).

**Question 6**

According to the Enron Scandal, it is important for companies to reveal and losses or gains that the companies’ experience so that the investors may be aware and may decide whether or not it is the right channel to invest in. This then affects the share prices of these companies. Bankruptcy should also be revealed in good time. The operating results and accounting realities ought to be shared with the public so that the decision lies with the potential investors and the existing ones. Illegal methods of hiding financial information should never be a solution to the happenings in a company. In the case of Trinity Mother, before taking on expansion funding or any kind of funding for an organization, it is important to conduct an analysis on the investment practices and definition of the need for bond funding. Personally, the funding ought to come from a merger to avoid the limitations that come with capital from banks and loans. Various methods are applied in decision making in capital investment. These are net present value, profitability index and internal rate of return which help identify the returns realized. Payback period and accounting rate of return are used in identifying the period of time for recovery of invested amounts and the profits that result afterwards (Couto, Plansky & Caglar, 2017).

**Question 7**

Decision making is greatly influenced by ethics and professionalism. An organization that takes these two factors into consideration does business right by the books, which then means that returns are not tainted and therefore, the company does not have a need to hide the results from the public or regulatory authorities. Unethical standards leads to a company losing out on good performance in the market especially since investors and clients are aware of the type of business they conduct. Hiding the debts in other books to get the company to conduct embezzlement only makes business difficult to conduct especially if the company is trying to hide this from the public eye which may then end up straining the company-client relationship. Once discovered, the company then undergoes major losses which may lead to declaration of bankruptcy and end of business (Götze, Northcott & Schuster, 2008).

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