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**THE IMPACT OF PLANNING AND FORECASTING IN BUSINESS
ECONOMY**

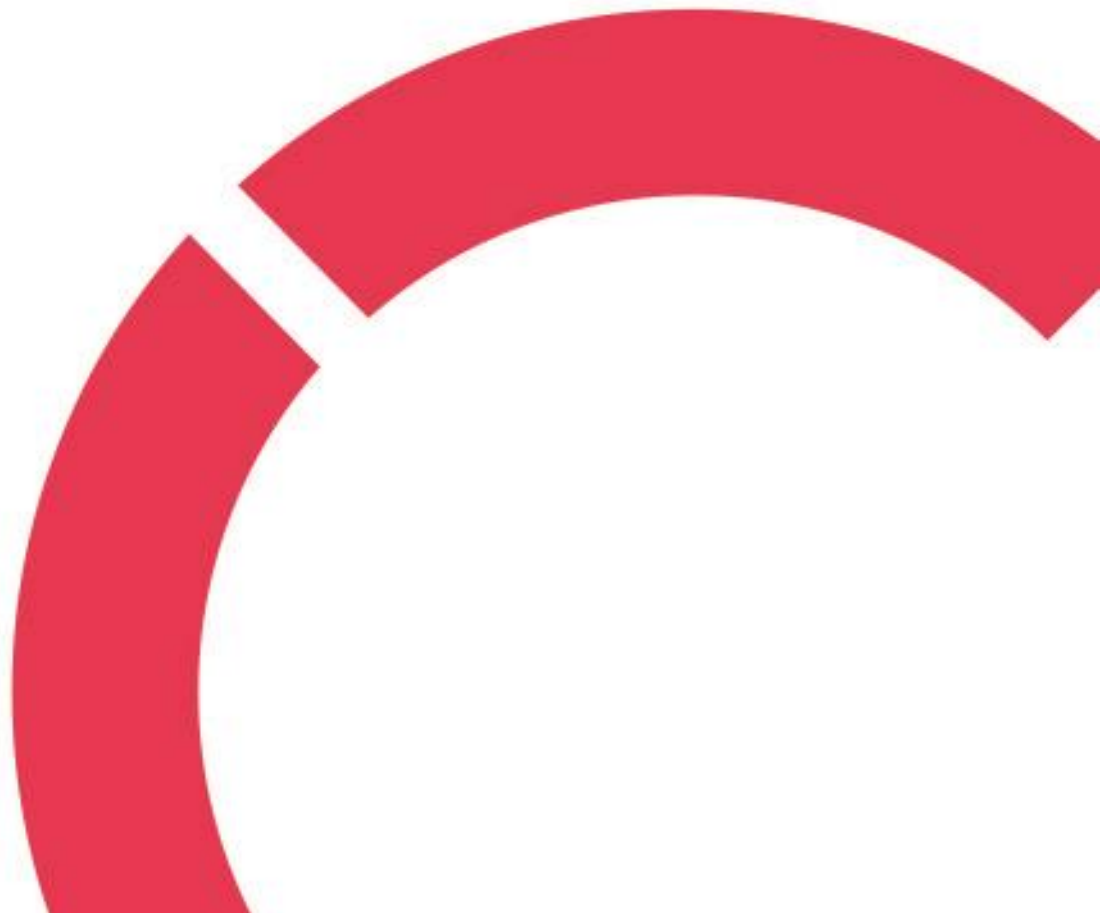
A Comparative Analysis of Douala, Cameroon and Helsinki, Finland

Thesis

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ABSTRACT

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Name of thesis THE IMPACT OF PLANNING AND FORECASTING IN BUSINESS ECONOMY. A Comparative Analysis of Douala, Cameroon and Helsinki, Finland		
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<p>The thesis examines the impact of planning and forecasting economy of Cameroon in comparative relation to the economy of Finland. The study further examines the importance of planning and forecasting, and the extent to which it can rapidly grow the business economy of Cameroon and Finland in comparative terms. Therefore, the major aim of the study was to assess the impact of planning and forecasting on the growth of the business economy of Cameroon in comparison to the economy of Finland.</p> <p>The case study model was the method used in analysing data for the thesis. The qualitative technique was used to gather information/data that was put together using secondary sources. Additionally, secondary data was collected from internet websites, journals, library, e-books, and other online articles. The city of Douala, Cameroon and the city of Helsinki, Finland constituted the case study for the thesis.</p> <p>To summarise, at the end of the study, it was discovered that the degree to which planning, and forecasting are effectively practiced and to which they enhance growth in the business economy of Cameroon is lower when compared to the business of economy of Finland. It was also discovered that the technological and digital development of Cameroon was still very low when compared to the business economy of Finland which have gone far in technology and digital developments. Thus, low technological and digital development constituted a major reason for the poor impact of planning and forecasting in the business economy of Cameroon.</p>		

<p>Key words Business Growth, Economy, Forecasting, Planning, Technological Development</p>
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CONCEPT DEFINITIONS

Business Economics: According to Caroline (2022), business economics refers to a field of applied economics that studies the financial, organizational, market-related, and environmental issues faced by business enterprises and it is made up of subjects like the concept of scarcity, product factors, distribution, and consumption.

Forecasting: Forecasting is an approach that helps business managers to be able to stay in businesses by predicting the uncertainties in the future of the business based on available information or data (Dianne 1994).

Planning: Planning refers to a continuous process, which involves decisions or choices about different ways of utilising available resources with the objective of achieving some particular future goals (Conyers & Hills 1986).

ABSTRACT
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1 INTRODUCTION

The growth of business economies around the world and the rapid digitalisation of economies have not left behind Finland and Cameroon. As a business seeks to reach and stay at the top, there is that continuous quest for strategies that enhances its journey. As such knowing precisely what the future holds is something that have been hidden from everyone. This therefore have created an avenue for people who try to use their judgements on past events or developments in predicting the future and putting in place strategies that can address whatever have been predicted for the business. As a matter of preciseness, people have it in mind that the wider and more realistic view of how the future will unfold, the greater your chances of planning effectively and gaining the power of controlling and influencing others. It is this light that planning, and forecasting have become an inevitable function of people in their need to succeed in whatever activity they find for themselves.

However, from the economic and business standpoint, planning, predicting, or forecasting the future is a valuable and systematic approach in getting a step ahead in business. At this juncture, the strength to plan, predict or forecast future trends in the business economy vary from one economic environment to another. While some nations have realised planning and forecasting as a treasure in managing their businesses, some are still lacking behind and thus paving the way for the existence of different levels of achievements in establishing and managing business successfully. It is very important to understand why there have been a varying approach to planning in business as well as forecasting in the different levels of managing a business economy.

Consequently, it is from the above reasoning that the interest has been to narrow down to the case of some economies around the world and in this study, a comparison of the impact of planning and forecasting in the business economy of Cameroon and the business economy Finland is an interesting area of concern. The case of Cameroon therefore will be critically analysed in terms of how businesses are set up, how they are managed, their level of engagement in planning and forecasting software programs, how they respond to challenges and pre-handle problems before they surface, all in a comparative relation to business enterprises in the economy of Finland.

The aim therefore for this thesis is to examine the impact of planning and forecasting and how significantly planning and forecasting in an economy can facilitate business growth with emphasis on the private sector. As a result, the aim will be fulfilled with the answering of following questions:

1. What is the economic approach to plan and forecast in cities of Douala, Cameroon and Helsinki, Finland?
2. How effective are the approaches of planning and forecasting in relation to business growth on the economy of Cameroon and Finland?
3. What are the challenges encountered during business forecasting?

This thesis aims to give a comprehensive solution to these questions. Planning is a major economic responsibility, an inevitable step in handling future tasks in business management. To be effective in planning, forecasting must be treasured, explored, and implemented to compliment a smooth and productive planning process.

Additionally, since this thesis focuses on analysing comparatively the impact of planning and forecasting in the business economies of Cameroon and Finland, it was thought that it would be wise to narrow the focus on the economies of the two countries biggest economies, Douala in the case of Cameroon and Helsinki in the case of Finland.

2 BACKGROUND OF PLANNING AND FORECASTING IN BUSINESS AND ECONOMIC GROWTH

This chapter consists of five sub-topics. The first sub-topic gives an overview of the economic history surrounding planning and forecasting. Thereafter, the theory of planning and types of economic planning are examined, followed by the theory of business forecasting and forecasting methods or techniques. The next sub-topic focuses on the influence of planning and forecasting on business growth. The chapter ends by discussing the challenges encountered by businesses in conducting forecasting.

2.1. The Economic History of Planning and Forecasting

From the origin, economic planning was the result of controversies linked to the practice of capitalism, where it was highly criticised as a system of anarchy and greed. Criticisms were only based on the possibility of having a well organised society being planned from the central government. As a result, capitalism was abolished and, in the period of 1917, the Soviet government rose to be the lead of every means of production though it never had any roadmap on how to practice economic planning at the central government. Then came industrialisation in the 1927, where there was great need for the government exercising central control over the country's resources required for production to achieve state goals.

However, in the 1980s the approach to economic planning was different in Eastern Europe where planning meant the state extending its economic functions to private sector. The picture of economic planning in Europe became different from being a complete responsibility of the central government to an indirect responsibility of the government and more of a collaboration between the private sector and the government. Additionally, in the 1980s there was the trending idea of the western government to reduce its regulations on specific sectors of the economy, the air transport being a good example.

After World War 2, centralized administrative governments were established by many states such as Yugoslavia, where the policies implemented were quite different from the policies in the Soviet model as well as different practices approaches to economic planning were practiced in the Eastern European countries. Consequently, from the 1990s the former member states to the Soviet Union and many

countries in the Eastern Europe embarked on diversifying its economic planning responsibilities typically of what we are presently having nowadays.

Economic forecasting on its part is a form of predicting before time the economic activities that may unfold. Economic forecasting turns to be so significant in describing the future of the economy. As stated by Andreas Falundi “man’s understanding of this world and his ability to act in it, depends on his constructing an imaginary in his own mind” (Joshua 2016). In the same light forecasting in the business economy has been about imagining the needs and challenges of the economy and planning to meet up with those needs and overcoming the challenges. Additionally, deciding what to do and when to do in advance is a way of demonstrating forecasting in the most effective way. Forecasting helps giving guide or showcasing the pathway for the economy in instituting those elements of the economy such as a good subsidy system, moderate tax code, trade fair and aggro pastoral shows, needed to guarantee a conducive atmosphere for business development.

2.2. The Theory of Planning and Types of Economic Planning

This section examines planning within a business environment and the different types or models of economic planning. According to Conyers & Hills (1986) planning is a continuous process, which involves decisions or choices about different ways of utilising available resources with the objective of achieving some future goals. Economic planning can be categorised as demonstrated below.

To begin with is planning by direction and planning by inducement. Planning by direction entails the absolute absence of a laissez-faire system as planners plan from one central authority. Under this planning method, one central authority plans, directs and executes according to economic priorities that have been outlined. Planning by direction is an integral part of a socialist society as there is total centralized planning with no features of a private economy. One planning authority controls the productive resources and uses them in accordance with what they think are the social priorities. As such, market forces are not permitted to operate freely since one central authority plans, directs and orders the execution of the plan. On the other hand, planning by inducement is more democratic in nature as there is a thorough study of the market to make a productive manipulation and enterprises in this type of economy enjoys a significant level of freedom of production and consumption. There is no compulsion and direction but rather persuasion by the state. Therefore, in this planning type, the state manipulates

the market economy not by command or force rather by providing inducement to secure its objectives. This can be done through monetary and fiscal measures and through proper price policies. For example, if the planning authority wishes to raise the level of production, it can proceed to granting subsidies as subsidies will serve as an inducement. (Economics Discussion 2022.)

Physical and financial planning is another category of planning. With physical planning, objectives are fixed in terms of physical resources. Here, targets are drafted following real resources of the economy, such as the availability of natural, human, raw materials, and capital resources. Based on these resources, objectives or targets are fixed to achieve the output. Whereas in financial planning, resources are allocated in terms of money, and these resources become incredibly significant and instrumental in ensuring stability in the economy. This type of economic planning is more of a long-term planning. Financial planning is different from physical planning in the sense of resource allocation in terms of machine availability, human resource, and other materials needed for the economic process. This type of economic planning is crucial for the growth of businesses in the economy. Physical planning in business environment cannot be successful without financial planning. This is because financial planning is introduced as a means to achieve physical targets or objectives. (Economics Discussion 2022.)

Economic planning is further viewed under the centralised planning and decentralised planning. With the centralised planning, there is little or no laissez fair and every planning decision is taken from a particular central authority. The central planning authority is responsible of determining targets and priorities within the economy that will run from the top to the bottom. The entire economic planning is under bureaucratic control. All economic decisions such as what to produce, how to produce, where to produce and to whom, are allocated and decided solely by the central authority. In a nutshell, under the centralised planning economy, all aspects of the economy are regulated or controlled by the central authority and there is no economic freedom. In contrast, in decentralised planning, the tendencies of drafting the plans that will govern the economy originate from the grass roots to the top. The central planning authority formulates plans, targets, and priorities in consultation with the different decentralised administrative units. (Career Launcher 2001.) For example, in decentralised planning responsibility rests with local or municipal and regional officials to take economic decisions. Within this type of planning, there is complete economic freedom such as in consumption, production, and exchange of resources. (Economics Discussion 2022.)

Indicative planning and imperative planning are other interesting types of planning. Indicative planning is peculiar in economies where the private sector and the public sector work together, that is in a

mixed economy. Under this planning type, targets are prepared by the government and discussed with the representatives of private management, trade unions, consumer groups, finance institutions and other expert stakeholders. Here, the private sector is not rigidly controlled to achieve the targets and priorities of the plan. Instead, the state gives full assistance to the private sector and does not control or impose on the private sector but rather indicates the areas of operation and targets to be implemented. On the contrary, with imperative planning, all economic activities and resources of the country operate under the direction and control of the state. Under this planning type, the consumer's sovereignty is sacrificed as resources are fully used by the state to achieve targets of the plan. This is done through rigid government policies that are not easy to be changed. Thus, the state under this planning type is all powerful both in the preparation and in the implementation of the plan. (BrainKart 2017.)

Democratic and totalitarian planning. In democratic planning, the masses are associated at every step in the formulation and implementation of the plan. It is characterized by massive consultations with the different private enterprises at the stage of preparation. The plan prepared by the responsible authority can be upheld, disqualified or modified by the representative of the people in parliament. Here, the state does not control all the means of production nor regulate economic operations of the private economy directly. The interest of the masses is sought in the preparation of the plan. As such there exist a close relationship between the welfare of the masses and economic activities. Under totalitarian planning, there is a central authority which determines and directs all economic activities in accordance with a single plan. Economic affairs, such as consumption, production, exchange, and distribution, are all fully controlled by the state. The state is the supreme and final authority in deciding the targets, schemes, allocations, methods and procedures of implementation of the plan. It does so in accordance with the directions of the central authority. (BrainKart, 2017.)

2.3. Business Forecasting and Forecasting Methods/Techniques

Individuals make decisions every day that may have future positive or negative impacts. This is the case in the business world as business owners make decisions that may have positive or negative impact on their businesses. To be able to predict what impact a decision may have on the future of a business, business owners apply what is known as forecast. With this approach, risks and uncertainties are at the core to every business forecasting.

Dianne (1994) explains business forecasting as a planning approach that helps business managers to be able to survive with the uncertainty in the future of the business. In doing so, the business managers rely on a variety of elements such as the need and availability of data from the past, the degree of accuracies desirable, the forecasting duration, the benefit of the forecast to the business, the cost of the forecast to the business, as well as the available time for making the forecast analysis. Generally, forecasting has as goal to provide a lot of assistance, support, or aid to decision makers of the business when planning the future of the business. This will enable the business to be in a better position in the future (Megha 2018, 4). Armstrong & Thomas (1995) see forecasting in business as a process of making predictions of the future while relying on data gathered from the past and present as well as on analysis of trends.

Forecasting is usually classified into three categories. The first category is short-range forecast which is forecast with a time span of up to 3 months (in some cases it is up to 1 year). It can be applied when planning for purchasing. The second category includes medium-range or intermediate forecast, which is forecast with a generally time spans of from 3 months to 3 years. It is useful in planning production and sales. The last category is long-range forecast, which is forest with a time frame of 3 years or more. It can be used in planning for research, development, new products and facility location or expansion. (BizEducator 2017).

Forecasting does not only help management to anticipate where the business will be in the future, but it also helps business managers to make better/improved decisions and get to know available opportunities and appropriate measures to adopt. Forecasting is very important in every business and as such, business managers often adopt different forecasting methods equally known as techniques of forecasting to be able to survive with the uncertainties in the future of the business. Forecasting accurately may reduce the degree of uncertainty. It is important to understand that no single technique or method of forecasting can be considered as the ultimate one to be universally applicable in all businesses. Practically, to make the forecasting effective, more than one technique or method can be combined. This study precedes to examining popular methods of business forecasting.

The bottom-up approach method. Megha (2018, 10) studied business forecasting in two approaches, that is forecasting from the bottom to top and from the top to bottom. The bottom-up method is also known as the direct method. Under this method, every department, section, or unit of the business as well as every branch is required to make predictions for itself. The predictions from the different de-

partments are then collected and joined in the end. On the basis of forecasts of the different departments, forecasts are then made for the business enterprise as a whole. This explains why this technique is called the “bottom-up method” business forecasting. This method falls under the qualitative technique of forecasting.

The top-down method. This method of business forecasting is also known as “top-down management” method of forecasting or indirect method or forecasting. The forecasting under this method is decided at the top strategic level of decision making of the business enterprise taking into consideration the general economic situations. In other words, forecasts are made by the top-level management of the company for the entire/whole company. After making the forecasts for the entire company, the forecasts are made for different departments within company still by the top-level management. From the departmental levels, the top-level management makes the forecasts for the different units and/or sections of every department. This method falls under the qualitative technique of forecasting.

Historical method. This method of forecasting is based on the presumption that events, which took place in the past and are very similar to current events, are most likely to repeat in the future. In this method, past events or experiences are interpreted and analysed to be able to predict future events. This method presumes that same outcomes will be produced in some particular situations as have happened in the past in the same situations. Here, a connection between past events, the circumstances of such events, the causes and their outcomes or results is drawn up and firmly noted to be able to forecast for the future of the business. This method of forecasting is a qualitative method.

Deductive Method: Another common method used by businesses to make forecast is the deductive method. This method is qualitative. This method is based on findings conducted into the causes of the current circumstance and the relative importance of the elements that will determine the future state of the business. The main feature of the deductive method is that in using this method, the forecasting authority does not consider only the past events in forecasting, the forecasting authority equally relies on the current circumstance or latest developments for predicting into the future of the business. The presumption here is that the results gotten from the past in some particular situations cannot be the base for the same circumstances in future as many factors may mostly likely change in the future due to changes in economic, social, political situations and trade cycles. This method is more dynamic in character when compared to other forecasting methods. (Dhaval 2022.)

Joint Opinion Method also known as the Delphi Method: In this method of business forecasting, a committee of business experts is composed, and every member of this committee must make a survey based on a prepared questionnaire on the business situations. When this is done, the opinions of all the experts constituting the committee are collected and presented in writing. This is done without disclosing the authors of these opinions so that no expert is influenced by another's opinions. Their opinions are analysed, summarized, and submitted once again to the same committee of experts for further considerations and evaluations. This process will continue up to a point where a consensus opinion from all the experts is obtained. From this point, any forecasting will be made on the basis of consensus opinion of the business experts. This technique of forecasting is useful when there is no past data and where past data is available, but the past data do not give an indication for the future events. This method of forecasting is a qualitative method.

Scientific Analysis Technique: Under this method, business owners make predictions by analysing issues such as economics principles, business statistics or mathematical projections (Dhaval 2022). In the end, business models are adopted to form the basis of the forecast. The scientific method of forecasting is a quantitative technique of forecasting, which involves common but key questions that may constitute the basis of predicting into the future of the business. Such question may include:

- Is there any relationship between causes and effect?
- If such a relationship exists, what account for the relationship?
- Is there any possibility for the relationship to exist in future?
- Are there changes that may take place in business due to changes in economic, social, and political circumstances?
- What is the possibility that these changes will affect future trends?
- What other factors are important to consider which are likely to influence future prediction?

Survey Method: Another way businesses can predict into the future is by conducting survey to get information regarding the attitude of the masses. For example, information may be collected through surveys about the perception of people regarding the quality of a product. Such information is useful for proper forecasting of the future sales. Similarly, in order to make a sales forecast in a business enterprise, the survey opinions of all the sales representatives may be collected and after this, the average is calculated and derived, which will form the sales forecasting of the enterprise. This method is a qualitative technique of forecasting.

2.4 The Influence of Planning and Forecasting on Business Growth

The influence of planning and forecasting on business growth have been discussed in two phases. We started by discussing the influence of planning on business growth, after which we examined the influence of forecasting on business growth.

2.4.1 Influence of Planning on Business Growth

There are several reasons to justify the need of planning in any business, not just for start-up businesses, but for established companies as well. These reasons should be properly understood to make the planning process a worthwhile exercise. It is worth noting that producing a good business plan alone will not result in a sound, profitable and prosperous business. For this to work, there is need to monitor the progress of the plan regularly for managers to respond to any potential problems that may occur to change or modify the business strategy. Below are some reasons why business managers take pain in planning for the business.

Planning is a means of focusing business ideas. According to Tundo (2010, 148), planning in business is used by company management to guide future activities in accordance with prospective goals. Planning reveals a comprehensive image of the entire activity of an enterprise, making it less difficult to run the business, revealing options of evaluating new ideas and projects as well as allowing communication with different partners, customers or funders be it current or potential. It is considered generally that businesses operate according to a plan which directs the resources of the business and covers all the managerial aspects. Proper planning in business is necessary to focus on the business ideas.

Planning in business helps companies to be proactive and facilitate decision-making. According to Wilson & Eilertsen, (2010), business companies that pay attention to strategic planning while depending on and using the principles and practices of strategic planning of business management especially in periods of economic crisis, have the ability to be more proactive and to handle changes of the external environment that may affect the business. They have the capacity to largely-benefit from the opportunities that appear during the moments of economic instability as a result of the planning (Tudor 2010, 148). This also contributes to reducing time wasting during decision-making especially as the

planning process equally predicts the future and selects the best alternatives for to address different circumstances likely to affect the business.

Planning serves as a mechanism to measure the progress and achievement of a business. This is possible because business planning contributes in setting parameters and specific goals, used in measuring the success progress and profitability of the enterprise (Conyers & Hills 1984). Planning is not only necessary when setting up or when purchasing a business as it is also part of the process of running already established businesses. Thus, it is imperative that new businesses as well old businesses through planning have clearly defined objectives and parameters within which they operate. This contributes to securing the profitability and progress businesses.

Planning helps reduce wasteful activities and ensure efficiency in business organisation. This is because planning is used as a guide by business managers to execute their task. With planning, businesses are more able optimally utilize time, human resource capacity, finances, machines, and other organisational resources to produce goods or provide services. This helps the business to secure a large share of the market and maintain its growth. With planning, businesses can easily increase production and sell more and as a result improve on the earnings of workers, which will equally boost their moral. All these demonstrate the efficiency of the business.

2.4.2 Influence of Forecasting on Business Growth

Lakhani & Brian (2014) have raised arguments to the effect that business forecasting is more of an art than a science. This position is based on the fact that business cycles hardly experience a repetition. When conducting forecast for the business, a combination of gathered data and educated guessing are explored by forecasting authorities. It is important to understand that, when forecasting has been conducted, the results of the forecast should not be used for extended periods because changes relating to economic, social, and political aspects might come in to play to distort or influence the forecast results. That explains why it is recommended that business forecasting should be a continuous process since environmental changes may occur, and if not, serious negative effects could result in the business.

For business companies or enterprises to realize the benefits of forecasting, it is necessary to ensure that the forecasting authorities possess the required knowledge and skills. Research has proven that

more than 30% of the business failures is due to poor forecasting (Lakhani & Brian 2014). When forecasting is properly/effectively conducted, it leads to enormous benefits for the business enterprise or company. Some of the benefits of effective forecasting on businesses are discussed below.

To begin with, effective forecasting helps businesses position for the future. Continuous forecasting helps business managers to plan and think about the direction of the company. This is imperative as it enables business managers to predict possible changes in the market cycle to be able to handle environmental changes surrounding the business. For example, business forecasting could enable enterprises foresee and predict changes in customers' preferences and as such design mechanisms to address the market situation.

Forecasting helps business managers to learn from the past and predict the future of the business. It is worth noting that forecasting in business will not produce a perfect clear picture about the future of the business. Nonetheless, understanding and learning from past circumstances helps in the prediction of future events. This enables management authorities to have an idea about future happening. As such, businesses have to take adequate time in forecasting in order to understand the future of the business. Business forecasting, thus, enable businesses to appreciate and understand past events in order to be more profitable and stronger in the future. (Ord & Robert 2013).

In addition, forecasting in business helps in satisfying and securing the customers of the business. One essential way of ensuring that customers are satisfied is by providing them with the services or the products they desire, as this will contribute to securing the customers of the business. As such, business forecasting is an essential element in customer satisfaction. It helps provide information to understand and predict consumers' needs and wants as well as the goods or services that are likely to meet those needs and wants. Adopting forecasting in business to substantial extent enable enterprises to produce or provide only products and services that meet the needs and wants of the customers.

Forecasting in business gives the business a competitive advantage. Business that do not practice forecasting are most likely to lose to their competitors. This is adequate because forecasting in business enables the business management to study the market situations to produce products and services that will satisfy the needs of clients, thus putting the business in a competitive advantage position over others. Effective business forecasting place companies on a competitive edge over its competitors. Having a competitive edge over business rivals is necessary for a business enterprise to secure its market share. (Ord & Robert 2013).

Business forecasting is a continuous essential process to secure the success of a business enterprise. Businesses should accept and practice forecasting to secure their competitiveness in the market. Business managers should invest on empowering human resource of adequate and necessary skills and knowledge to be able to gather reliable information that will be useful in forecasting. Having reliable, timely and accurate information is imperative for any successful business forecast

2.5 Challenges of Forecasting in Business

Accurate forecasting is essential for businesses to stay in market and be on the right tract. That is why proper forecasting measures must be adopted to realise the right forecast. However, when conducting forecasting for any business company, multiple factors may serve as a challenge for an effective forecast some of which are worth to examine as demonstrated below.

Understanding the company's cash flows and how they change with time: Understanding the company's cash flows and how they change in the course of time is helpful in getting the right forecast. However, in most cases, it is challenging for large companies to establish accurate cash flow trends. The larger the business company (such as having several branches created and /or expanded globally into foreign new markets), the more complicated getting accurate results for cash flows could be. For example, payment terms across a large company which has several branches will vary across the different branches, as such complicating the cash flow data. In another instance, some units, like those concern with tax payment, could make large and urgent payments without communicating them to the central financial unit in time (GTREASURY 2021). Large/high volume of transactions concluded throughout the business can also affect the accuracy of cash flow forecast. Situations may arise where cash flows are fast evolving. However, much attention is needed to cash flows that are evolving to ensure the forecast outcomes accurately reflect the expected cash flow. With all these complexities and variables in mind, it becomes clear that it its challenging to carry out proper forecast of cash flow in large businesses (GTREASURY 2021).

Assembling accurate information from large amount of complicated data: To get an effective forecast result there are both large sources of internal and external categories of data that can and should be gathered and used. The challenge here is to understand and gather the type of data needed, and how to

pull the data into the right forecasting model. This large amount of complex data can be conflicting and confusing rather than giving clarity to the forecaster, thus leading to poor forecast results (Moon 2018). Generally, two types of data exist, the first category is internal data. it describes trends of past demand, promotional activities, and product life cycles. The second category is external data. it explains activities of competitors (Moon 2018). The gathering of these types of data is essential during the forecasts process depending on the forecast model. The lack of good historical data has been identified as one of the main challenges when it comes to gathering internal data. In some other instances, the wrong data is used to explain the past trends thus, leading to a generation of false predictions for the future (Silver 2017).

Limited Information: Another challenge when conducting business forecast forecasters might encounter is insufficient information, especially when using qualitative forecasting technique. The forecasting office authority could be restricted by the availability, recency, or format of the information. For instance, when conducting qualitative forecasting, the most common source of forecasting information is derived from the company's sales unit. However, the forecasting authority sometimes struggle with the sales units to submit their forecasts in time. (Moon 2018.) Likewise, some external sources of qualitative data, such as the reports of the company, might not be up to date as the forecaster would prefer, thus, constitutes a challenge in conducting the forecast. More so, Moon (2018) noted that data needed for the forecast might not come in the format that would be most useful for the forecasting authority. For example, extra time and energy would be spent in the translation of data provided by customers in a language different from that requested by the forecasting authority.

The cost factor: Another inherent challenge when conducting forecast using a qualitative forecasting technique involves cost. This is in the sense that it can be expensive and time consuming. For instance, from a qualitative data point of view, primary internal sources for business forecasts data are derived from senior executives, product or brand managers, and salespeople. These categories of individuals are commonly highly paid thus, making it costly for businesses who are undergoing financial instability. More so, forecasting can be a time-consuming activity for these individuals as they all have remarkably busy schedules in addition to their participation in the forecasting process, especially if the process is not well organized and they consider that the time they spend on the process could be used on other value-added activities. As such, this cost factor, if not efficiently planned, could lead to poor forecast results.

3 CONDUCTING THE RESEARCH

In conducting this study, the qualitative research approach is explored using the case study method. More precisely, in this thesis, the SWOT analysis case study method is utilized. In this chapter of the thesis, the first section explains the technique or approach of conducting the study. This is followed by the methods used in the collection of data relevant to the study. Afterwards, the chapter ends by presenting the case study areas or cities.

3.1 The Techniques/Approach

Effective planning and forecasting in the business world are essential processes to ensure that businesses stay in the market. However, this very important aspect could suffer from the problems of inappropriate planning and forecasting resources/tools. The challenges faced by business around the world relating to planning and forecasting may nor may not be considered as normal to other business challenges and therefore, their solutions may or may not also be the same. For this thesis, the qualitative research technique with reference to case study is adopted to create a deeper understanding on the impact of planning and forecasting in the business economy of Douala, Cameroon and the business economy Helsinki, Finland, from a comparative approach.

3.2 The Methods Used in Data Collection

The case study model is used in analysing data for this thesis. Case study is one of the most useful methods in qualitative research. This method enables researchers to have a holistic experience of a real-world situation. In this light, in this thesis, the SWOT analysis case study model is adopted in data collection.

More so, the study makes use of the gathering of secondary sources of information, constituting a main source of data for the study. Secondary data is gathered from books, journal-article publications and published research works on planning and forecasting in businesses economies. Published thesis from

the Centria University library, which focuses on the concept of planning and forecasting, were equally explored. Internet websites/electronic sources further constitute an important source from which substantial information was gotten.

For each of the case cities (Douala, Cameroon and Helsinki, Finland), the background information, the economic nature and a SWOT analysis has been carried out. In collecting such information/data, the degree of efficiency of planning and forecasting in business economies of each of the case studies is derived.

3.3 An Overview of the City of Douala, Cameroon

Douala is the economic capital of Cameroon, a country located in central/west Africa and bordered by five different countries which are Nigeria, Gabon, Chad, Central African Republic (CAR) and Equatorial Guinea. The country enjoys a relatively long coastline of 350 kilometers, situating it at a geo-strategic position within central Africa especially for international trade. The total population of the country exceeded 22 million and it has more than 250 ethnic groups with majority of the groups having their own mother tongue. English and French are the official languages of Cameroon. Administratively, the country is divided into ten regions, which are Adamawa Region, Centre Region, East Region, Far North Region, North Region, Northwest Region, West Region, South Region, Southwest Region, and the Littoral Region. The Centre Region host the political capital of the country called Yaoundé. On its part, Douala is the largest city in Cameroon, and it is the economic capital of the country, located within the Littoral Region.

The city of Douala is estimated to have a population of more than 3 million inhabitants (International Observatory of Mayors, 2015). The city has a tropical climate and is the main port of entry to Cameroon. Douala is host to a vibrant seaport- and international airport servicing member states of the Central African sub-region among other countries. From history, the Portuguese explorers were the first Europeans to visit the area in about 1472 and naming the Wouri River "Rio dos camaroos", which is the origin of the name "Cameroon". The city of Douala possesses of a social-cultural diversity and is full of people from Africa, Europe, the Americas and from other parts of the world.

3.3.1 The Nature of the Economy of Douala, Cameroon

Douala is home to the largest seaport in Central Africa and has an international airport that facilitate commerce. As stated earlier, the city of Doula is the main commercial city of Cameroon and the entire CEMAC region constituting Cameroon, Chad, Congo, Gabon, Equatorial Guinea, and Central African Republic. Therefore, the City of Douala, handles a majority of the country's major exports comprising of timber, oil, cocoa, coffee, construction materials metals and fruits among others.

In central Africa, the city is an economic hub harbouring breweries and textile factories, as well as palm oil, detergent, and food-processing factories. More to these are industries producing building materials, glass, breweries, plastics and metalwork, paper, fishing facilities and timber products. Sectors such as boat and ship repairs, and railway engineering are equally very noticeable.

In Douala, majority of youth are self-employed with few pursuing government jobs. The city is connected by roads to major towns of the country and equally has railways that links to major towns, with a developed banking and micro financial sectors to serve the contemporary needs of businesses. Although the city of Doula is the centre for economic activities in Cameroon and beyond, it is noticeable that a large fraction of the population lives below the poverty line.

3.3.2 A SWOT Analysis of the City of Douala, Cameroon

SWOT analysis could be presented in a three-stage process (Cole & Kelly 2011, 201). In order to realise the goals of this study, the SWOT analysis for the economy of Douala, Cameroon is presented below using the following basic steps.

To begin, it is always necessary to conduct external appraisals in the external environment of the economy of Douala, Cameroon. This entails an evaluation of the external environment of the city of Douala, so as to identify or define opportunities offered by and threats coming from businesses carrying out planning and forecasting in the Cameroonian economy, in order to transform/convert the threats into opportunities and consequently add them to already existing opportunities.

The second step consists of an internal evaluation of the city of Douala: This entails an evaluation of the internal environment of the city, in order to identify its strengths and weaknesses relating to businesses planning and forecasting, and then transform/convert the weaknesses into strengths and add to the already existing ones (strengths).

Lastly, the strengths of the economic city of Douala, Cameroon are matched/equated with its attractive opportunities. Here, the strengths of the economic city of Douala established/defined in step two above are then used in developing plans that could take advantage of attractive opportunities established in step one above. Depending on the strengths and opportunities that could be established from the above SWOT analysis process, businesses operators of the city of Douala can discover many possibilities of improving on the efficiency of management of their businesses.

Business companies operating in Cameroon could experience better growth when effective planning and forecasting tools are incorporated as an essential sector of their businesses. This has proven to be successful in some major sectors in the country like in the energy (electricity) sector as reported by Guefano, Tamba1, Monkam & Bonoma (2020) in their study, wherein the authors were able to predict the increasing short- and long-term electricity needs of the population. Planning and forecasting to ensure available electricity supply is very vital for businesses operating in the economic city of Douala and the whole of Cameroon given the prominent role electricity plays within any business economy.

According to the World Bank's ratings, Cameroon is ranked 167 among 190 economies in the ease of doing business (Trading Economics 2022). Proper adoption of planning and forecasting mechanisms by businesses could contribute to making the business sector more buoyant and attractive for investors. As revealed in a study by Mbo (2018), a majority of personnel operating businesses in Cameroon, which strive to survive and improve on their performances in the micro financial sector, do carry out forecasting based on past experiences. Indeed Douala, Cameroon is home to a growing variety of national and foreign own businesses including those that heavily depend on effective planning and forecasting to survive in a very competitive environment. Planning and forecasting increase the opportunities of businesses in identifying profitable venues presented by the market environment.

3.4 An Overview of the City of Helsinki, Finland

Just like Douala in Cameroon, Helsinki (founded in 1550) in Finland is the largest city of the country. It is the nation's capital and constitutes the country's economic center. Additionally, the city of Helsinki is the administrative, scientific, and cultural center of Finland. Finland, a country situated in Northern Europe in the Baltic Sea region is a parliamentary republic with a prime minister being the head of government and a president being the head of State. The country just like Cameroon has two official languages, Finnish and Swedish. However, most Finns speak fluent English. In Helsinki, Finnish is the common language of the city's inhabitants as just about 6 per cent of the people speak Swedish as the mother tongue. The population of Finland is estimated at 5.5 million inhabitants and country uses the euro as its currency (O'Neill 2022). Finland has 309 towns and cities operating as local governments. The country is constituted of 19 regions and 70 sub-regions.

For the economic center, Helsinki is fast growing a more international pace with a population estimated at 650,000, with a cost of living in the city relatively high. The City Council is the highest decision-making authority of the city and elected every four years. (Helsinki 2022). Public transportation in the city is highly managed by the city's transportation authority. With a humid continental climate, the city is the center of the country's business, finance, fashion, medicine, entertainment, media, and culture among others, with over 130 nationalities from countries such as Sweden, Serbia, Somalia, China, Estonia, Iraq, Russia, and Germany. Helsinki is a very maritime city which constitutes an attractive city for tourists. Located on the coast of the Baltic Sea, it is popularly named *the daughter of the Baltic*.

3.4.1 The Nature of the Economy of Helsinki, Finland

Helsinki is the leading seaport and industrial city of Finland whose economy is among the most competitive in the world, according to the World Economic Forum. A majority of large Finnish enterprises have established their head-offices alongside other important departments in the metropolitan city of Helsinki. This is mainly because of easy access to international connections, logistics network and an available workforce. In Northern Europe, the city is emerging to be regional network of business and commerce.

The city's industrial structure is highly diversified with the services and high-tech industries accounting for a significant portion of output, having gradually moved away from heavy industries even though, it harbours powerful paper, textiles, and shipbuilding industries. As the economic weight of

Northern Europe and located at the heart of the fast-growing Baltic Sea region, the city is a gateway between East and West with modern flight and train connections serving millions of travellers annually.

The metropolitan city contributes about one third of the Finnish GDP putting the city of Helsinki one of wealthiest capitals in Europe. For a city of its size no section of it could be considered a slum, or specifically inhabited by the poor though recently experts have warned of a growing social inequality in the city. (Helsinki 2019).

3.4.2 A SWOT Analysis of the City of Helsinki, Finland

SWOT analysis could be presented in a three-stage process (Cole & Kelly 2011, 201). In order to realise the goals of this study, the SWOT analysis for the economy of Helsinki, Finland is presented below using the following basic steps.

To begin, it is always necessary to conduct external appraisals in the external environment of the economy of Helsinki, Finland. This entails an evaluation of the external environment of the city of Helsinki, so as to identify or define opportunities offered by and threats coming from businesses (carrying out planning and forecasting) in the Finnish economy, in order to transform/convert the threats into opportunities and consequently add them to already existing opportunities.

The second step consists of an internal evaluation of the city of Helsinki: This entails an evaluation of the internal environment of the city, in order to identify its strengths and weaknesses relating to businesses planning and forecasting, and then transform/convert the weaknesses into strengths and add to the already existing ones (strengths).

Lastly, the strengths of the economic city of Helsinki, Finland are matched/equated with its attractive opportunities. Here, the strengths of the economic city of Helsinki established/defined in step two above are then used in developing plans that could take advantage of attractive opportunities established in step one above. Depending on the strengths and opportunities that could be established from the above SWOT analysis process, businesses operators of the city of Helsinki can discover many possibilities of improving on the efficiency of management of their businesses.

The latest annual ratings of the World Bank ranked Finland 20 among 190 economies in the ease of doing business (Trading Economics 2022.). It is no doubt the country has a vibrant economy supported by a buoyant demand for services, investment, and an inventory build-up according to the economic surveillance of the European Union. (European Commission 2023). It is thus evident that for the country's business environment to be at this level, business operators/companies are utilising proper planning and forecasting mechanisms/services to meetup with the demands of a contemporary business environment. In this light, worthy of note is the availability of the Finnish Enterprise Agencies, at the disposal of new entrepreneurs and offering free-of-charge services on entrepreneurship particularly relating to ideas and tips for preparing successful business planning. It is also committed to providing advice on business forecasting as well as the impartial assessment of business ideas among others services. These services help Finnish businesses to prepare a high-quality business plan for a sustainable and profitable business.

4 ANALYSIS OF DATA AND RESULTS

This chapter analysis secondary data collected from various sources in the previous chapter and explores the chances of enhancing business planning and forecasting mechanisms/services efficiently in business management. The chapter makes use of SWOT analysis to compare the level of planning and forecasting efficiency in the management performance of the economy of Douala, Cameroon, with the level of planning and forecasting efficiency in the management performance of the economy of Helsinki, Finland. The stage-by-stage process of SWOT analysis for each of the case cities/areas presented can be translated into a matrix form containing summary information about the opportunities and threats, strengths, and weaknesses of each of the case cities/areas as shown in figures below.

<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Many emerging domestic and international owned businesses including those heavily dependent planning and forecasting • Supportive government 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Shortage/insufficiency of resources • Growing competition • Electricity/power deficiency • Changing needs of consumers
<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Average financing • Average management • Skilled workforce 	<p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> • Very centralised management • Wastes of resources • Mismanagement • Inadequate resources

FIGURE 1. A SWOT Analysis of Douala, Cameroon (Adapted from Takwa 2019, 24)

Given the information presented in figure 1 above, the economy of Douala, Cameroon has opportunities for growth with respect to business planning and forecasting but lacks the relevant strengths to match with these opportunities. Most businesses operate a very centralized management system which reduces the chance of making full use of planning and forecasting operatives to effectively enhance the survival of the businesses. The wastage of resources as demonstrated will logically signify the existence of inefficient management.

<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Strong/Buoyant economy • Strong support from the Finnish Government • Many emerging services on business planning and forecasting 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • New competitors • Shortage of resources • Changing needs of consumers • Availability of substitute products
<p><u>Strengths</u></p> <ul style="list-style-type: none"> • UP-to-date/strong technologies and digital development • Strong financing • Skilled workforce • Adequate and low wastage of resources • Strong reputation 	<p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> • Lack of direct financing

FIGURE 2. A SWOT Analysis of Helsinki, Finland (Adapted from Takwa 2019, 23)

On the other hand, based on the data presented above in figure 2, the economy of Helsinki, Finland is equating its strength of a strong a technological and digital development style to take full advantage of the opportunities presented for business planning and forecasting in Finland. Because of this, there are higher chances that the use of planning and forecasting can greatly contribute to enhancing the management efficiency businesses in Helsinki, Finland.

It is noticeable that based on the information in figure 1, the economy of Douala, Cameroon has some similar opportunities to that of Helsinki, Finland with respect to businesses planning and forecasting but lacks the necessary strengths to match with these opportunities.

A comparison of the levels of efficiency in both case studies therefore indicate that the use and impact of business planning and forecasting in management is relatively more efficient in Finland despite the fact that the economy of Cameroon has similar exposures. Based on figure 1, the level of efficiency of the impact of business planning and forecasting of the economy of Cameroon can mostly be qualified

as moderate. This is evidenced by the fact that a SWOT analysis of the economy of Douala, Cameroon indicates that there is mismanagement, wastes of resources and insufficiencies of resources: financial, material and/or human resources among others.

Based on figure 2, the level of efficiency of the impact of business planning and forecasting of the economy of Finland can mostly be qualified as very high. This is evidenced by the fact that a SWOT analysis of Helsinki, Finland, as shown in figure 2, indicates latest technologies, strong/high financing, skilled workforce and low levels of wastes of resources: financial, material and/or human resources.

5 CONCLUSION

This study gives information on the comparison of the impact of planning and forecasting in business economies. The purpose of this study was to examine the impact of planning and forecasting on the growth of the business economy of Douala, Cameroon in comparison to the economy of Helsinki, Finland. To realise this major aim, the following research questions were adopted: What is the economic approach to planning and forecasting in the two cities listed as case study? How effective are the approaches to planning and forecasting in relation to businesses growth on the economy of Cameroon and Finland? And What are the challenges encountered during business forecasting? Using the qualitative research method, data collected was analysed using the SWOT analysis case study model.

Our analysis was focused on the level of efficiency of business planning and forecasting in Cameroon as compared to Finland. We discovered that in Cameroon, the degree to which planning and forecasting is effectively practiced to enhance growth in the business economy is still low despite the opportunities available within the Cameroon economy. However, in Finland, the degree to which planning and forecasting is effectively practiced to enhance growth in the business economy is relatively higher.

In this research, there was no reference to primary sources of data. The study was thus carried out with the help of secondary sources of data. No major problem was recorded pertaining to the gathering of secondary data relevant to the study. Nonetheless, it was very time-consuming to obtain relevant data from sources that would be suitable for the study. Given that the economy of Douala Cameroon is just one of the economies in Africa striving to emerge with very limited publications surrounding it, it was relatively stannous and almost impossible getting information concerning this economy from books. However, website articles and other related online sources proved useful in this light.

In conclusion, the study recognises that aside from business planning and forecasting, there are many other factors that could account for high levels of efficiency in business management, which lie beyond the scope of this study. For instance, factors such as political stability and friendly tax policies serves as incentives for new businesses and the already existing ones. Also, having skilled managers among other factors can guarantee the success of businesses.

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