

## THE IMPORTANCE OF ECONOMIC AND FINANCIAL ANALYSIS IN MANAGING A BUSINESS

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**Abstract:** *Economic and financial analysis of a company is a complex process that highlights the strengths and weaknesses of the business from an economic point of view. At the same time, the financial economic analysis provides an overview regarding the use of human, material, informational and financial resources in the production and marketing process.*

**Key words:** *analysis, economic, financial, business*

### INTRODUCTION

The economic-financial analysis is an essential tool for the efficient management of any business, regardless of its size or field of activity [1,3,7,9].

It provides a detailed picture of the company's financial performance, allowing managers and entrepreneurs to assess the financial health of the business, identify strengths and weaknesses, and make informed decisions to optimize resources and increase profitability [5,6].

Through economic-financial analysis tools such as the profit and loss account, balance sheet, organizational chart, etc., economic-financial analysis helps assess the company's ability to meet its short-term and long-term obligations, as well as to establish strategies for business planning and development [2,8,10,14,15].

In the context of starting a business, economic-financial analysis is an essential process as it provides valuable information for making strategic decisions and supports the necessary forecasting planning to anticipate and manage risks [4,11,12,13].

### MATERIALS AND METHODS

We conducted a quantitative research among ULS's students, aiming to gather their opinions, or those of future entrepreneurs, regarding the importance of conducting economic-financial analysis.

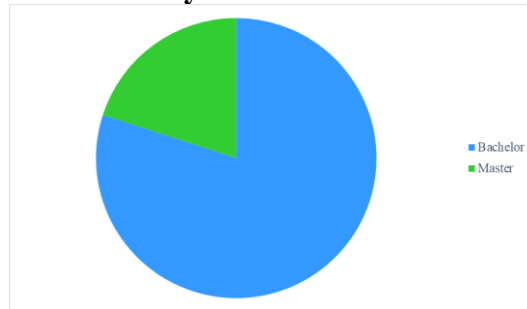
The research method used was a survey based on a questionnaire.

### RESEARCH RESULTS

Through the questionnaire, we aimed to gather the opinions and perceptions of students who either own or wish to start a business, regarding the role that economic-financial analysis plays in the efficient management of a business. The purpose of the questionnaire is to understand the impact of economic-financial analysis on the success of a business. Seventy students from ULS responded to the survey.

**Questionnaire**

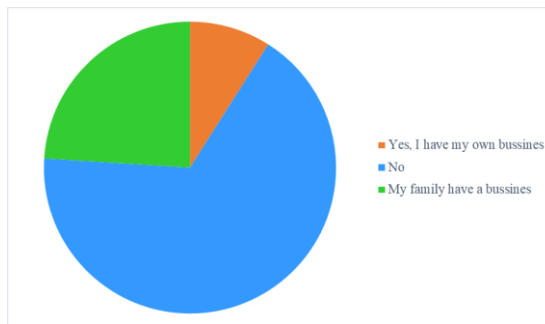
**1. What is the cycle of studies you follow?**



**Figure 1. Cycle of study**

The majority of students who participated in the survey are enrolled in the bachelor (80%), while 20% of the participants are enrolled in a master's program.

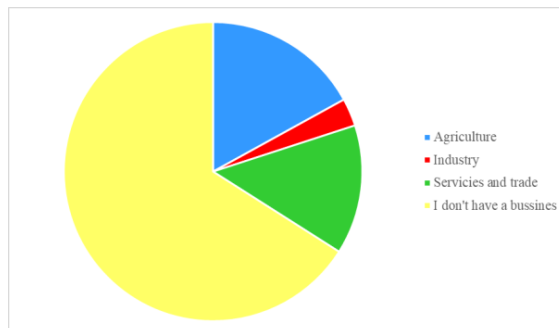
**2. Do you currently own a bussines, own bussines or family bussines?**



**Figure 2. How many students own a bussines**

As we can see, the vast majority of respondents (67%) do not own a business, nor does their family own one. For them, this study serves as a starting point to understand the importance of utilizing all available economic-financial analysis resources and tools. Nine percent of students own their own business, while 24% own a family business.

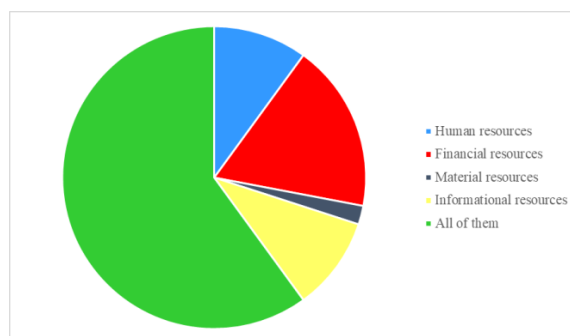
**3. In which of the fields your business falls?**



**Figure 3. In which field the business falls**

According to the chart, among those who own a business, the majority are in the agricultural sector (17%), while others categorize their activity in the services and trade sector (14%). Only 3% own a business in the industrial sector.

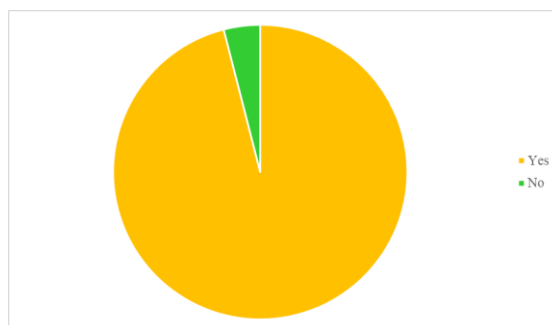
**4. What do you consider to be the most important resources in a business?**



**Figure 4. The most important resources**

The majority of students (60%) believe that all the resources mentioned above are important for the success of a business. Additionally, 18% consider financial resources to be of major importance for the smooth operation of a business, 10% see human resources as significant in a business, another 10% of students believe that informational resources are the most important, and only 2% view material resources as the most important in a business.

**5. Do you think that following the economic-financial analysis you can identify the strengths and weaknesses of a business?**



**Figure 5. Economic-financial analysis can identify the strengths and weaknesses of a business**

According to the chart, 96% of respondents believe that economic-financial analysis is important for identifying the strengths and weaknesses of a business, while 4% think that this analysis does not determine the strengths and weaknesses.

**6. Do you think that before starting a business it is necessary to do a predictive analysis?**

95% of students who either own a business or wish to start one in the future believe that forecasting analysis is an important element in establishing a business, while 5% expressed a negative opinion, stating that this analysis is not an important factor before starting a business.

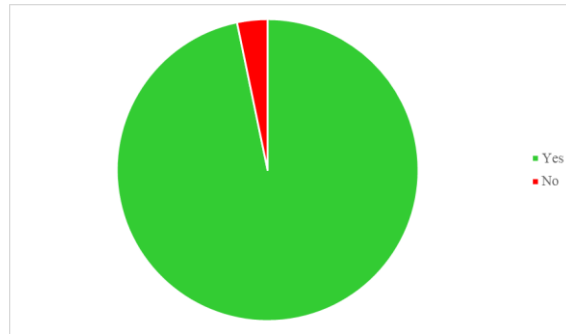


Figure 6. Importance of predictive analysis

7. Have you used or heard of economic-financial analysis tools? (balance sheet, profit and loss account, organizational chart, etc.)

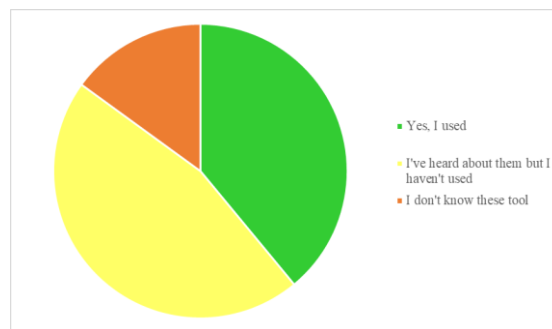


Figure 7. Economic-financial analysis tool

The majority of students (46%) are familiar with these analysis tools but have never used them, while 39% have had the opportunity to use them, and 15% are not familiar with these tools.

8. Do you think that accounting information is necessary in the adoption of business planning and development strategies?

To this question, all the students answered affirmatively. They believe that accounting information is absolutely necessary for adopting business planning and development strategies.

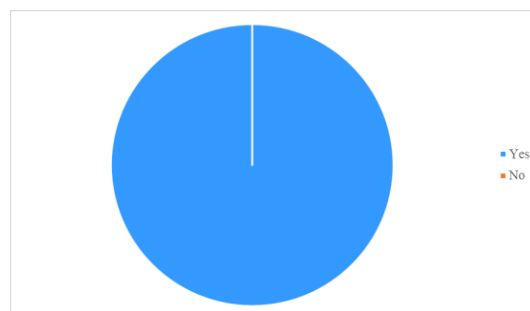


Figure 8. Importance of accounting information in the adoption of business planning and development strategies

## CONCLUSIONS

In conclusion, based on the interpretation of the results from the questionnaire, we can affirm that students understand and have a clear vision regarding the importance of economic-financial analysis in managing a business.

Additionally, the students who participated in this survey recognize that utilizing all the resources and tools available to a business can lead to its success.

Moreover, both for those who own a business and those who wish to establish one in the future, the responding students have a clear perception of forecasting analysis, as well as the implementation of business planning and development strategies with the help of accounting information.

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