

ECONOMIC-FINANCIAL ANALYSIS, SUPPORT OF ANY BUSINESS IDEAS

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Abstract: All ideas from which a business could be started should be based on an economic and financial analysis. However, entrepreneurs in Romania are quite reluctant in terms of the notion of consulting, and rarely appeal to a consultant outside the organization.

Keywords: *accountancy, analysis, comparison*

INTRODUCTION

A good manager is not the one who knows everything, basing his decisions on his intuition but who knows how to distribute the tasks of a management team. Thus, any decision is made on the basis of a well-documented analysis that quantifies the effects in order to obtain maximum results [1].

The economic and financial analysis is the most important criterion for the management of any economic unit. Thus, all phenomena are studied economically and financially, respectively the consumption of resources is studied compared to the desired results.

No matter how good a business idea would be, if financial results are not necessary to meet the company's goals, then it did not have a good scientific foundation. The commencement of an economic activity combines the economic analysis, which establishes on the basis of the comparison of strengths and weaknesses, what will be the long and short measures that will be applied, with the financial analysis made on the basis of the study of the financial documents, the balance sheet, the profit and loss account and cash-flow calculation.

MATERIALS AND METHODS

The scientific research is based on a large bibliography from the economic-financial domain; it was consulted a lots of various publications and books.

The methods used involved collection, process, analyses and interpreting of the data.

RESEARCH RESULTS

ANALYSIS AND ITS LINK WITH THE ACCOUNTANCY

With the development of the market economy, the number of problems faced by economic units has increased.

In order to make a good analysis it is necessary that the information held reflects exactly the situation and the economic and financial results of the company. Certainly, the main tool in knowing, managing and controlling heritage and the results obtained is accounting [3,4].

The ultimate goal of accounting information is to provide answers to decision-making so that the following objectives can be achieved:

- tracking patrimony movements in chronological and systematic order

- planning, tracking and controlling operations
- providing the results obtained for the economic and financial analyzes [2,9].

The economic informational system, whose main source of data is accounting, helps to organize and manage economic and financial activities at both macro and microeconomic level.

In the literature, economic information is considered the raw material with which a leader works, whatever his field of activity or hierarchical level are [8].

Accounting information is a specific economic information that is obtained through the processing, using the methods, procedures and tools of accounting data.

Most decisions in the management and analysis process are based on accounting information.

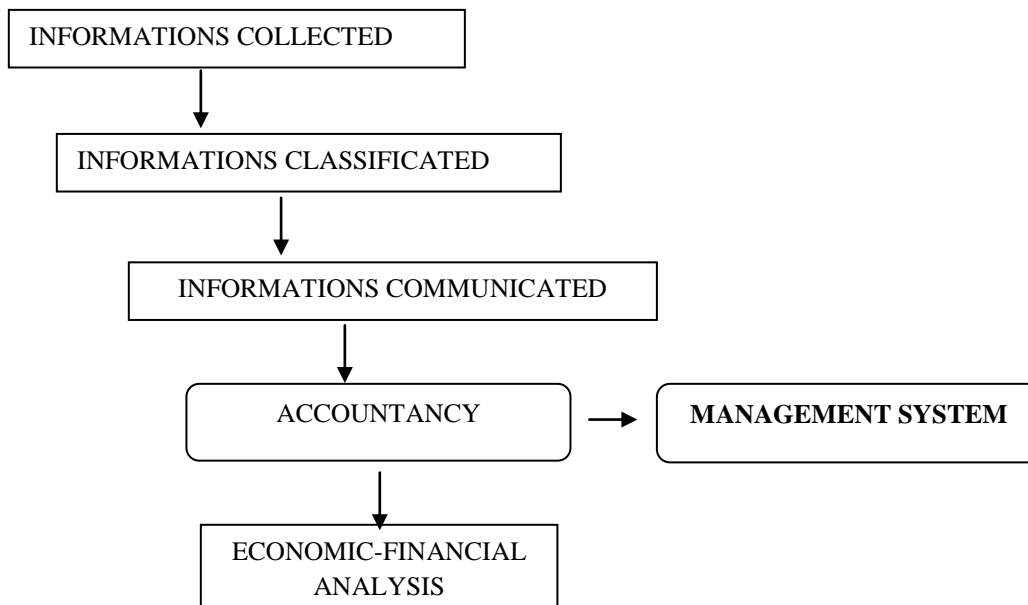


Figure 1. The link between information and economic and financial analysis [15, 16]

It can also be stated with certainty that economic-financial analysis can determine the economic and financial performance of a company and the quality, quantity and timing of this information being made available to the financial analyst.

In order to obtain a viable economic and financial analysis, it is necessary to use precise rules for recording, evaluating and presenting the accounting information so that the best decisions can be made regarding the control and supervision of the activity of an economic unit [5].

In conclusion, the economic and financial analysis proves to be closely related to the accounting and the exposure of the patrimony with the help of the balance sheet. Increase or decrease of property or its components can only be done by making calculations and comparisons.

The result of the analysis is concretized in the conclusions and assessments on the activity in the researched sphere and the elaboration of the measures constituting the content of the decisions meant to ensure an optimal use of resources and increase the efficiency of the activity in the future [6, 11].

FINANCIAL AND ECONOMIC ANALYSIS. STRONG POINTS AND WEAK POINTS

By definition, analysis is a method of decomposing a phenomenon or process into constructive elements to be able to study through specific methods. Economic analysis is a process that tracks the state, dynamics and prospect of an economic unit.

The outcome of the analysis is reflected in several concrete and effective proposals, so the management team can choose the best option [2, 14].

Let's take a concrete case: you are proposing to start a business start-up - What are you doing first?

1. track organizational issues:

- determine what the goal you want to achieve,
- define the object or organizational level,
- identify the factors and causes of the goal you will be pursuing, as well as the conditioning link between them.

2. identify which is the market where the activity will be, the category of customers and the competing firms;

3. the business plan must show to those who are interested the costs involved, but also the profit strategy to be achieved.

If your business plan fails to achieve your goals, then it was not well designed. The decision to start an economic activity is related to the financial analysis but also to the market demand for a certain product, the necessary and necessarily skilled labor in that area [12,13].

The economic and financial analysis is very strict: financial documents, balance sheet, profit and loss account, etc. are followed. - all these factors are pursued in interdependence, in the short or long term.

Any management system must be based on an economic information system whose main function is to provide the necessary information for the knowledge of economic activity so that it can make well-grounded decisions regardless of the organizational stage.

Unfortunately, in reality, there is a big discrepancy between the economic information system and the information system. There are cases where the economic and financial analyzes are based on cosmeticised financial statements, as it does not reflect reality [10].

Effective financial management ensures optimal use of the resources a company has: business financing sources, loan management if the enterprise finances through loans, attracting investors by mixing shares or associating with a partner; this analysis gives a very clear direction of development, progress or business regression [7].

Economic and financial analysis is an economic science that is based on:

- knowing the functioning of the market economy;
- the basic laws of the economy;
- the ability to make predictions for future period;
- the ability to synthesize the data they are working with;
- the effectiveness of the specialized report drawn up.

CONCLUSIONS

The role of economic and financial analysis consists in:

1. analyzing the economic reality objectively so that the vulnerabilities of the respective business can be identified as much as possible.
2. identifying the variables that benefit the economic agent in relation to competition
3. providing information to all those interested in them.

Financial equilibrium is the one that conditions the existence and viability of any economic agent.

The diagnosis of the economic and financial situation and its perspectives for the future are a major interest to the economic and social partners, no matter internal or external: employees, managers, investors, creditors, banks or state. To this end, it is

analyzed the past, present and future economic and financial condition of the company by means of indicators of efficiency.

To achieve and ensure a good efficiency of the use of the funds but also implicitly of the financial equilibrium, they need to be dimensioned in accordance with the real needs of the production and circulation.

In order to achieve this, it is necessary to achieve the rhythm and to the extent of the requirements of the supply, production and marketing of the products in order to obtain good incomes and good financial results.

Economic and financial analysis is a concern for any manager, regardless of the field of activity or the hierarchical level. In developed economies, about 80% of the time is allocated to assessing company resources and exploitation, expected performance, and competitive environment, all of which are being done to identify opportunities for business development.

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