

## THE STUDY ABOUT USING FINANCIAL AND ECONOMICAL ANALYSIS

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### Abstract:

*The present paper presents the results of a study carried out on 234 trading companies regarding the use of accounting programmes and economic and financial analysis. The trading companies have been chosen among the representative clients that the three major producers and suppliers: Win Mentor, Ciel and Pioneer have all over the country.*

*The enquiry includes ten questions to which people belonging to the economic and financial department, users of the above mentioned accounting programmes have already answered. Most of them have used the same programme ever since they had set up their business and only a small part has changed it several times.*

*In what concerns the use of the economical and financial analysis in the process of decision taking, the results have not been encouraging. Most companies do not use it in their activity. For those who do, it is worrying that some of them prefer counting themselves the indicators instead of using the facilities of the accounting programme. This phenomenon takes place because of the lack of employees specialized in the field. Moreover, the legislation is too thick both in the economic and accounting field and the highly qualified staff ask to be remunerated accordingly. The same study has revealed that the analysis has been used within the companies which were assisted by audit and accounting expertise companies.*

*The final conclusion was that in the latest years, the economic and financial analysis has been developed thanks to its improvement. It refers to the new facilities within the accounting programmes.*

**Key words:** financial and economic analysis, accounting programme, Win Mentor, Ciel, Pioneer, facility, development.

**JEL Classification:** M41

## INTRODUCTION

This paper's main concern is that the correct information used at the proper time can lead to the company's financial benefits. Taking into account that 80% of the information is accountancy related, the company should have a data processing tool which can ease the work of those who haven't studied accountancy.

Nowadays, this tool is predominantly informational, and in most cases it is embedded in the transaction and accountability programs used in the activity of trade companies. The economic-financial activity is essential in a company's development if it wants to obtain an important position on the market. The modern devices give the users the chance to obtain information and to perfect their abilities of analysis and synthesis, which can help them understand the company's economic field of activity.

## CONTENT

In this paper I will present the results of the practical research, which has been completed for more companies that use the three programs of transaction and accountability: Ciel, Pioner, Win Mentor. In the last few years, the producers of these programs have designed special modules for the economic-financial analysis.

In order to understand the facilities and the deficiencies of these three programs of transaction and accountability, I have created the following questionnaire:

### Questionnaire

1. In what year have you chosen the computer based accountability over the one done by hand?

2. What was the name of the first accountability program that you have purchased?
3. How many times have you changed the accountability program since you first started the activity?
4. What accountability program are you currently using?
5. Are you satisfied with its facilities?
  - very much
  - yes
  - so and so
  - not really
  - no
6. Do you use the economic-financial analysis within your company's activity?
7. If the answer is yes, do you use the facilities of the accountability program or do you use other methods?
  - the program's facilities
  - by hand
  - other program
8. In case you use the program's facilities, has this brought advantages to your company?
  - time saving  ..... %
  - expense savings  .....%
  - personnel savings  .....%
  - decision efficiency  .....%
  - understanding the company's situation in real time  .....%
9. Do you have objections regarding the functionality of the module that analyzes the economic – financial situation? If the answer is yes, please give further information.
10. Do you have suggestions that can improve this module? If yes, please give further information.

This questionnaire has been answered by 243 companies, representative clients of the three programmes, from various regions of the country. The statistic on fields of activity has the following pattern: 118 companies that have a retail and wholesale trade profile, 62 companies that have an output profile and 63 companies with a profile of providing services in various fields of activity.

It can be noticed that the number of trade companies is nearly double if compared with the companies that have an output or services profile. This analysis sustains the fact that trade companies are on top. In our country there are more warehouses and stores than factories or consultancy companies.

Out of these, 16 are big companies, 141 are small and medium companies, and 86 are micro – enterprises.

Their area – distribution is the following:

**Table no. 1 – The clients' distribution:**

Area	Number of Companies
Bucharest	40
Moldavia	68
Transilvania	59
Dobrogea	21
Banat	23
Muntenia	32

For this distribution we must specify that in Transilvania there are many clients that use the Win Mentor application, the Ciel application is not so commonly used and the Pioner application is

used very rarely. In Moldavia the most common application is Win Mentor, followed by Pioner and at great length by Ciel. Regarding Bucharest, WinMentor and Ciel have a great number of users, whereas the Pioner application is not so common.

Those selected have had the kindness to answer the questionnaire and together with these results I have used the recent statistics provided by the producers.

The results obtained have been the following:

1. For the question "In what year have you chosen the computer based accountability over the one done by hand?" the answers (83,4%) indicated that most of the companies have started their activity after the year 2000 and have never had an accountability done by hand. Only very old companies, which have started their activity after the year 1998 mentioned that in 1996 or 1997 chose the computer based accountability over the one done by hand.

2. In this context, the answer to the following question "What was the name of the first accountability program that you have purchased?" was that 38,8% bought Mentor sub DOS and WinMentor; 41,3% bought Ciel; 10,4% Pioner; and the rest of 9,5% had other programs.

3. The question "How many times have you changed the accountability program since you first started the activity?" had the following results:

- never – 48,5%
- once – 40,9%
- several times – 10,6%

It must be specified that: 36,9% of those who have never changed their program work with WinMentor (changing the sub DOS version with the Windows one isn't considered an actual change); 10,4% work with Ciel from the very beginning, and the rest of 1,2% have Pioner.

Most of those who modified their accountability program at least once have changed from Ciel to WinMentor or Pioner and only a small fraction of those who used Pioner changed to Win Mentor. These companies didn't give up another application to buy Ciel, fact which underlines a decline of this French producer in Romania.

Those who changed several times their accountability software, had unsuccessful attempts to implement no-name programs, created locally by various persons, but in the end they decided to purchase better product.

4. The question "What accountability program are you currently using?" received the following answers:

- 54,7% WinMentor, that indicates a number of 133 users;
- 23,5% Ciel, that indicates a number of 57 users;
- 21,8% Pioner, that indicates a number of 53 users.

5. Question no. 5 "Are you satisfied with its facilities?" has the following answers:

- very much – 24,2%
- yes – 36,3%
- so and so – 18,1%
- not really – 11,3%
- no – 10,1%

It can be noticed that most users are satisfied with the transaction and accountability program that they are currently using, but there is a small fraction of the companies that start to have objections or want to replace the program (those that answered with "No"). Those are big companies that want to change their current program with an ERP one or small companies, with activity in trade that work with Ciel and want to purchase a program that includes the cash register.

6. The question "Do you use the economic-financial analysis within your company's activity?" has the following answers:

- yes – 34,6% - that indicates a number of 84 companies
- no – 65,4% - that indicates a number of 159 companies.

We must specify that most of the companies that use the advantages of the economic – financial analysis are mostly big and medium enterprises. Only a small fraction of the small companies and the micro – enterprises choose to benefit from this analysis, the main reason for not choosing it being the lack of financial resources and of trained personnel.

7. Those who use the economic – financial analysis in their line of work, answered question no. 7 “Do you use the facilities of the accountability program or do you use other methods?” as it follows:

- 46 companies use the facilities of the accountability program (here we have the WinMentor and the Pioner users)
- 22 companies work with other programs (including the Excel application)
- 16 companies calculate by hand certain indicators (this category includes many Ciel users).

Those 46 companies that use the facilities of the transaction and accountability program have purchased WinMentor with the Expert Module of economic – financial analysis and the Pioner program with Xecutive.Analyst Module. Even though they don't have the same options, these modules take the accounting data automatically out of the cash flow and the account of settlement and calculate different indicators or distribute some expenses independently of previous accounting registrations. The user receives significant help because he doesn't need to introduce or to consolidate the data, in order to use them in the economic –financial analysis.

The 22 companies that work with other programs, either use programs developed only for the economic – financial situation downloaded from the Internet or even purchased, either use Excel to calculate the indicators. Those that use Excel introduce the data from the account of settlement or from the account for profit and losses and calculate a simplified analysis.

The companies that calculate by hand specified that they, generally, use sketchy calculations that evidence capitalization on products. They don't calculate indebteding indicators, rates for the structure of the active or the inactive or intermediary transaction balance, but they constantly keep track of the products' capitalization, as well as of the capitalization for personnel expenses. This last segment refers to a very interesting calculation system of the added value that an employee can bring to the company, but at the same time it calculates the contributions paid by the company for him. There is a trend to externalize certain services through civil contracts. This helps the companies to avoid many legal payments.

8. At the question “In case you use the program's facilities, has this brought advantages to your company?” the 46 companies have given the following answers:

- |  |     |
|--|-----|
| - time saving  | 75% |
| - expense savings                                    | 65% |
| - personnel savings                                  | 50% |
| - decision efficiency                                | 70% |
| - understanding the company's situation in real time | 90% |

These figures constitute an average of all the answers and have an error margin, if we take into account the responders' subjectivity. However, it can be noticed that the following increased significantly: the quality of information, the decisions taken, but at the same time the companies saved resources.

The time saving coordinate is justified through the fact that these companies used the economic –financial analysis before the purchase of these programs or even before the modules were conceived. At that time they had to introduce the data into other applications, verify them and then obtain certain situations that needed to be correlated. Now it is much simpler due to the fact that certain lists are accessed, without additional effort.

Expense savings – certain companies used to call experts for an economic – financial analysis, but other companies hired a person especially for this. Because the program generates automatically certain lists additional expenses are no longer necessary.

Personnel savings – the company doesn't have to hire a person to perform the economic - financial analysis anymore; the other benefits of implementing this module is the fact that the employees of the accountability department don't have to perform additional check-ups, repeated operations and data introduction procedures that require a lot of time.

The decision efficiency benefit has as basis precise and correct information. Without the necessary information the company can lose certain advantages, clients and, in the end, money.

One can understand the company's situation in real time only if he obtains the information specific to the economic – financial analysis at any moment. The accountability information can be accessed on the spot, every time the user needs it. The fact that there is no need to end a cash-flow or the account of settlement in order to have an analysis of the situation is a real progress for the company.

9. The answer to question no.9 "Do you have objections regarding the functionality of the module that analyzes the economic – financial situation?" underlines a series of problems, real or unreal, that the users noticed during the process.

10. The last question "Do you have suggestions that can improve this module?" collects some interesting opinions about certain necessities.

The users of the Ciel program underlined the fact that there is no possibility to export data for the economic – financial analysis. This cuts out from the starts its chances of being a competitive program. The developer lost several clients because of the program's failures, which were also noted by specialists. These failures are still present.

Not all 46 companies that currently use the economic – financial analysis have the same informational needs. The WinMentor and Pioneer programs are designed to carry out as many requests as possible, but most of the companies only need certain facilities. The Expert and Xecutive. Analyst modules have totally different functions. That's why there are users of the WinMentor program that adopt the facilities of the Expert module, but there are others for which the facilities of the Pioneer program are more suitable and the other way around.

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