Features, Types and Methods Of Business Analysis In The Process Of Improving The Work

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Abstract: We can see the analysis and its importance in both, natural and social sciences. All objects and phenomena are composed of several parts that represent a complex whole. The need to perceive each part individually emerged due to the possibility of improvement from several aspects. Above all, here we will emphasize the quality that is inevitable in every part of the work.

Namely, the quality of a whole, whether it is an occurrence or an object, is not always the same in all its constituents. Therefore, the need for breaking up, examining and perceiving how many elements are made, in which part of what is the required quality or determining the characteristics is particularly important. In fact, the actual assessment of the product (for example,(if we take a type of product to analyze) is a positive feature. This in the future planning of the work of the business entity implies improvement of the product. There are different types of analysis that are used depending on the subject of the research, as well as the possibilities for achieving goals that are not the same everywhere.

Therefore, in the continuation of the paper, we will present the types of analysis that we think are the most widely used and of utmost importance. Also, the role of the analysis and its examination in the operation of the business entities begins by reviewing and determining the data in the balance sheets.

They, the balance in their content, represent a complex whole that needs to be broken down into individual parts. Which means it is necessary to use the deductive method of performing the analysis. Of course, the opinion of many authors is that the analytical examination is done primarily in production, procurement, labor, sales, productivity, financial results, etc.

In fact, by providing information obtained on the basis of an analytical test for the work of the enterprise, a continuous process of operation and reproduction is ensured. Because not only the necessary materials are a condition for an uninterrupted process of operation. Improving the work is done through the record, analysis and adoption of correct plans in the future.

Keywords: quality, disaggregation, elements, comparison, examination.

INTRODUCTION

Business analysis applies analytics tools and related data for business decision making. In the process of doing business analysis, the financial statements are the starting point for the analyst. Because they show the assets and cash flows, liabilities, profits, etc.

Namely, the analysis transforms the accounting data into useful information. In order to confirm the good sides and to identify the deficiencies, it is necessary to use measurement and presentation techniques, the use of business analysis methods, the necessary skepticism of the analyst and other models of recognition and determination. The provided data for the company will help businessmen and other interested parties in the preparation and understanding of financial information. Because the analyst accepts data supplied by managers, it is necessary to use certain additional data from the entity's database. Suspicious retaliations and predictions of the analyst can be confirmed as grounded due to incomplete display of data in the balances.

After the analysis, the guesses, the premonitions, and the uncertainties that existed before are eliminated. This does not mean that managers are relieved of their responsibility for professional judgment. But they serve an effective and systematic basis for making a variety of business decisions.

1. APPROACH TO THE METHODS OF THE BUSINESS ANALYSIS

The deduction in the process of analysis is the basic method that captures the "image" (state) from the most complex form to the simplest ie. to the individualities of the analyzed objects or phenomena.

Namely, the methodological approaches for carrying out the analysis primarily assess and examine the capital structure and the success of the business entity. It is also necessary to compare business entities from the same economic branch. In the operation of the enterprises, the most interested parties require an analysis of the financial result, but it can also be on any part or segment of the enterprise. This means that the need may be for a particular sector (eg. production, procurement, financing, segment of costs, etc.)

Naturally, a methodological one should be set up for a certain beginning from which the analysis will start. "To evaluate effectively the quality of a firm`s financial statement data, the analyst needs to first understand the basic features of financial reporting and the institutional framework that governs them."[1]In consultation with domestic and foreign literature, most authors agree that the structure of the enterprise is first analyzed. After that, follows the analysis of the implementation of the plan, determining certain disorders and deficiencies in certain operations. But, of course, we must not omit the analysis of productivity, cost-effectiveness, economy, as well as the cost and financial result. Certain interested people - users ask the question: why is such an analytical test done? The answer is: Respecting the principle of continuous operation is the primary goal of every business entity. This means that the placement of certain plans and their implementation are based on the analytical test to be carried out. When doing business analysis, the comparison method is most often used. This method is the most common procedure that requires two conditions. The first requirement is that there are at least two sizes, two objects, or two phenomena.

However, the second requirement is that these sizes, objects and phenomena can be compared to each other. If we take for example two textile enterprises, which by their structure and size are almost identical, we can compare. But, if one enterprise is textile and the other is a wood processing company, it will not be possible to fully compare and analyze these two business entities.

In fact, only certain differences and similarities can be tackled. But the comparison method does not have to apply only to external related companies. It is also applicable to internal comparisons in the enterprise itself. For example, certain working conditions in two or more departments. Comparison between the first working group with the second, or the third, etc. Namely, comparison can be easier or, more difficult depending on the elements of the sizes or phenomena. This is if the type of activity of the two business entities are the same, then we think that the comparison will be done easily. But what if the age of the two business entities are not the same? The first company is only three years active, and the second company is twenty years with a rating, compliance in the work, experienced administrative, managerial and operational staff.

This means that comparing these two sizes will be difficult for these two results. We also need to consider the inequality of the time interval. In fact, if we compare periods, the working days of the months are not the same as the holidays that are found at certain times of the year. Therefore, the comparison elements should be carefully used at the time of the analysis. In the context of the foregoing, it is necessary to emphasize the need for time comparison. Determining the object or occurrence for analysis is the starting point for doing a comparison. Of course, we have set a normal beforehand so we can see if we have a certain increase or decrease in comparable periods. For example, the realization of the business entity X, for the period April 2017 and April 2018. To achieve better results, we need to make comparisons at shorter intervals.

Namely, comparing can be by territory. For example, sales with the business entity X, where we have the opportunity to determine the sales zones, the dynamics of sales, etc. We know that every phase of the operation of the business causes costs. Hence, we can emphasize the internal comparison. Enterprises, their owners and managers are interested in the planning and actual costs. The basis for comparison is the planning costs, which are then compared with the actual costs that have arisen. After using comparing method, it is necessary to check each previously made conclusion with the method of breakdown. This means determining the movement of all parts of the business, whether they are in the right direction. Namely, the individual parts with the same volume have no deviations in both negative and positive. Naturally, the breakdown method determines the interdependence between the separate parts of the complex phenomenon.

In fact, the intensity of the movements of the parts of the analyzed phenomenon captures the shape and the full review for itself. For example, if parts showing a reduced intensity are more than those showing increased intensity, then the common quality will show a shrinkage. If we have a reverse case, then the common quality will show an increase. From this, we can confirm that the breakdown is done first to confirm the parts, and then if we want, we can determine the time and location of the occurrence. Also, we can conduct an analytical

[1] Palepu, Healy, Bernard.(2004). pp. 3-1.

examination in certain phenomena in which parts have been created, and we will get a breakdown by elements. For example, if we want to determine the dynamics of the financial result in company X. From the spreadsheet-figure 1. we get a clear picture in which the months of the 2017 business year. the company earned a profit, and in what months it had a loss.

Figure 1. Example for the dynamic of the financial result.

Company X		
Month	Profit	Loss
I	4.100.000	-
II	-	1.550.000
III	2.200.000	-
IV	6.300.000	-
V	4.500.000	-
VI	1.000.000	-
VII	1.800.000	-
VIII	3.300.000	-
IX	-	1.250.000
X	3.300.000	-
XI	4.700.000	-
XII	5.700.000	-
Total	36.900.000	2.800.000

If we have data only in the number 36.900.000 denars, and if we divide this amount with the number of months in the year 12 we will receive (36.900.000: 12 = 3.075.000 denars). This means that Company X, each month earned an average profit of 3,075,000 denars, which is not true. From this it can be concluded that not only did not realize profit in all months, but the profit itself is not the same. In addition, in certain months, the company also has a loss that totals 2,800,000 denars.

Therefore, we emphasize that with the time delineation are revealed the internal oppositions, the compensation between the subordinate parts, etc. Also, the breakdown of space is very important. Whether certain occurrences are positive or negative should be known in which part (space), department or sector in the business entities are appearing. It is certainly not advisable that all economic units be analyzed under equal criteria, as it may result in disincentive to work. For example, if we have the production of three products A, B and C. The movement of each product in the process of action of the enterprise is different. Different decreases and price increases in all three products come at different times.

From the spreadsheet-figure 2. we can see why the breakdown by subject is significant. We note that the total decrease for the period for which it refers is 3.500.000 denars, but it is different in the first two products, while in the third product we can see an increase of 1,800,000 denars.

Figure 2. Example for decreases and increases of the price into production.

Company X		
Product	Decrease	Increase
A	1.200.000	-
B	2.300.000	-
C	-	1.800.000
Total	3.500.000	1.800.000

This enables us to determine which items (products) have been subject to certain changes. With the help of this method we come to the truth about the movement of each product individually. Namely, the conditionality of the methods makes us to implement the method of elimination. This method removes everything that does not matter and creates more space for the important things. If we want to determine how a negative financial result has come to light, the procedure would eliminate all parts that are determined to be positive and would be directed to those parts that caused the negative financial result. Once the parts for analysis are determined, a determination is made to determine the reasons that led to such a result. Through this method, it saves time, avoids certain damage, and concentration is extremely focused on factors that have caused a negative phenomenon. The analyst has the opportunity to strive to achieve a simpler path to the possibility of an improved result in the operation.

2. VALUATION OF FINANCIAL REPORTING TO QUALITY BUSINESS ANALYSIS

Qualitative analysis is an important first step that enables the analyst to frame them as a clear picture, financial, and accounting analysis. Knowledge of managers is a source with a certain value. Their ability to present information in a simple way is quite problematic. In fact, the financial statements that contain various financial indicators pose a difficulty in determining real information from plain data for certain users.

It is therefore necessary for indebted accounting managers to turn this difficulty into ease. Why is it necessary to have this ease? Because if we do not bring them to clear information, the data contained in the financial statements, the investors will reduce the value of the firm through the accounting performance. As a result, investors and other users will have inaccurate estimates of financial data. The probability of the firm's evaluation will be to the extent that the figures reflect the economic reality. Certainly through the financial analysis with certain information intermediaries can complement the value of the firm. "Understanding the conceptual basis of the financial reporting system and preparing financial statements is a fundamental precondition for financial analysis."[2] They do this by improving the understanding of financial indicators and future opportunities for the firm to external users. Namely, effective financial analysis attempts to reach internal managerial information of public character. Many intermediaries do not have access to this information. That is why they rely on certain knowledge of the activity of the firm or the strategies that are encountered in everyday life. In fact, the purpose of the financial analysis is to use financial data to assess the current and past state of the firm. But also to assess its sustainability. In this analysis, we have two key skills: the analysis should be systematic and efficient and the analysis should allow the analyst to use data for research on certain business issues. The tools that are most commonly used in this analysis are the ratios analysis and the analysis of cash flows. The ratio analysis analyzes the firm's products and market performance. While the analysis of cash flows focuses on the liquidity and financial flexibility of the firm. In the overall operation of companies, accounting analysis aims to show the highest level of business reality in the firm. Presentation of figures, their flexibility, accounting policies, accounting estimates, analytical examination of accounting distortions is the basis of accounting analysis.

In fact, it corrects accounting flaws, creates unbiased accounting data, and verifies the reliability of the conclusions from the previously performed financial analysis. In addition to the paper, we will emphasize the importance of strategic business analysis. This analysis aims to identify key drivers of profits and business risks.

Namely, the strategic business analysis examines the industry to which the firm belongs. It assesses the firm's potential for profit, analyzes competitive advantage and proposes a strategy. It is therefore necessary to identify key success factors and key operational risks. This identification in the future determines key accounting strategies and assesses whether the firm has profitable sustainability. Which means that the forecast for a secure future for the firm is solid and high reliability. The assumptions for a firm's future are carried out through a prospective analysis. It focuses on forecasting the future and is the ultimate step in the business analysis process. Its techniques are usually the forecast and valuation of financial statements. Through these techniques (tools), the analyst carries out a synthesis of accounting and financial analysis with one single goal - predicting a firm's future. In fact, the valuation of the firm is perceived through the future inflow and outflow of funds. The valuation certificate is also made on the bookkeeping value of the accounting information system, as well as the return on capital and growth. The synthesis of these analyzes gives an excellent estimate of the true value of the firm. But it also helps in evaluating potential changes in competitive advantage, as well as the implications of those changes on return on capital.

CONCLUSION

From the previously stated in the paper we can emphasize that the analysis allows us to perceive the examined whole and its constituent parts. But not only that, to determine the qualities of the same. We especially see its significance in making plans, strategies and business decisions. The various types of analysis that make up the business analysis provide certainty for all financial reporters in a particular business entity. Synthesized information separates the bit from the intrinsic, exactly from the inaccurate, the primary from the secondary, and so on. Because the operation of business organizations is a complex process and the factors that determine the growth and development of the company are not easily determined.

[2] White, Ashwind, Fried. (1998). pp.7.

Namely, the accounting analysis provides an impartial assessment of the current carrying amount, as well as the return on capital. While financial analysis allows for a deeper and more detailed understanding of the factors that move the current return on capital. Also, into the paper emphasizes the importance of applying the methods of breakdown, comparison and elimination. The order in the application of the methods is intended to enable detection of errors, omissions, weaknesses in a quick and efficient manner.

In fact, the examination of the organizational and financial situation gives an idea of the organizational units, the factors of operations, and the liquidity and profitability of the company. In this way, the elimination of negative phenomena is carried out. But, of course, there is a positive incentive for managers to make better decisions and solutions that will improve the working process.

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