

## Development of the Economic Analysis Theory and its Features

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### Abstract

The future of the economic analysis theory is largely determined by the developments of previous generations of researchers whose history dates back to the ancient centuries and is represented in the teachings of the thinkers from the Ancient East (Confucius), Ancient Greece (Xenophon, Plato, Aristotle), Ancient Rome (Varro, Seneca). The study of economic analysis in Russia as a special branch of scientific knowledge began only in the middle of the 19th century. Practitioners have developed theoretical bases for two historical stages, and also introduced methods and methodics of economic analysis. The third historical stage is characterized by rapid development of science based on the generalization of foreign and domestic experience. Under current conditions, economic analysis acts as a mechanism for studying economic phenomena that are in dynamics and interrelations between the conditions and factors of the business environment. The development of the economic analysis methodology was determined by a change in the paradigms of the organization of the economy and, as a consequence, institutions of management. Innovations in the field of management, production, financial and investment activities were a prerequisite and reason why reliable and complete information on the activities of economic entities was required to make management decisions and identify improvement reserves. As a result of the emergence of a new approach to the organization of economic analysis, certain methods for their implementation were proposed.

**Keywords:** Economic analysis; Analysis genesis; Enterprise management; Decision making; System of indicators.



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### 1. Introduction

The theory of economic analysis has its own history of development, the beginning of which dates back to ancient centuries. In the Middle Ages, the formation of the theory of economic analysis is observed in the studies of D. Ricardo, A. Smith, W. Petty, S. Sismondi, and others. Later, its tools are present in all studies, where the facts of economic activity are interpreted.

The dynamics of the formation of the economic analysis theory was determined by the acute need for structural and substantial studies of economic phenomena penetrating into their essence and revealing the pattern of their development. The results of the integrated assessment of enterprise activities have become the basis for the development and implementation of an effective management strategy.

### 2. Main Part

In the period after the II World War, the main tasks were restoration of the destructed, organization of peaceful construction and the formation of the Russian economy, economic analysis began to develop, mainly in the direction of developing a methodology for an accurate assessment of the damage caused by war. In this regard, the annual reports of domestic enterprises were supplemented by acts on the write-off of inventories and fixed assets that were destroyed and plundered during the attack and seizure of Soviet territories. Analysis of the balances of enterprises for that period established a multiple increase (two to three times) during the war years of the amount of accounts receivable and accounts payable, the write-off of which permitted the normalization of financial relations between them.

Scientists and economists continued to work in the postwar years in the direction of the sectoral differentiation of economic analysis. During this period, the industries were subjected to careful economic analysis, and the analysis methodology found detailed coverage in departmental publications, textbooks and journal publications.

A significant amount of research of that period was devoted to the balance, among which there were the 1951 (Bakanov *et al.*, 2005).

Economic analysis was not been limited to differentiation by types of industries; the differentiation was also carried out with in the spheres of commodity circulation, which consisted in the analysis of enterprises that sold

industrial goods; enterprises selling consumer goods; analysis of consumer cooperation organizations and state trade enterprises separately.

The fulfillment of the task on restoring the economy took place within the regime of large-scale distribution of self-supporting relationships in each division of an enterprise, what established the need in processes of studying and mastering the methods of economic analysis at the shop level. The need for knowledge of the theory of economic analysis determined the appearance of new publications, among which there were works by G.A. Neshitov, M.S. Mirvis, Kh. G. Kastanaev, and others. Special attention should be paid to the works of A.D. Sheremet, S.K. Tatur, and N.M. Zavaryhin (Gabdullina G. *et al.*, 2017; Karamyshev *et al.*, 2018; Qusted *et al.*, 2003).

The results of scientific research on improving the theory and methodology of economic analysis were actively covered in 1960-1990 in monographs, textbooks, educational and practical manuals, scientific publications, including by S. B. Barnkholtz "Economic analysis of economic activity at the present stage of development" (1984); "The Theory of Economic Analysis of Economic Activity", ed. by A.D. Sheremet (1982); "Functional value analysis", ed. by B. I. Maydanchik (1985); A.I. Murav'ev "The Theory of Economic Analysis" (1988); I. I. Karakoz, V. I. Samborskiy "The Theory of Economic Analysis" (1989); "Theory of Analysis of Economic Activity", ed. by V.V. Osmolovsky (1989). The same time, the new scientific schools emerged in Moscow, Leningrad (St. Petersburg), Kiev, and Minsk (Kochkina *et al.*, 2017; Makhmutov *et al.*, 2016).

The third stage in the development of the economic analysis theory (1990-2000) is associated with a period of transition to market relations, which is characterized by a change in the forms of ownership of enterprises, the emergence of market competition, the change in management methods and increasing its responsibility for the performance of the enterprise. In this period, there was an increase in the importance of applied economic analysis for manufacturers in order to assess the financial condition and sustainability of enterprises, their business activity, market conditions, supply and demand for goods, competitiveness of products, etc (Gabdullina G. K., 2013).

The analysis of performance indicators of commercial enterprises became of a constructive and purposeful nature, which was based on economic and mathematical methods of analysis and modeling, expert assessments, programming; there are appeared automated workplaces for economists-analysts.

The differentiation of economic analysis on the objects and methods of research became deeper; that in turn affected the expansion of the list with scientific publications of a theoretical and methodical nature, among which there were works by such authors as M.V. Melnik, G.V. Savitskaya, A.D. Sheremet, V.V. Kovalev, L.I. Kravchenko, M.I. Bakanov, and others.

The transition period to market relations is replaced by the emergence of a certain stability with the characteristic features of a market economy period such as the strengthening of interactions, interrelations and interdependencies between economic system links, when their transformation occurs within the projected framework, and as a consequence, the complexity, dynamism and inconsistency of their functioning necessitates the justification of the adoption and execution of management decisions. This period indicates the need for a new round of economic analysis, and, accordingly, the next stage of its development (Tahavieva and Nigmatullina, 2017).

The fourth stage of development of economic analysis refers to the period of market economy. Supporting the development of small business by the state, combining international financial accounting legislation and economic relations, attracting foreign investment, studying new financial instruments and levers - all this was a condition for qualitative improvement of the economic analysis methodology of modern times through in-depth studies in this field. The economic analysis theory began to develop in the direction of increasing knowledge about:

- Economic analysis in marketing, environmental, investment, innovation and other activities;
- Multicomponent and cluster analysis methods, STEP analysis, SWOT analysis;
- Analysis of banks, budget organizations and small businesses.

Uncertainty in the development of the external environment, lack of information and the availability of entrepreneurial risk led to the emergence of competitive advantages of enterprises and caused the need for correction in the content of economic analysis. In connection with these, the role of the analysis of the external environment has increased, what has been considered in the economic analysis theory as a separate sphere of knowledge. Functions of planning, management and financial accounting in management became the basis of economic analysis of an enterprise.

The actualization of the issues related to the efficiency of the enterprise functioning in the conditions of a market economy determined a rapid upsurge in the publication of scientific and educational literature on economic analysis, among which:

- Theory and methodology of economic analysis: N.V. Voitovsky, A.M. Luneva, L.T. Gilyarovskoy, A.I. Ginzburg, V.G. Lyubushina, N.P. Kogdenko, M.V. Melnik, M.I. Bakanova, A.D. Sheremeta and others;
- Strategic analysis: A.N. Khorina, V.E. Kerimov ;
- Investment analysis DA. Endovitsky (Endovitsky and Gilyarovskaya, 2001).;
- Management analysis: O.N. Volkova, M.A. Vakhrushina,;
- Financial analysis and analysis of financial statements: N.A. Nikiforova, V.V. Bocharova, L.V. Dontsova, O.V. Efimova, A.D. Sheremeta, B.T. Zharylgasova, E.V. Negasheva;
- Analysis of banks' activity: O.G. Korolyov, S.Yu. Buevich, V.I. Petrova, A.Yu. Petrov

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The global crisis of 2008 determined the vector of development of the economic analysis theory aimed at developing a methodology for forecasting crisis situations in the economy and alternative solutions to overcome them; analysis of the value of tangible and intangible assets of enterprises and an estimation of the lost profit. Based on this, economic analysis should be directed not so much at eliminating errors in the activities of the enterprise, but rather in determining solutions for mobilizing reserves to prevent these errors.

The modern domestic economic analysis theory begins to develop in the direction on researching the superiority of the functioning of the economy in developed countries, the specifics of the use of financial instruments, the mechanisms of partnership between private enterprise and the state. To a large extent, the research potential is drawn to political processes, moreover, international analysts claim the probability of a new monetary unit - Amero, which will replace the US dollar, due to the unification of the economy of Canada, Mexico and the United States. In these circumstances, the Russian leadership should begin to develop scenarios for the country's future development excluding dollar settlement relations

Special attention should be given to the regional aspect of the development of the economic analysis methodology and methods on the functioning of corporate associations. According to the results of a sociological survey of enterprises from twelve regions of Russia conducted by the magazine "Financial Director", forty-three percent of enterprises hardly use an economic analysis methodology in their work. The resulting figure necessitates the training of a broad profile of specialists, diversified business analysts who are able to identify the key factors that ensure the stable operation of enterprises, assess the strength of their influence and predict the course of events.

Professional training of specialists with a developed analytical way of thinking is permissible in close cooperation between employers and universities through:

1) organization of targeted training of students for a particular organization; carrying out of refresher courses and training of personnel; implementation of R & D according to the intended objectives of an enterprise; public defense of diploma projects (works) on the basis of a research object (enterprise); employment of students in enterprises;

2) formation of applications for specialists; organization of hands-on workshops and production practice; provision of technical, financial and informational support to universities; holding competitions and awarding personal scholarships; organization of job fairs and employment of graduates, etc.

The variety of forms of cooperation between employers and universities, as well as the current situation in Russia regarding this issue, determine the need to stimulate the process on the part of the state, perhaps in the form of targeted programs (Galiev *et al.*, 2017).

### 3. Methods

In the course of the study, the authors carried out a selective analysis of specialized literature with a high citation index for the topic indicated in the title of the article.

### 4. Results

Despite the substantial development of the economic analysis theory in Russia during the market economy period, foreign scientists are well advanced in this field of knowledge. This is due to the market organization of their economy, what requires the implementation of the company's reserves in the sphere of ensuring its competitiveness. In the 1920's and 1930's economic analysis was already in full use in the management of foreign enterprises in the monitoring of quality, production planning, forecasting market development, assessment of the financial

### 5. Discussion

Situation. The most important studies were conducted and presented in the works of such scholars as Paul Heretner (England), Johann Scherr (Switzerland), James Bliss (USA), etc. In the 1950s, research interest was turned to the formation of economic and mathematical programming, the development of a systematic approach to the study of facts, modeling and optimization of profits. The main task of the analysis in the 1970s was the development of recommendations for the adoption of managerial decisions advancing the thoughts of competitors.

Activities of foreign economic analysis of the XXI century was aimed at a systematic study of the internal and external environment of an enterprise what provided to the company's management with the opportunity to develop and make informed management decisions regarding the success of a future enterprise.

### 6. Conclusions

Thus, under current conditions, economic analysis acts as a mechanism for studying economic phenomena that are in dynamics and interrelations with the conditions and factors of the business environment. Prospects for improving economic analysis are due to the development of the economy of a modern enterprise in Russia and abroad, as well as the nature of the influence and changes in the factors and conditions of their functioning.

## Acknowledgments

The work is carried out according to the Russian Government Program of Competitive Growth of Kazan Federal University.

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