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The Relevance of Financial Analysis And Its Impact On The Business Environment 2018-2023. Literature Review

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Abstract

Financial analysis plays a crucial role in proper management and decision-making in business, considering that the accounting process is carried out within the suggested regulations to ensure the accuracy and reasonableness of the generated financial information. It provides valuable information to top management about the economic and financial situation of the company, enabling them to assess its current performance and anticipate potential future difficulties. This study employed the PRISMA methodology, and through literature review, theories, models, methods, and tools used in financial analysis during the period 2018-2023 were analyzed, evaluating their contribution to business success. The main theories and models of financial analysis used in this period have been identified and analyzed. Key aspects of importance include the risk in verbal communication, the relationship between the effective tax rate and microeconomic determinants in investors' investment decisions, the suitability of preparing financial statements according to national or international accounting standards, and the impact of performance-based compensation plans on CEO decisions.

Keywords: *Financial analysis, business environment, key factors, organizational objectives, strategic decision-making practices*

Introduction

Companies that succeed in the market and have managed to survive different external situations, such as economic crises, pandemics, inflation, competition, among others, do so because they have effectively managed their administrative management. They consider financial data for decision-making in their business environment. Taking into account not only the company's history but also that of its peers to correct errors and optimize administrative processes (Copo Arévalo, 2017).

Ochoa-González, Sánchez-Villacres, Andocilla-Cabrera, Hidalgo-Hidalgo, and Medina-Hinojosa (2018) point out that financial analysis plays a crucial role in proper management and decision-making in business, as it provides valuable information to top management about the economic and financial situation of the company. This allows them to evaluate its current performance and

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anticipate potential future difficulties. By understanding and applying financial analysis techniques, managers can make informed decisions and implement appropriate corrective measures to overcome financial challenges.

The thinking of González, Salazar, Ortiz, and Verdugo (2019) aligns with the aforementioned discussion, emphasizing the fundamental role of financial analysis in businesses. It provides valuable information for decision-making, risk assessment, and financial planning in a dynamic and competitive business environment.

Smith (2019) states that it is important to recognize that the management of financial ratios by companies gives them greater control over their environment and provides certain advantages in the market. Consequently, the information obtained through financial analysis has applications both internally and externally. At an external level, this information is crucial for communicating the financial status of a company to third parties, such as potential investors, tax authorities, or suppliers. This provides a clear and accurate view of the financial health of the company, enabling them to assess its viability and make informed decisions regarding investments, loans, or business partnerships.

On the other hand, at an internal level, the information from financial analysis is highly useful for company executives and middle management, providing them with a detailed view of the available financial resources. This assists them in making strategic decisions such as budget allocation, investment planning, and cost management. By having knowledge of the financial resources at their disposal, decision-makers can optimize results and efficiently achieve business objectives (Blázquez, 2021).

Smith (2019) points out that financial analysis provides key information about a company's financial position, allowing for the evaluation of its profitability, solvency, and operational efficiency. Additionally, Johnson (2021) emphasizes that financial analysis can also help identify areas for improvement and growth opportunities, providing a solid foundation for the formulation of effective business strategies.

During the period 2018-2023, significant changes have occurred in the business environment, such as technological advancements, globalization, and economic uncertainty. These factors have created new challenges and opportunities for organizations, driving the need to effectively utilize financial analysis.

The main objective of this meta-analysis of literature review is to analyze the relevance of financial analysis and its impact on the business environment during the period 2018-2023.

Methodology

The present study is based on a purely qualitative analysis, which, from the perspective of Hernández, Fernández, and Baptista (2010), focuses on understanding and delving into phenomena in order to comprehend the participants' perspective, whether they are individuals or

small groups, regarding the phenomena that surround them, delving into their experiences, perspectives, opinions, and meanings.

The work was conducted following the methodological approach based on the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) method, which, according to Page et al. (2021), is widely recognized and used in systematic reviews and meta-analyses of scientific studies, ensuring transparency, rigor, and reproducibility of the literature review process.

To comply with this methodology, efforts were made to address the research question that guided this meta-analysis of literature review, which is: "What is the relevance of financial analysis and what is its impact on the business environment during the period 2018-2023?"

For data selection, an exhaustive bibliographic search was conducted in academic databases such as Scopus and Web of Science, using key terms related to the topic, such as "financial analysis," "decision-making," "goal achievement," and "business environment."

The search algorithms used in Scopus were:

(TITLE-ABS-KEY ("financial analysis") AND TITLE-ABS-KEY ("decision making"))

(TITLE-ABS-KEY ("consequence of objectives") OR TITLE-ABS-KEY ("financial analysis"))

The algorithm used in Web of Science was:

Financial analysis (All Fields) AND decision making (All Fields)

After generating the results using these keywords, certain inclusion and exclusion criteria were considered. Initially, only publications from the year 2018 onwards were considered to maintain a current analysis. The selection included scientific articles in English and Spanish that are freely accessible and address the relevance of financial analysis and its impact on the business environment during the mentioned period.

These criteria can be summarized as follows:

- **I1:** Last 5 years (2018-2023)
- **I2:** Open access documents
- **I3:** Original scientific articles
- **I4:** Field of study (Business, finance, management)
- **I5:** Keywords (financial analysis, decision making, goal attainment, business environment)
- **I6:** Language (English-Spanish)
- **I7:** Relevant content

Exclusion criteria:

- **E1:** Documents outside the time range
- **E2:** Review articles, theses, books

Once these aspects were filtered, a review of the content of each article was conducted to analyze their relevance and contribution to this review. This process resulted in a final selection of 44 articles, which were used to conduct a comprehensive meta-analysis, extracting traceability factors and key characteristics from them.

The data extracted from the included studies were qualitatively analyzed, and a narrative synthesis of the most relevant findings was conducted. Emerging patterns and common trends regarding the relevance of financial analysis and its impact on the business environment during the study period were identified. Subsequently, in the meta-analysis, quantitative results were combined to obtain a joint estimation of the impact of financial analysis on the business environment.

Results and Discussion

After conducting an exhaustive information search, a total of 27,188 articles were obtained. However, after applying filters and analyzing the content of each document, 44 carefully selected articles that met the relevance criteria for this study were chosen. The selection of these articles is described in detail in the diagram presented in the following Figure, which was developed following the procedures described in the methodology section.

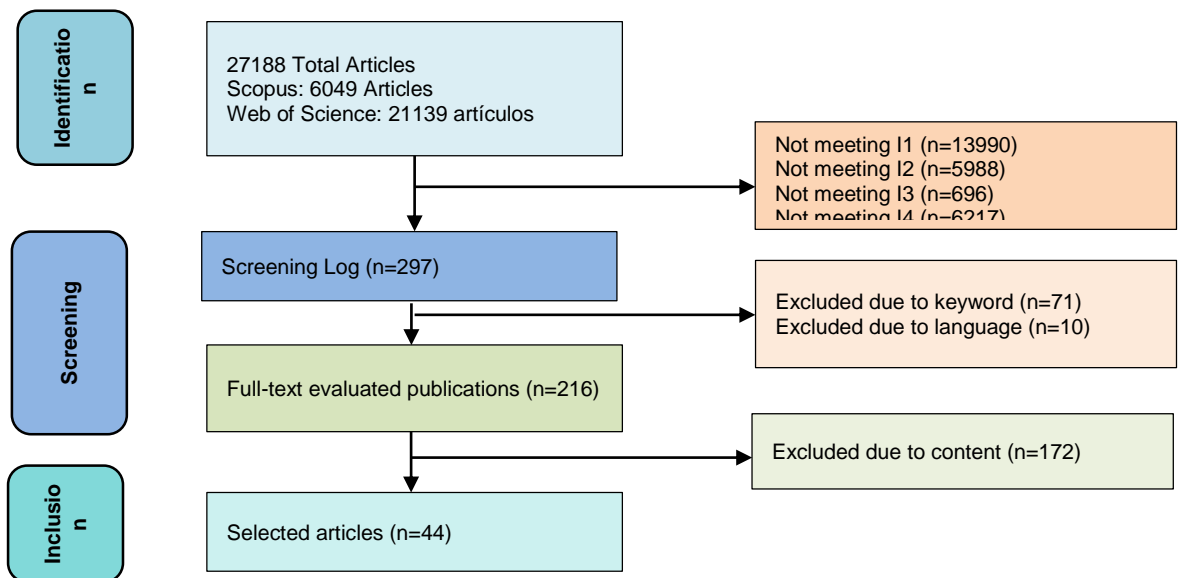


Figure 1 Article Selection Diagram

Source: Own elaboration

Figure 1 explains how the filters were applied and how, from the 44 identified documents,

traceability results were obtained, such as author, year of publication, DOI, journal name, country, and quartile ranking. It also includes the most relevant aspects of each publication.

When analyzing the publication frequency of studies on the relevance of the topic, it is observed that in 2019 there was a high number of publications (13 studies, 29.55%), closely followed by 2022 (12 studies, 27.27%). These two years represent more than half of the studies included in the sample. In contrast, the years 2018, 2020, and 2021 had a lower publication frequency, with 4 studies each (around 9% for each year). It is interesting to note that in 2023 the publication frequency has been low, with only 2 studies (4.55%).

In terms of the review of the journals in which the articles of this paper have been published, a total of 35 different journals were used to publish the 44 studies included in the literature review. Most journals published only one study (2.27% each), indicating that each journal contributed with a single study within the topic of interest. Some of these journals include Asia Pacific Management Review, CASE Journal, CIRIEC-Espana Revista de Economia Publica, Social y Cooperativa, among others. Additionally, there were some journals that have published two studies (4.55% each) related to the topic of interest. These journals include Engineering Economics, IEEE Transactions on Engineering Management, Inzinerine Ekonomika-Engineering Economics, Journal of Competitiveness, Journal of Financial and Quantitative Analysis, and Water (Switzerland).

The reviewed studies come from various countries, with the Czech Republic and Lithuania standing out with the highest publication frequency (5 studies each, 11.36% of the total). The United Kingdom and the United States also have a significant frequency (8 and 7 studies, respectively, accounting for 18.18% and 15.91% of the total). Other countries such as Poland, Switzerland, Ukraine, and Serbia have contributed with a lower number of studies. Most countries have contributed with only one study (2.27% each).

When analyzing the distribution of studies on the relevance of financial analysis and its impact on the business environment, it is divided into quartiles. Quartiles Q1 and Q2 have the same publication frequency (12 studies each), representing 27.27% of the total studies and classified as the highest quartiles in terms of relevance. Quartile Q3 has 13 studies (29.55% of the total), while Quartile Q4 has the lowest frequency with only 2 studies (4.55% of the total). A small percentage of studies are not classified into any specific quartile (5 studies, 11.36% of the total)

Quartiles can be useful for assessing the quality and relevance of studies in relation to others; higher quartiles indicate higher quality or impact, while lower quartiles may require further review; however, quartiles are just one way of classifying and should not be considered as an absolute measure.

The result of all these articles is summarized in the following table:

Table 1 Article Database for the Review

N	Título	Autor	Año	Doi	Revista	País	Cuartil
1	An evaluation of financial health in the electrical engineering industry	Robert Stefko, Sylvia Jencova, Petra Vasanicova, Eva Litavcova	2019	10.7441/joc.2019.04.10	Journal of Competitive ness	Czech Republic	Q1
2	Value and Price of Russian Business: The entity, the relationship and impact of financial indicators	Irina, K., Svetlana, P., Nikolay, P., Alexander, R.	2018	10.6000/1929-7092.2018.07.62	Journal of Reviews on Global Economics	Canada	Q3
3	Combining multicriteria decision analysis and cost-benefit analysis in the assessment of maritime projects financed by the European Investment Bank	Clintworth, M., Boulougouris, E., Lee, B.S.	2018	10.1057/s41278-017-0072-x	Maritime Economics and Logistics	United Kingdom	Q1
4	Zootechnical farm wastewaters in Ecuador: A treatment proposal and cost-benefit analysis	Verlicchi, P., Estefanía Caridad, E.C., Zanni, G.	2019	10.3390/w11040779	Water (Switzerland)	Switzerland	Q2
5	Financial analyses and corporate evaluation on sustainable ability to generate excess profit	Ji, H.	2020	10.3390/su12114647	Sustainability (Switzerland)	Singapore	Q3
6	Analysis of Innovation Performance for Retail Banking Industry With the Hybrid Fuzzy Decision-Making Approach	Wang, S., Liu, Q., Dinçer, H., Yüksel, S.	2020	10.1177/2158244020927425	SAGE Open	United States	Q2
7	Lifting the lid on the black box of corporate real estate decision-making: dealing with surplus property	Cooke, H., Appel-Meulenbroek, R., Arentz, T.	2021	10.1108/JERER-05-2020-0029	Journal of European Real Estate Research	United Kingdom	Q2
8	Strategic investment decision-making practices in large manufacturing companies: A role for emergent analysis techniques?	Alkaraan, F.	2020	10.1108/MEDAR-05-2019-0484	Meditari Accountancy Research	United Kingdom	Q1
9	The social value generated by the inclusion programs. The case of the ROMI Program of the Fundación Secretariado Gitano	Ruiz-Lozano, M., Ariza-Montes, A., Sianes, A., Tirado-Valencia, P., Fernández-Rodríguez, V., López-Martín, M.D.C.	2021	10.7203/CIRIEC-E.101.18028	CIRIEC-Espana Revista de Economía Publica, Social y Cooperativa	Spain	Q2
10	Financial efficiency analysis: empirical evidence from the emerging stock market	Ahmad, S.R., Khan, S., Senan, N.A.M., Khan, I.A.	2022	10.22495/clgrv4i2p3	Corporate Law and Governance Review	Saudi Arabia	N/A
11	Effects of contextual variables on strategic investment decision-making styles: An empirical study from Pakistan.	Imran, S., Rautiainen, A.	2022	10.1016/j.apmr.2021.03.004	Asia Pacific Management Review	Taiwan	Q1
12	Socio-Economic Aspects of Centralized Wastewater System for Rural Settlement under Conditions of Eastern Poland	Brzusek, A., Widomski, M.K., Musz-Pomorska, A.	2022	10.3390/w14101667	Water (Switzerland)	Switzerland	Q2

13	Evaluation of the cost-benefit method in the feasibility analysis of the Pelješac Bridge construction	Baričević, H., Ružić, V., Perić, M.	2022	10.31217/p.36.2.10	Pomorstvo	Croatia	Q3
14	Is BlockChain Mining Profitable in the Long Run?	Islam, N., Marinakis, Y., Olson, S., White, R., Walsh, S.	2023	10.1109/TEM.2020.3045774	IEEE Transactions on Engineering Management	United States	Q1
15	Financial performance analysis of PUMA	Andal, V., Suganya, S., Vennilaa Shree, S.	2019	10.34218/IJM.10.6.2019.023	International Journal of Management	United States	Q1
16	The Slovak Spa Industry and Spa Companies: Financial and Economic Situation	Stefko, R., Jencova, S., Vasanicova, P.	2020	10.29036/jots.v11i2.0.137	Journal of Tourism and Services	Czech Republic	Q2
17	Financial indicators of the company from electrical engineering industry: The case study of Tesla, Inc.	Jenčová, S., Vašanićová, P., Litavcová, E.	2019	10.5937/sjm14-15692	Serbian Journal of Management	Serbia	Q3
18	Feasibility study on indigenous confectionery business - the case of gulupuan industries	Yuliat, K., Hamzah, R.S., Hamzah, B.	2022	10.3280/eag2022oa12375	Economia Agro-Alimentare	Italy	Q3
19	Measuring performance of a pharmaceutical company in the MENA region by means of the cash flow statement	Jooste, L.	2019	10.1504/IJEBR.2019.096587	International Journal of Economics and Business Research	Switzerland	Q3
20	Financial analysis of innovative forms of money	Šimonová, J., Čentěš, J., Beleš, A.	2019	10.9770/jesi.2019.7.1(6)	Entrepreneurship and Sustainability Issues	Lithuania	Q1
21	An evaluation of financial health in the electrical engineering industry	Stefko, R., Jencova, S., Vasanicova, P., Litavcová, E.	2019	10.7441/joc.2019.04.10	Journal of Competitiveness	Czech Republic	Q1
22	The application of a synthetic measure in the assessment of the financial condition of ligus in poland using the topsis method approach	Skica, T., Rodzinka, J., Zaremba, U.	2020	10.14254/2071-789X.2020/13-4/19	Economics and Sociology	Poland	Q2
23	Dead or alive: Modern portfolio theory based on financial analysis	Berk, C., Tutarli, B.	2021	10.13189/UJAF.2020.080401	Universal Journal of Accounting and Finance	United States	N/A
24	Framing accounting for goodwill: Intractable controversies between users and standard setters	Durocher, S., Georgiou, O.	2022	10.1016/j.cpa.2021.102357	Critical Perspectives on Accounting	United States	Q1
25	Economic evaluation model of seaports' performance outlining competitive advantages and disadvantages	Ignasiak-Szulc, A., Juscus, V., Jelena, B.	2018	10.5755/j01.ee.29.5.21363	Engineering Economics	Lithuania	Q2
26	Disproportions in the Description Ability of Prediction Models for	Lukáč, J.	2022	10.18421/TEM112-04	TEM Journal	Serbia	Q3

Change in the Accounting System								
27	Is BlockChain Mining Profitable in the Long Run?	Islam, N., Marinakis, Y., Olson, S., White, R., Walsh, S.	2023	10.1109/TEM.2020.3045774	IEEE Transactions on Engineering Management	United States	Q1	
28	Prediction of developments in the textile and clothing industry in Slovakia by selected indicators of financial analysis	Csikósová, A., Janošková, M., Čulková, K.	2019	10.5604/01.3001.0013.1814	Fibres and Textiles in Eastern Europe	Poland	Q3	
29	Financial ratios and book value of shares for selected money transfer companies listed on the Iraq Stock Exchange	Ibrahim, S.S., Olarewaju, O., Yearwood, V.	2021	10.21511/imfi.18(1).2021.22	Investment Management and Financial Innovations	Ukraine	Q4	
30	Corporate governance decisions in accounting business field for increasing competitiveness: Romania, France and Europe comparison	Berinde, S.R.	2018	10.5755/j01.ee.29.3.17269	Engineering Economics	Lithuania	Q2	
31	The practice of use of models predicting financial distress in Slovak companies	Lesáková, E., Gundová, P., Vinczeová, I.	2020	10.15549/jeecar.v7i1.369	Journal of Eastern European and Central Asian Research	United States	Q3	
32	bankruptcy Risk Factors of Russian Companies	Zhukov, A.A., Nikulin, E.D., Shchuchkin, D.A.	2022	10.26794/2587-5671-2022-26-6-131-155	Finance: Theory and Practice	Russian Federation	Q3	
33	Thomas Cook: flightpath to failure	Smith, S.	2022	10.1108/TCJ-06-2021-0080	CASE Journal	United Kingdom	Q4	
34	Corporate Liquididity, Acquisitions, and Macroeconomic Conditions	Isil Erel; Yeejin Jang; Bernadette A. Minton and Michael S. Weisbach	2019	10.1017/S0022109019000978	Journal of Financial and Quantitative Analysis	United Kingdom	Q1	
35	Capital structure and taxation of companies operating within national and multinational corporate groups: evidence from the visegrad group of countries	Marta KLUZEK, Katarzyna SCHMIDT-JESSA	2022	10.3846/jbem.2022.15634	Journal of Business Economics and Management	Lithuania	Q2	
36	Bank Capital and Profitability: An Empirical Study of South African Commercial Banks	Nyoka Charles	2019	10.2478/cer-2019-0025	Comparative Economic Research	Poland	Q3	
37	A Survey of External and Internal Factors Influencing the Cost of Equity	Natalia Mokhova, Marek Zinecker	2019	10.5755/j01.ee.30.2.19221	Inzinerine Ekonomika-Engineering Economics	Czech Republic	N/A	
38	Re-examining the ability to explain future South	Chris van Heerden, Johan Coetzee	2019	10.4102/sajems.v22i	South African	South Africa	Q3	

	African banking share returns: A data envelopment analysis approach			1.2852	Journal of Economic and Management Sciences		
39	Have tax reduction and fee reduction promoted the development of the financial industry?— Empirical evidence based on listed companies in the financial industry	Yang Cao, Jiaming Xie & Wei Zhang	2022	10.1080/1331677X.2022.2152358	Economic Research- Ekonomiska Istraživanja	United Kingdom	Q2
40	Mining risk-related sentiment in corporate annual reports and its effect on financial performance	Renáta MYŠKOVÁ, Petr HÁJEK	2020	10.3846/tede.2020.13758	Technological and Economic Development of Economy	Lithuania	Q2
41	Value relevance of financial reporting: Evidence from Malaysia	Aboubakar Mirza, Mazrah Malek & Mohamad Ali Abdul-Hamid	2019	10.1080/23322039.2019.1651623	Cogent Economics & Finance	United Kingdom	Q3
42	Investor decision-making in the context of the effective corporate taxation	Veronika Konečná, Alena Andrejovská	2020	10.15240/tul/001/2020-1-008	Ekonomická FAKULTA	Slovakia	N/A
43	Financial Statement according to National or International Financial Reporting Standards? A Decision Analysis Case Study from the Czech Republic at Industrial Companies	Michal Krajnak	2020	10.5755/j01.ee.31.3.22715	Inzinerine Ekonomika- Engineering Economics	Czech Republic	N/A
44	Relative Versus Absolute Performance Evaluation and CEO Decision-Making	Karen H. Wruck, YiLin Wu	2022	10.1017/S0022109022000060	Journal of Financial and Quantitative Analysis	United Kingdom	Q1

Source: Own elaboration

Financial analysis and its impact on the business environment have been widely studied topics in academic literature. Through this literature review, several arguments and conclusions from different authors can be identified.

In the study by Stefko, Jencova, Vasanicova, and Litavcova (2019), the importance of financial analysis in evaluating the financial health of companies is highlighted. On the other hand, Irina, Svetlana, Nikolay, and Alexander (2018) emphasize the need for a more comprehensive approach in financial analysis, considering the book value, market value, and business price. Clintworth, Boulougouris, and Lee (2018) suggest combining financial analysis methods with multicriteria decision-making to enhance transparency and auditing capability in investment decision-making. Verlicchi, Avilés Sacoto, and Zanni (2019) propose cost-benefit analysis in evaluating a proposal for the treatment of wastewater from livestock farms in Ecuador. Ji (2020) emphasizes the importance of reliable accounting information in evaluating goodwill. Wang, Liu, Dinçer, and

Yüksel (2020) use financial and non-financial criteria to assess innovation performance in the Turkish banking industry.

The different studies reviewed highlight the importance of financial analysis in various contexts. These studies encompass the evaluation of financial health of companies, investment project evaluation, assessment of business value, and innovation performance evaluation. Furthermore, emphasis is placed on the need to consider both financial and non-financial criteria in analysis and decision-making.

The study by Cooke, Appel-Meulenbroek, and Arentz (2021) highlights the importance of understanding the variables that influence decision-making in corporate real estate and emphasizes the need to consider variables beyond alignment theory. This is related to the study by Alkaraan (2020), which examines strategic investment decision-making practices in large manufacturing companies and emphasizes the importance of integrating strategic and financial analysis.

Regarding social value, the study by Ruiz, Ariza, Sianes, Tirado, Fernández, and López (2021) emphasizes the assessment of social value generated by non-profit interventions. This is related to what Ahmad, Khan, Senan, and Khan (2022) argue, highlighting the importance of considering both financial and non-financial aspects in the financial efficiency of companies.

On the other hand, the study by Imran and Rautiainen (2022) points out the influence of contextual variables on strategic investment decisions, while Brzusek, Widomski, and Musz (2022) highlight the importance of considering social, financial, and environmental aspects. The latter study demonstrates the need to balance social and financial aspects when assessing profitability and cost efficiency. These studies emphasize the importance of considering both financial and non-financial aspects in strategic decision-making in different business and investment contexts.

In making strategic decisions in various domains such as corporate real estate, investment projects, non-profit interventions, business financial efficiency, and infrastructure projects, it is crucial to consider both financial and non-financial aspects. The importance of balancing both aspects and taking into account contextual and social variables for making appropriate strategic decisions is highlighted.

Baričević, Ružić, and Perić (2022) highlight the indirect benefits of considering financial aspects in road construction, while the study by Islam, Marinakis, Olson, White, and Walsh (2023) emphasizes the importance of considering financial aspects in blockchain mining. Andal and Vennilaa (2019) and Stefko, Jencova, and Vasanicova (2020) analyze the financial performance of specific companies in different industries, while Jenčová, Vašaničová, and Litavcová (2019) and Yuliati, Hamzah, and Hamzah (2022) evaluate the financial efficiency of Tesla, Inc. and product diversification in Indonesia, respectively.

Jooste (2019) highlights the analysis of cash flows in the pharmaceutical sector, Šimonová et al. (2019) investigate assets suspected of criminal activities, Skica et al. (2020) propose a measure to

assess the financial condition of local government units in Poland, Berk and Tutarli (2021) apply the Modern Portfolio Theory, and Durocher and Georgiou (2022) address the accounting of goodwill in financial reports.

These studies emphasize the importance of financial analysis in various contexts and provide relevant insights for financial management and decision-making in the business environment. They highlight the need to understand and accurately evaluate the financial aspects of operations, projects, and investments in order to make informed and strategic decisions that drive growth and profitability in companies.

Ignasiak, Juscius, and Jelena (2018) highlight the importance of financial analysis in assessing the performance of maritime ports and their ability to face competition. Lukáč (2022) notes that changes in the accounting system can affect a company's financial indicators. Csikósová, Janošková, and Čulková (2019) emphasize the utility of financial analysis in evaluating the textile and clothing industry in Slovakia. Ibrahim, Olarewaju, and Yearwood (2021) find a positive relationship between financial ratios and the book value of stocks in money transfer companies in Iraq. Berinde (2018) demonstrates the competitiveness of accounting firms in Romania, France, and the European Union. Lesáková, Gundová, and Vinczeová (2020) emphasize the importance of prediction models in financial analysis to predict the risk of corporate bankruptcy. Zhukov, Nikulin, and Shchuchkin (2022) employ machine learning methods to predict bankruptcy risk in Russian companies.

Overall, the authors highlight the importance of financial analysis in various contexts and provide valuable insights for business management and decision-making.

Smith (2022) analyzes the downfall of Thomas Cook and highlights the importance of financial analysis and impression management in evaluating a company's financial condition. Erel, Jang, Minton, and Weisbach (2019) find that cash reserves and macroeconomic conditions influence firms' acquisition decisions. Kluzek and Schmidt (2022) reveal differences in capital structure and taxation between domestic and multinational corporations. Nyoka (2019) demonstrates a positive relationship between bank capital and profitability in South Africa. Mokhova and Zinecker (2019) emphasize the influence of the cost of equity capital on firms' financial decisions in the Czech Republic. Van Heerden and Coetzee (2019) find that non-financial measures are more predictive of future returns for banking stocks in South Africa than traditional financial ratios. Cao, Xie, and Zhang (2022) analyze the impact of tax and fee reductions on the Chinese financial industry. Myšková and Hájek (2020) show that risk-related sentiment in managers' verbal communication can predict corporate financial performance.

Financial analysis and impression management are crucial for evaluating a company's financial condition, as evidenced in the case of Thomas Cook's downfall. Cash reserves and macroeconomic conditions also influence firms' acquisition decisions. Differences in capital structure and taxation between domestic and multinational corporations are revealed. Furthermore, a positive relationship between bank capital and profitability in South Africa is demonstrated, and the influence of the

cost of equity capital on firms' financial decisions in the Czech Republic is highlighted.

Mirza, Malek, and Abdul (2019) propose the use of risk-related sentiment in managers' verbal communication as a means to predict corporate financial performance. Konečná and Andrejovská (2020) investigate how capital mobility and corporate tax efficiency influence the investment decisions of foreign investors, emphasizing the importance of firm profitability in determining the effective tax rate. Krajnak (2020) evaluates national and international accounting standards, highlighting the importance of financial statement quality and comparability in choosing appropriate standards. Wruck and Wu (2022) analyze the effects of performance-based compensation plans on CEO decisions, finding that relative performance evaluation plans incentivize more idiosyncratic decision-making.

Once the database was completed, a meta-analysis was conducted using keywords found in the reviewed articles. These keywords were analyzed and processed in VOS Viewer software, providing results presented in the following figure.

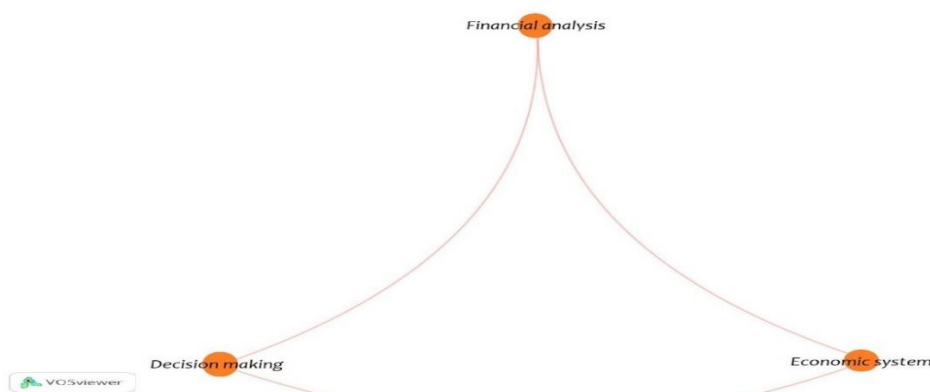


Figure 2 Keyword Co-occurrence

Source: Graph created using VOSviewer.

The Figure 1 presents a high occurrence of the keywords "financial analysis," "economic systems," and "decision-making" in the 44 reviewed articles, indicating a strong interconnection among these concepts in the business environment. These terms are inherently linked in the financial and business field, suggesting their significance in decision-making processes in any country.

Studies by Smith, Thompson, and Davis (2018) and Johnson (2020) have highlighted the significance of financial analysis in business decision-making. It provides essential information about the financial and economic situation of an organization, enabling the evaluation of project viability, resource allocation, and strategic planning.

Brown (2019) indicates that the relationship between financial analysis and decision-making varies depending on the economic system. In a free market system, financial analysis is crucial for

assessing profitability and risk, thus influencing business decisions. However, in centrally planned economic systems, where central planning and government policies play a predominant role, financial analysis may have a relatively smaller impact on business decisions, or at least that is the perspective of García, López, and Rodríguez (2021).

The findings of the literature review demonstrate a strong connection between financial analysis, economic systems, and decision-making in the financial and business domain. Financial analysis plays a crucial role in decision-making, but its influence can vary depending on the economic system.

Conclusions

During the period 2018-2023, financial analysis has been relevant in the business environment as it provides tools and knowledge for strategic financial decision-making. The reviewed studies demonstrate its significant impact on business success by addressing various aspects and challenges. Firstly, financial analysis allows for the identification and evaluation of corporate financial risk. The reviewed studies have emphasized the importance of considering risk-related sentiment in managers' verbal communication to predict corporate financial performance. This additional information provides corporate stakeholders with a more comprehensive and accurate view of the company's financial situation, enabling them to make informed decisions and mitigate potential risks. Additionally, financial analysis also influences investment decisions, as it has been revealed that the effective tax rate and microeconomic determinants have a significant impact on foreign investors' investment decisions. Company profitability has been identified as a key factor in determining the effective tax rate. This implies that investors must consider not only the potential return on investment but also the fiscal environment and tax policies of the company to make informed decisions regarding the allocation of their investments. Moreover, financial analysis contributes to the quality and comparability of financial statements by selecting appropriate accounting standards, ensuring the credibility and reliability of financial information. This entails evaluating the suitability of following national or international accounting standards, considering quality, comparability, and regulatory compliance. Lastly, financial analysis also has implications for decision-making and the risk propensity of CEOs. It has been found that relative performance evaluation plans can incentivize top management to make more idiosyncratic decisions compared to absolute performance evaluation plans. This underscores the importance of considering compensation structure and incentives in the financial management of a company.

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