ECONOMIC INDICATORS USED IN THE DIAGNOSTIC ANALYSIS OF MULTINATIONAL COMPANIES: CASE STUDY FOR COMPANIES IN THE OIL AND BANKING FIELD

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ABSTRACT

Purpose- The purpose of this research lies in the general objectives of the companies that determine the creation of added value. The efficiency in the use of the resources of the economic entity generates results. These can be analyzed and diagnosed in order to have an overview of the economic and financial state of the company. This scientific research aims to present the objective realities, the mechanism of formation and manifestation of economic and financial phenomena and processes, as well as the causal links between them in the case of ten multinational companies in the oil and banking sector. In the banking system, credibility is the essential element, the foundation of the relationship between the client and the bank when analyzing the granting of a loan. Gaining trust is achieved through a process of documentation and analysis of the client, which aims to evaluate as clearly as possible the patrimonial and financial situation, to recognize the quality of the services provided, the relationships with partners, the professionalism of the managers of companies.
Methodology- This research was carried out having as documents the reports and information published by companies on their own web pages, as well as the annual reports published by each company on the Bucharest Stock Exchange website. 10 companies in the oil and banking field were selected, and the analysis period was between 2019-2022. The research methodology was both quantitative and qualitative.
Findings- The results of the research highlighted the economic indicators used in the diagnostic analysis of multinational companies and how these entities evolved during the analyzed period.
Conclusion- The importance of the diagnosed elements on a hierarchical scale may be different depending on the priority informational needs of the one who makes the diagnostic analysis. When this is done by a financial institution that makes an analysis of the creditworthiness of the client, in order to approve a credit, a solvency and liquidity diagnosis, the degree of indebtedness or cash flows, In the first place, the manager will pay attention to the efficiency of the use of the resources employed in the company's economic circuit and to the results of the activity. An investor who wants to invest in a company will be particularly interested in the performance of the entity on the stock exchange and the profitability of the invested capital Value is the major criterion for assessing the company's performance by shareholders. Classical performance indicators have the disadvantage of providing information about the company's past performance, Without taking into account the cost of the invested capital, highlighting only the result of its use. If the one who makes the diagnosis is limited to studying only the classical indicators, he will be able to conclude that the entity achieves performance, but the results of the analysis will not present the actual reality because it does not create value and can even consume the existing one.

Keywords: Diagnostic analysis, multinational companies, indebtedness degree, financial statements, cash flows
JEL Codes: F23, G21, M41

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