

The global diagnostics and diagnostics of support activities

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Abstract

The article is focused on the business diagnostics and facility management. The aim is to measure the impact of supporting activities in total business results. Selected method of business diagnostics is financial analysis. In the article, a shortened financial analysis is performed with focus on the impact which has the supporting activities on the items in balance sheet and on the total costs. These costs are classified as direct and indirect costs those include salaries, travel or equipment and those cannot be readily identified with an individual project or program respectively per each. The knowledge of normal, healthy condition of the enterprise and the recognition and evaluation of deviations from normal are also claimed as important in diagnosis. Facility management is also marked as an important criterion that encompasses multi-disciplinary activities within the built environment and the management of their impact upon people and their work place.

Keywords: facilities, costs, analysis, diagnostics, assets.

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1. Business diagnostics and facility management

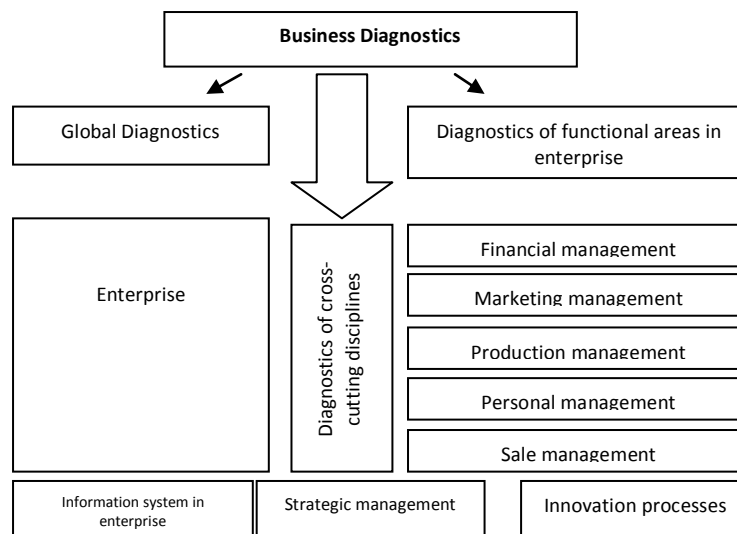
We can define diagnostics as a system of methods for identification of condition, disease, disorder, or problem by systematic analysis of the background or history, examination of the signs or symptoms, evaluation of the research or test results. Effective prognosis is not possible without effective diagnosis. The prophylaxis of a crisis is one of the main reasons of business diagnostics in the enterprise. All businesses try to maximize profits, what can be achieved by lowering costs or increasing revenues. Finding balance in this area is the task of management. It is important to monitor all areas that affect the enterprise, because eventually, all of them have an influence on financial results of the enterprise (Zeng, 2010). If the financial results of the enterprise do not evolve in the right direction, there is the management of the enterprise that should suggest a solution. Therefore, it is necessary to pay attention to all of areas to avoid the possible crisis in the enterprise.

1.1. Global business diagnostics

The term diagnostics means a process of recognition and evaluation. This term is primarily used in medicine, where the doctor assesses the symptoms of a sick man on the basis of the knowledge of healthy man. Business diagnostics is based on the same principles which are knowledge of normal, healthy condition of the enterprise and the recognition and evaluation of deviations from normal. Kasik, Blecharz, Dluhosova, Francova, Hanclova and Mikolas (1996) who contributed to the development of diagnostics business, defines it as "the doctrine dealing with the recognition and evaluation of:

- the level of the functioning enterprise as a whole,
- the total creditworthiness enterprise
- strengths and weaknesses of the enterprise,
- missed opportunities and potentials,
- problems and crisis events in the enterprise, including its eventual demise. "(Kasik, Blecharz, Dluhosova, Francova, Hanclovan & Mikolas, 2006).

As we mentioned, it is necessary to pay attention to all of areas to avoid the possible crisis, or problems, in the enterprise. One of the most important problems that the entrepreneur deals with is the financial problems. It is because the financial problems may cause the insolvency of the enterprise and eventually the bankruptcy. In the article, we want to focus on the impact of the supporting



activities on the results of the enterprise. The next figure shows us the areas that include the global diagnostics of the enterprise.

1.1. Facility management

Facility management encompasses multi-disciplinary activities within the built environment and the management of their impact upon people and their work place. On daily level, the facility management can provide a safe and efficient working environment, which is essential to the performance of any enterprise (Kniazeva & Sakalova, 2007). The facility management includes many activities in the enterprise. In this article, supporting activities in the enterprise include:

- IT,
- accounting,
- stocks,
- maintenance,
- security,
- cleaning service.

1.2. Diagnostics of supporting activities

If we want to show the impact of supporting activities on the global results of the enterprise, we have to be able to identify all to connections of these activities with the items in the balance sheet. There are direct and indirect costs. Direct cost mean cost that can be specifically identified with a particular project or activity or that can be directly assigned to such activities relatively easily and with a high degree of accuracy. Direct costs include salaries, travel or equipment. Most organizations also have indirect costs for common or joint objectives that cannot be readily identified with an individual project or program. Facilities operation and maintenance costs, depreciation, and administrative expenses are the main part on indirect costs in the enterprise (Bartosova, Hraskova & Paliderova, 2014) Cost-cutting initiatives led organizations began to outsource non-core services. To quantify the costs, directly to the activities, is hard but possible. But to identify and quantify the part of liabilities connected with the supporting activities is impossible. In the same way we consider as impossible to identify and quantify the impact of the supporting activities on the revenues. But we can quantify the costs on the supporting activities. That is why we performed the financial analysis only on the assets side and with the costs.

2. Results of financial analysis

For the purposes of this article, we decided to perform the shortened financial analysis. The aim is to show the impact of supporting activities on the financial results of the enterprise. There is impossible to quantify the impact of supporting activities on the total income of the enterprise. It is clear that the enterprise can't exist without these activities. Therefore, we decided to perform the financial analysis by ROA indicator.

Table 1. Total assets

Total Assets	41909863€
Assets without facility assets	37963100€
Total Assets	41909863€
Facility Assets	3946763€

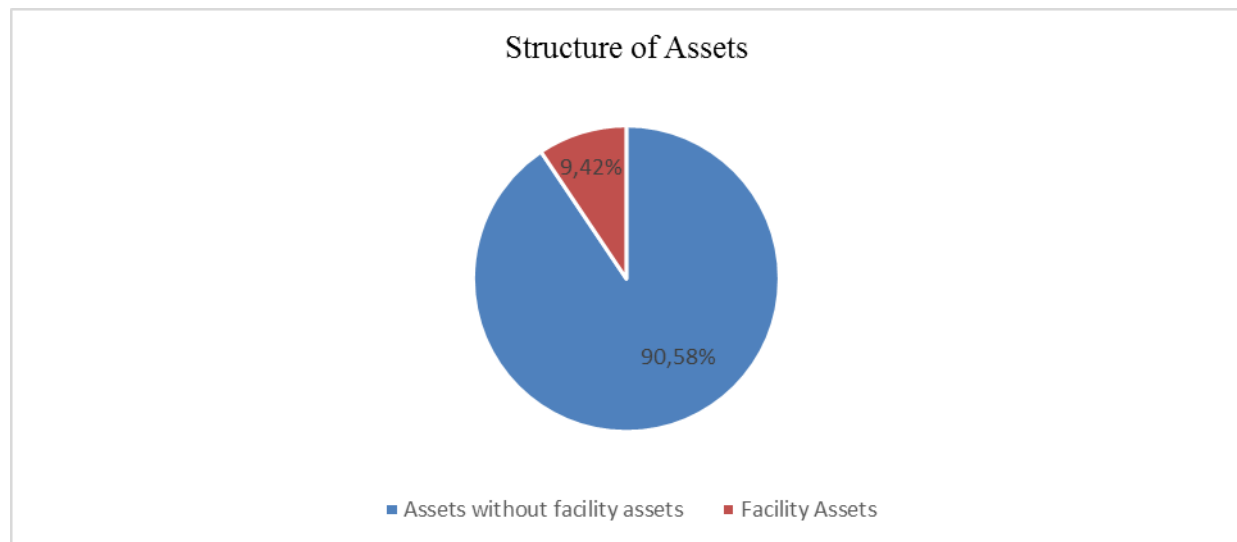


Figure 2. Structure of assets

In the next chart, there is shown the structure of current and non-current assets of the enterprise and the impact of the supporting activities on these assets.

Table 2. Structure of current and non-current assets and the impact of facilities

	Total in 2015	Facilities in 2015
Total Assets	41909863€	3946763€
Non-current Assets	27704009€	3895000€
Current Assets	14205854€	51763€

The share of assets connected with supporting activities in total assets of the enterprise amounted in 2015 is 9.42 %. The management of the enterprise has two possibilities – to own all assets needed for the supporting activities or to outsource the activities what will lower the assets.

3. Return on Assets indicator

The ROA indicator is useful to find out how profitable the enterprise is relative to its total assets. It gives to the management an idea how efficient are used the assets to generate the earnings.

Table 3. ROA indicator

	2015
Earnings	63059304€
Assets without facility assets	37963100€
Total Assets	41909863€
ROA without facility assets	1.661068353
ROA total	1.504641139

As shown in the Table 3, the indicator of ROA has reached the value 1.5 during reporting time period. When we lowered the total assets by the assets connected with the supporting activities, the ROA indicator decreased to 1.07.

Total Costs	38587450.00€
Cost for Supporting Activities	12963274.00€
Cost lowered by Costs for Supporting Activities	25624176.00€

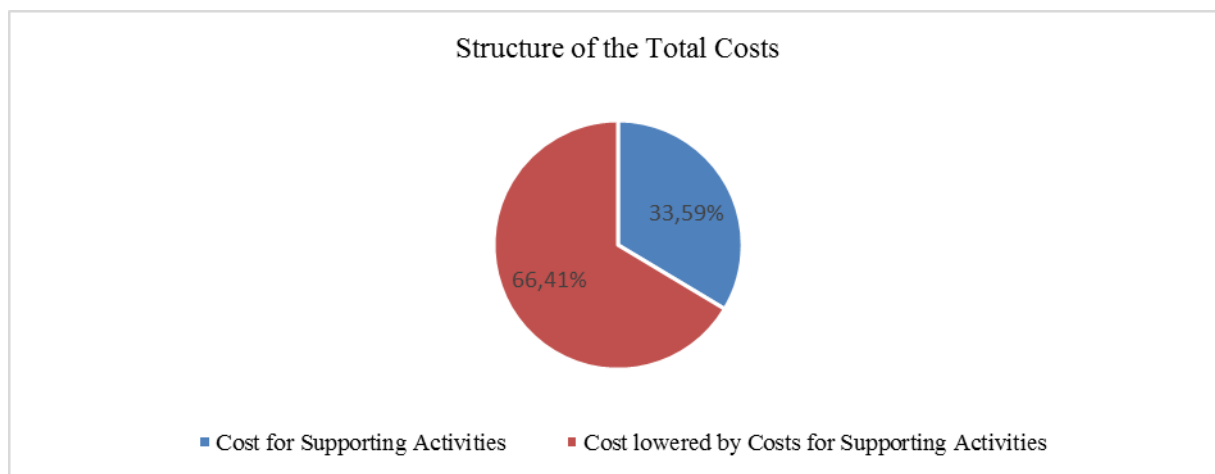


Figure 1. Structure of Total Costs

The enterprise can outsource the supporting activities and this can lower the ROA indicator and the share of supporting activities in total assets. An external supplier might bring innovation efficiencies that are beyond the scope of the existing team. If the entrepreneurs outsource the non-core activities, they can pay more attention to the core activity and that can have a positive impact on the enterprise.

The results of the shortened financial analysis show us that the share of supporting activities costs in total costs is 9.42 % and the share in total costs is 33.59 %. Therefore, we consider as appropriate to outsource the supporting activities. It will result in lowering the total assets, and the free funds can be used in more effective way. The decline in costs is questionable, because that will increase the costs for suppliers.

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