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Abbreviation: Afr. J. Agric. Res. | Language: English | ISSN: 1991-637X | DOI: 10.5897/AJAR | Start Year: 2006 | Published Articles: 6897

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Full Length Research Paper

## Financial and income approach analysis in micro (MEs) and small/medium sized enterprises (SMEs): A comparative approach in fruit and vegetables processing industry in Italy

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Article Number - 5960F2E42635 | Vol.9(2), pp. 240-254, January 2014 | <https://doi.org/10.5897/AJAR12.1859> (<https://doi.org/10.5897/AJAR12.1859>)

 Accepted: 18 December 2013 |  Published: 08 January 2014

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**Abstract**

The aim of the research is to evaluate the differences between economic and financial results in a sample of micro enterprises (MEs) and small / medium sized enterprises (SMEs) in fruit and vegetables processing industry in Italy. The firms included in the sample operate in an industry characterized by high capital intensity; this character is caused by the length of working capital cycle and high level of fixed asset investment. These characteristics of the firms can amplify the differences in economic and financial management results. In order to offer a comparison in applying economic and financial approaches, especially useful for agro-food firms operating in a capital intensive sector, in the article are calculated 12 ratios, of which 7 are sustainability ratios (calculated 3 with economic approach and 4 with financial approach) and 5 are interest coverage ratios (calculated 2 with economic approach and 3 with financial approach). The article highlights that economic and financial approach has statistically different result in the firm's sample. Considering the significant differences in economic approach and financial approach, the firms could incur in error, and it will be necessary to identify which of the 2 approaches provides the correct indication of sustainability. The way of analysis proposed in the article can then be used to analyze firms operating in other agro-food sectors, especially if characterized by high capital intensity, high capital investment in fixed assets, long production cycle and long time debt collection.

**Key words:** Firm cycle sustainability, economic and financial approach, interest coverage ratio, fruit and vegetables processing industry.

## Abbreviation

**JEL classification:** Q13, Q14, G31

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