Open Access Research Article

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

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.

Keywords

Firm cycle sustainability economic and financial approach interest coverage ratio fruit and vegetables processing industry

Copyright © 2014 Author(s) retain the copyright of this article.

This article is published under the terms of the Creative Commons Attribution License 4.0.



Check for updates

Publication Info

Volume / Issue

Vol. 9, Issue 2

Pages

240-254

Accepted

December 18, 2013

Published

January 8, 2014

DOI

10.5897/AJAR12.1859

Published in

A

African Journal of Agricultural Research

Agricultural Sciences

Discover

- Journals A-Z
- Browse by Subject
- Open Access Journals
- Search Articles

Publish

- Submit Manuscript
- Author Guidelines
- CRediT Statement
- DORA Statement

About

- About
- Memberships and Standards
- CrossMark Policy
- Contact Us

Legal

- Terms and Conditions
- Privacy Statement
- Disclaimer
- Copyright Notice
- Linking Policy

© 2002 - 2026 Academic Journals.

Privacy PolicyTerms of Use

Academic

JOURNALS

Advancing discovery through open, rigorous, and impactful scientific publishing since 2002.

