

Analysis of the Impact of Investment Analysis on Corporate Strategy from the Perspective of Business Administration

Bing Qiu^{1*}

¹ Haitong Futures Co., Ltd, Pudong, China

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Abstract:

In the complex and changeable business environment, enterprise strategy is related to survival and development, and investment analysis plays an important role in it. From the perspective of business administration, this article discusses the influence of investment analysis on enterprise strategy. By systematically combining the theoretical basis of business administration, investment analysis and enterprise strategy, this article analyzes the mechanism of investment analysis in the process of enterprise strategy formulation, implementation and control. It is found that investment analysis can guide the strategic direction of enterprises, provide decision-making basis and help strategic flexibility design from the aspects of market opportunity insight, data support and risk assessment. In the process of strategy implementation and control, we can cooperate with investment project implementation and strategy landing, and optimize the strategy based on performance evaluation. Thus, enterprises should attach importance to investment analysis, optimize strategic management, enhance core competitiveness and realize sustainable development.

Keywords:

Business Administration, Investment Analysis, Enterprise Strategy, Strategy Formulation, Strategy Implementation

1. Introduction

In today's era of global economic integration and rapidly changing market environment, enterprises are facing increasingly complex business challenges and diversified investment choices [1]. It is of great theoretical and practical significance to explore the influence of investment analysis on enterprise strategy from the perspective of business administration [2]. With the increasingly fierce market competition, scientific and reasonable strategic planning and accurate and effective investment decision-making are the keys for enterprises to gain a firm foothold in the fierce competition and achieve sustainable development [3]. As a comprehensive discipline, business administration aims to use scientific management methods and theories to rationally allocate various resources of enterprises in order to achieve the predetermined goals of enterprises [4]. Investment analysis is an indispensable part of an enterprise's investment decision-making. With the help of a series of professional methods and tools, it comprehensively and deeply evaluates the feasibility, profitability and risk of investment projects.

Enterprise strategy, like the compass of enterprise development, guides the direction of enterprise development. It covers many core elements such as long-term goals, development paths and competitive strategies of enterprises [5]. Correct enterprise strategy can help enterprises fully explore market opportunities, effectively avoid potential risks, and thus stand out from the market competition [6]. Investment analysis is closely related to enterprise strategy, and the detailed information and accurate judgment provided by investment analysis play an important role in the formulation, implementation and adjustment of enterprise strategy.

This article aims to analyze the specific impact of investment analysis on enterprise strategy from the unique perspective of business administration. By systematically sorting out the relevant theoretical basis, this article deeply explores how investment analysis guides the direction, provides data support and affects the strategic flexibility design in the process of enterprise strategy formulation, and analyzes its role in the implementation and control of enterprise strategy. It is expected that this study will provide valuable practical guidance for enterprises to better optimize their strategies with the help of investment analysis in a complex and changeable market environment, so as to enhance their core competitiveness.

2. Investment Analysis and Enterprise Strategy Theory

As the cornerstone of enterprise operation, business management theory covers many aspects such as management function, organizational structure and resource allocation [7]. Starting from the functions of planning, organizing, leading and controlling, it sets up a framework for the orderly operation of enterprises, guides enterprises to rationally allocate human, material and financial resources according to the internal and external environment, and constructs an efficient organizational structure to achieve their goals.

Investment analysis theory, on the one hand, defines the concept category, and it gives insight into the industry trends, potential demand and competition pattern by market analysis, evaluates the financial feasibility of the project by financial analysis, identifies potential risks by risk assessment, and comprehensively considers the feasibility of investment projects [8]. On the other hand, the commonly used methods are rich and varied. Based on the time value of money, the net present value method measures the difference between the present value of future cash flow and the initial investment of an investment project and judges whether the project creates value. The internal rate of return method is used to calculate the discount rate that makes the net present value zero and evaluate the actual rate of return of the project. Sensitivity analysis studies the influence degree of project uncertainty factors on the results, and each method has its own applicable scenarios and limitations.

In the theory of enterprise strategy, the strategy is distinct, and the company-level strategy determines the overall development direction of the enterprise, such as the growth strategy to help expand, the stable strategy to maintain the status quo, and the contraction strategy to deal with difficulties. Business-level strategy is related to specific business competitive strategy, with cost leading to gain competitive advantage at low cost, differentiation to attract customers by unique products and services, and centralized focus on specific market segments [9]. The functional level strategy ensures that all functional departments support the overall strategy in coordination. The strategy formulation and implementation process is rigorous, and in the strategic analysis stage, we can gain insight into the internal and external

environment through PEST model and SWOT analysis. Weigh various options when choosing a strategy; In the stage of strategy implementation and control, the strategy is transformed into action and the adjustment is monitored in real time.

3. Influence of Investment Analysis on Enterprise Strategy Formulation from the Perspective of Business Administration

3.1. Enterprise strategic direction guidance based on investment analysis

Investment analysis helps enterprises to find potential market opportunities through accurate capture of market trends and in-depth research [10]. Taking the smart phone market as an example, the early investment analysis found that consumers' demand for mobile Internet and convenient smart devices was increasing, which made many enterprises shift their strategic focus to smart phone business, from traditional mobile phone manufacturing to smart terminal R&D and production.

By analyzing the competitive structure of the industry in investment analysis and studying the advantages and disadvantages of competitors, enterprises can clearly define their position in the industry. For example, the application of five forces model in investment analysis can help enterprises understand the threats of existing competitors, potential entrants, substitutes and the bargaining power of suppliers and buyers in the industry. Based on this, enterprises can focus on strategic priorities and choose appropriate competitive strategies, such as adopting differentiation strategy to highlight product characteristics or adopting cost-leading strategy to reduce production costs.

3.2. Investment analysis provides data support for enterprise strategy formulation

The financial forecast, cost-benefit and other data provided by investment analysis are important quantitative basis for resource allocation and project selection in enterprise strategic planning. As shown in Table 1, the initial investment, estimated cash flow and calculated net present value (NPV) and internal rate of return (IRR) of three hypothetical investment projects are shown. Based on these data, enterprises can compare and analyze different projects, give priority to projects with positive NPV and high IRR, allocate resources reasonably, and ensure the realization of strategic objectives.

Table 1. Comparison of Financial Indicators for Different Investment Projects.

Investment Project	Initial Investment (CNY Million)	Cash Flow in Year 1 (CNY Million)	Cash Flow in Year 2 (CNY Million)	Cash Flow in Year 3 (CNY Million)	NPV (CNY Million)	IRR (%)
Project A	1000	400	400	400	137.24	15.24
Project B	1500	600	600	600	162.45	13.87
Project C	800	300	300	300	92.46	14.78

In addition to financial data, non-financial data such as market share and customer satisfaction reflect the operating conditions of enterprises from different dimensions, which profoundly affect the direction of strategic decision-making. Higher market share means the influence and competitiveness of enterprises in the industry, while customer satisfaction is related to the long-term development and reputation of enterprises.

3.3. Risk assessment and strategic flexibility design

Risk identification and evaluation in investment analysis enable enterprises to fully consider their own risk tolerance when formulating strategies. For example, the evaluation of market risk, credit risk and technical risk can make enterprises realize the potential threat. If an enterprise plans to enter an emerging industry, the investment analysis indicates that the rapid technological upgrading will bring high technical risks, so the enterprise will carefully consider the expansion speed and the scale of resource investment when formulating the strategy to ensure the strategic stability.

According to the results of investment risk assessment, enterprises build flexible strategies. In the face of the risk of market demand fluctuation, enterprises can formulate flexible production strategies and establish cooperative relations with many suppliers to ensure the stable supply of raw materials; Modular production mode is adopted, which is convenient to quickly adjust product mix according to market demand, so as to cope with changes in uncertain factors and timely adjust strategic measures.

4. Investment Analysis on the Implementation and Control of Enterprise Strategy

4.1. Cooperation between execution of investment projects and strategic landing

The effective implementation of enterprise strategy depends on the rational allocation of resources, and investment analysis provides an important basis for this process. In the process of investment project implementation, enterprises need to allocate human, material and financial resources to each project link accurately according to the strategic layout. For example, a technology enterprise has formulated a strategy to expand the field of artificial intelligence, and determined the potential benefits and risks of different research and development directions in this field through investment analysis. Based on this, enterprises concentrate a lot of R&D funds and high-end technical talents on natural language processing projects with core competitiveness, ensure that resources are closely matched with strategic implementation, and promote the gradual realization of strategic objectives.

Establishing a perfect project progress monitoring mechanism is the key to ensure the implementation of the strategy. The project schedule index in investment analysis can reflect the deviation of strategy implementation in real time. Enterprises can set a series of key milestones and time nodes to track the progress of investment projects. Taking a new product R&D investment project as an example, Table 2 shows the comparison between planned time and actual time from market research to product listing. Through comparative analysis, enterprises can find out whether the project is lagging behind or ahead of schedule in time, and then take targeted measures. If the actual time of product testing exceeds the plan, the enterprise can analyze the reasons, such as unresolved technical problems or complicated testing process, and then adjust the resource allocation or optimize the process to ensure the strategic implementation as planned.

Table 2. *Progress Monitoring Table for New Product R&D Project.*

Phase	Planned Duration (Months)	Actual Duration (Months)	Deviation (Months)	Analysis of Deviation Causes
Market Research	2	2	0	-
Product Design	3	3.5	0.5	The design team repeatedly discussed and optimized some functional details.
Technology Development	6	7	1	Overcoming key technical challenges took longer than expected.
Product Testing	2	2.5	0.5	The testing standards were raised, increasing the number of tests.
Product Launch Preparation	1	1	0	-

4.2. Performance evaluation and strategic adjustment and optimization

Investment analysis indicators such as return on investment (ROI) and NPV are important tools to measure the effect of strategy implementation. These indicators can intuitively reflect the achievement degree of enterprise strategy at the financial level. For example, a chain retail enterprise plans to open a number of new stores in a certain area to expand its market share, and evaluate the implementation effect of the strategy by calculating the ROI and NPV of investment projects. If the actual ROI is lower than expected, it may mean that the store location is not good, the operating cost is too high or the market demand is not up to expectations. This urges enterprises to deeply analyze the influence of various factors on performance and find out the weak links in strategy implementation.

According to the results of performance evaluation, combined with market changes, competitive situation and other factors, enterprises use investment analysis tools to re-evaluate, thus determining the direction and measures of strategic adjustment. Suppose that an electronic manufacturing enterprise in the smart phone market competition, through investment analysis, found that the market share and profits of its main products continued to decline, while the products with innovative technologies launched by competitors were favored. Based on this, enterprises re-evaluate market demand and their own resource advantages, and decide to increase investment in new technology research and development, adjust product strategy, and launch more competitive new products to adapt to market changes and enhance their market position and profitability. Through continuous performance evaluation and strategic adjustment, enterprises can maintain the effectiveness and adaptability of their strategies in a dynamic market environment.

5. Conclusions

From the perspective of business administration, this article makes a comprehensive and in-depth exploration of the close relationship between investment analysis and enterprise strategy. On the theoretical level, the relevant theoretical foundations of business administration, investment analysis and enterprise strategy are elaborated in detail, which establishes a solid theoretical framework for the follow-up research. Research shows that investment analysis has a significant impact on enterprise

strategy formulation. It helps enterprises gain an accurate insight into market opportunities, rationally adjust strategic positioning and focus on strategic priorities. At the same time, by providing financial and non-financial data support, it provides quantitative basis for resource allocation and project decision-making in strategic planning. Moreover, the risk assessment in investment analysis urges enterprises to design more flexible strategies to ensure strategic stability. In the aspect of strategy implementation and control, investment analysis ensures the matching of resource allocation and strategy implementation, and tracks the strategy implementation through project progress monitoring. Performance measurement based on investment analysis indicators can find out the deviation of strategy implementation in time. According to the evaluation results and market changes, enterprises can adjust their strategies in time and realize the dynamic optimization of strategies.

To sum up, investment analysis runs through the whole process of enterprise strategic management and is an important tool for enterprises to formulate scientific strategies, effectively implement strategies and adjust strategies in time according to environmental changes. Enterprises must fully understand the importance of investment analysis and integrate it into the strategic management system, so as to enhance their ability to cope with complex market environment, enhance their core competitiveness and lay a solid foundation for long-term and stable development.

Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this article.

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