

Stock Exchange and Financial Sector Analysis

Nazir Yushau*

University of North Carolina Greensboro, Greensboro, USA

Introduction

Businesses in the energy generation industry may face financial difficulties during the pandemic and the beginning of the energy crisis. Companies that generate energy in a variety of ways and from a variety of sources are included in this sector. The general financial situation of energy-related businesses listed on the Warsaw Stock Exchange is the focus of this research. The paper is about these organizations annual financial reports for the years 2015–2021. Regarding various aspects of the financial situation of the entities under investigation, three hypotheses were developed. This paper used the following research methods: analysis of the relevant literature, financial statements and descriptive statistics techniques. Calculations were made on the liquidity, profitability, debt and activity indicators. The arithmetic mean, kurtosis and skewness, as well as the upper and lower quartile values, were then calculated for each indicator. The so-called post-epidemic inflation and the high rate of economic growth contributed to the rise in energy costs. This, in turn, showed up in the performance of businesses in the energy industry, which led to higher profits.

Description

According to the findings of the authors research, energy businesses that receive the majority of their funding from private investors have sector financial indicators that are closer to the average value than businesses that receive the majority of their funding from the State Treasury. Coal power engineering firms financial stability is superior to that of renewable energy firms. Stoupos and Kiohos, among others, discussed the connection between the stock market and the energy markets. They looked into the connection between stock indicators and oil and gas prices. They demonstrated how changes in the prices of oil and gas have a negative effect on specific markets. These studies won't apply to this work because the Polish coal-based energy sector is different. Nevrla dealt with the comparison of systemic risk in the energy and financial sectors of EU-based businesses. The author observed that Spanish companies pose the greatest systemic risk in the financial sector, which is significantly higher than in the energy sector. The study by Szarzec makes a significant contribution from the perspective of the organizations surveyed in this article. She explained how the free market might be affected by the activities of state-owned and state-controlled businesses. Poland and Hungary hold the majority of the State Treasury. The transportation, oil and gas and energy production industries are dominated by these kinds of businesses [1].

The author suggests that governments can improve state-owned businesses financial situations. Financial statements and annual reports from listed and unlisted businesses serve as the data source for sectoral financial analysis. The entity as a whole or just some of its activities may be the focus of this analysis. Unlisted energy companies from Hungary, Poland, Slovakia

and the Czech Republic's profitability were examined by the authors. The authors confirmed the hypothesis that the profitability of the surveyed entities is inversely correlated with financial leverage. one of a company's core activities have decreased in recent years. However, the author did not use financial indicators to conduct an analysis of the financial sector. Based on the Du-Pont pyramid analysis, Bunea, Corbos and Popescu investigated the indicators that had the greatest impact on the ROE of Romanian energy companies. The authors found that asset turnover and price-to-profit ratios had the greatest impact on ROE by employing a linear regression analysis on a sample of 1253 businesses. The companies involvement in activities related to corporate social responsibility (CSR) is one aspect of studying their annual reports [2].

This information is included in the annual reports of a few Polish companies that operate in the aforementioned industry. Nawrocki and Szwejca investigated the participation of the six largest energy companies in CSR initiatives. The authors examination of the annual reports of these businesses has led them to the conclusion that the companies surveyed approach CSR activities and disclosures in a similar manner. In this regard, businesses are most active in the customer and employee contact areas. Stuss, Makiea, Herdan and Kuniarska looked at the standardization of CSR activities in the annual reports of three companies that are listed in the WIG-ENERGIA (ENEA, PGE and TAURON). The authors discovered that the organizations surveyed employ comparable strategies for CSR. Piesiewicz, Ciechan-Kujawa and Kufel looked at the annual integrated reports to see if the entities in the energy sector and other WSE-listed entities disclosed differently. The authors noted significant differences in the information's content and quality. Companies in the energy industry produce higher-quality reports than those in other industries. As can be seen, the current research on annual reports focuses primarily on integrated reporting and corporate social responsibility. There are no attempts to position specific entities within the energy sector or studies on the financial situation of energy companies. This study employs sectoral analysis, an extension of financial analysis techniques [3].

Energy costs have skyrocketed all over the world due to a lack of raw materials. The so-called post-epidemic inflation and the high rate of economic growth contributed to the rise in energy costs. Companies operating in the energy industry saw an increase in profitability as a direct consequence of this. The Polish energy sector was not included in the prior sectoral analysis research. There was no basis for comparing the energy sector's performance to that of other industries because of its specificity. According to the findings of the authors research, energy businesses that receive the majority of their funding from private investors have sector financial indicators that are closer to the average value than businesses that receive the majority of their funding from the State Treasury. The results of the kurtosis calculations (Annex A) show this. As a result, Szarzec's theses were validated. During the time period under review, the financial situation of state-owned businesses is more stable in every analytical area. The shift in the median value is a good example of this. This only applies to the years 2019–2020, when there was a pandemic and less domestic energy production.

Power engineering businesses financial stability is confirmed by the findings in Appendix B over that of renewable energy businesses. The median values of all of the analyzed sectoral financial indicators point to this. The sectoral profitability ratios only saw significant declines in 2019 and 2020. The energy sector's businesses were able to make the best use of their assets during the examined time period, 2015–2021, as a result of the sector's uncertain market situation and a decrease in investment activity, which improved the sector's efficiency. Additionally, in order to stabilize their overall financial situation, energy sector businesses are being forced to reclassify their operations as a result of the crisis. Particularly, the variety of energy generation

*Address for Correspondence: Nazir Yushau, University of North Carolina Greensboro, Greensboro, USA; E-mail: yushaunazir@gmail.com

Copyright: © 2022 Yushau N. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

Received: 02 September, 2022, Manuscript No. Jbmr-23-85905; Editor assigned: 05 September, 2022, PreQC No. P- 85905; Reviewed: 16 September, 2022, QC No. Q- 85905; Revised: 21 September, 2022, Manuscript No. R- 85905; Published: 28 September, 2022, DOI: 10.37421/2161-5833.2022.12.464

methods currently plays a significant role, as evidenced by their distinct financial situations. The proportion of private or public capital invested by the businesses in the subject of the investigation influences their overall financial standing. The country's energy security is ensured by state-owned businesses, which have better financial stability. Changes in the energy market are more likely to affect private companies with lower economic potential. They also operate in the subsector of renewable energy, which is subject to government regulations [4].

The hypotheses that were adopted at the beginning of the study of companies in the energy sector were not supported by the conducted sector analysis in terms of financial liquidity, profitability, debt, operational efficiency and the overall financial situation. In 2022, the following factors may significantly alter the situation for these businesses: the end of the COVID-19 pandemic, the conflict in Ukraine, rising costs and a lack of energy resources all of which merit further investigation. A pilot study in the field of financial sectoral analysis of the Polish energy sector was carried out to fill a knowledge gap. Only companies whose shares are listed on the Polish stock exchange were subject to this restriction. The findings presented in the article, according to the authors, serve as a starting point for additional research aimed at determining the factors influencing the situation of businesses in the sector analyzed. The current research on annual reports focuses primarily on integrated reporting and corporate social responsibility. There are no attempts to position specific entities within the energy sector or studies on the financial situation of energy companies [5].

Conclusion

This study employs sectoral analysis, an extension of financial analysis

techniques. Monographs on analysis or strategic management are the primary sources of information on issues related to sectoral analysis. The usefulness of sector analysis in terms of both macro and microeconomics is the primary focus of the papers on the topics that were discussed.

References

1. Angelis-Dimakis, Athanasios. "Value chain upgrading in a textile dyeing industry." *J Cleaner Prod* 138 (2016): 237-247.
2. Abdulrahman, Muhammad D. "Critical barriers in implementing reverse logistics in the Chinese manufacturing sectors." *Inter J Prod Eco* 147 (2014):460-471.
3. Alkaya, Emrah. "Sustainable textile production: A case study from a woven fabric manufacturing mill in Turkey." *J Cleaner Prod* 65 (2014): 595-603.
4. Albrecht, Johan. "The use of consumption taxes to re-launch green tax reforms." *Interl Rev Law Eco* 26 (2006): 88-103.
5. Bening, Catharina R. "Towards a circular plastics economy: Interacting barriers and contested solutions for flexible packaging recycling." *J Cleaner Prod* 302 (2021): 126966.

How to cite this article: Yushau, Nazir. "Stock Exchange and Financial Sector Analysis." *Arabian J Bus Manag Review* 12 (2022):464.