Financial Engineering and Risk Management (2025)
Clausius Scientific Press, Canada

DOI: 10.23977/ferm.2025.080212
ISSN 2523-2576 Vol. 8 Num. 2

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

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Keywords: Business Administration; Investment Analysis; Enterprise Strategy; Strategy Formulation; Strategy Implementation

Abstract: This article focuses on the relationship between investment analysis and enterprise strategy. The purpose is to analyze the interaction mechanism between them and help enterprises optimize their strategic decision-making and investment activities. Through theoretical elaboration and case analysis, this article discusses how investment analysis is guided by enterprise strategy and its specific influence on all levels of enterprise strategy. It is found that corporate strategy, like a beacon, points out the direction for investment analysis, and the two maintain a dynamic balance in different stages of enterprise development. Investment analysis has an impact on enterprise strategy from the aspects of overall strategy, competitive strategy and functional strategy, and determines key strategic elements such as capital investment, talent demand and market positioning. To sum up, enterprise managers need to pay attention to the close relationship between them, improve enterprise strategy with the help of investment analysis, and optimize investment analysis according to enterprise strategy in order to adapt to the changeable internal and external environment and promote the sustainable development of enterprises.

1. Introduction

In today's complicated and competitive business environment, the survival and development of enterprises are facing many challenges and opportunities. How to formulate a scientific and reasonable enterprise strategy has become the key for enterprises to achieve sustainable development [1]. Futhermore, investment analysis, as an important link in the decision-making process of enterprises, plays an important role [2]. It is of great theoretical and practical significance to explore the influence of investment analysis on enterprise strategy from the perspective of business administration.

Although there have been many studies on investment analysis and enterprise strategy, the results of systematically discussing their internal relations and influence mechanisms are relatively scarce from the perspective of business management [3]. An in-depth analysis of this field is helpful to enrich and improve the theoretical system of business administration and provide new ideas and directions for the development of enterprise strategic management theory. The investment decision of an enterprise is often related to its resource allocation and future development trend [4-5]. Accurate and effective investment analysis can help enterprises accurately grasp market trends, identify potential investment opportunities and avoid risks [6]. Scientific enterprise strategy points out the direction for investment activities and ensures that investment is in line with the long-term development goals of enterprises [7]. However, in practice, many enterprises fail to fully understand the important influence of investment analysis on enterprise strategy, which leads to unreasonable strategy formulation and investment decision-making mistakes, thus affecting their competitiveness and development prospects.

This article aims to study the influence of investment analysis on enterprise strategy from the perspective of business administration. By combing the relevant theoretical basis, this article analyzes the correlation between the two, and then discusses the specific impact of investment analysis on the overall strategy, competitive strategy and functional strategy of enterprises. It is hoped that this can provide useful reference for enterprises in the process of strategic formulation and investment decision-making, and help enterprises realize the optimal allocation of resources and sustainable development.

2. Related theoretical basis

The theory of business administration is a comprehensive subject, which aims to guide the effective operation and management of enterprises. It covers key functions such as planning, organization, leadership and control [8]. The planning function involves setting enterprise goals and planning the realization path, and pointing out the direction for enterprise development; Organizational functions focus on building a reasonable organizational structure to ensure the orderly development of enterprise activities. The leadership function emphasizes that managers can improve team cohesion and work efficiency by encouraging and guiding employees; The control function is used to monitor the operation of enterprises, find deviations in time and take corrective measures. These functions are interrelated, work together on the daily operation and long-term development of enterprises, and provide all-round management ideas for enterprises from the macro level, which is the cornerstone of effective operation of enterprises.

Investment analysis theory focuses on evaluating the feasibility and potential value of investment projects. The main methods include fundamental analysis and technical analysis. Fundamental analysis judges the intrinsic value of the investment object by studying the macro-economic environment, the development trend of the industry, the financial situation and management of the enterprise [9]. Technical analysis is based on historical price and volume data, using charts and technical indicators to predict the trend of securities prices. By identifying price patterns and trend lines, investors can seize the opportunity to buy and sell. Investment analysis theory helps enterprises to weigh investment income and risk, rationally allocate resources and provide scientific basis for investment decision.

The theory of enterprise strategy is related to the determination of long-term development direction and goal of enterprises. It includes overall strategy, competitive strategy and functional strategy. The overall strategy determines the business scope and development trend of the enterprise; The specialization strategy focuses on the core business and enhances the competitiveness of enterprises in specific fields. Competitive strategy aims to help enterprises gain advantages in market competition, such as cost-leading strategy to gain price advantage by reducing costs; Differentiation strategy attracts consumers with unique products or services. Functional strategy is the refinement of overall and competitive strategy in various functional departments, and human resource strategy ensures that enterprises have suitable talents. Enterprise strategy theory provides theoretical guidance for enterprises to formulate effective development paths in complex market environment.

3. Correlation between investment analysis and enterprise strategy

3.1. Investment analysis is an important basis for enterprise strategy formulation

Investment analysis provides key information for enterprise strategy formulation through a comprehensive study of market, industry and enterprise's own situation. From the market level, it can reveal the scale, growth trend and potential demand of the market, and help enterprises to define the future market positioning. In industry analysis, investment analysis can provide insight into the industry competition pattern and the trend of technological change, so that enterprises can judge their position and development opportunities in the industry. In the analysis of the enterprise itself, investment analysis pays attention to the financial situation and core competitiveness of the enterprise, which provides a realistic basis for the setting of strategic goals. If the financial resources of an enterprise are limited, it is necessary to pay more attention to steady development and avoid large-scale expansion when formulating strategies.

3.2. Corporate strategy to guide the direction of investment analysis

The enterprise strategy defines the long-term development goal and direction of the enterprise, which directly affects the focus and dimension of investment analysis. Taking the decision of enterprises to diversify from traditional manufacturing to financial technology as an example, investment analysis should focus on factors such as market size, regulatory policies, and technological barriers in the financial technology industry. On the contrary, if a company adopts a centralized strategy and focuses on its core business, investment analysis will focus on the upstream and downstream industrial chains and technological upgrades of its core business. Enterprise strategy is like a lighthouse, which guides the exploration direction for investment analysis and ensures that investment activities are in line with the overall development path of the enterprise.

3.3. Dynamic equilibrium relationship

Table 1: The Relationship between Investment Analysis and Corporate Strategy at Different Development Stages

Corporate Development Stage	Corporate Strategy Characteristics	Focus of Investment Analysis
Start-up Phase	Focused on survival, initial market exploration for products	Projects with short-term profitability, fast capital turnover, and low risk tolerance
Growth Phase	Pursuing rapid expansion, expanding market share	Market growth potential, long-term profitability, resource integration capabilities
Maturity Phase	Consolidating market position, possibly attempting diversification	Development prospects of diversified fields, synergy with existing businesses
Decline Phase	Seeking transformation or contraction, optimizing asset allocation	Feasibility of transformation directions, disposal of non-performing assets

Investment analysis and enterprise strategy are not static, but keep a dynamic balance in the process of enterprise development. In the different development stages of enterprises, they influence and adjust each other. In the initial stage of an enterprise, resources are limited, and the strategy may focus on survival and foothold in the market. At this time, investment analysis pays more attention to projects with controllable short-term benefits and risks. With the growth of enterprises and the accumulation of certain resources, the strategy may turn to expansion and diversification, and investment analysis needs to adapt to this change and evaluate projects with more potential but relatively high risks. In order to show this dynamic relationship more clearly, the following is explained in Table 1.

Table 1 intuitively shows how the adjustment of enterprise strategy leads to the change of investment analysis focus in different stages of enterprise development, and the investment analysis results will also feedback and affect the further optimization of enterprise strategy. The two maintain a balance in dynamic changes and jointly promote the sustainable development of enterprises. This dynamic balance requires enterprise managers to have keen insight and decision-making adjustment ability to adapt to the ever-changing internal and external environment.

4. The specific impact of investment analysis on enterprise strategy

4.1. Impact on the overall strategy of the enterprise

Investment analysis provides a key basis for enterprises to make overall strategic choices. Investment analysis plays an important role in the balance between diversification and specialization strategy. Through in-depth analysis of market prospects, competitive situation and profit forecast of different industries, it helps enterprises to judge whether to enter new fields to achieve diversified development or focus on core business to strengthen professional advantages. Investment analysis also affects the decision of enterprises to enter or exit the market field, and promotes the optimization of the overall strategic layout of enterprises.

4.2. Impact on enterprise competitive strategy

Investment analysis helps enterprises accurately identify the source of competitive advantage. By analyzing the competitive structure of the industry, such as the bargaining power of suppliers, the bargaining power of buyers, the threat of potential competitors, the threat of substitutes and the competition of existing competitors in the industry in five forces model, enterprises can make clear their competitive position. On this basis, investment analysis helps enterprises to support the implementation of differentiated, cost-leading or centralized strategies through resource allocation. Taking differentiation strategy as an example, investment analysis can evaluate the role of investment in R&D and brand building in shaping unique products or services, and help enterprises stand out in the market. For the cost-leading strategy, investment analysis focuses on production process optimization, supply chain integration and other investments to reduce costs and gain price advantage.

4.3. Impact on corporate functional strategy

Investment analysis has a significant impact on resource allocation and key planning of various functional strategies of enterprises. Taking financial strategy as an example, the investment analysis results determine the direction and scale of capital investment and affect the formulation of financing strategy. If the investment project has high income potential but high risk, the financial strategy may tend to diversify financing to reduce capital cost and risk. In human resource strategy, investment analysis helps enterprises determine the type and quantity of talents needed. If the enterprise plans to invest in emerging technology projects, the human resource strategy needs to focus on attracting and cultivating relevant technical talents. In marketing strategy, investment analysis helps to determine the target market and the focus of marketing investment. The following is detailed in Table 2.

Table 2 clearly shows how investment analysis can exert specific influence on different functional strategies, and ensure that each functional strategy of the enterprise is in harmony with the overall investment direction, so as to form an organic whole in enterprise operation and enhance the comprehensive competitiveness of the enterprise.

Table 2: The Impact of Investment Analysis on Corporate Functional Strategies

Functional Strategy	Key Points of Investment Analysis Impact	Example
Financial Strategy	Determines the direction and scale of capital investment, affecting financing and capital turnover rhythm	High-yield, high-risk projects drive corporate equity and bond financing, with staged capital recovery
Human Resources Strategy	Identifies the type and quantity of talent required, influencing training and incentive mechanisms	Investing in digital projects attracts big data talent, with special training and incentive plans established
Marketing Strategy	Defines target markets and investment priorities, influencing channel and promotion strategies	High potential in a certain region leads to increased investment, with mainstream media and platforms selected for promotion
Production and Operations Strategy	Influences decisions on production layout, capacity planning, and technological process upgrades	Low costs in a certain region lead to the establishment of production bases, with capacity planned according to demand and new technologies introduced
Research and Development (R&D) Strategy	Clarifies R&D directions and resource allocation ratios, assessing the risk-return balance of projects	Based on industry trends, investments are made in emerging technology fields, with priority given to high-yield, low-risk projects

5. Conclusions

To sum up, investment analysis and enterprise strategy are closely linked and influence each other. Enterprise strategy provides direction guidance for investment analysis and ensures that investment activities fit the overall development path of the enterprise. From the strategic orientation of focusing on survival in the initial stage of an enterprise to pursuing expansion in the growth stage, consolidating its position in the maturity stage and seeking transformation in the recession stage, the focus of investment analysis is adjusted with the strategic transformation, and the two maintain a dynamic balance. Futhermore, investment analysis has a multi-dimensional concrete impact on enterprise strategy. In the overall strategy, assist enterprises to weigh the diversification and specialization paths and decide the market entry or exit decision. In terms of competitive strategy, it helps enterprises identify the source of competitive advantage, and supports the implementation of strategies such as differentiation and cost leadership through resource allocation. In the field of functional strategy, from finance, manpower, market, production and operation to R&D strategy, it affects resource allocation and key planning in all directions.

This close relationship requires enterprise managers to have keen insight and decision-making adjustment ability. On the one hand, timely application of investment analysis results can optimize corporate strategy and effectively avoid the disconnect between strategic decisions and actual market conditions. On the other hand, a clear direction of corporate strategy helps to continuously improve the investment analysis system, thereby enhancing the scientific and effective nature of investment activities. Only by fully understanding and properly handling the relationship between them can enterprises find the right direction in the complex and changeable market environment and realize sustainable development.

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