

THE RELATIONSHIP BETWEEN FINANCIAL PLANNING AT THE MACRO AND MICRO LEVELS

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Abstract: Financial planning is the foundation upon which sustainable economic growth and development are built, and this foundation must be strong at both the global (macro) and local (micro) levels. At the macro level, the state acts as the architect, creating budget and tax policies, managing public debt, and the exchange rate. These decisions shape the overall economic climate, influencing stability and growth rates. Macroeconomic indicators are a compass, pointing the direction for all market participants: businesses and households. At the micro level, every economic agent, whether a company or a family, builds their financial plan based on this macroeconomic map. They consider tax realities, the availability of financial resources, and overall economic trends. Investment decisions, such as buying stocks or real estate, often depend on the macroeconomic winds. Expectations of economic growth or decline can be a decisive factor in decisions to invest or withdraw funds. When financial planning at both levels works harmoniously, macroeconomic growth becomes the foundation for stability and development at the micro level, creating a healthy and prosperous economic ecosystem. Thus, macro- and microfinancial planning are two sides of the same coin, inextricably linked and mutually supportive. Prosperity on one level inevitably leads to stability and growth on the other, improving the overall economic well-being of the country. Understanding this relationship is key to effective financial management for both government and business.

Key words: financial planning, budget and tax policies, microeconomic decisions

JEL Classification: D04, G32, G38.

INTRODUCTION

In the modern world, sustainable economic development has become a crucial global goal. This applies to both the national and microeconomic levels (businesses, organizations, and households). Given the vast number of factors currently destabilizing the economy, it's important to identify those that can foster economic development. We believe one such factor is sound financial planning, at both the macro and micro levels.

MAIN PART

At the national level, financial planning manifests itself primarily in the drafting and approval of financial plans such as the state budget, the state social insurance budget, and the mandatory health insurance funds. These financial plans influence not only the financial activities of the entire budgetary sector but also the entire Republic of Moldova. These financial plans directly influence budgetary, tax, and monetary policies. They also indirectly impact the exchange rate, which in turn affects many economic agents engaged in foreign trade. Aspects of public debt management, which are also reflected in the state budget law, influence the inflow of foreign investment and overall financial stability.

Investment funds are also included annually in the state's financial plans. Public investment in infrastructure, education, and healthcare, as well as the system of budgetary subsidies for specific

sectors (in the Republic of Moldova, the Agricultural Sector Subsidy Fund), can stimulate economic growth, which, in turn, has a significant impact on financial planning at the micro level.

Financial planning at the level of economic agents is largely influenced by macroeconomic regulation. At the micro level, companies must develop their financial plans based on macroeconomic conditions to avoid unexpected expenses and force majeure. They are primarily influenced by changes in the state's tax policy, as the tax burden directly impacts the financial position of any economic agent. However, other aspects of the state's financial policy can also have a significant impact on both the operations of enterprises and their development.

The dynamics of financial planning at the level of the entire economy (macro) and its individual elements (micro) are closely intertwined and manifest themselves in several aspects.

1. Two-way influence: Macroeconomic trends, such as growth rates or tax policy, directly determine the financial position and investment decisions of businesses and individuals. In turn, the combination of these microeconomic decisions shapes the macroeconomic picture. For example, rapid economic growth increases incomes, stimulating demand and investment, while tax increases can have the opposite effect.

2. Growth Catalysts: Government financial injections and credit programs aimed at supporting small and medium-sized businesses act as catalysts for overall economic growth.

3. Managing Uncertainty: Changes in the macroeconomic environment, whether financial crises or policy shifts, generate uncertainty at the micro level, forcing companies and households to quickly adjust their financial plans.

4. Distribution Function: Financial institutions such as banks perform the vital function of redistributing resources by channeling funds from one participant to another, which has a significant impact on the economic activity of the country.

5. Increased efficiency: Modern analytical tools allow for a more in-depth study of financial flows and potential risks at both the macro and micro levels, which facilitates more informed and effective financial decisions.

In today's environment, the role and importance of financial planning at enterprises is growing. This is due to a number of factors, including the key objectives that financial planning at an enterprise is designed to address (see Figure 1).

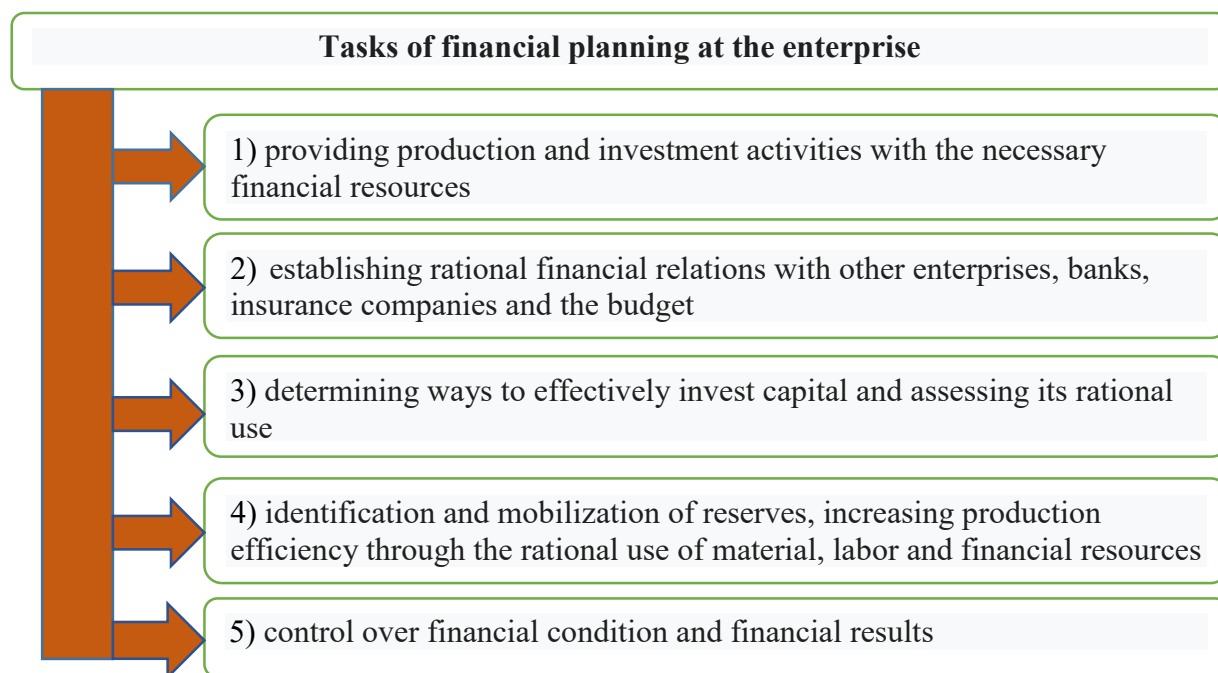


Figure 1. Financial planning objectives at the enterprise

Source: created by the author based on [1., p. 293]

The importance of financial planning also lies in the fact that it makes it possible to determine the viability of an enterprise in a competitive environment and is a tool for obtaining financial support from external investors.

In a market economy, a company plans its own operations. Therefore, the manager's financial responsibility for its financial performance increases significantly. Therefore, the importance of strategic, current and operational financial planning has increased to ensure a stable financial position and increase the profitability of the enterprise. Financial planning is necessary for the financial support of economic activity, achieving high efficiency of economic activity, creating conditions that would ensure the solvency and financial stability of the enterprise.

However, along with the factors that emphasize the importance of competent financial planning at an enterprise in modern economic conditions, there are other factors that limit its application.

1) A high degree of market uncertainty associated with ongoing global changes in all areas of public life.

2) A shortage of qualified personnel familiar with modern financial planning methods.

3) Insufficient experience in independently setting goals, planning actions, and raising resources among some companies.

4) Organizational factors (quality of the management system, effectiveness of the organizational structure, development of the control and reporting system).

5) Strategic factors, such as the presence of clearly formulated business development goals, the presence of a long-term strategy and the ability to adapt, as well as the quality of environmental analysis and forecasting.

6) The difficulty of forecasting changes and impacts of factors external to the enterprise, but which have a significant impact on its economic activity: market conditions, the level of national and international competition, changes in laws and regulations, fluctuations in raw material and energy prices, credit conditions, the state of consumer demand, etc.

External factors, in our view, are the most important limitation to the application and effectiveness of financial planning at the micro level. But the problem also exists at the macro level. Due to the openness of our country's economy and its exposure to external global factors, a similar challenge exists at the macro level, namely the complexity of planning and forecasting. As an example of the difficulty of forecasting such an important indicator as our country's GDP, we provide the following data. Recently, the European Bank for Reconstruction and Development (EBRD) again downgraded its 2025 GDP growth forecast for Moldova, this time to 1.5%. This is reflected in its updated Regional Economic Prospects. In May, the EBRD had already lowered its GDP growth forecast for the country from 2% to 1.8%. According to the IMF's still-unrevised estimate, Moldova's economy could grow by 0.6% in 2025. The European Commission expects growth of 0.9%, and the EBRD, 1.8%. In July, the Moldovan Ministry of Economy downgraded its forecast for economic growth this year to 1.3% from 2% [3].

The World Bank's October Global Economic Prospects report slightly improved its forecast for Moldova, raising expected growth in 2025 from the 0.9% of GDP projected in June to 1.5%. The World Bank's June forecast for Moldova showed a sharp decline—GDP growth in 2025 was cut from 3.9% to 0.9%. [4]. As can be seen from the information provided, even a single indicator forecast by several different institutions can differ greatly, which creates significant difficulties in financial planning at both the macro and micro levels.

Another important factor that significantly influences financial planning at the micro level is the clarity and predictability of the state's tax policy. Moldova also faces certain challenges in this area. First and foremost, amendments and additions to legislation are introduced during the tax year, which is an extremely negative practice that complicates both the activities of economic agents and the effectiveness of financial planning. For example, in 2025, amendments were adopted by Law 187

of July 10, 2025, which also entered into force partially on July 18, 2025, and partially on other dates specified in the law. [5.]

CONCLUSION

Thus, it can be concluded that financial planning at the macro and micro levels is interconnected and interdependent. Sustainable development at one level promotes stability and growth at the other, which ultimately leads to an improvement in the overall economic situation. Understanding this relationship allows governments, individuals, and companies to plan their finances more effectively. At the same time, in our opinion, the determining factor in the effectiveness of financial planning at the micro level is the predictability of both the macroeconomic situation in the country and the world (which is quite difficult to predict) and the predictability of the state's financial policy. Understanding by government agencies and their employees of the extent to which their actions impact the activities of economic agents will make it possible to create a more predictable system.

For example, in the area of tax policy, the introduction of a measure such as a ban on amendments to the Tax Code during the tax year, as well as the publication of amendments to the law at least three to four months before their entry into force, will allow economic agents to plan their financial activities more calmly. This has been talked about for decades, but the situation still hasn't changed. At the same time, the effectiveness of financial planning at the level of economic entities has an impact on business development, which is ultimately interconnected through the tax system with public finance planning and the level of well-being of the country as a whole.

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