

Aspects Regarding the Modern Ways to Finance the Investments in the Romanian Firms

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Abstract The paper theoretically presents the main ways to finance the investments, as well as the results of a study achieved in Romanian firms regarding the main sources for financing used for achieving the investments, the ways to choose investment projects, the access to the external financing sources etc.

I. INTRODUCTION

The marketing research pursues the identification of the sources used by the economic agents for their investments, the selection criteria and other related issues.

The boring method has been used and the instrument has been the questionnaire. Initially the questionnaire has been elaborated and pre-tested on 5 firms from Cluj, in different activity fields. After pre-testing it, the final variant has been elaborated, meaning that some questions had to be re-written, the change in their order and so on.

32 questionnaires have been applied, the partial results being presented as follows, with the observation that the research is an exploratory one, instrumental and not descriptive, representative.

To the question regarding the financing sources known by the firms, the answers have been as follows:

TABLE I

SOURCES FOR FINANCING KNOWN BY THE INVESTIGATED FIRMS

Financing sources	5	4	3	2	1
Nr of respondents	20	9	8	9	5
Relative frequency %	39.22	17.65	15.68	17.64	9.81

Legend: 5 – Credits from the banks
 4 – Self-financing
 3 – Governmental funds
 2 – Structural funds
 1 – Others

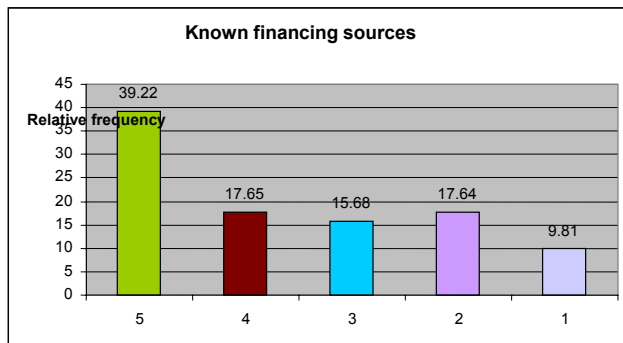


Fig. 1. Financing sources known by the firms

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There were free answers to this question, because the question was an open one, thus we have tried to group them in accordance to their appearance. Thus, 39,22% have answered the credit from the bank, 17,65% answered self-financing, 15,68% governmental funds, 17,64% have underlined the structural funds and the other 9,81% mentioned other sources such as leasing, franchise, other external funds.

To the question regarding the intention of obtaining funds from the external market, the answers have been as follows:

TABLE II

THE INTENTION REGARDING OBTAINING FUNDS FROM THE EXTERNAL MARKET

Do you intend to obtain funds from the external market?	3	2	1
Nr of respondents	13	11	8
Relative frequency %	40.63	34.37	25

Legend: 3 - Yes
 2 - No
 1 - I don't know

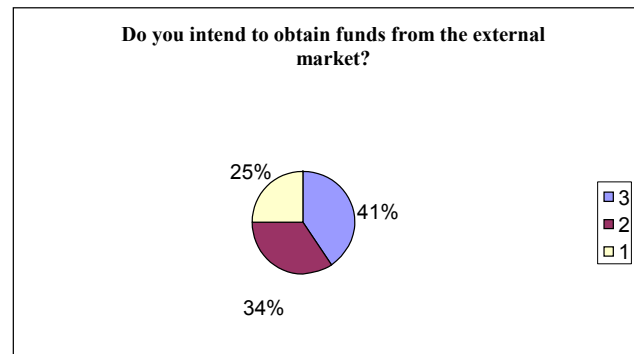


Fig. 2. The intention for obtaining funds from the external market

Obtaining funds from the external market interests in a smaller measure than expected, according to the initial hypothesis; thus only 41% of the firms try to obtain such funds, 34% of those investigated are not interested and the other 25% are not decided if they will use or not such funds.

The aspects regarding the intention to access structural funds are presented below

TABLE III

DO YOU INTEND TO APPLY FOR STRUCTURAL FUNDS?

Do you intend to access structural funds?	3	2	1
Nr of respondents	12	11	9
Relative frequency %	37.5	34.37	28.13

Legend: 3- Yes
 2 - No
 1 – I don't know

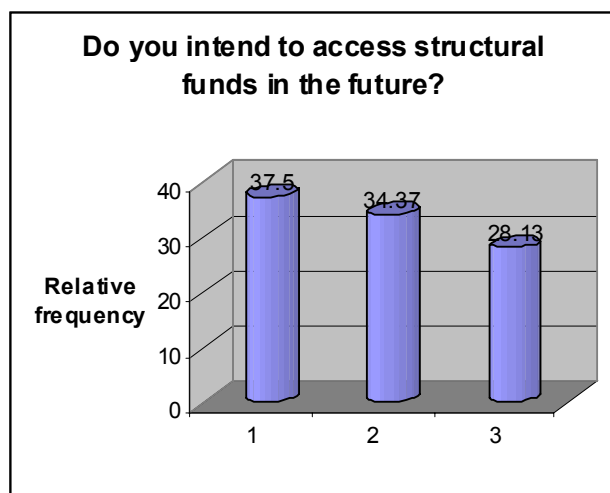


Fig. 3. The firms' intention to access structural funds

Accessing structural funds in the future is not a way, as it has been initially supposed, meaning that only 37,5% of those questioned answered affirmatively, 34,37% do not see it as a possible solution and the other 28,13% are undecided.

To the question regarding the types of investments made by the firms in the following two years, taking into account the risk involved, the answers are summarized as follows:

TABLE IV
INVESTMENTS IN THE INVESTIGATED FIRMS, IN THE FOLLOWING TWO YEARS, TAKING INTO ACCOUNT THE RISK INVOLVED

Investments taking into account the risk involved	5	4	3	2	1
Nr of respondents	4	16	14	9	2
Relative frequency %	8.89	35.56	31.11	20	4.44

Legend: 5 - replacement
4 - modernization
3 - development
2 - strategic
1 - others

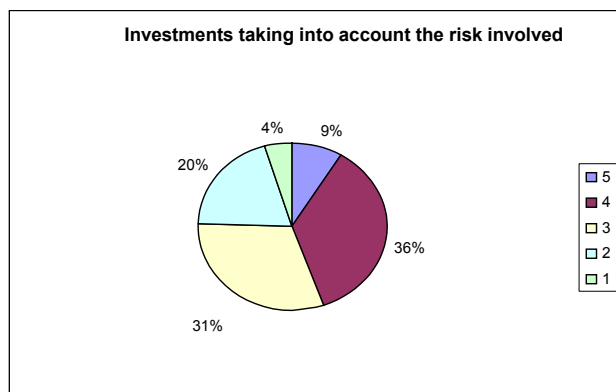


Fig. 4. Investments in the investigated firms, in the following 2 years, taking into account the risk involved

Carefully analyzing the answers it can be noticed that the biggest weight belong to investments, in a percentage of 35,56%, closely followed by the ones for development, with 31,11%. Strategic investments are aimed in a proportion of 20%, the replacement ones 8,89% and the other 4,44% belong to other activities.

To the question: "What type of investments will you achieve in the next 2 years, with respect to their nature?", the answers were:

TABLE V
INVESTMENTS WITH RESPECT TO THEIR NATURE, IN THE NEXT 2 YEARS

Investments with respect to their nature	4	3	2	1
Nr of respondents	21	17	7	0
Relative frequency %	46.67	37.78	15.55	0

Legend: 4 - Technical: equipments, tools, buildings
3 - Human: education and personnel training
2 - Financial: buying financial assets
1 - Others

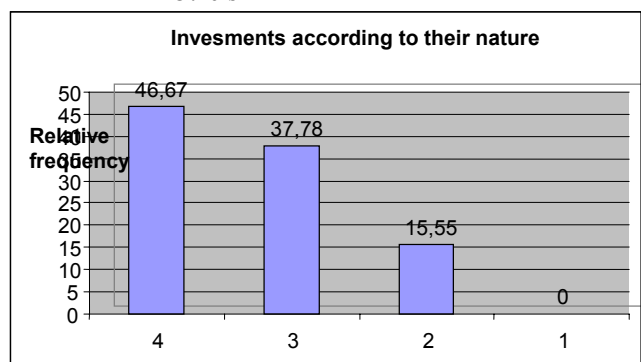


Fig. 5. Investments with respect to their nature, in the next 2 years

46,67% of the economic agents want to invest in equipments, tools and buildings, 37,78 % intend to invest in educating and training the personnel and 15,55% intend to invest in financial assets.

The answers of the investigated firms are interesting with respect to the financing sources of the investments used up to now.

TABLE VI
FINANCING SOURCES FOR INVESTMENTS USED UP TO NOW IN FIRMS

Financing sources used up to now	5	4	3	2	1
Nr of respondents	18	8	30	8	3
Relative frequency %	26.87	11.94	44.78	11.94	4.47

Legend : 5 -credits
4 - non-refundable funds
3 - self-financing
2 - credits from partners
1 - others

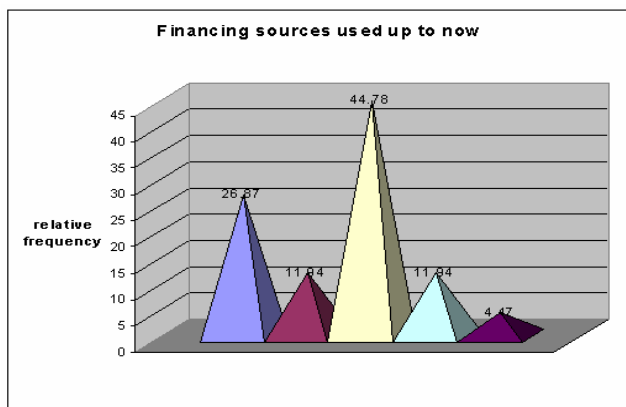


Fig. 6. Sources for financing investments used up to now in the firms

Self-financing represents the main way to finance investments, used in 44,78% of the firms, followed by credits with 26,87%; non-refundable funds and the credits from partners have 11,94% each; 4,47% of the firms have used other sources.

To the question regarding the modern ways to finance investments that the investigated firms would like to use in the next 2 years, the answers are:

TABLE VII
MODERN SOURCES TO FINANCE INVESTMENTS THAT WILL BE USED IN THE FUTURE

Modern sources to finance investments that will be used in the future	8	7	6	5	4	3	2	1
Nr of respondents	12	2	5	5	7	1	0	5
Relative frequency%	32.42	5.41	13.51	13.51	18.92	2.7	0	13.51

- Legend :
- 8 – Leasing
 - 7 – Factoring
 - 6 – Shearing
 - 5 – Franchise
 - 4 – Risk capital
 - 3 – Business angels
 - 2 – Business incubators
 - 1 - others

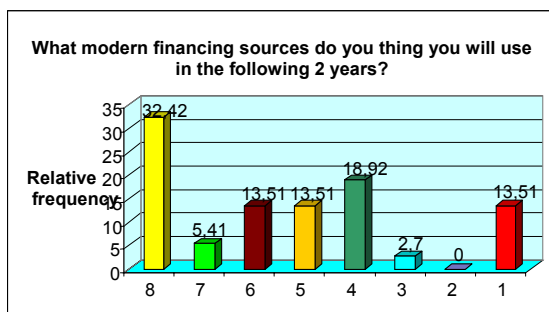


Fig. 7. Modern sources for financing investments in the future

32,42% of those questioned intend to appeal in the future to leasing, 18,92% to risk capital, 13,51% to shearing, franchise and other sources (European funds).

The criteria used by the investigated firms in choosing the sources for financing investments are presented below.

TABLE VIII
CRITERIA IN CHOOSING FINANCING SOURCES

Criteria in choosing financing sources	5	4	3	2	1
Nr of respondents	7	11	20	5	1
Relative frequency %	15.9	25	45.45	11.36	2.27

- Legend: 5 - VAN
4 - RIR
3 – Term for recovering the investment
2 - Profitability indicator
1 - Others

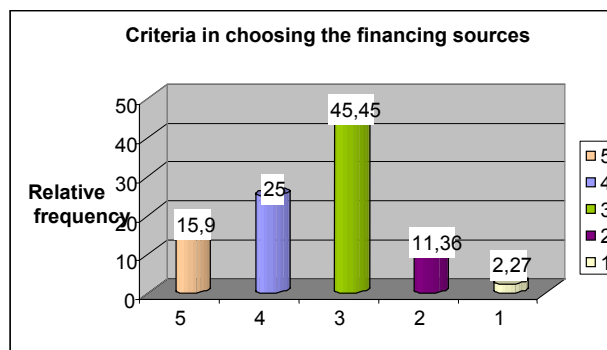


Fig. 8. Criteria in choosing financing sources

Regarding the criteria used in choosing the financing sources, the recovery period of the investment is on the first place, with 45,45%, followed by RIR(internal rate of profitableness), with 25%, then VAN (net up-to date income) with 15,9 %, followed by the profitability indicator with 11,36% .

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