

## ASSESSMENT OF THE IMPLEMENTATION OF THE STRATEGIC SUPPORT GRANTED TO BENEFICIARY COMPANIES UNDER PROJECT POCU/227/3/8/117618 THROUGH THE ANALYSIS OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS

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### Abstract

*The aim of this study is the analysis of the economic and financial indicators of the companies which benefited of the strategic support offered within Operational Programme Human Capital by implementation of Project POCU/227/3/8/117618. The project was developed starting from the premise of ensuring the sustainability of the measures and integrated activities and the targeted results. To set up this research study, it was used the following methodology: the comparison method and the structural analysis of profit. The obtained results showed that after the project completion, it validated the hypothesis that the experience gained within the project contributed to the increase in the performance of the SMEs benefiting from strategic support. The study carried out during the sustainability period, after exiting the operation, of the activity of the companies that benefited from strategic support, highlights the direct social and human impact, in the process of increasing the degree of competitiveness generated by the improvement of the technical-economic indicators of the majority of supported SMEs..*

**Key words:** *sustainability, strategic planning. SMEs, economic and financial indicators*

### INTRODUCTION

The project "Development of the workforce and SMEs in the fields of SNC/SNCEDI, by ensuring improved working conditions and anticipating changes - We develop SMEs" carried out in the period 2018-2019, had as its general objective the support of at least 502 people (employees and entrepreneurs) and 46 SMEs, by facilitating access to integrated activities, measures and tools to increase employers' awareness of the importance and necessity of employee participation in professional training programs, to improve professional skills and entrepreneurial and for supporting businesses regarding strategic planning for anticipation and adaptation to change, with the aim of increasing the degree of anticipation and adaptability to changes and to the dynamics of economic sectors with competitive potential identified according to SNC and in correlation with SNCEDI.

The project's activities led to the stimulation of high-performance human resources and capacities, with a direct social and human

impact in the process of increasing the degree of competitiveness, with the aim of increasing the adaptation of SMEs' activity to the dynamics of economic sectors. In this way, a better understanding, coordination, integration and application of local/regional policies and strategies is achieved in order to support businesses to adapt and anticipate changes, an aspect that can support the process of sustainability of the services developed in this project. The concept of sustainability is made up of three pillars: economic, social and environmental. The sustainability of a project is based, first of all, on realism. Thus, the more objective the goals are, the organization will be able to fulfil its mission in the way it intended [4]. SMEs are particularly important in supporting social and regional development, thus having a valuable and productive approach at all levels of responsibility. These economic agents represent active and dynamic factors of a functional market economy. Having a significant importance at economic, social and

political levels, SMEs are the basis of a modern society. Moreover, economic realities demonstrate the existence of a strong complementary relationships between large companies and SMEs [1].

The sustainability of the project is also based on the economic option by developing the parameters of creativity, efficiency, effectiveness and economic growth. In this context, the purpose of the paper is the analysis of the economic and financial indicators of the companies which benefited of the strategic support offered within Operational Programme Human Capital by implementation of Project POCU/227/3/8/117618. In this way, we tried to demonstrate that the experience gained by the companies that benefited from strategic support within the project contributed to the increase in the performance of SMEs.

## MATERIALS AND METHODS

Within the POCU/227/3/8/117618 project, 46 small and medium-sized enterprises were selected and benefited from support for the realization of strategic planning. These companies operate in the South-Muntenia, South-East and Central Development Regions, both in urban and rural areas.

The priority sectors with a competitive advantage" in which these companies operate are presented in Table 1.

Table 1. The distribution of companies by fields of activity

| Field of activity                        | No. of companies |
|--|------------------|
| Tourism and ecotourism                   | 4                |
| Textiles and leather                     | 5                |
| Wood and furniture                       | 5                |
| Creative industries                      | 18               |
| Information and communication technology | 3                |
| Food and beverage processing             | 8                |
| Health and pharmaceuticals               | 1                |
| Energy and environmental management      | 2                |
| TOTAL                                    | 46               |

Source: Project target group of companies.

Figure 1 also shows the dispersion of the target companies by field of activity. Starting from the hypothesis that the experience gained within the project, as a result of the implementation of strategic

planning, contributed to the increase in the performance of SMEs benefiting from strategic support, we followed the evolution of the main economic efficiency indicators of these companies, in the period 2018-2021.

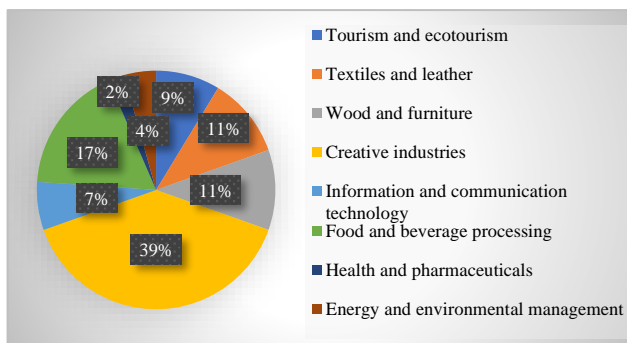


Fig 1. The distribution of companies by fields of activity

Source: Project data.

A classification of the economic efficiency indicators of SMEs, [10] expressed in the form of models, is:

a) the model of the mathematical ratio of the form:

- economic effects for the appropriate efforts,
  - economic efforts for economic effects,
- and when calculating these indicators, the annual effects can be taken into account, but especially the integral economic effects, the investment costs, but also the total investment and operating costs [2], [5].

This kind of indicators [12] is expressed in the form:

- specific efforts (costs) to obtain units of economic effects,
- effects (results) that are specific to the unit of measurement of the necessary costs, driven by the implementation of the project in the given version:
  - rates of return and their inverse,
  - coefficients

b) the model of the difference between total revenues (receipts) and total costs (expenses), considered over a time horizon equal to the duration of the investments, to which is added the duration of effective operation of the capacities that are put into operation.

The indicators obtained based on this model are of the type of gain or net profit obtained on account of the realization of a certain project.

c) the model of total investment and operating costs, corresponding to the construction and operation needs of production or service capacities. With such indicators, the capital commitment is evaluated, consisting of the initial investment costs and the total operating costs.

d) the structure index model, both for costs and for some economic effects. This type of indicators is expressed in the form of share, specific weight or percentage.

The calculation method chosen was that of the difference between total incomes (receipts) and total costs (expenses), the indicators obtained being of the type of gain or net profit obtained. The published indicators from the annual financial statements/annual accounting reports of economic agents are based on the provisions of OMF no. 1420/2021 [10] regarding the publication of public information on the server of the Ministry of Finance [8].

In this regard, there were used annual data to track the evolution of both total revenue and total expenditure during 2018-2021. In addition, it was also evaluated the evolution of the number of employees in the same period, in order to identify changes in the activity of the companies and the impact of the changes on the organizational "culture" at the SME's level.

## RESULTS AND DISCUSSIONS

Based on the economic-financial indicators revealed by public sources [8], the beneficiary enterprises of SME support services of the implementation of strategic planning within the project POCU/227/3/8/117618, have been grouped into 4 categories:

- companies that registered a profit during the analyzed period;
- companies that recorded losses during the analyzed period;
- companies that recorded losses and suspended their activity;
- delisted companies.

The empirical research, carried out during the sustainability period, after exiting the operation, of the activity of the companies that benefited from strategic support, highlights

the direct social and human impact, in the process of increasing the degree of competitiveness generated by the improvement of the technical-economic indicators of the majority (63%) of SME's supported ones.

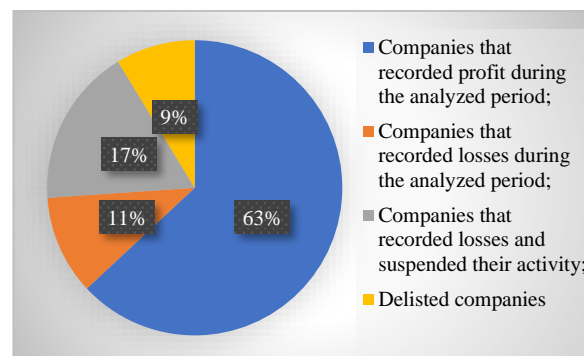


Fig 2. The share of supported company groups depending on the status of the activity  
Source: <https://www.listafirme.ro/> [7].

The effects of the multiple crises that directly affected the Romanian economy in the last 3 years and that are also reflected in the economic-financial indicators achieved by the supported companies, after exiting the operation, should not be ignored.

According to the data presented by the National Office of the Trade Register (ONRC), the number of delisted companies at the national level increased by 8.87% in the first seven months of 2022, compared to the same period last year. This brought up to 41,007 deregistered companies, according to the ONRC. By field of activity, the highest number of suspensions was recorded in the first six months in wholesale and retail trade, repair of motor vehicles and motorcycles, respectively 2,391 (+22.05%), other service activities – 821 suspensions (+5.80%) and in professional, scientific and technical activities – 741 suspensions (+33.03%) [9].

The negative impact of the COVID-19 crisis on economic activity has led to significant unintended consequences for economies around the world, given the current extent of globalization and interconnection. While the trade in services showed some resistance during the financial crisis of 2008, this time the restriction measures to limit the virus and social isolation affected their consumption due to the specific characteristics of their

nature: proximity of consumption, intangibility, heterogeneity, and perishability [11].

Paraschiv D et al. [11] evaluates the behavior of the major groups of traded services in the same period in Romania, to identify changes in the distribution of services, comparing the evolution of trade in services during the financial crisis and the current crisis. Imports of services are found to have declined more than exports. In addition, the export of services was less affected than the export of goods, while imports of services were affected more severely than the decline in imports of goods. Travel and tourism were the most affected, while the rest of the major sectors are seeing some recovery at the end of 2020.

The research carried out by Mihail Busu et al. in 2020 [3] investigates the relationship between three internal factors of a retail company (the number of employees, current assets and fixed assets) and the company's net profit. The multilinear regression model applied to retail companies to test the hypothesis demonstrated that internal factors of a retail company, influence not only customer satisfaction or macroeconomic factors, but also have an impact on company profitability.

The cross-functional analysis of the company's activities creates added value for all parties involved: customers, entrepreneurs, employees and the community [6].

## CONCLUSIONS

One of the best ways for an organization to succeed in a project is to aim for small-scale changes at first so that it can measure results and gain experience in implementing other similar plans. Close monitoring of progress and results will lead to the realization of the efforts made in achieving the objectives. The study carried out during the sustainability period, after exiting the operation, of the activity of the companies that benefited from strategic support, highlights the direct social and human impact, in the process of increasing the degree of competitiveness generated by the improvement of the

technical-economic indicators of the majority of supported SMEs.

The project's activities led to the stimulation of high-performance human resources and capacities, with a direct social and human impact in the process of increasing the degree of competitiveness, with the aim of increasing the adaptation of SMEs' activity to the dynamics of competitive sectors.

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