ASPECTS ON THE FINANCING OF COMPANY

ASPECTE ALE FINANȚĂRII ÎNTREPRINDERII

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Abstract. *The aim of this paper is first, to show the evolution of different theoretical streams in corporate finance and second, to make an inventory of present and potential contributions of financial theory to financial strategy from decision-making points of view.*

Rezumat. *Scopul acestui articol este, în primul rand, de a trece în revistă evoluția principalelor concepții asupra finanțelor întreprinderii şi, în al doilea rand, de a evidenția o serie de contribuții actuale şi potențiale legate de strategia financiară în procesul decisional.*

Impact of the monetary policy, in particular by the credit control (fixing of the interest rates and monitoring of the monetary aggregates), on the situation of the companies cannot be studied by being unaware of that the risk of credit taken by the financial system with regard to the productive system is matched by or, more exactly, like determinant, the risk of not-realization.

This risk corresponds to the constraint of outlets which is exerted on the company of which perenity depends the sale on its products. By analogy, the risk of not-realization is with the activity productive what the risk of transformation is with the system of credit. The second manages time like the first must manage the cycle of realization of the capital, of its monetary form to its form goods sold on a market.

MATERIAL AND METHOD

The these risk assessment can be led from the double point of view of studies for conditions of control of the constraint of profitability on the one hand and the constraint of solvency in addition [3]. From this last point of view, it appears that the trajectories of companies which most frequently lead to a loss of control of the constraint of solvency are those which originate in [1]:

- important efforts of investments two to three years earlier,
- an absence of renewal of the productive potential corresponding to the safeguarding of financial autonomy, which leads to a growth of the risk of loss of competitiveness,
- a weight of the requirements in working capital for exploitation high inducing one increase in debt.

Even if the improvement of the risk management of the credit is an indispensable condition with the correct operation of the financial system, it can involve a perverse effect of rationing and of selectivity of the credit increased if, in same time, it is not accompanied by the improvement of the risk management of realization. The study of the performances of the companies cannot be led without the analysis of the modes of corresponding financing.

RESULTS AND DISCUSSIONS

The deterioration of the conditions of profitability of the productive capital takes part in the inflationary tensions and the search of financial transactions (acquisitions, absorptions, placements) likely to mitigate it deficit of productive effectiveness of the committed capital [6].

The study of operations of reorganization and the analysis of the capitalizations of the companies show that one fraction of the substitution of the capital to work is ascribable with the will to shorten the economic times of return on investment, by supporting the investments likely to quickly improve the account of results.

Analysis of the individual behaviors companies, using typologies based on the determinants of profitability [13], show the specific conditions of corresponding financing.

Analysis of the consequences of a variation of the interest rates in bond with the goals of monetary policy or, more largely, of the evolutions of the financial environment, is necessary to include/understand the nature and the methods of the arbitrations which the companies are led to reduce their various constraints (of outlets, of profitability, of solvency).

This way of research is particularly interesting in the case of small and the medium-sized companies for which the intermediation remains dominant. For these companies, the stake resides less in the increase in their own capital stocks that in the adaptation of the modes of financing to their temporal horizon, which passes by their capacity to produce relevant information intended for convince on their capacity to reduce the risk of credit taken by the lenders.

The comprehension of the differences according to the size of the companies requires to leave policy of investment and to reconsider the formation of profitability in order to know if problems of financing and access to the credit for small and the medium-sized companies would be justified by insufficient performances compared to the companies of bigger size.

However, the effectiveness or profitabilities of small and the medium-sized companies is higher than those of the large companies even if the heterogeneity of the situations is larger for the first [2]. It is also confirmed that if these companies are involved in debt, the interpretation of this result diverges from that usually done.

Many authors notes a negative correlation between the debt and profitability, which is contradicted on countable data of firms not - dimensioned for which the relation is positive [12].

To increase its financial autonomy, a company can call upon its shareholders and/or release a result which will be capitalized. This implies, to be realizable, that the firm has access to the money market easily (or that its principal shareholders can raise funds easily) and/or that its performances economic and financial are sufficient high.

The own capital stocks have as a cardinal function to guarantee the solvency of the company. They constitute, for a firm and the economic agents which are committed there, a reserve of safety allowing to face the accidents of internal or external origin (in period of business slowdown, the little involved in debt companies are favoured compared to those which privileged the loan with the detriment of the own capital stocks).

In other words, the own capital stocks are characterized by triple quality: * it is about capital with null current liability,

* they cannot claim with a fixed remuneration,

* they have as an ultimate function to cover the risk [11].

Each company, according to its economic and commercial situation, will seek with to optimize the recourse to the external financing according to the cost of this one but also according to the degree of autonomy which she wants to safeguard and its projects of development. For that, it is difficult to define in the absolute an optimal division between own capital stocks and debt.

According to the theorem of indifference of Modigliani-Miller (checked only under adequate conditions of operation of the financial markets "perfect"), the value of market of the firms is indifferent to the structure of the liability of their assessment (call with the shareholders or recourse to the debt). In this case, a productive investment is carried out only if it increases the value of market of the company, which depends only on the comparison between sound specific output and the average cost of the capital. The decision is, in this case, independent of structure of financing retained.

However the markets are not perfect, as the existence of asymmetry shows it of information and risks related to the loss of control of the load of the debt, what can lead the lender either to require additional guarantees or to ration the credit (by the rates and/or the quantities). In this context, the own capital stocks of the companies on the one hand depend closely on the amount of the long-term saving in France [9], on the other hand are closely related to financial profitability of the company since the released benefit can be capitalized and to allow to offer a gravitational remuneration to its future associates.

However, the intensity of the financial autonomy of a company, measured by the importance of its own capital stocks, is not therefore synonym of higher economic performances and, consequently, is not completely relevant to evaluate the health of the firm [12].

Small and the medium-sized companies manage requirements in funds for bearing of exploitation higher, which causes a recourse to the financing by bank credit current higher than their competitors of bigger size, because of heavier stocks and of the more important loads related to the credit between firms.

The relations customer-suppliers are generally established with the detriment of the small ones and medium-sized companies. In the light of the examination of the economic literature, the principal factors of vulnerability of Small and the medium-sized companies are multiple. They can be either of

internal origin, or of external origin. In a normative and quasi-recurring or systematic way, we find like vectors of the vulnerability of these companies:

- determinants related on the context or the environment like the weight of the legal and institutional constraints, the availability of the resources, the absence or the excessive support of the public authorities;
- strategic determinants like the speed of the financial communication, the will of transparency with respect to the various partners;
- determinants related to the mode of management, in particular by the control of certain parameters like the evolution of the BFR/CA, management beyond customers, the degree of diversification of the products and the markets;
- financial determinants through the level of profitability and released economic surpluses
- organisational and human determinants like the age of the company, the weak performance or productivity of its personnel

The financial profitability of company is the resultant of two effects:

a) The first relates to the multiplier effects of a modification of the distribution of the value added on economic profitability, taking into account a certain effectiveness of productive combination. Thus, when the effectiveness stagnates or drops, profitability can grow thanks to a modification of the division of the produced richnesses and conversely in the contrary case.

b) The second is more known; it is about the action leverage of the external contributions which measures the positive or negative incidence of the external contributions (debt readier of the Group companies) on financial profitability. It evaluates, for a rate of contributions external given, the effects of a difference between the economic profitability and the average cost of the external contributions.

This variation is the differential "profitability-cost", if it is positive, the action leverage will be positive: the productive activity profits fully from the external financing and makes more than to compensate for its cost; and conversely if it is negative.

The analysis of the action leverage makes it possible to underline the weight of the constraint of financing what assumes, to differing degree, the industrial companies. Indeed, the comparison between the return on the capitals engaged in the industrial activity and that of the borrowed capital (interest rate) underline the intensity of this constraint and its extreme sensitivity to the fluctuations of the economic situation. So it limits the possibilities of adjustments available to the companies by reducing them to those offered by the management of labour (contract to duration determined, early retirement).

CONCLUSIONS

Paid to the clean financing, the self-financing (one deduces the dividends versed from the capacity of rough self-financing) constitutes an indicator of profitability afterwards remuneration of the shareholders and thus an evaluation of the capacity of capitalization of the company, before taking into account of the policy of investment. Small and the medium-sized companies are increasingly more profitable than the large companies after payment of dividends to the shareholders.

In not easily foreseeable environment, and thus generating heavy external constraints (emerged solvent limited, high real interest rates), the firms can exploit that internal variables. Among those, employment and the wages are less complexes to be handled and manage (in particular with the development of the desindexation of the wages on the prices and negotiations of branch), allowing, moreover, more or less to compensate for the fold effectiveness of the committed capital.

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