DISRUPTIONS OF THE COMPANIES' PERFORMANCE-GENERATING FACTORS IN THE CONTEXT OF THE COVID-19 PANDEMIC

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Abstract:
In the context of the companies' financial management, there are various performance-generating factors, such as: optimizing the size of the stocks, budgeting the expenses and the revenue and budgeting the cash flows, estimating the current liabilities that finance the company for free on a temporary basis, the management of the financial structure and of the financing structure costs, the awareness of the advantages generated by the selection of an accounting depreciation different from the tax depreciation, the pertinent calculation of the costs per unit of product, work or service and, last but not least, the company's creditworthiness, translated in terms of liquidity and solvency. The COVID-19 pandemic has generated disruptions within all these factors, and the present study aims to analyze, of course not in an exhaustive manner, these disruptions.

Key words: *disruption, factors, performance, financial management, COVID-19 pandemic.*

JEL classification: *G32 - Financial Risk and Risk Management*

INTRODUCTION

The financial management is an extremely important component of an entity's financial-accounting level. Based on the accounting information, it is the appropriate instrument in order to make financial decisions. Thus, it acts as a link between the configuration of the financial position and of the financial performance from the past and from the present and, respectively, how these will be shaped in the future.

Taking into consideration the fact that the most important goal of any economic entity within the private sector is to maximize the "amount" of the performance, the subject of this analysis will be several performance-generating factors, while referring to how they have been affected by the measures taken against the spread of the COVID-19 pandemic. Of course, the performance generating factors at the level of a private economic entity know an extremely diversified typology, among which the following are identified:

- The stock size optimization (optimal stocks and safety stocks);
- The budgeting (the budgeting of the results / expenses - revenues versus the budgeting of the cash flow/payments - receipts within an accrual accounting system);

- Estimation of the operating debts, as free sources of financing (the contribution of the operating debts to the free temporary financing of the economic entity);
- The financial structure and the financing structure/the cost of the capital (strategies for optimizing the financial structure and the financing structure based on the sizing of the capital costs);
- The tax depreciation and the accounting depreciation (the selection of an useful economic term distinct from the normal operation term - between financial and tax);
- The calculation of the expenses and of the costs per unit of good or service (calculation of the unit costs - leverage of the price action);
- The creditworthiness (the liquidity and the solvency - between performance and balance).

MATERIALS AND METHODS

The present research is intended to be one based on the personal experience, multidisciplinary and transdisciplinary, based on the analysis and on the synthesis of the data and of the information, on the induction and on the deduction, bringing to the fore the manifestation of some of the most important performance-generating factors at the level of an economic entity, as well as the extent to which they have been affected by the measures taken in order to combat the COVID-19 pandemic.

RESEARCH RESULTS

The first part of the study highlights the manifestation of some of the most important performance-generating factors.

The stock size optimization represents a key performance-generating factor, through an appropriate standardization of the current stock and the safety stock, so as to minimize the total cost compose by the supply costs and the storage costs, these two components being in an inverse proportion. The current stock can be regulated using the Wilson-Whitin model, while the safety stock, depending on the type of the stock, its perishability, through one of the three stock management policies: the prudent/defensive policy (the American model JIC-just-in-case), the aggressive/offensive policy (the Japanese model JIT-just-in-time) or the balanced/European policy.

The budgeting is a crucial performance indicator in terms of the future performance. Taking into account the presence of the accrual accounting system within the Romanian accounting, the parallel budgeting on results (expenses-revenues) and on cash flows (payments-receipts) is absolutely mandatory, due to the non-synchronization of the moment of the accounting recognition of expenses with the moment of payment and, respectively, of the non-synchronization of the moment of the accounting recognition of the income with the moment of collection.

Thus, an economic entity having a transport activity could present at the level of the results (expenses - income) loss, taking into account the often high amount of depreciation expense, which is, however, only an accounting expense that does not affect the cash flow (payments - receipts), which may highlight a monetary surplus. Similarly, an entity that sells home appliances and provides guarantees, which also constitute provisions for guarantees to customers, could present, in periods of massive cancellations of provisions, by the expiration of the guarantees, at the level of results (expenses -

income) profit, while at the level of the cash flow (payments - receipts) monetary deficit, by virtue of the fact that revenues from cancellations of provisions are only accounting revenues, without generating simultaneously or subsequently any receipts. Another very important performance-generating factor, especially at the level of the economic entities having a fast cash flow (retail trade, services), is the operating debts, as some free sources of financing, resulting either from the contractual negotiation with the partners (employees, state), or through mutual negotiation (suppliers). Thus, two categories of such operating debts are generated, respectively: having fixed terms, estimated using the analytical method or the method of summing the daily balances and having variable terms, estimated using the synthetic method or the method of rotational speed.

Equally, crucial to the future performance are the financial structure and the financing structure of the economic entity, which must be adapted to the object of activity, tending to minimize the total costs of the financing sources. Thus, an economic entity within the field of transport, with a slower cash flow, is not indicated to finance its means of transport, as fixed assets, from operating debts to suppliers of fixed assets, but either from equity or from long-term debts, such as long-term bank loans or leases. At the same time, a trade economic entity is not required to raise its own capital or incur long-term debt in order to acquire additional stocks of goods, as operating debts are much more appropriate in this regard, given the rapid cash flow of the carried out activity.

Of course, the choice of a useful economic term different from the normal operation term entails an accounting depreciation different from the tax depreciation and, implicitly, the non-deductibility of a share of the depreciation expense that exceeds the tax depreciation also represents a performance-generating factor. Thus, depending on the financing need, one can "juggle" with the useful economic terms higher or lower than the normal operation term.

Especially within the economic entities having a productive profile, perhaps the most important direct performance-generating factor is represented by the calculation of the expenses and of the costs. Thus, a careful, pertinent calculation on the unit of good or service entails the establishment of an optimal selling price, both in terms of the obtained unit gain and of the competitive advantage.

The creditworthiness refers to the economic entity's ability to pay its debts based on its assets. The liquidity, as a component of the creditworthiness, refers to the ability to pay the operating debts (current debts) based on the operating assets (current assets), while the solvency, as another component of the creditworthiness, refers to the ability to pay the total debts on account of the total assets. Thus, there are entities, with activity based on current assets and current debts (retail trade, services), in which the liquidity implies somehow the solvency. At the same time, there are entities with an activity based on fixed assets and long-term debts (transports), in which the liquidity does not imply the solvency at all.

The second part of the study seeks to bring to the fore the impact of the COVID-19 pandemic on the previously described performance-generating factors.

At the level of the stock size optimization, the impact of the COVID-19 pandemic is manifested by:

- Overstocks at the level of non-perishable elements and "stock outages" at the level of perishable elements, due to the instability of the delivered quantities and the intervals between the supplies;

- Weaknesses concerning the sizing of the safety stock, as a consequence of the unpredictability of the traffic restrictions in the national and the international context.

At the level of the budgets/forecasts, the COVID-19 pandemic makes its mark by:

- Disturbances in the amount of the projected expenses and revenues (a variable turnover, caused by the fluctuations in sales in the context of the transport restrictions and the financial instability of the customers; expenses related to the tangible items, recognized in periods other than anticipated due to their sporadically discharge from management; distinctly recognized interest expense as a result of the facilitation of the deferral of repayment of certain installments related to loans and the payment of certain interest);
- Disturbances in the amount of expected payments and receipts (fluctuating receipts, both in value and time, of sales revenue; fluctuating payments to suppliers as a result of the fluctuations concerning the ability of the economic operators to pay; loan repayments and interest payments according to the existence of the liquidity, of the facilities and of the deferrals granted).

Regarding the estimation of the operating debts, as free sources of financing, the COVID-19 pandemic made its presence felt by:

- Fluctuations in the amount of the operating debts with fixed terms, especially at the level of those regarding debts to staff, as a consequence of the occurrence of the technical unemployment;
- Fluctuations in the amount of the operating debts with variable terms, at the level of those related to debts to suppliers, as a consequence of the instability of the delivery possibilities from them and of the fluctuation of the payment capacity from the economic operator.

Regarding the level of the financial and of the financing structure, respectively the cost of the capital, the COVID-19 pandemic generated the following:

- Opting for a "breakdown" financial structure, based on maintaining, as much as possible, the equity;
- Rescheduling and reconfiguration of the deadlines for repayment and payment of the costs involved, related to long-term external financing sources (long-term bank loans);
- Distortion of the volume of the current debts, as a link between the financial structure and the financing structure, through the fluctuating payment of the suppliers and the differentiating payment of some employees, through the occurrence of the technical unemployment.

At the amortization level, the COVID-19 pandemic made its mark by:

- The possibility of selecting a useful economic term shorter than a normal operation term represents a favorable coordinate for the economic operators, despite the tax implications ("maintaining" an increased volume of the resources at the disposal of the economic entity outweighs the disadvantage of the non-deductible depreciation). In calculating the unit costs, the COVID-19 pandemic had the following effects:
- The increasing the attention to the calculation of the unit costs, through a closer analysis of the component structures, in order to establish a unit selling price, both attractive and profitable, based on a strategy of "market penetration" (low additions, which attract, in turn, high turnovers in terms of value).

Regarding the creditworthiness of the economic entities, the COVID-19 pandemic has left its mark on several points of view, namely:

- Fluctuations in the quantitative amounts of stocks, taking into account the instability of the supply and of the sales, as a result of the national and of the international transport restrictions;
- Imbalances of the receivables-debts ratio, as a result of the payment capacity of the economic operators;
- Sizing of the treasury starting from other principles (functionality at the "failure" rate, instead of the "performance" rate);
- Inhibition of the investment process;
- Recourse to divestment, as a desperate strategy to keep the liquidity and the solvency at a minimum;
- Commitment of the working capital at the level of the operating cycle, in a more pronounced manner;
- Fluctuations concerning the foreign working capital generated by the facilities for the long-term loan repayments.

CONCLUSIONS

The performance-generating factors are numerous and diversified, both generally valid and also adapted to the specifics of the activity object of each economic entity. They are, also, both a starting point and a purpose, both a cause and an effect, both a consequence and a generating fact within the financial management.

At the same time, they are extremely sensitive to any disturbance that generates deviations from the normality, such a deviation being the COVID-19 pandemic, which the world is currently facing.

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