

## HOW WAS THE CORONA PANDEMIC PERCEIVED BY THE ROMANIAN BUSINESS ENVIRONMENT?

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*Abstract: The Covid crisis has hit all national economies, with some areas of activity being more severely affected than others. Trade credit / supplier credit mechanisms were very common on the market due to the weak capitalization of the economy. Many companies have faced serious financial difficulties, some of which have had to fundamentally restructure their business.*

**Keywords:** crisis, analysis, financial difficulties, capitalization

### INTRODUCTION

None of us ever thought that we would live in these times, that we would face this pandemic, which changed the lives of all of us. Unfortunately, we were all affected, some to a greater extent, others less so. And this time, the most visionary of us managed to get out of this crisis well, moreover, some even prospered and increased their turnover.

The Romanian state is the one that has to prove to the business environment that it wants, and can support the Romanian business environment. Only then will the leaders of these entities become more confident in their own strength, having the certainty that they will be helped and guided to get out of this situation well [2].

All private companies want support from the authorities, they want to see that the state is involved in helping them in the first and foremost by exempting them from paying taxes. In the last year there have been enough companies that have had to suspend their activity. The HO-RE-CA sector was one of the worst hit by the crisis [8].

The corona virus pandemic has hit the European economy hard, with an unprecedented decline in global economic activity. Demand has fallen both domestically and internationally. Many companies have had to close their doors due to containment measures and restrictions. All those who depended on these companies were left without jobs and without income [11].

All the aspects presented above have made it difficult for several companies to survive. To support these companies but also to protect the economy as a whole, some measures have been introduced to support the lending of companies by banks, so that they can cope with the crisis.

2021 will be the year in which many companies will have to find solutions to pay their outstanding debts since last year [10].

### MATERIALS AND METHODS

The purpose of our work is to highlight the changes that were made into economy due to the Covid-19 crisis. This scientific research is based on analysis, comparison and synthesis. The data used were taken from a questionnaire, on which we made our own interpretations.

### RESEARCH RESULTS

We live in a time when declining consumption is affecting large areas of the economy. Last year was a difficult one, and the close prospects are not positive at all. We have regrettably found that the national currency has depreciated, prices have risen, the

financial deadlock is growing and many companies will have difficulty raising facilities to pay taxes, fees and leases. An extremely difficult period for the Romanian business environment follows, in the context in which the overcoming of the COVID 19 crisis is still in the area of uncertainty.

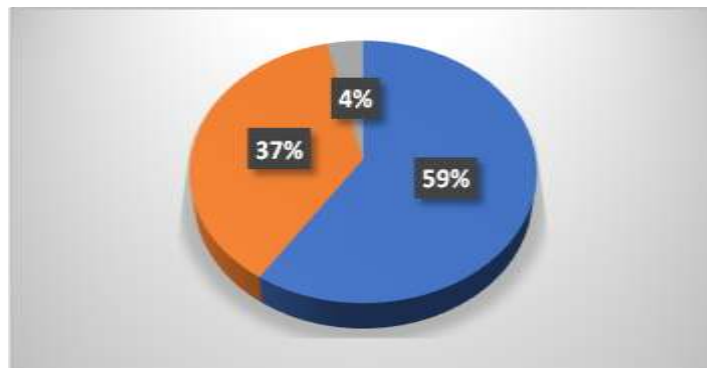
In order to see how this crisis was perceived by the private sector in our country, we designed a questionnaire that we applied by phone and email to some company managers, with higher education, with an average age of 50 years.

The collected data were processed and interpreted; finally we are formulating same conclusions.

**Question 1:** *Has your company been affected by the pandemic crisis?*

The answers received were as follows: to a large extent a percentage of 59 %, to a small extent 37%, and the remaining 4 % claimed that they were not affected at all by the crisis caused by Covid 19.

The Romanian economic environment is characterized by a multitude of poorly capitalized companies, without the possibility of accumulating medium and long-term financial resources, many of them barely surviving.

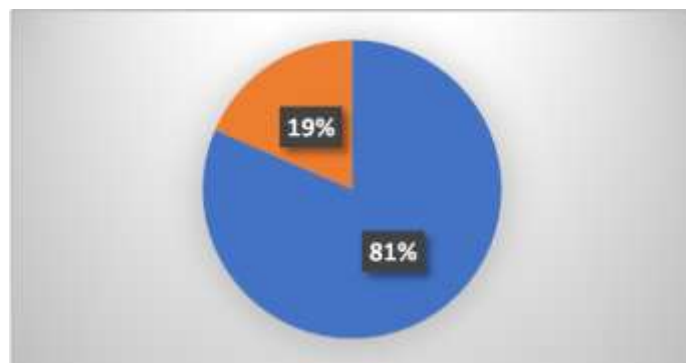


**Figure 1.** Has your company been affected by the pandemic crisis?

*Source: answers collected from the questionnaire*

**Question 2:** *To what extent has the turnover of the company you own decreased?*

A share of 81% from the managers who were questioned declared that they registered a decrease in turnover. Only 19% were saying that they were not affected.



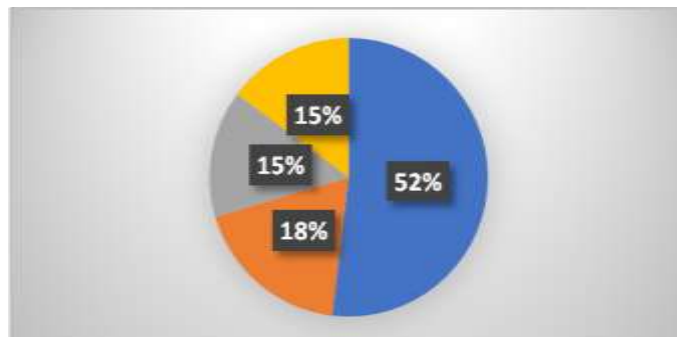
**Figure 2.** To what extent has the turnover of the company you own decreased?

*Source: answers collected from the questionnaire*

A special category is represented by the companies from the agricultural sector, whose who the fiscal value was not affected by the COVID 19 pandemic and they did not have to take any measures in this respect [1].

**Question 3 :** *If the company you own has sales, has it been affected?*

A share of 52% of respondents said sales had dropped by up to 50%, for 18% of them sales fell by more than 50%. The other part was divided by those whose sales were not affected or do not interfere with the field of sales.



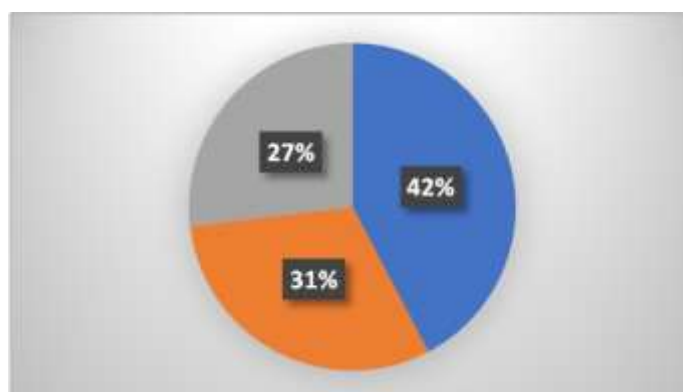
**Figure 3.** *If the company you own has sales, has it been affected?*

*Source: answers collected from the questionnaire*

As in any crisis, however, there are sectors of activity that have benefited, such as the pharma and IT fields, which have not only been resistant to the pandemic, but have even managed to develop during this difficult period.

**Question 4:** *Have you faced the impossibility of paying the bills?*

A share of 27% of those interviewed confessed that they faced this situation quite often, 42% found themselves in this case several times, and 31% did not face this type of problem at all.



**Figure 4.** *Have you faced the impossibility of paying the bills?*

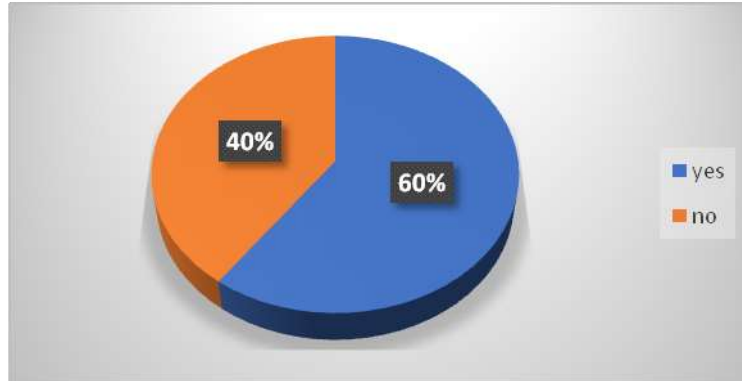
*Source: answers collected from the questionnaire*

According to several recent studies, more than half of Romanian companies had problems collecting invoices. Their average payment period increased in 2021. Several company managers stated that they only have funds for 1-2 months [9].

The coming months will be decisive for several companies; managers and shareholders will have to decide whether they can continue the business or are forced to close their business [7].

**Question 5:** *Were you obliged to improve the digitalization activity of the company's activities?*

To this question, more than half of the interviewees were forced to improve their company's digitalization activity.

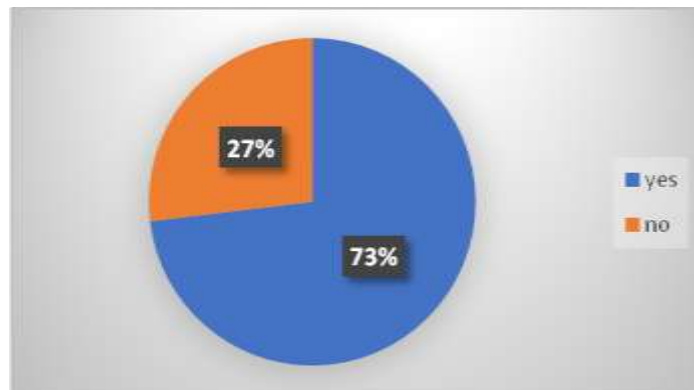


**Figure 5. Were you obliged to improve the digitalization activity of the company's activities?**

*Source: answers collected from the questionnaire*

**Question 6:** *Were you required to reduce operating expenses?*

More than 70% of the surveyed managers said that they faced this aspect.



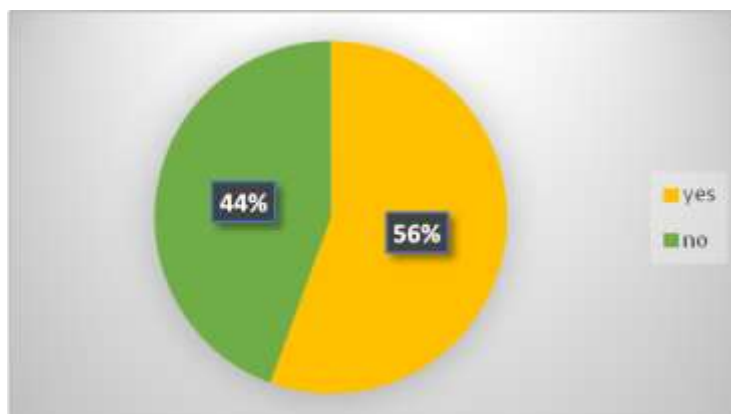
**Figure 6. Were you required to reduce operating expenses?**

*Source: answers collected from the questionnaire*

The most common measures in order to reduce operating expenses were the partial reduction of the activity and the transition to telework, its suspension or the sending into technical unemployment of a part of the staff or of all the employees [4].

**Question 7:** *Were you forced to resort to commercial credit / supplier credit mechanisms?*

More than half of those asked answered yes.



**Figure 7. Were you forced to resort to commercial credit / supplier credit mechanisms?**

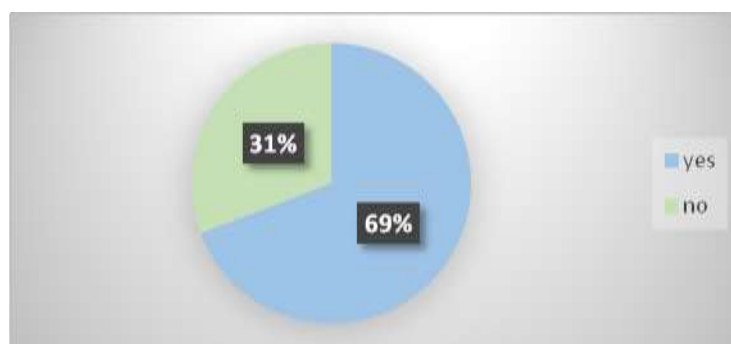
*Source: answers collected from the questionnaire*

The trade credit is a contract between two companies, in which a supplier of goods or services agrees to accept a deferred payment from its customers. This contract does not cost the client anything, he does not pay any tax or interest [5].

In other words, it is a loan with 0% interest - called a commercial loan, which is granted to a customer when invoicing a product. At the conclusion of such a contract, you must establish the conditions for payment of the invoice and the period of time in which the customer must make the payment. The supplier credit is an operation by which the supplier delivers to the buyer a commodity with payment at a later term based on a cash loan that he receives from a bank, for a well-established period of time with the payment of the agreed interest. It can be said that it is a bank financing after delivery [3]. Simply put, things work like this: the buyer repays the loan to the bank that lent it to the supplier.

**Question 8:** *Have you resorted to staff reductions?*

Almost 70% of those interviewed answered yes to this question.

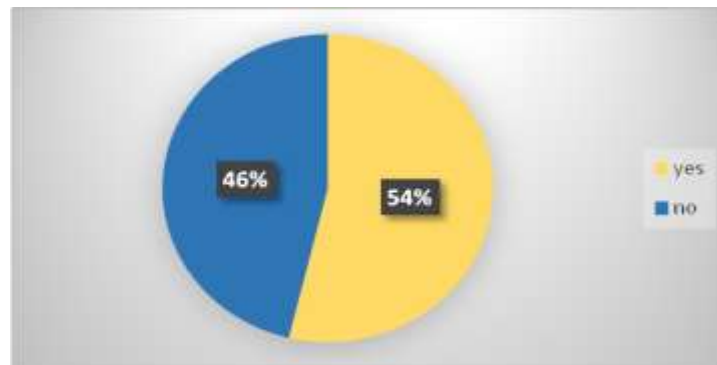


**Figure 8. Have you resorted to staff reductions?**

*Source: answers collected from the questionnaire*

The reduction of staff was one of the biggest problems that companies faced as a result of the effects of the pandemic. People who lost their jobs were forced to work in fields other than those in which they had worked until then. One of the areas that has had an increase in terms of the number of people has been delivery, whether we are talking about food delivery or other goods [6,15].

*Question 9: Have you considered restructuring your business?*



**Figure 9. Have you considered restructuring your business?**

*Source: answers collected from the questionnaire*

A share of 54% of the managers asked confirmed that they are thinking of making some changes regarding the restructuring of their business.

## CONCLUSIONS

Many of us have never thought that we will face a phenomenon of such magnitude. Although many of those who are in power during this period say that Romania has had the fastest return after this period of crisis, we consider that things are not so rosy.

We are convinced that in the next period Romanian companies will have to make major changes in terms of market survival policy. Many of the small companies, which are currently struggling to complete it, will disappear. Bad payers and those with many debts will disappear [12,14]. Only visionary companies will be at stake, which are able to make changes and restructure their business according to market demands. In the optimistic version, around the end of 2021, a period of economic growth could occur, generated by the increase in consumption.

The highest priority of a company during a pandemic must be the safety and well-being of its employees. They will not focus on their professional responsibilities if they or their families are in danger [13].

It is important for companies to monitor the situation so that they can provide employees the security of a job.

On the other hand, no matter how much Romanian employers try to offer meadow places, many of those who have returned to the country due to the pandemic still dream of a warm job abroad.

It is very clear that not all economic sectors have been hit by the crisis of Covid 19. We have all seen that agriculture has been less suffering. It is the field that puts food on everyone's table, and let's remember how last year we were proud of the fact that the national agricultural production could cover the needs of the population.

And finally, we can't help but talk about some positive effects of this pandemic: we have seen how many employees can work just as well at home, thus reducing operating costs. We also saw how important computerization is and how it has helped us all get rid of bureaucracy and the queuing state.

And last but not least, we all realize how important our health and the health of our family is.

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