

CHANGES IN THE ASSET STRUCTURE OF COMPANIES AND THEIR IMPACT ON THE GLOBAL VALUE OF COMPANIES

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This article was presented at the international conference “MONETARY, BANKING AND FINANCIAL ISSUES IN CENTRAL AND EASTERN EU MEMBER COUNTRIES: HOW CAN CENTRAL AND EASTERN EU MEMBERS OVERCOME THE CURRENT ECONOMIC CRISIS?” April 10-12, 2014, IAȘI – ROMANIA

Abstract: *Changing the company's assets structure is a consequence of the changes which have taken place in the contemporary environment. Increasing the share value of intangible assets in favours of those tangible assets brings an increase in the value of the company, and for the assessor new problems related to the correct qualification inputs to this increase in value.*

Keywords: *business value, structure of intangible assets, financial management*

JEL Classification: G11, G32

INTRODUCTION

The changes produced in contemporary economic environment have resulted, among other things, to increase competition and globalization of markets. In this context the companies have concentrated their efforts for succeeding in the confrontations with an increasing number of competitors and professional. They have focused on enhancing the business of marketing products, using for this purpose different tools which were intended to persuade customers to choose their offer. In this perspective, the investment of firms have resulted, especially, in expenses of research and development, for the preparation of employment, in computer software, designed mainly to increase the quality and the functionality of products, along with cost reduction, or expenses on advertising and publicity seeking, with their help, the consolidation or even an increase in the market share.

IMMATERIAL INVESTMENTS - CREATIVE INTANGIBLE ASSETS

During the last decades great companies have known deep changes into economic models used. The desire to reduce costs has made that the companies transfer their

production in countries where the workforce is cheaper. In this way its central concern is materialized in design and marketing operations. The share of expenses so-called intangible has increased reaching over the last years to evolve from 21% in 1974 to 40% in 1988, to exceed 50% at the end of the century (Marion A., 1990, p. 12).

Various assessments of intellectual or immaterial investments indicate that they are increasing at a faster rate than that of investment materials.

The data, presented above have been extracted from companies' balance sheets, but they are considered to be undervalued. The reasons for this statement lie in the fact that from intangible costs, the ones that are holding the highest shares are:

- research and development;
- advertising and publicity;
- training and workforce;
- improvement of industrial production organization.

Only the first two are accounted in the accounts as active, since the principle of prudence determines restrictions to register them.

This major change in the sphere of investments refers to large enterprises. Small and medium-sized enterprises consecrate an increasing share of their resources for the expenditure for advertising and publicity, training of staff and the purchase of computer software.

RECONSIDERATIONS ON THE ASSESSMENT OF IMMATERIAL ASSETS

The development of immaterial investment has led to a series of reconsiderations on the validity of measurement, in classic vision, performance and effort made in financial theory and business practice.

If the necessity to take into account the immaterial investments in assessing performance and vulnerability is evident, its implementation requires the solving of three issues imposed for this category of investment valuation, namely:

- establish of some criterions of distinction between an input and an expense;
- the choice of a evaluation method of intangible/ immaterial investments;
- the determination of the service life of these investments.

The three issues need to be solved, because the manifestations of their effects, but also of efforts, in the case of immaterial investments are different from those materials. Forecasting, particularly, to the effects which record a high level of uncertainty, primarily due to the rapid change of data used to determine the effectiveness. Because of that, the extent of intangible investment efficiency has an increased difficulty.

For more detailed feedback is necessary a rational delimitation between an expense and a consumer, incurred in respect of the implementation of their investment, which would allow to establish more accurately the cash-flow, therefore the capacity to recover the invested capital.

Investment evaluation, as a general rule, and the immaterial, by contrast, although making use of various methods, however, continue to be dominated by empiricism (Colasse, 1993, p. 520).

The application of the most appropriate methods of assessing the intangible investments it is likely to lead to the determination of the correct revenue derived from their exploitation. A very important indicator in the evaluation of intangible investments represent, in this case,, the period of time in which, as a result of this, there is an increase of productivity or sales.

The terms of immaterial investments reflected in the programs of the organization of production or in expenditure for the preparation of employment or with advertising and publicity are very dependent on the deployment of industrial production, in turn shaped by the consumer preferences, in a strong volatility.

Western companies have increased particularly in the last 40 years, their efforts of development through external growth. This was accomplished particularly, in the form transfers of assets between enterprises, companies in different countries, and resulted in partial contribution of capital, strategic mergers or absorptions. In other cases external growth has been achieved through acquisitions of holdings or through cooperation agreements or alliance.

Cooperation agreements or alliance have known during that decade a significant increase, which reflects a major change between firms, particularly in the industry of high-density of research and development.

Alliance operations and cooperation leads to a transformation of the form of the enterprises, but are difficult and complex analytical reviewed. They can consist either by creating joint branches, either by a collaboration based on contracts. In all cases are unused the classical indicators for measuring economic growth or financial performance.

Strategies of alliance, as classic external growth operations, remain an area of large enterprises, but the prospect of a major European markets could bring, in the coming years, this method in practice also in the case of medium-sized enterprises.

We believe that multiplication operations to increase externally, which appears as a major change, must result in the adaptation of financial analysis. It appears more necessary as well as the external growth path made on acquisition, although it has a positive impact on the economic and financial situation of the undertakings concerned is not without risk. Positive results do not occur until after a phase of vulnerability in the course of which the undertaking has to integrate new acquisitions. This implies the need to evaluate enterprises with the help of methods adapted to the situation in a manner more thoroughly.

Developing indicators meant to assess, in dynamic, on average periods the enterprise performance and vulnerability are requirements relating to set up an appropriate theoretical framework on its financial activity. These indicators should cover economic and financial performance, risks, solvency and financial autonomy.

Dominated by instruments, contemporary financial concepts are faced with issues of coherence and relevance to the field of reference. They appear as an accumulation of patterns models in which no one should be true that a grid of analysis of enterprise behaviour. Contemporary financial concepts rest on different logic, often contradictory fact that do not favours a representation multi-dimensional of the financial dynamic of the enterprise.

Financial products innovations in the last decade in the world bring in the field of evaluations a series of changes. Loans have been very cheap up three decades ago.

Enterprises were made their capital using to an extent the crediting method. Loans originated for the most part from banks, and the financial management of the enterprises do not manifested at that time too much flexibility. Efficiency was used to refer to the extent that the enterprise was able to cover the loan interest payments and this was because any development or modernization was carried out using the loan capital.

In this context, the lodging of an optimal financial structure, as a prerequisite to maximize the enterprise value, has not been a concern for its managers. Equity might be confused, most often with the owners contributions, concerned only with the own resources collected in the share capital.

The world crisis which prevailed also by increasing inflation caused a rise in the cost of borrowed capital. This cost has become increasingly unbearable for enterprises which have imposed wide-ranging actions on their payment of debts and replacing loans with its own resources.

Risk amplification has forced shareholders to increase their claims concerning the remuneration of their shares. In this way has increased the cost of capital, sometimes over the cost of borrowed capital.

Optimizing financial structure becomes safe way and required to maximize enterprise value. Securitization causes easier access for businesses, on the financial market, and wide variation of sources of formation of capital allows an easier comparison between their cost and expected profitability. Businesses have the opportunity within this context, to opt for cheaper resources or if they are still too expensive, to give up their investment, if estimated profitability is unsatisfactory.

CONCLUSIONS

Theoretical determination of financial activity of the enterprise is a risky endeavour. As Professor Bernard Colasse remarked: "the finances of one company don't get along with theories which are not adapted" (Colasse, 1993, p. 28). This "adjustment" to contemporary realities involves the consideration and the objectives pursued by the company as well as the diversity of "actors" which may influence its decisions.

Classic financial conception designed on the hypothesis of maximizes profits and considering the value of the enterprise, cannot constitute a cornerstone of financial dynamics. The justification for this statement refers to the fact that this design disregards the complexity of motivations which may explain the behaviour of enterprises.

Profit maximization is not always a function of use-commune to leaders and shareholders- because it excludes the preferences and interests of other "actors", as well as employees who are in a position to exert an influence on the enterprise options. Over the long term there is a common concern of the highest parts of the "actors", which in financial plan expresses the desire that the company give rise to offer liquidities which will enable it to be cost effective hat will enable it to be cost effective, flexible and solvent.

Capital companies tend to be used, in particular, for intangible investment providing a higher return, are not exposed to risks and they are in correspondence with the financial management objective.

Changes in the last years in business environment have created conditions features close to perfect market where companies have unlimited access to sources of capital, ensuring favourable prerequisites for financial management under the conditions of free initiative.

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