

THE MANAGEMENT OF BUSINESS FINANCING FROM EUROPEAN FUNDS

Ana Corina BORCOȘI¹

ABSTRACT:

THE ENTERPRISES ARE BEGINNING, GENERALLY WORK WITH ONE BUSINESS. IF THE ENTERPRISE IS SUCCESSFUL, IT WILL GROW BY ADDING NEW BUSINESS BY INCREASING THE NUMBER OF CUSTOMERS BY DIVERSIFYING THE PRODUCTS OFFERED OR THINKING OF NEW WAYS TO MEET CUSTOMER NEEDS. BUSINESS FINANCING BOTH THEIR DEBUT AND THEIR DEVELOPMENT CAN BE DONE FROM OWN SOURCES AND FROM SOURCES OF EXTERNAL FINANCE, THE BEST OF WHICH ARE EUROPEAN FUNDS. THE PAPER AIMS TO PRESENT THE IMPORTANCE OF BUSINESS FINANCING FROM EUROPEAN FUNDS.

KEYWORDS: BUSINESS MANAGEMENT, EU FUNDS, BUSINESS PLAN, THE APPLICANT'S GUIDE

1. INTRODUCTION

The business is organized effort of some people to produce and sell for profit, goods and services that meet societal demands. Business management is considered to be a set of activities, methods and processes of resource utilization in order to achieve the desired objectives. European funds are the most efficient source of financing for businesses and society. Use of funds is achieved with reduced costs and increases productivity.¹

The EU is developing policies they implement in the 28 Member States through programs that include areas such as education, health, agriculture, research and innovation, SMEs, culture etc. All these instruments of action are combined in an economic recovery program planned for 2014-2020. For 2007-2013, the absorption rate of structural and cohesion funds in Romania was 61.57%, being considered, unfortunately, a low rate of absorption².

2. EUROPEAN FUNDS AND THEIR IMPORTANCE

¹ CS II, "Constantin Brâncuși" University, corina_ana@hotmail.com

¹Bușoi, C., Țurcanu, M. – Ghid pentru accesarea fondurilor europene [http://www.cristianbusoi.eu/fisiere/pagini_fisiere/Ghid_pentru_accesarea_Fondurilor_Europene_SINGLE_PAGE_\(1\).pdf](http://www.cristianbusoi.eu/fisiere/pagini_fisiere/Ghid_pentru_accesarea_Fondurilor_Europene_SINGLE_PAGE_(1).pdf)

²Bușoi, C., Țurcanu, M. – Ghid pentru accesarea fondurilor europene [http://www.cristianbusoi.eu/fisiere/pagini_fisiere/Ghid_pentru_accesarea_Fondurilor_Europene_SINGLE_PAGE_\(1\).pdf](http://www.cristianbusoi.eu/fisiere/pagini_fisiere/Ghid_pentru_accesarea_Fondurilor_Europene_SINGLE_PAGE_(1).pdf)

Structural funds and European investment policy is the main investment instrument of the European Union³. Structural funds and European investment are:

- European Regional Development Fund;
- European Social Fund;
- Cohesion Fund;
- European Agricultural Fund for Rural Development;
- European fund for fisheries and maritime affairs.

The European Union has pledged to create jobs more and quality, but also a socially inclusive society, according to the Europe 2020 goal of European funds is to support the Europe 2020 Strategy, the economic and social. Romania receive in 2014-2020 a financial allocation of EUR 30.84 billion from European funds, adding national contribution of 5.63 billion EUR, Romania thus having a total budget of EUR 36.47 billion for investments various fields. In Romania, programs financed from EU funds in 2014-2020 are⁴:

- Operational Programme Big Infrastructure;
- Regional Operational Programme;
- Operational Programme Administrative Capacity;
- Human Capital Operational Programme;
- Competitiveness Operational Programme;
- Technical Assistance Operational Programme;
- National Rural Development Programme;
- Operational Programme for Fisheries and Maritime Affairs;
- Interregional, Transnational, Trans border Cooperation Programmes.

European funds will help⁵:

- improving the country's competitiveness by strengthening links between research, innovation, areas of smart specialization and competitive sectors;
- doubling the value added in the IT sector and increase the number of users of e-government;
- support for SMEs, farms etc. for increasing productivity an survival rates as well as agricultural restructuring;
- investment in energy and using resource efficiency, protecting and preserving the environment;
- investment in the modernization of railways, new roads and subway lines for shortening time travel;
- increasing the employment rate of the labour force, targeting especially young people who do not have a job, do not follow a program of education and training and other vulnerable groups;
- promoting social inclusion and combating poverty and discrimination.

3. THE MANAGEMENT OF BUSINESS FINANCING FROM EUROPEAN FUNDS

Business financing from European funds is realised after elaboration, submission and approval for financing a project that brings together a group of activities that take place over a period of time and which contributes to achieving a common goal, requiring an investment of

³ <http://www.fonduri-structurale.ro>

⁴ <http://www.fonduri-structurale.ro>

⁵ <http://www.fonduri-structurale.ro>

resources to achieve specific objectives⁶. When it is desired to develop a new business or expanding the existing, potential entrepreneurs evaluates existing and projected resources available for future business needs⁷. Businesses must be conducted so new to be perceived as an opportunity rather than a threat.

For example, in the Regional Operational Programme 2014-2020, Priority Axis 2 - Enhancing the competitiveness of small and medium enterprises, the specific objective of this priority is to improve economic competitiveness through increasing the productivity of SMEs. Eligible investments co-financed by this program include:

- Investments financed by regional state aid:
 - construction, expansion of the manufacturing facilities / services;
 - provision of tangible assets, intangible assets, including online marketing tools;
- Investments financed under de minimis aid:
 - implementation of the certification / recertification of products, services or processes, quality management systems, environmental or health;
 - internationalization (participation at international level, outside of Romania, to trade fairs, trade missions, exhibitions, as exhibitor).

The projects submitted for funding are generally innovative, whose attainment contribute to successful achievement of a mission of the company⁸. Indicators of project implementation can be the following investment categories:

- creating a new production / service provision;
- expanding the capacity of existing units, by increasing at least a product / service related field of activity;
- diversification of output of existing company, the products / services that were not manufactured / provided earlier in the enterprise.

Businesses that applying for funding for eligible categories present in user guide will complete the application form, whose section is filled exclusively in MySMIS, electronic application, and the annexes to the application form. One annex to the application form is and a business plan, which includes:

- firm, which includes a brief description of the company;
- investment - relevant features for the investment made in the company;
- product / service, which are described in detail product / service to be provided / rendered as a result of the proposed investment in the project;
- marketing strategy, especially describing the action plan and the budget of marketing strategy;
- financial analysis and forecasting, which includes the following sets of data and analysis: analysis of the applicant enterprise - the current situation, the project budget and financing plan, financial analysis of the company after finishing of the investment;
- annexes representing any other documents relevant by the project applicant or supporting some aspects of the business plan.

⁶ Androniceanu, A. (coordonator) – Managementul proiectelor cu finanțare externă, (Editura Universitară, București, 2004), 11

⁷ Butler, David – Dezvoltarea afacerii, (Editura BIC ALL, București, 2005), 31

⁸ Nicolescu, O. (coordonator) – Sisteme, metode și tehnici manageriale ale organizației, (Editura Economică, București, 2000), 210

Applications for funding are submitted in a certain deadline for submission specified. After submission will be a process of evaluation and selection, following the establish beneficiaries of EU funding, which will start running the projects submitted.

CONCLUSIONS

All funds are designed to support socio-economic development.

Business financing from European funds through the elaboration and submission of complex documentation offers the company the opportunity to develop using grants, discover project managers that are dynamics, capable, to promote in the enterprise the exchange of experiences between different organizational subdivision and exchange of experience between them and other businesses.

REFERENCES

1. **Androniceanu, A.** (coordonator) – Managementul proiectelor cu finanțare externă, Editura Universitară, București, 2004
2. **Butler, David** – Dezvoltarea afacerii, Editura BIC ALL, București, 2005
3. **Drucker, P.** – Inovare și spirit întreprinzător, Editura Teora, București, 2000
4. **Nicolescu, O.** (coordonator) – Sisteme, metode și tehnici manageriale ale organizației, Editura Economică, București, 2000
5. <http://www.fonduri-structurale.ro/>
6. <http://www.fonduri-structurale.ro/program-operational/1/programul-operational-regional>
7. Programul Operațional Regional 2014-2020, Axa prioritară 2 - Îmbunătățirea competitivității întreprinderilor mici și mijlocii, Prioritatea de investiții 2.2 – Sprijinirea creării și extinderea capacităților avansate de producție și dezvoltarea serviciilor, Apelul de proiecte POR/102/2/2 Ghidul solicitantului, condiții specifice de accesare a fondurilor
8. Programul Operațional Regional 2014-2020, Axa prioritară 2 - Îmbunătățirea competitivității întreprinderilor mici și mijlocii, Prioritatea de investiții 2.2 – Sprijinirea creării și extinderea capacităților avansate de producție și dezvoltarea serviciilor, Anexa 1-5 Plan de afaceri
9. **Bușoi, C., Țurcanu, M.** – Ghid pentru accesarea fondurilor europene [http://www.cristianbusoi.eu/fisiere/pagini_fisiere/Ghid_pentru_accesarea_Fondurilor_Europene_SINGLE_PAGE_\(1\).pdf](http://www.cristianbusoi.eu/fisiere/pagini_fisiere/Ghid_pentru_accesarea_Fondurilor_Europene_SINGLE_PAGE_(1).pdf)