

DESCRIPTIVE ANALYSIS OF THE USE OF SPECIALIZED FINANCIAL ADVISORY SERVICES FOR SMES IN BRAȘOV COUNTY

NICOLAE Carmen-Magda¹

ABSTRACT

THE PAPER CONTAINS RESULTS OF A QUANTITATIVE RESEARCH ON THE USE OF SPECIALIZED FINANCIAL ADVISORY SERVICES TO SMES IN BRAȘOV COUNTY. ISSUES ADDRESSED INCLUDE VIEWS ON OUTSOURCING, HOW IS DECISION MAKING ON OUTSOURCING; HIGHLIGHTING THE MAIN FINANCIAL ADVISORY SERVICES OUTSOURCED IN TERMS OF THE IMPORTANCE GIVEN BY RESPONDENTS; CRITERIA FOR CHOOSING PROVIDERS OF FINANCIAL ADVISORY SERVICE; CHARACTERIZATION OF RESPONDENTS' EXPECTATIONS ABOUT IDEAL PROVIDER OF FINANCIAL ADVISORY SERVICES, THE USE OF FINANCIAL ADVISORY SERVICES TO SMES IN BRASOV COUNTY, SERVICES AND FINANCIAL ADVISORY SERVICES PACKAGES USED AND EXPENSES MONTHLY MEAN IT. THE RESEARCH INSTRUMENT IS A QUESTIONNAIRE WITH 28 QUESTIONS, APPLIED OVER 385 SMES IN BRAȘOV COUNTY.

KEY WORDS: MARKETING, FINANCIAL ADVISORY, SMES, CONSUMER BEHAVIOR, ORGANIZATIONAL CONSUMER

Introduction

Small and medium enterprises (SMEs) are the majority of companies involved in businesses, with multiple economic, technical and social functions.

Arguments in favor of this premise are:

- These firms generate most of the G.D.P. in each country, usually between 55% - 95% and provide employment for the majority of employment;
- SMEs generate a large proportion of the applicable technical innovations in the economy;
- They have the greatest dynamism in the market economy. This fact is certified of the development of their number, their turnover and size of employment, which is higher than that of large enterprises;

¹ Marketing Phd. Student, Transilvania University from Brașov, nicolae.carmenm@unitbv.ro

- It is one of the main sources of income of the state budget (taxes, VAT etc.).
- SMEs enables social fulfillment for a considerable part of population, especially its most active and innovative segment, which "pulls" the economy after him;²

An important role in sustainable development, involving Environmental Marketing, is the creativity and innovation through the discovery of sources of cost reduction. They are sources for the development of clean technologies and products, industrial processes with low energy consumption and reduced costs.³

Market success of SMEs depends to a decisive extent of adoption and assimilation of knowledge organization activities provided by science management, marketing and finance. The financial resources of small and medium enterprises do not allow hiring a very large staff. They often turn to external consultants: handful companies or freelancers.

The methodology of the research

Previous research conducted among financial advisory firms in Braşov County showed that not enough information is known about consumer's organizational behavior which is included in the category of small and medium enterprises (SMEs). The results obtained from analysis and interpretation of data from qualitative research were used to establish the basis for a quantitative research covering SMEs in Braşov County.

Information obtained from the research will be useful for financial advisory firms in development of the marketing strategies for theirs SME's customers. In order to identify how small and medium enterprises turn to financial advisory services, it has been conducted a marketing quantitative research on the topic "Utilization of specialized financial advisory services by SMEs in Braşov County ". The research instrument is a questionnaire with 28 questions, applied over 385 SMEs in Braşov County.

Quantitative marketing research conducted had the following objectives:

- 1) To identify consumer's behavior of managers of SMEs in Braşov County regarding outsourcing of financial advice.
- 2) To identify consumer's behavior of SMEs on choosing a financial consulting firm.

² Nicolescu, O. and Nicolescu, C., *Consultanța pentru IMM-uri, curs*, (Bucuresti: ASE, 2009), 1.

³ Funaru, Mihaela, "Environmental marketing between social responsibility and sustainable development", *Business Excellence*, 1 (2010): 193.

3) To identify types of specialized financial advisory services used by small and medium-sized businesses in Brasov County.

4) To determine the use of specialized financial advisory services by SMEs in Braşov County and the main sources of information in selecting a provider of financial advisory.

Respondents are managers in small and medium enterprises: CEOs, CFOs, accounting officers, very busy with their activities so it was required a rapid completion of the questionnaires.

Responses to questions were collected through directly survey, in interviews type "face to face", carried out over a period of 20 to 30 minutes.

Descriptive analysis of quantitative research results

Below is a summary of the main issues in relation to the objectives pursued.

Objective 1: The results of the first part of the questionnaire, consumption behavior of managers of SMEs in Braşov County - regarding outsourcing of financial advice - reflects a frequent use of outsourcing financial advisory services, only 19 companies (6.5% of local companies) indicating that they don't outsource financial advisory services.

76.1% of all firms in the sample proceed to outsourcing, 84.1% of companies outsource accounting services, 25,3% of firms outsource cleaning services and 20.8% cleaning services security guard services.

On the need to purchase additional financial advisory services, 11.3% of firms indicate banking advisory services, 10.2% of firms indicate tax advice (taxes and fees) and 9.1% mention security consultancy.

Referring to the difficulties encountered in starting procurement of additional financial advisory services, 80.7% of the interviewees consider that the price is the main obstacle, followed by opposition of the firms' management, probably due in connection with costs.

On intentions to give up financial advisory services in the next six months, 96.7% of companies choose to maintain their use and only 3.3% of firms intend to waive certain financial advisory services. In the latter category, 77.8% of respondents want to give up accounting consulting services, followed in equal proportions (11.1%) of audit services, advice on capital market operations and nonbanking financial consulting.

Regarding intentions to outsource financial advisory services in the future, only 36.6% of the companies consider that they will outsource financial advisory services in the future while 63.4% do not want this.

Objective 2: The results obtained from answers to questions about consumer's behavior of SMEs in choosing a financial consulting firm - it shows a balanced distribution of the types of outsourced financial advisory. A rate of 44.5% local companies collaborates with individual specialists from outside of the organization and 55.5% with specialized financial advisory firm.

The collected data shows that 42.3% of respondents perceive the meaning of specific terms and concepts used by financial advisers to be accessible to an extent average, 28.5% to a largely limited extent and 21.2% to a low limited extent. So in most cases, financial advisers succeed to communicate with an accessible language the content of the financial reports and analyze they develop.

On the grounds of waiver specialized financial advisory services, we can see that most companies (55.6% of respondents) indicated prices too big motivation of renunciation, followed by hiring its specialized staffing (33.3%). Poor service quality and lack of communication with the consultant are mentioned of the equal percentage of respondents, respectively 22.2%.

The managers of companies who participated in the research highlights their preferred ways of communication with financial advisory provider, listed in order of preference, the following:

- Directly by consultant's visit - 60.6% of respondents believe that quality is very good;
- Electronic mail - 32.8% of respondents consider the quality of this means of communication as very good and 31.4% very good;
- Directly by beneficiary's visit - appreciated by 30.7% companies as high quality and by 32.1% of firms as fairly good quality;
- Phone / fax - 35.4% of the respondents appreciated the telephone communication quality as very good and by 22.3% of the respondents as very good.

The researchers identified as the main qualities of an ideal provider of financial advisory following, listed in order of importance given by respondents:

- Confidentiality - 69% of SME's managers consider it very important and 18.6% of them as very important;

- The accurate of the financial assessments - 79.2% of respondents mention it as very important and 10.6% as very important;
- Timeliness - for 66.8% of the firms is a very important quality and for 19% fairly important;
- Affordable services - for 51.1% of the subjects is a very important quality and for 29.6% very important;
- “Client is a priority” - 44.9% of the subjects indicated this item as very important and 31.8% as quite important.

Objective 3: Regarding the types of specialized financial advisory services used by small and medium-sized businesses in Brasov County, the results reveal that 93.5% of all firms outsource some type of financial advisory services.

The types of financial advisory services, ranked in descending order of frequency of use are:

- Accounting consulting 97.4% (mean score 9.06 Quality)
- Advising on insurance 28.5% (mean score 2.51 Quality)
- Banking advisory 27.7% (mean score 2.43 Quality)
- Tax advisory 20.8% (quality average score 1.86)
- Assessment services 8.8% (quality average score 0.76)
- Financial audit services 7.7% (mean score 0.68 Quality)
- Advisory on capital market operations 1.1% (quality average score 0.98)
- Advisory on foreign exchange operations 1.1% (quality average score 0.98)
- Advisory insolvency 0%

Objective 4: It identifies and analyzes the use of specialized financial advisory services by SMEs in Braşov County. The results revealed that the studied companies have a relatively modest knowledge about financial advisory offer (an average of 5.91 consultancies known). 44.5% of managers interviewed appreciate their awareness of financial service providers offer in Brasov County as an average level, 35.4% of respondents know the offer to a small extent and only 13.5% of subjects largely know the offer.

On average, SMEs in Braşov County works with two financial advisory providers (mean score of the financial advice providers / SME is 1, 81).

The main sources of information for the selection of a financial advisory provider, in decreasing order of importance, given by the subjects are:

- ❖ Acquaintances' recommendations - chosen by 61.3% of respondents.
- ❖ A financial consultant' recommendations - mentioned by 55.5% of the companies.
- ❖ Recommendations of the managers of companies - mentioned by 42.3% of the companies.
- ❖ Internet 32.5% - indicated by 32.5% of the SMEs.
- ❖ Ads in newspapers and magazines - information used by 11.3% of respondents.
- ❖ Advertising on TV - used as a source of information of 7.3% of the companies.
- ❖ Radio Advertising - used as a source of information of 5.5% of the companies.

The data above shows that the various categories of recommendations are the main sources of information in choosing a financial advisory provider, followed at a great distance by information obtained through use of the internet. These findings require to the financial advisory providers to reconsider marketing strategies.

Conclusions and proposals

The results of the research reflect a frequent use of financial advisory services outsourcing, benefit for the representatives of these companies who wish to remain on the market and even to expand. Another positive element for financial advisers work is that in the near future (within 6 months), 96.7% of the companies choose to continue using the same financial advisory services.

The most preferred communication methods use with financial advice providers, in order of preference mentioned by managers – consultants' visit, electronic mail, beneficiaries' visit - shows an option for personal contact. Because recommendations are the main sources of information in selection of a financial advisory provider, credibility of the advisor is very important in financial business.

As a general conclusion, the results of this research highlight the importance of relationship marketing in managing a financial advisory company.

REFERENCES

1. **Arens, F.W.** Contemporary Advertising. Boston: Irwin McGraw-Hill, 1999.
2. **Baines, P.I., Fill, C., Page, K.** Marketing. Oxford: University Press, 2008.
3. **Balaur, V., Cătoiu, I.** Marketing. București: Uranus, 2002.
4. **Balaur, V., Popescu, E.C., Șerbănică, D.** Tehnici promoționale. București: Metropol, 1994.
5. **Bălășescu, M.** Marketing. Brașov: Editura Universității Transilvania, 2006.
6. **Bălășescu, M.** Cercetări de marketing. Brașov: Editura Universității Transilvania, 2008.
7. **Belch, O.E., Belch, M.A.** Advertising and Promotion: an Integrated Marketing Communications Perspective. Boston: McGraw Hill-Irwin, 2002.
8. **Besson, R.** Service Detailing a Strategic Marketing Approach. New York: Exinsjton Books, 1987.
9. **Cătoiu, I.** Metode și tehnici utilizate în cercetările de marketing. București: Uranus, 1999.
10. **Cătoiu, I.** Cercetări de marketing. București: Uranus, 2002.
11. **Cătoiu, I., Bălan, C., Onete, B., Popescu, I., Vegheș, C.** Cercetări de marketing. Probleme și studii de caz. București: Uranus, 1997.
12. **Colibabă, D.** Metode statistice avansate în cercetarea pieței. București: ASE, 2000.
13. **Funaru, M.** "Environmental marketing between social responsibility and sustainable development". Business Excellence, 1 (2010): 191- 94.
14. **Nicolescu, O., Nicolescu, C.** Consultanța pentru IMM-uri. Curs. București: ASE, 2009.

„ACKNOWLEDGEMENT: This paper is supported by the Sectoral Operational Programme Human Resources Development (SOP HRD), ID76945 financed from the European Social Fund and by the Romanian Government”.