

**EDITORIAL EJAFB (10)**  
**THE EFFECTS OF THE PANDEMIC ON ROMANIAN SMES****Editor in Chief: PhD Professor Veronica GROSU**

The first months of 2020 deeply marked the economic and social system of our country, practically in a few weeks Coronavirus invaded homes, offices, hospitals and, of course, companies, many of which had to close abruptly. With the restart, the activities gradually started working again. I believe it has become a certainty for everyone that the COVID-19 pandemic is considered the strongest sanitary crisis manifested globally in the same period of time and that inevitably led to a major economic crisis, with direct effects, obviously negative on the production in the affected countries, on the reduction of the consumption of a series of goods and services and implicitly on the restructuring of the activity or even the liquidation of an important number of economic entities.

In a press release of the National Institute of Statistics (INS)<sup>1</sup>, we find that following the research conducted on a sample of 8831 economic agents (representative at the level of economic sectors and total economy), at a response rate of 71.3%, the impact of the COVID-19 epidemic on the volume of the economic activity is the high level of uncertainty about the future of businesses between March and April 2020 and its increase in April compared to March 2020.

Thus, if in March 2020 a share of 21.2% of economic agents could not estimate how their business will evolve, in April their share increased to 34.3%. Obviously, the losses will certainly be more substantial for the sectors most affected by social distancing, such as point-of-sale retail, but also catering, cinemas, events and air transport. At the same time, there will be sectors that will benefit, we are talking about e-commerce (30% increase)<sup>2</sup> or the sale of medicines, assisted breathing devices and other sanitary materials, such as disinfectants, surgical gloves or masks.

A recent survey entitled SAFE - Survey on the Access to Finance of Enterprises<sup>3</sup> highlights the devastating effect of Covid-19 on small and medium-sized enterprises and their access to finance. The survey was conducted by the European Commission in collaboration with the European Central Bank on a sample of approximately 17,000 companies and shows

how the financing conditions of SMEs have been influenced by the Covid-19 pandemic. The survey is extremely interesting, as it reports information about the inflationary pressures perceived by SMEs in the EU, but also their opinions and experiences from the last six months. The most significant results obtained reveal that:

- the negative economic outlook has reduced their access to finance by 40%:
- applications for bank loans increased in 2020, with an overall percentage of 35% of SME applicants, compared to 24% in the previous year;
- they witnessed a reduction in turnover for the first time since 2014, with a reduction of 44% in net terms. Certainly, as the president of Confindustria for SMEs, Carlo Robiglio, claims, the defining feature of this crisis was not only its magnitude, and its strong health and economic impact, but especially the speed with which it spread and the complexity of the world it hit.

Therefore, not only did the Covid-19 pandemic provoke discussions regarding the companies' business models, but especially the changes that had already taken place in a competitive context. Even if the current paradigm is based on the speed with which each novelty spreads in all markets, due to the extreme and deep interconnection and the complexity of the economic and social environment in which it operates, the current crisis has greatly accentuated this process.

Obviously, the crisis has and will have significant impacts, so it will be necessary to pay attention in at least three directions, such as managing the lockdown period and the effects generated during this period primarily on building a strategy of financial solidity and liquidity (correlated with legislative requirements) by SMEs in order to succeed in reaching the post-lockdown phase, the phase in which they will have or will be obliged to adapt the vision and managerial mission in relation to the requirements of stakeholders that will certainly be different from those so far.

<sup>1</sup> Assessment of the impact of COVID - 19 on the economic environment in March and April 2020, Press release, No. 104 / April 15, 2020. Retrieved May 21, 2020 from [https://insse.ro/cms/sites/default/files/cercetare\\_impactul\\_covid-19\\_asupra\\_mediului\\_economic.pdf](https://insse.ro/cms/sites/default/files/cercetare_impactul_covid-19_asupra_mediului_economic.pdf)

<sup>2</sup> Online commerce in Romania, estimated 30% increase for 2020. Retrieved April 21, 2020 from <https://revistaprogresiv.ro/stiri/comertul-online-romania-crestere-de-30-estimata-pentru-2020>

<sup>3</sup> The European Commission monitors developments in SMEs' access to finance through the joint European Commission/European Central Bank Survey on the access to finance of enterprises (SAFE). Survey on the Access to Finance of Enterprises (SAFE), [https://ec.europa.eu/growth/access-to-finance/data-surveys\\_en](https://ec.europa.eu/growth/access-to-finance/data-surveys_en)

<sup>3</sup> I bisogni delle PMI per la ripresa post-Covid, 2020. Retrieved May 22, 2020 from [https://www2.deloitte.com/content/dam/Deloitte/it/Documents/strategy/Bisogni\\_PMI\\_post\\_covid19\\_MonitorDeloitte.pdf](https://www2.deloitte.com/content/dam/Deloitte/it/Documents/strategy/Bisogni_PMI_post_covid19_MonitorDeloitte.pdf)