

# OPINIONS OF ECONOMIC ENTITIES FROM BRAȘOV AND SUCEAVA COUNTIES REGARDING THE IMPORTANCE OF LEASE SERVICES FOR DEVELOPING THE BUSINESS ENVIRONMENT

Lecturer PhD **Oana BĂRBULESCU**

Transilvania University of Brașov, Faculty of Economic Sciences and Business Administration, Romania  
[oana.barbulescu@unitbv.ro](mailto:oana.barbulescu@unitbv.ro)

Professor PhD **Cristian Valentin HAPENCIUC**

“Ștefan cel Mare” University of Suceava, Faculty of Economics and Public Administration, Romania  
[valentin@seap.usv.ro](mailto:valentin@seap.usv.ro)

Assistant PhD **Andrei-Alexandru MOROȘAN**

“Ștefan cel Mare” University of Suceava, Faculty of Economics and Public Administration, Romania  
[alexandrumorosan@gmail.com](mailto:alexandrumorosan@gmail.com)

Master Student **Mihai COSTEA**

“Ștefan cel Mare” University of Suceava, Faculty of Economics and Public Administration, Romania  
[mihai\\_costeaa@yahoo.com](mailto:mihai_costeaa@yahoo.com)

## **Abstract:**

*We herein aim at identifying some development opportunities for Romanian SMEs within a changing business environment by using the lease as a means of business financing. In this regard, we undertook a piece of quantitative marketing research using, especially, a series of descriptive and inferential statistics elements so as to meet our research objectives: highlighting the financing forms used by the economic entities in the two counties, identifying the proportion in which lease is used and describing the main constraints existing when financing companies by leasing. The research results underline the fact that the main business entities use this financing system, it being considered more advantageous than the bank loan. Moreover, we notice some differences between the two counties analysed suggesting the existence of an important influence of the local business environment.*

**Key words:** Lease, Development, Financing forms, Financial lease, Operational lease, Leaseback.

**JEL classification:** D23, D24, E22, G23, G32.

## **I. INTRODUCTION**

The development of SMEs plays an important role in the growth and prosperity of every county. The small and middle-sized enterprises (SMEs) are considered to be the engine of the economic growth both in the developed and in the emerging countries as well, if taking into account the level of investment, they generate more workplaces than the large companies. At the same time, SMEs have a significant contribution to GDP, to the national budget through the revenues collected as taxes, to the increase of the entrepreneurial culture, to the development of the skills of the human resources that lead to the increase of the standard of living of the communities where SMEs operate in. The development of SMEs field creates a competitive environment and contributes to the correct distribution of revenues within the economy (Qureshi, Herani, 2011).

Due to their small size, SMEs enhance the atomic nature of the market and reduce the power of large companies to influence it. Besides, their large number stimulates competition, limiting the monopole positions of large companies and thus decreasing their possibilities to increase prices. Due to their abilities to respond promptly to the local demands as a result of their flexibility, SMEs often manage to operate on local markets more efficiently than large business entities (Silivestru, 2013). Hence, SMEs may be considered as valuable players of the economy, offering entrepreneurs many opportunities and benefits that they would not be faced with otherwise.

In 2013, SMEs continued to have a major share of 99.7% in the total number of Romanian active companies and had a significant contribution to creating new employment, as 65.7% of the total number of Romanian employees work in SMEs. This can be also explained as SMEs are customer-oriented organizations, possessing considerable resources and technical abilities. But they often do not have the necessary financial resources to create and transfer value to stakeholders (Popescu, Dumitru, Vegheş, Kailani, 2013).

Facilitating access to financing represents nothing but the main instrument in ensuring the economic growth, the innovation and the aggregate productivity of a country. Improving SMEs' access to financing plays a crucial role in promoting the entrepreneurial spirit and in intensifying competition at the level of the entire economy. The access to capital sufficient and adequate to growth and development is one of the main challenges that most SMEs face with. This situation is also intensified by the difficulties they encounter in their relationships with financial intermediaries that consider their financing as highly risky but lowly profitable (Silivestru, 2013).

A real scan of the main financing sources of the Romanian SMEs shows that the lease and the bank loan are more accessed by entrepreneurs than venture capital funds, risk capital funds, factoring, European funds and governmental assistance programmes. In this respect, lease has an important role in the modern economy, making possible the meeting on the same market of capital owners/suppliers and capital receivers who need it in order to render their activities more efficient (Vintilă, 2004). In this context, the relationships between the implied parties have been strictly regulated both legally and fiscally. Hence, the volatility of the Romanian business environment generated limitation of the activity of capital users and consequently, the cessation of lease contracts conclusion, creating large disequilibria in the management of the supplying companies.

This paper emphasizes on one hand the importance of the lease within all the SMEs' financing sources and, on the other hand, characterizes the behaviour of the consumers of such financial services with the aim of improving law and practice in this field. In this regard, the novelty of this article consists of the research undertaken, which aims at filling the existing gap in the Romanian specialty literature and which brings as a foreground essential aspects regarding SMEs financing by means of lease.

## II. SCIENTIFIC LITERATURE REVIEW

The economic and social importance of the SMEs field is also underlined in the specialty literature. A well spread statement in the papers focused on SMEs is that "SMEs represent the backbone of the economy, being the main engine for economic growth".

In order to emphasize SMEs' role in ensuring economic growth from the point of view of increasing workforce occupancy rate because of the reduced costs associated to the creation of a workplace (Audretsch, Keilbach, 2008), it has been demonstrated that during the period of time from 1980 to 1990, the main regions in Germany registered economic growth as a result of the increase of SMEs' share as far as the number of employees is concerned, in most of the industrial fields.

Some authors (Beck, Demirguc-Kunt, 2005), grounding on three premises: SMEs' capacity of stimulating competition and developing entrepreneurship, their productive flexibility to produce more sophisticated, varied and innovative goods than the large companies and their significant contribution to the increase of employment, maintain the economic development model that focuses on SMEs. Within their previous analyses, the same authors (Ayyagari, Beck, Demirguc-Kunt, 2003) underline the fact that SMEs' prevalence on the market is a feature of those economies registering significant growth and not a cause of it.

Other authors (Silivestru, 2013) demonstrated the existence of a positive connection between SMEs' prevalence at the level of an economy as far as the created added value is concerned, and the increase of GDP. But as regards the size, the situation is different: as micro-enterprises do not manage to generate increases of GDP, SMEs significantly contribute to economic welfare. The main cause of the different roles that SMEs play according to their size for our

country's economy is the efficiency per employee. In small companies, we can find the highest proportion of number of employees of SMEs but the lowest labour productivity per employee. The lack of efficiency is caused by the limited access of small companies to the financing sources for investment projects.

It is well recognized in the speciality literature that the reduction of financial constraints for the private sector and the focus on the increase of firm sizes is a means by which the financial system contributes to ensuring the economic growth (Beck, Demirguc-Kunt, Laeven, Levine, 2008). As economy currently passes through some deep changes, economic development theories and models must be adapted to the new realities. More and more specialists attribute to services the role of engine of economic growth (Ionciță, Petrescu, 2005).

In the last decades, lease has proven to be one of the most efficient financing ways of investment in the production field and not only, offering high security to capital owners (Georgescu, 2002). Thus, it has become an alternative preferred by 80% of the companies in the developed countries, reaching 70% of the "wealth" of these companies. The main reasons of using lease as a financing form truly reflects its philosophy referring to the fact that:

- Profit is generated by the effective use of the fixed assets and not of their ownership right over them;
- Owning some old or obsolete equipment is generally a real disadvantage for the companies;
- Getting the right of use, with the minimum invested capital, on some modern and proficient equipment leads to the growth of the business and consequently of its activity, generating in the end a higher profit.

The lease represents a form of trade and financing by which specialized financial companies or producers directly rent some goods to those customers who do not have sufficient own funds or borrow in order to buy (Ciobanu, 1997). By such transaction, a party named lessor or financier transfers to another party named lessee, for a certain period of time, the right of use over an asset against a sum of money, named lease rate (Nițulescu, 2008). At the end of the stipulated period of use, the financier undertakes to respect the user's right of option to acquire the proprietorship of the good at a residual price or to extend the lease contract, or to terminate the contract (Clocotici, Gheorghiu, 2000).

### III. THE ROMANIAN LEASE MARKET

When analysing lease operations, we can see that, among all its forms, it is financial, operational, direct lease as well as leaseback that present the highest attractiveness for Romanian entrepreneurs. Following 2008, the Romanian financial lease market got stable to around Euro 1.3 billion whereas last year, as a result of some financing projects that were postponed, it registered a decrease of 9% as compared to 2012, a total funded volume of Euro 1.243 billion (ALB) being realized.

Funding given in 2013 was used for the three traditional fields of financial lease: that of the means of transport which has a major proportion of 71% (Euro 879 million), that of equipment to be used in different economic fields with a proportion of 25% (Euro 315 million) and the real estate with a proportion of 4% (Euro 49 million). As in 2013, the automotive market registered significant decreases; the dependency of lease funding on this market is the real reason that negatively and directly affected the total volume of new lease funding at national level. In accordance with the national economy growth sustained by the agricultural production and export growth, financial lease funding proved to be a consistent supporter of the financing need of such fields. Thus, as compared to 2012, in 2013 there was registered an increase of agricultural equipment financing from 14% to 23%, as well as of wood processing industry equipment financing (from 3% to 4%), of food industry financing (from 2% to 5%) and of automotive service companies (from 1% to 3%).

With the same dependency on the general evolution of Romanian economic fields, the proportion of financing other industries is decreasing as follows: construction field from 22% to 17%, metallurgy from 9% to 8%, technology financing in the energy field from 19% to 14%. The

financing of the other economic fields preserves a relatively constant proportion. The real estate field maintains the historically low value from 2012, in accordance with the general context of the Romanian real estate market as well. Furthermore, legal persons as customers attracted the highest proportion of total financing that of 97%, increasing by 9% as compared to the same period of 2012. Most legal persons who use financial lease as a financing source necessary to their economic activities are SMEs.

The highest market share is registered by the financial lease companies which are affiliated with banks, with 65%, followed by those belonging to producers with 20% and independent financial lease companies with 15%.

Operational lease mainly responds to the needs of large companies that possess or want to acquire vehicle fleets. From the point of view of turnover, at the end of 2013, this market reached the value of Euro 200 million, registering a little increase of approximately 3.5% as compared to the previous year, getting to almost 43,000 units (ASLO). The new 11,500 vehicles registered by operational lease in 2013 represent more than 17% of the total number of the new registered light commercial vehicles. This evolution was registered as in 2012 the market had also a positive tendency increasing by 11% to no more than 41,500 units. For 2014, the potential of operational lease market is estimated to Euro 220 million, this being a low increase of approximately 5%.

Within all the operational lease services, the main proportion of 70% is of fleet financing and management services (complete services of operational lease) followed by fleet management with 23% and operational lease services consisting exclusively financing with 7%. After a long period of stagnations and declines, for the first four months of 2014 it has a positive evolution, the Romanian lease industry being consolidated by 28% as compared to the first semester of 2013.

To conclude, lease is considered an exact barometer of economic development, financing increase or decrease affecting the performance of the overall economy, as a rule between 6 and 8 percentage points in the lease market involving 1 percentage point increase in GDP. In such conditions, if forecasts of lease market increase are to be confirmed, we shall state an increase of economy performance.

#### IV. RESEARCH METHODOLOGY

Given the importance of this financing source, we undertook an enquiry at the level of two Romanian regions, based on the following hypotheses:

1. More than 40% of business entities of the analysed counties used the services of lease companies.
2. Less than 60% of business entities of the analysed counties consider that lease is more advantageous than banking loan.
3. The activity field of business entities of the analysed counties influences the number of contracts concluded with lease companies.

In order to test the hypotheses herein formulated, in April-June 2014, we undertook a piece of quantitative marketing research at the level of Braşov and Suceava counties on a sample consisting of 886 companies (this sample size was established based on the data published by the county statistics departments – the number of companies in every county, assuming an limit error rate of 5%).

Because we wanted to obtain a sample size similar in structure to the researched population, we chose the proportionally stratified sampling (stratifying according to the activity field: agriculture, industry, construction, trade and services; and according to the firm size: micro-enterprises, small enterprises and medium-sized enterprises). In order to collect data, we used a questionnaire consisting of 42 questions. In terms of the type of questions, we used both closed questions (especially dichotomous and with multiple answer) and open questions. Regarding the types of scales, we used especially the Likert Scale and the semantic differential scale (Osgood) in order to determine the average score (weighted arithmetic mean) representing the overall assessment of the entire sample.

The questions aimed at identifying the information sources used, describing the behaviour and profile of lease services customers, identifying issued appeared during the duration of financing contracts as well as the possibilities of improving such services. Questionnaires were applied by using two methods: applying questionnaires by e-mail and by an interview operator. In both cases, we used lists with the trading companies of the two counties, grouped according to their field of activity and size.

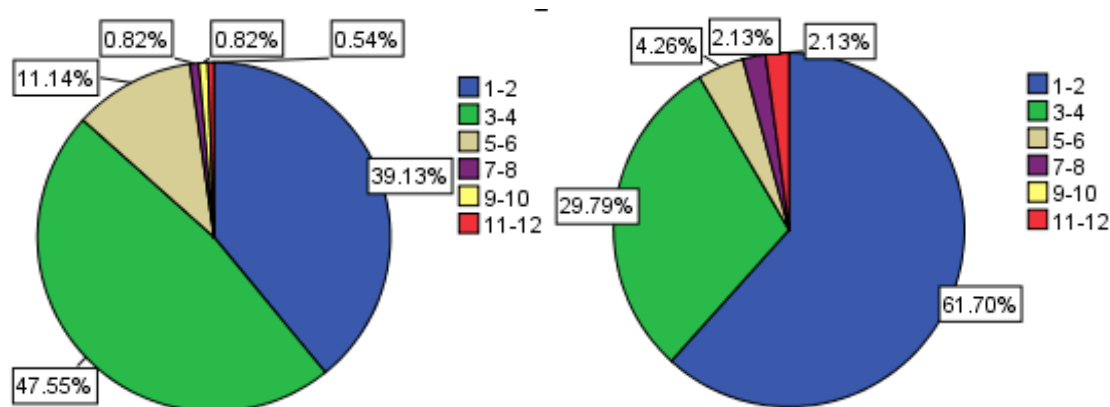
According to the proportion of every stratum, we randomly (we used a random number generator) selected from the two lists the companies to question. With regard to Suceava county, we used only questioning by e-mail so the response rate was lower (data are still representative) as with regard to Braşov county where both data collection methods were used. Further, data were centralized by using the software SPSS version 19.0 for Windows.

In order to test the hypotheses, we used non-parameter correlation tests (Spearman and Kendall) as well as tests for binominal variables. Due to the way that we structured our hypotheses, we used a binomial test to analyze the appearance probability for one of the values (for a alternative variable –  $H_1$  and  $H_2$ ). In the case of the third hypotheses we intended to use a chi-square test and as a back-up some correlation tests.

## V. SYNTHESIS OF THE MARKETING RESEARCH RESULTS

According to the study we undertook, more than 39.4% of the business entities of Braşov county that demanded offers from the lease companies had as a main information source the recommendations of the suppliers as well as of the dealers of the goods they wanted to buy, a similar situation being registered also at the level of Suceava county where the proportion of the business entities who chose to use this information source is higher (57.4%). Another information source often used by trading companies of Braşov county is the recommendations from their acquaintances or cooperators (35.6%), situation which is different from that registered in Suceava county, where only 19.1% of the economic units use such information sources. In contrast, the least used information sources by companies from both counties are street billboards and mass-media, the results obtained corresponding to the reality if we are to consider the fact that these means of information are focused less on promoting lease services.

A good proportion of the business entities from Suceava county (61.7%) choose as a rule, to demand offers from 1-2 lease companies before making the decision of acquiring a good unlike most of the companies from Braşov county (47.55%) that, in general, require offers from 3-4 lease companies so as to compare them and to choose the best financing option (Figure 1). As a consequence, the companies from Suceava county which demand offers from more than two companies are less represented as compared to the data registered in Braşov county; this denotes a more pragmatic approach of companies from Braşov when it comes to choosing the optimum financing sources.



**Figure 1: Comparison regarding the number of lease companies that business entities from Braşov (left) and Suceava (right) choose to demand offers from**

*Source: Authors*

The fact that during the lease process there are not required, as a rule, additional guarantees as in the case of the banking loan, represents for the business entities from Suceava county the main reason for which they appealed up to the present to the services of a lease company (26%). As similar as it regards the economic companies questioned in Braşov county, the rapidness in getting the financing (24.5% - relative value registered at the level of Braşov county, 24% - Suceava county) and the possibility of VAT deduction at vehicle acquisitions (17.17% - Braşov county, 19.8% - Suceava county) are also reasons of high importance that determine entrepreneurs to use lease as a financing method (Table 1).

The opinions with respect to the possibility to renounce at the acquired good during the contract and the possibility of extending the contract at the end of the lease period registered the same values at the level of the two counties herein analysed, the elements invoked not being real reasons so as to determine companies to use the services of a lease company.

**Table 1: The main reasons invoked so far by the business entities from Braşov and Suceava counties for using the services of a lease company**

	Braşov	Suceava
The leased asset may be replaced anytime during the location period.	9.2%	1.0%
One may renounce anytime to the leased asset during the contract.	3.7%	3.1%
At the end of the contracting period, there is possible to extend the contract.	6.3%	1.0%
Accelerated amortization is possible.	6.5%	7.3%
Deduction of almost entire VAT at vehicle acquisition.	17.7%	19.8%
Rapidness in getting the financing.	24.5%	24.0%
There are not required additional guarantees.	14.8%	26.0%
Less advance payment than in the case of other financing instruments.	16.1%	15.6%
Other.	1.2%	2.1%

*Source: Authors*

An interesting aspect is that, as the business entities of Braşov county considered, the services of the lease companies affiliated to producers or goods dealers are different from the services offered by the lease companies affiliated with banks (59,67%), this opinion being also expressed and sustained by the majority of questioned companies from Suceava county (72.34%). Out of the business entities from Braşov county that stated such differences, 37.44% consider that the interest rate used by the lease companies affiliated with manufacturers or dealers is at an average level (neither high, nor low) as 31.29% appreciate that companies offering lease services affiliated with a manufacturer or dealer have high interest rates. However, by taking into consideration the average score of 3.22 on a scale from 1 to 5, where 1 represents the lowest level of the interest rate and 5 its highest level, we can state that business entities from Braşov county have, in general, a neutral opinion with regard to the level of the interest rate demanded by the lease companies affiliated with manufacturers, a similar view having the business entities from Suceava county as well (average score of 3.36).

As regards the interest used by the lease companies affiliated with banks, most business entities from the two counties herein researched consider it as high (36.29% - Braşov county, 41.94% - Suceava county), and less than 32% of the questioned companies of Braşov county and 25.81% of those of Suceava county agree that interest is at an average level. The overall of 3.87 registered in this study for the Suceava county, little higher than that determined for Braşov (3.61) show that on the whole, business entities from the two counties consider that the interest used by lease companies affiliated with banks is a high one and as a consequence, it is higher than that used by the lease companies affiliated to producers or goods dealers.

According to the general opinion of 45.16% of the business entities from Suceava county, interests used by independent lease companies have an average level whereas more than 29% agree that such interest is a high one. As compared to Braşov county, the average reaches approximately the same value (3.36 to 3.32 – value registered at the level of Braşov county) which shows that the

interest rate used by independent lease companies lies at an average level. The same as regards the results registered for Braşov county, we find that business entities from Suceava county use higher interest than independent companies as well as than the companies affiliated with manufacturers or dealers.

According to the research results, the interest used by banking loans institutions is at a higher level than the interest used by lease companies, either independent or affiliated, thing that may be one of the main reasons for which an business entity would choose to finance its activity with the help of a lease operation and not with a banking loan. When the interests used by the lease companies are at a lower level, at least in terms of asset volume, lease would be clearly a more advantageous option.

Among the companies of Braşov county, the opinions regarding the amount of the interests charged for loans are divided: 30.9% consider that they are not either high or low, 30.34% consider that loan interests are high whereas interestingly, unlike the opinions regarding interests used by lease companies, more than 28% of economic units in this study appreciate that loan interest is very high. Furthermore, business entities from Suceava county are more conservative when it comes to banking interest and no more than 40% of them agree that interests used by banking institutions are very high.

Most of the companies (80.65%) operating in Braşov county consider that lease is a more advantageous financing form than the banking loan, the main reasons stated referring to the approval time which is shorter for lease (30.7%), the possibility of VAT deduction at vehicle acquisition (25.4%), respectively the existence of some criteria more flexible to grant the financing for lease than for banking loans (18.2%). With respect to the business entities of Suceava county, there are often expressed the ideas that lease is a more advantageous form, offering the possibility to deduce VAT when acquiring means of transport (29.6%) and lacking of additional real estate securities not being requested than banking loans (22.2%) being the main reasons expressed (Table 2). Even though loans are a frequent option in the economic practice, the business entities most probably remark a number of drawbacks of this financing form, such as: loan securities and meeting some strict financial solvency criteria as well as, sometimes, the fluctuating interest.

**Table 2: The main reasons for which business entities choose lease as a means of financing and not the banking credit**

	Braşov	Suceava
Shorter time for financing approval	30.7%	14.8%
More flexibility in granting financing	18.2%	14.8%
VAT deduction at means of transport	25.4%	29.6%
Flexibility in establishing the advance payment, instalments and residual value	16.5%	11.1%
Lack of additional real estate securities not requested	8.9%	22.2%
Other	0.3%	7.4%

*Source: Authors*

However, it is important to state that those business entities, for instance, who have not used up to the present the services of a lease company invoke as their reasons the obligation to insure the asset purchased by this form of financing (75%) as well as the fact that the financing period is not long enough, the lease contracts being concluded, as a rule, on periods of time relatively short if compared to the other financing forms as the banking loan (25%). We consider that based on the economic decrease as the present one, the disadvantages of lease as a financing source (either those already invoked by the questioned business entities or other economic or legal reasons) can hardly weigh generating a decrease of the lease market.

Thus, lower interest and longer-term financing possibility represent the main reasons for which the business entities from Braşov county would use a banking loan in order to purchase goods and not the lease. According to the hierarchy made by the respondents according to the

importance, the third ranks the possibility to receive financing for more categories of goods that is not to be offered by a lease operation. It is interesting the fact that, even if possessing the proprietary right at the moment of entering into the possession of the good is a feature specific to banking loans and not offered by leasing, this aspect does not represent the main priority for the business entities from Braşov county, so it may not be considered one of the main reasons for which they would use a banking loan rather than a lease contract. It is also interesting that unlike the business entities from Braşov counties, the companies questioned from Suceava counties give a high importance to the possession of the proprietary right on the goods, this aspect being ranked the second when classifying their priorities. Moreover, unlike the business entities from Braşov counties, SMEs of Suceava counties do not consider that the fact that the user of a lease operation who is obliged to assure the purchased good is an impediment and as a consequence, the lack of such obligation is not a good reason for which they would take a banking loan.

The business entities from Braşov who have not yet used the services of a lease company have financed their activity by other means, of which: own sources (40%) which help them as much as possible to ensure their financial autonomy and to eliminate the risk of accidental capital withdrawal; banking loan (40%) especially in the case of SMEs, as in Romania, the access to loans offered to new or small companies is more difficult; another form used by business entities to ensure their financing is accessing non-reimbursable funds (20%) offered by the European Union or the governmental programmes.

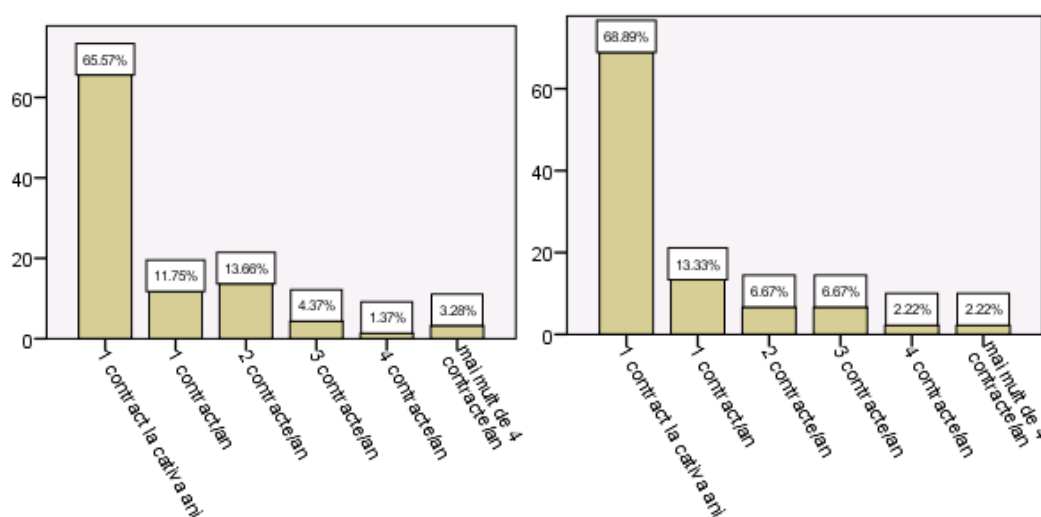
Conversely, at the level of Suceava county, most business entities who have not used by now the services of a lease company have financed their activity by a banking loan (57.6%). Moreover, 12% of the subjects questioned mention non-reimbursable funds as an alternative financing whereas 8.7% of these companies state that they have used factoring so as to financially sustain their activity. Hence, we state that 44.5% of the questioned companies from Braşov county have used many times the services of a certain lease company, the main reasons for such repetitive cooperation being the rapidness in getting the financing (31%), the attractiveness of the lease company's offer as compared to the offers of their companies on the market (25.3%) and the ease in getting the financing (23.8%).

The reasons for which the business entities from Braşov county chose to use a lease company and not a banking institution so as to get a banking loan, have also based their choice of continuing the cooperation with that lease company and to conclude other financing contracts. But, unlike those companies, the business entities from Suceava county focus more on the ease of getting the financing (more precisely the ease of preparing the documents needed for getting the financing) than on the rapidness of getting the financing itself.

Not more than 60.98% of the companies from Braşov county which made the object of this piece of research state that they invest, on the average, up to 10% of their turnover in the purchase of goods by using lease, whereas 25.57% state that the investment by lease operations do not annually surpass 20% of the company's turnover. Investments needing a budget higher than 20% of the company's yearly turnover are made only by 15.41% of the companies of Braşov county. On the contrary, 61.29% of companies from Suceava county declare that they invest, on the average, up to 10% of their annual turnover in the purchase of goods by leasing, whereas 35.48% state that their annual investment by lease operations do not surpass 20% of the company's turnover.

Most enterprises from Suceava county (69.89%) as well as from Braşov county (65.57%) generally conclude a lease contract at intervals of few years, the number of the companies with more financing needs that determine the more frequent use of lease operations resulting, as a consequence, in a relatively low proportion. (Figure 2).





**Figure 2: The frequency that the business entities from Braşov (left) and Suceava (right) counties choose to conclude financing contracts in lease system**

*Source: Authors*

From the point of view of the type of lease operations undertaken, as a result of this study, we find that enterprises from both Braşov and Suceava counties are familiar more frequently to financial lease operations than to operational and direct lease or leaseback. For instance, not less than 82.9% of the business entities from Braşov county have not yet concluded any operational lease contract, this being explained if the legal provisions in force stipulating that the customer/user may not purchase the good from its financier at the termination of the lease contract, it being obliged to return it, are to be taken into account. Thus, because considerations facilitating ownership, financial lease is more popular among the business entities from the two counties herein analysed.

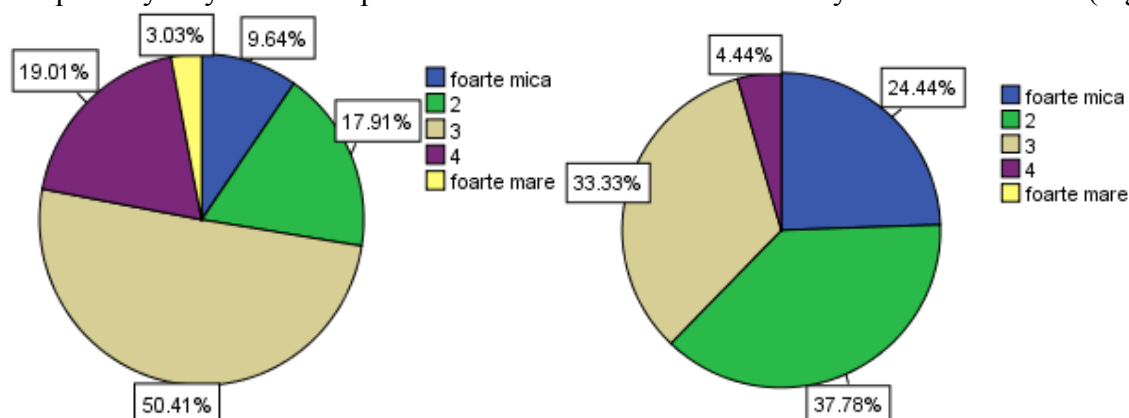
With respect to leaseback operations, we can state that the companies from Braşov county are familiar as much as the companies from Suceava county to the sale of fixed assets, immediately followed by their rental from the new owner in order to turn them into liquidities. In other words, it seems that questioned companies are pragmatically not aware of the usefulness of such operations, in the sense of improving financial conditions by increasing liquidity indicators without destabilizing company's activity as the good object of the leaseback contract may be further used in the same conditions as before being turned into liquidity.

With respect to the categories of goods being the object of lease operations, we can state that, as in the case of the business entities from Braşov county, most business entities from Suceava county have used lease contracts so as to purchase vehicles (53.8%), in small proportions lease being used to purchase utility vehicles (19.2%) and goods transportation vehicles (15.4%). If 13.9% of the used lease operations by the business entities from Braşov county consisted from purchasing equipment, in the case of companies from Suceava county, such goods represented the object of only 9% of total acquisitions made by using lease as a financing form.

The interest used by the lease company (average score of 2.50) and the ease in getting the financing (2.63) represented the factors that the business entities from Braşov county based their process of making decisions on when purchasing the last asset by lease system. In their opinion, the lease company's reputation (3.40) comes the third, this also being a decisive factor when deciding upon the conclusion of a financing contract. On the other side, the business entities from Suceava county consider that the factors taken into account when making decisions to acquire the last asset by leasing are the ease in getting the financing (opinion average of 2.95), the suggestions of the dealer's or supplier's representatives (average of 3.37) and the interest used by the lease company (average of 3.43).

A question that this study answered to is to what proportion the current law encourages the lease activity. Thus, not more than half of the economic entities from Braşov county consider that the current Romanian law stimulates on the average the lease activity, whereas 17.91% of them

appreciate that the Lease law no. 287/2006 and the other regulations and governmental ordinances do not stimulate enough this activity. At the level of Suceava county, the dissatisfaction degree is higher, as not less than 37.78% of the questioned economic entities consider that the present law in force slowly stimulates the lease activity whereas 24.44% appreciate that the Romanian regulations do not help in any way the development of the business environment by the lease services (Fig. 3).



**Figure 3: The opinion of the business entities from Braşov (left) and Suceava (right) counties with regard to the measure by which Romanian law stimulates the lease activity**

In order to encourage the user to choose lease as a financing form, the decrease of the interest level used by lease companies should firstly be encouraged and secondly, companies should be offered the possibility to totally deduce VAT. Last, but not least, other proposals made by the companies from the two counties refer to fiscal and legal relief with respect to the user's obligation to conclude a CASCO (no-fault) insurance policy for the vehicle purchased by leasing, the extension of the limited payment periods and legal and fiscal encouragement of entrepreneurs so as to renew their vehicle fleets.

With respect to the three statistical hypotheses herein enounced, as a result of the analysis of the data collected and of the statistical tests made, we can formulate the following:

1. *More than 40% of the business entities from the analysed counties used the services of a lease company;*

At the level of Braşov county, only 46.1% of the analysed companies used the services of a lease company whereas at the level of Suceava county, 57.3% of the analysed companies used this type of financing.

In order to test this hypothesis, we used a non-parametric test specific to alternative variables. This test was applied using a 40% probability. The results obtained show that the null hypothesis must be rejected. But, by applying the same test at the level of the two groups (the counties of Braşov and respectively Suceava) we found similar results. As a consequence, the first hypothesis is confirmed (in table 3 Sig. <0,000), more than 40% of the trading companies of the two counties used lease to finance.

**Table 3: Binomial Test**

		Category	N	ObservedProp.	Test Prop.	Exact Sig. (1-tailed)
Have you turned, so far, to the services of leasing companies?	Group 1	da	415	.5	.4	.000
	Group 2	nu	471	.5		
	Total		886	1.0		

Source: Authors

2. *Less than 60% of the business entities of the analysed counties consider that lease is more advantageous than banking loan;*

In order to test the second hypothesis of this study, we analysed the results to the eighth question. The results show that at least 60% of the business entities analysed consider lease to be

more advantageous than the banking loan. There is a little difference between the results obtained for the two counties, the number of the business entities from Braşov county who consider that lease is more advantageous than the banking loan being higher.

Following the use of a binominal test, at the level of the whole selection collective, the null hypothesis is not rejected (table 4). But, by applying the same test at the level of the two consisting groups, we state that the null hypothesis is rejected only at the level of Suceava county. Thus, we can appreciate that the second hypothesis is just partially confirmed (only at the level of one county analysed).

**Tabel 4: Binomial Test**

		Category	N	Observed Prop.	Test Prop.	Exact Sig. (1-tailed)
Do you consider that leasing is cheaper than bank credit?	Group 1	da	327	.8	.6	.000
	Group 2	nu	86	.2		
	Total		413	1.0		

Source: Authors

3. *The activity field of the business entities from Braşov county influences the number of contracts concluded with lease companies;*

In order to test the third hypothesis, we analysed the connection between the number of contracts concluded every year and the field of activity of the companies. The differences existing among the five groups of companies (generated by their activity field) are not noticeable.

Thus, to test the connection between the two variables, we used a chi-square test, but the results could not be taken into account as data did not respect one of the test suppositions (cells registering values below 5 represent more than 20%). Under such circumstances, we chose to use the non-parametrical correlation coefficients (table 5).

**Tabel 5: Correlation coefficient**

Correlation			Total	Braşov	Suceava
			Number of leasing contracts signed		
Kendall's tau_b	Field of activity of the company	Correlation coefficient	-0.045	-0.039	-0.098
		Sig. (2-tailed)	0.307	0.393	0.466
		N	409	364	45
Spearman's rho	Field of activity of the company	Correlation coefficient	-0.052	-0.045	-0.117
		Sig. (2-tailed)	0.297	0.393	0.445
		N	409	364	45

Source: Authors

Following the testing of the correlation between the two variables, both at the level of the selection collective and at the level of the two counties, we found that there is no connection between them. In order to test the correlation, we used two non-parametrical coefficients (Kendall's and Spearman's correlation coefficients) as the two variables are measured by an ordinal scale. Under such conditions, the null hypothesis may not be rejected (as a consequence, the third hypothesis is invalidated).

## VI. CONCLUSIONS

SMEs are considered the engine of economic growth and their development plays a vital role in the prosperity of developed and emerging countries. In order to maintain the role of engine of the economy, SMEs need funding to support innovation, higher productivity and, consequently, the aggregate economic growth of a country. However, the access to sufficient and adequate capital to grow and develop is one of the main obstacles facing most SMEs.

In Romania, leasing and bank loans are the most accessible forms of funding for the SMEs. In the Braşov and Suceava counties, the results obtained are extremely interesting and show the importance of lease in financing the activity of SMEs. Most business entities questioned had a favourable opinion regarding this financing instrument considering it more advantageous than the banking loan. For example, the fact that during the lease process there are not required, as a rule, additional guarantees as in the case of the banking loan, represents for the business entities from Suceava county the main reason for which they appealed up to the present to the services of a lease company. As similar as it regards the economic companies questioned in Braşov county, the rapidness in getting the financing and the possibility of VAT deduction at vehicle acquisitions are also reasons of high importance that determine entrepreneurs to use lease as a financing method. Moreover, according to the research results, the interest used by banking loans institutions is at a higher level than the interest used by lease companies, thing that may be one of the main reasons for which an business entity would choose to finance its activity with the help of a lease operation and not with a banking loan.

Following the analysis of the research results, we find that leasing is undoubtedly one of the most important forms of financing to SMEs, both in Braşov county, and in Suceava county. Company managers from the two counties analyzed believes that leasing could become a real growth opportunity in the country's economy, given that the legislation would help in this regard by supporting SMEs in choosing this form of financing. The companies surveyed do not hesitate to come with some proposals in this regard: the decrease of the interest level used by lease companies, companies should be offered the possibility to totally deduce VAT and other proposals regarding the fiscal and legal relief with respect to the user's obligation to conclude a CASCO (no-fault) insurance policy for the vehicle purchased by leasing etc.

In conclusion, this approach on lease, a field less studied in the specialty literature, confers a great value to the paper. By his study, we shaped a clear image of the present stage of the development of the Romanian lease field, highlighting the fact that the development of SMEs by facilitating the access to financing creates the necessary premises for a sustained economic and social growth, by creating new employment and by ensuring a development framework adequate to the individual and the society as well.

## VII. LIMITS AND PERSPECTIVES OF RESEARCH DEVELOPMENT

As any piece of scientific research, this paper undoubtedly presents a series of inherent limits that we identified but they do not have significant effects on the conclusions obtained as a result of our analyses. Taking into account that this research does not intend to exhaustively present all the issues related to lease as a business financing form, we consider that there are perspectives for further development of this study.

At the level of the two counties, we observed more important differences; under such circumstances, in order to have a clear image, the research should be conducted for other regions, too, so as to characterize the behaviour of the consumers of financial lease services based on regional particularities.

Wishing to cover a range as large as possible of topics specific to lease, we used an ample questionnaire consisting of 42 questions, either close or open, which many times generated constraints with respect to them being completely answered by business entities. We consider that, in order to get a higher response rate and more accuracy of the results, the questionnaire should be optimized, which means to shorten it. Furthermore, we consider that it is absolutely necessary to use it by some unitary methods (either using it exclusively online or using it exclusively offline with the help of field operators) at the level of all the counties to be analysed.

As a conclusion, we can say that this paper has an introductory mission, shaping a future investigation enterprise that would help formulate real solutions conducting to the elimination of all the issues that SMEs meet when accessing resources with the aim of undertaking and developing investment projects by using lease as a business financing method. In this respect, another

development direction of this study aims at taking into account its annual use so as to process data and to obtain some dynamic analyses that may bring us a clearer image on this phenomenon.

## BIBLIOGRAPHY

1. Audretsch, D. B. & Keilbach, M. (2008), *Resolving the knowledge paradox: Knowledge-spillover, entrepreneurship and economic growth*, Research Policy, nr. 37, pp. 1697–1705
2. Ayyagari, M., Beck, T., Demirguc-Kunt, A. (2003), *Small and Medium Enterprises across the Globe*, World Bank Working Paper WPS2127 [Online], disponibil la: <http://www.tilburguniversity.edu/webwijs/files/center/beck/publications/obstacles/globe.pdf>
3. Beck T., Demirguc-Kunt, A., Laeven, L., Levine, R. (2008), *Finance, Firm Size, and Growth*. Journal of Money, Credit and Banking, Vol. 40, No. 7, p. 1384
4. Beck, T., Demirguc-Kunt, A., Levine R. (2005), *SMEs, Growth, and Poverty*. Journal of Economic Growth, 10, pp. 197–227
5. Beck, T., Demirguc-Kunt, A., Maksimovic V. (2005), *Financial and Legal Constraints to Firm Growth: Does Firm Size Matter?*, Journal of Finance, No. 60, pp. 137–77
6. Ciobanu, Gh. (1997), *Relații economice și tranzacții internaționale*, Editura Risoprint, Cluj – Napoca, p. 224
7. Clocotici, D., Gheorghiu, Gh. (2000), *Operațiunile de leasing*, Editura Lumina Lex, București, p. 15
8. Drumea, C. (2008), *Rules on business ethics. Sox standard*, The Amfiteatru Economic Journal 10, no. 23, pp. 154-160
9. Georgescu Goloșoiu, L. (2002), *Business of Banking, vol. 2: Banking in the International Environment*, Editura ASE, București, p. 27
10. Ionică, M., Petrescu, E. C. (2005), *De la creșterea economică la dezvoltarea durabilă. Rolul serviciilor în procesul de dezvoltare*, Revista Amfiteatru Economic nr. 18, p. 61
11. Qureshi, J.A. and Herani, G.M. (2011), *The role of small and medium-size enterprises (SMEs) in the socio-economic stability of Karachi Indus*, Journal of Management & Social Sciences, 4(2), pp. 30- 44
12. Neacsu, N. A. (2011), *Protectia consumatorului*, Editura Universitatii Transilvania din Brasov, Brasov, p. 24
13. Nițulescu, G. (2008), *Ghidul financiar – bancar al României*, realizat sub patronajul Băncii Naționale a României, ediția a III – a, Editura House of Guides, p. 111
14. Popescu, I. C., Dumitru, I., Vegheș, C., Kailani, C. (2013), *Comunicarea de marketing – vector al consolidării afacerilor întreprinderilor mici și mijlocii, din perspectiva dezvoltării durabile*. Revista Amfiteatru Economic nr. Special 7, pp. 493-509
15. Ramalho, J., da Silva, J. (2009), *A two-part fractional regression model for the financial leverage decisions of micro, small, medium and large firms*, Quantitative Finance, Taylor and Francis Journals, vol. 9(5), pp. 621-636
16. Silivestru, D.R. (2013), *Finanțarea IMM-urilor din România în context european*. Teză de doctorat. Universitatea Babeș – Bolyai, Cluj-Napoca
17. Vintilă, A. (2004), *Aspecte teoretice și practice privind operațiunile de leasing (II)*, Revista Curentul Juridic, anul VII, nr. 1 – 2 (16 – 17), p. 1
18. <http://www.dailybusiness.ro/stiri-finante-banci/piata-de-leasing-financiar-s-a-contractat-cu-9-anul-trecut-98647/> accessed at: 29.08.2014
19. [www.wall-street.ro/tag/piata-de-leasing.html#ixzz3BwxAMZGu](http://www.wall-street.ro/tag/piata-de-leasing.html#ixzz3BwxAMZGu) accessed at: 29.08.2014