

BAROMETER OF EFFICIENCY UNDER THE ACTION OF RISK FACTORS

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Abstract

The stated purpose of this research theme is to test the capacity to measure and analyze the degree of security and financial health of the company, starting with the economic content of efficiency. In this work, the efficiency will be addressed in compliance and in relation with the risks affecting the performance of economic activities. The main subject of this topic will be especially the enterprise system exogenous risks, for those risks are taken measures to achieve the desired correction effects and involve some specific decisions focused on trend evolution.

Market adds to its natural fluctuations - caused by variations in aggregated supply and demand and the equilibrium price – also other disturbing factors of economic activities such as those related to movement and imbalances in the financial markets, policy factors, demographic factors, globalization intensity, vertical integration, etc.

In this paper we try to find, motivate and apply a working mechanism in the diagnostic procedures that we dare to define as a "barometer of efficiency" and, to prove its applicability, we will test it at company level, respectively a practical situation.

The subject took for testing the efficiency diagnostic procedure depending on the magnitude and intensity of the action of risk factors is represented by an industrial company in the field of mechanical industry, with a high level from the point of view of quality and economic efficiency. This company, like any other economic entity is anchored to specific market mechanisms and those belonging to the general market for goods, with all the advantages and disadvantages of integrating on the market. Fluctuations in the market are disruptive factors that reverberate on business activity, absorbing its effects sometimes in an amplified manner.

The proposed indicators for the diagnosis of efficiency fluctuation depending on the risk factors are, in our opinion, the "barometer" sizes that management should consider and therefore should intervene through appropriate corrective decisions.

In this context, the "barometer" of efficiency is the tool for measuring the risks effects fluctuations to which the company is connected through market mechanisms.

Keywords: efficiency; risks; instruments; indicators; effects.

Introduction in the topic

Efficiency is a relative term, but its accurate estimation, assessment and perception are extremely important for economic activity generally, but especially for management of companies under the action of exogenous risk factors.

When we say that an economy or company is more effective than another it is considered the result, seen as an effect, of a comparison of criteria or indicators, as: turnover, overall productivity, profitability, return or output per employee, return for facilities, production for facilities etc.

Beyond approaching the efficiency as perspective and analysis support for the achievement of comparisons, there is the question of usefulness of this concept in relation with different action of risk factors, both temporal and spatial. The association of efficiency concept with business risks is granted, as state of interdependence and causality;

measuring the effectiveness in compliance with the force of action of entrepreneurial system external factors may acquire other meanings than classical ones.

Individual actions or in conjunction with risk factors propagate on the whole activity, the final retrieval on the level efficiency of recorded. Action force acquires different intensities, with multiple effects, all of which require management decisions consistent with the directions of correction of generated effects. To measure the effects of exogenous factors action is not a problem in itself; identify and measure the nature and intensity of risk, on a trend likely to follow the generated effects becomes an issue at least interesting and a challenging for economists.

One of the ways of action to use and exploit is the operative detection of risk factors. Once identified through diagnostic analysis type, working adequate mechanisms can be applied, namely, that of measuring the impact and action force exerted on economic activity, so that the right decisions will put the company's trend on the desired path.

One of the ways for foundation of managerial decisions, as those corrective of risk factors influence on company's efficiency, proposed in this paper, is the application of the barometer working principle, an instrument mainly used in weather forecasts.

In the field of economic activities, similar instruments to the barometer are some specific indicators, with a particular sensitivity to the influence of risk factors, especially of those exogenous to company's system.

Considering the operating principle of the barometer - purely technical instrument - in terms of economic activities can be considered as haphazard at times, but the results shown become significant in the decision making process, as we argue below.

1. Efficiency and the barometer for measuring it within the economic activity

Terms of efficiency and effectiveness come from Latin, so the notion of *efficiency* comes from *efficere* = to perform, and effectiveness of *efficacis* = capacity to produce a desired effect.

The concept of efficiency has seen widespread over time, especially with the increase of limited and restricted resources. Currently, efficiency is generally applied in the decision making process in any country and at all levels. Typically, a higher efficiency means a favourable development of economic phenomena and processes based on the use of labour, but also a process for improving social and human phenomena and processes.

In the general context of efficiency, *i.e.* economic nature, it should be seen as a complex category, within economics sciences, which requires systematic approach related to the consumption of production factors and the results obtained following this consumption.

The content of this kind of approach does not reveal anything other than production cost elements or charges for services provided, in connection with the allocation of resources, regardless of their nature.

Starting from the idea according to which the cost is the basic component of the value, the passage from cost to value is at the expense of a relatively simple calculation: the fine production cost and profit margin, and reporting sales price thus obtained to the equilibrium price on the specific market.

Without pretending to make new assumptions, we say that the expression of efficiency in the economy, as a rule, is made by using the concept of *value*. A subjective representation of value might be that the concept reveals the desire to have, to get, to be the holder of a particular good, thing or service. In such case, appreciation of value is not only difficult to be achieved, but especially without a comparative basis, starting right from the subjectivity of the analyzed phenomenon.

Contextualizing by summing the concepts of value with those of efficiency, in the open market mechanisms, and adding the wishes for valorisation of shares with those of profit

maximization, profit realized through the utility of goods and services, we can get a certain generalization of meaning and content of efficiency.

In economics sciences, efficiency is a field of theoretical and applicative approach of prime importance in the study of economic phenomena and processes; this object of study should be viewed as the net result of the report, correlation or comparison, between *cost* (effort, resource consumption of any kind) and *outcomes* (effects of economic actions, resulting in the amount of turnover, production achieved, outlet level, etc. .) expressed either in physical or quantified value.

Therefore, economic efficiency is and should be regarded as a structural and qualitative concept, that establishes a connection between advanced efforts in economic processes and final effects, regarding proper grounding of decision directed towards the: use of resources, increasing competitiveness, providing capacity for compensation of production factors, lagging of development resources and self-financing, etc.. From this perspective, the concept of efficiency is a central one within theoretical and methodological concerns especially in the sphere of economic pragmatism in a functional economy.

Economic efficiency means getting the economic and social effects useful, in terms of a rational consumption of resources, materials, labour and financial resources, using for this purpose, scientific methods of management and organization of productive activities (Florea Staicu, and others, *Economic efficiency of investments*, Editura Didactică și pedagogică, Bucharest, 1995).

Economic efficiency can be both a quantitative and a qualitative measure of economic activities, therefore, at least in terms of quantitative properties behaves as any phenomenon and can be measured using specific tools.

The notion of *instrument* refers to "*tool, device by means of which is performed a specific operation.*" *The Barometer* is an "*instrument used to measure atmospheric pressure*" (DEX- *The Explanatory Dictionary of the Romanian Language*, Romanian Academy, "*Iorgu Iordan* - Al. Rosetti" *Institute* of Linguistics, 1996).

Atmospheric pressure causes a certain state of *natural phenomena*: a high pressure generates precipitation and vice versa. Any change in atmospheric pressure directly affects, in a period of time that can be anticipated, the phenomena of nature, influencing them in a consistent deviation (fluctuation) that has atmospheric pressure.

The instrument for measuring atmospheric pressure of oscillations is called barometer and it is used by professionals in developing forecasts of natural phenomena, their evolutionary expectations, for short or medium term. According to compiled forecasts, those interested can take appropriate measures to mitigate the effects that can be caused by natural phenomena.

In economic activities, tools for anticipating *economic phenomenon* are designed to alert management of possible and future fluctuations and put it in a position to make decisions of consistent correction.

Depending on the direction to approach the efficiency of the company (management vision) shall be used appropriate tools; should be used those indicators that reflect eloquently also efficiency itself but especially changes recorded under the action of economic phenomenon oscillations produced by exogenous factors of entrepreneurial system.

A certain *indicator*, targeting a specific goal, purpose, desideratum, is nothing but a working tool, a *barometer* used in relation to the phenomenon to be studied, either post or ante factum.

2. Efficiency - principle of organizing of company's activity

Seen as a consistency principle governing the organization and conduct of business activities with a high degree of connectivity to mechanisms of market economy, efficiency gains a rich content, and also more resumptive for favourable results as desired (by management) to be obtained.

Theories of economic thought, especially the modern era define the efficiency as a defining object of economic science. Ability to effectively choose how consumer needs are met (unlimited) with resources available (scarce and expensive) under constraints caused by the action of a variety of factors, exogenous and endogenous to reference system, are nothing but expressions by which efficiency is located in the centre of economic theory and practice.

The diversity of definitions of the concept of efficiency demonstrate interest shown in this direction, both by ideologist and by contractors or their agents (managers) on the imperative need to maximize the effects that are generated by resource consumption.

The way of conceptualizing the essence of the concept of efficiency results from different ways of approach of:

- *managers* - are focused on the overall efficiency of the company;
- *investors* - current and potential investors perceive efficiency by profitability and time of repayment of invested capital;
- *employees* - show interest in the sustainability and profitability of the company,
- *creditors* - are interested in the efficiency of the company in terms of its liquidity and solvency;
- *clients* - are concerned by partner company in terms of stability, technology and quality of goods and services produced;
- *government* - is interested in the ability to pay taxes that are often progressive in relation to the degree of efficiency, without excluding the general level of developed activity.

In practical terms, comparing the value level of the above indicators is usually made in:

- *time* - compared to the level recorded in prior or future periods when used for grounding systems planning;
- *space* - compared to the level registered by other companies with the same activity or industry / sectors activity average level indicators;
- *structure* - representing the composition analysis of indicators of efficiency, i.e. analyzing the evolution of the elements that define each of these indicators.

An effective entrepreneurial management with a bigger decision-making efficiency in providing the state of economic and financial equilibrium of the company, fighting what is "governed" by a variety of risks, dangers threaten the very fundamental principle of companies: *efficiency through performance*. In the same level of pragmatism in the battle to achieve equilibrium state, are operating a number of risk factors that can be controlled, more or less in the decision- making process, acting as *constraints*.

Constraints under which the company meets the requirements of efficiency are generically called *risks*.

3. Risks of inefficiency in the company

Specialty literature (Petrescu, Silvia, *Economic and financial diagnosis. Methodology. Case Studies*. Editura Sedcom Libris, Iași, 2004) assigns a lot of pages for the ample concept of company risks.

Within the debate about business as existence, modality of organization as well as operational and functional perspective of companies sometimes the risk is associated with the notion of bankruptcy (Maria Bătrâncea, *Risk and Bankruptcy*, Dacia Publishing house, Cluj-Napoca, 2003), defined in many forms and meanings, most times the risk of being connected with the words: *uncertainty* (Ion Staicu, *Finances*, Editura economică,

Bucharest, 2002) and *future* (Florea Radu, *Methods and techniques of financial and economic analysis, Editura Scrisul Românesc, Craiova, 1999*).

Both uncertainty and the future are usually referring to the same thing:

- *uncertainty* - the fact of not knowing what will happen if ...
- *future* - the multitude of facts, actions or operations that will be consumed in the following periods, with a certain degree of ... uncertainty.

The concept of risk is not significant only when the future is foreshadowed and there is the try to estimate the possible fluctuations of different rates, of which the return is the central one (S. Petrescu, M. Mironiuc, *Economic and financial analysis. Theory and Applications, Editura Tiparul, Iași, 2002*).

French literature (Nathalie Mourques, *Les choix des investissements dans l'entreprise, Editura economică, Paris, 1994*) approaches the risk as a elusive and vague concept, difficult to define by economists, this task is even more difficult for investors and entrepreneurs.

In economic activities environment, risk, either economical or financial, accumulates a number of features that can define it in a certain way, depending on the direction from which it is approached: theoretical or pragmatic:

- is a *sum of uncertainties* of the economic phenomenon evolution generally, and production activities particularly;
- expresses the *ability to adapt to new conditions*, namely, the entrepreneur's ability to react appropriately to factors of future action, based on current expectations;
- shows the *degree of modification of predefined objectives*, under the action of exogenous or endogenous factors in the future;

Corroborating the assertions above, we can conclude that:

Company's risk is the uncertainty that the entrepreneur expresses under the action or disruptive factors in the economic processes as well as optimal responsiveness, according to predefined objectives.

Speciality literature divides and separates the concept of risk, according to the method of approach of various authors, in interesting categories, as: *way of anticipation* (potential and actual risk), *research field* (political, social and economic risk), *research level* (mondo - country risk, macro or micro economic risk), *nature of microeconomic activities* (investment, economic and financial activities), etc.

Depending on the interest expressed for the risk, its classification and the manner in which it is approached, represents a certain degree of interest from: *economists, managers, investors, staff, etc.*

External risks, particularly those related to specific market buoyancy act directly on the economic activity of companies, with minimal counter-balances from management.

Action force exerted from outside the company on demand or supply aggregate by factors of production or goods resulting from the activity of the company, is difficult to predict although it can be quantified, it is true, in the post factum phase.

One of the frequent questions is to identify the main categories of risks of the company that produce commensurable effects on efficiency. Since fluctuations experienced by the financial side are most easily identifiable, is understood that financial indicators clearly show the risk categories.

Another answer to this question can be obtained by contextualizing the actual conditions under which the productive companies or service providers develop their activity, and we refer to the company's activities funding insurance.

Therefore, the financing costs of the activities are borne from several sources, among which: *own assets, bank loans, loans from specific financial markets, allowances and subventions of the state, non-refundable sources etc.* The access to external financing sources shall be done within competition conditions and under the action of exogenous risk factors of the company.

The categories of risk to which the company is exposed to within the call to external finances can be related to: volatility of financial markets, uncertainty of rhythmicity, fluctuating costs, dependence upon restrictive clauses, etc.

On the other hand, risks, this time endogenous risk for the company, such as:

- *liquidity* - modification of assets' capacity, transformed in liquidities, of covering the current debts;
- *solvency* - oscillation of company's capacity to handle the assumed obligations.

As regarding *liquidity*, this presents at least two defining characteristics: 1) transformation of assets into liquidities and 2) covering of current debts, based on liquidities obtained through the transformation of specific assets.

3.1. Liquidity - Risk factor of the company

The company works with assets, meaning, with those values of any kind belonging to it and are worthy (fixed assets, current assets and financial assets), from which, the financial assets have the highest degree of liquidity, more precisely the cash from the office or from the current accounts.

We know the fact that the company has a complex activity, organisational and functional on specific stages of activity. Therefore, the production and services are simultaneously found in different forms of presentation, with different degrees of financing requested by the specific of the economical phenomenon. Consequently, it is unthinkable that providing the financing of the economic cycle can be exclusively realised based on own assets (it can be understood also the available cash), this premise being utopic on the market economy.

With the purpose of analyse and considering the liquidity as risk factors, usually, this is determined by the comparison of current assets with the current debts, in absolute values, but also within relative measures.

According to the interest of the analysis, this risk factor can be expressed in monetary units or in percent, resulting the following relations:

Absolute liquidity – calculated as difference between the current assets and current debts:

$Lg = Acrt - Dcrt$	≥ 0 , represents the liquidity excess
	$= 0$, shows a general balance condition
	≤ 0 , shows the lack of liquidity, condition of incapacity to cover the current debts

In which:

Lg – general liquidity,

Acrt – current assets

Dcrt – current debts

Relative liquidity – determined as a degree of the general liquidity (Lg), based on the following formula:

$Lg = \frac{Acrt}{Dcrt} * 100$	≥ 100 , un exceeding degree for covering debts
	$= 100$, full covering of debts
	≤ 100 , partial covering of current debts

In the analysis aiming to obtain a diagnostic for the company's activity, the optimum values of the "liquidity" barometer are comprised between 50 and 100%, with the following interpretations:

- if liquidity is *in excess*, meaning, higher than 100%, it shows: an excess of caution of the management, the fact that it does not assume risks, it limits the capacity of action for the development of the company's activity;
- if liquidity is *adverse*, less than „0”, it shows a degree of dangerous debt for the continuation of the activity, with extreme risks, meaning, it presents those signal criteria that the company is about to go bankrupt;
- the gap of liquidity comprised between 50-100% is also known as „safety interval”.

The management, when it finds out that there are oscillations of the *liquidity barometer* beyond the limits that assure the sustainability of the activity, shall have to decide corrective measures, with immediate applicability and possible fast effects. The possible decisional measures are the most diverse and, are first of all related to the management's ability and their contextualization to the level of the economical phenomenon.

One of the possible action directions, very general, is represented by the *operative control*, exercised over the entire activity of the company, demanding a certain positioning of the current liquidity barometer on the optimum gap, action that may be successfully realized through:

- the planning and pursue of the framing of financial resources flows (cash-flow in all its variants) within the optimality parameters;
- the planning of the production costs, pursue and operative correction of deviations acting over the effective cost;
- the correlation of the assets' market value with the level and due date for the payment of debts;
- the planning and pursue of the degree of indebtedness in report to the degree of utilisation of the production capacity.

The management's action directions do not limit to the measures mentioned above, these being only an example.

3.2. Solvency - financial risk factor

Solvency expresses the company's incapacity to reimburse upon due date the debts he acquired. This indicator – barometer is calculated as a report between the total assets (At) and the long-term debts (Dtl) and it expresses the way in which the company finances its activity based on own assets (share capital, reserves, accumulated benefits).

Apparently, there is no direct and proportional liaison between the level of the solvency indicator and the company's efficiency because, most of the times the company's development depends more on the borrowed capital than on own capital. But, the company's degree of exposal to indebtedness determines the efficiency, either positively or negatively, according to the optimality of that exposal.

Like the liquidity degree, solvency can be calculated a) in absolute values or b) in relative sizes.

Absolute solvency – it is determined as difference between:

Sg = At – Dtl	≥ 0, represents the situation of solvency excess
	= 0, it shows a general balance through solvency
	≤ 0, it shows the lack of solvency or general insolvency

In a more simple presentation, the degree of general solvency shows the following fact: *if the company had some money, after the capitalization of its assets at the market price and the payment of debts it means that it is solvable.*

Relative solvency – the result is either a coefficient or a percent, so that:

$Sg = \frac{At}{Dtl} * 100$	≥ 100, exceeding degree of covering the liabilities
	= 100, full solvency
	≤ 100, partial solvency

The interpretation of solvency considers the positioning of the result in one of the following situations:

- solvency *in excess* (higher than 100%) is rare within the practice of production companies, because only these units register the situation of not having obligations;
- solvency over 50% is appreciated as positive;
- a degree of solvency between 30 and 50% shows a satisfactory situation;
- solvency below 30% is considered risky, at least by the possible financiers.

The barometric system from above (the liquidity and solvency indicators) indicate the relevant capacity of the company's health condition, both in report to itself, but especially towards its competitive environment.

Within the above paragraphs, two of the barometer-indicators, belonging to the endogenous risks of the company, have been given as example. But, according to the approach of the indebtedness risk, this can gain endogenous or exogenous valences.

I consider the fact that indebtedness itself is an internal risk factor, but also exogenous to the company's system, being more a condition of competition within the acceleration of the evolutionary rhythm of markets. As an argument to the affirmation above it can be mentioned the need of financing the technological infusion within the context of markets' globalization.

We are not mistaking by saying that any action of the risk factors to which the company is exposed, reflects upon the quantity and quality of the efficiency of the developed activities.

4. Implementation of the barometer's functioning principle on the measuring of risk factors' action

Generally, the measurement of the impact of exogenous factors' action over the activity of the company shall be done through specific economic-financial *indicators*. The level of those indicators must be optimum in report to: its content, the evolution registered in dynamics and, especially, to the perspective of the activity, reported to the foreknowledge system.

In order to bring an argument to the dependence of the company for the exogenous and endogenous risks, I consider explanatory the example below.

Data, regarded as support of economic- financial analysis, belongs to a company within the mechanical sector of the automotive industry.

Analysis support. Work situation 1

Crt. no.	Economical-financial information	VALUES (lei)		
		2011	2012	2013
1.	Turnover	8.102.301	8.618.212	8.058.949
2.	Total assets	10.736.821	15.501.958	18.413.148
3.	Ownership equity	9.527.049	14.163.524	17.651.646
4.	Total debts	1.209.772	1.338.434	761.502

Crt. no.	Economical-financial information	VALUES (lei)		
		2011	2012	2013
5.	Clients	5.723.656	8.789.932	11.746.984
6.	Stocks	31.314	94.919	107.085
7.	Gross profit	5.393.665	5.529.859	4.194.663
8.	Net profit	4.517.271	4.636.475	3.502.850
9.	Operating profit	5.483.065	5.412.493	4.567.850
10.	Wages fund	485.437	592.865	657.080
11.	Average number of personnel	14	17	19

According to data above, the company can be appreciated as performant, during a period of 3 years of study, irrespective to the dynamic evolution of specific indicators.

Nevertheless, from the observations resulting from the Work situation 1, several conclusions can be drawn out from the trend evolution of the 11 studied indicators, in absolute values, as it follows:

- *the movement registered by the Turnover (CA) in report to the evolution of total assets (At) shows an important impact of the trend registered on the specific market;*

The argumentation of this statement refers to the fluctuating evolution of the CA index from the level of technical equipment, which might be translated by a mitigation of the capacity of assets' utilization. The financial effort made in the direction of the technological infusion, concretized in technical and technological equipment meant to increase the production and physical productivity of assets, was not appropriately received by the market, through an appropriate increase of turnover, because the evolution of the specific market (The company produces spare parts and pieces for the energetic industry (hydroelectric power plants) that it exports to different countries of the world). left its mark upon the company's activity in a negative manner. The market contraction wave initiated beginning with 2009, reached the company at the end of 2010 and it continues to mark a descendent rhythm of the orders volume, implicitly a decrease of turnover.

- *The result level of the report between the turnover and the value of outstanding receipts (CI) suggests as clearly as possible the fact that the financial issues of the company are far to be solved;*

The cash-flow deficiency shows the financial dead end in which the general activity of the company is situated, from this perspective, even though the absolute level of debts tends to continuously decrease. Only apparently, the diminution of total debts can be appreciated as a positive factor, in fact, this shows difficulties in maintaining the rhythm of technological infusion as shown above. In such a field of activity, providing the production capacity with state-of-the-art technologies is decisive. Not cashing from clients (also blocked by the generalized financial recession), the difficulties in accessing credits, the reduction of work orders, all these are the results of the actions of the exogenous factors of the company: the market in general and the external financing system.

- *The report between Stocks (S) and the Number of employees (N) shows the preoccupation of the management for launching again the activity;*

Training for a new stage of the company's activity, positive – evolutionary, may have several components within the managerial strategy, among which:

- Professional training of the hired personnel, but also recruiting, on the same basis, of new members of the team, may be one of the action directions;
- Providing the stocks of specific raw materials, within the conditions in which the demand agreed in this field is decreasing, fact that grants two perspectives in the management's advantage: costs economy and time economy, both for the future re-launching of the activity;

- Identification of some new market niche once with the diversification of production, within the conditions in which the premises of the appropriate technological equipment and also the assurance of qualified personnel can handle this challenge;
- Realization of a market study can be another direction and in the same time an option of the management, study confirming or not the existence of a real and solvable demand for the realized products or for those that can be put into production on the specific market segment.

The analysis of absolute values has the capacity to highlight certain features and aspects of the economic activity of the company, but, it does not show the efficiency of the activity in its essence, but only a general part.

Starting from the data above, it imposes the determination of the main relative indicators, characteristics of this kind of productive activities, indicators meant to extend the analysis area over the efficiency level, and not only, starting from the following *working mechanisms*:

Work situation 2

Indicator	Calculation method
Financial security	$Sf = \frac{\text{Ownership equity}}{\text{Medium-long term debts}}$
Economic profitability	$Re = \frac{\text{Operating gross profit}}{\text{Total assets}}$
Financial profitability	$Rf = \frac{\text{Net profit}}{\text{Ownership equity}}$
Financial autonomy	$Af = \frac{\text{Attracted capital}}{\text{Ownership equity}}$
Degree of indebtedness	$Gi = \frac{\text{Exigible payments}}{\text{Total assets}} \cdot 100$
Rate of profit	$p = \frac{\text{Gross profit}}{\text{Turnover}} \cdot 100$
Debt's recovery	(Debtors + not cashed invoices)
Debt's recovery period	$Pcr = \frac{(\text{Debtors} + \text{not cashed invoices})}{\text{Turnover}} \cdot 365$
Debt's reimbursement period	$Prd = \frac{\text{Certain liabilities}}{\text{Turnover}} \cdot 365$
Labour productivity	$W = \frac{\text{Turnover}}{\text{Average number of personnel}}$

The utilization of one or other indicators from above shall be chose by the entrepreneurial management.

As for us, we consider them both important and also appropriate to the purpose we have proposed, that of reflecting over the risks to which the company's activity is related to. This way, the approach of the analysis considers the results of the relative indices that reflect the general situation of the company, on the one hand and, the contextualization of indices to the market environment where the company is active.

Work situation 3

Crt. no.	Indicator	Values		
		2011	2012	2013
1	Financial security	>>> 100%	>>> 100%	>>> 100%
2	Economic profitability	51,07	34,91	24,81
3	Financial profitability	47,42	32,74	19,84
4	Financial autonomy	12,70	9,45	4,31
5	Degree of indebtedness	11,27	8,63	4,14
6	Rate of profit	66,57	64,16	52,05
7	Debts' recovery period	257,84	372,27	532,04
8	Debts' reimbursement period	54,50	56,69	34,49
9	Labour productivity	578.735	506.953	424.155

Interpretations of data presented in the Working situation:

- *Profitability.* Both economic profitability (Re) and the financial one (Rf) argument the statements made above, those referring to the descendent evolution of the trend of general activity of the company. The decrease with almost 27 points registered by Re in 2013 from 2011 and of over 27 points of Rf is conclusive about the impact that the market has generated (external factor) over the economic activity of the company.
- *Financial autonomy.* If in 2011 the degree of autonomy was high (12,70 %), in 2012 this decreases to 9,45 % and collapses to 4,31 in 2013. The financial dependency of the company towards the non-cashed clients becomes alarming in 2013, corroborated with the rigidity of the financial market. From this perspective, the management can appreciate that, during this period, the maintenance on the market becomes a high priority.
- *Work productivity.* This indicator, that clearly reflects the efficiency of using production factors, especially of the human resources, decreases significantly, every year during the analysis period, on the one hand because of the decrease of turnover CA and on the other hand because of the increase of N. apparently, the decision to hire personnel during the periods of economic recession could have been appreciated as insufficiently substantiated. According to this detail and also from future perspectives, this decision supports itself. The training of personnel on appropriate levels of qualification supposes time and important financial efforts. It should be mentioned that in 2013 it was succeeded the opening of new markets on the Asian area, fact that give a plus of optimism for future periods.
- *Rate of profit.* Even if the level of this indicator can be appreciated as favourable during the study period, its trend evolution reveals at least one major problem, if analysed related to W, indicator registering an important decrease every year. The fall of the rate of profit with over 14 percent in 2013 from 2011 and a decrease of W with over 26 percent afferent to the same reference period, shows one of the causes which generated the fall of the general efficiency, respectively, the intensive utilisation of the work factor, degree of utilisation that reflects the level of productivity.

For relevance, Figure 1 below presents the evolution of 3 of the indicators showing the degree of efficiency of the economic-financial activity of the company, respectively, the economic profitability, the financial profitability and the degree of indebtedness:

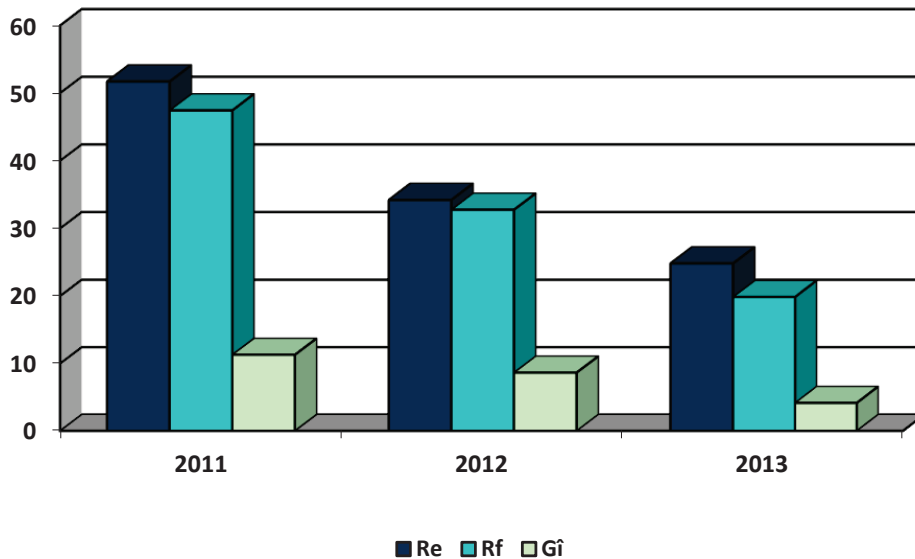


Figure 1

The place on a decreasing line of the 3 indicators presented in Figure 1 eloquently shows, without being necessary their quantification, that the company heads in a critical direction from the perspective of its activity. If the taken decisions or those to be taken shall not produce their effects within a bearable time gap, the future of this producing unit shall not be a happy one.

General cause: the fall of the specific market due to the global financial recession, with direct impact over the investments within the energetic field, and implicitly over the producers of spare parts for this industry.

The conclusions over this subject show that:

- Exogenous risks of the company action obviously action on the activity of the company and are hard to controlled;
- The effects of the action of risk factors reflect through the efficiency indices, and then redounded upon the sustainability and traceability of the economic activity;
- The risks, both internal and external, affect the entire package of indicators supporting the degree of efficiency, mostly: the profitability, autonomy and productivity of the production factors;
- The obtain of information on the fluctuation of efficiency indicators by the call to the efficiency “barometer”, at reasonable moments, grants the possibility to the management of acting operatively, with positive effects, through the system of corrective decisions.

The measurement of the action of risk factors over the general efficiency of an economic activity does not represent an issue itself. But, the correct choice of the appropriate working instruments that allow obtaining conclusive results with the evolution of the studied phenomenon becomes an art for the managers of the modern companies.

This paper was aimed to be a guide for the selection of the measuring instruments of the modification of the efficiency report related to the action of the risk factors. We can add also other instruments to those presented above (efficiency indicators), but these would make the object of another thesis.

Without the assertion of absolute novelty brought to the functioning of the mentioned instruments (the indicators are almost known and applied practically), we believe that the

novelty is represented by their way of selection and grouping, the order and approach according to the risk factors of the company.

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