

Barometer: Almost two thirds of Romanian managers confident economy is headed in right direction

Almost two thirds (62 percent) of Romanian managers are optimistic about the future of the economy and believe that Romania is headed in the right direction, reveals the most recent Sierra Quadrant barometer released on Friday.

However, 71 percent of the surveyed businesspeople estimate that the Romanian economy will effectively be out of the crisis only in the second half of next year.

While six out of ten managers declare themselves optimistic about the future of the economy, 12 percent see dark clouds on the horizon and 26 percent avoided answering on grounds there are still quite a few unknowns about the economic outlook.

Asked to point out the strengths for getting the Romanian economy out of the woods, 47 percent of the respondents indicated the rebound of consumption, 19 rely on attracting EU funds, 13 percent indicated Romania's relatively low logistics costs, 11 percent - labor, while the rest mentioned other reasons.

The pandemic and its effects (restrictions, the fall in consumption, etc.) remain the biggest challenge to investors at this time, as shown by 58 of the respondents. Their top fears are: inflation dynamics (43 pct), rising euro exchange rates (38 pct), the tightening financial deadlock (27 pct) and limited access to financing (13 pct).

According to the Sierra Quadrant barometer, 67 percent of the surveyed managers reorganized their businesses to meet the challenges posed by declining consumption, movement restrictions and increasingly limited access to financing.

The main decisions were aimed at optimizing logistics costs (rents, utilities, car fleet, etc.) - as mentioned by 73 percent of the total respondents, offer reconfiguration (49 percent), reducing supplier credit (34 percent), personnel cuts/wage cuts (21 percent) and digitalization of the companies' activities (29 percent).

Sierra Quadrant was estimating last month that more than 60,000 SMEs were having financial difficulties, and the outlooks do not seem very encouraging.

According to experts, the number of companies facing problems would have been even higher in absence of state support to keep them afloat during the pandemic. "The postponement of tax, loan installments and lease payments, furlough support, the SME Invest program - were all elements that kept afloat an economy with a huge need for financing and where 90 percent of the companies are poorly capitalized," the experts note.

The Sierra Quadrant barometer on the state of the economy was conducted by consulting company Frames and Sierra Quadrant between May 3 and 11, 2021 through online, phone and email questionnaires, on a representative sample of 320 companies from various sectors ranging from trade and financial services to agriculture, energy, clothing, IT, etc.

A total of 1,643 people took the survey - entrepreneurs, company managers, middle and top management with higher education (58% men and 42% women), with an average age of 45.

Sierra Quadrant specializes in complex administration and liquidation procedures involving a large and diversified pool of assets.