

DETERMINANTS OF SHORT-TERM DEBTS WITHIN THE ROMANIAN AGRICULTURE SECTOR

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Abstract:

The increase of the short-term debts especially during crisis period can affect the company's profitability involving higher interest costs. This study has the objective to evaluate the impact of the dividend policy, debt structure and firm size on the short-term debts for a sample 1.455 companies from agri-business sector which paid-out dividends in 2020. This year was considered a difficult one in term of the financial results for the sector. The research method applied is the multiple regression test and the results were obtained using the SPSS software. The changes in the financing structure can lead to a financial distress by affecting the level of short-term debts. Within the study the debt structure is represented by the relationship between short and long-debts. The company size is represented by the turnover. In case of dividends pay-out, these should be replaced by short-term debts for keeping the same financing level. Using absolute value instead of financial rate it can be determined the effect of the basis for interest expenses calculation which have a direct impact on the net profit of the companies. According with the results the level of short-term debts is in direct relationship with all the factors taken into consideration, with a higher influence of turnover and dividends pay-out. The managers should determine or foresee the proper balance between different financing sources to keep motivated all the stakeholders and to continue the activity with the purpose of getting a higher profitability.

Keywords: short-term debts, turnover, dividends, long-term debts.

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