International Journal of Business and Management Studies,
CD-ROM. ISSN: 2158-1479 :: 05(01):345–358 (2016)

FINANCING STRATEGIES APPLIED BY DOMESTIC ENTERPRISES REFLECTED BY THE FINDINGS OF A RESEARCH

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Financing enterprises is a crucial topic these days, sources and strategies of financing being an important part of financial courses taught at universities and colleges. However, there is very little literature and research about how Hungarian small- and medium sized enterprises finance their operations. Strategies of financing are similarly taught theoretically with their benefits and drawbacks but are not followed in practice. It could be stated as an opposing view here that we can not expect this from enterprises since their daily operational dilemmas occupy their time and energy on a daily basis. This study attempts to look at the most important characteristics of financing enterprises according to international literature, introducing the features of financing domestic enterprises, the judgement of financing, and the knowledge and implementation of financing strategies according to an opinion poll.

Keywords: Financing strategies, Financial resources, SME, Primary research.

Introduction

Theoretical Background of financing SMEs

As in all other countries small-and medium sized enterprises are dominant in our coutry among working enterprises[1]. Apart from the fact that the SME sector is lagging behind in both productivity and competitiveness, they employ the majority of workforce and make up the determining part of enterprises (Lazányi, 2014. a,b). It is a common criticism against the sector that they are not capable of fast and dynamic growth and fluctuation is relatively high, i.e. in proportion many enterprises are terminated and started at the same time. It is also important that there are new phenomena, such as climate change, that do not only mean challenges in SMEs, but other enterprises' lives. SMEs might have a competitive advantage if they react well and prepare for the challenges caused by climate change as well (Kovács-Pató, 2014). However, there are a few investments by them due to the lack of resources. Small- and medium-size enterprises usually suffer a lack of capital, and are often short-lived due to strong market competition, therefore the attention of the state and common problem solving is important (Borzán,2005). The crediting of SMEs before the crisis was expansive (Balog –Nagy, 2014), which was halted from the beginning of the crisis[2], and the situation became even worse in the first half of 2013 (Fábián, 2014).

[1] Social and economic processes are inseparable, which is shown by the fact that the GEI (Global Enterprise Index) in the countries of the world is in a strong correlation with the HDI (Human Development Index) and the value of GDP. (Szigeti et al.2013, Szigeti 2015)
[2] The phenomenon is able to cause significant financial risks for construction companies (Kovács et al., 2014).

Employment decreased in the SME sector due to the crisis, turnover fell back, causing smaller revenues, there was a lack of own capital for the tenders awarded, often stepping back from the tenders, or creditability was very weak (Borzán et al, 2009). Due to the withdrawal of credit sources the sector had nothing else left than financing by the suppliers, and if it was also lacking, the the use of short-term credit facilities.[3] This situation was helped by the „Growth Credit Programme" of the Hungarian National Bank, giving credit with beneficial interest rates to the SMEs struggling with significant financial problems. Literature also proves that (Antal-Pomázi, 2011) the barriers of growth of SMEs' financing plays a crucial role, i.e. the limited resources, and their high costs. Without resources the sector is unable to grow[4], which has been proven by the years after the crisis.

The competitiveness and market power of domestic enterprises has weakened following the crisis. Problems which had earlier caused barriers in the way of the growth of the SME sector have strengthened, i.e. difficulty in obtaining financing opportunities or too much bureaucracy. All of these have affected not only companies but also the results of domestic economy since if companies do not achieve well in either industry, the country remains having no key sectors. Withot key sectors and competitive, dynamically growing enterprises it is much more difficult to hold on to globalised markets. (Varga, 2012)

Coursebooks describe the financing of enterprises from two aspects. On one hand, we can define intrinsic sources, i.e. those that come from the operations, existence of the company, and external sources arriving from outside the company, from the money and capital markets. On the other hand, we can also speak about short-term, i.e. within a year and long-term (longer than a year) resources. Using these resources in the operations of the company and defining their proportions has long interested experts dealing with the topic. One thing can be stated, namely that no proportion of these pairs of resources can be applied to all enterprises operating in a given sector. Smaller enterprises which do not wish to grow due to anomalies in financing need different amounts and contents of resources than older enterprises which are able to get different resources because of their professional experience and and entrepreneurial network of contacts (Cabra-Mata, 2003).

Financial experts have been involved in developing the theory of optimal financing for a long time. The following names and theories can be mentioned in contemporary financial thinking:

1. The classical theory of capital markets by Modiglinai and Miller (Brealy – Meyers, 1999):
   which states that company financing has no considerable effect on company value, considering significant assumptions (no taxes, no transactional costs).
2. illamson's principal-agent theory (Williamson, 1998):
   according to this theory the Principal (owner) delegates certain decisions to the Agent (manager), who has better information, insight in certain questions, which makes operative decision-making easier[5], but might cause moral issues.
3. Meyers – Majluf hierarchy theory (Myers – Majluf, 1984):
   describes the background of company financing based on the previous theory, i.e. enterprises use reinvested earnings primarily, and if equity is not sufficient for financing they use external capital, and external equity ownership in the end.
4. Coase – Reis transactional costs theory (Coase, 1934; Reis, 1998):
   according to which financing with external capital (credit) means smaller transactional costs because of existing information than equity where potential investors have a significant need for information about the share or bond concerning their investment.

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[3] Based on researches on domestic capital position, net floating capital, and capital intensity it was typical in the SME sector to have considerable lack of capital, relatively long recovery time, and considerably large amounts of receivable portfolio (Bereck, 2011 and 2014).

[4] Our country recognised this dilemma promptly, therefore the Hungarian National Bank started its highly successful „Growth Credit Programme" which, among others, might be able to support companies efficiently, among others, in the construction industry (Szabó, 2014)

[5] Financing decisions also belong here. The Agent is not always likely to choose the most optimal financing alternative for the enterprise because of his mid-term interests.

5. Brealy – Meyers' theory of choices (Brealy – Meyers, 1999):
   states that, based on the capital structure of companies the financing of a company is formed by the assets of the enterprise.
6. Grochla – Pfohl's classic description of financing theory (Grochla, 1976; Pfohl, 1997):
   examines company financing according to four aspects (forms of financing, incidents, analysis and planning), and shows the benefits and drawbacks of each form according to these.

Literature differentiates three main financing strategies according to financability of assets and resources (Szabó-Pálinkó, 2006). The theories, crossing the categories in balance sheets, divide assets into durable and temporary current assets. based on which we can talk about the following categories:

- solid financing strategy, where the enterprise finances all invested and durable assets with durable resources (equity and long-term foreign capital),
- conservative financing strategy, in which the enterprise uses durable resources for a part of temporary assets and not only for durable assets,
- in the case of aggressive financing strategy short-term resources are used for a part of durable current assets.

According to the fit principle the solid strategy would be the best applying, however, in the case of an operating enterprise is almost impossible. The conservative strategy is criticised for being expensive because of the expiry of resources, the aggressive strategy is risky because of the shortness of resources. The latter strategy can be applied in the short term in order to reduce costs and maximise profit but it can only be used consciously and with control, for what the expertise of SMEs is not sufficient in many cases, and why they might have concerns to use it.

Financing Characteristics of Hungarian Enterprises from the Millenium to Our Days

In order to see the reality of applied financing strategies we ought to examine the statistical data of the Central Bank. According to the official credit records it can be stated that in financing domestic credit long-term forms have always been dominant. The value of these resources during the years constitutes a stable 70-73%, the only exception having been the last two years of 2013 and 2014, when the proportion of durable resources have jumped to 80%. These two figures are due to the investment surge, which can be seen from domestic investment statistics.

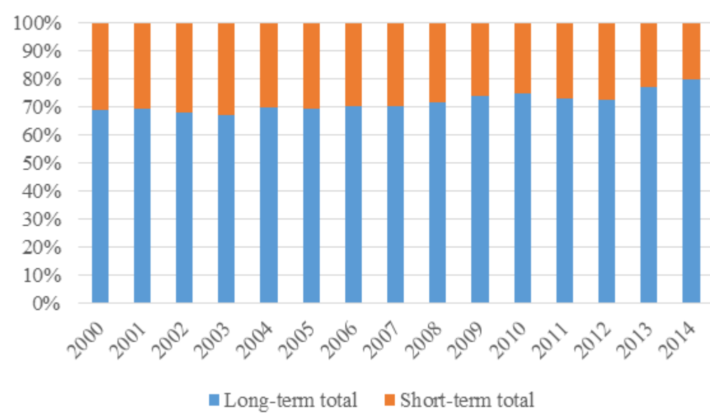

Figure 1. Distribution of loans of domestic enterprises by maturity between 2000 and 2014
Source: edited from the data of the Hungarian National Bank

Apart from the proportion of long- and short-term credits the loans surge and their distribution also shows an interesting picture. The kind of credit expansion which has been criticised widely after the crisis can be clearly seen in the graph. The amount of loans shows an average 10% increase on a yearly basis in the average of examined years. The exception from this was the year of 2003 when the extent of loans increased by 33% compared to the previous years. Furthermore, the year after the breakout of the crisis, i.e.2009, is worth highlighting, when the value of the given year only made 95% of the year before. Crediting has not been able to produce a reasonable growth until today, the proportion of credits being only 87% of the previous year in 2011, or 102% in 2012.

A further feature of domestic credits is that the value of loans, if compared to the value of loans in 2000, doubled by 2005, and the following 10 years have not been enough to triple that of the base year (the value of the year 2014 being 248,2%). This is clearly an effect of the crisis, therefore the facts that banks have held their credit activity back and that the willingness to take out loans has also considerably decreased cannot be denied.

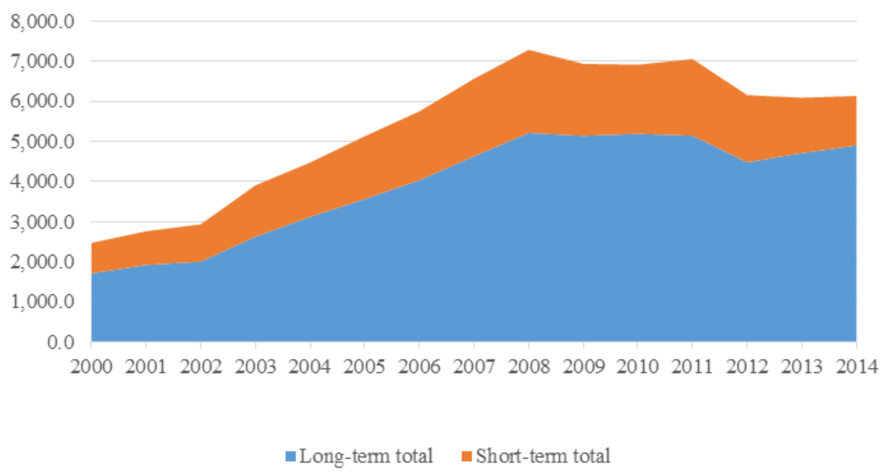

Figure 2. Value of loans within and over the year (Billion forints)
Source: edited from the data of the Hungarian National Bank

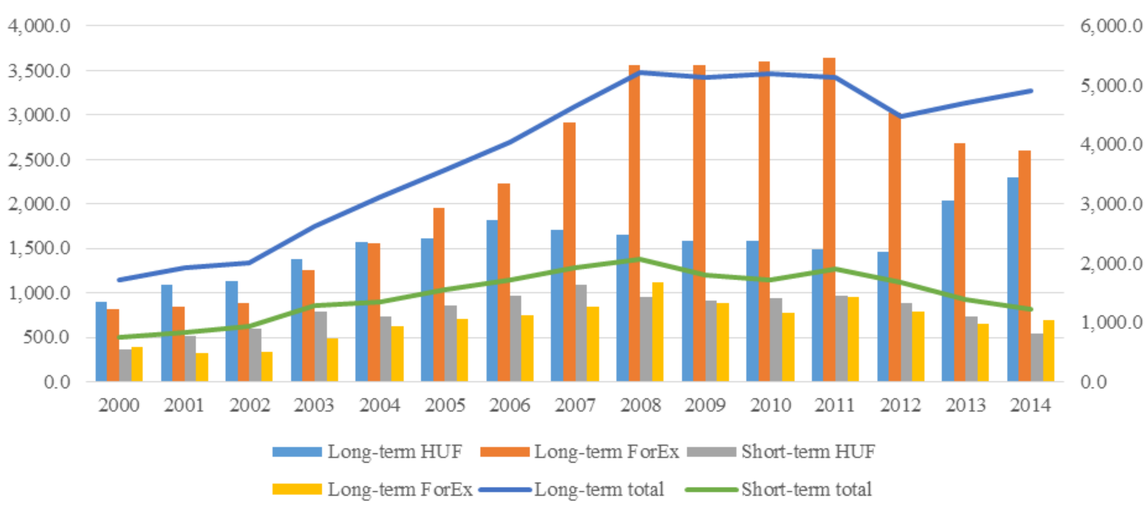

Figure 3. Value of forint and foreign currency loans within and over the year (billion forints)
Source: edited from the data of the Hungarian National Bank

When analysing crediting it is worth examining the currency content as well. There has been numerous criticism about the high number of foreign currency loans in Hungary. If we only examine company loans, and mainly during the years preceding the crisis the claim is confirmed. The foreign currency loans over the year after 2004 increasingly exceed the loans in forints, even though the value of long-term loans in foreign currency decreased significantly after 2011, in favour of forint loans with similar conditions. It is a curiosity that in the case of loans within the year forint loans were dominant (except for 2014), which means that foreign currency loans clearly served investment purposes.

Material and Method

In the case of researches collecting data and the exploration of the relationship among them is very important. (Pató, 2014) I carried out the quantitative research in 2014 to base my study on[6]. Originally I intended to involve 400 operating enterprises in the research, however, because of the lack of willingness and the questionnaires filled in imprecisely by enterprises, out of the returned 265 questionnaires 201 remained. The questionnaires which had insufficient or meaningless data were not evaluated.

The research was carried out with a pre-tested standardised questionnaire compiled for the purpose, based on written interviews. It did not contain open-ended questions, i.e. it only had closed questions where the interviewees could choose from answers defined by the researcher, for easier assessment. Furthermore, I also payed attention to not including questions that would have decreased or stopped the willingness to anwer and that they would not violate the right to anonimity. The questionnaire focused on questions that could not be calculated and assessed from the data of the report or other primary source of data. The questionnaire divided the questions in four parts:

- questions related to financing,
- questions related to taking out credit,
- questions related to investment (projects) and
- questions related to project financing.

The segmentation of the enterprises of the sample was based on the number of employees, belonging to a sector, sales revenue, total assets, profit after-tax, and type of enterprise. The data were processed with the help of MS Excel 2007 and SPSS 19.0 programs.

The composition of the sample varies widely according to the above mentioned features of segmentation. As figure 1. shows approximately 84% of the enterprises which took part in the research have under 50 employees, two thirds operate in the tertiary sector, and nearly 72% are operated as limited companies. Bigger enterprises above 250 employees participated in the sample in a smaller number (8%), hardly any of the respondants are in the primary sector, and the number of unincorporated businesses is also low (under 30% altogether).

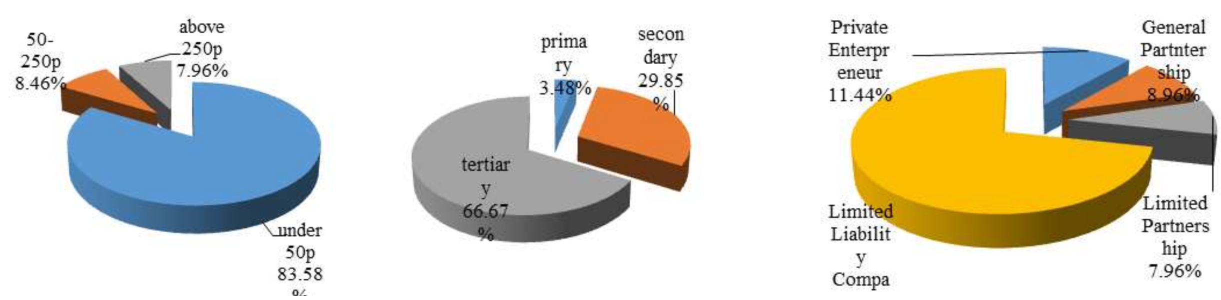

Figure 4. The composition of the sample (number), according to belonging to sector and form of enterprise
Source: own research, 2014, N = 201

[6] Hereby We would like to thank the enterprises and the students for their help in the research, without whose work and time the interviews would not have been implemented.

Figure 4 shows the classification of the sample according to economic data. Economic data were marked by the previous three fiscal years of the enterprises. Nearly half of the interviewed enterprises belong to the lowest category according to their total assets, i. e. possessing a value under 50 million forints, enterprises belonging to the next category represent 14%, and the companies' proportion having 101-250 million forints worth of total assets is 13%. Enterprises having higher asset values amount to less than 23%. Classification according to sales revenues outline a similar picture. 46% of the companies of the sample have values under 50 million, the proportion of companies having 101-250, and respectively, 251-500 million forints sales revenues is 12%-12%. Enterprises possessing higher volumes amount to less than 18%. Based on profits after-tax the sample is even more significant, 74% of the enterprises achieving under 50 million forints, and the further categories share over a fourth of the sample.

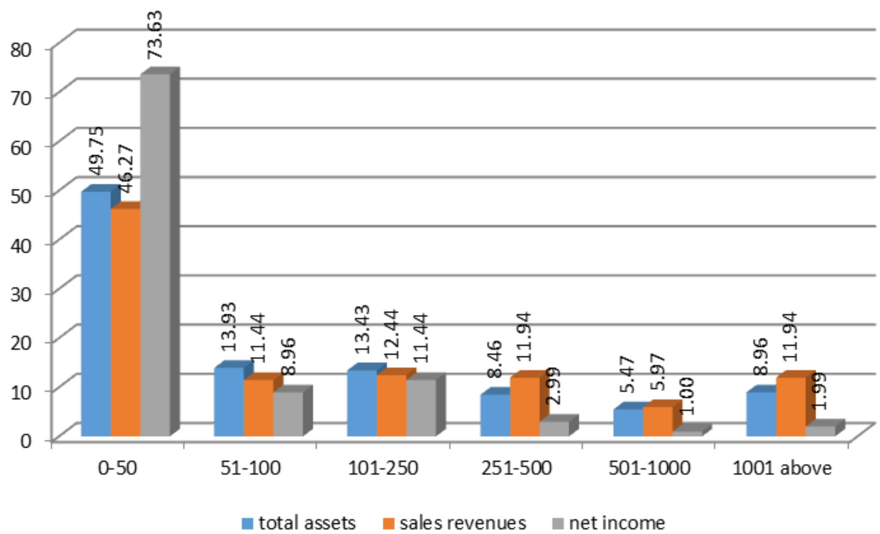

Figure 5. The composition of the sample in % according to total assets, sales revenue, and profit after-tax (data in million forints)
Source: own research, 2014, N=201

Results

This study, as mentioned in the introduction, attempts to discover the attitudes of enterprises towards questions of financing, whether they apply financing strategies consciously and in a controlled way, and what principles guide the asset management of their companies. This article tries to fill the gap that is written about in a study by Szerb (2008), according to which due to the limited access to data there is an absence of an overview of the financing of the sector which is based on models as well as econometric and statistical data. Primary data about the management and operation of enterprises are mainly limited to the data of the report, which are not sufficient to study the financing of enterprises in depth. The data of the balance sheet and income statement are always about finished fiscal years and static, therefore the processes and difficulties that enterprises face daily can not be seen from them. This is why this study attempts, based on primary data of 201 enterprises, to create a guiding image of these aspects of financing.

Around half of the respondents, i.e. 49.25% said that they did not possess a strategy. As the chart below shows companies which possess such have mainly solid strategies. Aggressive strategy, i.e. financing from short-term credit is not typical according to the results of the sample. This is surprising because all official strategies imply that SMEs rather base their financing structure on short-term credit, suppliers' loans than more durable, longer resources. This might mean several background issues:

- enterprises appearing in the sample have considerable equity, i.e. they do not need external sources, mainly credits since their equity provides sufficient resources for both their operation and investment.
- enterprises filling the questionnaire hardly or do not have investments of significant value therefore they do not need external sources or
- enterprises do not consciously control their financing due to which they do not choose a financing strategy in spite of the fact that two thirds of them said that they were aware of the strategies.

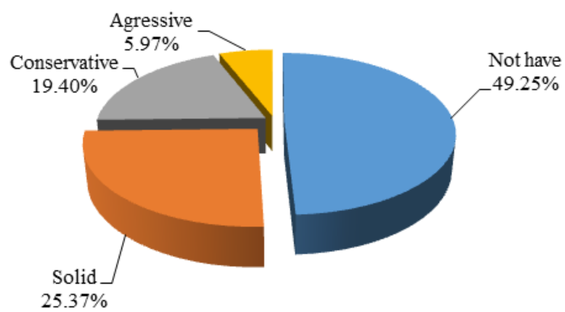

Figure 6. Type of financing strategy of enterprises appearing in the sample
Source: own research, 2014, N = 201

Based on the Chi-square values according to the question and grouping features we can see that there is a correlation between total assets and sales revenue, which will be explained in more detail below.

Table 1. Pearson's Chi-square values according to each grouping feature and type of strategy

Grouping features	Pearson's Chi-square value
Number of employees	0,1386
Sector	0,8916
Type	0,2896
Total assets	***0,0112***
Sales revenue	***0,0494***
Profit after tax	0,1537

Source: own research, 2014, N = 201

According to the average number of employees of enterprises it can be stated that the majority (51.79%) of small companies, i.e. having under 50 employees do not possess a strategy, which is a great proportion among those who do not have strategies (87.88). Those who do possess strategies spoke about theoretical, i.e. solid strategies, which are the most difficult to implement due to the uncertainty of the value of durable resources. This is also a significant part of the sample (76.47%) Enterprises belonging to the following category spoke about the implemented method in far greater proportion. Admittedly, nearly a quarter (23.53%) do not have an applied method, and they rather implement solid strategies, however, they possess in a similar proportion conservative and aggressive strategies (17.65%).

Half of the largest enterprises do not consciously control their strategies, however, the proportion of solid strategies is also significant here (31.25%). Interestingly, enterprises belonging here do not mention having aggressive strategies at all.

Table 2. Type of financing strategy according to number of employees

		None	Solid	Conservative	Aggressive	Total %
Under 50 employees	Category %	51,79	23,21	19,64	5,36	100,00
	Strategy %	87,88	76,47	84,62	75,00	83,58
	Total %	43,28	19,40	16,42	4,48	83,58
Between 50-250 employees	Category %	23,53	41,18	17,65	17,65	100,00
	Strategy %	4,04	13,73	7,69	25,00	8,46
	Total %	1,99	3,48	1,49	1,49	8,46
Above 250 employees	Category %	50,00	31,25	18,75	0,00	100,00
	Strategy %	8,08	9,80	7,69	0,00	7,96
	Total %	3,98	2,49	1,49	0,00	7,96

Source: own research, 2014, N =201

Grouping enterprises according to sectors it can be stated that, whichever sector is examined, the majority of enterprises do not consciously control their financing. Companies belonging to the primary sector mainly possess solid strategies (42.86), being the same value as the data of those not possessing strategies. Interestingly, primary enterprises do not implement aggressive strategies at all, i.e. it can be stated that they aim at security, which is needed for the safety of production as well. Enterprises of the secondary sector also apply solid strategies, although their proportion is less than that of the previous group (25%). In the case of secondary companies conservative strategies appear, which strive for security. The reason is that these enterprises have stronger capital, they can rely more on durable resources, such as equity. The picture is the same with enterprises of the tertiary sector, which do not possess such strategies in the largest proportion (50.75%), besides which a quarter have solid strategies, even though it is tertiary enterprises that apply solid strategies in the largest proportion (64.71%). 19.4% apply conservative strategies, comprising two thirds of enterprises applying conservative strategies.

Table 3. Type of financing strategy according to belonging to sector

		None	Solid	Conservative	Aggressive	Total %
Primary	Category %	42,86	42,86	14,29	0,00	100,00
	Strategy %	3,03	5,88	2,56	0,00	3,48
	Total %	1,49	1,49	0,50	0,00	3,48
Secondary	Category %	46,67	25,00	20,00	8,33	100,00
	Strategy %	28,28	29,41	30,77	41,67	29,85
	Total %	13,93	7,46	5,97	2,49	29,85
Tertiary	Category %	50,75	24,63	19,40	5,22	100,00
	Strategy %	68,69	64,71	66,67	58,33	66,67
	Total %	33,83	16,42	12,94	3,48	66,67

Source: own research, 2014, N =201

Grouping applied strategies by type of enterprise we can state that over half of private entrepreneurs do not possess financing strategies, which, in many cases is due to the fact that they do not need them because of their size, since they finance from their own resources, which does not need special expertise to do. Private entrepreneurs who apply strategies choose rather solid (26.09%) or conservative forms

(17.39%). It is surprising, however, that in the case of general partnerships there is a larger proportion of enterprises which have solid strategies (38.89%) than those who do not have any (33.33%). Limited partnerships have the largest proportion of not possessing strategies (62.5%), while limited liability companies take advantage in the largest proportion of conservative strategies (38.89%) as opposed to those who do not apply any (82.05%). In the case of limited liability companies the proportion applying aggressive strategies is insignificant (5.56%), however, this figure represents two thirds of enterprises which apply aggressive financing.

Table 4. Type of financing strategy according to form of enterprise

		None	Solid	Conservative	Agggressive	Total %
Private entrepreneur	Category %	56,52	26,09	17,39	0,00	100,00
	Strategy %	13,13	11,76	10,26	0,00	11,44
	Total %	6,47	2,99	1,99	0,00	11,44
General partnership	Category %	33,33	38,89	11,11	16,67	100,00
	Strategy %	6,06	13,73	5,13	25,00	8,96
	Total %	2,99	3,48	1,00	1,49	8,96
Limited partnership	Category %	62,50	25,00	6,25	6,25	100,00
	Strategy %	10,10	7,84	2,56	8,33	7,96
	Total %	4,98	1,99	0,50	0,50	7,96
Limited liability company	Category %	48,61	23,61	22,22	5,56	100,00
	Strategy %	70,71	66,67	82,05	66,67	71,64
	Total %	34,83	16,92	15,92	3,98	71,64

Source: own research, 2014, N = 201

According to the value of adjusted standardised residuals there is a statistically verifiable correlation between ***total assets*** and applied strategies. It is enterprises under 50 million forints and between 251 and 500 million forints which do not possess strategies in nearly 60%. They hardly or do not apply strategies at all, as enterprises between 501 and 1000 employees. According to residual values there are less small enterprises applying solid or aggressive strategies. In the case of enterprises having total assets between 51-100 million forints according to residual values there are less than expected of those who do not apply any or who choose conservative strategies. Most of these enterprises apply solid strategies (39.29%), which is the highest of all who apply these strategies (21.57%). A further curiosity of the group is that 14.29% of enterprises apply aggressive strategies, which represents a third of the category. The enterprises of the following level do not possess a strategy in 37.04%, which is less than the expected value. Solid strategies are also significant in this category (29.63%), followed by conservative ones in a high proportion (22.22%). Enterprises between 251 and 500 million forints do not possess any controlled strategy in a very high proportion (58.82%), which is not only higher than the expected value but is also the same in the case of solid strategies. As opposed to this there are less who apply strategies in the case of conservative and aggressive strategies according to adjusted standardised residual values. Enterprises between 501 and 1000 million forints apply solid strategies in the largest proportion, which can be considered higher than the expected value. Interestingly, it is the largest companies which apply aggressive strategies in outstanding proportion (22.22%), which means a third of the category, and according to residual value it is also a higher proportion than expected. The proportion of conservative strategies is also worth mentioning in the group (27.78%). It is interesting that according to the expected value there are less of those in the category who do not have or who apply solid strategies.

Table 5. Type of financing strategy according to total assets

		None	Solid	Conservative	Agressive	Total %
Between 0-50 million HUF	Category %	59,00	20,00	20,00	1,00	100,00
	Strategy %	59,60	39,22	51,28	8,33	49,75
	Total %	29,35	9,95	9,95	0,50	49,75
	A.st.residual	2,75	-1,74	0,21	-2,96	
Between 51-100 million HUF	Category %	32,14	39,29	14,29	14,29	100,00
	Strategy %	9,09	21,57	10,26	33,33	13,93
	Total %	4,48	5,47	1,99	1,99	13,93
	A.st.residual	-1,95	1,82	-0,74	2,00	
Between 101-250 million HUF	Category %	37,04	29,63	22,22	11,11	100,00
	Strategy %	10,10	15,69	15,38	25,00	13,43
	Total %	4,98	3,98	2,99	1,49	13,43
	A.st.residual	-1,36	0,55	0,40	1,21	
Between 251-500 million HUF	Category %	58,82	29,41	11,76	0,00	100,00
	Strategy %	10,10	9,80	5,13	0,00	8,46
	Total %	4,98	2,49	1,00	0,00	8,46
	A.st.residual	0,82	0,40	-0,83	-1,09	
Between 501-1000 million HUF	Category %	45,45	36,36	18,18	0,00	100,00
	Stratégia %	5,05	7,84	5,13	0,00	5,47
	Total %	2,49	1,99	1,00	0,00	5,47
	A.st.residual	-0,26	0,86	-0,11	-0,86	
Above 1001 million HUF	Category %	33,33	16,67	27,78	22,22	100,00
	Strategy %	6,06	5,88	12,82	33,33	8,96
	Total %	2,99	1,49	2,49	1,99	8,96
	A.st.residual	-1,42	-0,89	0,94	3,05	

Source: own research, 2014, N = 201

There is a statistically verifiable correlation between sales revenue and strategy. It can be stated about the two smallest groups that they do not possess a strategy in a very high, 50% proportion, which is higher than expected according to the residual value. Companies under 50 million sales revenue hardly finance aggressively. The main result of companies between 101-250 million forints is that only 28% said that they did not apply any finincing strategies, which is higher than the expected value. Solid strategies appear here in great proportion (36%), but conservative strategies are also typical (24%). The following group is similar from the point of view of order and residual value, although solid (33.33%) and conservative (20.83%) strategies are applied here in less proportion. The curiosity of enterprises between 501 and 1000 million forints is that they do not apply conservative or aggressive strategies at all, as opposed to the high proportion of those who do not apply any strategies (58.33%). The largest enterprises apply the two strategies which can be considered safe in the proportion of quarter-quarter, however, aggressive strategy appears here as well.

Table 6. Type of financing strategy according to sales revenue

		None	Solid	Conservative	Aggressive	Total %
Between 0-50 million HUF	Category %	59,14	18,28	21,51	1,08	100,00
	Strategy %	55,56	33,33	51,28	8,33	46,27
	Total %	27,36	8,46	9,95	0,50	46,27
	A.st.residual	2,60	-2,14	0,70	-2,72	
Between 51-100 million HUF	Category %	52,17	26,09	8,70	13,04	100,00
	Strategy %	12,12	11,76	5,13	25,00	11,44
	Total %	5,97	2,99	1,00	1,49	11,44
	A.st.residual	0,30	0,08	-1,38	1,52	
Between 101-250 million HUF	Category %	28,00	36,00	24,00	12,00	100,00
	Strategy %	7,07	17,65	15,38	25,00	12,44
	Total %	3,48	4,48	2,99	1,49	12,44
	A.st.residual	-2,27	1,30	0,62	1,36	
Between 251-500 million HUF	Category %	37,50	33,33	20,83	8,33	100,00
	Strategy %	9,09	15,69	12,82	16,67	11,94
	Total %	4,48	3,98	2,49	1,00	11,94
	A.st.residual	-1,23	0,96	0,19	0,52	
Between 501-1000 million HUF	Category %	58,33	41,67	0,00	0,00	100,00
	Strategy %	7,07	9,80	0,00	0,00	5,97
	Total %	3,48	2,49	0,00	0,00	5,97
	A.st.residual	0,65	1,34	-1,75	-0,90	
Above 1001 million HUF	Category %	37,50	25,00	25,00	12,50	100,00
	Strategy %	9,09	11,76	15,38	25,00	11,94
	Total %	4,48	2,99	2,99	1,49	11,94
	A.st.residual	-1,23	-0,04	0,74	1,44	

Sourcs: own research, 2014, N = 201

Classifying the groups according to profit after tax we can see that enterprises with lower results do not consciously control their financing, since over 50% of them do not have such a strategy, which is an outstandingly high number in the category (76.77%). Those who apply some kind of methodology are also dominated by solid strategies. The picture is similar with companies of the following category, although the number of those who do not possess a strategy is even higher here. As companies achieving 251 million forints these enterprises do not apply any aggressive strategies, although the proportion of companies applying solid strategies is larger. Interestingly, enterprises having higher revenues all apply some kind of strategy, according to their replies, which is rather solid and aggressive in the 501-1000 million forints category, and rather conservative in the last category. Unfortunately, the sample did not comprise many of these categories, therefore the received results can not be considered representative.

Table 7. Type of financial strategy according to profit after tax

		None	Solid	Conservative	Agggressive	Total %
Between 0-50 million HUF	Category %	51,35	22,97	20,27	5,41	100,00
	Strategy %	76,77	66,67	76,92	66,67	73,63
	Total %	37,81	16,92	14,93	3,98	73,63
Between 51-100 million HUF	Category %	61,11	22,22	16,67	0,00	100,00
	Strategy %	11,11	7,84	7,69	0,00	8,96
	Total %	5,47	1,99	1,49	0,00	8,96
Between 101-250 million HUF	Category %	39,13	39,13	13,04	8,70	100,00
	Strategy %	9,09	17,65	7,69	16,67	11,44
	Total %	4,48	4,48	1,49	1,00	11,44
Between 251-500 million HUF	Category %	50,00	33,33	16,67	0,00	100,00
	Strategy %	3,03	3,92	2,56	0,00	2,99
	Total %	1,49	1,00	0,50	0,00	2,99
Between 501-1000 million HUF	Category %	0,00	50,00	0,00	50,00	100,00
	Strategy %	0,00	1,96	0,00	8,33	1,00
	Total %	0,00	0,50	0,00	0,50	1,00
Above 1001 million HUF	Category %	0,00	25,00	50,00	25,00	100,00
	Strategy %	0,00	1,96	5,13	8,33	1,99
	Total %	0,00	0,50	1,00	0,50	1,99

Source: own research, 2014, N = 201

Conclusion

According to the findings of the research we can say that the small and medium-size enterprises making up the sample do not consciously deal with the control of their financing, since they do not have either the capacity or expertise for that. In many cases they do not control it consciously because they rely on their own resources, and create the missing resources as their current situation allows. Based on the findings it can be stated that Hungarian enterprises seek security, i.e. they try to finance all assets from appropriate sources, or rather rely on durable resources, i.e. apply rather conservative strategies than aggressive ones, which is also proven by the credit statistics of the National Bank. Aggressive strategies are more typical of larger enterprises, which have larger financial background, therefore better expertise. These enterprises, possessing the appropriate capacities, are capable of basing their financing from cheaper short-term resources, and apply them for invetsments, as they are able to control them continuously. According to the findings there is a chance that the operations of the SME sector will become more secure, with durable conservative financing strategies.

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