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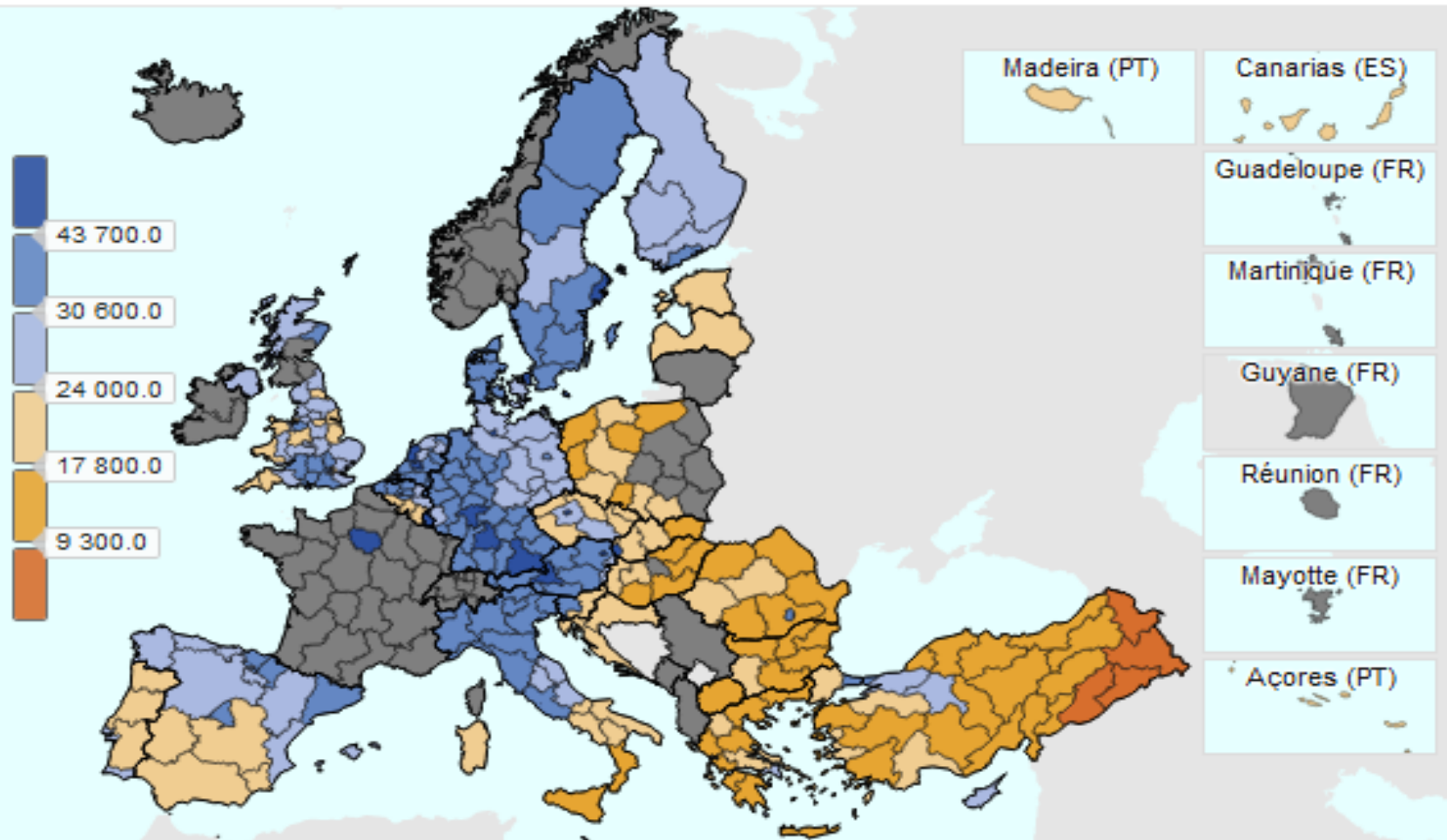
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EUROPEAN STRUCTURAL FUNDS AND RENTABILITY

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- Since the first wave of enlargement, the European Commission has realized that it is necessary to create tools to support new members.
- Thus, the European Commission has created the Regional Development Policy which addresses the regions that have a GDP per capita below the EU average.
- These regions benefit from structural and cohesion funds to finance various types of projects.

GDP / capita (PPS) 2017

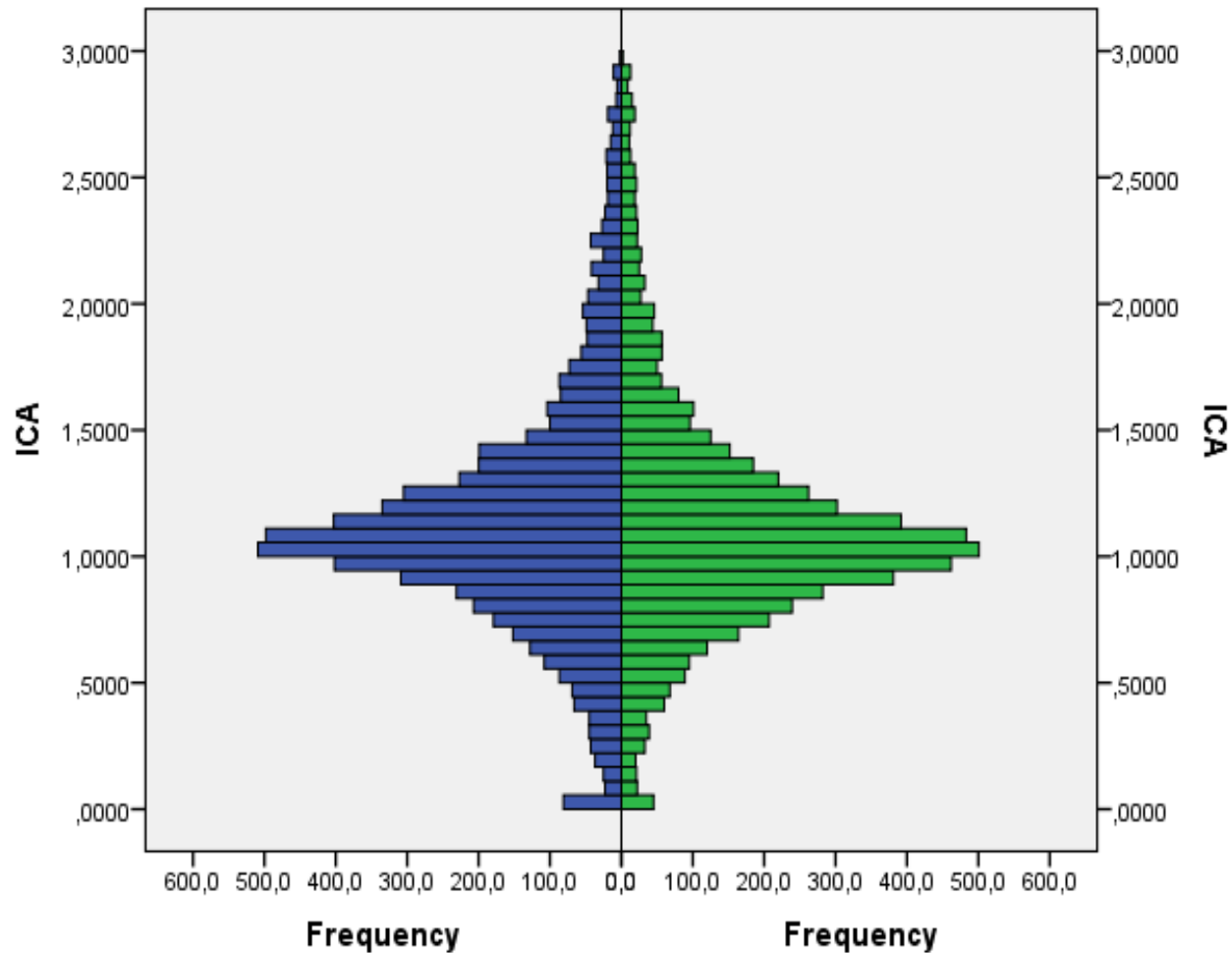


- The issue of Regional Development Policy became much more complicated after the enlargements of the EU in 2004 and 2007 when several countries with large differences in economic development were accepted as new members.
- Considering that the literature does not reach a consensus regarding the impact generated by the structural funds and the fact that some authors have even claimed that the structural funds addressed to the business environment **determine companies to have an irrational behavior;**
- ***The hypothesis of the present study is that the structural funds increase the profitability of the beneficiary companies.***

- The analysis was performed at the level of the North-East Region of Romania, which is the poorest in terms of GDP per capita in Romania;
- In order to be able to prove this hypothesis, we proceeded to identify the companies that benefited from non-reimbursable financial aid during the multiannual exercise 2007-2013 (Group 1);
- In order to have a comparison basis, we also formed a control group of companies that did not receive financial aid (Group 2);
- For all these companies, the annual financial statements were extracted from the website of the Ministry of Finance (www.mfiante.ro) for the period 2005-2018.

Group 1

Group 2

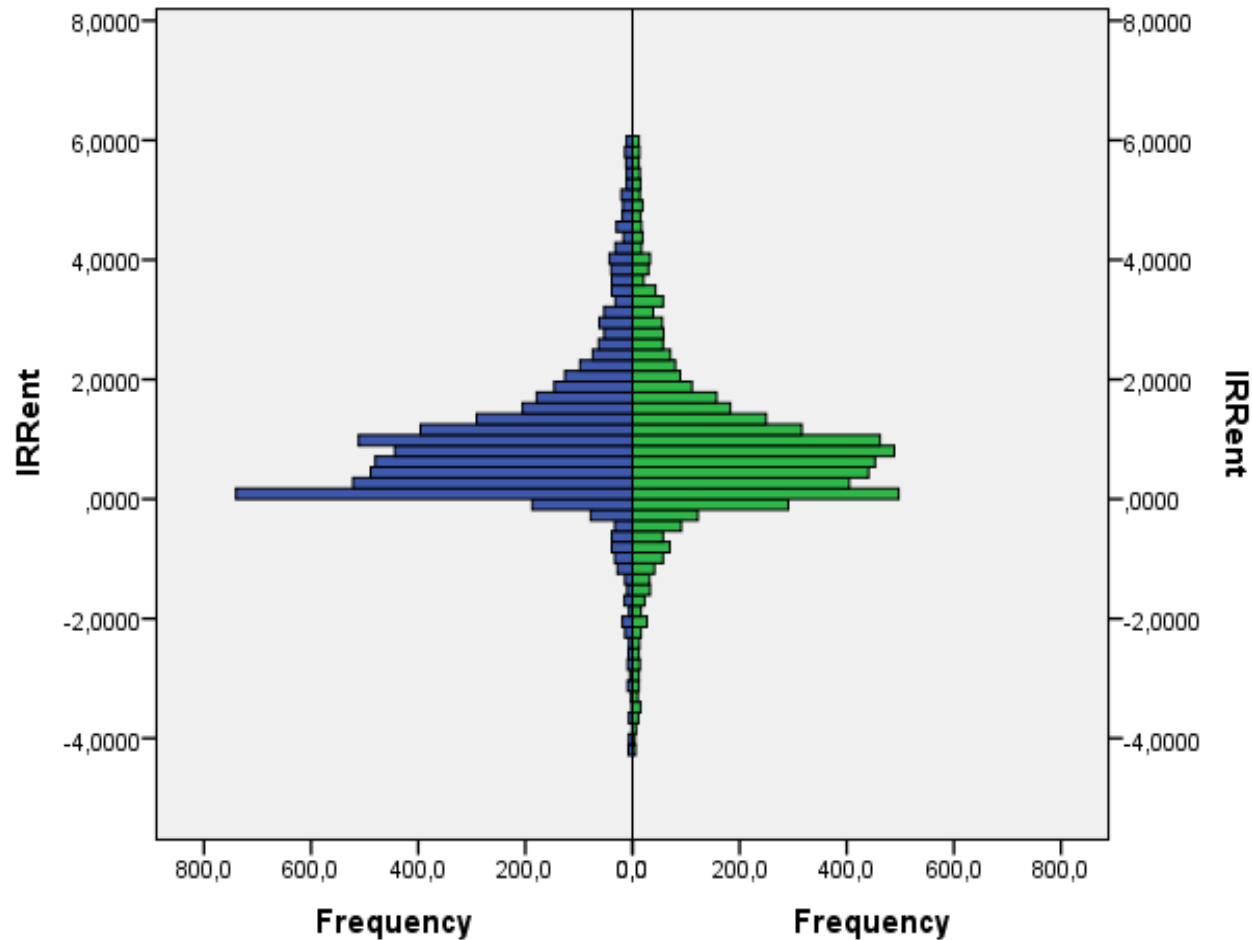


Evolution Index of the turnover: Group 1 vs Group 2

- For the period 2005-2018 for the group of companies that benefited from non-refundable financial aid, the group average was 1.144784, which means that these companies registered an average annual growth of 14.47%, while the companies in the control group had registered an average annual growth of 12.97%.
- Applying a comparison test of the mean, we find that the **difference** between the two groups **is not statistically representative**, practically the non-reimbursable financial aid did not have a noticeable effect on the evolution of the Turnover.

Group 1

Group 2



Evolution Index of the rate of return: Group 1 vs Group 2

RATE OF RETURN

- Determining the average at the level of the two groups we find that the mean of the period is sub unitary for the both sub-collectivities. For the period 2005-2018, the companies that benefited from non-reimbursable financial aid registered an average annual decrease of 2.26% of the rate of return, while the companies that did not receive community support registered an average annual decrease of 16.61 %
- **The difference between the average of the two groups (of 14.35%) is statistically representative**, which means that the structural funds have a remarkable effect in terms of increasing the profitability of the beneficiary companies.

CONCLUSION

- Following the analyzes, we find that the stated hypothesis is confirmed, the structural funds contribute to the efficiency of the activities of the beneficiary companies, leading to an increase in their profitability;
- Although the analysis of the turnover did not result in statistically representative differences at the level of the two groups;
- The index of evolution of the rate of return shows clear differences between the two categories of enterprises.



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