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Procedia Social and Behavioral Sciences 24 (2011) 16–32

Procedia
Social and Behavioral Sciences

7th International Strategic Management Conference

Management measures to be taken for the enterprises in difficulty during times of global crisis: An empirical study

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Abstract

Global crises affect the economic activities of countries in both macro and micro level. With the crises, accounting and financing practices gain crucial importance in enterprises. In other words, enterprises face the necessity of taking certain financing measures in order to survive the in the crisis environment. In this study, firstly the theoretical approaches concerning the financing measures to be taken by enterprises in crises are presented. The second part of the study is devoted to the survey prepared on the basis of the said theoretical framework and through which the enterprises' views on the financing measures they take during times of economic crises were asked for.

Keywords: Global crisis, financing measures, empirical study

1. Introduction

World-wide crises that led to the interruption of economic development have affected world since 1980s and resulted in production losses of billions of dollars and unemployment of millions of people.

The financial crises experienced in Turkey in April 1994, November 2000 and February 2001 respectively had a very negative impact on the Turkish economy during which it became difficult for enterprises to provide resources from capital markets and due to the increased interest rates in the financing via borrowing from banks and financial institutions, the cost of borrowings were high.

This study is divided into four parts. The first and second parts are devoted to an introduction to the research topic and the effects of global crises on enterprises. In the third part, the financial measures to be taken during times of economic crises are examined. The last part of the study is devoted to the survey and the evaluation of the results.

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doi:10.1016/j.sbspro.2011.09.086

2. Global crisis and its effects on enterprises

Crisis is stagnation and depression. It can also be defined as a significant decrease in national income in a short period of time. Economic crisis is the period of economic regression during which economy falls short of the power to develop with its own sources and hence experience a regression and depression (Erol 2008: 152).

Economic crises "result from the disruption of economic balance and weakening of all economic actors due to sudden and unexpected events that appear because of local or international reasons such as financial, administrative problems, the informal economy, corruption, tax system disorders, foreign exchange bottlenecks, external debt payment problems, inability to import enough foreign capital, drops in the country credit grades in international financial circles, unemployment problems or natural disasters". Emerging due to different causes, crises may affect all countries more or less with the effect of globalization. The economic (financial) crisis that started in 2007 can be given as an example to this situation (Ayrıçay 2010: 172).

Economic crisis can be described as "the serious disruption of national economy in macro level and of firms in macro level by the sudden and unexpected events occurring in the economy" (Gençtürk 2008:5). As this definition suggests, economic crises affect enterprise economy as well as national economy. Crises, faced by enterprises at various times, can be defined in the most comprehensive way as the "unexpected and unforeseen tension which necessitates quick-response and threats the organization's existing values, objectives and assumptions by rendering its methods of prevention and adaptation inadequate" (Özdevecioğlu 2002: 94). Crisis threatens the life of the enterprise as well as its ongoing activities and destroys its production capacity) (Vergiliel Tüz 2004:3).

The most immediate effect of crises on enterprises is time pressure. Time pressure increases the degree of difficulty of tasks, shortens the time needed to make decisions and directly affect the decision-making process and its results. Another effect of the crisis on enterprises is the stress emerging as a result of time pressure. Decisions made under stress may increase error rate and may also cause prolongation of the problem-solving process. Thus, managers may loose their ability to solve problems and self-confidence. In addition, the working groups in the enterprise work in a non-productive way and conflicts increase (Titiz and Çarıkçı: 205).

During times of crisis, financial difficulties may be experienced concerning liquidity, delays in receivables and resource supply. The most important factors in resource pressure during this period are reduced incentives and loans and the fact that the securities and real estate are not at their real valuation. It has been observed that during times of crisis, there is a possibility for large-scale enterprises to postpone payments and a tendency to reduce forward sales, suspend production, sales and purchases and settle commercial credits (Gafuroğlu 2007: 86).

In general, problems encountered by enterprises during times of crisis can be listed as follows (Şakrak 1999: 48):

- A rapid letup in sales due to the decrease in sales,
- A tendency of increase in semi-finished and finished goods,
- Increased problems with starting material purchase,
- Increased problems with returns of receivables,
- Narrowing of the possibilities of borrowing,
- Increase in cost of capital stock and problems with equity capital supply,
- Decreased capacity use and reduced productivity due to gradual spread of problems with balance of payments in the organization,
- Increased unit costs,
- Difficulties in reporting system due to the rapid change in general economic indicators and instability.

The problems presented above may differ according to sector type.

3. FINANCING MEASURES TO BE TAKEN DURING TIMES OF CRISIS

The management model to be applied during times of crisis implies a diversification also in enterprise functions. When considering the issue in terms of enterprise functions, as the basic source of measurement, management of the crisis, overcoming it and being prepared for possible crises are valid financial indicators and information, financial function of the enterprise gains importance. Enterprises need an effective financial information system more than ever before during times of crises in terms of measures to be taken with regard to all enterprise functions and ensuring coordination in the application process. Thus, the above-mentioned general roles of the finance function are transformed to the following roles during times of crisis (49).

- Determining the most appropriate financial policies for the enterprise during times of crisis,
- Providing the needed capital,
- Implementing appropriate policies for determined programs and realizing the dynamic change,
- Providing the valid information flow that will ensure the quick checking of the application results.

In order to overcome the effects of the problems caused by the deterioration of resource-use balance, which is the basic balance deteriorating during the crisis, with the least damage, a more flexible dynamic resource-use (financial) management should be adopted. In order its effectiveness to be felt before the beginning of the crisis, finance function should be a function considered to be important not only during times of crisis but also during normal times (50).

According to the theory of finance, solution of the short-term financial problems of enterprises will increase their chances of success. It is a fact that the chance of survival will decrease for enterprises that can not resolve its short-term financial problems although how good it may appear in the long run. The economic crises experienced in Turkey in recent years have shown the importance of this situation. The issue of short-term finance, on the other hand, is discussed within the scope of working capital and management (Karacaer and Gönenç 2001:13). The cash, receivables, inventories and debt management, in other words working capital management, examined within the scope of this study gains critical importance particularly during times of crisis.

3.1. Working Capital Management and the Measures to be Taken

Working capital can be defined as “assets which are used to carry out enterprise activities and can be turned into cash in a short period of time”. (Aksoy and Yalçıner 2008:5). The feature of these assets is that they can be turned into each other during enterprise activities. For instance, when raw material is purchased by cash payment, it is turned into raw material inventories. When these materials are used it is turned into inventories of semi-finished goods and finished goods respectively. It is turned into receivables when the products are sold and into money when the receivables are collected. Thus, the cycle that starts with cash is finished again with cash (Tuncer 2007:345). This cycle is called as the cash conversion period.

Working capital includes the management of cash, marketable securities, receivables, inventories and other current assets of the company as well as current debt management. As working capital management is also the measure of the ability of the enterprise to meet matured liabilities, it is also considered to be the enterprise’ power to pay the term loans (Aksoy: 6). From this perspective, cash conversion period is found by subtracting the average payment period of short-term debts from the sum of the average receivables collection period and the period of stock keeping time. Prolongation of cash conversion period shows a problem concerning firm liquidity, while shortening of this period shows positiveness in

terms of firm liquidity (Aclan 2009). For the cash conversion period to contribute to the finance of working capital it must be short and take a negative value and this requires the shortening of the receivables collection and stock keeping periods and the prolongation of commercial debt payment period (56).

Working capital management, due its effects on the liquidity and profitability of an enterprise, forms a crucial part of the finance function of the enterprise. Efficient working capital management requires, on the one hand, eliminating the risk of inability to meet the short-term foreign sources and the control and planning of short-terms debts and current assets by avoiding excessive investments in current assets (ALShubiri 2011:39). Moreover, working capital management plays a crucial role in terms of firm value as well as firm liquidity and risk. Namely, effective management of working capital is important for general company strategy with regard to the aim of creating shareholder value. The basic aim of every enterprise is to maximize profit. However, current assets are also important in this context. Increasing profit at the expense of liquidity causes serious problems. Therefore, there must be a balance between these two aims of the firm. For, profit and liquidity is equally important and one should not be preferred at the expense of other. If enterprises understand the importance of working capital, they can improve their general performance and minimize risks (Dong and Su 2010: 60).

With regard to working capital management, the liquidity, profitability and risk triangle is crucial. There is an inverse relationship between decisions concerning working capital and profitability and risk. Risk and profits to be gained decrease as the rate of the liquid assets among the total assets and hence the degree of liquidity increase. While there is an inverse relation between risk and liquidity, there is a positive relation between risk and profit. The formation of working capital affects the degree of firm's liquidity, the possibility of incurring risk and consequently profitability (Aksoy and Yalçıner 2008: 12). When working capital remains idle, profitability decreases and working capital deficit creates the risk of failing to pay. Therefore an appropriate balance should be established among working capital management, risk and profitability (Şakrak 56).

The effect of financial crises is first seen on the working capital. Deterioration in working capital of enterprises will bring in disruption of the daily operations of the enterprise and this will affect the demand for product negatively by affecting the level of customer service. Fluctuations in the volume of activity will result in low levels of cash formation and to overcome liquidity shortages, enterprises will compromise the quality of inputs and finished goods; there will be increases in sales returns and operations that slow down cash flow such as low level of activities will be encountered. While the working capital need increases, the decrease in the level of cash formation, which is required to meet the said need, will continue to erode working capital and the working capital deficiency will have an effect on the growth potential of enterprises due to budgetary restraints and hence will adversely affect the performance and efficiency of activities (Ata 2009:34).

During the periods when prices increase with the effect of the economic stagnation due to crisis, stock problems will arise and as a result of the negative effects of the decreases in stocks and receivables turnovers on the payment ability of the clients, the firm will be in excessive need for working capital (35).

3.1.1. Cash Management and the Measures to be Taken

Cash, in the narrow sense, are considered as active assets expressed as cash boxes and banks in an enterprise. Cash can be in the form of paper or coin. In a broad sense, the concept of cash covers uncollected cheques or undeposited checks, postal orders or bank remittance, Turkish Lira currencies, revenue stamp or postage stamps, matured coupon payments (Çetiner 1995: 269). Cash includes the cash in the enterprise and demand deposits (Turkish Accounting Standards 1997: 40) and cash is as valuable as stocks required by enterprises to continue production and sales (Ceylan 2001: 243). Assets expressed as cash boxes and banks with the term balance sheet demonstrate the actual cash of the enterprise in broad sense (Güvemli 1979: 112).

Cash management in an enterprise, in the simplest form, is slowing down cash outflows via accelerating cash flows and evaluating actual money in the best way (Akgüç 1985: 238). In other words, cash management is the determination of cash need in accordance with time by balancing cash inflows and outflows by means of financial planning (Akgün: 93).

The aim of cash management is to enable enterprise to obtain the needed cash at the right time and at minimum cost. To achieve this, enterprises use a number of techniques and measures concerning cash planning, short-term financing and investment decisions, financial risk management and management of the relations with financial institutions (Leire 2009: 58). In addition, cash management also aims at avoiding problems concerning financial responsibilities and increasing profitability without reducing the effectiveness of activities (Brigham and Weston 1972: 298). It should also preserve sufficient liquidity that will meet future needs and positively affect the enterprise profitability. The factors that determine the amount of cash held are as follows (Akgün 1998: 93):

- Cash management policy of the enterprise,
- Liquidity situation of cash money,
- Enterprise management's preferences concerning liquidity and risk situations,
- Enterprise's ability of borrowing,
- Comparative debt schedule,
- Short-term and long-term cash-flow forecasts,
- Potential of different cash flows under changing conditions.

Cash flow risk is the most important factor causing the enterprise to enter the cycle of financial crisis. The prolongation of the duration of cash conversion, which increases enterprises' need for financing, is caused by problems concerning the working capital position due to the increase of inventories, slowing down of the collection of receivables and the decrease of credits (Ata 2009: 35).

The prolongation of the duration of cash conversion during times of crises also slows down the speed of cash cycle and therefore a higher level of actual cash is needed in order to perform a certain level of business. Enterprises that experience cash shortage can not benefit from cash discounts applied to seller credits and it becomes more difficult to obtain credits due to decrease of liquid values. Moreover, credit worthiness is further reduced if problems are faced in due payments due to cash shortage. If firms get into more short-term debts in order to meet the needs of enterprise in case of cash shortage, interest payments increase and as a result of this increase the enterprise's ability to pay interest and profitability are adversely affected (36).

In the short term, especially during times of crisis, it is important to maintain cash balance continuously. This is called "liquidity principle". In order to provide the said balance in liquidity, the future cash flows and outflows should be predicted accurately (SME Post).

During times of crisis, enterprises can main their effectiveness by improving their cash flows, in other words, by accelerating their cash flows and slowing down cash outflows. In addition, the estimation of cash flows and outflows is of great importance. Therefore, the possible effects of economic recession on the calculation of cash flows should be estimated and cash budgets should be prepared as a means of short-term planning. An effective cash management in crisis depends on being successful also in

receivable management. To focus on credit sales to increase sales in times of crisis can be risky in terms of liquidity. Therefore, cash sales should be encouraged and cash inflows should be increased by deploying means to accelerate collection. In terms of effective cash management, for a temporary period of time cash shortage may require the use of short-term foreign resources, and if the shortage continues, the use of medium-term or long-term foreign or equity capital can be applied also considering the causes of shortage (Ata 2009: 122-125).

3.1.2. Inventory Management and the Measures to be Taken

Stock is obtaining in advance or keeping certain goods in the enterprise in order to sell, to use in the production of new goods or to consume them in other activities. These materials are generally stockpiled (Sevilengül 1997: 264). Inventories consists of entities such as starting material and supplies, semi-finished goods, commercial goods, by-products, waste and scrap, which are obtained by the enterprise to sell, consume or use in production and to be utilized within the period of less than a year or turned into cash within a year (Tokmak 1997: 115).

Cost forms the basis of the records related to inventories. The cost of inventories is equal to the sum of all direct and indirect costs incurred in order to bring them to their current place and position (Güredin 1987:5). The purpose of inventory control is ensuring that these items are recorded on the basis of continuity in line with the generally accepted accounting principles and that they are reported in financial statements accurately. To achieve this goal, the auditor should confirm that stocks physically exist that they are owned by the enterprise, that they are saleable and that they are properly priced. Therefore, the arithmetic accuracy of the inventory count, inventory valuation methods and calculations should be examined. Inventory is a kind of investment for an enterprise as keeping inventory in the enterprise means assigning money to inventories and abandoning alternative ways of gain. For this reason, the degree of the amount of money to be assigned to inventories should depend on the cost-benefit analysis to be carried out by finance manager (Tuncer 2007: 431).

In the traditional inventory management approach, it is essential to determine and maintain the amount of inventory that will not hinder production and sales and that will minimize the sum of costs related to inventories. While the enterprises that work with inventories less than the necessary amount can bear unnecessary costs due to production delays, lost quantity discounts, unplanned purchasing requirements and customer losses, the costs of storage, insurance, record-keeping and risks such as theft and obsolescence increase in the enterprises that work with excessive amounts of inventories. In addition, the costs of the investments concerning storage areas and inventories are also important (431).

During times of crisis, the term of turning inventories into money lengthens. Not returning of the produced goods as receivable or cash via sales is a negative situation for an enterprise. The inventory costs of the enterprise will increase due to the increase in inventories. The enterprise will get into debt with the aim of meeting these costs and unless the back payments are made by means of the funds obtained from enterprise activities, the enterprise will get into debt again and this will throw the enterprise in bankruptcy after a certain point. However, although keeping high amount of inventories bring certain costs, it also offers some advantages such as meeting all the needs of the market, seizing the market of competitors and obtaining considerable discounts in the context of supplies. Increase in the value of the inventories during times of crisis also gives rise to fictive decisions (Ata 2009: 38-39).

Inventories and their control gain crucial importance in crisis. Enterprises should revise their minimum inventory levels as to avoid problems with production and to protect from inflation. The size of the input inventories offers important advantages in terms of lowering costs during times of crisis. However, the most important problem during times of crisis is the increase of the inventories of semi-finished and finished goods. During times of crisis, finished goods inventories should be minimized and costs should be kept constantly under control (Şakrak 1999: 56).

There is a close relation between the level and management of receivables and that of inventories as each sold good or inventory turns into receivable and money returns firm after the collection of the receivable. Thus, the decisions concerning receivable management and inventory management are not independent from each other. For instance, the decision to make sales on credit to a client leads to an increase in sales and sales increase leads to a rise in the inventory and receivable amount. Sales on credit affect the level of inventory and receivables in the following way: the degree of turning inventories into receivables will grow high in direct proportion to the prolongation of credit maturity. As the cost of stock keeping is higher than the cost of the investment in receivables, this situation is beneficial for an enterprise (Tuncer 2007: 431).

3.1.3. Receivable Management and the Measures to be Taken

The main purpose of receivables management is to increase the contribution of the receivables to the company's net present value.

Forward sales policy increases sales. Especially in industries with fierce competition, circumstances compel firms to make forwards sales. In addition, not making forward sales may reduce sales and cause profit losses to a certain extent. Consequently, forward sales should be adopted in terms of its contribution to increasing profitability. However, it should be taken into account that, despite increasing profitability, financing clients and using funds in financing clients are costly. When the funds that finance receivables are credits taken from any source, the interest paid for credit; and when the funds are firms' own funds, the cost of capital, form the cost of funds assigned to receivables. Thus, while receivables increase by forward sales, the cost of this operation should be calculated and compared with the increase in profits forward sales will create (Aksoy and Yalçıner 2008: 303).

As receivables are elements of fixed money value, face the eroding effect of inflation in an inflationist setting and when the account of receivables are not managed well, with the eroding effect and assets transfer function of inflation, the power of the firm is transferred to others. In accordance with the circumstances in the country and enterprise, additional decisions may accompany the policies concerning receivables management. For instance, before 1980, some of the firms that were active in the Turkish automotive sector preferred to sell their products by installment sale instead of cash sale despite the inflation. By this way, they received from their customers interest rates which were highly above the monthly costs of credits and obtained returns from marketing policy rather than the production of automobiles (302).

The most important problems encountered in companies where receivables management is not active, are that the structure is not designed to prevent or detect customer-based risks, that actions are not taken fast enough in the administrative and legal follow-up and that the amount of receivable increases exponentially. Enterprises can plan their cash flow by properly managing their receivables and the enterprises that achieve this king of management can determine their financing costs in the most appropriate way. As receivables, which are not collected on time or collected in a problematic way, adversely affect the cash flow of the firm, they will affect its profitability also in the same direction (SME Post).

In times of crisis, slowing down of the speed of statutory assignment and increase of the amount of doubtful receivables narrow the enterprise's ability to create cash. As the receivables collection period gets longer, enterprise needs more financing for the same volume of business, in other words, the amount of the enterprise capital to be assigned to receivables increases. (Ata 2009: 37). In times of crisis, necessary measures should be taken with the aim of reducing forward sales, shortening the term allowed to reliable customers and collecting receivables, which are not assigned to cheque or deed, in cash by providing ease of cash payment or assigning short-term open account receivables to cheque or deed (Şakrak 1999: 56).

3.1.4. Short-term Debt Management and the Measures to be Taken

Short-term are the debts to be paid by enterprises in one period of activity.

As net working capital is equal to current assets and short-term debt difference, short-term financing decisions are naturally covered by the working capital policy. recognize, as a natural are. Short-term borrowings consist of trade debts, accumulated debts and financial debts. Trade debts consist of debts to vendors due to forward purchases; accumulated debts consist of debts due to expenses such as fee, tax or interest, which are incurred but not paid; and financial debts consist of credits received from banks in order to meet the short-term resource need and other short-term funds obtained via exporting money market instruments (particularly financial bonds) (Tuncer 2007: 367).

Paying attention to asset-resource alignment in short-term foreign source selection or in directing the selected source to related investment areas protects enterprise from financial risk. The harmony that should exist between fixed assets and long-term foreign resources should also exist between current assets and short-term foreign resources. Investing short-term foreign resources in assets that will provide their turning into cash in short period of time is a right decision. Factors related to the enterprise, general economic structure and working conditions influence the determination of the size of the short-term foreign resources. Similarly, the increase or decrease of demands, borrowing terms and resource costs also influence the size of the short-term resource need (Aksoy and Yalçıner 2008: 407).

One of the most important changes that occur in market during times of crises is the increase in the cost of resource and hence the cost of average capital, in parallel to the extremely high increases in interest rates. In this period, firms get more sensitive about borrowing (Gençtürk 2008: 66). The inadequacy of working capital funds during times of crisis increases the level of debt due to the fact that the enterprise can not pay interests. Delays in debt payments due to lack of fund, on the other hand, engenders undesirable credit conditions and thus credit rates increase. This situation leads a decline in capacity use by affecting the amount of inputs and a decrease in internal cash formation. In addition, during times of crisis, the decrease in the general credit use in the economy leads to a decrease in the amount of funds that would be used to finance the working capital need, and consequently enterprises reduce the amount of production and revise their production plans. If an enterprise can not meet its matured current obligations, this shows technical liquidity lack even though the total assets of the enterprise are more than its total debts. Therefore, the enterprise must perform activities that increase the liquidity of assets and invest its funds in liquid assets (Ata 2009: 34-35).

4. Empirical study

The following part is devoted to the aim, significance, scope and method of the study. The results of statistical analysis and evaluation of survey data are presented in the tables below.

4.1. The Aim and Significance of the Study

The aim of this study is to determine enterprises' perspectives on the financing measures to be taken during times of crisis. It is important for enterprises to carry out their activities in a stable way. This study deals with financial measures to be taken in terms of the sustainability of the enterprise's activities and an empirical research was conducted on these measures.

4.2. The Scope ad Method of the Study

The scope of the study consists of small and medium-sized enterprises active in Ankara OSTİM and Cebeci. The research was conducted via survey method. Survey work was carried out with 184 enterprises and answers were obtained via face to face interviews.

4.3. The Analysis and Evaluation of Data

The SSPS program was used for analyzing and evaluating survey data. The survey used in the research includes 22 judgments, 2 of which are kept out of the scale and concerns sector type and the number of employees.

The fivefold likert-type 20 judgments in the survey sheet were coded as: *1-Strongly Agree, 2-Agree, 3-Undecided, 4-Disagree, 5-Strongly Disagree*. Survey questions were prepared in line with the theoretical framework discussed above and survey data were analyzed through statistical methods. Accordingly, after the evaluation of frequency distributions related to data, factor analysis was applied to data and the results are presented in tables.

4.3.1. Evaluation of the Results of Frequency Analysis

The frequency distribution concerning the sectoral distribution of the enterprises participated in the survey are presented in Table 1.

Table 1: Sectoral Distribution of the Enterprises that Participated in the Survey

	n	**%**
Production	94	51
Service	22	12
Trade	68	37
TOPLAM	**184**	**100**

As for the sectoral distribution, 51% of the enterprises that participated in the survey operated in the production sector, 12% of them operated in the services sector and 37% of them operated in the trade sector. The frequency distribution concerning the number of employees of the enterprises participated in the survey are presented in Table 2.

Table 2: Employee Numbers of the Enterprises that Participated in the Survey

	n	**%**
1-5 persons	63	34,2
6-10 persons	83	45,1
11-49 persons	37	20,2
50 and more persons	1	0,5
TOTAL	**184**	**100**

As for the number of employees, 34,2% of the enterprises that participated in the survey had employees between 1-5 persons, 45,1 % of them between 6-10 persons, 20,2 % of them between 11-49 persons and 0,5% of them had 50 more persons.

Frequency distributions of fivefold likert-type judgments in the survey are demonstrated in Table 3.

Table 3: The Frequency Distribution of the Variables

Variables	**1 (%)**	**2 (%)**	**3 (%)**	**4 (%)**	**5 (%)**	**Total**
Efficient use of financial means helps to improve the asset quality during times of crisis. (V1)	16,3	67,4	14,7	0,5	1,1	**100**
Shortening of the terms of receivables helps to improve the asset quality during times of crisis.(V2)	22,8	44,6	27,2	3,8	1,6	**100**
Shortening of the cycle of the production process helps to improve the asset quality during times of crisis.(V3)	14,1	51,1	25,2	9,2	0,5	**100**
Using cost-effective techniques in production system helps to protect financing-liquidity balance during times of crisis. (V4)	25	43,5	27,2	3,8	0,5	**100**
Focusing on alternative investments (partnership, subsidiary etc.) improves the quality of financing structure during times of crisis. (V5)	16,8	42,4	33,2	6,5	1,1	**100**
Effective use of fixed assets improves the quality of fixed assets during times of crisis. (V6)	17,4	52,7	23,9	5,4	0,5	**100**
Increasing equity capital or the number of partners improves the quality of financing structure during times of crisis. (V7)	18,5	45,7	29,9	4,9	1,1	**100**
Adopting strategies and approaches that aim at economization of production costs (Just-in-time production, kaizen etc.) affects enterprises positively during times of crisis. (V8)	17,9	52,7	23,4	6	--	**100**
Economization policies concerning operation costs affect enterprises positively during times of crisis. (V9)	27,9	47	19,7	4,9	0,5	**100**
Technological investments concerning production processes affect enterprises positively during times of crisis. (V10)	22,3	45,7	23,9	8,2	--	**100**
Benefiting from modern financing techniques (factoring, forfaiting, future, option, swap etc.) affects financing structure positively during times of crisis. (V11)	22,8	43,5	22,8	7,1	3,8	**100**
Revisions concerning borrowing policies (term extension) helps to protect the financing balance of the enterprise during times of crisis. (V12)	26,1	52,2	16,8	4,9	--	**100**
Abandoning enlargement investments helps to protect the financing balance of the enterprise during times of crisis. (V13)	31,7	43,7	20,2	4,8	0,5	**100**

Maintaining operations in certain fields (focusing on certain markets and product) affects financing structure positively during times of crisis. (V14)	25	50,5	17,9	6,5	--	**100**
Abandoning production of goods with low profit margin and operating in the fields of expertise affect financing structure positively during times of crisis. (V15)	32,6	44,6	20,1	1,6	1,1	**100**
Suspending production for a certain period of time and selling firstly the goods in storage provides financial ease for the enterprise during times of crisis. (V16)	35,9	45,1	14,7	3,8	0,5	**100**
Managing suppliers effectively (purchase of raw materials at appropriate prices) affect financing positively during times of crisis. (V17)	34,2	45,7	16,8	2,7	0,5	**100**
Turning fixed assets into cash provides financial ease for the enterprise during times of crisis. (V18)	34,8	47,3	14,1	2,2	1,6	**100**
Applying strategies concerning customer satisfaction affect financing structure positively during times of crisis. (V19)	34,2	52,2	8,8	3,7	1,1	**100**
Planning the cash flow analyses helps to strengthen financial structure during times of crisis. (V20)	48,4	30,4	17,9	2,2	1,1	**100**

According to the frequency distribution of the variables presented in Table 3, of the enterprises that participated in the survey, 83,7% of agreed with the judgment that effective use of financial means increases the asset quality during times of economic crisis. The percentage of the ones that were undecided about this view was 15% while the percentage of the enterprises that disagreed with the said view was very low. Enterprises believed that the shortening of the terms of receivables helps to improve the asset quality during times of crisis. The percentage of the enterprises which agreed with the said view was 67,4%. While the percentage of the undecided ones was 27,2%, the percentage of the ones that disagreed with this view was 5,4%. The percentage of the enterprises which agreed with the view that shortening the cycle of the production process helps to improve the asset quality during times of crisis was 65,2% while the percentage of the ones that were undecided about this view was 25,2%. The percentage of the enterprises that disagreed with the said view was approximately 10%.

The percentage of the enterprises which agreed with the view that using cost-effective techniques in production system helps to protect financing-liquidity balance during times of crisis was 68,5%. While the percentage of the undecided ones was 27,2%, the percentage of the ones that disagreed with this view was 4,3%. The percentage of the enterprises which agreed with the view that focusing on alternative investments improves the quality of financing structure during times of crisis was 59,2%. While the percentage of the undecided ones was 33,2%, the percentage of the ones that disagreed with this view was 8%. The percentage of the enterprises which agreed with the view that effective use of fixed assets improves the quality of fixed assets during times of crisis was 70,1%. While the percentage of the undecided ones was 24%, the percentage of the ones that disagreed with this view was 6%. The percentage of the enterprises which agreed with the view that increasing equity capital or the number of partners improves the quality of financing structure during times of crisis was 64,1%. While the percentage of the undecided ones was 30%, the percentage of the ones that disagreed with this view was 6%. The percentage of the enterprises which agreed with the view that adopting strategies and approaches

that aim at economization of production costs affects enterprises positively during times of crisis was 70,7%. While the percentage of the undecided ones was 23,4%, the percentage of the ones that disagreed with this view was 6%.

The percentage of the enterprises which agreed with the view that economization policies concerning operation costs affect enterprises positively during times of crisis was 75%. While the percentage of the undecided ones was approximately 20%, the percentage of the ones that disagreed with this view was 5,4%. The percentage of the enterprises which agreed with the view that technological investments concerning production processes affect enterprises positively during times of crisis was 68%. While the percentage of the undecided ones was 24%, the percentage of the ones that disagreed with this view was 8,2%. The percentage of the enterprises which agreed with the view that benefiting from modern financing techniques affects financing structure positively during times of crisis was 66,3%. While the percentage of the undecided ones was approximately 22,8%, the percentage of the ones that disagreed with this view was 11%. The percentage of the enterprises which agreed with the view that revisions concerning borrowing policies helps to protect the financing balance of the enterprise during times of crisis was 78,3%. While the percentage of the undecided ones was 16,8%, the percentage of the ones that disagreed with this view was 5%. The percentage of the enterprises which agreed with the view that abandoning enlargement investments helps to protect the financing balance of the enterprise during times of crisis was 75,4. While the percentage of the undecided ones was approximately 20,2%, the percentage of the ones that disagreed with this view was 5%. The percentage of the enterprises which agreed with the view that maintaining operations in certain fields affects financing structure positively during times of crisis was 75,5%. While the percentage of the undecided ones was 18%, the percentage of the ones that disagreed with this view was 6,5%.

The enterprises that participated in the survey believed that abandoning production of goods with low profit margin and operating in the fields of expertise affect financing structure positively during times of crisis. The percentage of the enterprises which agreed with the said view was 77,2%. The percentage of the ones that were undecided about this view was 20,1% while the percentage of the enterprises that disagreed with the said view was very low. The percentage of the enterprises which agreed with the view that suspending production for a certain period of time and selling firstly the goods in storage provides financial ease for the enterprise during times of crisis was 81%. While the percentage of the undecided ones was 15%, the percentage of the ones that disagreed with this view was 43%. The percentage of the enterprises which agreed with the view that managing suppliers effectively affects financing positively during times of crisis was 80%. While the percentage of the undecided ones was 16,8%, the percentage of the ones that disagreed with this view was very low.

The percentage of the enterprises which agreed with the view that turning fixed assets into cash provides financial ease for the enterprise during times of crisis was 82,1%. While the percentage of the undecided ones was 14,1%, the percentage of the ones that disagreed with this view was 4%. The percentage of the enterprises which agreed with the view that applying strategies concerning customer satisfaction affect financing structure positively during times of crisis was 86,4%. While the percentage of the undecided ones was 9%, the percentage of the ones that disagreed with this view was 5%. The percentage of the enterprises which agreed with the view that planning the cash flow analyses helps to strengthen financial structure during times of crisis was 79%. While the percentage of the undecided ones was 18%, the percentage of the ones that disagreed with this view was very low

4.3.2. Evaluation of the Results of Factor Analysis

According to the KMO test concerning the variables, the level of sample adequacy was at the desired level. The variables were also found to be appropriate for factor analysis according to the Bartlett's test. These results are demonstrated in Table 4.

Table 4:KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,814
Bartlett's Test of Sphericity	Approx. Chi-Square	850,475
	df	190
	Sig.	,000

The degree of reliability of the variables (Cronbach's Alpha) was 0,815 and hence the reliability was high. As a result of the factor analysis, 5 factors were found. The statistical results related to the total variances of the 5 factors are demonstrated in Table 5.

Table 5: Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	**% of Variance**	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4,781	**23,905**	23,905	4,781	23,905	23,905	2,524	12,622	12,622
2	2,005	**10,023**	33,928	2,005	10,023	33,928	2,395	11,977	24,599
3	1,596	**7,978**	41,906	1,596	7,978	41,906	2,329	11,644	36,243
4	1,341	**6,707**	48,613	1,341	6,707	48,613	1,980	9,900	46,144
5	1,090	**5,450**	54,063	1,090	5,450	54,063	1,584	7,920	**54,063**
Extraction Method: Principal Component Analysis.									

In Table 5 **Factor 1** covers Effective use of assets during times of crisis; **Factor 2** covers Improving the quality of financing structure during times of crisis; **Factor 3** covers Applying economization and investment strategies during times of crisis; **Factor 4** covers Protecting the balance of financing during times of crisis; **Factor 5** covers Strengthening financing structure during times of crisis. The 5 factors obtained at the end of factor analysis explain the 54,063% of the total variance. The statistical results related to the said factors are demonstrated in Table 6.

Table 6: Rotated Component Matrix[a]

	Component				
Variables	1	2	3	4	5
V20	**,505**				
V19	**,716**				
V18	**,685**				
V17	**,682**				
V16	**,593**				
V14		**,756**			
V13		**,640**			
V12		**,571**			
V15		**,566**			

V11		**,526**			
V8			**,734**		
V10			**,684**		
V9			**,649**		
V3				**,740**	
V2				**,727**	
V4				**,658**	
V1				**,507**	
V5					**,755**
V7					**,611**
V6					,462
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 7 iterations.					

As seen in Table 6, V6 was taken out from evaluation since its value (0,462) was smaller than 0,5. The reliability results of the factors are as follows respectively: the reliability degree of Factor 1 (Cronbach's Alpha) was 0,737; the reliability degree of Factor 2 was 0,703; the reliability degree of Factor 3 was 0,693; the reliability degree of Factor 4 was 0,663; the reliability degree of Factor 5 was 0,601.

According to the Table 5 and Table 6, Factor 1 includes the following judgments and explains the 23,905% of the total variance: during times of crisis,

- suspending production for a certain period of time and selling firstly the goods in storage provides financial ease for the enterprise,
- managing suppliers effectively (purchase of raw materials at appropriate prices) affect financing positively,
- turning fixed assets into cash provides financial ease for the enterprise,
- applying strategies concerning customer satisfaction affect financing structure positively,
- planning the cash flow analyses helps to strengthen financial structure.

Factor 2 includes the following judgments and explains the 10,023% of the total variance: during times of crisis,

- benefiting from modern financing techniques affects financing structure positively,
- revisions concerning borrowing policies (term extension) helps to protect the financing balance of the enterprise,
- abandoning enlargement investments helps to protect the financing balance of the enterprise,
- maintaining operations in certain fields (focusing on certain markets and product) affects financing structure positively,
- abandoning production of goods with low profit margin and operating in the fields of expertise affect financing structure positively.

Factor 3 includes the following judgments and explains the 7,978% of the total variance: during times of crisis,

- adopting strategies and approaches that aim at economization of production costs affects enterprises positively,
- economization policies concerning operation costs affect enterprises positively,
- technological investments concerning production processes affect enterprises positively.

Factor 4 includes the following judgments and explains the 6,707% of the total variance: during times of crisis,

- efficient use of financial means helps to improve the asset quality,
- shortening of the terms of receivables helps to improve the asset quality,
- shortening of the cycle of the production process helps to improve the asset quality,
- using cost-effective techniques in production system helps to protect financing-liquidity balance.

Factor 4 includes the following judgments and explains the 5,450% of the total variance: during times of crisis,

- focusing on alternative investments improves the quality of financing structure,

increasing equity capital or the number of partners improves the quality of financing structure.

The statistical results concerning the determination of the level of correlation between the 5 factors obtained via factor analysis are demonstrated in Table 7.

Table 7: The Correlation Relationship between the Factors

		f1	f2	f3	f4	f5
f1	Pearson Correlation	1	**,459****	**,401****	,290**	,317**
	Sig. (2-tailed)		,000	,000	,000	,000
f2	Pearson Correlation	**,459****	1	**,459****	,111	,307**
	Sig. (2-tailed)	,000		,000	,136	,000
f3	Pearson Correlation	**,401****	**,459****	1	,202**	**,428****
	Sig. (2-tailed)	,000	,000		,006	,000
f4	Pearson Correlation	,290**	,111	,202**	1	**,416****
	Sig. (2-tailed)	,000	,136	,006		,000
f5	Pearson Correlation	,317**	,307**	**,428****	**,416****	1
	Sig. (2-tailed)	,000	,000	,000	,000	
**. Correlation is significant at the 0.01 level (2-tailed).						

In order to find out whether there is a relationship between the 5 factors determined via factor analysis, correlation analysis was conducted. As seen in Table 7, there is a weak and significant relationship between Factor 1 and Factor 2 and Factor 3. There is also a weak and significant relationship between Factor 3 and Factor 5 and Factor 4.

5. Conclusion

Management of active and passive structures without damaging their balance gains critical importance during times of crisis. Enterprises seek ways to overcome crisis via certain financing measures they apply during times of crisis. This study tried to measure the perspectives of enterprises related to the financial measures to be taken during times of crisis.

The crises experienced in Turkey have left enterprises in difficult situations and especially small enterprises have been affected directly. Financial instabilities have become a characteristic of world economy and have left permanent marks on the real economies of developing countries. The

contemporary effect of global crises has been felt in global markets while the real effect has been felt in real section.

In developing countries, SMEs have been in serious difficulty concerning financing resources. Undercapitalization, existing in the economies of developing countries, requires the efficient use of resources.

In order to struggle with the crisis, Turkey should set an anti-crisis agenda and implement it immediately. Managers of enterprises should take necessary management measures in order to struggle with the crisis. Furthermore, during times of economic crises, professional associations should help business world and give financial and consultancy support to the enterprises.

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