

Adrian Filip Kamela, MSc

## **Debt of an industrial company and its development**

Doctoral thesis written at the College of Management and Finance of the Warsaw School of Economics under the scientific supervision of dr hab. Katarzyna Kreczmańska-Gigol, prof. SGH

### **Summary**

Growth (development) of an enterprise is one of the most popular topics in the literature on entrepreneurship, strategic management and organization of the industrial economy. The concept of growth or development of an enterprise is difficult to define unambiguously. It is understood very broadly and interpreted in various ways.

Enterprises need the proper conditions to be able to develop. One of the development determinants that plays an important role is the access to various forms of financing enabling the implementation of planned investments. Enterprises, when deciding to start an investment project, have to determine the method of its financing. Enterprises have many types of financing at their disposal, among which debt financing is one of the most popular. Research shows that non-financial enterprises in Poland willingly reach for debt financial instruments to finance their assets. Credits and loans as well as the issue of own bonds are most often used.

It should be emphasized that before starting the investment, the company should be in a stable financial condition and have good financial liquidity. Debt financing, e.g. in the form of a trade credit, can also be used to manage finances of the company in the short term.

It is also important that debt financing has its limits. Determining a safe level of debt in an enterprise is a fundamental issue. It aims to prevent a situation in which the company becomes insolvent and goes bankrupt.

The main purpose of the dissertation is to assess whether debt financing can support the development of an enterprise. The use of selected types of debt financing (including hybrid financing) was analyzed. The development of the enterprise in the author's own study is identified with the transition to the next phases of its life cycle. This concept is one of the most popular and often used to analyze issues related to the development of enterprises.

Additional objectives of the dissertation include: analysis of the use of various forms of debt financing by enterprises in Poland, along with an assessment of their characteristics and an indication of factors influencing their use, as well as an analysis of issues related to the development of the enterprise - ways of defining it and factors supporting it.

Research methods used in the dissertation include:

- review of Polish and foreign literature, publications, scientific articles, Internet resources;
- empirical study: it was conducted by means of a diagnostic survey among representatives of enterprises from three sectors: industrial, commercial and service. The research tool used was the author's questionnaire. The structural equation modeling was used to analyze the collected data.

The objectives of the work were achieved by verifying the research hypotheses: the main and additional ones, formed based on the analysis of the literature on the subject, as well as by answering the research questions.

The research results allowed to positively verify the main research hypothesis that the more frequent the use of debt financing, the further the phase of the enterprise's life cycle, taking into account the purpose of use of debt financing. Based on that it can be concluded that the use of debt financing supports the development of the enterprise, understood as the transition to the next phases of its life cycle.

The study also enabled the verification of some additional hypotheses. Three of them were successfully verified. The size of the enterprise and its legal form have a positive impact on the frequency of use of debt financing. In addition, there is a relationship between the purpose of use and the type of debt financing. One additional hypothesis - about the differences in the examined relationships between enterprises from different industries - had to be rejected.

The study also showed an additional relationship that the life cycle phase of the enterprise was negatively related to the change in financial situation. It requires further research, especially since a similar research question showed a positive correlation between these variables. The final research model also showed a number of correlations between the use of particular types of debt financing.

The dissertation consists of five chapters. In the first chapter the enterprise was defined and issues related to the development of the enterprise were touched. The second chapter is devoted to corporate debt financing. The third chapter includes an analysis of issues related to debt financing and enterprise development in the literature on the subject. Mainly Polish and foreign scientific articles presenting the results of empirical research were analyzed. In the

fourth chapter the methodology of the conducted research was described. The fifth chapter is devoted to the conducted own research. The conclusion contains a summary of the most important implications from the conducted research. The dissertation also includes a bibliography, a list of tables and figures.

Two appendices have been attached to the dissertation. The first is the author's questionnaire. The second is the classification of enterprises for the purposes of the study according to the Classification of Business Activities (PKD) 2007.

**Keywords:** industrial enterprise, debt financing, enterprise development