

# Problems in business valuation –analysis of survey results

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*The paper presents a part of the survey results on business valuation carried out in October 2011. The survey involved 182 experts in business valuation from 12 countries worldwide. The article attempts to answer the question: what problems do experts face in business valuation? Are there differences in the perception of the phenomena connected with valuation between experts working on the U.S. market, where the business valuation standards are well-established, and experts from other countries such as Poland and Romania where these standards have a shorter history? Survey results indicated that experts face many the same problems in business valuation. The key issue faced by the experts in the valuation is the problem of forecasting future events.*

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*JEL Classifications: G11, G17, G20*

## 1. Introduction

Business valuation<sup>2</sup> is an important aspect of economic life. This type of valuation is the basis for settlement between parties in transactions,

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<sup>2</sup> Business valuation - the act or process of determining the value of enterprise or ownership interest therein. Source: S.P. Pratt, A.V. Niculita, *Valuing a Business. The Analysis and Appraisal of Closely Held Companies*, The McGraw-Hill Companies, New York 2008, fifth edition, p.1070.

in court litigation between owners and in other forms of settlement. Theory and practice show that business valuation is a complicated process, for at least two reasons. Firstly, the valuation of enterprises is complicated due to the very nature of businesses. Enterprises are structures of varying complexity. Moreover, they are mechanisms with a number of internal and external relationships. Secondly, business valuation draws on the knowledge of economics, finance, management and, albeit indirectly, of other social sciences. Such a wide range of knowledge and its varied conceptual apparatus hinders perception and generates numerous problems which translate into practice.

The first business valuation standards were created in the United States and Canada in response to the problems of valuation practice and to raise the level of valuations. In subsequent years, we could observe the process of introducing standards of the valuation of companies in other countries (e.g. New Zealand, Australia, Hong Kong, Poland and India - still in progress). At the same time many countries' economies are changing significantly as a result of globalization and the ensuing liberalization of trade and capital movement. These processes are accompanied by changes in technology that improve the flow of information. In recent years global economy has been shaken by crises: the first crisis occurred in the subprime market and, related to it to an extent, the second crisis - in the public debt market. Both crises have highlighted the problems in the field of risk assessment and, consequently, in the valuation of financial instruments. Therefore, in the context of the above events the following questions arise:

- What problems do experts face in the business valuation?

- Are there differences in the perception of the phenomena connected with valuation between experts working on the U.S. market, where the business valuation standards are well-established, and experts from other countries such as Poland and Romania where these standards have a shorter history?

The purpose of the article is to attempt to answer these questions. Therefore the survey among business valuation experts from 12 countries was carried out.

### **I. Previous research**

In the last few years several publications have presented theoretical and practical problems in the area of business valuation. There are articles about the errors that are committed in the valuation of companies (Fernandez, Bilan 2007, Marafie 2011) and paper on the valuation in emerging markets (Bruner, Conroy, Estrada, Kritzman, Li 2002). At the same time a number of publications appeared presenting specific problems of the methods of determining cost of capital (Pratt, Grabowski 2008, Keenan 1970, Cibanu 2011) as well as the market risk premium (Damodaran 2011, Fernandez 2011). In a broader perspective, there are also studies of the pressure from clients on experts in real estate valuations (McParland, Adair, McGreal 2002, Chen, Yu 2009). The results presented in this article supplements the current complement in business valuation.

### **II. Survey description**

The survey was carried out under the research project - habilitation No. N N113 261836 funded by the Polish Ministry of Science and Higher Education. The study was conducted in September 2011. An invitation to participate in the study was sent (via email) to 9,499

experts whose job description included business valuation, in countries like Australia, China (Hong Kong), France, India, Canada, Germany, New Zealand, Poland, Romania, Singapore, the USA, and the United Kingdom.

The experts who were invited to participate in the research can be divided into three groups. The first group consists of members of organizations of accountants and auditors who have developed the standards of business valuation. The second group consists of experts belonging to organizations of appraisers, who have also developed the standards of the valuation of companies. In both these groups experts have a very broad scope of competences, but many or even most of them do not in fact deal with business valuation. They focus on such areas as accounting services or property valuation.

As a rule, public databases of organizations of accountants and appraisers do not provide information about whether an expert who is an appraiser or an accountant is entitled to value businesses. Even if such information is provided, the risk remains that many of the potential respondents are not practically involved in the valuation of companies. Those fears were confirmed by the respondents returning the questionnaires: many of them do have the right to perform business valuation but they do not use it in their professional practice. The third group consists of experts belonging to organizations which deal with business valuation. The structure of the group of potential respondents dependent on the availability of contact details of the experts in each country.

The questionnaire could be filled out on the project website <http://bvs.ue.wroc.pl> in the Polish language and <http://en.bvs.ue.wroc.pl> in English. The questionnaire could be

completed within the period from 19 September to 13 October 2011. The project website was visited 599 times. The survey consisted of 17 closed questions. Respondents were also given the opportunity to offer their comments and suggestions.

### III. Survey results

The questionnaire was completed by 182 respondents from many countries and therefore these results are not representative when analyzed from the point of view of the population structure of experts in business valuation. The presented results of the research are merely symptomatic, indicating the problems faced by the experts in the field of business valuation in each country. The largest group of respondents consisted of experts from three countries: the USA (26.9%), Poland (20.9%) and Romania (17.0%). Experts from other countries were represented modestly (9.3% of Canada, New Zealand 8.2%, UK 2.7%, Australia 2.2%). 4.4% of respondents did not disclose the country of origin (Table 1). Taking into consideration the number of respondents and the representation of each country, the results were analyzed by dividing the population into four groups (experts from the U.S., Poland, Romania and other countries, of which the vast majority are the countries of the Commonwealth). The vast majority of the respondents are experts with over 10 years' experience in the valuation of companies (59.9%). Experts who have been conducting valuation for 6 to 10 years accounted for 20.3% of the respondents, and the smallest group (18.1%) were experts with less than 6 years' experience. 1.1% of the respondents did not specify the length of their experience in business valuation, and 0.5% did not regard themselves as professional experts (Table 2). The group of

American respondents was strongly dominated by experts with experience of more than 10 years (92.0%), while only 8.0% were experts with experience of between 6 and 10 years. There were not any American respondents in the group of experts with experience of less than 6 years. In the group of Polish experts those with more than 10 (37.8%) and less than 6 years' experience (37.8%) dominated. In the group of experts from Romania experience of between 6 and 10 years turned out to be the most typical (48.4%). The group of experts from other countries resembled the American group with 67.2 % of experts with professional experience of more than 10 years.

It is difficult to estimate the size of the population of experts in the valuation of companies in the countries surveyed. In countries like the U.S. and Canada, where experts in the business valuation are subject to the certification process it is possible to estimate the number of experts fairly accurately. In other countries it is difficult to determine the number of experts because the certification process for business valuation is not carried out. For example in Poland it is difficult to estimate the number of business valuation experts due to the fact that the profession is not regulated and the area of business valuation is in the scope of interest of property appraisers, auditors and accountants. In these professional groups, however, only a small proportion are likely to be involved in business valuation in a systematic way. Many experts are only involved in this area on an ad hoc basis, and a vast majority of experts do not handle this issue at all.

Table 1

## Structure of respondents by country of origin

Country	Respondents	
Australia	4	2.2%
Barbados	1	0.5%
Bouvet Island	1	0.5%
Canada	17	9.3%
Cape Verde	1	0.5%
Germany	1	0.5%
Guyana	1	0.5%
Hong Kong	2	1.1%
India	1	0.5%
Kazakhstan	2	1.1%
Mexico	1	0.5%
New Zealand	15	8.2%
Poland	38	20.9%
Romania	31	17.0%
Serbia and Montenegro	1	0.5%
United Kingdom	5	2.7%
United States	49	26.9%
United States Minor Outlying Islands	1	0.5%
Jamaica	1	0.5%
Virgin Islands, British	1	0.5%
No mention of the country	8	4.4%
	182	100.0%

*Source of data:* own work

Table 2

**Work experience in business valuation**

	USA	Poland	Romania	other countries	total
more than 10 years	92.0%	37.8%	19.4%	67.2%	59.9%
6-10 years	8.0%	24.3%	48.4%	14.1%	20.3%
1-5 years	0.0%	37.8%	32.3%	14.1%	18.1%
I am not professional by expert	0.0%	0.0%	0.0%	1.6%	0.5%
no answer	0.0%	0.0%	0.0%	3.1%	1.1%

*Source of data:* own work

#### IV. What problems do experts come across in business valuation?

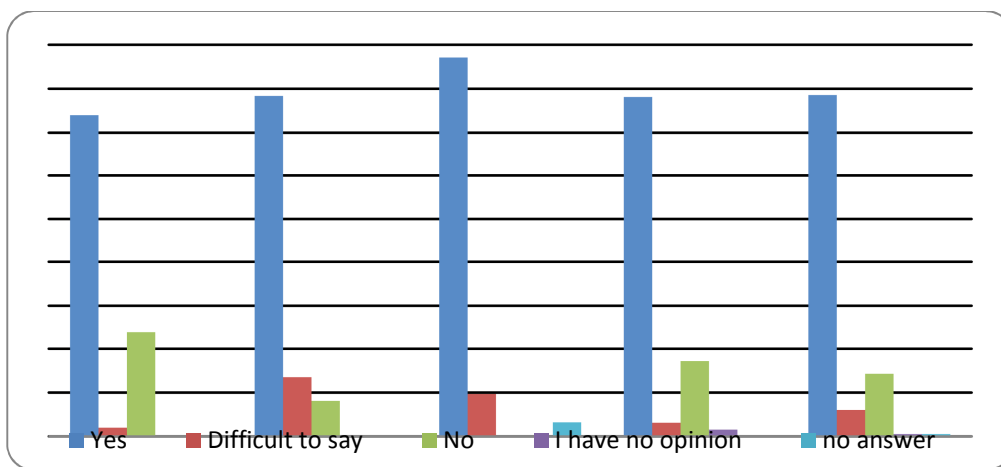
The answers provided by the respondents indicate that currently in the valuation of the business valuation experts must analyze more factors than ever before. This point of view is shared by 78.6% of the respondents. The opposite view is held by 14.3% of the respondents, and 6.0% think that it is difficult to give a clear answer. Analyzing the responses from each country, in all the three groups we can observe a similar high percentage of affirmative responses (74% or more). Most of the positive answers were given by the Romanian (87.1%) and Polish respondents (78.4%) (Figure 1). It is also worth noticing that among the American respondents and the respondents from the other



countries the proportion of negative answers to this question was much higher than among the respondents from Romania and Poland.

**Figure 1**

**In order to value a company these days do you have to analyze more factors than ever before?**



*Source of data:* own work

According to the largest group of the respondents **the types of the value drivers affecting the value of the company have changed over the last 5 - 10 years** (Figure 2). 41.2% of the respondents report significant changes whereas 25.3% believe that these changes occur, but they are rather small. 26.9% of the respondents are of the opinion that there are no significant changes in this area. From the standpoint of the individual countries, the answers to this question differ considerably. The largest group, that of the American experts (44.0%), indicates that there have not been any significant changes in the factors affecting the value of companies in

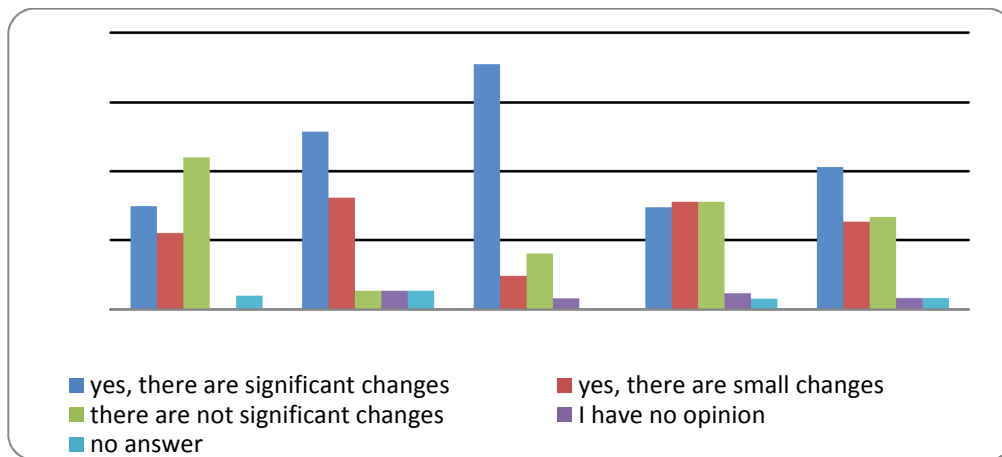
the last 5-10 years. The opposite view is held by 30% of the respondents, while 22% believe that these changes are small. The structure of the Polish and Romanian experts' responses is completely different. In both countries the majority of the respondents believe that in the past 5-10 years, the **types of value drivers affecting the value of the company** have changed significantly. In the other countries, the votes are distributed fairly evenly: around 30% of the respondents believe that the **types of value drivers affecting the value of the company** have changed significantly, a similar group of experts are convinced that these changes are minor or insignificant. The differences in the responses to this question between the experts from the U.S. and the Polish and Romanian experts probably results from the fact that in the last 10 years both Poland and Romania have undergone a fairly significant economic change following their accession to the European Union. In addition, as a consequence of globalization and free trade agreements, the two countries have experienced the intensification of trade, freer movement of capital and human resources. In the U.S., these processes occurred earlier. Thus, from today's perspective, the impact of these processes on the valuation of companies is likely to be less visible.<sup>3</sup>

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<sup>3</sup> Polish and Romanian value of international trade in the period from 2004 to 2009 increased by over 50% while at the same time, U.S. international trade has increased by 1%. (source: External and intra-European Union trade. Data 2004-09, Eurostat, European Union, 2011, [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-CV-10-001/EN/KS-CV-10-001-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-CV-10-001/EN/KS-CV-10-001-EN.PDF))

Figure 2

**Have the types of value drivers affecting the value of the company changed over the last 5 - 10 years?**



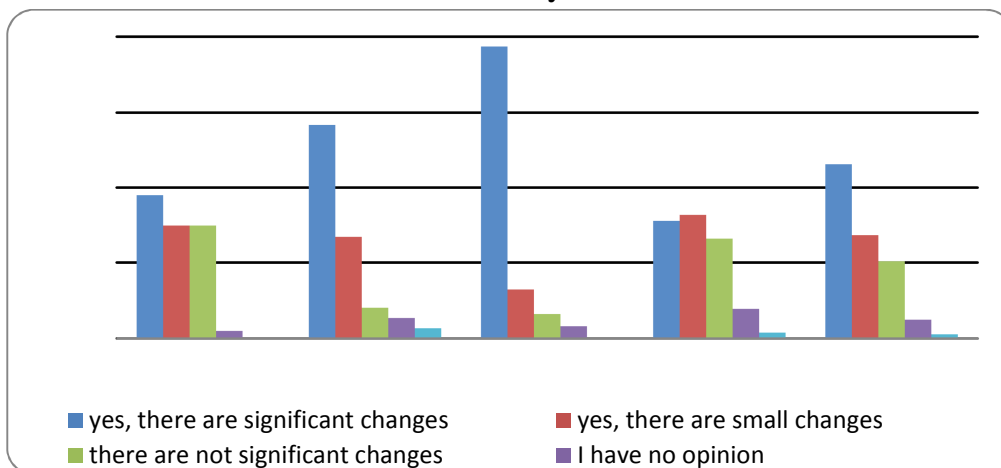
*Source of data:* own work

The survey shows that there have also been **changes in the impact of the company value drivers over the last 5 - 10 years**. Significant changes in this area have been observed by 46.2% of the respondents, and 27.5% can see only a small change in this area. One fifth of the respondents (20.3%) feel that no noticeable changes in this area have occurred. As in the case of the previous question, there are variations in the responses to this question in the different countries. Significant changes in this area have been noticed by most experts from Romania (77.4%) and from Poland (56.8%). The experts from these two countries are more categorical when answering this question, and only 6.5-8.1% of the experts from those countries said that there were no significant changes in the impact of the company value drivers. The

responses among the experts from the U.S. and the other countries are more alike. 38.0% of the American experts and 31.3% of the experts from other countries indicate that there are significant changes in the impact factors of the company value. The experts from the U.S. and other countries more often than the experts from Romania and Poland are of the opinion that the changes in the impact of the company value drivers over the last 5 - 10 years have been either small or insignificant.

**Figure 3**

**Has the impact of the company value drivers changed over the last 5 - 10 years?**



*Source of data:* own work

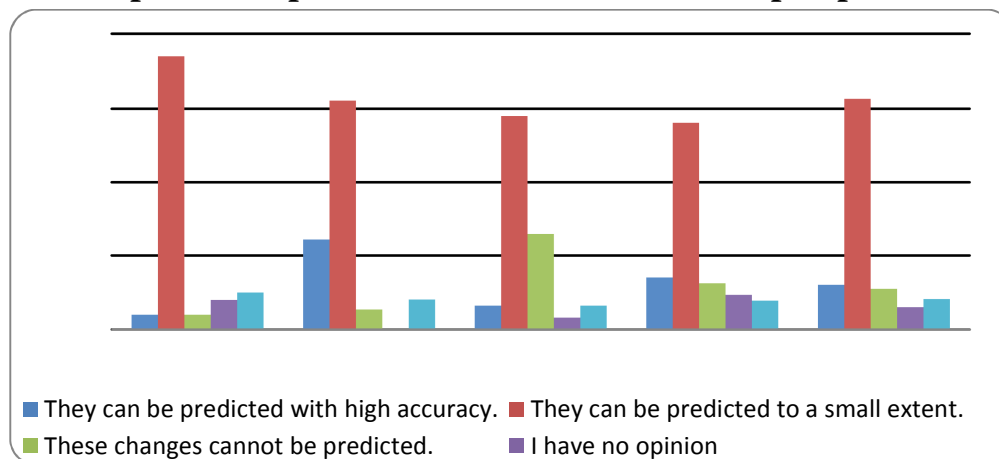
One of the survey questions lists example problems that business valuation practice can face. The respondents are able to determine whether a given item is a practical problem or not (Table 3). In the survey, the respondents can also indicate any other issues which are, in their opinion, important in business valuation but that have been

omitted in the survey. On the proposed list of issues that arise in the valuation of the company, the problem of forecasting future events was dominant. As many as 80.2% of the respondents claimed that the problem occurred in the practice of business valuation, and only 14.3% of the respondents believed the opposite. This problem is visible in all the four groups of countries: in the U.S. 82.0% of the experts point to it, in the other countries - even 84.4%, and in Romania and Poland – 77.4% and 73.0%, respectively (Table 3). The problem of predicting future events is also noticed in two other questions regarding the possibility of predicting changes questions show that **the vast majority of respondents indicated that the change in the scope and impact of the factors of value drivers can be predicted to a small extent, both in the annual perspective (62.6% of the respondents) (Figure 4) and in the perspective of several years (65.9% of the respondents) in advance (Figure 5)**. The belief that these changes can be predicted with high accuracy one year in advance is expressed by 12.1% of the respondents, whereas only 3.3% think that such predictions can be made a few years in advance. 11.0% of the respondents are convinced that these changes cannot be predicted for the period of one year, and 20.9% are sure that it is impossible for the next several years. Looking at this problem from the perspective of the individual countries, it appears that the Romanian experts are the most critical in this respect. 25.8% of them believe that changes in the scope and impact of value drivers on the enterprise value cannot be predicted in a one year perspective, 38.7%, - in the perspective of several years. 58.1% believe that they can be predicted to a small extent a year in advance (51.6% - a few years in advance). The experts from the U.S., Poland and the

other countries prove less skeptical, although the vast majority of them indicate that the changes can be predicted to a small extent in both one year and a few years' perspective. The experts from Poland are more optimistic as to the possibility of anticipating changes in the scope and impact of value drivers a year in advance (24.3%). The American experts are at the opposite extreme. Only 4% of them agree with this opinion. In contrast, the experts from the U.S., Poland and the other countries show a similar level of skepticism about the possibility of predicting changes in the scope and impact of value drivers on the value of the company in the perspective of several years. Between 15.6% and 18.9% of the experts from these countries indicate the inability to predict changes a few years in advance, and from 65.6% to 75.7% believe that these changes can be predicted, but to a small extent.

**Figure 4**

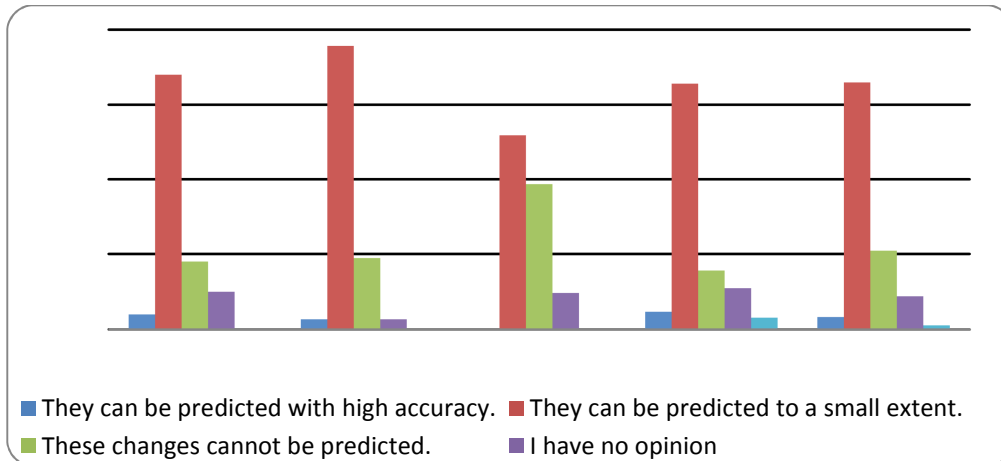
**To what extent is it currently possible to predict changes in the scope and impact of value drivers in annual perspective?**



Source of data: own work

Figure 5

To what extent is it currently possible to predict changes in the scope and impact of value drivers several years in advance?



Source of data: own work

Another problem that the respondents frequently referred to was a **small number of companies to compare among**. This problem is perceived by the vast majority of the respondents (81.3%) and in each country – to a similar extent (Table 3). In the U.S., 74% of the experts point to this issue, in Poland - 86%, 71% - in Romania, and in the other countries - 89%. The opposite opinion is held by 17.0% of the respondents in total, most of whom are from Romania and the USA (25.8% and 24.0%). Given the results from the individual countries, it is may be surprising that the problem is faced to a similar extent by the experts from all the countries regardless of how well-developed the capital markets are and how many companies are represented on the stock market. On the stock markets in Poland and Romania not all industries are represented. Most probably all the countries surveyed

share the problem of a limited access to information about transactions on the private market (closely held companies).

The vast majority (80%) of the respondents point to the related issue of insufficient **access to market data**. For 18.1% this issue does not seem an obstacle in business valuation. This problem is observable in each country to a similar extent. In the U.S. it is indicated by 72.0% of the respondents, in Poland - by 78.4%, in Romania – by 80.6% and in the other countries – by 84.4% of the respondents. As the research shows, another significant practical problem is the access to enterprises' data. Such a belief is expressed by 67.0% of the respondents, whereas for 29.7% of them, it is not a barrier. This problem occurs in the individual countries but with not the same intensity. In the U.S. 58.0% of the experts admit the existence of the problem, while 38% of them express the opposite opinion. Nevertheless, far more experts from Romania (71.0%), Poland (73.0%) and the other countries (68.8%) believe that the problem of access to enterprises' data exists.

The majority of the respondents (64.3%) also point to the problem of **the reliability of the parameters of the data used in business valuation**. 30.8% of the respondents disagree. This problem is perceived in all the countries, although it seems more serious in Poland (70.3%), the other countries (68.8%), and the USA (62%) than in Romania (51.6%).

The majority of the respondents (54.4%) indicate another important problem encountered in the practice of business valuation, namely the **determination of the cost of capital**. The opposite opinion is expressed by 42.3% of the experts. Interestingly, this problem is noticed by 68.0% of the U.S. respondents, 54.8% of the Romanian



ones, 53.1% of the experts from the other countries and only 37.8% of the Polish respondents. As opposed to most experts from the U.S., Romania and the other countries, the majority of the Polish experts surveyed (56.8%) indicate that they do not encounter the problem of determining the cost of capital in their business valuation practice. How to explain such discrepancies in assessment? Do the Polish experts underestimate the problem, or do the Polish experts cope so well with the determination of the cost of capital? The question can only be answered when the reports of the valuations carried out in Poland have been analyzed.

For almost 49.5% of the experts another difficulty in the practice of valuation stems from the fact that **the theory does not provide solutions to the problems faced by the practice**. 41.2% of the respondents express a different opinion. This problem is evaluated differently by the experts from each group of countries. For the majority of respondents from Poland and Romania and the largest group of the respondents from the other countries, the theory does not offer adequate solutions to the problems encountered in the practice of valuation (67.6%, 51.6% and 50.0% of positive answers, respectively). The opposite view was presented by the experts from the U.S. The majority (54.0%) of them did not agree with this statement. Probably the difference of opinion results from the fact that:

- in the United States the process of the standardization of business valuation has the longest history
- in the United States competing organizations exist that deal with standardization in this area,

- in the United States experts have access to a much greater number of scientific studies and guides on the subject of valuation

The Polish and Romanian scientific achievements in this field are much smaller and often based on the concepts presented by American authors.

Pressure from clients is another important problem faced by the practice of valuation. The same number of respondents (41.8%) confirm and deny the existence of this problem. This pressure is particularly felt in Poland (56.8% of positive answers and 27.0% of negative ones) and Romania (51.6% of positive answers and 35.5% of negative ones). Also in the United States the problem of clients' pressure seems to occur (42.0% of positive answers versus 40.0% of negative ones). The pressure is less evident in the other countries (28.1% of positive answers and 54.7% of negative ones). Most probably pressure from clients is more perceivable in Poland because until recently Polish experts did not have a model of safeguard clauses. It was in 2011 that a standard of valuation was introduced, which tackles the problems of safeguard clauses and relationships with the client.

The opinions on the unrealistic assumptions of the theoretical methods and tools used in valuation vary (42.9% of respondents in total confirm the existence of the problem, and 48.4% give negative answers). According to most respondents in the U.S. and Romania the unrealistic assumptions of the theoretical methods and tools used in valuation do not pose a problem (58.0% and 54.8% respectively). By contrast, the respondents from Poland and the other countries do notice the problem (45.9% and 54.7% of positive answers, respectively).

Opinions are varied as far as the problem of identifying non-operating assets and surplus assets is concerned. Most respondents (51.1%) believe that it does not constitute a problem for the practice of valuation. This view is shared by 50.0% of the American experts,

45.9% of the experts from Poland, 62.5% of those from the other countries and only 35.5% of the experts from Romania. For the total of 37.9% of the respondents and for 48.4% of the Romanian experts and 42.0% of the U.S. experts this problem exists in the practice of valuation.

Generally, a substantial minority (31.9%) of respondents regard a routine approach to valuation as a practical problem, whereas the opposite view is held by 58.2% of the experts in total. The experts from U.S. (26.0%), Romania (32.3%) and from the other countries (28.1%) point to the problem much less frequently than the Polish experts (45.9% of positive answers and 43% of negative ones).

The answers to the question whether the problem that the practice of valuation faces can originate from the complicated valuation standards are clearly negative. This problem does not seem to be significant in the context of the respondents' answers, because for 81.9% of the respondents this type of problem does not exist in practice. Only 7.7% of the respondents hold the opposite view, and 8.8% did not express any opinion. In the groups of the experts from the U.S., Poland and the other countries, only 4.0% to 5.4% answered affirmatively. The problem is the most visible among the respondents in Romania, where 22.6% answered affirmatively (it may result from the standard they use.)

According to 30.8% of all the respondents (36.0% for the U.S., 35.1% for Poland, 32.3% for Romania and 23.4% for the other countries) there are a number of other problems in the practice of business valuation, which were not mentioned in the survey. 26.4% of the respondents expressed the conviction that there are no other

problems in the valuation of companies, and 33.5% had no opinion on this subject.

**Table 3**

**Which problems does business valuation practice encounter?**

	U.S.	Poland	Romania	other countries	Total
pressure from valuation principals					
Yes	42.0%	56.8%	51.6%	28.1%	41.8%
No	40.0%	27.0%	35.5%	54.7%	41.8%
I have no opinion	18.0%	8.1%	12.9%	17.2%	14.8%
no answer	0.0%	8.1%	0.0%	0.0%	1.6%
difficulties in accessing enterprises' data					
Yes	58.0%	73.0%	71.0%	68.8%	67.0%
No	38.0%	21.6%	25.8%	29.7%	29.7%
I have no opinion	4.0%	0.0%	3.2%	0.0%	1.6%
no answer	0.0%	5.4%	0.0%	1.6%	1.6%
difficulties in accessing market data on transactions such as enterprises takeover					
Yes	72.0%	78.4%	80.6%	84.4%	79.1%
No	22.0%	18.9%	19.4%	14.1%	18.1%
I have no opinion	4.0%	0.0%	0.0%	0.0%	1.1%
no answer	2.0%	2.7%	0.0%	1.6%	1.6%

too few businesses to compare					
Yes	74.0%	86.5%	71.0%	89.1%	81.3%
No	24.0%	10.8%	25.8%	10.9%	17.0%
I have no opinion	2.0%	0.0%	3.2%	0.0%	1.1%
no answer	0.0%	2.7%	0.0%	0.0%	0.5%
too complicated business valuation standards					
Yes	4.0%	5.4%	22.6%	4.7%	7.7%
No	86.0%	70.3%	74.2%	89.1%	81.9%
I have no opinion	8.0%	18.9%	3.2%	6.3%	8.8%
no answer	2.0%	5.4%	0.0%	0.0%	1.6%
routine approach to valuation					
Yes	26.0%	45.9%	32.3%	28.1%	31.9%
No	60.0%	43.2%	67.7%	60.9%	58.2%
I have no opinion	12.0%	5.4%	0.0%	10.9%	8.2%
no answer	2.0%	5.4%	0.0%	0.0%	1.6%
reliability of the parameters and data used in valuation					
Yes	62.0%	70.3%	51.6%	68.8%	64.3%
No	36.0%	21.6%	38.7%	28.1%	30.8%
I have no opinion	2.0%	2.7%	9.7%	3.1%	3.8%
no answer	0.0%	5.4%	0.0%	0.0%	1.1%

unrealistic theoretical assumptions of the methods and tools used					
Yes	34.0%	45.9%	29.0%	54.7%	42.9%
No	58.0%	43.2%	54.8%	40.6%	48.4%
I have no opinion	6.0%	2.7%	12.9%	3.1%	5.5%
no answer	2.0%	8.1%	3.2%	1.6%	3.3%
theory does not provide solutions to the problems of valuation practices					
Yes	34.0%	67.6%	51.6%	50.0%	49.5%
No	54.0%	18.9%	41.9%	43.8%	41.2%
I have no opinion	8.0%	8.1%	6.5%	4.7%	6.6%
no answer	4.0%	5.4%	0.0%	1.6%	2.7%
prediction of future events					
Yes	82.0%	73.0%	77.4%	84.4%	80.2%
No	12.0%	16.2%	16.1%	14.1%	14.3%
I have no opinion	6.0%	5.4%	6.5%	1.6%	4.4%
no answer	0.0%	5.4%	0.0%	0.0%	1.1%
determination of the cost of capital					
Yes	68.0%	37.8%	54.8%	53.1%	54.4%
No	30.0%	56.8%	38.7%	45.3%	42.3%
I have no opinion	2.0%	0.0%	6.5%	1.6%	2.2%
no answer	0.0%	5.4%	0.0%	0.0%	1.1%

determination of the size of non-operating assets and surplus assets					
Yes	42.0%	35.1%	48.4%	31.3%	37.9%
No	50.0%	45.9%	35.5%	62.5%	51.1%
I have no opinion	6.0%	13.5%	16.1%	6.3%	9.3%
no answer	2.0%	5.4%	0.0%	0.0%	1.6%
there are a number of other problems					
Yes	36.0%	35.1%	32.3%	23.4%	30.8%
No	26.0%	13.5%	25.8%	34.4%	26.4%
I have no opinion	28.0%	35.1%	38.7%	34.4%	33.5%
no answer	10.0%	16.2%	3.2%	7.8%	9.3%

Source of data: own work

## V. Conclusions

In many aspects experts irrespective of their origin point to similar problems in the valuation of companies. The key issues faced by the experts in the valuation is the problem of forecasting future events, the problem of too few business to compare, the problem of access to market data and access to data in the analyzed companies. Are there differences between countries? The greatest similarities of opinion show the experts from Poland and Romania (6 cases of similar responses among the answers to 13 questions). The experts from the Poland and Romania more frequently than the experts from the U.S. and the other countries point to the problem of pressure from the principals of valuation. They to a greater extent than their colleagues in the U.S. and other countries experience difficulties in accessing to

companies and market data. The experts from Poland, Romania and the other countries are much more critical. They tend to think than their American counterparts: that the theory does not provide solutions to the problems of valuation practices. The experts from Poland far more often than the experts from the other countries indicate a routine approach to the problem of valuation. Oddly enough, most of the experts from Poland as opposed to most experts in the other countries do not notice the problem of determining the cost of capital. The Romanian experts more often than the experts from the other countries indicate the problem of complex business valuation standards. The Experts from Romania, more often than the experts from the other countries indicate the problem of determining the size of non-operating assets and surplus assets. The research shows that there are differences in assessing the significance of the particular problems by the experts from each country. We can not exclude, however, the possibility that differences have been caused by imperfect test methods, the low number of respondents, or other causes.

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