ASPECTS REGARDING THE EFICIENCY OF INTERACTION EXTERNAL ENVIRONEMENT OF BUSINESS - COMPANY

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Abstract: *The aim of the research is to highlight and analysis of opportunities for implementing interaction management "business external environment - the company". In accordance with the order named, it outlines the following objectives: to identify opportunities and threats to the aviation sector level and application of interaction management "business external environment - the company", the study of factors influencing the external environment of business aviation company, determining interdependencies between the company and the environment for Tarom company, proposing measures for application of interaction management between external business environment and company that would ensure sustainable development strategy for air transport in Romania*

Key words: *external environment, company, efficiency*, *air transport, competitiveness, competition*

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1. CHARACTERISTICS OF ENVIRONMENTAL FACTORS FOR AIR TRANSPORT COMPANY

In our view, research management interaction constant external business environment - the company is a key step in the strategic analysis required by the need to know and understand the context and the competitive forces acting on the environment, to anticipate and manage changes that occur, to achieve an optimum between vocation company, strategic capability and expected developments of the factors that compose them. Factors influencing air transport activities fall into two categories

- external factors - the global economy (GDP, international trade), global geopolitics, oil prices, environmental concerns (environmental noise), the role of new communication techniques (videoconferencing), development of world tourism;
- endogenous factors - technical development of aircraft, air transport policy (the policy of liberalization, open sky), airspace congestion, competition with other means of transport, new forms of marketing the product.

Supply and demand factors are variables likely to affect action and strongly influence the development of air transport. For a good flyer, management, to achieve its objectives, is necessary to understand its relationship with the environment and the obligations and responsibilities that a manager must assume, by virtue of this role and relationship. Porter's model applied to the air transport sector in this regard:

- barriers to entry - have been eliminated from all three packages of liberalization measures implemented by the European Union. The liberalization was undertaken in order to remove existing monopoly and competition in the airline sector development, benefit consumers;
- intensity of competition: occurs on two levels:
    - ✓ an air transport between traditional firms and low-medium cost;
    - ✓ one between the low-cost transport companies;
- bargaining power of suppliers - influence the quality of service aircraft. They are

indispensable products supply air transport activity, and no substitutes;

- bargaining power of consumers - through the development and spread of Internet, consumers are becoming more powerful. We speak of a democratization of information. Consumers can compare prices and find the boycott certain airlines. They can find substitutes. Low-cost phenomenon is related to the emergence of a new consumer segment, non-existent until now;
- substitutes - they are manifested in particular by surface transport and video conferencing system

Central ideas underlying the above argument are the following:

- the company is a social organization in a complex and turbulent;
- company and managers have considerable power, but also many responsibilities; to assume these responsibilities, managers must understand the external environment for business interaction management – company.

2. INTERACTION EFFICIENCY ANALYSIS FOR INTERACTION EXTERNAL ENVIRONEMENT – TAROM COMPANY

For air transport companies, benchmarking is a decision support to improve resource allocation. Support benchmarking of long-term marketing strategies, the competitive or related to launching new product lines are examples.

By knowing and analyzing the causes of unsuccessful experiences, benchmarking can help to avoid repetition of mistakes. Using benchmarking will require air transport companies to change traditional behaviour and introduce new practices current activity such as:

- permanent self;
- definition and progressive implementation of measures according to the strengths, weaknesses, opportunities and specific threats.
- enhancing creativity by leading members of executive management and maintenance of continuous improvement process.

For example, we make such an analysis in TAROM diagnosis by following SWOT analysis presented in Table 1.1.

Table 1.1. SWOT analysis for TAROM national operator

STRENGTHS:	**WEAKNESSES:**
• Tradition national market • the national market dominance • Credibility among → passenger safety • Savings based on low wages • Maintenance own • Full Member of the Sky Team alliance	• Low productivity due to inefficient use of aircraft • High costs • Report defective between no. employees and no. operated aircraft • fleet complexity and inefficient use • inappropriate intervention shareholder • Code-share long-term • Picture mammoth operator • decision-making system defective • Crisis aeronautical personnel • Lack of communication channels between departments located on the same level • The complexity of the organization

OPPORTUNITIES:	THREATS:
• Revenue from services to third parties • Reduced sales and distribution • The marketing of promotional packages • Strengthening regional market position in operating TAR •Open a low-cost divisions • Number of citizens who are abroad • Outsourcing • Increase the frequency at airports with traffic and profitable • Creating a bridge between Central, Eastern Europe and Asia	• TAROM market entry of low-cost carriers • Operating loss of traditional markets to other air transport companies • Tendency to become only a memory of what was • The global economic crisis • Advertising aggressive low-cost operators from • Changes in fuel prices has bad • Exchange rate evolution

To implement the strengths and increase revenue from existing markets rather than expand into new markets more quickly, especially in those markets that are better served by low-cost model.

Activity traditional air companies can appreciate through the following results:

- an increase or decrease in market share;
- an increase or decrease in sales volume;
- a trend of costs, revenues and therefore profits;
- development of a competitive position in the market flyer

In this respect, we consider other methods to be used for efficient air transport business segment they represent matrices BCG and McKinsey ADL. For example we will use as a model company Tarom and present market share of the Romanian national operator in Table 1.2. for the last five years taking as reference the main competitors operating on the market in Romania, both those with traditional business model and type on the low – cost.

Table 1.2. Market share of Tarom Company in relation with main competitors

YEAR	Growth rate TAROM	Market share		Turnover TAROM (LEI)
		TAROM	COMPETITORS	
2006	-2 %	33 %	67 %	797.941.139
2007	-3 %	30 %	70 %	823.189.391
2008	-1 %	29 %	71 %	867.401.630
2009	+5 %	34 %	66 %	944.202.571
2010	-13 %	19 %	81 %	811.945.430
2011	+4 %	23 %	77 %	918.649.548

Depending on the positioning activities, nature and intensity matrix governing ADL strategy forward and help us to understand the role of the business market segment analyzed by the following steps

1) How have the TAROM competitors?

Traditionally, TAROM competed mainly with other network carriers, providing service and comparable prices on its main routes. However, the 2006 low-cost operators have started to enter the Romanian market and serve little to force a number of increasingly large cores of TAROM routes.

2) National airline investments increase or decrease?

Given the current economic recession and financial results for the last three years, we cannot speak at major investment and increase aircraft company in this regard, although it is imperative that TAROM to add capacity from this year the first signs loom out of recession in Romania.

Not the same thing we can say, however, and its own IT infrastructure where further investment is required to implement the conditions of belonging to SkyTeam. This is determined by supporting the growth of direct sales via the Internet which is currently well below the standard of other air transport companies (in 2010 internet sales accounted for 13.47% of total segment net increase of 2% from 2009 but more too small to average about 50% carriers west - Europe) to support data sharing in the commercial and financial departments - developing an approach to a "business data warehouse storage", and in addition to common standards tools access and reporting, providing improved customer processes by automating back-office processes affecting customers - for example, the frequent flyer to frequent customers.

3) National airline sales increase, decrease or remain the same?

TAROM compete in a rapidly changing market for customers in most cases have a choice between different products and prices. Although it will continue to receive recognition and status associated with its status as Romanian national carrier, this alone will not ensure market share and success in markets outside Tarom Romanian sensitive markets or prices (national sales operator is found in the number of passengers). Once joining the Sky Team Alliance expected an increase of one third of the load factor.

4) National airline product as distinguished from that of competitors?

To be competitive, TAROM will have to develop their provision of services and how service delivery so as to meet the changing needs of the market - target. You should also increase the efficiency of its sales and marketing efforts to reach customers and communicate with them, so Tarom to differentiate themselves from competition. Unfortunately, at present, the national operator no longer has a national jurisdiction to be distinctive in the competitive environment in which it operates.

5) What is the market share of the national airline?

Market share of the national operator is closely related to the current economic recession and the last five years can be found somewhere between 19% and 34% (if we consider the operation of Otopeni airport). For 2010 we wanted to acquire at least 23% of the market according to the press release of June 2010 granted by the Director General of Tarom.

3. THE RESULTS OF THE RESEARCH

Airline industry is worth over 1,000 billion dollars, more than 22 million employees and provides services to over 1.25 billion passengers per year. A quarter of the value of products reaching the market worldwide by air. Air transport industry is the heart of tourism, the largest industry in the world with one in nine workers as employees.

In 2009, the aviation industry found submerged in the deepest crisis of far met throughout its history. The volume of traffic crashes and does not provide a return in the near future. Much more worrying is that lower income has now reached a level threatening the traditional business model. European Aviation Association (AEA) has posted an operating loss of revenue of 9 billion dollars for 2009, which requires new directions in survival tactics and maintaining air transport market. For 2011, IATA officials forecast that the recovery cycle of the market will stagnate, and market conditions will be more difficult, especially in Europe, as a result of austerity measures. However, it is anticipated a net profit of 9.1 billion USD for the entire aviation industry. Estimates for 2011 provide for airlines in Europe a profit of $ 100 million, four times lower than in 2010

The deregulation of TAROM found totally unprepared, both in terms of technical structure and design of policy to join the alliance. After years of being the sole carrier in Romania, without internal competition and a little foreign, today was forced to face giants in the field of transport. TAROM ended 2010 with a turnover of EUR 218.21 million and 79.97 million euro loss - the third consecutive year of losses for the Romanian national operator. Turnover increased from 2005 until 2010 by 11%. In the same period, considerable profit losses. Thus, the national airline had a poor performance. Despite losses, the market share of the national operator increased from 19.7% in 2009 to 22.4% in 2010 far, however, below that of 2004 when it registered a 35% market share.

Dramatic changes occurring on air transport market due to economic crisis since late 2008, determine the TAROM, the rapid adoption of aggressive marketing policies and to identify ways to lead to combat the sharp drop in passenger numbers and its effects. Therefore, TAROM would be to reconcile major concern often conflicting pressures, some operational flexibility for other global alliance for integration.

In the TAROM attention was given to joining the SkyTeam alliance as medium-term strategy to protect income and decreases the load factor growth. If an air transport company Tarom size inside is not part of an alliance will become a target defense against a very large sales campaigns and income will become a certainty.

With the exceptional growth of the business with an annual average rate of 7% over the past 25 years, coupled with strong aviation vulnerability to the economic recession or crisis in the Gulf, air transport market has a paradoxical is sometimes promising market, enjoying a considerable increase, and is sometimes a difficult market, a victim of crises that call into question the whole business of air transport companies.

Successful airline are all those whose management departments have an overview of environmental factors and take into account the mutual influences medium-firm-environment in preparing and implementing market strategies.

Competition in the airline sector is not from a single company. Need to travel means that other forms of transport can be a threat to air or by road, rail or water / sea holding a share of total domestic shipments in a country. The share of one of the means of transport depends on the area of the country, its landforms, the country's economic development and people's purchasing power.

In Romania, the surface landforms and nurture all vehicles. Because the price difference and a time well done, although there is no well-developed infrastructure, TAROM is strong competition from road and rail transport despite national operator has an internal market that could dominate and grow on intercontinental routes by increasing flights continental network by making code-share partnerships with both European countries that have no direct access to intercontinental flights and by joining a global alliance.

TAROM should not doubt for a second that low-cost sector will remain on the market, and consequently should start to take business models from the latter, to show flexibility in making decisions and try to adapt quickly to new market conditions. In this regard, we found it necessary to use the BCG matrix, McKinsey ADL and the air transport sector to improve the efficiency of airline

Given the existing profile of Tarom and given that current performance is still below the cost versus everything that came to the years 2009, 2010 and 2011, a decrease in market share TAROM and undeniable presence of low-cost operators, combined with lack of reaction of the national operator led us to consider that the business model of the Romanian national carrier must be fundamentally revised to return to profitability. The key to success for this strategic move is the immediate restructuring.

This restructuring should focus on immediate business components to make money by setting clear cost reduction plan, waiver or termination of business activities and losses, if the resources or political and economic circumstances permit, creating a unique fleet (operation of a one type of aircraft) by removing one of the two types of jet aircraft (Airbus or Boeing) which currently operates TAROM and add additional operating costs.

Traditional airlines must begin to take active steps towards privatization, once there is a clear commitment from the government. Recommendations of this paper are designed to assist airline companies to create sustainable, profitable, and therefore marketable. At the same time, would be an advantage for public air transport, in general, governments should develop an overall strategy for air transport

Increasing quality of services, opening new routes and maintaining or reducing costs are "weapons" key used to protect market share held and, possibly, in a situation favorable for its growth

For companies with majority state capital and within which we face an old and well known bureaucracy, where communication between two compartments located on same hierarchical level is still difficult, where fear of accountability is still felt, I consider that the instrument combined modern management is key to maintaining a market in full financial crisis.

4. CONCLUSIONS AND PROPOSES

Research conducted in this work yielded to draw the following conclusions:

1) Activity of air transport companies will succeed only if it will adjust accordingly in a business external environment interaction - company.

2) Strategic development of air transport worldwide was adjusted profound deregulation process. As a result, savings services to air operators have changed drastically.

3) In the past, traditional aviation companies seeking a higher average per passenger and accepted a lower load factor.

4) Air is a high political business - more specifically an area that often are associated with majority governments for the national airline.

5) The current activity, air transport companies are traditionally at high risk related to currency exchange rate and market price of oil.

6) The competition will continue to remain a feature of the air transport industry despite the increasing concentration of this segment.

7) Forming alliances has become a rapidly growing area of competitive advantage in the near future, the industry is dominated by a small number of global alliances, with the secondary players who will be content to supply traffic these consortia.

Based on investigations results, we can enunciate the following recommendations on the external environment for business interaction management - company:

1) Investigate permanent environmental knowledge and understanding of context and interaction forces acting on the environment, anticipating and managing change occurring, achieving an optimum between vocation flyer, strategic capability and expected developments of environmental factors.

2) Adaptation strategies adopted by U.S. carriers by air transport companies in Europe traditionally faced with similar situations in their own market. It is mandatory for traditional air transport companies to become more market focused.

3) It is essential to diminish the influence of shareholders in the business decisions.

4) To recommend national operator TAROM future involvement in the operations of hedge foreign exchange operations for oil purchases.

5) Emphasis on points that make the difference between low-cost carrier and the incumbent: implementing a dual purpose, namely, providing discounted tickets, with maintaining the reputation of offering full service carrier on board, developing a specific skills to differentiate the brand national takeover of business models from low-cost carriers and understanding reality in terms of customer operation and what they want and are prepared to pay for it. The key is not necessarily the complex services, but especially in their consistency

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