

EFFICIENCY – MAIN FACTOR OF ECONOMIC-SOCIAL LIFE

Georgiana Lavinia TĂNĂSOIU

UNIVERSITY „CONSTANTIN BRĂNCUȘI” OF TÂRGU-JIU, FACULTY OF ECONOMIC SCIENCES

Abstract:

Today, more than ever on the national economy there is a tendency to increase economic efficiency, the allocation of resources for effective activities or objectives. At the same resources should be targeted to meet needs of potential which aims to strengthen economic competitiveness. Growth efficiency of business law is a general objective that acts on all stages of development of society and reflect the essential relationships, causal-functional in any type of breeding.

Key words: *efficiency, effect, effort, competition, trading companies*

JEL classification: M20

Efficiency, excellence through an economic concept, tends to become in the contemporary economy as a universal of all human actions. Today we are talking more and more frequently, efficiency in social action, military, humanitarian and others where it overlaps with the aim according to the needs, interests and aspirations of the initiator.

Economic activity in the contemporary competitive economy is managed by principles which seek to develop competitive advantage, the success of the priority purpose.

Favorable outcome, a positive action has different meanings in each case, exceeding the requirement of efficiency, profit and profitability. Meaning of economic terms „efficiency”, „profit” or „profitability” is different from the meaning of years, but in each case. The phenomenon is due process of change to which humanity is subjected to face competition in the contemporary global economy.

In this context, managerial approaches with reference to efficiency must be separate from the previous routine and focus to practices that ensure success, winning.

Competition, rivalry impose a requirement that any economic activity to satisfy requirements of society, to respond to real needs of the material and spiritual life of people.

The goal is a company's transformation input (basic factors of production: labor, land, capital, management and know-how technology) links in output (goods and services that the company produces).

Term efficiency of latin comes from the verb, „efficere” which means to achieve a result. According signification overall efficiency reflects the ratio of the expression effect (result or the output) and cost (or effort input is) made to obtain it. A firm is efficient as a useful effect - the finished product or service - requires a level as low input sites.

As life in general and their economic activities, in particular, are governed by a fundamental principle-the principle of economic efficiency. Under this principle, people want to obtain a maximum effect with minimum effort. Provided they do this is expressed by the efficiency, which is determined as a ratio between:

EFFECTS		EFFORT
main effects are: production capacity, the physical production (total) turnover, foreign exchange earnings, profits, profitability, etc.	and	fixed capital, circulating capital, the number of employees, the salaries, costs of production, the volume of investment capital, equity capital permanently, etc.

At company level, the measurement of economic performance requires information on which to calculate the partial and final indicators and physical values, quantitative and qualitative¹:

Synthetic indicators that express the technical capacity and productivity of factors of production	
work factor	productivity, the average monthly and annual fixed capital per worker, the share of employment in trade in total employed population, etc.;
nature factor	turnover per square meter area of marketing;
capital factor	turnover in 1000 lei capital, speed of rotation of the assets, profits in 1000 lei capital investment efficiency indicators targets in november, etc.
Indicators reflecting the efficiency of resources consumed and products	
Specific consumption of resources per unit of product, labor productivity, living on the product unit cost, profit per unit of product, profit rate, etc.	
Financial Indicators	
liquidity indicators	- current liquidity rate; -the immediate liquidity;
solvency indicators	-rate debt; -financial solvency; -rate-solvency;

INDICATORS PARTIAL AND FINAL, PHYSICS AND VALUES, QUANTITATIVE AND QUALITATIVE	
financial balance indicators	-rate financial autonomy; -rate financing assets; -standing-rate capital from fixed assets;
indicators of capital management, production, material and financial resources	-speed rotation of stock; -administrative expenditure in total expenditure; -fixed-asset turnover, circulating, the total turnover;
deprivation income rate debt	

¹ Zahiu L., Năstase M. - The economy of company, Publishing Academy of Economic Studies Bucharest, 2002, p. 187

rates of return	<ul style="list-style-type: none"> -profit margin; -financial rate of return; -economic rate of return; -total rate of return of assets; -resource-consumption rate of return; -general rate of return.

By understanding the outcome or effect of the order, invoice qualitative indicator, and the effort to appreciate the totality of human resources, material, financial and others, used for carrying out, the quantitative indicator.

The results will be achieved with greater effort lower, using the resources below, the action will be more effective. Conversely, how to achieve a result will consume more resources to the degree of efficiency will be lower.

Assumptions above argues one of the fundamental principles of strategy management for efficiency, namely the principle of economy of forces. Economy forces assumed „... to fulfill a mission to be used only forces and means strictly necessary and effective distribution of forces in the warrior and service to make as much as possible in favor of the former"².

In Small encyclopedic dictionary, economic efficiency is defined as „the ratio of all the economic effects (material, social, value) positive, which is obtained from an overall economic activity and economic efforts that enhance the activity. Effort is not reduced in any human endeavor, understood as a number of people and number of hours in which they occur, because in this case does not take account of real effort."

Acceptance of economic efficiency as a performance criterion, as an element of reality is able to lead, if not to change opinions on the essence and, at least in its development.

Economic efficiency refers also to the level or degree of compliance by a firm of economic objectives set for a while. If the objective was achieved in all there is of maximum effectiveness and the rest of the cases some degree of partial efficacy.

Currents of thought in modern economic efficiency at defining the object of economic science. Choosing effective in meeting unlimited needs with limited resources to meet needs or to maximize the resources are under constraint expressions that efficiency lies in the heart of economic theory and practice.

The efficiency depends on the volume and quality efforts, as factors generators effects and results.

Analysis of economic efficiency answer the questions: how resources are used and how much is consumed therein. It is, thus, the degree of recovery as well as saving them. Meaning productive work efficiency, resource use in relation to different organizational levels of the economy, the interests that follow, where economic activity takes place, etc.

Because economic efficiency to characterize a useful utility must follow in terms of consumer and business trade. The latter is the one who should know the answer to the questions What? How to sell? Where to sell? Who to sell?

In line with these requirements, firms trade as an integral part of the economy entered its priorities between judicious allocation of resources - natural, material, human, financial - and achieve positive economic results, with satisfaction in consumer education requirements.

² T. Kotarbinski-Treaty of work well done, Political Publishing House, Bucharest, 1976, p.149

Economic efficiency of the company trade is most often understood as the ratio between under unitary income/expenditure or the profit growth to increase the efforts in a period of time. In determining the effectiveness must take into account the demands and vagaries that the consumer is allowed to express them.

At present, economic efficiency is expressed as the combination of efficiency and resource use or in the form of specific factors of production to achieve the expected effects (hence the factors of production per unit of useful economic effect).

Any program of business, which includes the supply, distribution, promotion and human resources, based on a variety of ways and means of achievement. Each method is based on several variants of realization, is characterized by a variety of information relating to: efforts, effects, the ratio between the duration of the execution of an activity, the duration of obtaining the economic or social effects.

Choosing a solution involves using a system of indicators of economic efficiency, which includes such information as part quantitatively and qualitatively as possible. Comparing the efforts and effects, in terms of quantity, is expressed by means of indicators of efficiency, which takes, in most cases, a mathematical relation.

Thus, using the matrix square (**Table number 1 Matrix number of efforts and the economic effects**) from the efforts and effects, to measure economic efficiency may be customary relations of: effort-effort, effort effect, effort-effect and effect-effect. In this matrix indicators reflect the effectiveness of using various components of the effort.

Matrix size varies depending on the degree of detail you want to use the analysis of the decision which he serves, the activity that characterizes. Economic effects are likely complex, varied, can not be measured comprehensively and at the same time, they must satisfy the social need in relation to the possibilities offered by the consumption of resources and value appear in the expression and/or natural-material.

Table number 1 Matrix number of efforts and the economic effects

	EFFORT (resources)	EFFECTS (results)	
	A ₁A _iA _n	B ₁B _iB _n	
EFFORT	A ₁A _iA _n	Dial I (effort-effort)	Dial II (effect-effort)
EFFECTS	B ₁B _iB _n	Dial III (effort-effect)	Dial IV (effect-effect)

Source: Geamanu Constanța-Efficiency in tourism, Editura Universitaria, Craiova, 2004, p 138

Economic efforts should be explored in terms of how staggering the time of the sources of funding, the availability of resources, opportunities for regeneration, the implications of those costs in the downstream or upstream activities in which they are used etc.

Economic efficiency does not include any effects, but only on the positive economic effect, which gives value to the work submitted. This gives the sense of achieving economic balance and the balance is the most important requirement for an efficient economy. Throughout the economy, efficiency is expressed by the growth of national income per unit effort and at a firm of trade by the labor productivity, unit costs of production, the profitability etc.

Size efficiency materializes in the company name, but it is important for the national economy as a whole.

Level organization lucrative trade, industry or national economy, the efficiency of capital is given by the formula:

$$e' = r' = (P:K),$$

where: *P*- is the profit made by firm, industry, national economy

K- the capital is used in one level or another reference

Efficiency can be expressed as a percentage or rate. Level of product, efficiency or profitability is determined as follows:

$$e' = r' = P : (C + V),$$

where: $C + V$ = product cost.

In conclusion, the efficiency calculated as a ratio between the output and made the effort (input) to achieve the effect that one under multiple aspects. Based on the general principle of calculation of economic efficiency, the relationship between input and output can be calculated as follows:

$$\max e = \text{Ieşiri} / \text{Intrări} \text{ și } \min e' = \text{Intrări} / \text{Ieşiri},$$

where e and e' are the two forms of economic efficiency

In conclusion, the need to address efficiency in the system, as a comparison of inputs with outputs from the system. These elements should be quantified, but is also the need for quantification and efforts, updating the assessment of their nature and time. Forms efficiency derived from the variety of activities and resources and groups taking into account the mode of expression expressed in physical performance and value, after the effects of nature, economic efficiency can be output and labor productivity, savings and profit, according to nature of efforts to achieve the efficiency of resources can be: advanced, filled and consumed.

Economic efficiency is an expression of the objective law of economy of time, which connects rationality and economic behavior. Economic progress is objectively conditioned by saving labor and resources, enhancing efficiency of capital, widening market etc. and ultimately to economic growth.

Work efficiency at the company name, as an expression of minimizing costs and maximizing results, interpreted, usually based on criteria:

- the efficiency of economic resources, which reflects how they report the results of economic resources, the effort and the effect to obtain the resources from one unit of result (such as the coefficient of utilization of working time calendar, the coefficient of capacity utilization of means of transport, fixed amount of funds, the amount of financial funds, etc.);

- the cost of movement reflecting the own place of business by each economic agent and the use of production factors by absolute indicators, relative level and dynamic as the absolute level of spending, reducing the relative amount of spending movement, the relative costs of movement, etc.;

- return economic activity shows the synthesis of qualitative work in this indication retrieval is the use of factors of production and quality of relations with partners, including the environment. Economic efficiency and social efficiency, as part of efficiency at the company trade can not be dissociated, they represent a whole in the assessment of global activity. Specific social efficiency is the difficulty of quantification.

Efficiency can be interpreted as a concept of evaluation and can not be separated from the fact that each objective.

In literature the concept of efficiency and meet the concept of effectiveness. The difference between the two concepts is as follows: efficiency should make things as effectiveness to be doing things. Effectiveness in addition to excellence and competitive advantage.

Improvement of efficiency is an important principle of organization and management of economic processes, one of the fundamental requirements of progress and welfare. The efficiency of a firm trade is dependent on the objectives to be achieved, and the strategies developed based on objectives, degree of openness to

innovation, human potential, organizational culture. Increased efficiency of business and holding ability and personality of the manager of trading company:

- improve the efficiency of work (adaptation of technical solutions, creating a favorable climate for employment, etc.).

- identify and evaluate appropriate technological means;

- the control function without generating high costs;

- promote an efficient supply;

- determine the employees to contribute to reducing costs, without altering the qualitative;

- reduce information cost, etc.

The secret of business success is dependent on rigorous planning, professional. Determining the value of a company's trade is done with the help of several indicators: turnover, profit size, size of exports, the volume of investment, size of loans, etc. However, the value of a company trading success is not measured solely by profit, it is determined by a number of other factors or actions, such as:

- value of human resources;

Achieve high profits with loyal employees, disgruntled employee involve additional costs. Some multinational companies even use tools to monitor the state of mind of employees, sometimes as a resignation, „valuable employee” business expenses determined, which may amount to the aggregate remuneration for a period of 12 months.

- share contribution to the company budget;

- conducted research contracts;

- sponsorship activities etc.

Trade firms operate in a socially and, most times, business relations based on cooperation. Economic success is not dependent on deception, unfair practices or undermining/elimination competition. Existence of competition and the need to obtain a profit is not in contradiction with the logic correct behavior in business and in accordance with ethical standards. After all, any economic activity involving cooperation and a set of common rules and shared values, whether explicit or implicit.

The idea driving the business of trade is based on achieving a necessary distinction between the function of implementing and entrepreneurial - the latter being responsible for making the final allocation of resources. The economic integration raises business hierarchical, with all the requirements arising from such a structure: setting the tasks, monitoring employees and duties by them etc. The company develops more through integration of new activities in the latter, the marginal revenue incumbent entrepreneurial function may decrease by increasing the cost of organizing an additional transaction.

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