

# PECULIARITIES MANAGEMENT SYSTEM OF FIRM TRADE

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**Abstract:**

*In economic practice, says that more and more truth today is much more difficult to sell than a product and emerging new conception of trade embodied in marketing theory, concepts underlying the management in modern commerce. In the last decade, a competitive power market companies in developed countries but also countries in transition, arises from the creation or identification of an appropriate management system to achieve high performance.*

**Key words:** trade companies, management system, functions management, economic interest

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Throughout its entire existence, trade was conducted in almost unchanged form, traditional, although it continuing progress on its business structure, mainly due to increased production volume and needs of people, trade is indeed „... creative sector, but not the goods themselves, but utilities”<sup>1</sup>. With the creation of national economies, it enhances the role of trade in economic life, but also a dynamic form of trade known rule, viewed as a true „commercial revolution” which includes all facets of its work.

Our world is a perpetual and accelerated motion, which affects the most quiet and conservative parts of society. Changes produced by this movement are more numerous, wider and deeper. Scale changes occurred in the last decade is reflected in two indicators: frequency of change and diffusion rate change<sup>2</sup>. Accelerating change management plan produced by multiple and profound effects, whose expression increased difficulty lies in providing change, which requires increasing the reaction rate decisions and implementing decisions. Peter Drucker believes that the profound changes that we are now witnesses and have a major impact on world affairs and business management are produced in five important areas of economic and social environment<sup>3</sup>:

a) International economic integration, the principle of reciprocity is widely recognized and means opening wide perspectives for understanding the various socio-cultural models (west and east european, north american, asian, south american, etc.). Reciprocity occurs between blocks and commercial hub of international economic relations from moving countries at the level of the blocks.

b) Integration companies in the global economy through alliances, which takes various forms: joint ventures in production and marketing, international research consortia, development and marketing partnerships in the development of large projects, licensing, new ways of integration range, traditional forms (trade and multinational companies) continue to occupy an important place. Accelerating integration is explained by: significantly increasing the role of small and medium enterprises in national economies and the world, a requirement of appreciable size of a high financial potential of companies that engage in multinational activities, increasing interference of markets and technologies.

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<sup>1</sup> Patriche, D.-., „Policies, programs, techniques and trade operation”, Economic Publishing House, Bucharest, 2003, p. 14

<sup>2</sup> Russu, C. – „Strategic management”, Editura All Beck, Bucharest, 1999, p. 67

<sup>3</sup> Drucker, P. – „Managing for the Future”, Butterworth-Heinemann, Oxford, 1994, p. 120

c) Organizational restructuring of firms is another area in which change their frequency and depth increasing continuously. The increasing decentralization of activities and decision-making powers reduces the number of hierarchical levels within firms, and thus flattening structural pyramids.

d) New challenges aimed at management (the role, functions and legitimacy to represent the change) is affecting the very essence of change and who is focused on conceptual models and different from traditional action. New role to be granted-play socially responsible management, increased considerably in size: the company's management performance is not intended solely for the purposes of maximizing its profit, but provide sensible balance between business prosperity and increased wealth to local communities and national level.

Management functions known also deep changes. Thus:

- function prediction increases its importance providing management necessary parts by company obstacle environment found in increasing turbulence;
- organizational function energises the current structural changes to ensure;
- motivation function is based on new forms ways to stimulate creative productive potential of employees.

Legal and moral bases of legitimacy management are also subject to changes as: the tendency of privatization of large segments of the mass of publicly owned companies is one way to ensure increased efficiency and competitiveness, but also modify the system property, social responsibility to employees.

e) Growing prominence of international politics and international policies on the domestic economic is a dominant feature of the present decade and possibly will increase in future. Global dimension that now have many problems (pollution, the arms race, control and eliminate nuclear, chemical and biological non-discriminatory access to the resources of the seas and oceans, integrating developing countries into the world economy, terrorism) asks the international community responses and actions supported, able to solve these problems and provide increased opportunities for mankind to progress. Developments present challenges of development as determined and management systems have become increasingly more complex and responsive to the challenges faced

I. Ansoff and E. McDonnell believes that there were four distinct stages in the evolution of management systems, determined by specific systematic approach new phenomena of increasingly unpredictable and complex<sup>4</sup>:

- management by control, characteristic of the period 1900-1930 in which changes were rare and occurs slowly. Specific management system was the existence of manual operating systems and central concern of managers was continuous and rigorous exercise financial control.

- management by extrapolation, applied during 1930 - around 1970, the accelerating pace of change is visible, but not so much as to prevent future forecast based on extrapolation of past data on firms. Innovative elements of this system are: operations and capital budgeting, long-term planning and start introducing management by objectives.

- management by anticipating change, specifically the period 1960 - to 1990, the discontinuities begin to appear, change, although fast, still having a pace that allows them to anticipate and take appropriate action response. Opportunities begin to be seen more distinctly through regular strategic planning and strategic management practice early.

- management flexible and rapid responses, developed now, given that many changes occur very rapidly, leaving no time to anticipate their genuine reactions. This management system is characterized by situational planning, focusing on strategic

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<sup>4</sup> Ansoff, I., McDonnell, E. – „Implanting Strategic Management”, Prentice Hall, 1990, p. 56

results, charging, „weak signals”(imprecise early indications of imminent occurrence of events with significant impact on business activity), reaction at „strategic surprises” (defined by characteristics changes: occurring suddenly, unexpected, solve problems which the company has no experience, requires urgent responses can not be prepared by normal procedures, lack of firm response to those problems may generate loss of major opportunities or sudden change of its financial situation). In this evolution of management systems are highlighted two major trends:

- on the one hand, management concerns shift from focusing almost exclusively on the internal situation of the firm with its environment action (shift from „management introverted” at „extrovert”);

- secondly, the importance of continuous growth forecast management function in which long-term planning gave way to the strategic planning and it was then gradually replaced by specific strategic management planning. Is clear and obvious to anyone that under Romanian transition from a centralized economy too rigorously planned, state-dominated monopoly, with more profitable enterprises and large imbalances between branches and resources in a market economy regulated by the law of demand and supply, economic autonomy, economic pluralism and competitiveness, macro and micro economic management have a role in the transition process, the optimization decisions and actions to be taken, but bear 'n' proper influence of new mutations that occur in economic, political, social, cultural and educational technology<sup>5</sup>.

Most important factors are: contemporary scientific and technical progress, reducing state intervention in economic life orientation, development of information and increasing use of computers, increasing training and education trade program, increasing economic interdependence, global view of many social and economic phenomena. These factors positively influence the act of driving in terms of quality, efficiency, effectiveness. There are a number of factors influence the effectiveness of restrictive management, amplifying his complexity and difficulties, resulting in deviations from forecasts, tactical and strategic failures. In commercial organizations on various fields, has a primary role in management:<sup>6</sup>

- distribution of goods, which implies their transfer from the manufacturer/dealer to dealer and requires more channels are taken into account: the nature of products, the financial position of the manufacturer, the variety of products to be sold to key issues related to management in this area;

- transport of goods while considering the size and weight of goods as the choice mode of transport in terms of cost;

- physical distribution of goods considering the costs of storage, packaging, payroll personnel;

- make decisions on the use of merchandising space, publicity materials for outlets to maximize the use of effective ways to place advertising sales;

- business sales management role relating to: determining the obligations of the head office sales, correspondence with customers and vendors, business statistics;

- territorial planning, account forms (wholesale, retail) and the selling methods employed;

- is pursuing market share comparisons between current levels of sales and the previous period, the seasonal trends;

- staff salaries envisages the use of forms: salary, commission, bonuses and bonuses;

- take account of credit control procedures to be followed for safety work with new clients, an initial amount of credit control, while they may be extended.

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<sup>5</sup> Mercioiu, V.- „Commercial management”, Economic Publishing House, Bucharest, 1998, p. 19

<sup>6</sup> Tomescu, F. - „Management company”, EDP, Bucharest, 1998, p. 19

Principles, methods and techniques of management of trade as a whole and at the microeconomic level substantially similar to those of all branches and business management, however, because the business is an intermediate stage between production and consumption, content management, commercial enterprises have certain features. Main features of management in modern commerce are:

- systemic nature of leadership which means that a decision in an organization can have serious implications for other parts of the organization is very important to identify systems in which there is any commercial organization, boundaries, interdependencies between them, their purpose;

- the scientific nature of leadership is given by formalizing a scientific framework of a whole process of understanding using methods and new, modern management of business processes, other than those based on classical intuition and empiricism;

- interdisciplinary nature of management combining knowledge from various disciplines (mathematics, physics, psychology, economics, etc.) And use the benefit offered by each;

- use models to management requires the establishment of simplified representations of reality and their experience;

- computer use in the management becomes crucial for management of commercial enterprises, because the computer is able to operate with different sequences of operations flexibly and quickly store a huge amount of information they found and combine them very quickly;

- professional character of leadership involves some work experience and exercising original profession (economist, engineer, vendor) and inclination to work management and certain native qualities: intelligence, discretion, initiative, character, knowledge of human relations and health.

Company, as is the organization, must be addressed systemically. This manifests itself in the market and it consists of a technical structure - a functional and operational environment and train internal and external relations. Size technical structure - function is dependent on business size. Operational structure size can be found as a chain of stores or may be reduced to a single store.

Based on the above, we appreciate that the systemic approach to trade firm outlines a number of its special characteristics as a result, these features require management application tailored to meet the goals of retailers. Company's trade environment is constantly changing and its management has the burden of identifying changes in relation to: market structure, firm position on the market, decline, stagnation or market expansion, markets or market segments potential markets or market segments saturated curve instead of company products on their life, policy options of the company's commercial competitors, reliance on certain suppliers or customers, production costs, the beneficiaries fulfilling orders, inventory levels, timeliness of delivery, autonomy in setting prices, consumer protection, unfair practices, customs duties, domestic and international political situation, military interventions in various countries, affecting the exchange rate of major currencies, the price of oil, etc.

All components of business environment affecting trade activity, each component should be considered as showing different degrees of independence from each other. For example, the economic environment can not be charged political environment. Dealing with environment factors facilitate trade tracking firm strengths, weaknesses and quantification of responsiveness and anticipation. Firm position is determined by market trading: market share, turnover, new conquered markets.

Current balance sheets do not reflect intangible assets: new value created by employees, suppliers and customers, as organizational structure, know-how accumulated experience of employees, employees working environment, etc.

Therefore, many management companies remains a symphony of words not applicable, while intangible assets are those that distinguish one company from another and ensure their success or failure.

Success can be achieved if a company is a trend towards to share - each person does not necessarily expect orders and perform customer proximity, so it needs to be identified and met.

In the commercial sector, the objectives are ranked according to their importance in strategic objectives (or general), targeting a long term business and trade materializes purpose - for example, strategic objective of being a market leader by acquiring competitors, diversification or concentration roof above the rain-and operational objectives, aimed at short term, pursue strategic decisions - for example, a 25% increase in turnover and profit by 5%, holding a double linear main competitor in a large etc.

Very often, commercial, management is in the center of divergent interests that need to convert them into some compatible. Such interests are economic, financial and human. Economic interests of company management and trade development aims to ensure its survival, its continuity.

Belonging to financial interest of shareholders who want a high return of business activity in order to bring bigger gains a certain perspective. It is clear that nobody is willing to invest in an area which does not affect earnings. In this respect, the commercial proves to be attractive because of relatively smaller size of capital to be invested, compared with other areas, the fewer assets that requires work, a greater number of turns they entered the capital in a certain period of time than other sectors, etc.

Human interest belongs to employees, who want job security and therefore, maintain purchasing power. In any business there is a component of institutional trading, formalized through various documents - regulation of organization and operation, rules of procedure, organizational structure, etc. Between efficiency and wellbeing of individuals must work in balance, since they are interdependent and as such, are not mutually exclusive. Any imbalance leads to difficult situations for the company.

I therefore consider that the commercial sector management is a form of leadership that apply to all who play a part in decision-making system, regardless of where they occupy in the company hierarchy.

Trade sector is evolving as a reflection of the environment. Trade in its evolution was influenced by various factors, among which may be mentioned: production, consumption, transport conditions, technology, facility services (banking, logistics, etc.).

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