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ROLE OF MARKETING IN IMPROVING DIDACTIC ACTIVITY QUALITY IN HIGHER EDUCATION

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Abstract

Increasing the competence level in teaching services has to be based on a thorough knowledge of both customer needs and the way they are willing to receive the information contents.

Applying rigorous scientific marketing principles to the organization and operation of education services offers the fundamentals of such a development.

The present article outlines the results of a qualitative research – focus group – conducted on a sample of Spiru Haret University students, which had as a main goal identifying the most effective ways of communication in the student-professor relationship in order to design creative teaching materials, perfectly adapted to present educational needs.

The conclusions of the research emphasized both the perception of the students regarding the definition of their own position during the education process, and the willingness to actively take part in developing the informational support suitable for educational services. The study also revealed aspects regarding the perception of scientific research, of the willingness to be involved in such a systematic and complex effort.

Key-words: *educational marketing, educational market, focus-group research, perceptions, direct communication, educational offer, scientific research*

JEL Classification: I21, I23, M31

The development of marketing theory and practice during the last decade has also brought in the specialist's focus the problem of applying marketing in education.

For the offer of education services, implementing the marketing activity involves adapting it to the specifics of educational services, and, moreover, integrating some principles that belong to social marketing. Although private education had a constant evolution both in our country and abroad, the meaning of the education act regarded as a cultural act is still essential at this level.

A whole series of basic concepts from the classical marketing theory were adapted to the new domain, so that, at present, we can talk about concepts like: educational supply and demand, education services market, consumers, contact personnel in education, etc.

At the heart of marketing activities lies the satisfaction of the extremely complex needs of the consumers, the dynamic adaptation to those needs, as well as anticipating the need of well-being on the social, general level. All these will be based on a complex system of services – the education process. Education will represent a complex phenomena consisting of a series of measures, systematically applied in order to create and develop the intellectual, moral, or physical features of (young) people. Education is a system of educational goods, and, in the same time, the totality of institutions and activities involved in its promotion and spreading. Education looks at values regarding human needs. The demand of goods and services from this domain depends on the intensity of consumer motivation, of them relating to a larger framework, characteristic to their society. The concrete need attached to offering education services is in a dynamic and complex relationship with all the other superior individual needs, being one of the catalysts for their social integration, for their cultural belonging to a specific national space.

The education process, considered in all its complexity, includes training the individuals, integrating them in the socio-economic dynamics, developing competences that allow the graduates of different forms of education to creatively assert their personality.

Inside certain limits, educational products can be thought of as goods which can be purchased, deposited, distributed or sold. They can be assimilated to a distribution and production process similar to the one encountered in the case of classical goods and services.

Education represents now an international product, offered by institutions which, at the same aggregation level, are competing for students and for finding more and more creative ways to satisfy their needs and preferences.

Taking into account the continuous increase in preferences for flexible ways of distance learning, teaching institutions notice that, when students come from different cultural environments, they could also have different learning styles, which leads to the need to establish both flexible teaching curriculums and teaching methods adapted to this cultural diversity.

The organization specific to distance university learning, electronic learning, is the model closest to the situation in which the organization which offers the education service will develop a marketing strategy similar to any other organization.

The conceptual area of educational services is continuously developing, always adapting itself both to consumer needs and to the cultural changes of society in its entirety. The diversity of educational services can include, at present: courses, seminars, e-learning services, simulations, scientific communications, conferences, theme contests, shows, extra-curricular activities, etc. This variety of educational services will be completed by a series of products which support the service (teaching materials, other information resources), connected services and a specific environment needed for offering the service. In each case, the educational activity cannot take place and does not find its meaning outside the painstaking process of preparing, creating and synthesizing the educational support – the sum of essential information without the education process would be impossible.

The present article studies, based on the methodology specific to focus-group-type qualitative research, this problem itself – the activity of creating educational material for university education by identifying the most creative solutions of active collaboration between the service provider – professor, assisting professor (teaching personnel) and the service customer – course participant, student.

The focus-group-type research was chosen because its characteristics allow the successful identification of the motivations, perceptions, complex relationships which appear in the student-teacher communication process. The focus group method was initially developed in the sociological environment, being subsequently adapted to the specific needs of the marketing activity. It enables obtaining qualitative information, unable to measure by classical, questionnaire-type surveys. The statistical relevance of the acquired information cannot be validated, unlike quantitative research, but behavioural or perceptual models resulted from the analysis accurately reflect the decision processes, the response mechanisms, the initiatives of different classes of consumers subjected to this type of demand.

Understanding the role and importance of qualitative marketing research starts with knowing the structure of human psyche. Specialists refer to the three successive psychological levels:

- Cognitive level (to know) deposits information received from the environment, the total of information and beliefs from an individual's memory;
- Affective level (to like) includes what the individual feels in reaction to the elements of the surrounding world;
- Cognitive level (to act) includes the unconscious factors which form the foundation of the compartment. Modern psychologists think that most of an individual's actions are determined unconsciously; deliberation is only "a posteriori" rationalization.

In correspondence to the three psychological levels, three response levels can be identified, which express the individual's reaction (for example, in the buyer's position) at external stimuli (coming from the producer who pursues certain objectives).

- The cognitive answer – refers to information held by the individual and to his knowledge; it is rational, in accordance with social norms (notoriety, product awareness, etc.). For example, considering as a stimulus a message issued by an institution for higher education in order to announce a new master program, the response of the target audience can be cognitive, as the receivers of the message will know about the existence of that master's program.

- The affective answer – is evaluative; consists of the appearance and development of feelings, preferences, judgements, favourable or not, regarding a brand or organization. For a brand which benefits from an image campaign pursuing its association with a set of values like youth, dynamism, well-being, an effective response is expected from the target audience, which is supposed to share the same values, followed by establishing a preferential relation with the brand.

- The cognitive response – its concrete form of manifestation is the purchase; identification of the most hidden (unconscious) reasons to buy is imposed. For

example, a sales promotion campaign, with the help of an adequate technique and by a specific message, can determine, in a certain time interval, the increase of the frequency of purchase.

It is recommended to use a focus group discussion especially in the following situations:

- When information about general or collective problems (for example, financing culture) are wanted:
- When the perception, attitude or buying and consumer behaviour are subject to the influence of groups, of norms (medical prescription); in these situation the perception and interpretation of reality by individuals is determined;
- When the discussed problem is difficult, anguishing, and the decrease of anxiety is needed (as in life insurance).

The difficulty of interpreting results in the case of qualitative research lies in the fact that the resulting information are the fruit of a permanent dialogue between the moderator and the group members, the objectives of the request being approached using a semi-structured interview guide.

The quality of information is closely related to the process of filtration by the group members, by the experience of the moderator and by the concrete environmental conditions of the research. In the present case, filtration was based on the quality of active student involved in the teaching process, the day form – a characteristic predisposing the bearers of information to the most complex feedback related to the research objectives.

The research was based on an interview guide applied to a total of 38 students of *Spiru Haret* University, in three working sessions. Among the research objective there were: identifying the students' perception about the position of student, identifying the students' perceptions about the ideal model of teacher, the opportunity of involving students in establishing teaching materials, the student's perception about scientific research, etc.

After the content analysis of the discussion, the following aspects were revealed.

Thus, from the perspective of the students' perception about the quality of student, they defined their status themselves, both from the point of view of their own experience, directly involved in the teaching process, and idea-wise, referring to the social model. Individually, students perceive themselves by a series of attributes like: unfulfilled, misunderstood, staunch, high aspirations, dreamers, insufficiently prepared according to their own standards. They perceive themselves as persons involved in a voluntary effort of information gathering, by interacting with a large numbers of information transmitting modalities: course frequenting, seminars, dialogue, interaction. It was also apparent their sensitivity toward the need of a higher degree of interaction with teachers – the motivation is represented by being aware of the fact that without dialogue, preparation becomes one-sided.

Another defining topic for their quality of students is the lack of knowledge and skills characteristic to the work of scientific data gathering, most participants believing that they do not know how to gather data, they lack methods, they are unfamiliar with the basic steps of the information gathering procedure, their efforts are discontinuous, irregular, and without a well-defined strategy.

From the point of view of attributes which can define the picture of the ideal teacher, respondents synthesized attributes like: open, involved, talkative, serious, professional, very well informed – flexible, keeps up with information in his speciality. A special importance, in this profile, belongs, according to students, to the teacher's ability to adapt himself from the perspective of the dialogue with different generations of course participants, to the practical way by which he manages to keep the innovative character of information and of teaching methods.

The efficiency in the information gathering process is measured by attributes such as: perseverance, ambition, discipline, quick information processing, responsibility, dedication. We noticed the lack of ability to define long-term and large-scale objectives, and the inability to measure the long-term effectiveness.

The objective of the research regarding the students' direct involvement in designing teaching materials by an active dialogue with teachers was quantified from more perspectives simultaneously. When asked by the teacher to take part in developing practical material attached to the already existing courses, the respondents expressed their agreement, as long as an equally shared study theme is established. They also agreed that such an involvement increases the teacher's ability to better appreciate the degree of interest for the course. It is also remarkable that this request becomes a motivational factor that stimulates a more fluent dialogue among all the participants in the education process.

The most attractive teaching material is considered the one with the greatest interactivity, which assumes transmitting information in a way as active as possible. This discussion topic revealed an extremely suggestive aspect, both by the nature of the gathered information and by the high degree of adherence from respondents. It is about the fact that involvement at the dialogue level, in case of an interactive teaching material is, in all the respondents' opinion, motivated mainly by the result of the act of studying – awarding the students' activity.

The communication of a teaching material which focuses on active involvement in knowledge and in the teaching process itself has the smallest success chances if it is conducted outside an official framework which implies quantification by a marks system of this involvement. In other words, students are motivated by passing exams, outside this motivation, the study will be conditioned by the degree of each student's particular interest toward the object of study, not necessarily related to the teaching system.

On the other hand, there is the perception according to which the status of interactive material also stimulates competition among students, even a kind of compensation mechanism for the teacher's active efforts.

From the point of view of student participation to the development of teaching materials, not only to the information transmission process, most of them saw this initiative as a challenge, as a way to remove the sometimes false perception regarding that particular teaching material. The factors regarded as important in the involvement decision are: course type, theme, other possible collaborations with the teacher, the degree of information anterior to the prepared course.

Most of them want an involvement at the courses perceived with the "specialization" status. The involvement is measured by the data gathering work, by

ensuring of a vision on the discipline, the veracity of the information sources – the pertinence of the information presented to the teacher. Some respondents expressed reticence toward a continuous, long-term involvement, considering it “boring”.

On the other hand, assuming personal opinions outside the official information sources was seen as a positive challenge only if the student emotionally adheres to the object of the specific course. A certain perception was also revealed here, for the first time in the discussion, about the scientific research activity – the involvement in a future teaching career.

The respondents considered that they can personalize the relation with the teacher only if there is a feedback in this direction from the teacher.

As for the means of motivating the involvement in developing teaching materials, besides a series of direct advantages which the institution can offer (free access to various courses, subscriptions to speciality magazines, websites, workshops, the possibility to conduct practice sessions, etc, the opinion was noticed according to which the official recognition of the involvement in realizing teaching materials represents a very important motivation factor.

From this point of view, the focus group members agreed on the need of a personalized quantification of each one’s contribution – the specification, within the structure of the teaching material, of each author’s personal contribution. The recommendation from the teacher was also regarded as a very important way of motivating. When asked to what extent they agree with the involvement in developing teaching materials next to other institutions, firms, organizations, administrations, apart from teachers, students responded affirmatively, when they are offered the possibility of an active involvement. Also, if after realizing a teaching material the quality of collaborator is acknowledged as practical experience, promoted by the teaching institution itself within an organized framework – establishment an individual chart with the student’s involvement in developing teaching material throughout the university years, this is considered a substantial motivation and advantage.

The last discussed topic was the students’ perception on the scientific research activity, also the topic was also briefly approached previously. Students regard scientific research as a vast domain, requiring lots of time, patience, data gathering work, synthesizing. Maybe the most important aspect is the perception according to which a certain personality type is necessary for those involved in this activity, as well as a professional profile. The perception was also revealed according to which scientific research implies an imbalance between practical activities and theorizing the subsumed concepts.

The focus group-type study revealed a series of aspect, which can be synthesized as follows:

- the subjects’ capacity of introspection and self-analysis;
- lack of essential attributes for scientific data gathering;
- interest and motivation determined by formal recognition of the results;
- need for dialogue from teachers, based on dynamic relation ability, co-interest and ensuring a competitive environment;
- lack of initiative throughout the dialogue – the perception that the teaching

institution and, implicitly, teachers, have the obligation to initiate any form of dialogue or supplementary involvement of students in the educational activity;

- lack of method in approaching the individual training effort;
- general willingness to take part in initiatives that would assume co-interest in elaborating teaching materials.
- well-developed critical spirit, doubled by a relatively homogenous capacity of supporting their point of view;
- lack of a coherent perception about scientific activity.
- great willingness for building relations between the teaching institution and other entities which can help the easier integration of the students in a social value circuit (other teaching institutions, firms, associations, etc.).

Taking into account these considerations, further research can elucidate the students' behavioural models in the conditions of the development of educational programs built on the "lifelong learning" principle.

The study was conducted on micro-samples homogenous from the perspective of the cultural environment – all participants were from the urban environment, of close ages and of Romanian nationality.

However, one must also take into account the possibility that, as previously underlined, applying the conclusions to a statistical population which includes students from a larger cultural space (European, regional, etc.) implies a re-evaluation within the framework of a more ample research.

The main aspect identified will also be valid to a large extent in this case, but further research could elucidate the problem of adapting teaching methods to each student's cultural background.

Motivation and involvement in designing teaching materials with teachers will vary considerably from case to case, the more technical the student's socio-cultural background is, the quicker he will respond to the teacher's initiative of transmitting complex information and knowledge throughout up-to-date educational technology – internet, multimedia, etc. The advantages of fast distance communication, of real-time linguistic conversion, etc, can make a decisive contribution to the increase of the students' degree of involvement, even at the level of scientific, academic activities.

Further analyses can also be conducted from the point of view of students' perception on the dominant existing means of organizing the teaching activity – student centred learning experience, versus teacher centred learning experience.

The first one focuses on a greater involvement of students in the knowledge transmission process, most teaching materials having a practical basis, a large degree of interactivity.

The second one implies a greater effort from the teacher, knowledge gathering being accomplished more by individual study, and less by a close contact between students and teachers.

The development of a competitive educational marketing strategy for a modern educational institution should be built based on both the type of conclusions signalled by the present study, as well as on a larger effort of quantifying the perceptions and motivations of students, who make up the effective market of the institution. Multiple

research will establish the degree of segmentation of the educational services demand, the socio-demographic profile of these segments, as well as the bearers of the demand relate to each method of pedagogical approach mentioned above. The large teaching institutions, which operate on a national and international level will have to adapt the education strategy to the students' different cultural backgrounds and different degrees of familiarity with different technologies.

Finally, we can assume that only a substantial effort, consisting both of qualitative and quantitative, transversal and longitudinal research, can constitute a sufficient information fund for making competitive decisions from the point of view of developing modern education services. This effort is required especially because of the considerable dynamics of the 21st century information society, and of the fast evolution of information and educational technologies.

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ASPECTS REGARDING THE ROLE OF THE FINANCIAL MANAGEMENT IN ELABORATING AND IMPLEMENTING THE ORGANISATION'S STRATEGIES

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Abstract

Globalisation, increasingly harsh competition, more demanding clients, continuous technological progress – are factors which are now influencing all activities. Organisations have to be as flexible, adaptable and able to permanently reinvent themselves as possible, in order to survive in an environment which allows increasingly less the existence of weak competitors. Most companies function in a business environment where changes, the unpredictable and the uncertainty are the only certainties. In this environment, one of the basic challenges is the company's survival through strategy and competitive advantage, all of this leading to the financial performance. But it is impossible for managers to elaborate and implement a strategy without the knowledge, the abilities and competences of the ones involved in the financial management.

Key-words: *strategies, financial, management*

JEL Classification: G11, G30, M40

We are living in a global economy characterised by rapid changes, the acceleration of scientific and technological processes and an unprecedented level of competitiveness. These mutations have forced the company to evolve, to eliminate what used to be and look towards the future. Not in any way, but with certainty.

The challenges that companies face today are well known: boundaries in change, rapid development of global markets, explosive competition, demographical changes and an increasingly rapid change rhythm. Companies struggle to get adapted, by building the organisations of tomorrow based on the new operation strategies and techniques and on a new way of thinking things through.

Elaborating a strategy seems to replace improvisation with rationality, and, following the same path, to limit the investigation fields. As we know, the strategy as a process has a heuristic character. We are not only talking about having a reference framework for judgements in distributing the company's resources, but it is necessary to generate alternatives, to make projects. Fuelled by a managers' prospective attitude, the strategy is an incitation to question the products, the procedures and methods, it is a calling, a challenge to a prospective reflection, an impulse for a permanent quest. At the same time, an active strategy demands for a flexible organisation, open towards its

environment and where creative spirit overcomes the resistance towards changes and factors which hinder imagination and enterprising spirit¹.

Improving the 21st century companies' competitiveness has become the key for their survival, especially under the circumstances of creating the European economic space, the European Union integration, the globalisation of exchanges and the growing interdependency of national economies, the international competition exacerbation, the intensification of technological, financial etc. progress. The main issue of the 21st century companies is not that of finding the best answer in time to survive the changes, but to make work an integrated system of strategic management, impossible to be accomplished in the absence of knowing the financial strategies, which would permanently allow them to meet the challenges generated by change, to elaborate hypotheses concerning the most probable evolution directions of the external environment in order to properly and rapidly adjust the strategy.

Analysing the theory and practice of the contemporary market economy underlines a considerable typological variety of strategies which actually outlines how companies can ensure the fulfilment of their mission and the adjustment to change. The specialised literature shows a number of classifications regarding the strategies, considering various reference criteria. Therefore, there are the following **types of strategies**:

- a) according to the **coverage area**, strategies can be divided into: *global strategies and partial strategies*;
- b) according to the **hierarchy level** to whom they address, there are: *general strategies, business strategies, functional strategies, operational strategies*;
- c) according to the **time horizon**, there can be: *long term strategies, medium term strategies, short term strategies*;
- d) according to **the company's level of participation to the elaboration**, we can have: *integrated strategies, independent strategies*;
- e) according to **the dynamics of included objectives**, there are outlined: *increase strategies, neutral strategies, recovery strategies, restriction strategies*;
- f) according to **the objectives' type and the approaches' nature**, there can be distinguished: *privatising strategies, reorganisation strategies, managerial strategies, economic strategies*;
- g) according to **the behaviour towards partners**, there are outlined²: *competition strategies, relational strategies*;
- h) according to **the position held on the market**, there can be distinguished: *the leader's strategy, the challenger's (the secondary) strategy, the specialist's strategy*;

¹ Domokos, Ernő, *Management ieri, azi, mâine*, Presa Universitară Clujeană Publishing House, Cluj-Napoca, 1999, p. 23.

² Naneş, Marcela, *Managementul strategic al întreprinderii și provocările tranziției*, ALL BECK Publishing House, Bucharest, 2000, p. 100.

- i) the classification according to *the way of obtaining the competitive advantage* emphasizes: *strategies oriented towards costs diminution, differentiation strategies, focus (niche) strategies.*

Under the context of the present harsh competition between organisations, it becomes absolutely necessary for managers to focus on adopting and implementing some competitive and qualitative strategies³. Expanding the company's activity, analysing and anticipating business failure are fundamental issues of the financial management for the elaboration and implementation of a strategy. Expansion is one of the most important objectives of the company of the future. The development's financial implications are represented by a continuous need of financing, for the short term, but also for the long term. A good cash flow management will diminish the necessity of financing of long term growth from stakeholders and creditors, and the control practiced by the company on the floating assets will minimise short term financing necessities. An efficient financial management of an activity's development includes both previously mentioned elements.

Regardless of the chosen type of strategy, during this time of powerful changes, of intra and inter-sectorial mutations, exchanges need to be led and not imposed.

The signs of change are always present: for most companies, the difficulty consists of finding the ways to interpret them. This supposes the permanent monitoring of the business environment, the consideration of reactions, even if messages are not favourable. In fact, the elaboration of any strategy would have to take into consideration the *environment's challenges*. These are the result of a dominant feature which characterises the environmental evolution at the beginning of the third millennium – the competition's increase, which has as an effect: the increase of the market's exigencies and clients' diversification, the increase of research-development costs, respectively the necessity to develop certain production ways characterised by high productivity and flexibility.

The main challenges of the future can be grouped into **two strategic analysis axes**⁴:

- a. *The new characteristics of the production processes*, generated by the following strategic mutations:
- *increasing costs for the research and development of new products;*
 - *increasing period costs;*
 - *diminishing investments' profitability;*
 - *costs' pressure on prices;*
 - *the flexibility;*
 - *the total quality.*

³ Constantinescu, Dan Anghel; Breban, Emilia; Niculescu, Oana, *Strategii competitive dinamice*, Colecția Națională, Bucharest, 2001, p. 11; Drucker, F. Peter, *Managementul strategic*, translation, Teora Publishing House, Bucharest, 2001, p. 162.

⁴ Cârstea, Gheorghe (coord.), *Analiza strategică a mediului concurențial*, Economică Publishing House, Bucharest, 2002, pp. 18-22.

b. ***The way of selection and concentration of advantages for development.***

The main mutations from this point of view are:

- *increasing activity niches;*
- *the flexibility of the activity's portfolio;*
- *the guarantee integration by increasing the value added.*

If we carefully analyse each of the challenges imposed by the future under the circumstances of change, we can notice that the financial implications are everywhere. Either they express themselves through costs, prices, the research-development activity, the activities' portfolio, quality etc., the financial consequences or implicitly the financial strategy cannot be avoided when you want efficiency, competitive advantage or just the company's survival.

Many of the existing companies face economic and financial difficulties, especially from the perspective of future challenges. Going from a company in difficulty to a viable or even efficient company requires the elaboration and introduction of an adequate strategy, which, through the adopted objectives and policies, could overcome these challenges. Such a strategy should intensify the company's advantages, turning them into competitive advantages and eliminating the existing disadvantages, therefore avoiding turning them into threats. Improving the financial situation is one of the company's most important objectives within the reorganisation plan.

The financial management of the company's activity increase faces various problems, among which the most important are ⁵:

- establishing the reasons for an increase of the company's activity;
- the proper selection of the activity's increase strategies;
- analysing the financial implications in the process of the activity's increase.

The strategy's accomplishment involves certain lasting investments, especially for making the fixed assets. Thus, ensuring the financial conditions favourable to a development strategy represents the first involvement of the financial management for ensuring the company's economic development, materialised in the estimation of the main factors which determine the investments' efficiency: the total volume of expenses for investments, the investment's life, the expected profit, the investment's residual value.

Supplementary fixed assets created on the investment are characterized by long financial cycles, the recovery of fixed capital lasting a few years. Under these circumstances, the correct establishment of the investment's efficiency means to ensure comparability in time of the engaged investment effort and of the results. Therefore, the capitalization of annual expenses required to finance the investment and to update the annual capital recoveries for the whole duration of the investment are calculated, the reference moment being the date for launching the exploitation of the new assets.

Bringing up to date the profits from the investment shows some issues of the calculations' exactness ⁶:

⁵ Botnari, Nadejda, *Managementul în sfera întreprinderilor în contextul tranziției*, www.feaa.uaic.ro, p. 15.

⁶ Andronic, Bogdan-Constantin, *Performanța firmei*, Polirom, Iași, 2000, pp. 95-97.

- The correctness of the expectations regarding the positive cash flows, taking into account the probability of the estimations of future profits and payments;
- Selecting the updating rate by taking into account the inflation's effects, the oscillations of the interests' rate, of the average profitability rate level in the sector, the various risks.

Usually, the selection between the interest's average rate adjusted to the inflation and a risk premium, and the capital's balanced average cost is made, which includes both the economic risk and the financial risk of the investment's financial structure.

The updating calculations help determine **the efficiency indicators of the development investment:**

- *the recovery term;*
- *the updated net value;*
- *the profitability index;*
- *the internal profitability rate.*

The success of the strategy mostly depends on how the development investment is made, which, together with the investment decision represents the foundation of the company's financial balance. **Choosing the most adequate way of financing and promoting a flexible and coherent financing policy, based on a rigorous analysis of the financing possibilities, represents the second implication of the financial management.** The major aspect had in view refers to the establishment of the capital's size according to the necessities imposed by each strategic option, as well as by the reimbursement and allotment possibilities for the borrowed capital. A highly important issue concerning the capital necessities refers to the size of the relation between fixed and current assets. Within a company, the financial manager must plan, get and use the capital to maximize the company's value. Since getting and allotting the capital implies specific costs, and often the capital offer might not be very rich, it is the financial manager's duty to obtain the necessary capital at the lowest possible costs, to have in view its most efficient usage and to create the favourable conditions to reimburse it.

Achieving this goal implies that, in the capitals' establishment and usage process, certain criteria and restrictions are considered, which, in the end, will give the company a level of financial independence absolutely necessary to its viability, by adapting to the changes that come along. Thus, we must consider as a criterion for grounding the financial decisions the coverage of investment requirements in fixed assets through permanent sources, while current assets shall be covered both by the circulating fund and the short term loans.

The efficiency of the capital's establishment process can be determined by comparing the estimated size of the necessary capitals and the obtainable results. Getting a monetary surplus while using the estimated capital and for the estimated destinations is proof of efficiency of the establishment and usage process of the investment funds. Estimations regarding the efficiency of establishing the capital, however, have to take into consideration the fact that the size of the monetary surplus has to cover the entire allotted capital cost as well as the financial management's objective to increase the company's value.

Elaborating a strategy might affect the debt capacity, meaning the possibilities to be granted loans whose reimbursement, including the due interest does not create major financial difficulties. This represents **the third implication of the financial management in ensuring the company's lasting development: measuring the company's maximum debt capacity**. M. Levasseur⁷ stated that "there are never free resources in an enterprise, large or small, listed on stock or family owned. The problem is to find a way of the explicit cost of each financing source". What matters is that the efficiency of using the capital is high enough to ensure the company's development after covering the capital's cost from the remaining profit.

The behaviour of the financial management cannot limit itself only to establishing the financial needs and finding the sources to get the capital. It must be systematically concerned about the way in which the company is able to pay the falling due obligations. Under these circumstances, **the fourth implication of the financial management in elaborating the strategy is the systematic control and analysis of maintaining the company's financial balance**. This is because the company's growth, often followed by sales increase, may require significant increases of the necessary circulating fund. Another risk of liquidity reverberation is also generated by the fact that permanent capitals' allotment and orientation with priority towards increasing the fixed assets may cause decreases of the circulating fund, with negative effects on the investment of the necessary circulating fund. In order to prevent these situations, an analysis of the financial balance through liquidity indicators should be achieved.

The fifth implication of the financial management is **ensuring the actives' liquidity**, the liquidity's surveillance and control being outlined by the assets' rotation speed

A special task of the management in ensuring the company's growth is also **to provide a balance between the strategic options that support the development project and to maximize the economic usefulness for capital owners**. The stakeholders' interest is best represented by maximizing the shares' value, increasing its value in stock. The evolution of the shares' value in stock depends on the demand for those shares, which is even greater as the value of the main indicators which express the company's dividend policy is higher. The choice of financing the increase could be in the prejudice of share market, because it supposes the consolidation of net capacity to self-finance the economic entity by diminishing dividends given to stakeholders. If stakeholders estimate a too high self-financing capacity as compared to the received dividends or a very high debt level, they will decide to sell the shares which will cause an increase of the offer and therefore a decrease of the rate of exchange. Most of the times, stakeholders ignore the fact that a long term development strategy may bring the increase of the company's net patrimonial situation, namely the own capitals' value, being in favour of an orientation which would maximize their short term profit in the prejudice of long term profitability. For that reason, in order to

⁷ Bodnari, Nadejna, *Managementul în sfera întreprinderilor în contextul tranziției*, p. 19, www.feaa.uaic.ro.

eliminate the above mentioned risks, the financial management has to ensure a short term satisfactory and stable level of annual dividends.

Since the development's purpose has to answer, first of all, the stakeholders' and investors' interests, materialized in maximizing the value of own capitals, of the net asset financed from these capitals, the net situation being the main indicator of the increase (relation no. 1).

$$\text{NET SITUATION} \equiv \text{ASSETS} - \text{DEBTS} \quad (1)$$

Another important indicator is the company's efficiency value (relation no. 2), which expresses the future updated profits, which come from the basic activity. Evaluating the company's patrimony is made according to the future profitability of the economic and financial activities.

$$VRT = \sum_{t=1}^n \frac{P_t}{(1+r)^t} + \frac{VR}{(1+r)^n} \quad (2)$$

where:

VRT = the profitability financial value;

P = future profits;

T = years of the company's economic life;

VR = the company's selling value after n years;

r = the updating rate (average profitability rate in economy or in the company's field of activity).

Given the difficulty of correctly estimating future earnings, based on the hypothesis of maintaining the company's profitability potential for the future, the efficiency financial value can be determined by capitalizing the current resources (relation no. 3)

$$VRT = \frac{\Delta_t}{r - g} \quad (3)$$

where:

Δ_t = next year's dividends;

g = the constant ration of dividends' annual increase under the circumstances where $g < r$.

The positive oscillations from year to year of the efficiency financial value reflect the positive results of the company's development strategy, materialized in increasing the profitability potential.

A more expressive illustration of the development strategy can be obtained by analysing the dynamics of profitability rates, the development's purpose being the increase of the company's profitability. The growing evolution of profitability rates, the maintenance of their value over the average of the company's economic sector (in case of economic rate) and over the interest's average rate on the financial market (in case of financial rate) proves the efficiency of development investments.

As a conclusion, we can state that a strategy **is not**: the result of a visionary thinking, a secret, a guarantee of success. A strategy **requires** stakeholders' involvement, the correct evaluation of the company's past and present situation. A strategy **does not require**: over humanly abilities or intelligence, external significant support. A strategy **is** a programme that helps the company develop and keep a superior competitive advantage on the market. And all these depend on the financial management.

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