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HANDBOOK FOR YOUNG ENTREPRENEURS

WHERE TO START FROM?

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CHAPTER 1. INTRODUCTION TO ENTREPRENEURSHIP

Richard Cantillon (1697-1734) introduced the term entrepreneur, for him this term revolved around risk-taking. He describes the entrepreneur as a non-entrepreneur who risks his own capital.

From that time until today, entrepreneurial activity has been associated with risk-taking. A second author interested in entrepreneurial issues and who made a very important contribution to the entrepreneurial school of thought was Jean Baptiste Say (1767-1832). Thus in Say's view, the entrepreneur devotes his time, talent and resources towards the production, distribution and consumption of goods and services. The entrepreneur's reward, according to Say, is the surplus income of a firm.

In 1848 John Stuart Mill, in his "Principles of Political Economy", dealt with this subject of the entrepreneur, which subsequently disappeared from economic literature towards the end of the 19th century. The reason, as Mark Carsson put it, was simple. Economists began to use, in their mathematical models of economic activity and behaviour, the assumption that all people in an economy would have equal access to information and resources. This left no room for the entrepreneur.

In recent years, economists have abandoned this assumption. Progress in entrepreneurship is largely due to the economist Joseph A. Schumpter and the Austrian school.

Joseph Schumpeter in 1934 said: "In entrepreneurship there is an understanding that we make about a certain type of behaviour which includes: initiative, organisation and reorganisation of socio-economic mechanisms, acceptance of risk and failure".

For Schumpeter an entrepreneur is a person who is able to convert a new idea into a successful innovation, who makes "new combinations", such as introducing new products or processes, identifying new export markets or resources or creating new types of organisations. He created a heroic vision of the entrepreneur as a person motivated by "the dream and desire to establish a private kingdom", "the desire to conquer, the drive to fight, to prove oneself superior to others", and "the joy of creating".

Entrepreneurial culture can be defined as a set of ideas that generate the will to change, which is designed to give an organisation a distinctive personality and at the same time change the mindsets of individuals and develop entrepreneurial skills.

Entrepreneurship is a process of creating value through an inventive way of managing resources and exploiting opportunities. Entrepreneurship is the day-to-day activity of the entrepreneur and the basic concept used in the field is that of "entrepreneur" - a person who manages to turn a dream (an idea) into reality (a business).

Entrepreneurial activity is an independent activity carried out at one's own risk and aimed at systematically obtaining profit from the use of goods, sale of goods, execution of works or provision of services by persons officially registered as such in the manner prescribed by law. In the literature, there are two different views of the entrepreneur: - according to the first view, the entrepreneur is the person who is responsible for identifying and obtaining the resources needed to set up a business and, at the same time, assumes the risk of using the allocated resources; 4 - according to the second view, the entrepreneur is the initiator of a business that focuses on innovation, developing new products and services and creating a new market and a new customer.

Entrepreneurship is an activity that involves several actors and not only the entrepreneur. The entrepreneur does not act in isolation, but needs to identify collaborators, motivate and coordinate them towards the realisation of his own vision of the business he has started. The entrepreneur must create value for himself and for society, otherwise he loses his motivation for his work, loses his customers and therefore loses the reason for acting as an entrepreneur. Entrepreneurial activity involves innovation in the most varied forms: as a way of mobilising and using resources, as a way of serving customers, of obtaining products, of identifying and meeting market needs.

The entrepreneurial process, as found in the literature, comprises five distinct stages. These stages are identifying and assessing opportunities; obtaining the necessary resources; developing the business plan; setting up the firm; and providing management. The stages of the entrepreneurial process can be represented graphically, following the structure developed by Hisrich and Peters.

According to the figure the stages of the entrepreneurial process are:

1. Identifying and evaluating opportunities can be done intuitively or scientifically, by researching known types of opportunities, some of which may be accessible to the entrepreneur embarking on an intrapreneurial or entrepreneurial process.
2. The necessary resources are obtained by combining resources from own, attracted and borrowed sources, considering the costs of each source.
3. Drawing up a business plan, one of the most used entrepreneurial tools.

4. The establishment of the company is dependent on the factors that influence the pace of this phenomenon (macroeconomic fluctuations, characteristics of the branches of the national economy, the cost of unemployment, etc.).
5. Management is the entrepreneurial leadership that is absolutely necessary in any field. The knowledge of entrepreneurial practices, even the oldest ones, is not only used by firms facing increasingly complex situations, generating more and more changes, but also in the interest of society (Neguț, 2010, p. 3).

BUSINESS

Business is the social science of managing people so that they organise and maintain collective productivity to achieve creative and productive paricular goals that usually generate profit.

In general, business is most often understood as the organised effort of individuals to produce and sell for profit goods and services that satisfy the demands of society.
Businesses are of two kinds:
- B2C (Business to Consumer), if the products and services offered are aimed at consumers and
- B2B (Business to Business), if the products and services offered are aimed at other businesses, which incorporate them into their own products and services.

A business has two fundamental aims or objectives:
- Survival - to survive in the market for an indefinite period.
- Profit or gain - to maximise the benefits to the owners of the business-entrepreneurs, shareholders, or owners.

PROFIT

Profit is the surplus earned by a business when the total income it earns from all its activities exceeds the expenses necessary to carry out those activities.
The gross profit (taxable profit) actually made by a company is calculated by subtracting all expenses (incurred within permitted limits) from the total income earned by the company.

The net profit is calculated by subtracting from the gross profit the income tax expense or the microenterprise income tax expense (as the case may be). Corporate income tax is a direct tax, and in Romania's tax reform corporate income tax plays an important role both in terms of its contribution to budget revenue and its influence on profit-generating activities.

1.1 STRUCTURE OF ENTREPRENEURIAL ACTIVITY

Entrepreneurial activity is a process that includes 10 distinct actions in its structure:

- Actions Qualities
- Identification of business opportunities; Flair ⁄ Intention
- Conceiving the vision of the entrepreneurial approach based on reassessing the need for change; Imagination⁄ Independence ⁄ Passion.
- Evaluating own entrepreneurial performance and making decisions about the development of the entrepreneurial initiative; Reason⁄ Prudence
- Implementing the entrepreneurial vision through business organisation; Ability to be ⁄ Steady ⁄ Tough
- Procurement of equipment; Technical dexterity
- Providing competent workforce; Acuity
- Procurement of raw materials; Differentiation⁄ Originality
- Marketing the business; Foresight
- Selling products and services Flexibility
- Subcontracting and attracting external collaborators for activities for which the necessary skills and means are not available. Communication

TO REMEMBER!

- Entrepreneurship is the ability to create and run an organisation.
- The entrepreneur identifies business opportunities and has a vision for their implementation.
- The entrepreneur assesses his/her own capabilities and performance and makes decisions on the changes he/she needs to make to implement his/her decision.

1.2 CHARACTERISTICS OF ENTREPRENEURIAL ACTIVITY

The set of entrepreneurial actions that make up the process mentioned above has several characteristics:

- It is an act of human will;
- It occurs at the level of an economic firm;
- It implies a change of state (of the firm);
- It is a holistic (systemic) system;
- It is a dynamic process;
- It is a one-off process;
- Involves many variables;
- Entrepreneurial outcome depends on many factors.

According to other authors, the entrepreneur can be defined as:
J. B. Say (1860) "The entrepreneur takes economic resources out of a field of low productivity and introduces them into a field of high productivity and superior return."
In Germany - "Entrepreneur" - a person - owner and going into business (distinguished from professional manager)

In U.S.A. - "Entrepreneur" - someone who starts their own small business (not every new small business is entrepreneurial or representative of this system)

The main factors influencing entrepreneurial activity are internal factors and external factors.

Internal factors depend on the size of the enterprise, the type and specificity of the activity, the personality and training of the entrepreneur and the level of training of the people involved and the culture of the firm. These factors have a much greater impact on the company's performance.

External factors depend on the characteristics and functionality of the economic system, the state of the national economy and the market in which the firm operates. These factors, due to their favourable or unfavourable content, can have a major impact on entrepreneurial initiatives.

One of the important factors incorporating both internal and external factors is the stakeholder. Stakeholders include internal elements (owners, managers, employees, trade unions) and external elements (banks, suppliers, customers, public administration). Stakeholders have a significant impact on the entrepreneurial activity, but we can say that the most influential factor is the entrepreneur through his entrepreneurial spirit. The entrepreneur is the ferment that triggers entrepreneurial activity, without him all other factors are inert from an entrepreneurial point of view.

TO REMEMBER!

- Entrepreneurial activity is driven by factors internal and external to the organisation.
- Internal factors depend on the size of the company, the type and specifics of the business, the personality and training of the entrepreneur and the level of training of the people involved and the culture of the company;
- External factors depend on the characteristics and functionality of the economic system, the state of the national economy and the market in which the firm operates.

1.3 SETTING ENTREPRENEURIAL OBJECTIVES

Entrepreneurial objectives can be grouped into three groups:

Objectives of a personal nature, by which the entrepreneur justifies his entrepreneurial activity. They are personal, constituting an inner drive fuelled by the ideas that trigger entrepreneurial activity. This group includes:

- personal security and safety objectives;
- social status objectives;
- objectives of guaranteeing one's independence;
- objectives of business success;
- goals of self-satisfaction (self-fulfilment goals).

BUSINESS GOALS

General objectives, involving the provision of useful services needed by society (production and marketing of products and services) and profit-making (remuneration for taking the risk of investing money in a business). Also included here are social objectives, which imply the assumption of social responsibilities (protecting the interests of consumers, meeting the interests of employees and the community to which the company belongs).

Subsidiary objectives are set for each functional area (production, commercial, financial-accounting, research, personnel), which are interdependent with each other.

Mixed objectives are those which represent a correlation between profit achievement, consumer satisfaction, employer satisfaction and employee satisfaction. These objectives arise when personal objectives are correlated and in line with business objectives.

TO NOTE!

Entrepreneurial goals can be:

- Objectives of a personal nature, by which the entrepreneur justifies his/her entrepreneurial activity;
- Business objectives - General objectives, which involve providing useful services needed by society and making a profit;
- Subsidiary objectives which are set for each functional area (production, commercial, financial-accounting, research, personnel).

1.4 ESSENTIAL PRINCIPLES OF ENTREPRENEURIAL ACTIVITY

At the design stage of the business, when the needs, values, size and benefits of the business are established, the purpose of the entrepreneurial activity must also be prefigured. The entrepreneur must know, at this stage, the principles that will guide the entire activity:

- Develop clear objectives, strategies and action plans that will be systematically reviewed according to the context;
- Producing and delivering goods and/or services that people want;
- Attracting and retaining customers;
- Making sufficient profit to attract potential investors and retain existing ones;
- Providing rewards (material and moral), incentives to engage human resources.

TO NOTE!

- The key principles of entrepreneurial activity are to develop clear objectives, strategies and action plans that will be systematically reviewed according to the context.

1.5 DEFINING THE CONCEPT OF ENTREPRENEUR

An entrepreneur is a person with initiative, entrepreneurial spirit, creative, able to take responsibilities and risks, tenacious and having the intuition and willingness to change. Being an entrepreneur requires the exercise of skills developed to a certain level according to one's native abilities, plus personal experience, learning from the experience of others and lifelong learning.

Synonyms for entrepreneur: entrepreneur, capitalist, innovator, owner, contractor.

The age at which most people start their first business is between 16 and 25.

According to statistics, those who don't have the courage to start a business in this age range never do.

In today's century, where you can be connected from anywhere and anytime, from any corner of the world, entrepreneurship knows no boundaries of space or communication barriers. The speed at which an entrepreneur has access to information is of enormous importance, but above all it is courage and perseverance. However, Romanians are not doing very well when it comes to entrepreneurship. Compared to 23 other countries in the latest Global Entrepreneurship Monitor report on entrepreneurship, Romania ranks second to last, with around 17.5 points, behind only Greece.

The qualities of the entrepreneur remain the same regardless of the period and type of company.

There will always be great entrepreneurs, who do business at a high level, have long-term contracts, and consolidate their field or market niche by building networks of companies and profit centres. At the other end of the spectrum, there will always be serial entrepreneurs, who build businesses relatively quickly and then sell them, and small entrepreneurs, who make a lifestyle out of their business, not interested in growing and multiplying a business model but rather in raising enough capital to improve their lifestyle.

On the one hand, post-crisis, the widespread fantasy of continuous and rapid growth in which most Romanian entrepreneurs used to live has dissolved in the difficulties of obtaining liquidity and new contracts. The result has been an extreme reshaping of the entrepreneurial mindset: businesspeople have become much more cautious about investing and spending, they appreciate much more the added value of the products and services they have access to, and they start to think strategically, multi-year and multi-dimensionally about their business.

On the other hand, entrepreneurship schools have started to appear in Romania in the last two to three years. In other words, there is already a basic movement that proposes a business culture for people with business initiatives. Beyond the quality of these programmes, the intention is very clear. There is a need to develop a new mentality towards business, a mentality that will bring entrepreneurial Romania into line with the entrepreneurial European Union and even the entrepreneurial United States.

1.6 QUALITIES NEEDED BY ENTREPRENEURS

Today's entrepreneur not only gets to have a good business idea, but also the mission to build a company, to align his people to his business vision. Entrepreneurship now is more about values and mission alignment than about money and operational issues, which in themselves no longer make a difference. Where 20 years ago it was just a sense of negotiation and identifying opportunities, now it's about creativity, assertiveness, the ability to build functional organisations, time spent equally with employees and customers. Somehow, the amount of effort the entrepreneur must put in today is infinitely greater than what had to be done in the past.

Each type of entrepreneur is unique and there are no recipes or models for a successful entrepreneur. Many personality types can be adapted to entrepreneurship.

Certain characteristics, skills and motivations are considered important:

- High self-esteem and self-confidence
- Self-knowledge (knowing one's strengths and weaknesses): autonomy, persistence - patience, independence, mobility.
- Exercising influence over others
- Strategic planning
- Setting and achieving strategic goals
- Selecting appropriate staff
- Organisation and administration
- Cooperation
- Creativity- originality
- Accountability
- Ethical sense
- Consistency
- Politeness
- Openness to ideas
- Taking risks
- Ambition
- Energy
- Social skills
- Ability to hold conversations
- Communication skills/skills (written and oral);
- Risk-taking skills/skills
- Relationship (building) skills/skills
- Persuasion skills
- Taking initiative and decision making

TYPES OF ENTREPRENEURS

1) THE SHADOW ENTREPRENEUR

The opposite of the "star" entrepreneur, he invests in businesses that are not well known to the public or chooses not to promote himself in association with them. With a team of partners and managers, they diversify their business and their investor profile, always looking for opportunities to increase overall profits. He prefers shareholder to manager status, running the companies he sets up from behind the scenes. It is the perfect model for 'sensitive' areas involving informal connections with the political world, because it allows business interests to be promoted away from the public eye. It can also be the model adopted by people who value privacy and do not want to expose themselves directly to public opinion.

Strengths: Discretion qualifies it for sensitive, high-profit rate businesses. In addition, he can gather information and "do his homework" without being bothered by deadlines or a host of conditions applicable to those he chooses to work with.

Weaknesses: Leadership and ability to inspire people. Being an extremely private character, he doesn't use his successes as lessons for those who come after him. He is such a private person that it is virtually impossible to find photos of him. There are no official statements from him, interviews are conspicuously absent, but his business flourishes.

2) THE STAR ENTREPRENEUR

He could write a whole book about the entrepreneurial projects he has set up and the difficulties of getting started. It's the face of his own company, which he built based on his personal values. A dynamic nature, he is the man who not only identifies with his business, but also merges his personal image with that of the company/companies he runs. His businesses have been built in his image. He constantly and consciously realizes the connection between himself and his business, effectively promoting both through mutual empowerment. Sometimes he even appears in company advertisements, personally vouching for the quality of the company's products/services. As a consequence, he is always mindful of his personal image and the values he promotes within the company and outside it.

Strengths: Knows how to communicate very well, inspires and gives confidence; always being in the public eye, he doses his enthusiasm and ideas.

Weaknesses: He learns new things very slowly. Seems to know everything and only what interests him is important. Most of the time, he has a simplistic business scheme that doesn't give him great results.

3) THE CALCULATED ENTREPRENEUR

Although it seems like a contradiction in terms, caution can be an extremely valuable trait for an entrepreneur. This type of entrepreneur is a calculated risk taker, a good strategist, carefully considers the opportunities for his business and acts only after a detailed plan is in place. Often a former employee, they know how to answer the question "What's in it for me?" very accurately. He usually doesn't put a lot of effort in, preferring to play with profit margins and increase his volumes. Often, he will invest in an opportunity that has been tested and approved by others. Although some of his decisions are seen by others as risky, they are generally the result of a deep analysis of the pluses and minuses. From time to time, however, he will take risks to prove his business acumen. Analytical and deep analytical spirit, he will build solid businesses that are hard to knock down by any market conditions.

Strengths: Can become the backbone of microeconomics, with the ability to anticipate potential pitfalls and unnecessary risks.

Weaknesses: Can miss opportunities it considers too risky.

4) THE BRAVE ENTREPRENEUR

For him work and business courage go hand in hand. For this kind of entrepreneur, the risks of developing a solid business are far greater than the resources he can measure. But he never gives up and is often able to call on other kinds of resources to come out on top in the battle against adverse conditions. He is the kind of entrepreneur who assumes business failure from the start. But this kind of attitude is not inimical to him, it can actually help. Courage is a combination of intuition and analysis; it is irrational impulse and rational assumption. While courage in business is one of the building blocks of entrepreneurial success, it is also a major cause of business failure.

Strengths: Generally, has a strong character, is able to withstand whatever trials and tribulations he is subjected to. Always finds the resources to self-motivate and responds positively to most initiatives that involve developing a common front, whether with partners or associates.

Weaknesses: Can sometimes become short-tempered and self-effacing. Can become a kind of negative educator.

5) THE VISIONARY ENTREPRENEUR

For him, the present is just a steppingstone to a future in which his business will change the world (or at least the market in which he operates). He is many steps ahead of everyone else. He starts seemingly commercially irrelevant businesses that over time prove their worth in spades. This type of entrepreneur breaks new ground in business and is capable, with the right medium-term motivation, of reshaping entire business markets. In Romania, this type of entrepreneur is the rarest, although many entrepreneurs want to be associated with this image. He does not hunt for opportunities, as most entrepreneurs do, but creates them himself, which gives him a clear advantage over his competitors. He is constantly innovating, always one step ahead of others.

Strengths: Sees beyond the obvious, can plan intermediate steps to fulfill his vision and is very good at inspiring others.

Weaknesses: Contact with the market and immediate reality is quite fragile. Can become continually dependent on the latest tools and technologies, which he does not necessarily use for business development.

6) **THE INSPIRED ENTREPRENEUR**

Is constantly looking for opportunities, "fickle in business". Inspiration is the engine of all projects, which in business is essential to succeed in what means highly successful enterprises. This type of entrepreneur is said to have the ability to "smell" opportunities long before others. They usually act accordingly, moving relatively quickly to meet them. Sustained activity and a well-honed commercial spirit are two defining qualities of the inspired entrepreneur. What is essential to note is that the inspired entrepreneur has the flair to be at the forefront of big business when it is just at the stage of crazy ideas and, moreover, succeeds in developing them because he feels the direction in which they need to go.

Strengths: Always knows how to find shortcuts in solving any problem. Can intuit business development possibilities that are currently invisible to everyone else.

Weaknesses: More often than not, the inspired entrepreneur is lacking in rigour and sepierde in details. Inspiration comes from new approaches to the same ideas or concepts, so they can be left wanting if they don't choose to learn continuously.

7) **THE TECHNOCRATIC ENTREPRENEUR**

This is the kind of person who excels in one area of business and decides he can make a success of that segment. He succeeds because he has a perfect mastery of all the details of the business his company is doing and knows from experience what kind of effort it entails. He has generally worked in multinationals and has trained in a highly procedural environment, governed by methodologies and rules. He has learned that simple and well applied rules bring success almost naturally. At the same time, he can always offer his own example to others in the company, becoming an inspiration to the people he works with. He believes that an entrepreneur is passionate about what he does and can only perform by identifying with the vision and mission of the organisation he has founded. Believes that total commitment is absolutely necessary for someone who runs a business.

Strengths: Knows his capabilities very well and can easily replicate his own skills in dealing with customers. Provides a sense of security in any contract he handles, no matter how messy and impulsive the client is.

Weaknesses: Has a harder time adapting to rapid market dynamics when he steps out of his business model. Tends not to take advantage of short-term relationships that can bring in enough cash to invest in growth. It usually overcontrols everything.

CHARACTERISTICS OF THE ENTREPRENEUR

An entrepreneur is a person with a high degree of independence. Many entrepreneurs find their way to success by tackling the 'niches' of economic activity. Overall, the characteristics of an entrepreneur are:

Independent spirit - this is the most important quality an entrepreneur must have, to have a continuous drive towards activities that give him freedom and fulfilment; an entrepreneur will never feel fulfilled in an environment where his initiatives are not appreciated, where he will not be allowed to put his ideas into practice; an entrepreneur continuously seeks to be his own master, to take more risks and responsibilities; often this quality is not acquired but you are born with it.

Courage - alongside a spirit of independence - is an essential quality that every entrepreneur needs; the courage to put your ideas into practice, to follow them obsessively, to believe to the end in what others do not believe will have any finality or trace of success; for very many people ideas remain only thoughts, they do not become reality, for lack of courage to put them into practice and follow them.

Intuition - the ability to see opportunities, to see potential sources of business in seemingly insignificant things - is a quality of entrepreneurs; they must also have intuition once they have developed their businesses to a high level of stability, because of the constantly changing environment, for which they must find answers before others and be ready to react in time to maintain and develop their position in the market.

Professionalism - training in the field must be comprehensive, taking into account both good knowledge of the business environment and good knowledge of human resource management, marketing, information technology, fundraising, etc.

Adaptability - anyone who sets out to do something and feels that he is only going to wear a suit and have a luxurious office in which to dictate and draw up tasks is mistaken; the entrepreneur can only be a man who is the same in every situation, whether at a cocktail party with important personalities or working in a factory or anywhere else, and who maintains the same serenity and adaptability; Adaptability also refers to the ability to react quickly in an ever-changing business environment, to new opportunities, new market demands, new technologies and an openness to understanding innovation and added value.

Persistence and persistence - for success not to come easily, along with confidence, persistence to achieve certain goals is required. The fact that some stop halfway makes all the difference! Success may come sooner or later. The degree of persistence and persistence must remain constant. The illusion of success can be as damaging as the lack of it, both numb the spirit and giving up seems more handy and convenient.

Increased work capacity - like charity and entrepreneurship do not make a good home, if you choose this path of entrepreneurship, rest assured that you will forget the 8-hour work schedule, you will work as hard as it takes to finish a job started; a good entrepreneur, takes responsibility not only for his own destiny, but also for that of his family or those with whom he works alongside; The entrepreneur must therefore be the first to start work and the last to finish the day's work; the entrepreneur must be able to accumulate new knowledge, both in management and in the field in which he or she works (innovations, new markets and products, new sales channels, etc.).).

Respect for employees - an extremely important quality is a good knowledge of human resources; people are the most important resource in a company, machines change, markets, products, etc., what remains constant is the human resource; an entrepreneur must first of all be able to build a strong team around him, stable as far as possible, and to whom he can give total confidence; Of course, over time, the team will change, but these changes must not radically change the course of the business or interrupt the development of the company; with a strong team, where everyone knows their role and feels an important part of the team, success is guaranteed; respect for employees must also be applied in the company's external relations, a code of ethics on which the principles of the organisation must be based, so that, over time, it becomes a respected organisation with a good reputation in the market in which it operates.

Good organisation - the internal organisation of the company, by department, but also the organisation of production cycles, stocks, sales, etc. These must be controlled by the entrepreneur or persons competent in the areas concerned.

Communication - the entrepreneur must communicate well with collaborators, whether they are customers, suppliers, colleagues in the company, so that the messages conveyed are clear, unambiguous, firm and effective.
Of course, the above characteristics do not guarantee an entrepreneur's success any more than a lack of any one of them will lead to failure, but it is preferable for an entrepreneur to have as many of the above characteristics as possible. Some of the characteristics are native, others can be acquired, the important thing is that an entrepreneur tries to educate his spirit. Under no circumstances will it be understood that an entrepreneur must be weak, tolerant, understanding beyond the bounds of normality and common sense. Any weakness will be exploited and the entrepreneur will suffer.

An entrepreneur must be calculated and sometimes uncompromising, firm and decisive, but at the same time fair.

PERSONAL BALANCE SHEET

How do you know you can be an entrepreneur?

The success of the creation and viability of a business does not depend solely on external factors.

Personal constraints, incentives and goals, skills, personal characteristics of the individual, experiences and knowledge are very important elements that need to be seriously considered.

Whatever a person's entrepreneurial idea is, in order to give it the best chance of success, it should be in line with the personal traits of the potential entrepreneur.
This step is often neglected and therefore the interested party focuses exclusively on commercial feasibility, economic and legal status in setting up a company.
The maturing of an entrepreneurial idea should put more emphasis on personal traits.
The potential entrepreneur is invited to choose not only the product or service to promote or provide, but also to choose a certain lifestyle that is in line with entrepreneurial requirements.
The contradictions that can arise can lead to problems as the company is created.

Personal limitations
For someone to become an entrepreneur means moving from one personal state to another. He will therefore have to consider the characteristics of his daily state and check their compatibility with the state to be formed by the creation of the company.

For this reason, he will have to devote sufficient time to preparing the project in view of his current state and the fears he may have about such a project.
If the environment in which he lives accepts his choice, and in particular his life partner/spouse, he can support him psychologically and possibly financially or even with some of the necessary work. His family is ready to make certain sacrifices in the start-up phase of the business: possible relocation, new difficult conditions for family life (less free time), a lower standard of living. If he doesn't share the project with those close to him, tensions will soon arise.

This problem is crucial if there are no sources of income until the company's income increases: spouse's income or spouse's estate, for example.
Whether the project's financial support will be borne solely from its own capital or needs additional funding.

This business can create an income from the start so that it can meet its obligations; if not, it will have to take care of this as well, as it is a vitally important issue.
Whether their health is compatible with the requirements of the project, especially when they have to cope with periods of intense work.

Starting a business is a stressful situation and can create intense stress symptoms.

Motivations and personal goals
A business is not created without a reason. Motivations are not always clearly expressed and some of these can lead to disappointment. Therefore, team members need to be asked, in a very conscious way, the following question:

"Why do I want to start a business?" or "What does starting a business mean to me?"

Often motivations can lead to misjudgements, for example one of the most common motivations is "independence" in certain activities, but continuous pressure from customers changes this meaning of independence a lot.

Another strong motivation is high income, but starting a business does not immediately lead to high income.

Detecting, establishing and prioritising values/motivations is a chapter of great value and usefulness for both entrepreneurial and other types of education, as motivation is often a personal objective of the individual and the driving force behind the goals pursued by the individual.

An important element that needs to be stressed is that a strong motivation can also constitute an individual's personal goal.

THE SATISFACTIONS AND DISSATISFACTIONS OF ENTREPRENEURIAL ACTIVITY

The entrepreneur can have both satisfactions and dissatisfactions after starting a business.
Among the most important SATISFACTIONS are:

- INDEPENDENCE (AUTONOMY) - is gained, after starting a business, because he is the one who makes decisions and makes things have a certain direction set by himself. For the entrepreneur, business also implies a high degree of responsibility. And in this situation, the entrepreneur wants to take it on. The freedom of decision and action that comes with owning a business appears to him as an assumed necessity.
- AUTHORIZATION - the entrepreneur, owning his own business, is no longer hindered in his self-realization, the only obstacles being those determined by his own capacity and creativity.
- POSSIBILITY OF UNLIMITED EARNING - most entrepreneurs earn much more than if they worked for others. The entrepreneur, if successful, can earn a profit that covers the interest on the borrowed capital and that could reward the risk taken, the effort expended, the talent and his own entrepreneurial and managerial ability.
- JOB SECURITY - is another aspect for the entrepreneur who has the security of a job and the advantage that he can work as long as he is able to work without being forced to retire.
- EMPLOYMENT OF FAMILY MEMBERS - if the business is doing well, the entrepreneur will be able to employ all his family members. This is another advantageous aspect, as the business will have continuity by being taken over by the children. On the other hand, there may be better morale and trust in the business run by family members.
- INDEPENDENT USE OF ACCRUED CAPITAL - the entrepreneur can invest his capital in his own business, instead of investing in businesses owned by others that may be risky or instead of keeping his money in bank deposits.
- APPLYING OWN KNOWLEDGE AND SKILLS - For some people, finding a job that matches their skills can be a problem (due to the surplus of labour in the field). In this way an entrepreneur can start a business, where his/her knowledge and skills are an advantage.
- OUT-OF-THE-ROAD - this is another common problem. There are people who feel the need for a change, who want to leave a monotonous, routine activity. Starting a business is an opportunity to achieve this personal satisfaction.

- POWER AND INFLUENCE - for any entrepreneur, business confers power and influence because he is the one who makes the decisions, influences the course of action, decides the fate of the enterprise, and all these aspects create a special psychological satisfaction.

THE DISSATISFACTS of entrepreneurial activity can be:

- Uncertainty of income - due to fluctuations in the development of the business, fluctuations in income may occur. In many cases the entrepreneur will be the last to be paid due to the numerous financial payments.
- Risk of loss of invested capital - many entrepreneurs contribute assets or large sums of money. These can be lost in the event of a failed business.
- Burden of total responsibility - in case of business failure or success, the entrepreneur is solely responsible. With the size of the business, the responsibilities increase. While for some people, management work is attractive, for others it can be a real burden. Decisions taken affect not only the entrepreneur and the company, but also customers and employees. That's why many people prefer to work for others, limiting their responsibility to the tasks within their working hours.
- CAREER PERIL - In case of failure, one of the big problems encountered by some people who want to become entrepreneurs is that they will not be able to return to their old job. This is a concern for people who have a well-paid job.
- CALLING ON EXPERTS - because an entrepreneur cannot be knowledgeable in all areas of business, he has to call on experts and listen to their recommendations. This is a violation of their spirit of interdependence.
- FRUSTRATION IN CASE OF SUCCESS - the number of employees will have to be increased and some powers will have to be assigned in case of business development, which for some entrepreneurs may seem frustrating. The most unpleasant decision is to cede some control in the form of a joint stock company.
- ETHICAL DEVIATIONS - sometimes a departure from professional ethics is necessary. If practices conflict with the entrepreneur's ethics, this can lead to dissatisfaction.
- OVERLOADED WORK SCHEDULE - the entrepreneur does not have a fixed work schedule. He is the first to come and the last to leave. In the early stages of the business, he has to do everything 14 hours a day, 7 days a week, without holidays.
- DETERIORATION OF FAMILY RELATIONSHIPS - due to the long working hours and the consumption of energy and time, the entrepreneur has little time for family and loved ones.
- HEALTH DISEASE - long working hours, prolonged stress, nervous and energy consumption, put the body in a state of exhaustion, often leading to illness.

1.7 PERSONAL TRAITS OF ENTREPRENEURS

A personality whose main traits are among those required for entrepreneurial activity makes it easier to carry out the project and gives it a better chance of success.

PERSONAL TRAITS OF THE ENTREPRENEUR

Willingness to take economic risk
The desire to be one's own master,
To lead and not to be led
Innovative spirit
Need for success (fulfilment, achievement)
Acceptance of uncertainty Self-confidence
Perseverance and determination
Spirit of initiative
Sensing business opportunities
High energy potential

TRAITS THAT DO NOT CORRESPOND TO THE ENTREPRENEUR PROFILE

Greed
Dishonesty
Hasty actions Distrust of people
Lack of knowledge of the field and
business environment can lead to
bankruptcy

IRRELEVANT TRAITS

- Age
- Gender
- Marital status Level of education
- Religion

  What needs to be emphasised is that there is not enough research material that directly correlates personal traits with entrepreneurial initiative taking.
- Skills/Competencies
- Individuals/Individuals show important differences in skills/competencies.
- Ability/competence can be natural.
- Skills can be natural or acquired through training and education.
- Category Entrepreneur skills
- Core competencies
- Motivation, vision and leadership
- Psychological competences Innovation, emotional intelligence

- Social skills
- Communication, persuasiveness, sociable, outgoing,
- Management skills
- Business management, marketing, operational, IT skills, knowledge of legislation and taxation, ability to identify and mobilise resources, ability to achieve financial, social or personal gain.

What needs to be stressed is that the world of work does not remain constant New forms of skills emerge (entrepreneurial risk-taking ability, empathy, networking, etc.) that are not mentioned and are not described in classic textbooks. Skills/competences relate to active project management (including but not limited to the ability to plan, organise, administer, manage and delegate, analyse, communicate, report, evaluate and inventory), effective representation and negotiation, and the ability to work individually and in teams. The ability to assess and identify weaknesses and strengths, estimate and take risks when they arise is essential.

The personal balance sheet is essentially the information gathered by individuals/individuals about their self and the factors that make up their self-perceived profile, including their education and work experience, so as to further assist in:
- Assess methods of developing skills that they do not have but are needed in their project
- Establishing the entrepreneurial idea
- Establishing the basic conditions for project success
- Preparing the entrepreneurial project
- Planning behaviour change.

1.8 FUNCTIONS OF THE ENTREPRENEUR

a. THE FUNCTION OF INITIATING AND ORGANISING PRODUCTION

It is the one that ensures the optimal use and combination of resources necessary to carry out the production process in order to achieve the highest result. The contractor performs two major groups of tasks:
- technical tasks, which consist of organising the production process (establishing the site, choosing machinery and employees, wages, securing raw materials, finding the market).
- economic tasks, which consist of diagnosing the economic situation, choosing the strategy, monitoring the implementation of the plan, adapting the products to consumer requirements.

b. AUTHORITY FUNCTION

The entrepreneur imposes his vision and conception of the company and exercises his authority as the initiator of the business

c. THE RISK-TAKING FUNCTION

The entrepreneur assumes all types of business-specific risk arising from his actions. These risks may be financial, psychological or social. We could say that the entrepreneur shares the fate of the enterprise, bad or good. His essential function is to take economic risk.

d. INNOVATION FUNCTION

The entrepreneur looks for change, responds to it and exploits it as an opportunity; he is an innovator, always creating new combinations of resources.

CHAPTER 2. STARTING A BUSINESS

2.1 THE BUSINESS IDEA

Starting a business requires, in a first phase, the existence of an idea that responds to a market need. Also, after starting a business, in order to stay on the market and grow, a company will have to constantly look for new development opportunities offered by the market, especially nowadays, when technological changes are very rapid and globalisation creates fierce competition.

In both situations, the entrepreneur or manager must answer three essential questions:

- Is the business idea clear?
- Is the idea profitable?
- Is it feasible to turn the opportunity into a successful business?

All people have ideas. Great, interesting, trivial or correct ideas. Entrepreneurs and company managers should have PROFITABLE and PRACTICAL ideas!

TO KEEP!

It all starts with an idea! Ideas can be:

- Normal;
- Feasible;
- Brave;
- Creative;

Entrepreneurs and company managers should have PROFITABLE and PRACTICAL ideas!

2.2 BUSINESS PLANNING AND MANAGEMENT

Before acting, the entrepreneur or manager will work out the concept of business development, weigh the problems to be solved, assess its profitability and check if it is possible to turn it into reality.

To turn an opportunity into a successful business, the business must meet the following conditions:

- the target business must be in demand on the market,
- it must present an appropriate risk/reward ratio,
- the estimated profit must justify both the capital and the time invested, above the opportunity cost.

In order to find an answer to the above questions, a thorough analysis of the business idea will be necessary. Evaluating an idea means, first of all, obtaining as much information as possible about it. Then, it must be checked whether the prospects of the idea are in line with the personal and company's managerial and technical training and capacity. Finally, the feasibility of the new business must be assessed, i.e. whether it can really be put into practice.

NOTE!
To be able to implement a business idea, general environmental criteria, business risk criteria, acceptability criteria on the labour market and on the market of the targeted product, demand analysis criteria, competition criteria have to be taken into account. In other words, we must draw up a business plan!

2.3 THE ENTREPRENEURS' ROUTE

The business plan is the written presentation of what you want to achieve with your business and how you intend to use your resources to achieve your goals.

A good business plan is a logically constructed action plan. It involves forward thinking about your business and, starting from the goals you have set, includes all the steps and resources you will need to achieve them within a given time period.
The business plan will identify how you will create or deliver your products or services, the skills that are needed, the commercial channels you will use, and other technical issues such as costs, administration, financing and regulatory issues.

Some of the arguments that support the need for a business plan are presented below:

1. To gain an overview of the whole business and not just focus on individual aspects. Every business has certain critical factors that should not be lost sight of.
2. To evaluate a new business idea or the chances of success of the current business. If well written, the business plan is your feasibility study.
3. To run your business better. Having any plan at all is infinitely better than having none at all.
4. To communicate your business ideas to outsiders if you need to get funding.

Bankers, investors, potential partners will want to know:
- how much money you need;
- when you will need the money;
- what you will use it for;
- if and when you will be able to pay it back.

Your plan will need to answer these questions.

Businesses run on a plan and not on reaction to events are more likely to succeed. When you are overwhelmed with the details of starting or running a business, a plan keeps you on track and helps you focus your energy on achieving your goal.

STARTING A BUSINESS

Starting a business is the most difficult stage. The decision to start a business can be influenced by a number of factors such as:
- Increased influence on entrepreneurship of education level and basic studies, family, age, work experience, etc.
- The organisational conditions of the business in terms of location, market sector, skills required for the selected field of activity, etc.
- Entrepreneurial environment factors: economy, sources of finance, advisory assistance, support staff, etc.

Launching a business involves following four steps:
1. Setting objectives

Key questions:
- What do you want to achieve?
- What results do you want to achieve?
- What is the business?
- What will be the demand?
- What income (profit) can be achieved?

2. Identifying resources

Key questions:

- What are your own possibilities, the effort required to start a business?
- What resources are needed to produce this type of commodity?
- What efforts will be needed or what actions will have to be taken at the beginning?
- Do they match the market possibilities (demand)?

3. Relating real opportunities and resources to possible benefits
4. The choice of product or service to be marketed is also a dilemma in the entrepreneur's work. The stages of the choice process are:

- Analysis of one's own qualifications, experiences, personal qualities, current trends in the branch business according to the criterion of their compatibility.
- Having what is needed to start the desired business.
- Correct understanding of the strengths and weaknesses of the given business.

5. Determining how to organize the business. The choice of how to organise the business depends both on the level of investment made to start the business and the level of experience and qualifications in the field. Choosing how to start a business requires careful consideration of all the elements involved.

Thus, there are three MAIN WAYS TO START A BUSINESS:

a) CREATING A NEW BUSINESS.
Often, starting a new business proves to be the best solution. This is, for example, the case when a new product is developed (when there is virtually no alternative) or when a growing market is considered (where there are already several competing firms, but which can usually be acquired with great difficulty).

The advantages of this way of organising the business are:

- MAXIMUM FREEDOM OF ACTION for the entrepreneur, who can implement his plans as he wishes. He can freely determine how to organise his business according to the pace of his company's development and create a favourable image for himself, depending on the idea he has of his own company.
- SOCIAL PRESTIGE. Starting a new business is a big effort and makes great demands on the entrepreneur's skills. Although he or she will probably need various expert collaborators, it is the entrepreneur who will receive recognition for the success of the business and the positive effects on the community.
- LACK OF 'MILLSTONES'. The entrepreneur is not obliged to correct mistakes made by his predecessors in the business.
- LOWER INITIAL FINANCIAL INVESTMENT compared to buying a functioning business, whose price includes elements such as market positioning, image, present functionality.

This option also has several disadvantages:

- LONG TIME TO MARKET
- HIGHER RISK INVOLVED THAN BUYING A BUSINESS. The complex and varied decisions that need to be made during the process of starting up the new business are also opportunities for error.
- LESS CREDIBILITY IN THE EYES OF PARTNERS
- DIFFICULTIES IN ATTRACTING INITIAL FINANCING.
- CONSUMER HABITS OF POTENTIAL CUSTOMERS. In the case of entry into an established market, there will be a period of reluctance on the part of buyers, who will avoid the new product on offer in favour of products they have been familiar with for a longer period from known manufacturers. This is one of the most important hurdles that the new firm has to overcome at the beginning of its operation.
- THE REACTION OF THE COMPETITION.
- UNDERESTIMATION OF THE RESOURCES AND EFFORT REQUIRED. For the entrepreneur, starting a business requires a great deal of personal effort and usually over a period of several years.

b) TAKING OVER A BUSINESS

Buying an existing business is the second way of starting a business. As with starting a business from scratch, a detailed analysis of the advantages and disadvantages the new owner will gain is necessary before deciding to buy.

Advantages of buying a business:

- The start-up time is relatively shorter because an existing business has the necessary machinery, skilled staff, established relationships with suppliers and customers.
- Immediate income as you are not starting from scratch.
- Favourable location, which would be difficult to obtain if starting from scratch.
- Use of the seller's experience and connections, as the company has a known name in the market, has established relationships with suppliers of raw materials and materials.
- Existence of qualified staff so there will be no need to recruit and select staff.
- Reduced risk, because compared to start-ups, it has a market and experience in the field.

Disadvantages of buying a business:

- Possibility of buying an unprofitable business.
- Existence of unskilled staff, for whose training both financial and time expenditure is required.
- Unwillingness of qualified staff to work for the new owner.

- Inheritance of a dubious reputation. Even if there is a change of ownership, it takes time to change the opinion of customers, suppliers, etc. about the business.
- Existence of inadequate fixed assets, e.g. morally and physically worn out equipment, premises requiring high repair and maintenance costs.
- Unfavourable location.
- Difficulties in making changes, due to high cost of changes and/or resistance from staff etc.

c) BUYING A FRANCHISE

Buying a franchise is a way of setting up a small and medium-sized enterprise (SME) and is an agreement between two parties whereby one party (the franchisee) acquires the right to run a business as owner but is required to operate according to methods and conditions imposed by the other party (the franchisor). The potential value of the franchise contract depends on the rights and obligations stipulated in the contract. The essence of this franchise agreement is the creation of a business in which the owner employs staff and is responsible for the entire business. The legal code for this type of contract is Law No 79/1998.

The main forms are:

1. The franchising of product distribution takes three forms:

a) Between the manufacturer and the wholesaler, where the wholesaler is offered the possibility to carry out packaging and distribution activities of the products.
b) Between the wholesaler and the trader, where the trader may be offered exclusivity for certain products in a given territory.
c) Between the manufacturer and the retailer, where the retailer is offered the right to sell a product exclusively, but is limited in area and quantity.

2. Trademark franchising gives the franchisee the right to identify with the brand name or services of the firm to produce and/or sell under that name.
3. Full business franchising, which in addition to the right to identify with the company's brand or name also grants the other rights (of distribution and of the brand name):
    - a specific strategy for conducting the business;
    - a marketing plan; - product control standards;
    - training plans for managers and employees;
    - effective management systems.

Characteristic elements of franchising :

- gives the right to use a well-known brand in the market;
- offers a number of advantages resulting from the franchisor's advertising;

- imposes restrictions aimed at expanding and developing the business or sales area;
- makes it easier to obtain the financial resources necessary to start up the business or to raise capital;
- the franchisor may impose the technical equipment, necessary equipment and suppliers to be used by the franchisee;
- provides financial support and a number of management and marketing benefits for the franchisee;
- provides training in the field, both technical and management training for employees and managers;
- may provide for ongoing training of employees through retraining programmes, as well as the presentation of methods and techniques in the field of inventory and bookkeeping as a form of initial training.

The main disadvantages are:
- loss of absolute independence by the franchisee;
- restrictions on business expansion and development;
- certain costs due to the franchise contract:
- an initial cost consisting of the payment of the privilege of operating under the franchisor's name, to which may be added the cost of technical equipment.
- an annual cost, which comes from an annual fee of between 1 and 15% of the profit.

How do you identify a successful business idea?
Business starts with an idea! To arrive at the best idea, follow the steps below:

Stage Characteristics
Exploration Starts now the idea emerges and consists of researching available sources of information about the opportunity of the idea and the possibilities of development/implementation.
Incubation This is the stage of analysis, sedimentation and interpretation of the information obtained in the previous stage.

Generating, mulling - It involves the analysis of options in preparation for the decision-making stage.

Decision-making **-** Adopting the decision to launch the business

Action Starting - the launch process.

Evaluation of the business idea.

Once the business idea has been chosen, it must be evaluated to determine its appropriateness.

The following principles are considered to support the evaluation process:

1. The viability of the business depends on:
    - Customers and competitors;
    - Marketing strategy;
    - Profitability of the business.

Resources are important: both personnel and financial resources needed to start the business. Particular attention will be paid to the duration and the repayment of the investment.

Credibility requires evidence and accumulation of experience and consists of:
- Incompetence to effectively launch the product or service;
- over-reliance on a single person or previously predicted event;
- lack of understanding of the capital needs of the growing business;
- Inappropriate timing of expenditure due to inadequate planning;
- making hasty decisions.

To evaluate the business idea, the prospective entrepreneur will determine:
- What he likes to do;
- What is an acceptable degree of risk;
- What will be the role of the family in the business;
- How hard and persistent he intends to work;
- What conditions would they prefer in the workplace;
- What are your major goals and personal objectives?

Financial considerations are also very important:
- How much money do you currently have?
- How much money do you want to earn?
- How much money do you need to achieve your personal goals?
- How much can you currently invest?

Causes leading to business failure:
- Inadequate business planning;
- Insufficient start-up capital for the start-up period and subsequent stages;
- Incorrect estimation of market demand for the product or service;
- Lack of managerial skills;
- Failure to select and apply appropriate advice from professional consultants.

CHAPTER 3. BUSINESS DEVELOPMENT STRATEGY

3.1 ORGANISATION AND MANAGEMENT OF THE ORGANISATION

What is strategic management?

- A comprehensive and ongoing (continuous) planning process aimed at formulating and implementing strategies through which the company can successfully face competition.
- Strategy is "a particular pattern in a chain of decisions".
- Strategic is any aspect that is of general, permanent or vital importance to a particular organisation (firm)
- Strategic management tries to answer the question: "In which direction should the company move in order to increase or maintain its level of competitiveness?"

General Clausewitz defines strategy as "the art of fighting only from a position of superiority."

The Larousse dictionary defines strategy as "the art of directing the means to victory," and M. Porterm as "the art of building competitive advantages that can be defended over a long period of time." To summarise, we define FIRM STRATEGY as the ways and means that enable the firm to progress towards its essential objectives under better conditions, i.e.: harmonious development and a closer link with the present and future environment.

3.2 IDENTIFYING THE FIRM'S STRATEGY

In the process of developing a company strategy, the following steps are taken:

- Set-up of the firm's mission.
- Specification of the fundamental (strategic) objectives.
- Establishing strategic modalities (options).
- Sizing the necessary resources.
- Setting initial and final deadlines for achieving objectives.
- Establishing competitive advantage.
- Articulating the overall strategy.
- Establishing strategies by areas (partial strategies).
- Set-up of overall and partial company policies.

The company's mission

The starting point for drawing up a company's strategy should be to define its mission as precisely as possible, focusing on a detailed explanation of the relationships between management, employees and the context.

A company's mission aims to ensure consensus on the objectives set, in the context of designing and promoting appropriate resource use policies.

Specification of fundamental (strategic) objectives.
Strategic objectives are quantitative or qualitative expressions of the purpose for which it was established and operates.

Core objectives need to have certain defining characteristics:

- be realistic;
- be mobilising;
- be comprehensible.

Establish strategic modalities (options).
Modalities or options for achievement: privatisation, restructuring, redesign of management systems, specialisation of production, cooperation in production, diversification of production, computerisation.

Dimensioning of the resources required.
In determining the size and type of resources to be committed, the size of investment funds and working capital is of particular importance, using specific quantitative and qualitative indicators. At the same time, the sources of funding and suppliers of raw materials and equipment are specified, as well as the conditions of insurance: quantitative, qualitative and temporal.

Initial and final deadlines for achieving the objectives are set.
It is important in this context to specify both intermediate deadlines, for and final deadlines, within the framework of specific strategy intervals, depending on the nature of the strategy, the complexity and difficulty of the objectives, the nature and complexity of the options and the volume and method of securing the resources committed.

Establishing competitive advantage.
The pragmatic value of a strategy lies, in essence, in realistically projecting the achievement of competitive advantage. Competitive advantage may be either in achieving a lower cost of products or services or in differentiating them in one or more

ways from competitors' products. It is achieved by acting on all the elements that make up that price.

Maximising production, in order to achieve economies in mass or large series production, preferential access to certain raw materials, major technical innovations, leads to reductions in production costs, etc.

Articulating the overall strategy.
The combination of the above components makes it possible to specify the overall configuration of the global strategy for the firm as a whole.

Establishing strategies by area (partial strategies).
The overall strategy forms the basis for partial strategies in specific areas (financial, commercial, production, personnel, management, etc.) where the objectives, strategic options and resources to be deployed are smaller.

The firm's overall policy and partial policies.
The formulation of global and partial policies is based on the firm's strategies - global and and is carried out according to a scenario structured in the following main phases phases:

- specification of medium-term objectives;
- determining the volume and structure of resources needed to achieve the objectives;
- the specification of actions, the means of achieving the objectives, by detailing the strategic components and consulting the heads of the main organisational subdivisions;
- prioritising the actions established on the basis of the company's needs and the actual implementation details;
- establishing those responsible for their implementation;
- specifying the deadlines for the implementation of each action;
- finalisation and approval of the policy in the form of a plan or programme by the company's participatory management bodies;
- assigning actions to people and informing them orally and in writing of the tasks,
- their powers and responsibilities.

3.3 COMPANY FUNCTIONAL STRATEGIES

We can identify four generic types of entrepreneurial strategies:
1. THROW ALL AVAILABLE RESOURCES INTO THE BATTLE

- is a very risky strategy; it often fails but, if you get it right, the benefits to the firm are great. This strategy must hit the target directly (otherwise everything is compromised).

2. HIT WHERE NOBODY IS - the strategy has two variants: creative imitation and "entrepreneurial judo". Creative imitation is a term coined by Harvard professor Levitt, and it implies that the entrepreneur does what someone else has already done - imitates - but also creates at the same time, because he understands that innovation is better than what he has shown so far. Entrepreneurial judo is a strategy that involves, first, occupying a "bridgehead" in a particular market, followed - after achieving a sufficient revenue stream - by occupying the "bridge" and then the whole area.

3. USE THE NICHE/TRADEMARKET BARRIERS - the 'barrier strategy' involves occupying a position with a product or service that is indispensable to another product/service or technological process, but which is too low priced or too small a market to compete; the 'specialist quantification strategy' involves focusing on a particular product and refining it to a level that defies competition, while allowing for the creation of lasting partnerships;

4. CHANGES THE ECONOMIC VALUES AND CHARACTERISTICS OF A PRODUCT, A MARKET OR AN INDUSTRY. Things that entrepreneurial leadership should NOT do:

- never mix managerial and entrepreneurial departments;
- never introduce entrepreneurship into the existing managerial component;
- it is not advisable for a firm to try to become entrepreneurial without changing its core strategy and practices;
- innovative efforts that take the firm out of its field are rarely successful;
- innovation should not be diversification (whatever the benefits of diversification, it has little to do with entrepreneurship and innovation;
- it is useless to try to avoid turning a consecrated firm into an entrepreneurial firm by buying small entrepreneurial firms;
- acquisitions of this kind succeed only if the buyer is willing and able to find entrepreneurial leadership for what he has bought;
- the leaderships coming with the acquired firms do not stay long (unless they have great opportunities to do something!).

3.4 ELEMENTS OF STRATEGY AND STRATEGIC MANAGEMENT

The strategy formulation process involves the following steps: intention, evaluation and choice. The elements of strategic management (after Macmillan, Tampoe, 2000) are exemplified by the following diagram:

Attention!

- No manager is solely responsible for strategic management.
- combines strategic planning with the need to develop internal skills and competencies that will ensure the firm's flexibility

Strategic management involves:

- a holistic approach to the enterprise, seen as an open system, composed of several subsystems in constant interaction,
- the proactive, proactive and proactive attitude of managers in setting objectives and means,
- giving priority to long-term decisions and their rapid implementation.

Characteristics of strategies:

- formulation to aim at general guidelines, which enable the firm to improve its position;
- serves the design of projects through a process of exploration;
- becomes useless if the exploration process is already oriented towards preferred sectors;
- at the time of strategy formulation it is impossible to list all the possibilities that will be discovered;
- when exploration brings out particular, less general alternatives, one may doubt the soundness of the original strategy;
- strategy and objectives are interchangeable over time and at hierarchical levels.

CHAPTER 4. MARKETING AND PROMOTION STRATEGY

4.1 MARKETING POLICY

Marketing is about "carrying out the economic activities that direct the flow of goods and services from producer to consumer or user".

Marketing refers to a complex of economic activities; it covers both goods and services; it aims to direct the flow of goods and services from producers to demand carriers; it concerns both the recipients of consumer goods and intermediate consumer goods.

"Marketing is a social and managerial process by which individuals and groups of individuals get what they need and want by creating, offering and exchanging products of value" – Kotler

"Marketing is essentially a way of acting to win" – Baker

In the marketing space, victory is achieved only by those companies that are determined to engage in a real war to win an essential prize: the hearts and minds of consumers.

MARKETING TRAITS:

- Responsiveness to the demands of society, the market
- Rigorous knowledge and even anticipation of these requirements;
- High flexibility, i.e. the ability to adapt the business to changing consumer requirements;
- Inventiveness, creative spirit, constant concern for innovation and modernisation;
- A broad, unified vision of all the activities that make up the economic cycle of goods and services, maximum efficiency, as a result of the effective orientation of the activity towards consumer needs, towards market requirements.

Functions of marketing

Premise function: Investigation of the market, consumer needs. Market research is called upon to provide the basis for all marketing decisions. This function makes it necessary for any enterprise to obtain information on present or potential markets, all consumer needs (solvable or unsolvable), their motivation, consumer behaviour, etc. This function aims to 'investigate the environment in which the company operates, all the factors that are beyond its control' and which 'influence its relationship with target buyers'.

Middle function: the dynamic connection between the enterprise and the economic and social environment. According to this function, the entire activity of the enterprise should be constantly adapted to the requirements of the changing environment. The survival and prosperity of firms depend on the requirements of the environment.

Objective function 1: To satisfy consumer needs under superior conditions. According to Kotler, "Customers are attracted by promises and kept by satisfaction. Marketing defines the promise and ensures its fulfilment". Entrepreneurs must "seek to maximise consumer satisfaction as a means of maximising profits".

Objective function 2: Maximise economic efficiency (profit).This is the scope of entrepreneurial activity in a market economy.

4.2 MARKETING ENVIRONMENT

"Marketing environment = opportunities and pitfalls" (Kotler)

In other words: the results of an organisation's work will depend on its knowledge of the environment's physiognomy and workings, and on its ability to take advantage of the opportunities and deal with the dangers that the marketing environment provides.

Understanding and putting marketing into practice requires knowledge of the concepts of external environment and internal environment.

The external environment
The components of the external environment:
A. The micro-environment of the enterprise and
B. The macro-environment

The microenvironment of the enterprise:
The components of the enterprise environment with which an enterprise enters into direct, permanent and strong relationships, dictated by the need to achieve its objectives, form the firm's microenvironment.

The suppliers of goods (material resources) are represented by various firms or private individuals who, on the basis of sales-purchase relationships, provide the enterprise with the necessary resources of raw materials, materials, equipment, machinery, etc. Service providers represented by firms or private individuals who provide a wide range of services necessary for the fulfilment of the enterprise's business objective (advertising agencies, trading firms, transport, banking services).

Labour providers are environmental agents with a considerable influence on the activity of the enterprise due to the role of the human factor in the labour process (e.g. educational establishments, labour offices, recruitment firms).

Customers are the circle of firms, institutions and individuals to whom the enterprise's goods or services are addressed. Customers can be grouped as follows: consumers, industrial users, distribution companies, government agencies.

Competitors are firms or private individuals competing for the same category of customers and in many cases the same suppliers or service providers.

Public bodies are part of the micro-environment in so far as they can influence in one way or another the achievement of the company's objectives. Kotler identifies several categories of such bodies: consumer associations, professional associations, the media, citizens. A special place is given to state bodies to which the company has a number of legal obligations (financial organisations, customs).

The company's macro-environment

The macro-environment is made up of all the factors that have a long-term, indirect and less intense impact on the firm's activities.
The components of the macro-environment are: the demographic, economic, technological, political, institutional and natural environment.

The internal environment

It is made up of all the elements that ensure the achievement of the objective of its activity. In other words, the internal environment is made up of elements that physically express the resources available to the enterprise: material, financial and human.

The resources available to the firm at any given time can take many different forms and can be structured according to various criteria.
The most common consideration is the content of the resources on the basis of which a classical grouping is obtained: material resources, financial resources, human resources.

Although useful in the analysis of the internal environment, such structuring is insufficient. It must be deepened by highlighting the environment of the physical existence of resources. From this point of view we distinguish:

- Endowments (buildings, equipment, technologies, infrastructure, information, etc.);
- Land and other resources underpinning production and delivery processes;
- Cash (in cash and on account);
- Staff with its structures (age, training, specialisation, etc.).

Market

The market is the ground for the valorisation of the activity of a large and heterogeneous circle of organisations. Each one aims to occupy a certain position in the market as a whole, which will ensure the efficient realisation of the products or services offered for sale.

Through its activity, the organisation will seek to maintain or even improve its position on the market at a given time. Achieving such an objective involves defining its own coordinates within the market, specifying the relationship between the company and its products and other market participants.

The market represents:

- The sphere in which the production of goods and services occurs in the form of supply of goods and consumption needs occur in the form of demand for goods;
- The sphere of manifestation and confrontation of supply and demand, of their realisation through acts of sale and purchase.
-

Market segmentation

Consumer - Any person interested or potentially interested in buying the company's product. The company has to investigate the consumers' composition.

Market segment is a group of individuals or organizations that share certain characteristics that cause them to behave in common towards a particular product/service.

Market segmentation - the process of dividing the market into similar relative segments of consumers in terms of their behaviour towards a particular product/service.

4.3 COMPETITION

The dual role (buyer and seller) of firms places their competitiveness on two levels:

- On the one hand organisations compete for suppliers, service providers and labour;
- On the other hand firms compete for customers.

Forms of competition

Direct competition arises in situations where firms address the same needs by supplying similar or identical products.

Brand competition

The most obvious competition occurs between firms that appear on the market with identical or insignificantly differentiated goods designed to satisfy the same needs. In this case the differentiation between competitors is achieved through the brand image that each endeavours to give to its products using appropriate means and techniques. This is why it is known as a brand competitor (e.g. bread and petrol producers).

Competition at industry/enterprise level

Firms can also compete by offering similar products that satisfy the same need to a different extent. In this case, competition is achieved through qualitative differentiation of products. As a rule, the producers of these products form an industry and the competition between them is called industry-wide competition (e.g. firms in the car industry are in such a situation).
Indirect competition is competition between firms that address the same or different needs by offering different products or services.

Formal competition

There are many situations where the same need can be satisfied in several ways with different products. For example: the need for leisure can be satisfied by watching a movie or playing sports. Firms that provide these two categories of services and satisfy the same needs by offering each other products are in a competitive relationship. Competition between these firms is called formal competition.

Generic competition

All firms operate within the market and compete for virtually the same consumer revenues. Competition between them is based on the category of needs to which the product is addressed, with each competing to satisfy that need.

4.4. MARKET STRATEGY - CORE OF MARKETING POLICY

Market strategy is one component (often perhaps the most important) of an organisation's overall development strategy. The formulation of the market strategy is the focal point of marketing programming.

The company's path towards the achievement of its objectives, its trajectory over time, is characterised by a set of elements defining the relationship between the company's current and future products and markets, which is made up of four strategic components.

The first component is the range of products and markets (current and new) towards which the company is committed to focusing its efforts.

The second component, the growth vector, is closely linked to the first and indicates the direction in which the organisation is developing in relation to the current state of its products and markets. Schematically, sales volume growth can be achieved: with current products in current markets; with new products in new markets (new market segments).

The third component is the competitive differential advantage, which identifies those elements of the organisation's markets and products that will ensure a strong competitive position. A prerequisite for specifying the company's competitive advantage is to define the market segments that offer the greatest growth potential and the requirements for success in each of these segments.

Product and market scope, growth vector and competitive advantage form the triptych by which the company's path towards the environment can be characterised in order to achieve the set objectives. But the efficiency with which the company approaches the various markets also depends on its ability to mobilise its resources and make them compatible with environmental requirements.

The fourth component, synergy of organisation, is the process of concentrated action of several factors, a process which generates a total effect greater than the sum of the individual effects of each factor considered independently. Marketing is a field where synergistic effects are of particular magnitude, where the effect of any controllable variable depends very much on how it is integrated with the other components through which the company acts on the environment.

THE MARKETING MIX

The marketing mix is the set of marketing tools that the firm uses to achieve its marketing objectives in its target market.
In designing its mix, the company will aim to offer a product that target buyers perceive as superior to that offered by competitors.
Marketing can be divided into 4 segments of activity (the 4 Ps):

- **P1 - Product - refers to the specifications, qualities of the product, how it meets the needs and wants of the end consumer.**

It considers:

- Quality
- Characteristics
- Variety
- Design
- Dimensions
- Packaging
- Brand

- Services offered
- Warranties

- **P2 - price - refers to pricing strategies.**

They take into account:

- use of catalogue prices
- commercial discounts that can be granted
- payment terms
- credit

- **P3 - placement or distribution - determines how the product reaches customer:**
- distribution channels
- the targeted market segment
- sets
- location (place of sale)
- stocks available -transport

- **P4 - promotion - refers to the ways of promoting the products:**
- advertising
- promotional actions
- advertising
- personal selling or direct promotion
- public relations

The development of marketing activities has also led to the addition of new elements to the marketing mix approach:

The process of developing the marketing mix is generally carried out in 2 stages:

1.Identification and choice of marketing variables. In any mix, the 4 classic variables (the 4 p's) must be present, to which other variables can possibly be added. The importance to be attributed to each variable varies, depending on the objectives pursued and the specific conditions of the organisation.

2.Integration of the mix combination considered optimal for the period in question into the marketing programme.
Any marketing mix is the solution for a limited period, it is not a definitive solution.
At the same time, it should be taken into account that the "4Ps" only reflect the concept of the providers. It is therefore useful that when designing the "7p", the link to the "7c" should also be designed as follows:

The components of the marketing mix (product, price, distribution (placement) and promotion) must be interlinked, i.e. mutually supportive. To ensure a high efficiency of the marketing mix, the different elements of the 7Ps must be independent within and of each other, as changes in one element of the mix may have repercussions on the other components.

Product policy

Product policy is often compared to the 'heart of marketing'.
Product policy is the company's approach to the size, structure and development of its range of products and services, which is constantly in line with the requirements of the market environment and the trends of other competitors.

Pricing policy

Price is effectively used as a marketing tool. Price has gone beyond its strictly economic meaning, adding psychological, social, psychographic and demographic values. Thus, all market activities have their price, including wrong decisions.

Pricing strategy

The fundamental objective of a company's pricing strategy is to maintain profitability, i.e. to ensure cost recovery and profit.

Pricing strategy is the means by which this objective can be achieved. However, such an objective can be achieved in a number of ways, and the pricing strategy adopted involves comparing alternative ways and choosing the best option for the company.
A first issue to be addressed is the time horizon of the pricing strategy.
Pricing strategy is a multidimensional tool that depends on both exogenous and exogenous factors.

Endogenous factors influencing the pricing strategy include:
- the firm's overall objectives and, primarily, the level of market share it intends to achieve;
- specific costs of the products or services provided;
- the firm's profitability situation at a given point in time
- specificity of the products or services.

Exogenous factors influencing pricing strategy include:
- consumers' perception of prices;
- the reaction of competitors;
- legal framework;
- macroeconomic trends in inflation, real incomes of buyers, and price indices.

There are 2 strategies:
- high price strategy;

- market penetration price strategy.

The high-price strategy is recommended for firms interested in launching new or upgraded products on the market when it is imperative to recover as quickly as possible research and development and promotional expenditure - categories of expenditure which are usually very high. On the other hand, it has been shown that the high-price strategy is appropriate in markets where the potential is not high enough to motivate large competitors to enter such markets.

The market penetration pricing strategy, in turn, is characterised by setting a relatively low initial price in order to penetrate quickly the targeted segments of the product or service market. This strategy does not explicitly take into account the life cycle of the product.

In determining the appropriate pricing strategy for a given product or service it is necessary to bear in mind that the pricing strategy is influenced by the life cycle of the product.

More important features are:
In the phase of market introduction of the product or service in question it is relatively easy to choose between the high price strategy and the market penetration price strategy, by simply considering the firm's objectives in terms of return on investment and anticipation of competitors' reactions. The practice of intermediate pricing strategies, in the phase of market introduction of the product/service, is not recommended under any circumstances, as not only can they not provide advantages, but they would induce all the disadvantages of both fundamental pricing strategies (high price, or penetration price).

In the growth phase of the product or service, in the market, the choice between fundamental or other price ostrategy is determined by two aspects: the number of existing competitors (including their market shares) and the need to maintain relative price stability.

In the mature phase of the product or service, sales rates generally decline. The high elasticity of demand and competitive pressure in such situations lead to increasingly lower percentage shares of profit.

Sellers do not have much choice in such cases, but cannot afford either to increase prices, as they risk losing market share, or to reduce prices, as they would enter into real market conflicts with competitors.

At the end of the product or service's life cycle, when it becomes unprofitable, it is clear that the price will be lowered. The product in question will be kept on the market only for the possible addition to the assortment, or pending the market launch of a replacement product or service. Lowering the price at this stage of the life cycle may also serve the purpose of attracting consumers into the shops in the hope that they will buy other products of the company that are profitable.

As can be seen, the fundamental variants of a firm's pricing strategy are not at all sophisticated, what is much more difficult is the rationale for the variant set, and further, the pricing policy and tactics themselves.

Pricing policy

Pricing is a key element in ensuring business success.

A) An important component of the pricing policy is rebates, which are calculated discounts from the base price. The main forms in which rebates are applied are as follows:

- Rebates offered to intermediaries, which are granted to intermediaries for distribution and sales, i.e. for the provision of goods and services in the exchange process.
- Discounts for quantities purchased, which are granted directly or progressively in proportion to the quantities purchased.
- Rebates for the timing and amount of payment of invoices, which are applied in close relation to the payment facility policy established by the producers. These rebates are granted in a variety of forms, ranging from rebates on invoices paid in full or in part in advance to increasingly smaller rebates offered according to the time of payment of invoices.
- Rebates for promotional activities, which are rebates granted by producers to distributors on condition that they bear part of the cost of promoting the products or services.

B) Another component of this problem area is the practical aspects of pricing policy according to the geographical location of customers. Pricing policy takes into account all aspects of the logistics of goods, with the main emphasis on how to cover transport costs. There are two broad categories of discounts that can be applied in the market:

- Uniform delivery prices, which are applied to all buyers irrespective of their geographical position in relation to the producer. These prices usually relate to goods for which transport costs are relatively low compared to the overall value of the goods.

- Zonal delivery prices, differentiated by producers according to the geographical areas in which they operate on the market. In such cases, producers apply progressive delivery prices, the highest being those set for more remote areas.

C) In the pricing policy, a distinction is also made between the single price policy and variable prices.

- The single price is set by the producers or distributors and is charged at the same level to similar categories of customers who buy similar quantities, where appropriate, provided that identical payment terms always exist;
- In turn, variable prices are negotiated so that similar quantities of products are sold to similar customers but at different price levels.

Pricing policy and pricing according to the type of product or service. Producers offering a diversified assortment are interested in encouraging the sale of all components of the assortment, and differentiated pricing aims to emphasise this complementarity. For their part, retailers are very interested in grouping and aligning products into relatively complex ranges, as they can optimise their sourcing and sales, with end consumers also benefiting from a simplified purchasing decision process.

Pricing policy also refers to tactical decisions on resale policy and maintaining a constant final price level. This policy is applied by producers who need to control the prices charged by the different links in the supply chain. This policy is less favoured by retailers, since demand sensitivity to price is more strongly felt at this level than by producers, who are at an advantage.

Pricing policy sometimes places particular emphasis on temporarily reducing the price of some products, in all or a limited number of outlets, in order to attract more consumers to buy even goods with prices that have not been reduced. Overall, physical sales will increase and the profit mass will be higher.

The policy of price decline guarantees is another market practice aimed at flattening seasonal fluctuations in demand for some products and services. This alternative pricing policy consists of compensation granted by producers to distributors, during strictly defined periods of time, to balance price reductions by the latter.
Competitively oriented pricing is another component of pricing policy, which aims to link a firm's pricing strategy to the competitive reality in a given market.

Pricing policy also includes psychological pricing, which focuses on the emotional side of consumers' decision-making processes. Among the most commonly used forms of psychological pricing are: the odd price, such as prices ending in 9; the traditional price, which the manufacturer does not want to change, such as the price of a cup of tea or coffee in some countries; the discount price, which is always higher than the actual value of the product or service and is used precisely to highlight the distinctiveness of the product or point of sale.

Lastly, especially in the practice of recent decades, the policy of special offer prices has also gained attention. These prices are, in fact, price reductions applied to batches of goods to be sold.

Distribution policy

In the space and time between the end of production and the entry of goods/services into consumption, a set of economic operations and processes takes place, the effective orientation of which is the subject of the third component of the marketing mix - distribution policy.

Distribution essentially concerns the physical and economic circulation of goods, the system of relations between market agents, the activities of a large and heterogeneous mass of units belonging to various economic profiles. The object of distribution activity is goods (goods and/or services), their uninterrupted flow from producer to consumer.

The role of distribution

Distribution plays an important economic role by virtue of its position in the overall economic process - as an intermediary activity between producer and consumer. Distribution completes the economic activity of enterprises and the economic cycle of products. The producing/trading enterprise receives back in monetary form the resources invested in the production/marketing of the products, together with a profit for the activity carried out, and the consumer/user gets the necessary goods.

In the modern economy, production and consumption are virtually impossible without the presence of distribution.

4.6 TYPES OF ADVERTISING

Structure of promotional activity

Promotional activity is currently very varied in terms of content, role, form of delivery, etc. This makes it difficult to classify them rigorously, which has led to the use of different grouping and delimitation schemes in the literature. More frequently, the nature and role of promotional activities in a company's communication system are used as essential criteria for delimitation; depending on these criteria, promotional activities can be structured as follows:

- Advertising;
- Sales promotion;
- Public relations;
- Use of brands;
- Promotional events;
- Sales forces.

In turn, each of these components benefits from specific procedures, techniques and means of action.

Advertising

Advertising is one of the most widely used means of marketing activities. It is one of the means by which the company engages with and relates to market developments, embracing a whole range of techniques, specific to several disciplines (sociology, psychology, graphics, etc.).

Advertising comprises all actions aimed at the indirect (non-personal) presentation - oral or visual - of a message about a product, service, brand or company by any supporter (identified payer). In other words, through advertising actions the company aims to provide comprehensive information to the public about its business, its products and services, the brands under which they are presented on the market, to persuade and induce them to make a purchase. It aims, in the long term, to bring about changes in the behaviour of the various categories of consumers and to maintain their loyalty to the products on offer.

4.7 ADVERTISING TECHNIQUES AND MEANS

The advertising message to be disseminated is expressed in extremely varied forms, depending on the type of product or service, the psychology of the target audience, etc.; it is the 'fruit' of creative, imaginative and other activities, which ensure an effective combination of a number of psychological, sociological and economic factors.

The major means of transmitting advertising messages include: the press, radio, television, cinema, outdoor and indoor advertising including the use of posters, billboards and illuminated signs for advertising purposes, direct advertising, free advertising.

Direct advertising aims to inform and attract potential customers to a product or place of sale using the medium of communication:

- sending a personal letter,

- sending brochures or leaflets to the potential customer's premises or home,
- making contact by telephone, distributing leaflets at points of sale, etc.

Direct advertising is characterised by the fact that the message conveyed is tailored to the specific needs of each potential customer or to a restricted category of customers.

The catalogue is an advertising medium of variable size, with general or special content, used as a tool for presenting the activity of an enterprise, firm, large commercial establishment, etc. Depending on its essential characteristics, the catalogue is presented in three versions: prospecting, working, prestige.

Leaflets, brochures and booklets are intended to convey the informational-promotional content of the advertising message, but through the specific elements of the advertisement - illustration, text and slogan - reproduced with specific and original typographic means, they aim to stimulate the reader's interest in reading the entire catalogue and to encourage him to make a purchase.

Direct mail is used in particular by small and medium-sized businesses with limited promotional budgets and without a strong, recognisable brand. A well-executed direct marketing campaign brings significant gains as the message conveyed is not complicated or hidden behind complex branding techniques.

Free advertising is any form of novelty with a commercial significance in relation to a product, service, business or commercial establishment or service provider, etc., but not paid for by the agent. For example, the interview by the press, radio or television of decision-makers of the undertaking or the inclusion of elements of a commercial nature in press articles requested directly from economic operators or signed by outside specialists, although not financially binding on these establishments, may constitute important promotional means.

Sales promotion

Sales promotion is most often understood to mean the use of means and techniques to simulate, stimulate and increase sales of goods and services that make up the business offer. Essentially, sales promotion is a set of techniques aimed at 'enriching' the offer by adding additional value to the product, price and distribution for a limited period of time, taking into account the commercial objectives of the company and with the aim of gaining a temporary advantage over the competition.

Sales promotion actions must respond to precise objectives, organically integrated into the promotional policy. They are aimed at increasing sales in certain markets, at certain times, in exceptional situations, etc., and to this end they combine the sales process with a series of facilities aimed directly at potential buyers.

The range of promotional techniques used in practice is considerable.

Price reductions can be considered in different situations:

- removing purchase restraints for certain categories of consumers for whom the price is considered too high;
- significant reduction or even liquidation of stocks of slow-moving or hard-to-sell products;
- maintaining sales at a normal level of efficiency during periods when there is a slump in demand
- liquidating stocks of products to be replaced by new ones;
- counteracting competitive actions;
- using opportunities offered by certain market conjunctures.

Promotional contests are an offensive way of popularising the offer of some manufacturers or commercial firms (present as sponsors), by creating an atmosphere of interest among the public that favours the sales process.

Depending on their content and the way in which they are organised, competitions may have the following objectives:

- increase consumption,
- to mitigate seasonal sales,
- launch new product models,
- stimulating distributors,
- countering the promotional action of competitors organising competitions,
- finding new addresses for direct advertising,
- discovering specific arguments that can be used in promotional actions.

Advertising at the point of sale includes all the signalling techniques used to attract, orient and direct customer interest towards a specific department, product or offer, using both auditory (sound) means to reduce the memory of potential buyers to a brand, product or utility, and to announce a promotional offer.

Merchandising refers to the presentation of products and services offered to the market in the best possible conditions (material and psychological).

Promotional events

Participation in trade fairs is achieved by organising pavilions or own stands at trade fairs, exhibitions and shows (local, regional, national or international), organising travelling exhibitions, attending 'technical days', etc.

Sponsoring

Another relatively recent method used by large, powerful firms is financial support for public events to make their brands and market services known to the general public. Initially developed in the field of sport (1970s), sponsorship activities then spread (1980s) to the cultural sphere and, more recently, to social and political activities.

The sponsoring companies are known as sponsors, and as such - sponsorship. The basic premise for the interaction between sponsoring firms and sponsored agents (individuals, groups or organisations) is the existence of common communication objectives in market activities, similar to those specific to other promotional instruments.

Promotional strategies

Drawing up a promotional policy is a complex process, which is a major responsibility for the decision-making bodies, since a company cannot be indifferent to spending (often substantial) funds without also considering the effectiveness of this effort.

Optimising the relationship between efforts and results in this respect calls for a strategic approach to all promotional activity, closely linked to the company's overall strategy.

The development of the overall promotional strategy and the derived strategic options is a complex, difficult but entirely feasible process.

It involves a detailed knowledge of:

- the economic and social environment,
- competitive environment of the market and its mechanisms,
- consumer behaviour,
- the ways in which partner and competitor companies operate
- the specifics and effects of using different promotional tools.

The promotional strategy can be differentiated on the basis of several levels and criteria, according to which specific strategic options will be formulated.

A. Thus, at the level of the objectives pursued by carrying out promotional activity, the company can opt for:

- directing efforts towards promoting its global image in the external environment, the market;
- the exclusive promotion of the product (service) offered to the market.

If the aim is to promote the image, two different options can be considered:

- Image promotion strategy;
- Image extension strategy.

Under the image extension strategy, the company, in the context or under the name of a recognised and established brand on the market, can also offer other products or services, provided that they also meet with the same consumer acceptance and enjoy the prestige of the existing brand.

These variants can then be used to formulate derivative strategies, respectively:

- market information
- to simulate demand
- to differentiate supply
- to stabilise sales.

It can be seen, even just from their statement, that they relate directly to the more general objectives of the enterprise and imply specific objectives that can contribute to the achievement of the enterprise's overall strategic objectives.

B. The way in which promotional activity is carried out over time is another criterion for differentiating the company's strategic choices. In this case, the following may be considered:

- ongoing promotional activity involving significant financial efforts;
- intermittent promotional activities dictated by seasonal factors, certain circumstances, etc.

These sometimes take the form of promotional campaigns (e.g. to promote products specific to a particular season, items on sale, items for consumption at special events, etc.).

C. The nature and specific conditions of the market in which it operates, its degree of competitiveness and its immediate or prospective interests make it necessary for the undertaking to define the role it assigns to promotional activity. Thus:

- where the intention is to penetrate and conquer a market or attract customers of competitors, an offensive promotional strategy may be adopted, involving the massive use of all promotional means and a considerable budget; such a strategy is specific to firms with significant material and financial potential and is justified only where there is a certainty of obtaining a high market share;
- in situations where market trends indicate stagnation or decline in the life cycle of the product (offer) and where market competition conditions are particularly tough,

- The company may devise a defensive promotional strategy, seeking to defend and maintain its position in the market; in doing so, it will limit its efforts by restructuring its promotional budget and its means of action in the market.

D. Strategic behaviour in promotional activity can also be defined by reference to the position of the firm in the market (in general or in the various market structures). Accordingly, one can choose to a:
- a concentrated promotional strategy, with the company focusing its promotional effort on a single market segment, in which it can consolidate or expand its activity;
- differentiated strategy, in which the company adapts its actions according to the characteristics of each market segment;
- undifferentiated strategy, addressing the whole market, all potential consumers with the aim of attracting them.

E. Lastly, another criterion for differentiating between the various variants of promotional strategy is the location of the promotional activity. From this point of view, the decision can be taken:
- to organise the promotional activity in-house;
- organising this activity using specialised institutions (such as advertising or promotional agencies).

Whichever option is chosen, its strategic nature is certain, as is the fact that it has the potential to guide the company's entire promotional activity.

The variety of means and instruments of action specific to promotional activity also marks the process of drawing up the related strategies. Accordingly, the promotional strategy will in all cases be a combination of actions and means that are subordinate to the overall marketing policy objectives of the enterprise and designed to contribute to their achievement.

MARKET POSITIONING

Market positioning involves the following steps:
- determining the product market
- identifying the competition (brands of similar products on the market)
- researching the product market, which involves gathering information on consumer perception and identifying the attributes that influence this perception
- analysis of information to identify 2 or more attributes influencing perception

Competition
In marketing terms, competition is a set of relationships between economic agents in the struggle to secure supply resources on the one hand, and to secure the sale of products on the other.

Competition involves two or more companies operating in a market, which leads economic operators to target consumers, trying to satisfy them as best they can by offering products or services that are different from those of their competitors.

Because competition occurs both at national and international level, it has been defined and regulated by the Organisation for Economic Co-operation and Development (OECD), an international body that strives to create an optimal economic and business climate for member countries, as follows: "competition expresses the situation in a market in which firms or sellers compete independently to win the customers of buyers in order to achieve an economic objective, e.g. profits, sales and/or market sharing. In this context, competition is often equated with rivalry. This rivalry may relate to price, quality, service or combinations of these or other factors that customers value".

Competition is an effective means of eliminating excess profits made by some economic agents, of allocating resources to certain uses needed by society, of inducing firms to produce quality goods at low cost and in the quantities desired by consumers, and of stimulating the introduction of technological innovations. Competition must therefore be seen as a dynamic process with beneficial effects on the economy as a whole.

The functions of competition are as follows:
- stimulating the concern of economic agents to increase diversification and
- improving the quality of supply;
- stimulating technical progress, helping to eliminate weak competitors;
- - the rational allocation of resources used in economic activity and the judicious distribution of profits;
- regulation of supply and demand;
- reducing the selling price of products by reducing costs;
- stimulating the creativity of economic agents concerned with satisfying consumers in the best possible conditions.

Positioning vis-à-vis competition
The market for perfect competition is a theoretical, virtual situation, which presupposes the existence of certain conditions:

- Atomicity of economic agents: sellers and buyers must be sufficiently numerous, each representing a small fraction of the total supply and demand of the market, so that they cannot influence the price by their individual behaviour. Under perfectly elastic demand, any firm sells its entire output at the market price and is therefore not interested in reducing the price. The producer's decision to obtain a higher total profit by lowering the price and increasing sales is pointless; the firm can sell any quantity of products at the market price.
- Product homogeneity: economic goods intended to satisfy a given need must be identical in quality, so that buyers have no real or imaginary selection criteria (artificially introduced by advertising or brand policy). Thus, a producer's decision to maximise profit by increasing price makes no sense because it runs out of buyers.
- Perfect mobility of factors of production and consumer goods: this requires the absence of technical and financial obstacles, i.e. the free movement of natural resources, labour, capital, firms, and the smooth movement of one product from one market to another. It requires the absence of restrictions on entry into an area of activity and of state subsidies that keep inefficient firms on the market.

Such circumstances, coupled with atomicity, make it possible to obtain without difficulty the capital needed to build up a business in a profitable industry and to transfer part of the capital in operation from one sphere to another. Entering the industry as a producer, as well as entering the market as a simple supplier of goods, is not a problem.

4.8 MARKETING COMMUNICATION

Marketing communication is a new concept, which has evolved mainly in the last two decades of the 20th century. As a core component of marketing activity, marketing communication has become increasingly important in the work of organisations. It is the bridge between the organisation and its employees, customers, suppliers, distributors and other audiences. Alongside managerial communication, marketing communication enables an organisation to relate to its environment (internal and external).

There is a relationship between promotion and marketing communication.

Marketing communication is carried out through both promotional communication techniques, involving actions of a temporary nature, which are carried out as part of campaigns, and continuous communication techniques, including efforts to ensure uninterrupted communication with the target audience.

While in the early days of marketing, commercial communication was mainly carried out through promotional communication techniques, corporate communication has gradually gained ground. This enables an organisation to secure a solid position in the community in which it operates and to acquire a positive image in the long term. With the emergence of the corporate dimension, the messages disseminated by the organisation have become increasingly varied. The target audience has become more diverse and, as a result, the need has arisen to link the specific actions of the many communication strands. Operating in an increasingly competitive environment, a brand can only assert itself if the entire communication effort is well coordinated. With this realisation, a new concept has emerged, that of integrated marketing communication, which is designed to ensure the coherence of the advertiser's communication efforts, achieving a high synergistic effect.

In a modern marketing vision, businesses that want to run a long-term profitable business cannot afford to ignore the consumer. Satisfying consumer needs and requirements is a priority and, along with profit maximisation, has become one of the organisation's overall policy objectives.

Marketing communication is one of the vectors that enable an organisation to act to achieve its objectives. Product policy, pricing policy and distribution policy influence and are influenced by communication policy.

While commercial communication has traditionally been the responsibility of the marketing department, corporate communication is considered by most specialists to be the responsibility of the general management, although disputes continue as to how the two dimensions of marketing communication should be dealt with together. In many companies, corporate communication has been given a separate place in the organisational chart by the creation of a new department - the communication department - often reporting directly to general management.

CHAPTER 5. THE NEGOTIATION PROCESS

5.1 THE NEGOTIATION PROCESS

In a broad sense, negotiation appears as a concentrated and interactive form of interpersonal communication in which two or more parties in disagreement seek to reach an agreement that solves a common problem or achieves a common goal. The parties' understanding may be a simple verbal agreement, reinforced by a handshake, it may be a tacit consensus, a letter of intent or a protocol, it may be a convention or a contract, (drawn up in accordance with common procedures and customs), but it may also mean a truce, a pact or an international treaty (drawn up in accordance with special procedures and customs).

Depending on the area of interest in which negotiations are conducted, several specific forms of negotiation can be distinguished. The most common is business or commercial negotiation, which takes the form of contracts, deeds and acts of commerce such as sale-purchase, partnership, leasing, concession, franchising, etc. Within this, a special place is given to sales techniques.

Political negotiations occupy a large place. These can be internal negotiations, when conducted between parties and national level organisations, but can also be external negotiations, when conducted between governments and international organisations. External political negotiations are the sphere of diplomacy. Finally, there may be trade union negotiations (employer-union), negotiations on wages and labour contracts and disputes, negotiations on welfare and social protection issues, parliamentary negotiations, legal negotiations, etc.

Negotiation is any form of unarmed confrontation in which two or more parties with conflicting but complementary interests and positions seek to reach a mutual agreement whose terms are not known from the outset.

In this confrontation, in a principled and fair manner, arguments and evidence are brought forward, claims and objections are made, concessions and compromises are made in order to avoid both the breakdown of relations and open conflict. Negotiation enables the creation, maintenance or development of an interpersonal or social relationship in general, as well as a business, labour or diplomatic relationship in particular.

Negotiation is inseparable from interpersonal communication and is inevitably based on dialogue. To negotiate is to communicate in the hope of reaching agreement.

Business negotiation is a particular form of negotiation, centred on the existence of a product or service on the one hand and a need to be satisfied on the other.

The agreement is commercial in nature and can take the form of an act of commerce, an agreement, an order, a sales contract, a partnership, a lease, etc. or simply a change in terms, price levels, quality or delivery conditions, transport, etc.

Commercial negotiation becomes necessary and possible whenever three simple conditions are met in a more or less free market:

1. The existence of complementary interests between two or more parties between whom offers and requests for offers have been made and accepted in principle. The request or offer made by one of the parties does not entirely correspond to the offer or request made by the other parties; there is disagreement, but not disagreement of substance;
2. The existence of a desire and interest of the parties to reach an agreement for which they are willing to make concessions to each other;
3. The absence of pre-established and binding rules and procedures or the absence of an authority above the parties to the disagreement imposing agreement over their will. Thus, the parties have to seek and create, jointly, the conditions for reaching agreement.

As long as negotiation is conducted with the conscious and deliberate participation of the parties, who are jointly seeking a solution to a common problem, its approach implies a certain ethics and principle.

MUTUAL BENEFIT

In principle, in negotiations, each party adjusts its claims and revises its original objectives. In this way, in one or more successive rounds, a final agreement is constructed which represents a "satisfactory compromise" for all parties. Negotiation therefore works on the principle of mutual benefit. According to this principle, the agreement is good when all negotiating parties have something to gain and none to lose. Everyone can achieve victory without anyone losing. When all parties win, they all support the chosen solution and respect the agreement reached.

The principle of WIN-WIN does not, however, rule out the possibility of one party gaining more or less than the other party or parties in the negotiations. In business negotiations, as in any other form of bargaining, each party seeks advantages that are predominantly for itself. This should neither be forgotten nor condemned by the negotiating parties.

In the psychology of communication, there is a so-called Psychological Law of Reciprocity, according to which, if one gives or takes something, the partner will automatically feel the desire to give or take something else in return (even if one does not actually give something in return, the other negotiator is still left with the feeling that he or she owes something, that he or she should give something).

Following the subtle action of this psychological law, any form of negotiation is governed by the principle of compensatory action. The consequence is the reciprocity of concessions, objections, threats, reprisals, etc. The Latin expressions of this principle are:

"Du ut des" and "Facio ut facias". In Romanian, the principle can be found in expressions such as: "I give if you give", "I do if you do", "I give that you give", "I do that you do", "If you give more, I'll leave more" or "If you make concessions, I'll make them too", "If you raise demands, I'll raise them too" etc. The idea is that one cannot receive something if one does not give something else in return. Without making concessions to your partner, you cannot get concessions from them.

Negotiation brings two adversaries with opposing interests face to face and becomes a showdown in which one side must win.

Any concession is a sign of weakness. Any successful attack is seen as a sign of strength. The objective of the negotiation will be an agreement that ignores the partner's interests and is all the better the harder it hits the other side.

In such a negotiation, the outcome will be decisively determined by the balance of power between the partners, i.e. the bargaining power of the parties.

First of all, trade negotiation is an organised process, consisting of a series of initiatives, exchanges of messages, contacts and confrontations between business partners, in accordance with established rules and customs in a given legal, cultural, political and economic environment. Negotiations are conducted in a more or less formal framework, on the basis of more or less established principles, procedures and usages, by more or less qualified negotiators who have the legal capacity to commit the firms they represent. The parties are obliged to comply with the procedural and ethical requirements enshrined as such in the commercial code and the business environment.

Secondly, negotiation is a competitive process in which, on the basis of common interests, the parties seek to reach an agreement which, while satisfying the common interests, ensures their own overriding advantages. In essence, however, negotiation must lead to consensus and not to a victory for one party.

In negotiation, despite the competitive aspect that arises spontaneously, there are partners rather than adversaries.

Thirdly, negotiation is a process of interaction, adjustment and harmonisation of the distinct interests of the parties so that, beyond the competitive nature of the relationship between the parties, the agreement of will becomes mutually beneficial.

Trade negotiation should not be approached as a zero-sum game in which what one side wins, the other loses. All negotiating parties can gain and none can lose.

Fourthly, negotiation is a process oriented towards a precise end, expressed in the conclusion of a concrete deal. Success is measured by reference to the end, which is expressed in a more or less advantageous contract. What matters in the end is the outcome of the negotiation.

If we approach the concept of negotiations in a broad sense, seeing it both as a process of communication and as a set of influencing factors and general conditions for the conduct of negotiations, which have an impact on the final results, three broad categories of elements can be identified, together with the relationships between them:

- General influencing factors, which pre-exist the negotiation process. These relate to the culture from which the partners come, the personality of the negotiators and the negotiating power of the parties.
- The conditions of the negotiation, which concern the external environment and all the antecedents that precede the negotiation itself, as well as everything that happens and is decided during the course of the negotiation.

The conditions of the negotiation concern: the subject of the negotiation, the time available and the agenda, the negotiating mandate, the space and venue, the team and number of participants, the number of negotiating parties, the audience, the microclimate, the mental disposition, the position at the negotiating table, etc.

The negotiation process itself, which concerns successive rounds of contacts, exchanges of messages, argumentation, persuasion, concessions and agreement, as well as the negotiating strategies and tactics used by the negotiators.

The broad process of negotiation has a series of successive stages:

- Pre-negotiation - the first discussion or communication when both parties let it be known that they are interested in addressing an issue.
- Negotiation itself - the starting point is the formal declaration of the parties' interest in a joint solution to a problem, to achieve certain objectives, resulting in an agreement, usually in writing, containing the provisions and measures to be taken to achieve the common objective.
- Post-negotiation - begins when the agreement is adopted and includes all the objectives aimed at implementing its provisions.
- Pro-negotiation - consists in carrying out, in parallel with the negotiation, a sustained and permanent activity of tacit harmonisation of interests and points

of view. It manifests itself in unilateral acts that can be taken by the partners as encouraging or discouraging signals.

5.2 NEGOTIATION TACTICS

Throughout history, technological change and cultural progress have always required changes in the means used in the confrontation between two or more parties in a negotiation process. However, the nature of conflicts and the political, strategic and tactical bases for their resolution have remained fundamentally the same, with only changes in the social procedures.

The negotiating strategies adopted depend on the market environment, the personality, character and morality of the negotiators and the relationships between the parties at the negotiating table.

The main types of strategies used in the negotiation process can be divided into four categories, differentiated according to the approach and conduct of the actions and their character:

- Direct strategies
- Indirect strategies
- Conflict strategies
- Cooperative strategies

Direct strategies - This type of strategy is best used in situations where we are in control of the situation and sure of the outcome of our actions, and as a result we get straight to the point and hit the target. Direct strategies are used when the balance of power is clearly in our favour and bargaining power can easily impose its will on the strongest in a short and decisive battle.

In the classical military view, the purpose of these strategies (tactics) is to accumulate the main forces, means and trump cards in the most important theatre of operations in order to annihilate the bulk of the opposing forces in a decisive battle, possibly respecting the principle of the single blow, and the manoeuvres used are direct ones.

According to the theory of military strategy, in this type of strategy, victory must be achieved by:
- using a large force (the largest available) against the main forces of the opponent
- fighting a single decisive battle in a main theatre of operations.

Direct strategy is easy to practice when you are strong, facing a relatively weaker opponent.

Indirect strategies - When the existing balance of forces and circumstances are not in our favour, we choose solutions of attrition and use mostly psychological means to limit the opponent's freedom of action and/or movement. The indirect or lateral strategy is best used when the opponent is stronger.

Using it means hitting the opponent at his weakest points, on secondary theatres of operations. Instead of taking the bull by the horns, one tries to outwit it by lateral and surprising blows at vulnerable points. The adversary must be driven out of his positions, reinforced with heavy weapons (in the case of negotiations, heavy weapons are substituted for argumentation and persuasive power) to defend his weaker and less important parts. After exhausting and grinding them into minor conflicts or divergences, the key, most important positions will be attacked. The adversary must always be misled so that he realises this as soon as possible. In negotiations, lateral manoeuvring means manipulation and is only possible with a great waste of psychological means of persuasion and suggestion that limit the opponent's freedom of decision. Manipulation remains the only resource available to those without power and means of pressure.

In military terms, some of the basic rules of lateral manoeuvre are as follows:

- Achieve the effect of surprise by constantly resorting to unpredictable actions;
- The use of powerful resources to strike decisive blows at the opponent's weak points:
- Engaging decisive battles in secondary theatres of operations;
- Dividing and dispersing adversary forces through lateral and detour maneuvers;
- Unconditional withdrawal from positions where the adversary concentrates his forces;
- Applying minor and sporadic blows when the opponent retreats;
- Maintaining an average force ratio of at least 1:1 at the tactical level, even if the force ratio at the strategic level is up to 1:5;
- Continuous surveillance of the opponent's manoeuvres, through continuous monitoring of all actions.

All these principles and rules of action are typical of guerrilla warfare, and have widespread application in commercial negotiations.

Conflict strategies - Clarifying the cooperative or conflictual nature of negotiations is important for choosing the tactics and techniques used at the negotiating table. Force-based strategies, applicable in open conflict, are simpler than cooperative ones. Conflictual or competitive strategies are those in which advantages are sought without concessions in return. They are harsh and tense, and are more often than not based on a disproportion of bargaining power between the parties. Business relationships established through such strategies can be profitable, but not long-lasting. They are strongly influenced by changing market conditions.

In the case of conflict strategies, it is essential to grasp the nature and type of conflict of wills in advance. This can be:

- Conflict of beliefs and preferences - is generated by cultural and perceptual differences;
- Conflict of interests;
- Conflict of instrumentation.

Cooperative strategies - are those that seek a balance between advantages and concessions, and avoid open conflict by refusing to use aggressive means of pressure.

You are dealing with a partner and not an adversary. At least at the beginning of discussions, these strategies seek to identify common points and interests precisely in order to make possible as many opportunities as possible to agree with and satisfy the partner. In order to more easily overcome your opponent's resistance, you don't respond to his challenges, you don't meet attacks with counter-attacks, you don't apply the principle of "an eye for an eye and a tooth for a tooth". Moreover, you take his side, you agree with him at every opportunity, you listen carefully, you show respect, you apologise, etc. If you want to be listened to, you must be the first to listen.

If you want to be understood, you have to understand your partner first. If you speak calmly, you increase the likelihood of being spoken to in the same way. If you act friendly, you meet friends more easily.

Cooperative strategies rely on positive influence tactics such as promises, recommendations, concessions and rewards.

Preparing for negotiations involves drawing up a detailed work programme that includes:

- Setting the objectives of the negotiation;
- Getting to know the trading partners;
- Documentation and information;
- Establishing strategies;
- Preparatory work;
- Analysis of possible solutions;
- Integrating the operation into the overall framework;
- Studying perspectives.

The team of negotiators is established in relation to the proposed objectives, depending on the nature and complexity of the transaction and taking into account the general conditions under which the negotiations are to take place.

Regardless of the venue and participants, negotiations use logic, rhetoric, argumentation theory, as well as manipulation techniques - transactional analysis, neuro-linguistic programming or narcoanalysis. The concepts of demand, offer, objection, claim, position, concession, compromise, argumentation, evidence, transaction become the most important background to negotiation, but elements of tactics or strategy and knowledge of psychology can be crucial to its success. Negotiation, as a concentrated form of communication, tends to become, through the material or immaterial values traded, the most widespread mode of formal or informal interpersonal interaction. However, the main danger that can affect negotiation is that the aim of achieving the result can lead to the justification of the means by ignoring the most important principles of negotiation: legality and morality. These principles refer not only to the way of doing business or transacting but also to the ethics of interpersonal communication, based on mutual trust in one another, and to the fact that morality and legality are complementary and concomitant in describing the essence of negotiation.

In conclusion, negotiating strategies, although they are merely the ways in which the desired goal can be reached, cannot be outside the general framework of the character and principles of negotiation, and communication in general. We can therefore say that negotiation strategies have differentiated applicability according to the social and moral norms of those involved, without circumventing the legality of the system.

CHAPTER 6. INFORMATION SYSTEMS AND USE OF IT APPLICATIONS

6.1.1 THE PLACE AND ROLE OF THE INFORMATION SYSTEM IN THE BUSINESS ENVIRONMENT

Information systems as a broader, comprehensive form constitute an essential field of study in business administration and management, areas considered major in the economic area. Thus, information systems must address the issues of managing hardware, software, data, and computer networks in a strategic way for business success.

Information systems are today increasingly becoming a vital component of business success for an organisation or entrepreneur.

Managers or users do not need to know the complex technologies, abstract concepts, or specialized applications in the field of information systems, but need to have the conceptual framework defined in at least five areas, namely:
- The fundamental concepts of the information system;
- Information systems technology;
- Applications of information systems;
- Information systems development;
- Management of information systems.

6.1.1 FUNDAMENTAL CONCEPTS OF INFORMATION SYSTEMS

The basic concepts of the information system provide the technical and behavioural elements that help to underpin business applications, decision making and building a firm's strategic advantage over competitors.

System concepts are related to:

- Computer networks as component elements of information processing systems;
- the use of computers in business;
- information management technologies that play a particularly important role in quality, business value, etc.

A system consists of a group of components between which relationships are established and which work together towards a common goal by accepting inputs and producing outputs through a (transformation) process.

An information system is one in which information passes through a digital format - in other words, it is processed, transformed, or expressed in a digital form.
Information systems, as defined above, emerged with the development of computing systems, i.e. computers.

The use of information systems in organisations can lead to increased profits but also to savings in raw materials, energy or other globally important resources.

6.1.2 INFORMATION SYSTEMS TECHNOLOGY

Information systems technology is reflected in the development of management in information technology (hardware, software, networks, Internet, database management or other information processing technologies).

The model of an information system expresses the conceptual framework for the main components and activity of the information system. The information system depends on human, hardware and software resources to perform system inputs, processing, system outputs, and control activities that convert data into information products.

Component elements of a computer system:

- Human resources - include both users and specialists;
- Hardware - includes equipment;
- Software - includes programs and procedures;
- Data - are transformed through processing activities into a wide variety of information products for users.

Another important aspect is information processing. This consists of input, processing, output and storage and control activities.

The implementation of computer-based information systems in an organisation involves, from a managerial point of view, major changes in business processes, organisational structures and working relationships.

The main activities of the implementation process are:

1. Procurement of software, hardware and services;
2. Software development;
3. Staff training;
4. Development of system documentation;
5. Development of the pilot system.

Procurement of software, hardware and IT services is a particularly important activity. Sources of procurement can be larger or smaller companies with advantages or disadvantages for each (generally price and services).

IT service providers can be:

- Computer manufacturers;
- Computer distributors;
- System integrators (who hold the responsibility for the IT systems for an organisation, being an external source);
- Independent consultants (as individuals).

Evaluation of software, hardware and services
In order to evaluate and select software and hardware purchases, the following should be considered:

- to ask suppliers for quotations and proposals based on system specifications;
- to provide minimum performance requirements for all products purchased;

- if there are similar offers, a scoring system will be developed to determine the best offer based on certain evaluation factors.

6.1.3 APPLICATIONS OF INFORMATION SYSTEMS

The use of information systems through its applications in the operational, managerial field ensures the creation of a competitive advantage for the organisation from the local, internal level (in collaboration between departments, between hierarchical levels) to forms of electronic commerce, information exchange using the Internet, etc.

6.2 USE OF SOFTWARE AND THE INTERNET IN BUSINESS ACTIVITY

6.2.1 HISTORY AND INFRASTRUCTURE OF THE INTERNET

The Internet was born in the mid-1960s in the form of ARPAnet (Advanced Research Projects Agency Net) - a network between several computers in some American institutions working for ARPA, a research department within the Pentagon. ARPA was set up in response to the Soviet success of launching the Sputnik satellite into space in 1957.

One of the goals of ARPAnet was to create a network that would not be destroyed by attacks on the system. With the Cold War at its height, a disaster scenario was considered to be either a bomb launch or a nuclear attack.

Only a minimum of information was required from client computers on the network. When the data transmission hit a snag, another route was found to the desired address.

All this was encoded in a protocol that governed data transmission over the Internet. In its final form, this was TCP/IP (Transmission Control Protocol/Internet protocol), which is still the basis of the Internet today. TCP/IP makes it possible for different models of computers, using different operating systems such as UNIX, Windows, MacOS etc. to 'understand' each other.

The Internet is a global crowd of interconnected computers, similar to a local area network, but on a much larger scale.

6.2.2 SERVICES AVAILABLE ON THE INTERNET

The primary element of the Internet is the World Wide Web (known as the Web or WWW). The WWW is a medium for text, graphics, animation and sound. Documents destined for the Web are known as Web pages.

Web pages are stored on the disk of a specialised server and managed by special software, and are retrieved and displayed via web browsers. Web browsers (such as Internet Explorer, Opera, Mozilla Firefox or Google Chrome) display web pages by interpreting bookmarks - defined using a special language - used to encode the web page with the information to be displayed. Markers have different meanings. For example, they specify how different parts of the page will be displayed or establish links between documents/files.

A Web site is defined as a coherent collection of information presented in the form of Web pages, multimedia files, documents and other types, between which there are links. The Web pages and the collection of linked files are integrated by a Web page called the home page. This page usually contains a table of contents or an index that links to other pages on the website. In a well-designed website all other pages point to this home page, even though modern browsers have buttons for this.

The most popular browsers are Microsoft Internet Explorer, Mozilla Firefox, Google Chrome, Apple Safari and Opera.

Internet Explorer, a web browser produced and developed by Microsoft, is one of the world's most popular browsers, shipped with the Windows operating system on PCs and smartphones. The history of Internet Explorer begins in 1995, when Windows 95 was released. To date, Internet Explorer has been developed in 9 major versions.

Mozilla Firefox is a free web browser developed by the Mozilla Foundation. Firefox is the second most used browser. Firefox has many features, such as tabbed browsing, an anti-phishing and spyware system, a download management facility and so on.

Opera is developed in late 1995 by Opera Software in Oslo, Norway. At the heart of the browser is the display engine called Presto, which has been licensed by business partners such as Adobe and integrated into the Adobe Creative Suite. It was quickly recognised by the Internet community for its Multiple Document Interface (MDI), making it easier to navigate across multiple sites.

Safari is a web browser made by Apple for its Mac OS X operating system, but also for Microsoft Windows. Safari is the fourth most popular browser. Safari is based on tabbed browsing, with an interface similar to that used by Mozilla Firefox.

Google Chrome is an open source web browser developed by Google. It is currently the most widely used browser. Google Chrome regularly updates its protection databases for two blacklists: one against phishing and one against malware, so users are warned when they make an attempt to visit a malicious site.

One of the most important components of the Internet is email. Millions of people are connected to the Internet and can send messages through the e-mail service. This service allows users to communicate quickly, easily and efficiently with other users connected to the Internet. So electronic mail (e-mail) is a powerful and complex tool that allows any user to send any document created on a computer to anyone with an e-mail address. E-mail messages can contain text, graphics or other attachments. The e-mail system can also be used to send the same message to several people at the same time.

The Windows operating system includes an excellent free e-mail client called Outlook Express, which is actually a companion program to Internet Explorer. It is a multi-featured program designed for a wide variety of users.

Outlook Express is installed with the Windows system. Before you can send or receive e-mail messages, an e-mail account must be created.

Another type of mail server is HTTP (HyperText Transfer Protocol), such as those offered by Yahoo!, Hotmail, Gmail and others. An HPPT email account is useful for those who want to travel without luggage, as there is no need for a personal computer. Access to the HTTP account using a web browser can be done from any computer with Internet access. The only information that needs to be provided is your username and password.

HTTP accounts have the great advantage that they are free, but the great disadvantage that they have limited storage space on the server.

6.2.3 ADVANTAGES OF THE INTERNET AND THE WEB FOR A COMPANY

The presence on the commercial web, now more than ever, is a vital element for the survival of a business on the one hand and for its development on the other. Nowadays a business that is not present on the web practically does not exist. It is much more convenient for the user to order at a click away, rather than having to travel to the manufacturer's premises or a retail outlet.

The totality of the elements, strategies, tactics and effort put into selling products by an organisation only finds its finality when the sale of the product is completed.
It should be borne in mind that the emphasis varies according to the nature of the products and the market in which they are sold.

In the case of an apple producer, the focus is more on distribution, through presentation and packaging of the products, than in the case of a car manufacturer, where as a rule there must also be a physical shop to present the products.

Some products lend themselves to online sales without human intervention, it is very simple and convenient for the buyer to order a pen or a book. After filling in any forms and making payment, the product arrives at its destination in the shortest possible time.

The website is a business tool that can work and earn at the same time. For a company that does not have its own website, customer confidence in its services or products is limited.

The functions of a website can also be seen as advantages for a company with its own website.
There are three of them:
- informative function
The website makes available to a large number of people, at any time of the day and in any area, information about the company, the field of business the company deals with, and the products of that company. Thus the website offers the possibility of discovering a large amount of information, quite quickly and at the same time conveniently for interested persons.
- marketing function
Due to the fact that on the company's website the information about the company is presented in as much detail as possible, then the company's website is an advertising tool. An important thing is that the information must be well structured so that it captures and holds the attention of users.
The website will only advertise to people who are genuinely interested in what is proposed on the website, as opposed to advertising on TV or by placing banner ads in various places.
- the function of promoting the company's image
With the use of the Internet by most people, owning a website can be compared to having a business card. Any entrepreneur starting a business should also consider

building a company website. The aim is to create a website that is relatively simple but stands out from those of partner companies, it does not have to be as colourful or sophisticated as possible. In this way, the company creates a positive image and has a real advantage over companies that are not in the virtual environment.

Also with the help of the Internet, more specifically with the help of a search engine, you will be able to identify whether other entrepreneurs are selling the same product on the Internet, under what conditions and at what prices. The information you find on the Internet can be entered into a database using a spreadsheet program. This makes it easier to assess the size of the market and to structure the information according to its relevance to your business plan.

One of the most difficult problems faced by small entrepreneurs is the lack of qualified staff. To get rid of this problem, you can use specialised recruitment websites.
As soon as an entrepreneur has selected his first employees, he needs to manage well their capacities and everything related to their work documents (job descriptions, individual employment contracts, salary statements, etc.). A spreadsheet program can be used for this part, when the number of employees is small and does not require so many documents.

Running a business requires specific skills - management, communication, financial-accounting, etc. However, the more indirect the way entrepreneurs work with state institutions, the more difficult it is.

For example, the financial documents that have to be submitted to the Financial Administration are an ordeal and require unnecessary trips to ANAF branches for information. The Internet can offer a chance to make this relationship more efficient for both business people and public institutions and their employees.

The solution lies in e-government, i.e. using information and communication technology to make it easier for citizens to access the services that public institutions offer and the information relevant to them.

For example, online forms can greatly simplify the way companies, sole traders and all other categories of taxpayers report their financial results.

Paying debts to public institutions online also saves entrepreneurs many trips to the bank and then to those institutions to submit proof of payment.

Marketing experts say that the best promotion for a product or service is to associate a sufficiently illustrative image with an offer. Products and services that are not promoted, that the market is not aware of, that potential customers have not identified in some way, do not exist. This is why an image, whether in electronic format (on your own website, on an online ad site or elsewhere) or printed in a brochure or flyer, is much easier to convince a potential customer. And one of the solutions you need to propose is to promote your products and services.

Online advertising comes in many forms and with varying degrees of effectiveness. For example, a single free ad on an online classifieds site is ineffective in attracting attention to a website that sells honey, and therefore increasing sales.

But in contrast, a banner ad appearing on the website of an online publication with thousands or tens of thousands of unique visitors per day will certainly (if a few elements described below are observed) lead to a significant increase in traffic to the website selling honey bees. On the other hand, a banner placed on a site selling bee products would not bring in as much traffic because the range of potential customers is significant - far fewer unique visitors per day enter the site selling bee products (and even fewer if the site is only in Romanian and the banner is in Romanian). However, a website dedicated to beekeeping products, which gathers many producers, which offers some facilities to customers, may attract more potential customers for the one who uses the banner on that website because, unlike the visitors of the online publication, the visitors of the website with beekeeping products visit that website because they are strictly interested in those products and, for the most part, they want to buy honey and derived products.

The decision to use one online advertising service or another is therefore not that simple and requires careful consideration:

- The profile of the site and the products/services to be promoted;
- The size of the target market (this is why it is important that the business plan also contains information on the marketing solutions for the product or service);
- How fast the need for promotion is;
- And above all what are the best promotional measures.

Any promotion campaign must attract customers like a magnet. For example, if you want to sell tea, then you need to find the most interesting ways to present it. In the example below you'll see a unique way to get your brand, a tea shop, noticed. And the costs of such a promotional campaign are very low: the video channel on the portal is free of charge, the place where the products are presented is the shop's own premises and there are no additional costs involved, and the person presenting the products is the entrepreneur who came up with the business idea. The only cost involved is the electricity consumed by the camera and the light bulbs used to illuminate the space.

From another point of view, promotional campaigns do not have to be exclusive, i.e. only on a specific communication channel: for example, only on the Internet. Online press releases about the launch of a new product or a new offer can generate traffic to your website and therefore attract potential customers. Other online communication tools such as blogs, social platforms, business portals can also help promote products or services.

Websites have become the main tool for presenting a business in recent years. The fact that we read the press online or that more than 50% of our communication is done via the Internet has changed our general perception of buying products or services on the Internet. Primarily because it provides us with a wider range of opportunities. If the price asked by one manufacturer of unique bags seems too high, we visit another manufacturer's website and so on until we find the one that suits us best. For this reason, it is very important that the presentation of a company and its products and/or services is as specific as possible. This means not being concise when presenting your company's history and offer, but presenting your products or services as attractively as possible to the recipient.

The website should be seen as the image, the identity of the company, its products and/or services. As such, the visitor's first perception is essential. If the information presented on the website is accompanied by the company's logo and pictures of the products or services offered, then the chances of a favourable first perception are much greater. There is a saying that "a picture is worth a thousand words", and this is even more true on the Internet than in the real world.

The presentation of the beneficiary's offer should be as complete as possible, with all prices listed and whether VAT is included or not.

Another important element of a website is the design. It should not be cluttered but, on the contrary, as 'airy' and clear as possible. If you put a link to the contact section at the end of the page and it is not visible unless the page is scrolled, then you run the risk that many visitors will not linger on the website you have created and therefore not get enough customers.

But online presence and promotion cannot be done anyway. You can't just add some ads online without having a website and expect to increase your customer numbers by 10%. Or you can have a website but not put any effort into promoting it. The success of your presence and promotion lies in how high up in a simple search, by the keywords most relevant to your field of activity, you manage to make your offer, your website, appear.

A simple presentation website is not enough when an entrepreneur wants to increase his sales volume. You must also be able to present a virtual shop solution to such an entrepreneur.

What matters in the case of a virtual shop is both the range of products and the ease with which it can be navigated, how easy it is to order a product. Price discounts and special offers also play a very important role. Many people who visit virtual shops do so because they want to buy a good at a lower price than in a shop (where a mark-up is calculated to support the shop's operating costs).

It should also be borne in mind that the image of a virtual shop must be consistent with the products on offer. For example, if you are going to set up an online shop with handicraft products, then you will not use a background or logo that has nothing to do with handicrafts.

Virtual shops have many advantages. The most important of these is that they allow you to scale production according to demand. In other words, the entrepreneur no longer has to create the product and then store it until a buyer comes along. On the contrary, product presentation sheets displayed in a virtual shop function just like products in a normal shop, except that they only exist in the form of images and text. And when an order is placed for a product, the entrepreneur receives a message from the ordering module and can start production. In this way, he is no longer tying up resources - financial and material - in a stock product.

Secondly, a virtual shop can provide a history of orders taken or in the process of being taken. Such an 'archive' mode is both to the advantage of the customer, who knows at all times what products he has purchased and no longer has to struggle to remember the type of jam he ordered three months ago, and to the advantage of the e-shop owner, who can have an accurate record of orders at all times, with customer contact details.

And this is relevant because our entrepreneur, in order to build customer loyalty, can send a message to customers asking for their opinion on the product purchased.

ONLINE PAYMENT is a way to make it even easier for a customer to access an entrepreneur's products. This system has the advantage that you don't have to be in a certain place to purchase that product or service.

Such an on-line payment method is compulsory in the case of a virtual shop and advisable when there is a website with a detailed presentation of the products or services on offer.

There are several payment methods that are labelled as "electronic payment", including:

a) payment by bank card (Card Payment)
This method of payment involves making payment from a bank account to which a bank card is attached, by submitting details via a special form to the company from which the product or service is purchased. Once the payment has been confirmed electronically, the money is automatically transferred from the card account to the beneficiary's account.

b) Mail order
In the case of a mail order, the order for a product or service is placed online and payment is made separately from the process of ordering the product/service either directly at the bank, with cash on delivery or via the Internet Banking system, etc. Here we are dealing with two different processes: order and payment. For this reason, the payment arrives a few days after the order has been submitted, which also means that the entrepreneur has to advance the amounts for the transport of the products from his own account.

c) PayPal
This system allows a user to top up their paypal account with a certain amount using a bank card, payment being made from the paypal account and not directly from the bank account to which the bank card is attached. This way data security is much higher. On the other hand, because the transfer from the bank account to the paypal account is an electronic money transfer there are no fees.

6.2.4 USE OF SOCIAL MEDIA IN BUSINESS PROMOTION

Facebook can be compared to a virtual museum with known and unknown items displayed in different locations such as in the friends area, in the "lobby" area being on hold, to be placed in the friends' own gallery. Thanks to this, it has become the most popular social network in the world, as well as the owner of a complex equipment of marketing tools in Social Media.

Since more than 800,000 websites have implemented Facebook Connect, the Facebook social network has become a real business opportunity.

One of the methods of promoting business online is Facebook Ads. In order to promote your business to its full potential through Facebook Ads, the following rules must be followed:

- Set the objective and plan the approach;
- Creativity towards the target audience;
- Choosing text and images that stand out;
- Testing a variety of ads;
- Checking online traffic.

Some of the facilities offered by Facebook are as follows:

- offers the possibility to define the unique image of the business online;
- with the Page Insights option, accessible from the Facebook Page Admin page, it is possible to see who is "following the business" and at what time the page was accessed;
- with Build Audience you can send invitations to Facebook friends and emails to people in your contact list;
- the number of customers is guaranteed to grow and you can even create a community;
- Promoted Posts promoting any page increases the visibility of the company, thus being closer to the target audience;
- NewsFeed offers the possibility to promote the business online by placing simple ads in the NewsFeed of interested users;
- offers social plugins that facilitate the placement of Like buttons on the company's official website or blogs;
- Internet advertising becomes more effective because the page statistics contain information that helps determine the target audience;
- online competitions and promotions can be organised.

LinkedIn can be defined as the network of business people and is considered the most professional social network.

LinkedIn also supports the formation of interest groups, whose membership ranges from 1 to 744,662 people. The most massive groups (number of people) are work-related, where most of the issues discussed are professional or career issues.

Similar to Facebook, LinkedIn offers a wide range of marketing possibilities as well as a professional social media solution. By targeting mainly business people, the likelihood of the company's advertisement being viewed by completely disinterested people is very low, so the message is quickly sent to a community selected by age, industry, job title, etc.

Among the facilities offered by LinkedIn are the following:

- recommendations can be requested for a business from other companies' networks (email);

- you can tell your company's "story", attracting future employees;
- LinkedIn Groups offer the possibility of attracting new clients and promoting the company (business) on interest groups;
- recent company projects can be posted on the forum;
- as no physical travel is required, joint clients and partners can be found quite quickly;
- LinkedIn offers suggestions of people in the same field of activity or companies (possible partnership), ensuring the building of an online reputation through marketing or publication of various materials;
- one can send or receive referrals from other companies or people, thus increasing customer confidence in the business;
- the Summary section facilitates the posting of brochures, PDFs, presentations, all of which can be downloaded by LinkedIn users.

6.2.5. USE OF SOFTWARE IN ENTREPRENEURIAL ACTIVITY, TO PRACTICE ALL BUSINESS MODULES (PURCHASING, SALES, INVENTORY, ACCOUNTING, FINANCIAL, PROJECTS, HUMAN RESOURCES, PAYROLL, EMPLOYEE PORTAL) - PLURIVA, ENTERPRISE RESOURCE PLANNING

6.2.5.1.PLURIVA

Pluriva CRM (Customer Relationship Management) is an online software system used by service, distribution, production and retail companies for centralized customer tracking and communication. By accessing the CRM system online, using a laptop, tablet or smartphone, users gain mobility and control in their relationship with customers, partners and suppliers. The most common benefits mentioned by customers are: Increased sales, Customer loyalty, Increased professionalism and Improved communication between marketing and sales.

BENEFITS:
- Provides a unique database of customers and activities performed by sales agents.
All your customer relationship managers, suppliers or partners will use a single database, accessible online from any location within the configured rights. The database also includes a history of activities performed and scheduled by sales representatives. This eliminates the risk of losing any information or records.
- Provides control of activities performed and scheduled
Every interaction with customers, suppliers and partners, be it a meeting, email sent from CRM, booth visit, presentation or online conference, is recorded in the CRM system with all relevant information for the sales activity: when it took place, where it

took place, what was discussed and with whom. And very importantly: what activity is scheduled with that customer and when.

- All activities are performed on time by the agents, there are no delays or missed activities.

Scheduled activities have two key elements: a responsible person and a deadline - both set and tracked in the CRM system. To ensure that deadlines are always met, agents benefit from a calendar of activities to perform, email notifications and alerts in the system when deadlines are approaching. The CRM system is integrated with Outlook.

- You can divide and segment customers into portfolios as you need them in the sales process

Every sales consultant knows who their potential customers are and the customers they are dealing with and communicating with. Clients are divided into well-defined portfolios with a designated person in charge. This avoids situations where two agents talk to the same client in parallel - without knowing each other. Separation of portfolios can go as far as one sales representative not even knowing the names of clients in the portfolios of other sales representatives in the company.

- Sales activity can be organised using the calendar of scheduled activities

For proper planning of activities, sales reps using the CRM system have access to their personal task calendar for a certain period: what meetings, phone calls and emails they have to make. There are also centralised calendars at departmental level, with the schedule of all members of the sales team, including emails sent from CRM.

- You can record the source of all customers in the database

Where do the prospects and customers in the Database come from? How did they find out about the products & services you offer? What are the main sources generating sales? The answer to these questions is given to you by using the CRM system. Whether it is website, phone, event, fair or PR, record in the CRM system the source where each lead comes from. And for new customers coming from referrals, record not only the name of the referring company, but also the name of the person within that company.

- You can launch and track marketing campaigns

The CRM system is of real use to marketing departments, as they plan and track their marketing and promotion efforts. You will then accurately identify what results each campaign has generated in terms of sales, leads generated and awareness among the target audience.

- You can create and launch email marketing campaigns
With the email marketing tool integrated into the CRM system, create and send newletters and other messages to target groups. You then benefit from reports on message openings and newsletter clicks.

- Events can be organised and you can attend trade fairs or exhibitions.
The CRM system helps you track, for each event you organise or attend, the group of individuals and companies invited to the event, those who have confirmed and then the actual participants. And immediately after the event, you can send them a follow-up message by email.

- Customised offers can be created
The powerful editor included in the CRM system allows you to customise your commercial and technical offers as you wish, generate them automatically in PDF or other format and send them by email.

- You can always invoice on time and correctly
The CRM system also includes an Invoicing Module: contract-based invoicing, subscription-based invoicing, notification-based invoicing, proforma-based invoicing and sales order-based invoicing.

- Sales agents' commissions can be calculated
For sales agents who use the CRM system's quotation and activity calendar, you can automatically calculate a report on the degree of fulfilment of the sales target and even a statement of any commissions due to each.

6.2.5.2.ENTERPRISE RESOURCE PLANNING (ERP)

Current ENTERPRISE RESOURCE PLANNING (ERP) systems integrate all the management functions of a company, starting from :

- planning;
- stocking raw materials and supplies;
- defining technologies;
- coordinating production processes;
- financial-accounting management, human resources, stocks of finished products;
- developing and maintaining relations with customers and business partners.

Such a system enables decision-makers to carry out a complete analysis of the implementation of the business plan. Through the options of simulating activities and the flexible and dynamic nature of the applications can be achieved:

- forecasting plans;
- evaluations and predictions of the evolution trends of the industry to which the company belongs;
- qualitative analyses;
- integration with new e-business technologies;
- online communication.

Analysing the ERP systems developed so far, a number of components can be highlighted:

- Lists (master files) of customers, suppliers, staff in the form of files that gather all their description data and interface with any module that makes use of this data.
- General accounting or financial-accounting component. The component provides accounting and financial management.
- Receipts-Payments. This component may appear as two modules: Debtors and Creditors, which manage and record the company's receivables and payables.
- Payroll. Component often linked to the human resources component, dealing with the calculation and recording of salaries. The calculation of taxes, state budget and social security contributions are automated.
- Human resources. Component that supports the creation of a personnel policy, supporting recruitment and selection activities;
- Fixed assets. Manages fixed assets as well as inventory or intangible assets.

Management covers the entire lifetime of the asset and it is possible to find out at any time what its condition is and what operations have been carried out on it (entry, modernisation, modification, revaluation, decommissioning, scrapping). It offers multiple possibilities for calculating and recording depreciation (linear, declining balance, accelerated).

- Production planning. Planning covers the contractor, the deadline, the items to be produced, the scheduled cost and the technical details.
- Production Tracking Records the receipt of delivery notes and work reports, analyses and compares released orders, provides cumulative or detailed production reports, by phase or by product/work, as well as cost reports.
- Technical data management. Component stores definitions and technical characteristics of products and manufacturing technologies.
- Planning material requirements. This component automatically determines the quantities of materials required, based on data about the manufacturing process and the approved production plan.
- Consumption and cost planning and tracking. The component draws up consumption receipts and collects consumption data from the warehouses,

centralises this data for cost calculation, generates detailed or centralised reports on planned and realised consumption.
- Project management. This component deals with investment projects, internal activities or work carried out by third parties: planning (budgeting), financing and monitoring their execution.
- Stocks. The component allows the quantitative and qualitative management of stocks and the automatic generation of accounting documents.
- Warehouse management The component defines the organisational structure of the storage units: types of inventory and sub-inventory, warehouses, stores, locations, how stocks are located.
- Procurement (Suppliers) The component goes beyond the remit of a management application and is a tool for optimising procurement, which can lead to savings.
- Sales. The component manages activities specific to the sales process.
- Equipment maintenance (maintenance). The component handles technical management and tracking of equipment use, allows planning of resources and cost of work.
- Transport (Logistics). This component allows the planning and management of logistics activities in the sales and distribution processes.
- Service/Services. This component tracks guarantees and after-sales services.
- Analysis (Business Intelligence). The module takes data from the database, performs various analyses and provides the information in the form desired by the user.
- Industry-specific solutions
- Report generator. This tool allows users to obtain the desired reports within each functional module using data from the ERP system database.

ADVANTAGES OF USING ERP SYSTEMS

The main advantages of using an ERP within a company are:
- Information is entered into the system once in a very complex database;
- It forces the use of industry "best practices";
- Allows customisation;
- Works on a reliable file structure;
- Provides functionality for interaction with other modules;
- Provides tools for ad-hoc queries and reports.

ERP systems provide management information and analysis for organisations. The five major benefits of ERP systems are:
- online/real-time information for all functional areas of an organization;
- data standardisation and accuracy across the enterprise;

- applications include industry best practices;
- the efficiency the company is achieving;
- analyses and reports that can be used for long-term planning.

CHAPTER 7. FINANCIAL MANAGEMENT OF THE BUSINESS

7.1 ESTIMATING FINANCING NEEDS

Estimating financial requirements is done after the entrepreneur has decided on the products/services to be made/sold and the location of the business.
The estimation of financial requirements is done according to the types of capital needed to start the business: business preparation capital and start-up capital.

Business preparation capital is the investment that is made before the business starts. Capital requirements vary according to the nature of the business, the size of the firm, the location.

To check the viability of the business idea, a feasibility study must first be carried out. If the company wants to introduce a new product, a prototype will need to be developed.

A large part of the business preparation expenses is spent on building, renovating or renting the building. Often the entrepreneur wants to modify the structure of the existing building to better match his ideas and personality.
The purchase of equipment and inventory is another area in which investments need to be made. The entrepreneur needs friezes, desks, chairs, office equipment. Sometimes complex machinery and machines are needed.
Another category of expenditure is for the purchase of stocks before work starts. Not all suppliers give commercial credit to a new business, so payment is often made on delivery.

Business preparation expenses include the payment of various consultants, such as lawyers, accountants, technical experts in building and machinery valuation, etc.
Also, for some businesses, special licences are required, which must be purchased before starting the business.

Start-up capital represents investments that are made shortly before the start of the business, during the launch of the business and immediately after the start of the business. The new business may attract customers from the start, but the sales recorded often do not cover the large expenses that need to be made during this period. Many potential customers will treat the new business with suspicion and caution. That is why the entrepreneur must consider that at the beginning of his existence the company will have a financial deficit.

Determining start-up capital is also necessary to ensure the firm has a solid basis for growth. The entrepreneur must therefore identify the cost of stocks, labour, utilities, insurance, etc. This will give him an idea of the size of the firm and the size and scope of future activities.

Estimating the capital requirements needed to prepare the business is done by investigating the prices of possible suppliers or various service providers. Estimating start-up capital is somewhat different as revenues may offset expenses. Consequently, the estimate is not just a simple investigation. Sales forecasting is difficult because there is no obvious track record. As a rule, the entrepreneur will estimate revenues after assessing the market potential and forecasting the volume of competitors' sales.

After projecting the sales volume the necessary expenses will be estimated. The best method is to estimate them in the same way as the capital requirements for preparing the business. This approach forces the entrepreneur to make some critical decisions about the nature of the business: determining the number of employees and the salary he will pay, the kind of insurance required, etc. and therefore he will be forced to make investigations in this respect. Another method of estimating expenses is to use industry averages.

The estimate is all the more accurate if the entrepreneur has reasonable expectations of income and costs. Not infrequently, however, some entrepreneurs are so enthusiastic about their business that they overestimate revenues and underestimate costs. In general, it is better to make a conservative estimate of revenues and a conservative estimate of expenses.
Once the projections of the capital required and the entrepreneur's personal contribution have been made, the entrepreneur can start the borrowing process.

Categories of business start-up capital

Capital is essentially any form of wealth used to produce greater wealth for the firm. It is found in a business in different forms: cash; stocks; machinery and equipment. For example, in a business producing material goods, machinery and equipment are used to make products needed to satisfy certain requirements. Income from sales will be used to purchase more raw materials for possible expansion of the business or to buy additional equipment. The cycle continues, with the enterprise's capacity (and eventually profitability) increasing until the point of diminishing marginal returns is reached. In this way, the owner's initial capital has contributed to additional wealth for both the enterprise and society in general.

Financial managers typically identify three main categories of capital requirements:
- fixed capital;
- working capital;
- supplementary capital.

Fixed capital is needed to acquire the enterprise's fixed assets. These funds are intended for the production of goods and the provision of services, not for sale. Buildings, equipment, machinery are not converted into cash during the course of the business, so money invested in these fixed assets tends to be "frozen" as it is not used for other purposes.

The amount of money required is not just the amount needed to rent a shop, purchase equipment and buy initial stock. There are many other costs that require considerable amounts of money.

Most businesses are not immediately profitable, and entrepreneurs have to sustain them until they bring in revenue. They also have to finance customer loans until new revenue is generated.

Working capital (working capital, working capital) is the temporary funds needed to carry out short-term activities. It can be determined as the difference between current assets and current liabilities. The working capital requirement is due to uneven cash flow caused by normal seasonal fluctuations. Unforeseen changes in demand, sales on credit and seasonality are common causes of variation in the cash flow of any small firm.

Working capital is normally used to pay bills, finance sales on credit, pay salaries and for some contingencies. Working capital lenders hope that the owner will obtain more cash to ensure repayment of the loan at the end of the production/sales cycle.

The additional capital is intended to expand the business or to change the main purpose of the business. Lenders of additional capital grant the loan for the same reasons as those of fixed capital.

The entrepreneur must separately identify the three categories of capital in the financial planning. Although they are interdependent, each has its own sources of finance and distinct effects on both the business and its long-term growth.

7.2 SOURCES OF BUSINESS FINANCE

Business readiness capital refers to the investment the entrepreneur needs to make before starting the business, and the capital required differs according to the nature of the business, the size of the firm and the location.

This category includes the costs involved in:

- feasibility study of the business idea
- prototype development if launching a new product
- construction, renovation or rental of the building
- buying machinery and equipment
- equipping offices
- building up a stock of raw materials
- paying consultants
- obtaining licences, etc.

Capital needed to start the business
Start-up capital refers to investments made shortly before the start of the business, during the launch of the business and afterwards.

Estimate
The estimate is all the more accurate if the entrepreneur correctly assesses both income and costs and will be obliged to investigate this (he can use industry averages to estimate costs).

Capital
Usually, when we try to find a synonym for capital, we think of money, but from an economic point of view, capital is more complex.
Thus, by CAPITAL we mean both cash or banknotes, but also stocks of raw materials, means of transport, licences, machinery and equipment, buildings, etc., but different classification criteria are used.
Economists identify three main categories of capital requirements: fixed capital, working or circulating capital and supplementary capital.

FIXED CAPITAL
Fixed capital represents funds that are intended for the production of goods and the provision of services, but not for sale, because buildings, equipment, means of transport, etc. are not converted into cash during the course of the business and the money invested in them tends to be 'frozen' because it cannot be used for other purposes.

WORKING CAPITAL
Working or circulating capital represents the temporary funds needed to carry on activities in the short term. It is normally used to pay bills, finance sales on credit, pay wages and salaries and for contingencies.

ADDITIONAL CAPITAL
Additional capital is intended for the expansion of the business or a change in the main purpose of the business.

The main sources of finance for a company
A company has at its disposal various sources of financing, which are basically grouped into two main categories: internal/own sources and external sources.
Examples of own sources of finance are:
self-financing (self-financing sources: own savings, reduction of expenses, profits are not distributed to shareholders and are reinvested in the business)
-disinvestment (sale of assets, sell and lease back) or
-capital increases.

Examples of sources of finance:
-medium and long-term loans or leasing.

In addition to the classic examples of sources of finance we will discuss 3 other sources that can also be an option respectively:
- Stock exchange listing
- Investment funds
- European funds

There are various factors that influence the decision to opt for own or external sources such as:
- taxation: a high taxation of profits (corporate income tax + dividend tax) can generate a tendency to self-finance and raise more capital
- constraints on access to the financial market: companies that are not listed on the stock exchange do not have access to the financial market to raise funds
- the lending policy adopted by banks which can be quite restrictive, the cost of credit,
- the current profitability of the company and the company's growth intentions.

- Own sources of finance
- Self-financing
- Self-financing, as an advantage, is a secure means of financing, as the firm is not subject to or restricted by rules imposed by external parties and there are no additional obligations imposed by lending bodies.
- Divestiture (Disposal of assets)

An internal source of additional capital needed for development by disposing of assets that are not absolutely necessary for the firm. This can be the case where a firm or group sells some assets related to non-core business activities or certain plants, subsidiaries that are less profitable in the case of a group. If a company's business is the marketing of petroleum products but it also owns land, buildings that it does not use, 2 hotels, it can sell these assets because they are not strictly necessary for its core business.

Capital increase

It is carried out on the basis of the decision of the General Assembly when additional funds are needed to cover losses or to develop the activity and carry out new projects. Advantages: compared to the debt financing option (bank loan), it has the advantage that it does not oblige the company to pay fixed amounts to shareholders (but only when the company is profitable and it is decided to distribute the profit in dividends). In contrast, debt financing involves the payment of fixed instalments and interest regardless of the company's results.

Disadvantages: raising capital implies new shareholders or increasing the decision-making rights of the existing shareholder making the new capital contribution, which means you have to be prepared to take into account the decisions of this shareholder. In contrast debt financing with a bank - the bank will not be involved in any way in the company's decision-making.

External sources of finance (Debt financing)

Medium-term (1-5 years) and long-term (>5 years) loans

When the firm is moving towards the option of a loan it should consider:

-the cost of the loan(interest, fees.etc)

-the guarantees required

-periods when the loan must be repaid

-the penalties for failure to comply with the contractual clauses

Advantages:

-can obtain funds quickly

-flexibility: credit can be renegotiated, modified.

In Romania, credit costs are generally higher than in other European countries (irrespective of the currency of the loan: Leu, Euro, Dollar).

But even in these conditions, compared to other sources of financing, bank credit can be the cheapest source of financing because the only cost is interest (no fees).

Leasing

This is another source of investment finance available to companies whereby a leasing company/bank purchases fixed assets which it then leases to a company for a fixed period and at the end of this period the company can purchase the asset for a convenient cost, generally at residual value. In this way, the firm will be able to access the various assets without having to invest considerable funds but gradually paying monthly instalments over the leasing period.

Advantages:
-flexibility of offers: most leasing contracts include fewer restrictive clauses, conditions compared to credit contracts
-represents a form of insurance against technological risk in contracts, with the possibility of returning the asset during or at the end of the lease.

Disadvantages:
-quite high cost
-investment in leased assets cannot reach considerable amounts
-only certain types of assets can be purchased under leasing, depending on the leasing companies' offer (generally: cars, computers, printers). When it comes to a larger investment project, leasing is no longer an option.
- own versus external sources and the risk of over-indebtedness

Every company, when developing its business, turns to both own and external sources of finance. When a firm relies predominantly on external sources of finance (medium and long-term loans, leases) it will be exposed to a financial risk of over-indebtedness.

This risk arises when there is no balance between the use of own and external financial sources. Firms need to identify the risk of over-indebtedness and be able to control it appropriately.

It should be noted that there is no generally accepted optimal financing policy.

Worldwide there have been periods when a good financial structure was considered to be low leverage as well as periods when a good financial structure was considered to be normal leverage.

Obviously, here we can relate to boom periods when business grew rapidly and largely through debt and the reverse - crisis periods when the credit tap stops, firms can only access hard loans.

Only a normal balance between self-financing and indebtedness can guarantee a good future development of the firm in both scenarios (boom or crisis) - see the case of firms that in the economic boom in Romania expanded excessively without indebtedness and in the crisis went bankrupt because they were unable to sustain the costs of borrowing from revenues that had fallen considerably.

How to control the risk of over-indebtedness

- Achieving a balance between own and external sources (borrowing)
- Avoiding increasing indebtedness over time, especially when the company's development over the same period is negative or stagnant. This trend will generate the risk of interest charges not being paid.
- Avoiding late repayments that generate additional penalties
- Continuous monitoring of the financial indicators of indebtedness (solvency indicators) and their correlation with the firm's development.

Stock exchange listing

A stock exchange listing is the decision by which a company sells part of its shares on the stock exchange, and these shares are then freely traded on the capital market. The biggest capital market development is in America. In Romania, the capital market is regulated by the Bucharest Stock Exchange (BVB).

Advantages of listing on the stock exchange:

- Increased liquidity and wealth of founders
- Owners can diversify their businesses
- Facilitates cash flow by issuing new shares
- Establishing the value of a company
- Increased reputation and sales potential

Disadvantages of stock market listing

- Cost of reporting and compliance with various specific regulations.
- Transparency of financial information
- Loss of control and pressure to achieve short-term results.

Investment funds

Private companies when deciding to attract external sources of finance by issuing equity capital start by attracting individual private investors called angels who are offered a number of shares and perhaps a seat on the Board of Directors. The amounts attracted in this type of financing can vary but are generally in the tens/thousands of thousands of euros.

If the company is successful and grows further by default the sources of funding will also increase and in this case sources of funding from investment funds can be obtained. Investment funds may specialise in different industries and look at multiple potential businesses in which they can invest to ultimately choose only those companies that are deemed to have growth potential. The ultimate goal of investment funds is to sell these portfolios of shares at a profit after a few years.

Investment funds are a viable solution for financing companies in modern economic conditions. In Romania, too, there are investment funds that can provide sources of finance if the business is viable and promising. The funds invest quite large sums in a company that would normally be difficult to attract through other sources (e.g. loans) in return for the transfer of a % of the company's shares.

European funds

A first point to bear in mind is that European funds are only granted for certain types of activities that are clearly defined by the European funding programmes. Moreover, most of the funds are aimed at public authorities and not at companies.

Other important aspects in the decision to access European funds:

- Start from the type of concrete activities of the company or a real need of the company and check if funds are granted for this activity and don't try to invent activities where you probably have no expertise, are not in the scope of activity, there is no real demand.
- Once you have done this analysis and found that there are activities for which you can access funds, look very carefully at the total investment costs of the project compared to other fundraising solutions you may have available.
- Analyse carefully the total project costs, which are eligible and which will be ineligible.
- You must analyse the project very well and estimate the costs involved as well as possible because if you omit to include costs you risk not being able to settle them because they were not initially approved in the project budget.
- Pay attention to the co-financing %, i.e. the percentage of the project costs that can be covered by European money.
- Plan as carefully as possible your cash flow needs during the project, as you need to be prepared with your own sources or have a loan approved for the unspent percentage of EU funds.
- In addition, also with direct impact on cash flow and potential payment of project costs, the settlement of EU funds is very difficult and late.
- All costs incurred from European funds must be supported by documentary evidence and carried out according to procedures. Otherwise you run the risk that when you are audited by the authority approving the settlement you will not be paid certain amounts.
- -Be prepared to have verifications (audits) for project expenditure.
- Plan amounts for auditing project expenditure in the budget even if sometimes a financial audit is not a prerequisite for the realisation of European projects.

CHAPTER 8. HUMAN RESOURCES MANAGEMENT

8.1 STAFF MANAGEMENT

Personnel management (PM) or human resource management (HRM), includes all managerial decisions that directly or indirectly influence the personnel or human resources involved in the work required by an organisation.

Specific HRM activities include:
- Staff selection
- Training
- Rewarding work performed.

Once the potential sources for recruiting employees are known, the manager of the small or medium-sized enterprise must move on to the actual recruitment of staff which can be done in this way:
- by advertising on billboards, in the press or on radio and TV;
- through employment offices;
- through recommendations from current employees to friends or acquaintances, a way

which has proved very effective for small and medium-sized enterprises, as employees are best placed to assess the requirements of the people who will have to carry out certain tasks;
- by attracting students to work part-time in the company as a result of recruitment actions at universities.

The aim of the recruitment and selection process is to obtain at minimum cost the human resource requirements (in terms of number and quality) of the company concerned. When planning the recruitment of a person for a new position in the organisation, great attention should be paid to all aspects of the issue.

Before starting the recruitment process, possible alternatives should be considered:
- Reorganisation: It is possible that an existing team or department may be reorganised. There may also be other employees who want additional responsibilities and who could take over all or part of the job responsibilities.
- Outsourcing: It is possible that the job could be outsourced or filled by a freelancer. Where there are vacancies and especially where these posts are not important in the structure of the organisation, the alternative of outsourcing should be considered.
- Automation: Consideration should be given to the possibility of automating some activities in the near future as an alternative to hiring someone for a post.

- Type of post: If the post is filled by a full-time employee, the possibility of hiring a part-time employee can also be considered.

The three stages of the recruitment and selection process are:

1. DEFINITION OF REQUIREMENTS - drawing up the role (job) descriptions and related requirements; setting the terms and conditions of employment;
The number and categories of people required by an organisation must be specified in the recruitment programme, which is derived from the human resources plan. Job requirements are set out in the job (role) description and job specification (if any). These two documents provide the basic information needed to start the recruitment and selection processes.

Job descriptions are derived from the job analysis and provide basic information about a job, grouped by category: job title or job title, reporting relationships, general purpose and responsibilities and main tasks and duties. Job analysis is the process of collecting, analysing and establishing information about the content of jobs in order to provide a basis for each job description and data for recruitment, training, job evaluation and performance management. Job analysis focuses on what a job holder should do. Role analysis collects information about the work people do, but with essential reference to the role people perform in the job, not the job tasks associated with the job.

The terms job and role are often used in place of each other with the same meaning, but there is, however, an important distinction:
- A job is made up of a finite group of tasks that are required to be performed and duties that are required to be performed in order to achieve an end result
- A role describes the "score" performed by people in meeting their objectives, working competently and flexibly within the context given by their organisation's objectives, structures and processes. Competency analysis is concerned with a functional analysis to determine job competencies and a behavioural analysis to determine the behavioural dimensions that influence the competencies that determine job performance.

Job/role description
The job description should be based on a detailed job analysis and be as concise and concrete as possible. As a general rule such a job description should include the following sections:
  - job title
  - to whom the post holder reports
  - who reports to the post holder

- general purpose
- responsibilities or main tasks

The job specification, sometimes also referred to as a recruitment specification or job specification, defines the education, training, qualifications, experience and personal skills/competency requirements to be met by the post holder.

The specification defines the following:

- qualifications - the professional, technical or educational qualifications required or the professional training the candidate must have undertaken;
- experience - categories of work or organisations; types of results and activities that might indicate the likelihood of professional success;
- skills/skills/competencies - what the individual needs to know and be able to do to fulfil the role, including any natural talents and aptitudes required;
- specific requirements - what the role holder is expected to achieve in the specified areas;
- company offer - the extent to which the organisation can meet the candidate's expectations in terms of career opportunities and training, job security, etc.
- compatibility with the organisation - corporate culture (e.g. formal or informal) and the need for prospective employees to be able to work within this culture.

The biggest danger to be avoided at this stage is exaggerating the skills and qualifications required. Naturally, the best people are sought, but setting the bar too high makes it more difficult to attract candidates and leads to dissatisfaction when they find that their skills are not appreciated. Undersizing requirements can be just as dangerous, but happens much less often. The best approach is to distinguish between essential and desirable, but not mandatory, requirements.

2. ATTRACTING CANDIDATES - considering and evaluating alternative sources of candidates, inside and outside the company; advertising; using agencies and consultants.
Attracting candidates effectively involves identifying, evaluating and using the most appropriate sources of candidates. This requires taking into account both the external conditions of the organisation and the strengths and weaknesses of the company as an employer.

Internal recruitment
Internal candidates should be considered from the outset, even if some organisations insist that they should be treated on an equal footing with external candidates. However, the possibility of a transfer or promotion for an employee should be considered. The vacancy can be advertised internally by putting it on the notice board,

sending out a newsletter, via the intranet or through internal memos and circulars. Internal recruitment is not only effective, it is an important motivator for a company's employees.

External recruitment
If there are no people available within the organisation, the main sources of candidates are advertising, the Internet and outsourcing recruitment to consultants or specialist agencies. Advertising Before advertising, alternative sources of recruitment should be investigated to confirm that they cannot be used successfully for this purpose. The final choice is made on the basis of three criteria: cost, speed and likelihood of getting suitable candidates. In both internal and external recruitment, at some point an advertisement will need to be made.

Advertisements, in terms of form and content, must:

- attract attention - capture the interest of potential candidates at the expense of other employers;
- create and maintain interest
- communicate information about the job, company, terms and conditions of employment in an attractive way;
- to stimulate - not only to attract attention, but also to stimulate potential candidates to read the advert to the end and submit their CV.

The response received from such an advertisement also depends on the choice of media, which will influence the type and number of applications received. There are several possibilities, namely: local or national print media, radio, television.

Recruiting on the Internet
This mode of recruitment involves using the Internet to advertise vacancies, to provide information about the vacancies and the employer, and to allow communication by e-mail between employers and applicants.

Outsourcing recruitment
This alternative involves agents or consultants taking on the task of carrying out, if not all the recruitment, at least the preliminary part of presenting suitable candidates or drawing up a short list of candidates. Educational and training institutions Graduates of educational institutions may also be used to fill posts. For some organisations, the main sources of 'recruits' are universities and vocational training institutions, as well as secondary schools.

Job fairs/job exchanges
This method of recruitment can be extremely effective as it allows contact and attraction of many potential candidates of various categories.

Internships

Internships involve hiring students for part-time positions. They are given practical experience relevant to their studies. The advantage for the employer is that they have the opportunity to hire the person as soon as they graduate (if they are satisfied with their performance).

Recruiting recent graduates

Many organisations use this method because, in the vast majority of cases, graduates are intelligent, capable and eager to learn. They can also be trained much more easily and adapt more quickly to the specifics of the employing organisation.

3. CANDIDATE SELECTION - CV selection, interviewing, candidate assessment, tendering, references, employment contracts.

STAFF SELECTION

This is the process of determining whether a candidate has the personal qualities required to meet the job specifications. A 'perfect' employee can never be found who has all the qualities required for the work to be performed. This is why the manager of a small or medium-sized enterprise must find people whose skills and qualifications harmoniously complement those of current employees.

In selecting staff, it should be borne in mind that the past achievements of candidates form a basis for their future performance. The amount of information to be collected on each candidate depends on the nature of the posts. The staff selection process can be carried out in the following stages:

- Completion by the candidate of application forms. This provides general information on the candidate concerning: personal data, professional training, work experience (jobs held, positions held, reasons for leaving previous jobs), persons who can give recommendations (relations) on the candidate.
- Preliminary interview of the candidate which gives the manager the opportunity to get a general picture of the candidate's training, personality and knowledge of the job to be performed. Many candidates are eliminated at this stage because they do not match the candidate's training or experience.
- The test checks the candidate's intelligence, skills, work ability and performance to see how well he or she can adapt to the new job.
- Consultation with people who can give information or recommendations on candidates.
- If the candidate has or has previously had a job, then with his/her permission the manager of the company concerned may be consulted on the results and
- the candidate's work behaviour.

- The selection interview where the manager gets to know the candidate in detail.

The effectiveness of the interview depends on the skill of the interviewer.
But a manager can improve his or her interviewing skills by considering the following recommendations:

- the questions to be asked should be set (or at least outlined) in advance;
- to give full attention to the candidate;
- the atmosphere should be calm;
- the candidate should be listened to carefully, without verbal evaluation of statements
- the candidate's statements;
- the level of discussion should be adapted to the candidate;
- the candidate's manner of speech and manners, and dress should be carefully observed, if they are important for the work to be done.

Medical examination to ascertain whether the candidate's health is suitable for the work to be performed and to prevent contamination of other employees.
Job offer determination, which refers to the fact that a candidate who has successfully passed all the previous steps is presented with the job, working conditions and salary level.
Candidates who are considered unsuccessful should be notified of this in a polite and timely manner.

The complexity of the selection process depends on the nature of the post. Thus for posts requiring qualified employees the selection process must include all the stages mentioned.
If the posts require unskilled or low-skilled staff, then the selection process need only comprise the following stages: completion of standard application forms, preliminary interview, aptitude test, medical examination and job offer.

After receiving the CVs the following steps should be considered for a selection process:

1. creation of a document tracking the selection process, including the following fields: candidate's name, date CV arrived, status, etc.
2. sending an acknowledgement letter (if this is company policy);
3. comparing the data in the CVs with the requirements of the job and dividing them into categories: possible, reserve or rejected;
4. prioritising those considered "possible" and making a short list for interview;
5. scheduling interviews. The time allocated to each interview varies according to the complexity of the post;
6. preparing for the interview;

7. completion by candidates of a dedicated form (optional);
8. conducting the interviews;
9. decision on the candidates interviewed;
10. submission of answers.

Shortlisting of candidates
Efficient shortlisting is the key to the effectiveness of the whole recruitment and selection process. In this respect, the technique chosen can greatly influence the selection of the most suitable candidate for the job. The first aspect to be taken into account concerns the choice of the optimal number of candidates to be interviewed. If there is only one person conducting the interviews, it is recommended that the shortlist should not include more than 10 candidates.

After deciding who will be the next employee, the next step is to negotiate the terms and conditions.

Verbal offer
Making a verbal offer involves a brief presentation of the job as well as salary and other benefits. This type of offer, as well as saving the employer time, gives the candidate a chance to ask questions about these aspects.

Drafting a written offer
A written offer should contain the following elements:
- Job title
- Job description
- Location
- Position and name of superior
- General terms and conditions
- Salary - level - date and frequency of pay - method of payment - overtime
- Number of hours realistically anticipated - Breaks - Leave and time off - Additional benefits
- Other conditions of employment (satisfactory references, state of health, evidence of qualifications)
- Details of probationary period
- Starting date of the post
- Date by which the offer must be signed, dated and returned to the employer to indicate acceptance of the offer.

Rejection of candidates
There are situations where organisations do not inform candidates of the rejection of their applications. This shows a lack of professionalism and elegance, both on the part

of those responsible for the recruitment and selection process and on the part of the organisation concerned.

Performance management is defined as a strategic and integrated approach to ensuring lasting success in the work of organisations by improving the performance of the people who work in them and by developing the capabilities of teams and individuals. A performance management system consists of the totality of processes used to identify, encourage, measure, evaluate, improve and compensate the performance of employees in an organisation.

Measuring work performance is one of the central aspects that has helped to establish industrial psychology as a deeply scientific discipline. Objective work production data are naturally determined during the action of work analysis. Personal data are the second class of criteria used in performance evaluation. Appreciative data or work evaluation is another important criterion in performance evaluation.

Performance management characteristics:

- translates company goals into individual, team, departmental goals
- is a continuous and evolutionary process - performance improves over time
- is based on consensus and cooperation, not control or coercion
- encourages self-management of individual performance
- requires an open and honest management style and encourages communication between superiors and subordinates
- requires continuous feedback
- measures and evaluates performance against mutually agreed objectives
- applies equally to all employees and does not primarily aim to link financial reward to performance.

Before performance can be measured, it must be defined. Performance is essentially what an employee does or does not do.

We can say that it is, from a certain point of view, it is the sum of the results achieved. But are we only interested in results or also in how they are achieved?

Performance, however, means both behaviour and results. Behaviour is not just a tool for achieving results, but is itself also a result - the product of physical and cerebral effort put into performing tasks - and can be judged separately from results.

When managing the performance of individuals in an organisation, both outcomes and behaviours must be considered.

From this point of view we can group the necessary information about an employee's performance into two categories:

- Outcome-related information
- Behaviour-related information Outcome-related information refers to what an employee has done or achieved.

For jobs where these outcomes can be easily measured, an outcome-based approach to performance is appropriate. However, it encourages a focus on results rather than on how they are achieved. Behavioural information refers to those behaviours that are necessary for the job holder to be successful. For example for a salesperson the ability to influence can be observed and considered important in measuring performance.

In performance measurement the relevance of criteria is a very important factor. In general the measurement criteria are relevant when they address the most important aspects of a job. They can be deduced from the job description and cover the following types:

- performance objectives
- performance standards or current objectives
- performance competencies.

Today companies use different performance measurement systems, some of them considering only performance objectives or current objectives as performance criteria. This sends a message to employees that only results matter, not how they are achieved. At the same time, such a system is less conducive to the development of employees, who do not always understand what skills they need to acquire or develop in order to achieve the objectives. The extent to which these performance criteria have been met can be expressed numerically, in percentages or by words, e.g. "satisfactory", "excellent", etc. Sometimes it can be difficult for two or more people to agree on the level of performance achieved.

CHAPTER 9. INTERNAL CONTROL AND RISK MANAGEMENT (COSO)

9.1 RISK MANAGEMENT PROCESS

Risk management refers to the translation of a business issue into all possible scenarios. It is about a forward-looking attitude and belief in the possibility of a risk materialising. Based on this attitude, a constructive decision is taken to eliminate or mitigate the damage that might occur as a result of the risk. Risk management thus becomes a process of identifying, analysing and responding to potential risks to an organisation, information system or project. For example, when the focus is on information security, we talk about security risk management. When the area of analysis is software product development, it is software risk management.

The role of risk management in an organisation - The overall purpose of risk management is to help understand the risks to which an organisation is exposed so that they can be managed.

Depending on when risks are analysed, there are pre-event goals (before the risk materialises), when the aim is to avoid the risk occurring, and post-event goals (the risk has already materialised), when the aim is to ensure the continuity of the business, the survival of the company.

The main advantage of a risk management programme is economic efficiency: managers are aware of the risks to which the organisation is exposed and manage them appropriately so that they do not materialise.

Risk management is an obligation of the entire team of a company. This must be complemented by the existence of a risk management department or at least a person with risk management responsibilities.

In some cases, there may be a certain level of accepted risk according to the specifications of a standard. This is a common situation in the financial-banking sector or in large companies that use an external audit. Compliance adds value to the image in the eyes of customers, business partners, etc.

How businesspeople react to risk - The theory is that a manager can have one of three attitudes to risk: risk-taking, risk-rejection or risk-indifference. When risk is managed and a response is desired based on the three attitudes, business people's reactions can be as follows:

- Risk avoidance: managers or entrepreneurs consider that the risk exposure is too high and then decide to replace the factor that might cause the risk. This may mean avoiding an action, changing a supplier, reconfiguring a process, etc. However, it must be remembered that not all risks can be avoided or eliminated. Often, avoiding all risks would mean changing the project scope, completely reconfiguring the activities or timetable, changing the budget or decisions on other purchases.
- Mitigation: involves reducing exposure to risk by reducing the likelihood of risk occurring. For example, using a technology that has been proven many times to be reliable.

- Risk acceptance: is the acceptance of the consequences and is a response method especially when the risks are unknown to the project team or when the benefits of not taking the risk would be immense.

Risk transfer: involves taking out an insurance policy or outsourcing a service. This practice usually entails other risks, either from outsourcing or from insurance contracts.

Business risk translates into variability of the result, affecting the return on assets and consequently the return on invested capital. This variability can be better controlled if the company has a greater degree of flexibility.

The risks of doing business arise mainly from the firm's inability to continually adjust its cost (in the sense of downsizing) and adapt to the economic environment.

Business risk can be approached either from the point of view of the firm's internal activity or from the point of view of the external environment in which it operates.

Types of risks:

1. Internal risks:
- Risks related to sourcing and disposal (contracts that could not be honoured by suppliers, narrowing of the market, etc.);
- Technological risks (impossibility of acquiring modern technology because of problems mainly linked to the financing of investments);
- RISKS generated by the human factor (strikes, incompetence, etc.);
- Information risks (inability to keep up with new market trends).

2. External risks:
- Political risks refer to changes that may radically alter the economic environment in which the firm mostly exports its products (country risk);
- financial risks affect the firm's performance as a result of changes in market conditions. These risks are outside the firm's control. Hence the need to identify and measure the cyclical risks and, above all, the price and currency risks;
- Contractual risks relate to the failure of the partner to meet the obligations it has undertaken in contracts.

Depending on when the risks arise, they can be:
- Inherited risks
- Specific risks

Considering the estimated level of risk we can make the following classification:
- Low level risks

- Medium level risks
- High level risks

Stages of the risk management process - Different bodies dealing with the analysis of this field and different theorists approach the stages of risk management differently. In reality, only the name of the stages is different.

Thus, risk identification and risk quantification are sometimes treated together and called risk assessment or risk analysis. The risk response plan is sometimes also referred to as a risk mitigation plan. The risk response plan and the risk control plan are also sometimes treated together as a risk management plan.

Regardless of the approach chosen or the name given to a risk management step, all models go through the same steps: risk identification, risk assessment, risk prioritisation, risk response plan and risk monitoring and control.

Risk identification methods

The most common method of identifying a risk is the checklist, because it is based on a standard that a process should behave in a certain way. The risk manager thus checks to what extent the reality corresponds to what the standard (whatever it is) declares to be within normal limits. But this is not enough, because standards are usually either general, not being able to capture all the particular aspects of an organisation, or particular, targeted at a particular area.

In the risk identification stages, the available documents in the organisation, the company's historical data and case studies (own experience or that of other organisations), consultation with internal and external experts, inspections in various units of the organisation (those considered to be at risk), brainstorming techniques or interviews with employees should also be analysed.

The best framework for applying any of these tools is the value - vulnerability - risk analysis. Specifically, it highlights the assets and values of the organisation. A vulnerability analysis is carried out for each asset, where vulnerability implies the absence of a control measure to protect the value. Then sources of risk internal or external to the organisation are identified.

Most modern theories of decision theory are based on the general idea of risk aversion in individuals, whatever the nature of their job, since human beings opt by their structure for a certain outcome at the expense of an option without certainty that could lead to the same end. Furthermore, research indicates that the attitude towards risk factors is a stable characteristic of each individual, linked to personality development and culture. However, due to the complexity of the phenomenon and the multitude of theories on risk, the opinions of researchers are not always consistent with regard to the various characteristics involved in this process. Thus, while for some aspects, such as risk appetite, specialists have agreed that it is most often associated with particular personality traits of the individual decision-maker, as far as the scientific differentiation of risk-takers from other members of the same culture or profession is concerned, the opinions of those researching this field diverge. However, these discrepancies between the theories of scientists are largely unfounded, because while risk appetite is considered by specialists to be a stable element of personality, the attitude towards risk and the perception of risk by individuals is dependent on variable elements such as feelings, the way in which reality is presented, humour, etc. While these characteristics are to be found at a general decision-making level, the situation of managers or people involved in the management of companies, firms, etc. is of particular note.

Depending on the company's turnover, field of activity and complexity, the company may or may not have a specialised forecasting department to identify, monitor and minimise risk factors, headed by a risk manager. The risk manager must be highly qualified in the field and must be in constant contact with the latest scientific developments and discoveries concerning strategies to combat and/or mitigate risks. For smaller companies or firms that do not have such specialised departments, risk management activities are taken over by the company's general manager, who is obliged to include these types of activities in his or her work agenda. However, regardless of the risk management system used, research shows that risk management is also a necessity.

CHAPTER 10. FINANCIAL AND ACCOUNTING REPORTING

10.1 MEANS OF ACCOUNTING

Accounting involves the recording, valuation, management and control of assets, equity and liabilities and the results achieved.

It is classified into:

- current accounting, which comprises the work carried out on a day-to-day basis during the accounting period

and

- periodic accounting, which is carried out at the end of management periods.

The procedures of the accounting method include:
1) Procedures specific to the accounting method
- account;
- the balance sheet;
- the trial balance.

2) Procedures common to other disciplines such as:
- documents;
- evaluation;
- calculation;
- inventory.

The object of study of accounting is ASSETS, consisting of the totality of rights and obligations with economic value, belonging to a natural or legal person, as well as the assets to which they relate. There are two conceptions in defining assets as the object of accounting:

1. In the legal concept, assets are all the rights and obligations of an economic nature of a legal subject.
2. In the economic conception, wealth is perceived as the totality of all economic assets, expressed in money, including the results of their use, belonging to a natural or legal person. The existence of wealth requires two conditions:
   - the existence of natural or legal persons as subjects of rights and obligations
   - the existence of economic goods as objects of rights and obligations.

The general wealth equation can be defined as follows:

Economic assets (assessable in money) = Rights (assessable in money) + Obligations (assessable in money)

Economic assets are the economic reality, the material substance of wealth.

They are classified into:

- tangible, tangible or tangible goods (buildings, production equipment, machinery, means of transport, goods, materials, cash, natural wealth of the soil and subsoil, etc.);
- intangible, intangible, intangible goods (receivables, patents, trademarks, know-how, software).

Rights and obligations are the legal facet of assets.
Rights refer to the situation where the owner obtains part of the assets from his own resources.

Obligations are the value equivalent of borrowed, attracted resources, which the owner must repay to his creditors.

10.2 GENERAL RULES ON SUPPORTING AND FINANCIAL-ACCOUNTING DOCUMENTS

Any economic transaction is recorded at the time it is carried out in a document which forms the basis of the entry in the accounts and is treated as a supporting document.

Supporting documents shall engage the responsibility of the persons who drew them up, endorsed or approved them and entered them in the accounts.

Supporting documents should contain the following information:

- the issuing unit
- document number/date
- the parties involved in the transaction
- definition of the transaction (description, elements influenced quantitatively/valuably by the transaction)
- endorsements, approvals
- any other elements that define the transaction/ as completely as possible

The documents are standardised, the requirements for their content being approved by normative acts. There are two categories of documents:

- documents common to all branches of the economy;
- documents specific to certain activities.

The accounting documents drawn up on the basis of supporting documents are current documents (e.g. accounting records, trial balance) and summary documents (e.g. financial statements).

The mandatory accounting records are :

- -the journal register, which records the economic operations carried out chronologically and systematically;
- the inventory register, which centralises inventory lists;
- the general ledger register or account sheet, which records the development of each asset, liability, expenditure and income item during a financial year, using the account.

The accounting records are used in strict accordance with their purpose and are presented in an orderly and complete manner. A trial balance shall be drawn up to verify that the economic operations carried out are correctly recorded in the accounts.

Document management refers to the organisation of the circulation of documents, the use and recording of documents, the reconstitution of documents and the keeping of documents.

Some of the documents are special forms. Separate operational records are kept for these documents. Special documents are numbered and numbered and issued on the basis of separate documents.

If supporting or accounting documents are lost, destroyed or stolen, they shall be reconstituted within 30 days of the discovery of their disappearance and the reconstituted documents shall bear the words RECONSTITUTED.

The current accounting documents and the supporting documents on which the accounting entries are based shall be kept in the archives for 10 years from the end of the financial year in which they were drawn up, with the exception of salary statements, which shall be kept for 50 years.

10.3 ACCOUNTING

Accounting is the specialised activity of measuring, valuing, knowing, managing and controlling the assets, liabilities and equity and the results of economic units. It is organised in a double circuit as follows:

- financial (general) accounting - is compulsory for all units carrying out economic activity. It records at certain periods the assets, liabilities and results of the unit, in accordance with legal regulations;
- management accounting (internal) - aims at calculating production costs, analysing the profitability of the activity, drawing up the income and expenditure budget. It is organised by each unit according to the specifics of its activity and its needs.

As a discipline of economics, accounting has its own research method. The accounting method is understood to be the set of principles, procedures and instruments used to record, calculate, analyse and control the economic state of the unit. The specific basic theory of accounting is that of the double entry. The double-entry theory is defined by the following main features:
- double representation of economic resources in relation to sources of financing;

The formula of double representation is ASSETS = LIABILITIES

- double representation (recording) of economic transactions, according to which changes in assets, liabilities, expenses and income, generated by the transactions carried out, are shown in a balance sheet ratio, through an equality.

Accounting principles and rules

- the principle of chronological recording implies respect for the sequence of transactions carried out over time;
- the principle of systematic recording means that increases in value and decreases in value generated by transactions carried out are recorded separately
- the principle of complete and continuous recording:
    - complete recording - all economic transactions carried out are recorded in writing (in accounting documents)
    - continuous recording means that the accounting records of a period start with the initial state and end with the final state, which in turn becomes the initial state of the following period, according to the formula:

Final status = Initial status + entries - exits

- going concern principle - it is assumed that the enterprise continues in normal operation without going into liquidation or significant curtailment.
- principle of permanence of methods. Valuation methods must be applied consistently throughout a financial year and from one financial year to the next
- the principle of the intangibility of the opening balance sheet of a financial year, which must coincide with the closing balance sheet of the previous financial year (with the exceptions provided for by law)
- the principle of the independence of the financial year - all income and expenditure for the financial year shall be taken into account, irrespective of the date of their receipt or payment. Consequently, income recorded at the time of the transaction generating it and not received is recorded as a receivable on the assets of the unit. Similarly, an expense recorded at the time of the transaction giving rise to it and not paid will be shown as a liability on the unit's liabilities side.
- no-offset principle - asset values cannot be offset against liability values, i.e. expenses against income.
- the principle of prudence requires that valuation be made on a prudent basis.

The following should be considered:

a. only profits realised up to the end of the financial year shall be taken into account
b. account shall be taken of all foreseeable liabilities and potential losses arising in the course of the financial year just ended or in a previous financial year,

even if they become apparent only between the end of the financial year and the date of the balance sheet

c. probable assets and probable profits are not recorded
d. all impairments are taken into account, regardless of whether the result for the year is a profit or a loss.
    - the principle of economic over legal precedence - the information presented in the financial statements must reflect the economic reality of events and transactions and not just their legal form
    - materiality principle - that any item that has a material value should be presented separately in the financial statements. Items with immaterial values that are of the same nature or have similar functions may be aggregated and need not be presented separately.

Accounting functions

Recording and processing function
It consists of recording, according to its own principles and rules, the economic processes and phenomena occurring in enterprises which can be expressed in terms of value.

The information function of accounting
It consists of providing information on the structure and dynamics of assets, the financial situation and the results achieved for the purpose of decision-making.

Control function
It is linked to the information function. It consists of checking, with the help of accounting information, how material and monetary assets are kept and used, how resources are managed, how compliance with financial discipline is monitored, etc.

Legal function.
Accounting data and primary documents are used as evidence in legal proceedings to prove the reality of economic transactions and to establish liability for damage caused. They help to settle disputes

Preventive function.
The information provided by accounting is used to determine future trends in economic phenomena and processes.

The normative regulatory system of accounting
The normative regulatory system of accounting is the totality of legislative and regulatory acts, which regulate bookkeeping and the preparation of financial reports.

10.4 FINANCIAL INDICATORS OF A BUSINESS

1. Current liquidity

Current assets (working capital indicator) / Current liabilities
- recommended acceptable value - around 2;
- provides assurance that current liabilities are covered by current assets.

2. Inventory turnover rate

(Average Inventory/Cost of Sales) X 365
- Calculates the effectiveness of the entity in collecting its receivables;
- expresses the number of days to the date when debtors pay their debts to the entity.

3. Turnover speed of receivables, customers

(Average customer balance/turnover) X 365
- measures the effectiveness of the entity in collecting its receivables;
- expresses the number of days to the date when debtors pay their debts to the entity.

4. Turnover rate of total assets

Turnover/ Total assets

5. Turnover of fixed assets

- assesses the effectiveness of fixed asset management by examining the amount of turnover generated by a given amount of fixed assets

Turnover / Fixed assets

Return on capital employed
- represents the return the entity earns on the money invested in the business:

Profit before interest and income tax / Capital employed where capital employed refers to the money invested in the entity by both shareholders and long-term creditors and includes equity and long-term debt or total assets less current liabilities.

10.5 MANAGEMENT INSTRUMENTS FOR IMM

"The Micro, Small and Medium Enterprises (SME) category consists of enterprises that employ fewer than 250 persons and have a net annual turnover of up to EUR 50 million and/or hold total assets of up to EUR 43 million"

(Article 2 of the Annex to Recommendation 361/2003/EC)

Micro, small and medium-sized enterprises (SMEs) play an essential role in the European economy. They are a source of entrepreneurial skills, innovation and job creation. In the enlarged European Union of 25 countries, some 23 million SMEs provide around 75 million jobs and account for 99% of all enterprises.

However, they are often faced with market imperfections. SMEs often have difficulties in obtaining capital or credit, especially in the start-up phase. Their limited resources can also reduce access to new technologies or innovation.

In general, most SMEs are self-sufficient, as they are either completely independent or have one or more small partnerships (each less than 25%) with other businesses. If these partnerships are less than 50%, the relationship is one of partner enterprises. Above this threshold, enterprises are related.

Depending on which category your enterprise falls into, when calculating enterprise data you will need to include the data of one or more enterprises. The result of the calculation will allow you to check whether you fall within the financial and personnel thresholds set by the definition. Enterprises that exceed the thresholds lose their SME status.

The first step to qualify as an SME is to be considered an enterprise.

According to the new definition, an enterprise is "any entity engaged in an economic activity, regardless of its legal form".

This wording is not new. It reflects the terminology used by the European Court of Justice in its decisions. Being formally included in the Recommendation, the purpose of the new definition of SME is now clearly highlighted. Therefore, authorised natural persons, family associations, partnerships and associations engaged in an economic activity can be considered as enterprises.

The determining factor is the economic activity, not the legal form.
The category of micro-enterprises and small and medium-sized enterprises refers to enterprises with fewer than 250 employees and an annual net turnover not exceeding €50 million, or with total assets not exceeding €43 million.

In this category:

- Small enterprises are defined as enterprises with up to 49 employees and an annual net turnover or total assets of up to €10 million .
- Micro-enterprises are defined as enterprises with up to 9 employees and an annual net turnover or total assets of up to €2 million.

The number of employees is essential to determine which category each SME falls into and covers permanent, part-time and temporary staff and includes the following:

- employees
- persons who work for the enterprise, are subordinate to it and are considered as employees under national law.
- owner-managers
- partners engaged in the regular activities of the enterprise and who receive financial benefits from the enterprise.

Apprentices or pupils and students involved in vocational training programmes with apprenticeship or vocational training contracts are not included in the number of employees. Employees on maternity or parental leave are also not included/included. The average number of employees is expressed in annual work units. Anyone who has worked full time in your enterprise, or as its representative, during the whole year is measured as one unit. Part-time staff, seasonal workers and those who have not worked all year are counted as fractions of this unit.

The annual net turnover is determined by calculating the income your business makes in a year from sales and services after all debts have been paid. It must not include VAT or other indirect taxes.

An enterprise is autonomous if:
- Your enterprise is totally independent, i.e. it does not own share capital or voting rights in any other enterprise and no other enterprise owns share capital or voting rights in your enterprise.
- owns less than 25% of the share capital or voting rights (whichever is greater) in one or more enterprises and/or another enterprise does not own more than 25% of the share capital or voting rights in your enterprise.

If the enterprise is autonomous, it means that it is not a partner or related to another enterprise.

It can also be considered an autonomous enterprise without a partner enterprise, even if this 25% threshold is reached or exceeded by one of these investors:
- Public investment corporations, venture capital companies and business angels.
- Universities or non-profit research centres.
- Institutional investors, including regional development funds.
- Autonomous local authorities with a budget of less than €10 million and fewer than 5,000 inhabitants.

The enterprise is likely to remain independent, even if it has one or more of the above investors. Each of these investors can hold up to 50% of the shares in your company, provided they are not related to each other.

Of course, each investor has rights as a shareholder, but they cannot exceed them to influence the management of the company in accordance with Article 3.3 of the definition (related companies).

10.6 BALANCE SHEET, PROFIT AND LOSS ACCOUNT AND CASH FLOW

The BALANCE SHEET is a specific instrument of the accounting method, which shows at a given point in time, on the basis of the principle of double representation, in value terms, the balance between economic means and their sources of financing as well as the results obtained as a result of the investment, consumption and reproduction of capital. Simply put, the balance sheet shows what the unit owns (assets) and owes (equity and liabilities) at a given point in time. Assets reflect economic means in their physical, tangible form, as well as claims. Liabilities, on the other hand, view assets in terms of the relationship between the subject of the assets and the values that are part of the assets, i.e. the sources of the assets (own and foreign).

The main elements of the balance sheet are assets, equity and liabilities, the first of which is found in the assets side of the balance sheet and the last two in the liabilities side of the balance sheet.

An asset is a resource controlled by the enterprise as a result of past events and expected to generate future economic benefits for the enterprise. Economic benefits refer to the ability of assets to convert into cash or cash equivalents (e.g. through sale) or to reduce cash outflows (e.g. new production technology that reduces costs).

A liability is a present obligation of an enterprise that arises from past events and the settlement of which is expected to result in an outflow of resources embodying economic benefits. The outflow of economic benefits to settle a liability involves the payment of cash, the transfer of other assets, the rendering of services or the replacement of that liability by another.

Equity is the owners' residual interest in the assets of an enterprise after deducting all its liabilities.

Assets comprise: all the economic assets at the disposal of the economic entity, classified into fixed assets and current assets. Assets also include prepaid expenses. Non-current assets comprise those economic assets of an investment nature, of lasting use, with a period of use and liquidity of more than one year. They are classified as intangible, tangible and financial fixed assets.

A) Intangible fixed assets (intangible assets or non-tangible assets) comprise those values which do not have a tangible tangible form, namely:

- Formation expenses (formation or merger expenses such as taxes, registration expenses, incorporation, share issue, market prospecting, advertising).
- Research and development expenditure comprises economic resources allocated to investment, new technologies, development of new products or broadening the product range.
- Concessions, patents, licences, trademarks refer to expenditure incurred for the acquisition of the rights to exploit a good, service, in the case of concessions, a patent, know-how, a licence, a trademark and other similar industrial and intellectual property rights.
- Other intangible assets include assets such as computer software created by the enterprise or acquired from third parties for use for its own purposes.
- Goodwill comprises expenditure incurred in maintaining or developing the business potential of the enterprise: clientele, sales force, firm, market segment, logo. Goodwill is recognised in the accounts as an intangible asset when it results from the acquisition of another enterprise whose acquisition cost is higher than the market value of the net assets acquired (assets purchased less liabilities assumed). The reason for the existence of goodwill is the existence of those intangible items generated by the enterprise which are not separately recognised in the accounts, such as reputation, goodwill, etc.).
- Advances and intangible assets in progress are fixed assets that have not been completed at the end of the financial year, including amounts paid on account of intangible assets.

B) Tangible fixed assets (fixed or tangible assets) comprise all the tangible assets that are used in a firm's activity over a long period of time, such as land and fixed assets (buildings, special constructions, machinery, equipment, working installations, measuring, checking and regulating apparatus and installations, means of transport, livestock, plantations, tools, furniture, office equipment, etc.). A fixed asset has a value greater than the limit set by law and a normal period of use greater than one year. If the tangible goods purchased or produced by the enterprise are not completed, they are called investments in progress. Tangible fixed assets lose value over time as a result of wear and tear caused by their use (physical wear and tear) and technical progress (moral wear and tear). The accounting recognition of the loss of value suffered by tangible fixed assets (excluding land) and their inclusion in costs is called depreciation. Land is considered to have an unlimited useful life and is the only item of property, plant and equipment not subject to depreciation.

C) Financial fixed assets (financial or portfolio investments) comprise financial assets invested by the enterprise in the assets of other companies, such as participating interests, receivables attached to participating interests, loans, etc.

- Equity securities are securities in the form of shares, stocks and shares equivalents invested in the assets of other enterprises. Owning these securities enables control to be exercised over the management of the unit which issued them, and dividends can be obtained if it makes a profit.
- Other long-term securities include securities other than those mentioned which the enterprise holds and has no intention or possibility of reselling.
- Receivables from participating interests represent the rights conferred by the operation of granting long-term or medium-term loans to companies in which the enterprise has a participating relationship. Other non-current assets are guarantees and deposits lodged by the enterprise with third parties to ensure the proper performance of obligations.

Current assets comprise all economic assets in the form of stocks and work in progress, receivables, marketable securities and cash in hand. These assets continually change their material form and utility over the business cycle:

A) Inventories and work in progress.

Stocks are all goods held for sale in the same condition or after processing in the production process, or for consumption when first used. They take the form of raw materials and consumables, work in progress, semi-finished goods, finished goods, packaging, etc.

- Raw materials are intended to be used in the production process, participate directly in the generation of products, and are found in the finished product in whole or in part, either in their original state or transformed.
- Consumable materials (auxiliary materials, fuels, packaging, spare parts, seeds, planting material, feedingstuffs) are intended for use in the production process and participate in or assist the manufacturing or operating process without, as a rule, being present in the finished product.
- Stocks held by third parties are various goods which are the property of the enterprise but which are physically in the custody of, processed by or consigned to third parties.
- Inventory items, i.e. goods with a value less than the limit laid down by law for being considered fixed assets, regardless of their period of use or with a period of use of less than one year, regardless of their value, and goods assimilated to them (protective equipment, work equipment, special clothing, instruments, testers, etc.).
- Temporary barracks and installations (huts, bridges) from which materials are recovered by dismantling and demolition.

- Work in progress is production which has not completed all the processing stages laid down in the technological process, products which have not yet undergone technical testing and acceptance or which have not been fully completed.
- Semi-finished products are products for which the technological process has been completed in one manufacturing stage and which are to be passed on to other manufacturing stages or delivered to third parties as such.
- Finished products are products that have completed all the stages of manufacture foreseen in the technological process and are stored for sale to third parties.
- Residual products are products resulting from the manufacturing process, such as rejects, recoverable materials, waste.
- Animals include animals and birds reared and used for breeding, animals and birds for fattening to be used for value, bee colonies and animals for the production of wool, eggs, meat, milk and fur.
- Goods are those goods which have been purchased by the enterprise with a view to resale.

B) Receivables or amounts in course of settlement refer to sums of money, works or services, goods advanced temporarily to other natural or legal persons and for which an equivalent in the form of a sum of money or a service is expected to be received. These may be stocks sold to customers, cash advances to employees travelling on business. People who owe money to the business are called debtors. The most significant trade receivables are made up of amounts due from customers and bills receivable.

- Debtors related to trade receivables relating to the sale on credit of goods, works or services proper to the operating cycle of the enterprise are called customers.
- Bills of exchange receivable are negotiable instruments in the form of bills of exchange, promissory notes, etc., which attest to the existence of a receivable in trade relations which will be collected in the short term, usually up to 90 days.
- Intra-group claims arise in settlement relationships between the parent company and its subsidiaries. Receivables on subscribed and unpaid capital are receivables that the enterprise has from its shareholders relating to subscriptions of share capital made and not paid.
- Other claims arise in the enterprise's relations with staff, the state budget, social insurance, social protection, sundry debtors, etc.

C) Marketable securities and cash and cash equivalents comprise all economic securities that take the form of money or fulfil this function.
They refer to investment securities, cash and other financial or treasury assets.
- Investment securities refer to short-term stocks and bonds, and unlike equity securities, which are held for more than one year, the turnover period of investment securities is generally less than one year.

- Cash in lei and foreign currency refers to cash in hand, deposits held in bank accounts or other assets that can be immediately converted into currency. Also included in the cash holdings category are cheque books with or without limit of amount, letters of credit and cash advances. Cheque books with a limit on the amount include money recorded in documents of value

Expenditure in advance are amounts paid during the current year but relating to services which will not be received until the following year, when they will be recognised as expenditure (subscriptions or rent paid in advance).

LIABILITIES reflect the sources of financing of economic goods, i.e. assets. From a legal point of view, liabilities comprise equity capital and debts; from an economic point of view, they are classified into capital and debts (financial and operating), and from a financial point of view, amounts are grouped according to their due date (payment period) into permanent, long-term capital and short-term debts.

Sources of financing are classified according to the way they are raised (own financing, foreign financing) and their maturity. Own financing of the asset refers to the direct contribution of the asset holder by way of capital contribution, whether it is individual capital (in the case of small traders or sole proprietorships), share capital (in the case of corporations) or self-financing (capitalisation of profits). Foreign financing of assets is provided by bank loans, bond purchases, trade credits). As such, liabilities are divided into equity, reserves and debt. To this is added provisions for risks and charges, prepaid income.

I) Own capital, also called own funds, and reserves are classified into individual or share capital, capital premiums, revaluation differences or gains, reserves, retained earnings, profit or loss for the year, regulated provisions and earmarked own funds.

- Individual or share capital is formed when the enterprise is set up, by the personal contribution of the owner (in the case of sole proprietorships) or by the contribution in cash and/or in kind of the partners/shareholders (in the case of companies). Share capital is divided into subscribed capital not paid up and paid up capital.
- Capital premiums refer to the additional capital created by share premiums, mergers and contributions in kind, which are determined by capital increases through new contributions or mergers. In the case of new contributions, share premium and contribution in kind premiums are created as the difference between the issue price of the new shares (higher) and the nominal value of the shares (lower).
- Merger premiums are the difference between the book value of the shares and the nominal value.

- Revaluation differences or gains arise from those gains created by the revaluation of tangible and financial fixed assets. On revaluation, the value of these assets will increase compared to the previous book value, the increase being considered certain and sustainable. Reserves represent the part of the profit capitalised by the enterprise. They are divided into legal reserves, statutory reserves and other reserves. Retained earnings refer to the positive results (profits) carried forward from previous years, the distribution of which has been deferred by the general meeting of shareholders, as well as the net profit for the financial year just ended. Negative results (losses) are shown with a minus sign, reducing equity. Regulated provisions are funds created temporarily, at expense, to cover risks related to interest rate, exchange rate, price, etc. fluctuations).

II) Debts relate to bank loans, loans from bond issues, trade debts to suppliers, tax debts, wage debts, social debts, debts to shareholders from capital operations, dividends, etc. In general, the natural or legal persons to whom the enterprise owes money are called creditors.

- Bank loans refer to both long-term and medium-term financing and short-term treasury loans granted by banks. They bear interest and are secured against the assets of the enterprise.
- Loans from bond issues represent long-term funds raised through the sale of negotiable debt securities. The company issuing these securities is obliged to pay the instalments due plus interest in the form of coupons attached to the debt securities.
- Trade payables to suppliers arise in relation to various assets from which the enterprise obtains its supplies of raw materials, materials, works and services.
- Tax, wage and social security liabilities include obligations to pay taxes, wages and similar entitlements due to employees, social security contributions, unemployment insurance and health insurance contributions.
- Liabilities to shareholders from capital operations, dividends, etc. are liabilities to shareholders for capital to be repaid, dividends to be paid, and liabilities within the group.
- Other types of liabilities, such as liabilities to customers who have paid in advance for goods or services to be delivered or rendered by the firm (so-called customer-creditors).

III) Provisions for liabilities and charges are liabilities of the enterprise with uncertain due date or value, and which are generally established at the year-end. The main difference between provisions for liabilities and charges and other types of enterprise liabilities is the uncertainty affecting the former in terms of size or maturity.

IV) Deferred income is that amount which ensures that only its own income is allocated to each financial year. They refer to investment grants and deferred income.

- Investment grants or capital subsidies are obtained from the budget or other non-repayable sources and are intended for the acquisition or creation of fixed assets (grants for the purchase of equipment) or the financing of long-term activities (e.g. development grants for enterprises creating new jobs).
- Deferred income is income received during the year in respect of services to be rendered in the following year when they will be recognised as income, such as rents or subscriptions received in advance.

The PROFIT AND LOSS ACCOUNT forms part of the year-end financial statements and is a summary accounting document that measures the performance of a company's activities during a given period.

The profit and loss account comprises: turnover, income and expenditure for the year, grouped according to their nature, and the result for the year (profit or loss).

Net turnover comprises the amounts derived from the sale of goods and the rendering of services falling within the ordinary activities of legal persons, after deduction of trade discounts, value added tax and other related taxes and duties (not included in turnover).

Turnover is calculated by adding together income from the supply of goods, the execution of works and the provision of services and other operating income, less rebates, discounts and other discounts granted to customers.
Revenue comprises sums or amounts received or receivable on own account from current activities as well as earnings from any other source.

The unit's expenditure represents the amounts paid or payable for consumption of raw materials, materials, energy, water, inventories, goods, packaging, work carried out and services rendered for the benefit of the unit, expenditure on staff, performance of legal or contractual obligations, etc.

The expenditure for the year also includes depreciation and provisions.

In the profit and loss account, income, expenditure and results are grouped into two main groups: operating, financial and extraordinary.

Operating income comprises:

- proceeds from the sale of products, goods, work carried out and services rendered;

- income from changes in inventories, representing the increase (increase) or decrease (decrease) between the value at actual production cost of stocks of products and work in progress at the end of the period and the value of the initial stocks of products and work in progress, not taking account of provisions for depreciation;
- income from the production of fixed assets, representing the cost of work and expenditure carried out by the unit for itself, which is recorded as tangible and intangible fixed assets;
- income from operating subsidies, representing subsidies to cover price differences and to cover losses and other subsidies (research funding and other funding) received by the enterprise;
- income from the reversal of provisions relating to operating activities, i.e. amounts representing the reduction or cancellation of provisions for operating risks and charges, for the depreciation of fixed assets, for the depreciation of stocks and work in progress, for the depreciation of accounts receivable - customers;
- other current operating income, which comprises income from recovered receivables and other operating income.

Operating expenses comprise:

- expenditure on raw materials and consumables; purchase cost of consumable inventory items; purchase cost of non-stock materials charged directly to expenses; counter value of energy and water consumed;
- expenditure on work and services performed by third parties, royalties, management fees and rents; insurance premiums; studies and research; expenditure on other services performed by third parties (collaborators); commissions and fees; protocol, advertising and publicity costs; transport of goods and staff; travel, secondment and transfers; postal and telecommunications charges, banking services and other;
- personnel costs (salaries, insurance and social security and other personnel costs borne by the legal entity);
- operating expenses relating to depreciation and provisions, represents - the amount of provisions made for risks and charges;
- depreciation of tangible and intangible fixed assets;
- the amount of provisions for depreciation of tangible and intangible assets;
- value of provisions for impairment of inventories and work in progress;
- Operating result (profit or loss) equals the difference between operating income and operating expenses.

Financial income comprises:

- income from financial fixed assets (dividends on fixed assets; value of fixed assets received as a result of reinvestment of dividends);
- short-term financial investment income (dividends);
- income from fixed assets (interest on fixed assets);
- income from financial investments disposed of (sale price of financial fixed assets disposed of; gain on sale of short-term financial investments at a disposal price higher than book value);
- foreign exchange gains;
- interest income;
- income from discounts earned;
- financial income from provisions, which includes amounts representing write-offs or write-downs of provisions for impairment of financial fixed assets, for impairment of marketable securities, for impairment of receivables - settlements within the group and with associates;
- other financial income.

Financial expenses comprise:

- losses on receivables related to participating interests, representing the amount of losses on non-current receivables;
- expenses on financial investments disposed of, representing the value of financial fixed assets disposed of or derecognised, as well as unfavourable differences between the carrying amount of short-term financial investments and the disposal price;
- unfavourable exchange differences;
- interest relating to the current financial year;
- discounts granted to customers, debtors or banks;
- losses on receivables of a financial nature;
- financial charges relating to depreciation and provisions, made up of: - the value of premiums for repayment of amortised bonds;
- value of provisions for impairment of financial fixed assets;
- the amount of provisions for impairment of receivables on settlement accounts within the group or with associates;
- the amount of provisions for impairment of short-term financial investments;
- other financial expenses;

The financial result represents the difference between financial income and financial expenses. The current result comprises the operating result and the financial result.

Extraordinary income comprises income arising from compensation received for expenses or losses due to disasters or other extraordinary events, such as: subsidies received or receivable as compensation for losses incurred as a result of extraordinary events; claims by policyholders following disasters.

Extraordinary expenses include expenses relating to calamities and other extraordinary events: value of calamity losses, expropriation of assets.

Structural analysis of gross result for the year by purpose of operating expenses The information required for the structural analysis of gross result for the year by purpose of expenses is grouped as follows:

1. Turnover
2. Cost of goods sold or services rendered
3. Gross margin over cost of sales (1-2)
4. Other operating income
5. Distribution costs
6. General administrative expenses
7. Operating result (3+4-5-6)
8. Financial income
9. Financial expenses
10. Financial result (8-9)
11. Extraordinary income
12. Extraordinary expenditure
13. Extraordinary result (11-12)
14. Gross result for the year (7+10+13).

CHAPTER 11. SUSTAINABLE DEVELOPMENT, RESOURCE EFFICIENCY AND EQUAL OPPORTUNITIES

11.1 SUSTAINABLE DEVELOPMENT

Concept, purpose, principles

Sustainable development is a very complex concept, which has its origins in concern for the environment and has been enriched over time with an economic and social dimension. Although sustainable development was originally intended as a solution to the environmental crisis caused by the intense industrial exploitation of resources and the continuing degradation of the environment, and seeks primarily to preserve the quality of the environment, the concept has now been extended to cover the quality of life in all its complexity, both economic and social.

The concept of sustainable development refers to all forms and methods of socio-economic development, not only in the short or medium term, but also in the long term, the basis of which is primarily to ensure a balance between these socio-economic systems and elements of natural capital.

The best known definition of sustainable development is certainly that given by the World Commission on Environment and Development (WCED) led by Gro Harlem Brundtland, Prime Minister of Norway, in 1987 in the report "Our Common Future", also known as the Brundtland Report: "sustainable development is development that seeks to meet the needs of the present without compromising the ability of future generations to meet their own needs".

The concept was originally linked to environmental problems and the natural resource crisis, particularly energy-related ones of 30 years ago.

PRINCIPLES

Sustainable development takes place against the backdrop of a number of major principles:

- concern for equity and fairness between countries and between generations;
- a long-term vision of the development process;
- systems thinking, the interconnection between economy, society and environment.

To this end, four key objectives are identified:

- Environmental protection through measures to decouple economic growth from negative environmental impacts;
- Equity and social cohesion through respect for fundamental rights, cultural diversity, equal opportunities and combating discrimination of any kind;
- Economic prosperity by promoting knowledge, innovation, competitiveness to ensure high living standards and abundant and well-paid jobs;
- Fulfilling the EU's international responsibilities by promoting democratic institutions for peace, security and freedom and sustainable development principles and practices worldwide.

Presentation of the main national and European rules on respect and protection of the environment, natural resources and biodiversity.
Adopted in 2001 and amended in 2005, finalised in 2006, the EU Sustainable Development Strategy has the following objectives:

- limit climate change and its costs and negative effects on society and the environment;

- to ensure that our transport system meets the economic, social and environmental needs of our society while minimising its undesirable impacts on the economy, society and the environment;
- promote sustainable production and consumption patterns;
- improving management and avoiding overexploitation of natural resources, recognising the value of ecosystem services;
- promoting good and equitable public health and improving protection against health threats;
- creating a socially inclusive society by taking into account solidarity between and within generations, ensuring security and increasing the quality of life of citizens as a precondition for maintaining individual well-being;
- promoting sustainable development on a large scale; ensuring that the EU's internal and external policies are in line with sustainable development and its international commitments.

EUROPE 2020 STRATEGY

The Europe 2020 strategy was adopted at the European Council on 17 June 2010 against the background of a deep economic crisis and intensifying long-term challenges such as globalisation, pressure on resource use and an ageing population.
The Europe 2020 strategy proposes a new economic vision to help the EU emerge from the crisis and build a smart, sustainable and inclusive economy with high levels of employment, productivity and social cohesion.

ROMANIA'S NATIONAL STRATEGY FOR SUSTAINABLE DEVELOPMENT HORIZONS 2013-2020-2030

The Romanian Government, meeting on 12 November 2008, debated and approved the National Strategy for Sustainable Development for the years 2013-2020-2030.

The document follows the methodological requirements of the European Commission and is a joint project of the Romanian Government, through the Ministry of Environment and Sustainable Development, and the United Nations Development Programme, through the National Centre for Sustainable Development.

The strategy sets concrete objectives for the transition, within a reasonable and realistic timeframe, to a new development model, specific to the European Union and widely shared worldwide - that of sustainable development, aimed at the continuous improvement of people's lives and relationships in harmony with the natural environment.

Measures taken to prevent harmful effects on the environment and for the protection and safety at work.

A. MEASURES TO COMBAT ENVIRONMENTAL POLLUTION

Combating air pollution

The most sensible air pollution control strategies involve methods that reduce, collect, capture or retain pollutants before they enter the atmosphere. From an environmental point of view, reducing pollutant emissions through increased energy efficiency and conservation measures such as burning less fuel is the preferred strategy. Influencing people to use public transport instead of personal cars also helps improve urban air quality.

Tackling water pollution

The volume of industrial wastewater is generally 70% higher than that of urban wastewater, and its load and harmfulness is much higher.

The first group of procedures is characterised by a "preventive management approach" and includes all methods aimed at limiting the discharge of waste into water. The second group of processes includes the various methods of wastewater treatment. Wastewater must be subjected to treatment to remove pollutants from it up to a certain limit.

Combating soil pollution

- Ensure rational irrigation of areas with moisture deficit so as not to lead to waterlogging or saturation.
- Application of agro-technical measures in accordance with the relief of the land, so that these works prevent the development of accelerated erosion.
- The use of fertilisers in relation to plant needs and soil profile characteristics.
- The use of highly productive plant varieties that can compensate for additional agro-technical measures.
- The use of pesticides to destroy weeds and insects with a certain quantitative caution in order not to exceed certain thresholds.

B. WASTE MANAGEMENT - PART OF THE ORGANISATION'S MANAGEMENT

Partnership between the population, business organizations and authorities must be supported in the common interest of maintaining the quality of environmental factors within the limits imposed by regulations, protecting the environment and people's health, improving the economic status of the local community.

In this respect, organisations have a crucial role to play in developing products and production technologies that minimise the amount of waste generated. The product must be designed in such a way that its environmental impact is minimised throughout its life cycle.

Waste is defined as technological waste, products and materials with outdated guarantee periods, physically used products that are no longer of use, and household waste.

Waste can be classified according to several criteria. In general, the following categories of waste are mentioned.

1. Household waste, from the household sector or similar sectors, small and large industry, public or administrative sector, trade, etc.
2. Street waste, specific to public roads, from the daily activities of the population, from green spaces, from the deposition of solid substances in the atmosphere.
3. Bulky waste from the demolition or construction of industrial or civil buildings or other sources which, because of their size, cannot be collected by normal pre-collection or collection systems, but require separate treatment.
4. Industrial wastes, which come from technological processes and are of different types, depending on the specific nature of the industrial unit. The largest quantities of industrial waste come from mining activities.
5. Agricultural waste from agricultural and livestock units in the form of manure, animal waste, animal waste from slaughterhouses and the meat industry, vegetable waste from sugar and oil factories, etc.
6. Hazardous wastes such as toxic, flammable, explosive, radioactive, infectious, hospital or other wastes which directly or indirectly present a danger to the living world.
7. Non-hazardous wastes are those which do not decompose into hazardous elements affecting human life, but accumulate in huge quantities affecting the environment in one way or another.
8. In the field of waste management there are two types of management: strategic waste management and operational waste management.

Strategic waste management is based on 3 important principles:
1. Prevention of waste generation
2. Recycling and reuse
3. Improving final disposal and monitoring

Operational waste management comprises all operations of:
- COLLECTION (non-selective or selective)
- SORTING (dimensional, densimetric, magnetic, optical, manual)
- TRANSPORT (authorised transport, with specialised machines, in a closed system)
- PROCESSING OR TREATMENT (shredding, compacting, baling, composting)

- RECYCLING
- DISPOSAL (incineration, co-incineration, controlled storage)

Respect and protection of the environment, through the judicious use of natural resources and environmental protection, conservation and protection of biodiversity in the activities they will carry out in their daily life and in the businesses.

Responsible and efficient management of resources
All the elements that people use in their activities to satisfy their needs are resources, on the basis of which they ensure their consumption. Unlike needs which are unlimited, resources are limited. Whether natural or processed resources, raw materials, energy or human resources, resources are finite. The fact that they are limited raises the question of how to use them rationally so that economic activity is efficient.

Natural resources are all the natural elements of the environment that can be used for human activity:
- non-renewable (exhaustible) resources - minerals and fossil fuels (coal, gas, oil);
- renewable resources - water, air, soil, flora, wildlife;
- permanent resources - solar, wind, geothermal and wave energy.

Recovery and recycling is one of the most efficient and cost-effective ways to save non-renewable resources, as it saves energy and raw materials10.

There are **five golden rules** for maximising economic growth while reducing pressure on resource supplies:

- Economise: take advantage of resource-saving opportunities whenever possible
- Recycling: increasing the level of material recycling and reuse of product components (e.g. mobile phones).
- Substitution: replacing primary resources with alternatives that offer greater efficiency and have less environmental impact over their life cycle (e.g. by not using mercury).
- Reduction: changing the way people's needs are met, through new business models or goods and services that require less resource input. Examples: reducing the weight of vehicles or downloading music and entertainment from the internet legally instead of buying a physical item such as a DVD.
- Valuation: finding ways for decision-makers to properly consider the fair value of natural resources when making decisions, thus facilitating better management of natural resource supplies.

Learning to value ecosystem services and natural resources and to price them correctly will reduce pressure on the environment.

2. Identify the environmental factors potentially affected by the activity
Environmental aspects are those elements of an organisation's activities, products or services that can interact with the environment (cf. ISO 14001). Environmental aspects specific to the organisation's activity will be identified and prioritised by environmental factors:

- water discharges
- air emissions
- noise
- leakage into soil and groundwater
- waste
- utility consumption
- management of hazardous substances and preparations

3. Management of environmental risk situations

Environmental protection issues have profound implications for all organisations, regardless of their size. A positive attitude towards environmental protection is an essential factor in the long-term development of every organisation.

Environmentally oriented management takes on the ongoing task of identifying the pollution potential of its own activities, taking appropriate measures to limit the level of impact generated, and the possibility of developing a pro-environmental organisational culture.

11.2 EFFICIENT USE OF RESOURCES

The growth of the global economy is putting far too much pressure on the Earth's resources. The situation will worsen as the world's population approaches 9 billion. Increased competition for scarce resources will lead to higher prices and instability, global trends that will have a huge impact on the European economy.

This is why the EU is working towards efficient and sustainable use of resources. Raw materials such as water, minerals and wood need to be managed more efficiently throughout their life cycle, from extraction to disposal.

Reducing dependence on scarce resources will help Europe become less vulnerable to supply disruptions and market price volatility. Clean technologies and renewable energy, green industries and recycling can also contribute. The situation will improve for everyone. If we continue to use resources at the current rate, we will need two planets by 2050.

Three quarters of our environmental impact is generated by the food and drink sector, buildings and transport. That's why we need a new way of producing and consuming food, better infrastructure and cleaner transport systems. Redesigning products will benefit us and the environment.

To make the transition, we need to put the right price signals in place. Europe needs clear policies to enable these transformations.

In the EU's vision, we need an economy that grows while respecting planetary limits and resource constraints. For resources to be used more efficiently, millions of businesses and consumers will need to transform their production and consumption practices. All stakeholders will need to ensure that policy, financing, investment, research and innovation are all geared in the same direction.

Europe 2020, the EU's growth strategy, aims to transform the European Union into a smart, sustainable and inclusive economy. One of the core elements of this initiative is the Roadmap to an energy-efficient Europe. It points the way to a more sustainable economy, with policy initiatives aimed at stimulating innovation for short- and long-term economic and environmental benefits.

The growth of the world economy and the increase in the global population (9 billion by 2050) is resulting in rapid consumption of the Earth's natural resources. Resources such as water, soil, clean air and ecosystem services are vital for health and quality of life, but they are only available in limited quantities. Increased competition for certain resources will lead to shortages and higher prices, which will affect Europe's economy.

Resources need to be managed more efficiently throughout their life cycle, from extraction, transport, processing and consumption to waste disposal. This is why the Commission insists on "resource efficiency".

Resource efficiency means producing more value with fewer resources and changing our consumption habits. This will limit the risk of shortages and keep environmental impacts within the planet's natural limits. It is a general principle that applies to all natural resources, from food, wood and biodiversity to energy, metals, soil, water, minerals, atmosphere and land. Increasing resource efficiency in Europe is a means by which economic, social and environmental policy objectives can be achieved more easily, more safely and at lower cost.

HOW COULD THIS BE ACHIEVED?

In recent decades, changing patterns of resource use have shown that it is entirely possible to make progress in resource efficiency. Over the last 20 years, recycling has become standard practice for both companies and households in the EU, with major implications for industries such as paper, glass and resource extraction.

EU legislation has also made it necessary to reduce carbon emissions: since 1990, greenhouse gas emissions in the EU have fallen by more than 10%, while European economies have grown by around 40% over the same period. There are five golden rules for maximising economic growth while reducing pressure on resource supplies:

- Save: we need to take advantage of opportunities to save resources wherever possible - some EU economies are 16 times more efficient than others;.
- Recycling: we need to increase recycling of materials and reuse of product components (mobile phones are a recent example).
- Substitution: we need to replace key resources with alternatives that are more efficient and have less environmental impact over their life cycle (e.g. by not using mercury).
- Reduction: we need to change the way we meet people's needs, through new business models or goods and services that require less resource input. Examples: reducing the weight of vehicles or downloading music and entertainment from the internet legally instead of buying a physical item like a DVD.
- Valuation: policy-makers need to find ways to properly consider the fair value of natural resources when making decisions, thus facilitating better management of natural resource supplies. Learning to value ecosystem services and natural resources and to price them correctly will reduce pressure on the environment.

For more information:

- Resource-efficient Europe - a flagship initiative under the Europe 2020 strategy: http://ec.europa.eu/resource-efficient-europe/
- Roadmap to a Resource Efficient Europe: http://ec.europa.eu/environment/resource_efficiency/
- Biodiversity strategy: http://ec.europa.eu/environment/nature/index_en.htm
- Roadmap for moving to a low carbon economy by 2050: http://ec.europa.eu/clima/policies/roadmap/index_en.htm
- Raw Materials Initiative: http://ec.europa.eu/enterprise/policies/raw-materials/index_ro.htm Energy initiatives, including 2050 roadmap: http://ec.europa.eu/energy/index_en.htm

11.3. EQUAL OPPORTUNITIES

Concept, purpose, principles

Equality between women and men is a fundamental right, a shared EU value, and a necessary condition for achieving the EU's objectives of economic growth, employment and social cohesion. Although inequalities still exist, today the EU has made significant progress over the last decades in achieving gender equality. This is - mainly - due to equal treatment legislation, gender mainstreaming and specific measures for the advancement of women; these cover access to employment, equal pay, maternity protection, parental, social and occupational leave, social security, burden of proof in cases of discrimination and self-employment.

Equal opportunities are based on ensuring the full participation of every person in economic and social life, regardless of ethnic origin, gender, religion, age, disability or sexual orientation. Discrimination is any distinction, exclusion, restriction or preference on the basis of criteria laid down in the legislation in force.

Romanian legislation, mainly the Romanian Constitution, but also special laws, provide for the following criteria:

- race
- nationality
- ethnicity
- language
- religion
- social category
- beliefs
- gender
- sexual orientation
- age
- disability
- chronic non-contagious disease
- HIV infection
- membership of a disadvantaged group
- any other criterion which has the purpose or effect of restricting or nullifying the recognition, use or exercise, on an equal footing, of rights recognised by law in the political, economic, social, cultural or any other field of public life.

Article 14 of the European Convention on Human Rights prohibits discrimination based on:

- sex

- race
- colour
- language
- religion
- political or any other opinions
- national or social origin
- membership of a national minority
- wealth
- birth
- any other situation.

Equality of opportunity is based on ensuring the full participation of every person in economic and social life, irrespective of the above criteria. The European Union promotes fundamental rights, non-discrimination and equal opportunities for all. The European Parliament and the Council of the European Union have declared 2007 the European Year of Equal Opportunities for All, with a view to ensuring the full participation of everyone in economic and social life, irrespective of ethnic origin, gender, religion, age, disability or sexual orientation.

Equal opportunities are based on the standards laid down in the following directives adopted by the European Union:

- Directive 75/117/EC on the application of the principle of equal pay for men and women;
- Directive 76/207/EC on the application of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions;
- Directive 92/85/EC on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding;
- Directive 97/80/EC on the burden of proof in cases of discrimination based on sex;
- Directive 79/7/EC on the progressive implementation of the principle of equal treatment for men and women in matters of social security;
- Directive 86/613/EC on the application of the principle of equal treatment between men and women engaged in an activity, including agriculture, in a self-employed capacity, and on the protection of self-employed women during pregnancy and motherhood;
- Directive 96/34/EC on parental leave;
- Directive 78/2000/EC on equality in employment and other aspects of daily life;

- Directive 43/2000/EC on equal treatment between persons irrespective of racial or ethnic origin.

According to Council Regulation 1083/2006 of the Council of the European Union, equal opportunities is one of the principles of intervention of the Structural Funds. Four objectives have been set for the European Year of Equal Opportunities for All, which are pursued through the actions and programmes that will be carried out within this framework, namely: rights (raising awareness of the right to equality and non-discrimination and of the problem of multiple discrimination), representativeness (stimulating debate on ways to increase the participation in society of groups that are victims of discrimination and the balanced participation of women and men), recognition (facilitating and celebrating diversity and equality) and respect (promoting a more cohesive society).

Definitions

Equal opportunities - the concept that all human beings are free to develop their personal capacities and make choices without the limitations imposed by strict roles; that the different behaviours, aspirations and needs of women and men are equally considered, valued and promoted means that women and men enjoy equal freedom to achieve their aspirations.

Gender relevance - the questioning of the relevance of a policy or action with regard to gender relations, equality between women and men.

Gender mainstreaming - the key element used in the definition of gender mainstreaming is the focus on policy-making processes. Mainstreaming refers to (re)organising the usual procedures and regulations, (re)organising responsibilities and capacities in order to integrate a gender perspective in all these procedures, regulations, responsibilities, capacities, etc. It also refers to the use of gender expertise in policy development and planning, the use of gender impact analysis in this process, the inclusion of consultations and participation of relevant groups and organisations. Only when all these (pre)conditions are met can it be said that the mainstreaming process is underway.

Disability - the general term for significant losses or deviations of body functions or structures, difficulties of the individual in performing activities and problems encountered through involvement in life situations, according to the International Classification of Functioning Disability and Health;

Discrimination - to differentiate or treat differently two persons or two situations when there is no relevant distinction between them or to treat in an identical manner situations that are in fact different. EU anti-discrimination directives prohibit both direct and indirect discrimination and give the same definition of discrimination.

Mainstreaming approach

The mainstreaming approach usually involves a reorganisation of policy-making and planning processes (programmes, projects), because existing procedures often do not take gender differences into account or contain gender bias. In general, policy experts in policy-making institutions/bodies claim that the outcome of their work does not advantage/disadvantage either gender (they are gender neutral) but, contrary to this assumption, it has often been proven that gender differences are not recognised as such and that decisions are made taking into account prejudices that favour the perpetuation of already existing gender inequalities. Mainstreaming as a strategy aims to actively counteract this and use the role of decision-makers in policy-making precisely to promote equitable gender relations.

Gender equality

In society, women and men do not have the same roles, resources, needs and interests. They do not participate equally in decision-making. The values attributed to "women's work" and "men's work" are not the same; these differences vary from society to society, from culture to culture and are called "gender differences".

Gender refers to social differences between women and men that are learned and change over time. These differences vary widely within and between cultures. Gender is a conceptual tool with which the roles, responsibilities, constraints, opportunities and needs of men and women in any context are analysed. Gender roles and needs are influenced by class, age, race and ethnicity, culture and religion, and geographical, economic and political environments. In any social context, gender roles can be flexible or rigid, similar or different, complementary or conflicting. In addition to differences between women and men, there may also be differences within the same category in terms of socio-economic level, decision-making power and age.

The term 'gender' does not replace 'sex', which refers only to biological differences (e.g. statistical data are sex-disaggregated).

People with disabilities

In order to ensure compliance with the principle of equal treatment in relation to persons with disabilities, Article 5 of the Council Directive on employment relations 2000/78/EC provides that, in the particular cases where it is required, employers must take the necessary measures to enable a person with a disability to have access to, participate in, or advance in employment, or to undergo training, unless such measures would involve a disproportionate effort on the part of the employer. This effort will not be disproportionate when it is sufficiently covered by existing measures under the disability policies of the State concerned.

This implies that, whenever necessary, appropriate accommodation must be made for people with disabilities precisely in order to ensure equal treatment unless it can be demonstrated that such accommodation would cause undue hardship to the other party. An example of this might be the adaptation of working hours for people with disabilities.

Equal opportunities in national and Community law

According to the provisions of GEO No 61/2008 on the implementation of the principle of equal treatment between women and men in the access to and supply of goods and services, the principle of equal treatment means that there shall be no direct discrimination based on sex, including less favourable treatment of women on grounds of pregnancy and maternity, and that there shall be no indirect discrimination based on sex.

- For the purposes of Law No 202/2002 on equal opportunities and equal treatment between women and men, republished, equal opportunities between women and men means taking into account the different abilities, needs and aspirations of men and women respectively and treating them equally.

- In Article 6 of Regulation (EC) No 1081/2006 of the European Parliament and of the Council on the European Social Fund and repealing Regulation

- (EC) No 1784/1999 stipulates that Member States shall ensure that operational programmes include a description of how equality between men and women and equal opportunities are promoted in the design, implementation, monitoring and evaluation of operational programmes. Member States shall encourage a balanced participation of women and men in the management and implementation of operational programmes at local, regional and national level, as appropriate.

- Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the

Cohesion Fund and repealing Regulation (EC) No 1260/1999, in Article 16 on equality between men and women and non-discrimination, provides that the Member States and the Commission shall ensure the promotion of equality between men and women and the mainstreaming of equal opportunities in this area at each of the different stages of implementation of the Funds. The Member States and the Commission shall take appropriate action to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation at each of the different stages of implementation of the Funds and in particular as regards access to the Funds. In particular, accessibility for people with disabilities is one of the criteria to be respected when defining operations co-financed by the Funds and to be taken into account at each of the different stages of implementation of the Funds.

- Art. 21 para. (1) of the EU Charter of Fundamental Rights states that any discrimination based on any ground such as sex, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation is prohibited.

- Article 14 of the European Convention on Human Rights states: "The enjoyment of the rights and freedoms set forth in this Convention shall be secured without discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth or other status".

- Article 1 of Protocol No. 12 to the European Convention on Human Rights states that "the enjoyment of any right provided for by law shall be secured without discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth or other status".

The main strategic documents in the field of equal opportunities and treatment at European level are:

- Framework Strategy - Non-discrimination and equal opportunities for all;
- Gender Equality Strategy 2010-2015;
- European Disability Strategy 2010-2020: A renewed commitment to a barrier-free Europe (COM/2010/0636 final).

To these can be added the Europe 2020 Strategy for smart, sustainable and inclusive growth (EU 2020 Strategy).

The main policy document in the field of equal opportunities at national level is the National Strategy on Gender Equality for 2014-2017. Other strategies relevant to the theme are:

- Strategy for the inclusion of Romanian citizens belonging to the Roma minority for the period 2015-2020;
- National Strategy for Employment 2014-2020; - National Strategy on Social Inclusion and Poverty Reduction 2015-2020;
- Strategy on Reducing Early School Leaving in Romania;
- National strategy "A barrier-free society for people with disabilities", 2016-2020;
- National strategy for the promotion of active ageing and protection of the elderly 2015-2020;
- National Strategy for Tertiary Education 2015 - 2020.

Forms of discrimination

Discrimination is characterised by the combination of two elements, namely different treatment of persons in identical or comparable situations (or, conversely, identical treatment of persons in different situations), on the one hand, and the lack of objective justification for such treatment, on the other.

Examples:
1. Law No 119/2000 on pensions and other social security rights provides that women may retire at a younger age than men.
2. Enrolment of a school-age pupil in state education is refused because the child is infected with HIV.
3. Students of Adventist denomination in a state higher education institution are not approved to take an examination on a day other than Saturday, a day on which, according to Adventist precepts, believers are forbidden to perform any activity.

DEFINITIONS

- Discrimination is the difference in treatment of two or more persons in identical or comparable situations, or conversely the identical treatment of persons in different situations so long as such treatment has no objective justification.
- Discrimination is any distinction, exclusion, restriction or preference on the basis of criteria laid down in the legislation in force. Romanian legislation, mainly the Romanian Constitution, but also special laws, provide for the following criteria: race, nationality, ethnicity, language, religion, social category, beliefs, gender, sexual orientation, age, disability, chronic non-contagious disease, HIV infection, belonging to a disadvantaged category, other

criteria that have the purpose or effect of restricting, eliminating the recognition, use or exercise, on equal terms, of the rights recognised by law, in the political, economic, social and cultural fields or in any other field of public life.

- Discrimination, as the opposite of equity, is defined as the unlawful practice of treating some individuals less favourably than others because they are different in sex, race, religion, etc. It means treating one group less favourably than another for an unjustifiable reason.

FORMS OF DISCRIMINATION

A. DIRECT DISCRIMINATION

Direct discrimination is the exclusion of a person or category of persons from the enjoyment of a particular right because of a characteristic of that person or category of persons.

Examples:

1. Employees of a restaurant or shop refuse to serve a particular person because he or she belongs to an ethnic group.
2. The job advertisement for a particular job is only addressed to male applicants.
3. A hospital refuses to admit a patient or does not provide necessary treatment to a patient because he or she belongs to a minority group.

B. INDIRECT DISCRIMINATION

Indirect discrimination consists of excluding a person or category of persons from the enjoyment of a particular right by using apparently neutral criteria.

Example: The advertisement for the post of cleaning lady is made conditional on the presentation of a baccalaureate diploma.

It can be argued that, under the guise of an apparently objective criterion (baccalaureate diploma), the aim is to exclude certain categories of candidates, such as women of Roma origin or those from rural areas who, according to statistics, are less likely to obtain a baccalaureate diploma. Moreover, the baccalaureate diploma requirement cannot be objectively justified by reference to the job description of a cleaning woman who has to do unskilled work.

C. HARDSHIP

Harassment is the creation of an intimidating, hostile or degrading environment directed against a person or group of persons because of a characteristic of that person or group of persons. Harassment presupposes repetitive behaviour on the part of the discriminator. Example: An employer engages in offensive behaviour towards an employee from a certain part of the country. This behaviour is repetitive, is adopted collectively and takes the form of offensive remarks, jokes or jibes about certain alleged characteristics or defects of the inhabitants of that area.

D. VICTIMIZATION

Victimisation is adverse treatment in response to a person's initiative to assert his or her legal right to be free from discrimination. Example: A prisoner makes a complaint against prison staff claiming that he has been the victim of discrimination. Following a favourable outcome to his complaint, prison staff subject him to even more severe treatment as punishment for his initiative.

E. VIOLATION OF PERSONAL DIGNITY

Any public expression which results in an attack on a person's dignity and which is motivated by that person's membership of a particular category constitutes discrimination. Example: During class, a teacher addresses a student with a physical disability as "handicapped". It can be seen that in all the above examples, discrimination is characterised by the combination of the two elements:
(a) the existence of different treatment in identical or similar situations (or identical treatment in different situations);
b) the absence of objective justification for such treatment. It should also be added that measures which are based on the fact that a person or category of persons belongs to a category, but which aim at their special protection, do not constitute discrimination and cannot (and should not) be sanctioned. It is positive discrimination that is permitted and possible. Example: In admission to secondary or higher education, candidates belonging to a certain social category are given special places or more favourable conditions.

Minimum equal opportunities measures

COMBATING DISCRIMINATION IN THE WORKPLACE

Discrimination, as a form of marginalisation of any kind and in any situation, is unfortunately a phenomenon still present in democratic society, being so commonplace that it is considered normal by many Romanians. It is illegal to discriminate against people on grounds of sex, age, disability, ethnic or racial origin, religion, belief or sexual orientation. Special attention is paid to discrimination against women, sexual minorities and people with disabilities in the workplace. As far as discrimination against women is concerned, in all countries of the world (especially those of the Third World) women are generally involved in less skilled and therefore lower paid jobs.

Research distinguishes between two main forms of discrimination against women in employment:

- pay discrimination, where women receive different pay for doing work of similar quantity and quality - occupational segregation, where women have less access to certain (usually more prestigious and better paid) professions. The main reasons for discrimination against women are:
- Preconceived attitudes of the job provider towards employing women whom they consider to be inferior labour force.
- The preference of the employer, who is usually male, for male workers for reasons of socialisation or male solidarity, wanting to work more with a team of men than with a group of women, or believing that a male leader is more efficient;
- The employer's expectations of the likely productivity of the female candidate, as her performance may be interrupted by marriage, childbirth and childcare. Therefore the employer gives priority to a male applicant or, if they still hire a woman, she is paid less.

Disabled people, one of the most discriminated social categories.

While in most EU countries people with disabilities have certain facilities both in society and in the workplace, in our country this is rarely the case, because people with a certain disability are usually not employed. Article 50 of the Romanian Constitution states: "Persons with disabilities shall enjoy special protection. The State shall ensure the implementation of a national policy of equal opportunities, prevention and treatment of disability, with a view to the effective participation of persons with disabilities in the life of the community, respecting the rights and duties of parents and guardians."

As a contractor you must comply with the provisions of the legislation on equal opportunities and treatment between women and men in the field of employment, equal opportunities and non-discrimination and take into account in the implementation of the project all policies and practices whereby no distinction, exclusion, restriction or preference is made, regardless of: race, nationality, ethnicity, language, religion, social category, beliefs, gender, sexual orientation, age, disability, chronic non-contagious disease, HIV infection, membership of a disadvantaged group, and any other criteria which have the purpose or effect of restricting, etc.

Application of the principles of equal opportunities and gender can be made to:

1. Customers: No matter who wants to buy your products or services, they have equal rights and are entitled to dignity, equal treatment, independent living and full participation in society.
2. Employees: The Labour Code (and not only it) is the document that guides you in the field of human resources hiring.

In terms of human resources you will need to take into account:
Avoiding discrimination in the selection of staff
Developing a culture that values equality
Training people in management positions to promote a culture of equality

Key areas for action in selection processes and which describe some of the best selection practices for achieving gender equality in employment are:

a. Broadening and varying recruitment methods: using a wider network to identify suitable candidates for a job (whether these candidates are women, men, disabled or of other ethnicities, etc.), presenting job offers in a variety of non-traditional sources combining written offers with personal contact.
b. Working with organisations promoting equal opportunities and non-discrimination in the workplace: these organisations can be an additional source of expanding the labour market with qualified staff.
c. Non-discrimination in the assessment of candidates: consider women/disabled/other ethnic candidates etc. applying for a particular position as an opportunity to promote diversity. Avoid stereotypes and prejudices.
d. Assess candidates on the basis of clear and objective criteria: to avoid such biases it is important that the selection process is based on objective and professional criteria.

In accordance with the provisions of Law 202/2002 on equal opportunities and equal treatment for women and men:

- Employers are obliged to ensure equality of opportunity and treatment between female and male employees in employment relationships of any kind, including by introducing provisions to prohibit discrimination based on sex in the organisational and operational regulations and internal rules of the establishments.

- Employers are obliged to inform employees on an ongoing basis, including by displaying notices in visible places, of their rights with regard to respect for equal opportunities and equal treatment of women and men in employment relationships.

It is forbidden to require a female candidate, with a view to employment, to present a pregnancy test and/or to sign an undertaking that she will not become pregnant or give birth during the term of the individual employment contract.

It is prohibited to discriminate through the use by the employer of practices that disadvantage persons of a particular sex in connection with employment relationships, relating to:

a) the advertisement, organisation of competitions or examinations and selection of candidates to fill vacancies in the public or private sector;
b) the conclusion, suspension, modification and/or termination of the legal employment or service relationship;
c) the establishment or modification of the duties in the job description;
d) determination of remuneration;
e) benefits other than those of a salary nature and social security;
f) information and professional advice, induction, qualification, further training, specialisation and retraining programmes;
g) assessment of individual job performance;
h) professional promotion;
i) disciplinary measures;
j) the right to join a trade union and access to the facilities it provides;
k) any other working conditions, in accordance with the legislation in force.

In order to prevent and eliminate any behaviour defined as discrimination based on sex, the employer has the following obligations:

a) to provide in the internal regulations of the establishments for disciplinary sanctions, under the conditions laid down by law, for employees who violate the personal dignity of other employees by creating degrading, intimidating, hostile, humiliating or offensive environments through discriminatory actions;
b) ensure that all employees are informed of the prohibition of harassment and sexual harassment in the workplace, including by displaying in prominent places the provisions of the internal rules of the establishments for the prevention of any act of discrimination based on sex;
c) inform the public authorities responsible for the application and enforcement of legislation on equal opportunities and equal treatment of women and men immediately after the matter has been referred to them.

CHAPTER 12. BUSINESS PLAN

12.1 STAGES OF SETTING UP A BUSINESS. USEFUL TOOLS

The basic sources for ideas on starting a business can be:

- Previous professional experience
- Knowledge
- Discussions with others
- Studying entrepreneurship magazines or business newspapers
- Internet
- Leisure activities
- Coincidences or random events
- Imagination

It is important for the entrepreneur to carry out a self-assessment, taking into account the most important personal skills:

It is necessary for the entrepreneur to self-assess whether or not he/she is an entrepreneur, in other words whether he/she is willing to take risks and overcome difficult situations;

The entrepreneur needs to know his/her character and personality characteristics in relation to the desired attitudes. These can become strengths that help him become confident in his own strengths;

The preparation of the entrepreneur is very important: all situations we encounter allow us to learn something and to accumulate knowledge, experience and skills.

The description of the business idea follows in parallel and assists the self-perception process. It is also logical that the initial, unprocessed business idea as the driving force and the axis of inspiration of the new entrepreneur is also a product of his or her own fantasy, ambitions and personality. As no idea can be evaluated at first sight, nor can it be considered above or better than any other idea in the entrepreneurial field.

Every company must come into being under a legal form, i.e. it must be set up as a legal person.

In order for a company to get off the ground, a number of things need to be planned. This planning must start with a thorough knowledge of how business works in the chosen field.

Preparing and setting up a business requires 4 steps:

1. The first stage concerns diagnosis, in the areas where the firm is to be set up;
2. The second stage involves sizing the resources, both material and human, available to the firm;
3. The third stage is the design of the company and the desired product; this means defining the services offered and other legal aspects;
4. The fourth stage is the registration of the company and the start of business; this is the last administrative step to be taken.

Systematising the ideas not only makes it possible to clarify the actions to be taken and the costs to be incurred, but also makes it possible to organise the tasks and efforts that need to be made to set up a company.

A business plan is an essential element in starting a business of any kind, as a document for summarising objectives, managing resources and defining strategies.

First of all, the legal form under which the company is to be set up must be decided, which meets the needs and is economically appropriate. The following should be considered:

- The needs of the company now and in the future in terms of the number of people who will work, the services offered, etc.;
- Analysis of the needs for development or reorganisation of a company;
- Knowledge of the legislation in force relating to the services offered.

The variables that are involved in defining a legal form of the firm are the following:

- The number of persons who will be involved in setting up the firm: individual or collective form;
- The specific financial system and tax elements; Civil and economic responsibilities;
- Documents and approvals required by the relevant authorities, etc.; Access infrastructure.
- The budget is the instrument used to translate the figures into objectives.
- The budget will contain both quantitative and temporal aspects.
- Budgets are a basic tool for controlling, evaluating and monitoring the achievement of objectives.

Every business, in developing its activity, needs to provide certain inputs that it needs. Equipment, buildings, labour, raw materials, energy, etc. These need a certain capital input. The sources of finance for the capital input can be: own sources or sources attracted through different channels.

Staff salaries are another factor to be taken into account when deciding on the organisation of the firm. In particular, it should be borne in mind that the firm must pay a higher cost than the salary actually received by the employee, and that it is possible for the firm to obtain certain financial advantages if it has a certain type of employee (persons for whose employment support is granted from the state budget by specific laws). The employment of qualified staff or initial vocational training are essential elements.

The tax system has a major influence on the work of companies and should be known.

12.2 BUSINESS PLAN

12.2.1 CONCEPT AND DEFINITIONS

The business plan is closely linked to the business environment and its evolution, and the first business plans therefore appeared long before the modern means of communication of the information society.

A business plan is based on the following elements:

- An entrepreneur (businessman), who consciously takes certain risks and wants to make a certain profit;
- Several activities that consume resources and generate profit (business idea);
- An environment in which these activities take place (the business environment).
- Functions of the business plan:
- The function of planning in time and space the activity or business;
- Lending function - which is manifested if the business is financed from external sources, through banks or investors.

A business plan can serve the purpose of presenting the company or the idea/project/business. It can be done both for existing businesses (for presentation to potential partners or financiers) and for businesses to be launched (startups, for good planning and success).

To be successful, a business plan must take into account the profile of the business, the environment in which the business will be carried out, the objectives of the business and the purpose of the business.

When the business plan is well developed, it will help to make successful presentations to potential business partners, financiers and also to better manage, organise and understand the business.

12.3 EXTERNAL AND INTERNAL USEFULNESS OF THE BUSINESS PLAN. ELEMENTS OF BUSINESS FINANCING, MERGERS, CUSTOMER AND SUPPLIER RELATIONSHIPS

External utility

As the number of opportunities for financing and other external support widens, the business plan becomes a company tool for taking advantage of these opportunities.
Bank Financing - Banks have traditionally not required formal business plans from loan applicants, relying only on past and current financial reports. However, the problems created by the failure of real estate projects and high-risk foreign loans in the late 1980s and early 1990s led bankers to question their way of evaluating potential borrowers. The business plan thus became a favourable element in the intense competition to acquire loan funds. Bankers want to know more than what the amount is and what the money will be used for, it is very interesting to know whether the company will survive in case of failure and whether it will retain its ability to repay loans, what the collateral is in case of insolvency, etc.

Investment Funds

Private investors and mixed capital firms will also not back a company without a written plan. Unlike bankers whose main interest is in repayment of the amount borrowed and the interest involved, investors are interested in very high returns of 25-60% per annum, over periods of 3 to 7 years, as well as wanting to know how they will return their investment in one company or another.

In order to achieve their goals investors look for the following in a business plan:
- Company records, market, key performers;
- Likelihood of achieving forecasts;
- The uniqueness of the product and its technology;
- Quality of management.

The business plan is also required in the case of strategic alliances, mergers, customer and distributor relationships.

Relationship with customers and suppliers

In any company the relationship with customers and suppliers are essential elements. From an operational point of view, the relationship with suppliers must be long-term and mutually beneficial. This can generate numerous competitive advantages for the business, ensuring control of costs and product quality. The main reason why a company does not give up its long-term suppliers is precisely because they know the quality of the products offered. This is all the more important as the number of suppliers of the good or service in question is smaller and the raw material offered is a basic one in the production process. In the case of customers, the traditional ones provide stability to your company: existing customers are probably your company's most valuable asset, even if they do not always bring the highest profit margins. But based on their constant orders, you can optimally organise your production activity.

To be operationally profitable, your relationship with customers and suppliers must also be seen through a financial lens. In other words, the marginal cost of producing a new product (or providing a service) for the customer must be calculated and compared with the price obtained from the customer.

The customers ensure the turnover of the company and thus the profit of the entrepreneur. In terms of profitability and especially cash flow, the relationship needs to be looked at very carefully. Developing the relationship with customers can involve two aspects: firstly, in order to maintain as close a relationship with them as possible, there is a tendency to offer them various price discounts, bonuses, etc. or to meet their special requirements regarding quality, services associated with the product, which increases production costs. Secondly, in order to sell more to them, longer payment terms can be granted, which translates into slower collection of invoices and thus lower cash flows from operations.

In other words, revenue certainty comes with costs attached: shrinking profit margins and potentially negative cash flows.

In the case of new customers and suppliers, profitability margins are usually higher in this customer segment and the relationship is more operationally challenging between partners. Thus, the quantity of goods delivered, payment terms and risk approaches to new business partners are more cautious, and checks on the quality of raw materials and products supplied are frequent and thorough. There is also the possibility of discounting in order to increase profits quickly, but this is a temporary solution that generates short-term revenue.

In view of the above we can say that a profitable relationship with your suppliers and customers requires that you manage both the operational and financial aspects of your relationship with them.

Internal utility of the Plan

The Business Plan is a very important management tool. It empowers management to plan for company growth and anticipate change in a well-structured way. It makes management analyse the business in detail and set its goals in line with the BP. It also sets certain benchmarks against which the company's development over time can be monitored. The most important element of the BP is that it subjects the entire management team to the same goal. The BP is also a useful document for companies with multiple locations and operations.

Top management can monitor the BP not only to make sure that formal planning is taking place, but also to determine whether the finished plans are in line with long-term financial and market goals.

There are four important preparatory steps to developing a business plan:
1. Information gathering
2. Establishing the Plan Outline
3. Determining the Plan Type
4. Division of Responsibilities

12.3.1 TYPES OF BUSINESS PLANS

Summary Plan - is used by executives when they wish to reopen a line of credit to obtain a reduced level of funds. This type of plan can serve as a test plan of the investment environment, and in the case of a favorable situation, a more detailed plan can be composed. The plan given should more than anything show potential funders that we have done our homework and understand the market.

Full Business Plan - consists of 20-40 pages and describes company operations and projects in detail. This type of plan is required if the amount of funding needed is much larger

Operational Business Plan - for companies that are well founded, and it's a plan that can be an important guide for top managers. It also ensures that managers have a good understanding of the company's direction and their role in achieving the company's goal. This type of plan contains about 100 pages. The more detail it contains, the more likely individual managers are to understand their role in achieving the company's goals.

Allocation of responsibilities
A general approach is to have each management area - i.e. marketing, sales, production - carry out the business plan. The senior manager reviews the outlines, discusses with managers and adjusts the material. Another approach is for the top manager to compose a complete draft copy of the plan which is then distributed to the other top managers for review and modification depending on the managers' intentions for each specialization.

12.4 CONTENT/STRUCTURE OF THE BUSINESS PLAN

Depending on the target audience of the business plan (those for whom it is intended), it may contain specific, useful or required elements. At the same time, depending on the circumstances, certain sections may be of greater or lesser importance.

In general a business plan comprises the following chapters:
1. Title
2. Contents and Chapters
3. Summary (Short introduction)
4. Description of the company (business)
5. Company team and management
6. Product(s)/service presentation(s)
7. Market analysis
8. Objectives
9. Company/business strategy and implementation
10. Financial information
11. Annexes and other documents

1. Title
Must reflect what the business plan refers to. Also on the first page of the business plan (possibly the cover page), in addition to the title, there should be contact and identification details of the company, its logo, etc.
These company contact details can also be added in a summarised form in the footer or header of subsequent pages.

2. Table of contents and chapters
A table/index with the chapters of the business plan and the number of pages on which these chapters appear. This section could also be moved to the end of the business plan in some cases.

3. Summary of the business plan (Short introduction)

In many cases, this section (which should summarise and highlight the key points of a business plan) is of particular importance. It is recommended that the summary should be kept as simple and concise as possible.

4. Description of the company (business)

Information on the firm/business (history, if applicable, partners, founders, equipment and machinery, facilities, premises, commercial premises, fleet owned, etc.).

5. Company team and management

A brief presentation of the teams/people/departments in your company, how they are organised and the management team.

6. Product/service presentation (ii)

This chapter of a business plan may include:

- describing and highlighting the qualities (strengths) of your products/services.
- highlighting certain qualities/advantages compared to your competitors' products/services

7. Market analysis

In this chapter of the business plan an overview of the market for your products and services will be made. Consideration will be given to:

- Number of existing and potential customers;
- the size of the market;
- possible market segmentation;
- Existing competition in the market (possibly information on its market share)
- If information is available on a possible market trend and evolution, a brief presentation of this information is beneficial
- Summaries of any market studies available

8. Objectives

A realistic estimate (in some cases optimistic, pessimistic estimates are also given in addition to this) of the firm's/business's short and long-term objectives.

9. Company/business strategy and implementation

The strategy for approaching/introducing products/services to the market (or maintaining/improving market share for existing products/services) can be described. Also at this point, the marketing strategy for the products/services and how it will be implemented can be outlined.

10. Financial information

In some cases this chapter is the most important one in a business plan. For example in the case of trying to obtain funding from various national, European and international bodies/institutions, more attention should be paid to this chapter of the business plan.

Information such as:

- Information from various accounting reports
- Monthly/annual cash-flows
- Estimates of future sales/income/expenditure (especially important for start-ups).

11. Annexes and other documents

The chapter makes reference to other relevant documents, or documents that support certain points in the business plan that will be attached.
The business plan is an iterative process of identifying, gathering, analysing and interpreting information about an organisation's activities in order to define strategies and action plans for a given period.

It involves:

- Gathering information about customers, competitors, production process or activity, personnel, financial-accounting;
- Analysis of information to determine opportunities and threats from inside or outside;
- Using the information in future activity in order to make profit over a long period.

The usefulness of the business plan is both internal (as a means of forecasting or projecting future activity, as a tool for managers) and external (for obtaining financing, for a strategic partnership with another company).

12.4.1 STAGES IN THE PREPARATION OF A BUSINESS PLAN

1. Legal description of the organisation
2. Definition of the object of activity
3. Definition and description of products/services
4. Definition of the portfolio development programme
5. Description of the financial-accounting situation
6. Marketing planning
7. Human resources planning
8. Financial plan projection

SPECIFIC PROCEDURES

The feasibility study provides a first overview of the main aspects of the business to be developed. The feasibility study checks whether the idea is viable and tries to identify problems that could affect the success of the business in the market. The major areas of analysis are :

- Market feasibility: market demand, potential customers, sales estimates
- Technical/organisational feasibility
- Financial feasibility
- SWOT analysis can be used, which looks at the assessment of internal and external factors of the organisation and should be carried out in the following directions:
- Need
- Business objective
- Specific objectives
- Outcomes
- Activities

The need is: specific, real and affects a group (customers). It is provoked by certain causes (the need for relaxation, the need for treatment, the need for movement, the need to get to know other cultures, the need to visit, the need to achieve a professional objective, etc.).

The objective of the business addresses the needs of the customer (customer profile). It involves formulating problems as customer needs that are truly achievable and indicative:

- What is desired (the purpose of the entrepreneurial action);
- Customer and employee benefits

Specific objectives address the steps in achieving the objective and the causes (identified through strategic decisions). The results of specific objectives are quantifiable (they will be measured, so that they can be evaluated).

Activities are actions that will be taken to deliver the products/services. They are logical and chronological.

Planning activities involves:

- The statement of activities (related to a product/service)
- Describing them in sequences (tasks, sub-activities)
- Responsibilities

- Appropriate timing

SWOT analysis

SWOT analysis is a technical term, formed from the English initials of the elements of analysis used in marketing planning: the company's strengths, weaknesses, opportunities and risks. The first two factors are internal influencing factors and the other two are external factors.

In general, there are two ways in which a SWOT analysis can be used: for professional or personal purposes.

An important factor in situational analysis is to establish the qualities of a business as well as its flaws, market opportunities and threats.

This is a very simple process that can provide a comprehensive understanding of the potential and critical issues that can affect a business, the SWOT analysis is basically an internal inventory of the organisation and a projected outline of the external risks a business may be subject to. This centralisation takes into account both positive and negative factors, opportunities and threats in the market.

Strengths describe the positive internal attributes of the organisation as well as the disadvantages it has over the competition. It is important to assess the strengths in terms of the area, marketing plan, available finances, as well as assessing the workforce or organisational structure. This includes the capabilities of the people involved in the business, their knowledge, education, references, reputation or commitment they invest in the business.

Strengths also include equipment, established customers, efficient means of deployment, information and processing systems and other valuable assets in the business. These can add value and provide an advantage over the competition.

Weaknesses, on the other hand, are factors that help keep the business in balance, if they can be controlled and addressed. In order to maintain competitive quality, weaknesses need to be analysed objectively for business development. Weaknesses often stem from lack of experience, limited resources, lack of efficient technology, inferior service offering or poor business location. These are factors that can be kept under control if continuous improvement of both technical and human resources is pursued.

Weaknesses capture the internal negative aspects of the business that detract from the value of the services offered and place the business at a competitive disadvantage. In order to avoid such a situation, services and products must be constantly evaluated and improved against those of strong competitors in the market. The better the weaknesses are identified, the more effective the analysis will be. At the level of opportunities, external attractive factors are assessed, which are the reason for the existence and prosperity of a business, factors that define the market and existing opportunities that the business can benefit from.

These Opportunities show the potential of the business by implementing marketing strategies. Opportunities can be the result of market growth, business development, a positive perception of the business by the market or the ability to offer greater value, which will create increased demand for the services/products offered.
Opportunities are external to the business, and if identified, can become strengths.

Threats are unforeseen, uncontrollable factors that can invalidate the marketing strategy and put the business at risk. However, risk factors can be anticipated if a contingency plan is considered to prevent these unstable situations. An uncontrolled threat can cause a drop in profits, but it can also damage the image of your business in the long run.

Competition, existing or potential, is considered one of the most feared threats. At the same time, massive price increases by suppliers, economic downturns, changes in consumer behaviour can often be phenomena that reduce sales suddenly. In such situations, many entrepreneurs seek to add quality to their products by introducing new high-performance technologies or human resource management.

Although there are fears that stem from panic or scepticism, relevant speculation can add value to a SWOT analysis and marketing plans may be more effective.

Dear young readers,
We hope this handbook has given you as much useful information as possible to start your own business!

We wanted to provide you with useful and well-organised content, as the avalanche of information you can find on the INTERNET or social media can sometimes be confusing.
We also recommend watching the video tutorials posted on https://www.creativepro.ro or https://www.un-lab.it/progetti-europei-employment-2/

WE WISH YOU GOOD LUCK!
With trust in your own power and resources you will succeed!
EMPLOY.M.E.N.T. Team

THANK YOU!

MULȚUMIM!

GRAZIE!

EMPLOY.M.E.N.T. – EMPLOY Myself Enchancing My Natural Talent

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