THE INFLUENCES FINANCIAL MANAGEMENT IN DEVELOPING THE FUTURE FIRM`S BUSINESS

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Abstract:

The role of the financial management is to create a sys tem of managerial reports in order to efficiently develop the business.

In the economy of the future, the intelligent company will put an end to the principle according to which a higher profit incurrs a higher risk, as the efficient management will reduce the risk to a great extent, by influencing the conditional environmental factors.

Entrepreneurs and managers consider the financial management very important as it is strongly connected with the business controllable development and maximizing the profit . Economic analysis and financial diagnosis identify the "areas" in which the firm wins or loses money.

A modern entrepreneur must be acquainted with the news of his area, must be up to date with the specialized knowledge, and must be able to reflect thes e in the decision-making process, considering the modern evolutions. He also has to be very clear and precise in denominating the principles and operational alternatives, he has to corroborate the set objectives and the paths for achievement, he must respe ct the opinions and individuality of the human resources he cooperates with, and to consider the positive elements coming from them.

The managers of the future firms will be relatively young but will have a solid background of operational and business experience and will benefit from a highly logistic support from training in specialized institutions in the country and abroad. Their concern for competence will be highly interleaved with their activities which will lead to remarkable performances.

Key words: management, financial management, future firms, business, performance

JEL Classification: L21, M21, O16 , P34

INTRODUCTION

While eliminating the old organizational structures and remodelling them, one must consider the opinions of the great historian *Nicolae Iorga* in this matter, according to which «*never overturn if you can not replace/never tear down if you can not rebuild /never promise if you can not accomplish*».

The financial managers profession is interconnected with the consultance activity in the financial management, accounting, control, audit, structural organization and efficient use of human resources areas.

The managerial behaviour is closely connected to all the skills and the success personality of the manager, as it represents their pra ctical configuration and it is formed by self -teaching and by acquiring basic principles of the culture in this field.

Given his cultural component and his qualities, the financial manager may be considered a real artist that gives advice and offers valid alternatives in order to overcome the economic and financial obstacles of the future, in the XXI century.

Here are the major directions of a manager's successful behaviour (*Chart no. 1*):

a. The manager's attitude towards the managing authority , namely:

- The safety one must show while managing. This feature, which is essential for the manager's behaviour, is difficult to acquire and it brings together some defining features, among which there are:
  - Calmness, that is having a moderate attitude (the so -called Olympic calm), which means avoiding any tensions or stress, both when analyzing facts and when offering solutions and ways of solving some disputed issues;
  - The objective evaluation of the firm activity and of its development possibilities;
  - Professional competence, which is the core of managing efficiency and which leads to performance;

- Self-improvement and right time management allow a better interaction with the group members and improve the collaboration (internal and external) with the business partners;
- Coordination, which means that the manager establishes a logical development of the firm; the appropriate sizing of all stages and the inter-collaboration between parts and components; involving the responsible factors for achieving the strategic and tactic objectives of the firm under qualitative conditions.

- The manager's position is also shown throughout the faith in knowing reality and deciding accordingly, as it follows:
  - Being oriented towards knowing, analyzing and researching data and facts, with no subjective approach (emotional reporting, opinions with no real grounds, gossip etc); thus the manager can objectively investigate the quality of financial-economic phenomena and processes;
  - Under these circumstances, the manager will be able to: investigate new aspects of the phenomena and processes interfering with the firm development; serious research in order to find the best solutions for the functioning of the firm.
- A permanent search for economic and social progress, which is an important element of successful management; it is accompanied by:
  - Creativity and a perseverant promotion of new ethnic, economic and social elements;
  - A competent manager must have high quality results due to high productivity, efficiency and remarkable performances.

b. A successful manager must collaborate both ways, as it follows:

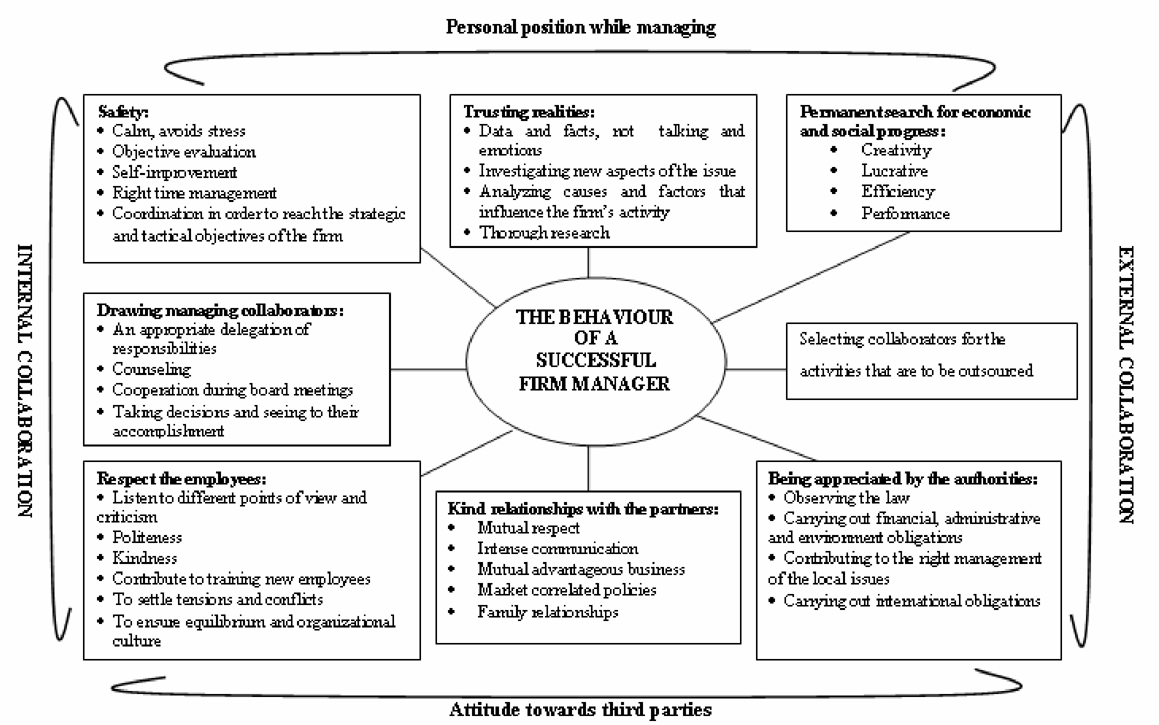
- Internal collaboration, by drawing managing collaborators; it can be achieved by:
  - An appropriate delegation of responsibilities to collaborators who can act on their own responsibility and who can find solutions for those issues they are specialized in. By delegating tasks and competences, the manager will be able to focus on more important issues in the firm's activity;
  - A close collaboration with certain collaborators during board meetings and solving together the most important issues;
  - The managers' collaborators must take decisions and control the way they are achieved throughout their own contribution, according to their talent, specialization and skills.
- External collaboration – by choosing collaborators and activities that are to be outsourced: when outsourcing, the manager can start collaborating with people in related fields, services and maintenance.

c. The attitude towards third parties is an important feature of a successful manager's behaviour; it means:

- Respecting the employees, which can be done in several ways, and which consists in:
  - Having a permanent dialogue with the employees, encouraging them to express their own opinions and conclusions, including the negative ones, which must be analyzed calmly and considering all possible implications;
  - Being polite and affable with the employees;
  - Carefully selecting the new employees and training them to be professionals, demanding and responsible towards the firm's activity;
  - Clarifying arguments, early identifying their causes, and making arrangements to avoid them;
  - Being interested in maintaining a state of equilibrium, that is not to allow the existence of "*small groups*" with a hostile attitude towards the others, trying to guide all the employees towards a the same goal, even if it means choosing the best option among all the opinions expressed. Therefore it is important to promote educational ways to form a steady organizational culture, based on being attached to the firm and identifying the staff's hopes to the firm's development requests.

- Creating and keeping the relationship with the firm's financial, banking, insurance and other field partners, which means:
  - Affability, mutual respect, being interested in the partners' interests and suggestions, understanding them;
  - Communicating intensely in order to transmit information as fast as possible and to find out about the main economical and social changes in the field and in economy on the whole;
  - An efficient partnership also means beginning lucrative business for all the parties, as well as practising coordinated and harmonized policies which can contribute to offering a good position on the market and an increase of the business figure;
  - According to the Western model, business relations must be in agreement with close relations after the working hours; private business relationships; closer family relationships are also very important.
- The attitude towards third parties can also be seen from the authorities' opinion about the manager's activity, as it follows:
  - A positive attitude towards the manager's activity, which is characterised by completely observing the laws, which the managers knows and executes according to the instructions provided by the authorities;
  - Carrying out with promptitude the financial, banking, administrative and environment obligations increases the manager's credibility in the Business environment and the firm gets superior reliability;
  - A very important element to be considered when appreciating the manager's activity is his organizational and financial contribution to the right management of the local issues and the support given to the mayoralty;
  - A lucrative management means carrying out in due time and in accordance with the laws all the obligations deriving from international agreements and conventions, thus internationally increasing the appreciation of the firm and its rating.

Chart no. 1- Major directions of a manager's successful behaviour



CHOOSING THE OPTIMUM ALTERNATIVES TO DEVELOP THE FINANCIAL MANAGEMENT

In order to choose the optimum alternatives for the development of th e financial management, we present in the table no. 1 below the following elements:

A) The development areas:

a. economic: new input resources; renewable and non -renewable resources ; evolved organizational and operational structure; strategical grounding and de signing a full-scale plan;
b. technical: performant equipmen; modernizing the production; know -how; competitive costs and productivity;
c. social: motivating waging level; learning incentives; social and cultural facilities (canteen, club); labor protection; med ical treatment; the guarantee of retirement; work benefits; professional satisfaction;
d. ecologic: anti-pollution measures; compliance with the standards specific for the area; the manufacture of ecological industrial or agricultural products;

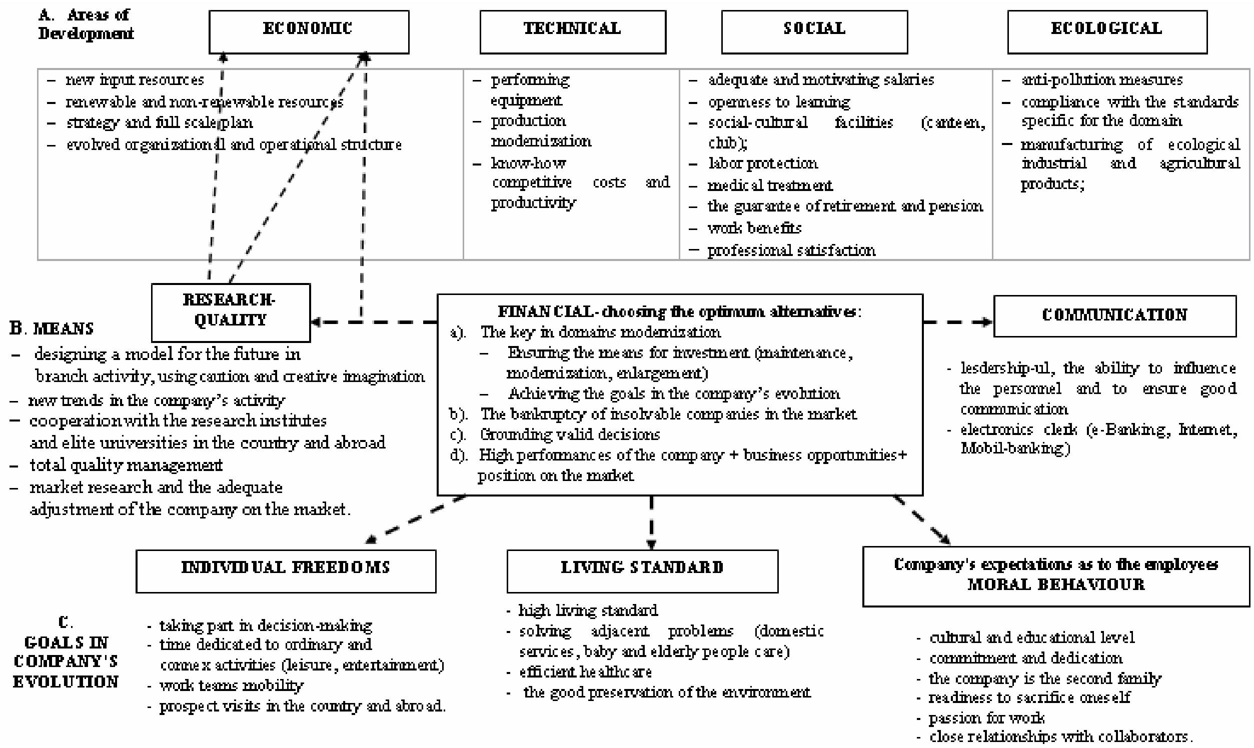
B) The means used in the future development of the financial management that include:

a. research-quality domain: designing a model for the future, using caution and creative imagination; market research and the adequate adjustment of the company on the market; new trends in the company's activity; cooperation with the research institutes and elite universities in the country and abroad; total quality management;
b. communication domain: electronic clerk that uses the Internet, Mobile -banking, e-Business; leadership, the ability to influence the personnel; open communication environment;

C) Revealing the goals in the company's evolution, meaning:

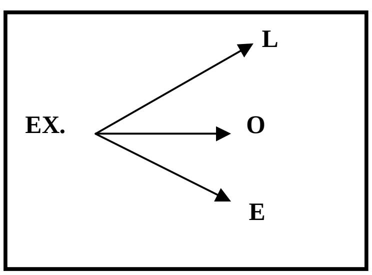
a. to ensure a high living standard, efficient healthcare; solving adjacent problems (domestic services, baby care, elderly people care); t he good preservation of the environment;
b. company's expectations as to the employees' moral behaviour: cultural and educational level; commitment and dedication; readiness to sacrifice oneself; passion for work; close relationships with collaborators; hones ty; correctness; ethical behaviour;
c. individual freedoms: taking part in decision -making, time dedicated to ordinary and connex activities (leisure, entertainment); work teams mobility; prospect visits in the country and abroad; trips for the entire family.

Table no. 1 - TRENDS IN THE FUTURE DEVELOPMENT OF THE FINANCIAL MANAGEMENT



CHANGES IN THE FINANCIAL-ACCOUNTING FUNCTION, MODERN DIRECTIONS

- elaborating the firm's strategy and global policy, which means having important profits and efficiently using the funds;
- elaborating a modern financial policy, which means selecting capital and credit sources;
- determining the liquidities, solvency and reliability of the firm;
- elaborating income and expense budgets, which means maximizing incomes, turn over, and rationing the expenses;
- thorough book-keeping and management;
- elaborating and approving balance sheets so as to reflect the real status of the firm's assets;
- (thorough) financial and management control, which means expenses of the firm.



L – *legalty:* there must be laws that allow (authorize) that specific expense;

O – *oportunity;*

E – *efficiency,* which is given by comparative analysis; organizing an auction; taking the best decision; luarea deciziei celei mai bune.

In order to develop the business, financial management must collaborate with other departments in the firm and use their input:

- From the informational system and accounting department, data regarding the accounting value, gross income, net profit, production costs and the business market evaluation. This information must be neutral, transparent, easy to check and predictable. It must be in accordance with the reality and within a short term from the moment of occurrence;

- From the marketing department, data about the market, client target systems, sales development, competition in order to draw a marketing plan to promote new products and services on the market; the marketing department undertakes the major responsibility to identify and predict the important environment changes; its methods are well organized to acquire data about the surrounding environment. The marketing staff spends a lot of time in the real environment with the clients and the competition. By systematic analysis, the marketing agents can review and adopt marketing strategies in order to face the new challenges and opportunities on the market;
- From the human resource, provisioning – sales and investment departments, data about the modern technology needed, cheaper provisioning sources with materials and energy, as well as the quality of the employees and ways of training them inside and outside the country borders;
- From the programming, planning and prevision department, elements and analysis about the development of economic and financial factors that influence the business figure; at the same time, informing about threats and risks that may occur;
- The control and audit compartments can have a positive influence on the ways of promoting and supplementing capital, selecting business considering efficiency and performance.

Profit is the main purpose of a business. Entrepreneurs and managers consider the financial management very important as it is strongly connected with the business controllable development and maximizing the profit. Economic analysis and financial diagnosis identify the "areas" in which the firm wins or loses money. Financial objectives and budgets are drawn in order to improve future performance.

Financial management means analysing, planning and controlling the financial performances of the firm.

Regardless of the size and the property form, financial management is mostly responsible for the financial policy adopted at the micro-economic level, which is to be enforced in order to achieve the objectives established by the owners and/or the managers of the financial resources.

The role of the financial management is to create a system of managerial reports in order to efficiently develop the business. This system has two major elements: economic analysis and budgets. It is highly important to implement a system of financial management, represented by all the internal reports adapted to the managing team's requests.

CONCLUSIONS

Managers perform prospective analyses from which there result the influences of globalization over the considerable increase of business, in general, and especially over trade, an accelerated trend of investments' growth, the expansion of privatization, alongside new opportunities for the companies on the new markets. In this way, possessing these features, the managers will have to observe and to adapt the strategy and the company's tactics to the following aspects: to the speed of mergers and to protect the company of some slumps and crises on the internal and international markets; to the expansion of business by an accelerated dynamic; to the possible growth of market share; to the quality and efficiency in serving the clients; to the cost cutting; to additional profits for the stockholders; to faster rates of development for the products and services of the company in accordance with the financial and economic trade performed through the Internet and its components, internet-banking and mobile internet-banking; to ensure a high rate of liquidity, including the transaction of securities on the stock exchange; to the low debt rate on a short term; to adopt measures and paths that reduce the risks about the uncertainty of a business relations network; to recover invested funds by banking credits substitution, by securities issuance; to promote highly sophisticated financial innovations; to prognosis and diagnosis analysis of the financial flows evolution; to develop the research and development activity, in order to cope with the more challenging competition; to the control and audit of the activities ; to the favorable trend of stocks on the market and to grant stimulating dividends.

The managers of the future will be relatively young but will have a solid background of operational and business experience and will benefit from a highly logistic support from training in specialized institutions in the country and abroad. Their concern for competence will be highly interleaved with their activities which will lead to remarkable performances.

Among their qualities, knowledge and abilities, the XXI managers must possess a visionary thinking, in accordance with their company's adaptation to the environment evolution, an ability to inspire strength and perseverance to the work team, in achieving the set objectives and in implementing the designed projects.

In order to promote the business, the manager must have a complex personality, possessing solid knowledge in various fields: investments, marketing, financial, human resources and informatics. At the same time, the manager must have innate qualities in order to be able to assess the changes in the financial and economic environment and to make the right decisions.

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