

MANAGERIAL ANALYSIS OF A COMPANY PROVIDING SERVICES

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Abstract

The paper presents some theoretical and practical aspects, premises used in the carrying out a managerial analysis, at the request of the economic agent from our county, respectively of a company that has as activity object, the provision of services. The importance of this theme lies in the fact that it represented a challenge for the manager of the company specialized in the field, who discovers by this analysis the company state of affairs and thus be able to take necessary measures to avoid threats and use opportunities to ensure business continuity, as much as possible, in a profitable manner.

Key words: management, company, services, analysis, performances.

JEL: A11, L11, M13

1. INTRODUCTION

Starting from the fact that this analysis was initiated at the level of a company, it is necessary to underline that specialty literature had unanimously recognized the definition of the company as being “a group of people who carry out common activities oriented towards achieving one or the some objectives” (Bibu, 2008).

In the same manner Virgil Madgearu defined the company as “an economic unit, which produces or buys, so that, by selling what it has produced or bought, it will make a profit”.

The company is considered from a managerial point of view, as an organization built for profit or winnings (Puiu, 2005). However, the most complete definition can be found in the Law no. 133/1999, which specifies that a company or an enterprise can be any form of organization of an economic activity, with an autonomous patrimony and authorized according to the laws in force to perform acts and deeds for the purpose of obtaining profit through the realization of material goods, respectively by providing services, from their sale on the market, under competitive conditions.

In a more restrictive manner, from the definition of the company as a cell one can observe that it is characterized by internal organization (in the sense of managing a sum of component elements and their relationships in a closed system), and as an open system with respect to its environment it is characterized by marketing – in connection to other systems - and final but not least by its scope of activity.

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The two basic components of management (organization, marketing) should offer essential characteristics especially in the free market economy, which could be translated into economic language through a number of equally used features by the manager (Postăvaru, 2000), such as:

Efficiency - which results from the component organization – administration - good resources management;

Profit - which results from the marketing – supply sales component?

Each time, these indicators force small and medium enterprises to obtain a better and more dynamic organization but also an open marketing. It is precisely in this way that the double existential meaning of the company analyzed as a system could be realized: in other words, the company is firstly organized and afterwards open, with efficiency and a certain profit, expected by the manager.

Therefore, it can be appreciated that the definition of the company as “a living organism, located in a moving environment that can be delimited in an internal and external environment” (Buglea and Stark, 2003) is realistic. As summary one can say that the definitions presented highlighted a few particularities belonging to companies (Postăvaru, 2000):

- these are made up of groups of people who carry out work processes to achieve certain goals;
- these cannot exist without an appropriate, dynamic, adapted management, through which objectives are established and procedural and structural-organizational conditions are ensured; without the coordination of all individuals' efforts and their training-motivation according to professional performances;
- these have a formal organizational structure, but focused on principles, rules and relationships that must be well specified and even unanimously learned or respected by all members of the group.

By analyzing previous aspects presented, one can notice that regardless of the approach used, it is obvious that the company is simultaneously a source of social change and motivation, but it is also responsible for social successes and failures. From a managerial point of view, a service company is primarily concerned with quality, which is later reflected in the maximizing of turnover and profit.

Precisely from this perspective, the manager of the company with such an activity should be concerned with the services provided to be as useful as possible, to be able to satisfy the requirements of the majority of beneficiaries. In this regard, many of the specialists' concerns aimed at not being stuck in economic theories compared to the much faster development of services, focusing too much on the conceptual definition of services.

Thus, one can appreciate the change in appreciating services, for several reasons (Costencu, 2002):

- there is an increasing number of jobs that only the service sector can offer, thus playing a major role in reducing unemployment;
- this tertiary sector is not at all restricted, but by regulations that are practically put into question only in the process of liberalizing international trade;
- offers quite differentiated services that are always adapted to demand, thus being an essential element of the company competitiveness, with any type of activity object.

Especially in this context, it can be easily observed that the definitions can vary from those based on a criterion of differentiation between goods and services and the detailed ones that practically state certain characteristics of services.

Thus, most definitions especially emphasize the fact that services are practically those activities the result of which is an immaterial one and cannot be materialized in a certain product (Ecalte and Giarini, 2000). But the most common is the definition given by the American Marketing Association, which defined the service as: “a certain activity offered for sale, which actually produces advantages and satisfactions without causing physical exchange in the form of a good” (Costencu, 2002). The ambiguity brought to this definition practically derives from the fact that most non-material services materialize in certain material goods (such as editorial services).

Practically, the service as an act represents an effective supply that correlates the person’s activity with the material means of the benefit as well as with the object of the service. Despite that process of production of material goods, the client is practically, part of a system of production and is often used in the specialty literature, as the term “service” (Jivan, 2000).

Usually, the definitions in which services could be viewed from the marketing perspective, emphasize more utilities, or benefits, benefits and satisfactions that all these activities referring services, actually offer to the consumer.

Other definitions are focused on another important feature: simultaneity of delivery as well as consumption, in all these definitions services are considered in fact, as simple work effects as well as effects of the action of some natural factors.

Therefore, The Direction of Community Social Assistance from France presented the services as: “the set of advantages and satisfactions obtained either directly or by using a good that the beneficiary of the service purchased” (Costencu, 2002).

Services, viewed as economic effects, can be the result of the increasingly useful social activities that satisfy all the material and spiritual needs of the population and of the economic entities.

However, their identification and highlighting, as well as their statistical evaluation, is increasingly difficult. Therefore, the process of integrating these types of activities, which is increasingly prevalent in economic units, has actually led to the servicing or tertiaryisation of the economy (Jivan, 2000).

Another category of definitions emphasizes a certain difference between the producer of a thing, which actually does not know who purchases its products, and a certain producer of a service, which is most often in direct relation with the consumer, so that the provision however, the service can be performed at the user’s special order. For example, Hill defined services as follows (Jivan, 2000): some changes in the condition of a certain person or of a certain good that represents the result of the activity, based on the order note of another economic entity.

One can note that, of all the definitions, a more useful one is the category of definition that emphasizes the socio-economic nature of the services and thus the majority of the services and could be considered even indirectly productive activities. These represent, in fact, the tertiary sector of the economy.

According to the specialty literature, the basic branches of services are: trade, communications and transport.

At the same time, a narrower acceptance of the term service is generally accepted (Cetina, 2001), according to which services are regarded as elements of

the marketing policy of the whole entity, meant to offer some additional utilities to a product or to a marketing unit.

But, in general, services can represent a certain human activity, with a certain more specialized content, having as result the useful, immaterial but also intangible effects and which are destined to satisfy certain social needs.

Currently, at the level of companies with predominant activities of service provision, the most used criteria for assessing the activity efficiency are those that are expressed by certain numerical indicators, which are generally reflected by most of the balance sheet items but also by the items that are non-digitally expressed, referring to the continuous correlation of the provision, with the demand from the specific market, of the level of the quality of the services offered, which would also impose the knowledge of the quality factors through quality control correlated with the nature of social needs that the service provided would satisfy.

The complexity of these aspects, the level of the company with activities that refer to services, has determined this challenge to better know the status of the company analysed, in order to be able to recommend some ideas, to ensure business continuity for the company in a profitability regime.

2. ANALYSIS OF A CARAS-SEVERIN COMPANY

In order to assess the management activity of the company chosen for the study, data and information offered by its administrator were used, starting with company contracts, supporting technical-operative documents, financial statements prepared for the last two years and information collected from the interview conducted.

2.1. Analysis of the organization and functioning model

The company analyzed is a Romanian judicial entity, being constituted in the form of a limited liability company since 2001, according to the Law no. 31/1990, modified and modified by the Law no. 441/2006 regarding commercial companies, thus being the private property of a person from our county, with a Romanian citizenship.

This economic entity carries out the activity of providing services in a property space, located at the declared social-fiscal headquarters, being mainly focused on the activity of passenger transport, identified with the profession code 4939.

One can observe that the mission of the company analyzed is to offer transport services for people, at a more professional level. The main clients are all local entities, but also national and international, which is why the proposal for an extension could be the first one. The extension refers to a range of services offered in the future, but also the opening of a small travel agency and the hiring of more specialists in the field, so that the business can become more profitable and stable over time.

That is why it is important underline the fact that the company mission remains people transport in a safe manner and to the places demanded, in order to facilitate complete comfort the entire duration of the trip, as well as to constantly pay special attention to the needs of all clients treated with respect by the company.

This is a reason why the owners' current preferences aim at providing the services of internal and international people transport at certain standards, in

accordance with the legislation in force. The company management is oriented towards the company development and the establishment of a tourism agency to serve the purpose of growth, of the company budget, especially by attracting new customers and through possible partnerships, to support the company in the current competition on the passenger transport market.

The mission of the company is strongly influenced by a number of internal factors, such as a maximum capacity of the transport places for people, professional qualification and the number of drivers being reduced, a sufficient budget to support the fuel supply for the cars, for salaries payment, as well as contributions to the state budget, for car maintenance.

The company is also influenced by a number of other external factors, highly dependent on the current market, especially on the type, fluctuations in the balance between demand and supply, currency, trade balance, competition and finally by the market situation in its daily evolution.

It can be mentioned that, depending on the relationship between the partners within the specific market, the proper use or the counterattack of all the effects of the conjuncture but also the efficient conduct of transactions may take place.

Two minibuses are registered in the patrimonial situation of the company, one with the capacity of 16 +1 places and the other with a capacity of 20+1 places and a coach with the capacity of 50+1 places, so that the needs of customers can be met, for small groups as well as for larger groups of people. These create the premises of internal and international transport, on any road distance for a considerable number of passengers, but also for luggage. In addition, the company is equipped with trailers, and the staff is especially qualified in this sense.

The company does not accept as mission, the exceeding of the maximum capacity of people and baggage, the owners of the company not encouraging this type of behaviour, as this could jeopardize the life of passengers and would also apply to the company a series of penalties that would contribute in an increase of expenses, in image damage, implicitly in slowing down the development of the company and affecting the reputation, even losing some clients and of a significant part of their profit.

Thus, the company analyzed also considers its contribution to the socio-economic development in the western region of the country, by attracting customers, but also by establishing interpersonal relations with business partners in and implementing tourist routes and accommodations.

The main objective of the company analyzed was to attract numerous partnerships by offering services at the highest standard, this being a reason why the company remains focused on the customers' needs and safety. Still, popularity should also become one of the objectives of the company. The other objective that relates to the current services on the market, the company must remain focused on development and modernization putting an accent on customers and employees, a domain in which the company should invest in order to continuously improve professional skills.

The organization and functioning of this company are assured efficiently and flexibly by: the administrator, the transport manager, the accountant and its drivers. The company policy on the relations between employees is based for the moment on collaboration, respect and trust.

The manager deals with the administration of all means of transportation, repairs and their maintenance. The transport manager is responsible for the

organisation of routes, the verification and filling in of all the necessary documents intended for national or international transport, as well as the safe operation of the cars.

Drivers have are responsible for the safe transport, compliance with the schedule; they are not allowed to consume alcohol or narcotic substances during driving hours, to comply with specific legislation in force and to attend first aid courses (paid by the company). The company accountant is responsible for keeping a clear record of all accounting documents, according to the law in force.

2.2. Analysis of the offer and demand components for the company studied

The company analyzed presents a great flexibility regarding the market offer, being always willing to negotiate and renegotiate, to meet the needs of all partners but also its interests. The company offer is constantly sent, to some tourism agencies and other potential beneficiaries.

Also, following the requests, the company purchased the means of transport necessary to fulfil the demand, thus achieving increasing revenues. When analysing kilometres travelled, the number of customers and the days of rest requested by the customers, it can be observed that the company offers low prices, convenient for both parties, adapting the cars to requests. All cars are equipped with TVs, DVDs, CD players, air conditioning, and the coach also has a guest toilet. All these facilities and services that customers benefit from are included in the price offer.

2.3. Analysis of the company competitors

The company analyzed does not encourage the manipulation or omission of information to partners, as to defame the competing companies. Relations are usually based on respect and sincerity, the company even offering help when this is requested by the other competing companies.

When the company cars are programmed for common routes, this is an opportunity for communication and collaboration with colleagues from competing companies. The company manager promotes the idea of collaboration and collegiality, being focused on developing the company. Depending on the transport requests, the company also keeps in touch with the other competing companies, keeping a permanent dialogue that does not harm the company needs.

The present competitors for the company analysed are the commercial societies Exodus Trans, Buz Trans, Lauer Europa Tours, all being limited liability companies.

A comparative analysis of these transport service companies in the region can be the subject of another future work.

2.4. Analysis of company intermediaries and suppliers

The company collaborates with auto parts shops from the city of residence, in order to ensure the need for auto parts but also for car accessories, as well as the purchase of fuels and lubricants from gas stations that sell quality fuel. This collaboration is a long-term one and dates from the beginning of the company activity, because it not have the possibility to obtain these directly from suppliers. Still, this impediment determines the creation of relations with others, establishing

interpersonal relations with partners that collaborate in the establishing of tourist routes or accommodations.

2.5. Swot analysis

The SWOT analysis of the company analyzed identified the following aspects:

The **strengths** refer to:

- The company recognition and popularity;
- The company history, a family tradition;
- Reputation;
- Financial resources;
- The employees' skills and competencies;
- The employees' dedication and perseverance;
- Lower prices on sale compared to competition;
- Providing transport services at the customer's request;
- Best prices for long routes;
- The possibility of cash payment or by payment order.

The **weaknesses** identified are:

- Large fluctuations in revenue from one period to another;
- The problem of finding qualified personnel;
- Migration of staff to other companies offering higher salaries;
- An average technical and IT level, not supported by appropriate financial investments.

The **opportunities** that result from this analysis are:

- Finding new supply sources for credits and lower prices;
- The possibility of accessing new markets and attracting new customers;
- Increasing revenues by ensuring lower prices than competition that will attract a larger clientele and increase turnover;
- Increasing the company profits and implicitly salaries.

The **threats** that result from this analysis are:

- The competition of the three important companies;
- The choice of some clients to spend their holidays close to home, as a result of holiday vouchers offered by the state administration;
- The reduction in the number of consumers in the company market segments;
- The elaboration of laws and other normative acts with restrictive character for the development of some areas of interest for the company.

2.6. Analysis of indicators relevant to company management

2.6.1. Rate of fixed assets

For the company analyzed, fixed assets are amortized in full, according to the table below.

Table 1. Rate of fixed assets – RON -

Item	2016	2017	2018
Fixed assets	-	-	-
Total assets	193853	193335	126213
Rate of fixed assets	0	0	0

(Source: calculations made by author)

2.6.2. Rate of current assets

This analysis shows the percentage of temporary assets in total assets and is calculated as a ratio between current assets and total assets. The company current assets consist of debts and liquidities.

Table 2. Rate of current assets – RON -

Item	2016	2017	2018
Current assets	193853	193335	126213
Total assets	193853	193335	126213
Rate of current assets	100	100	100

(Source: calculations made by author)

2.6.3. Analysis of debts

The debt rate reflects the entity commercial credit policy and is influenced in particular by the payment terms used.

Table 3. Analysis of debts – RON -

Item	2016	2017	2018
Debts	26772	29943	37722
Current assets	193853	193335	126213
Debt rate	13,81	15,48	29,88

(Source: calculations made by author)

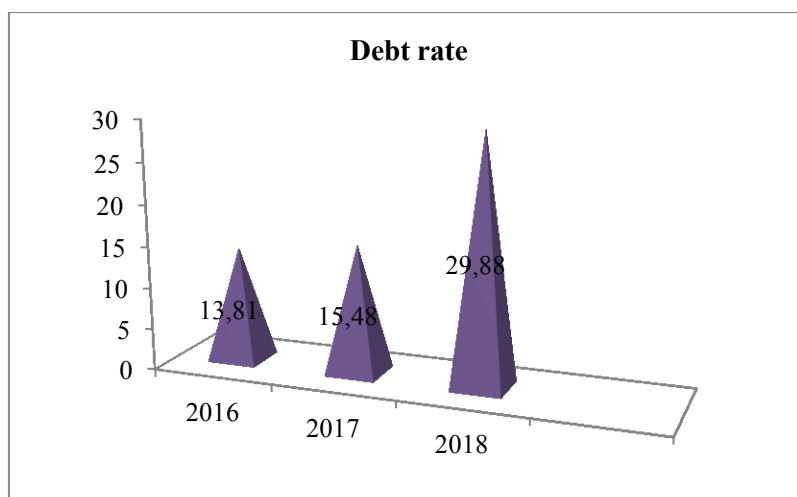


Figure 1 Dynamics of debt rate
(Source: calculations made by author)

2.6.4. Liquidity analysis

The liquidity rate is the indicator that reflects the percentage of the company liquidities from the total current assets.

Table 4. Analysis of liquidities – RON -

Item	2016	2017	2018
Liquidities	167081	163392	88491
Current assets	193853	193335	126213
Liquidity rate	86,18	84,51	70,11

(Source: calculations made by author)

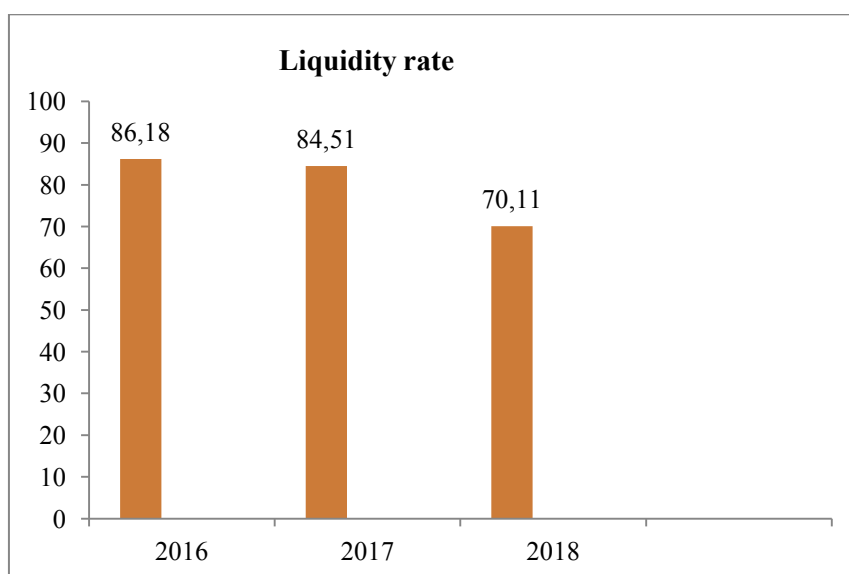


Figure 2 Dynamics of the liquidity rate
(Source: calculations made by author)

2.6.5. Liquidity structure analysis

The liquidity structure rates allow the analysis of the entity financial politics, thus highlighting the manner in which financing sources are structured, according to their origins and their degree of demandability. The structure rates for the company liability are: the financial stability rate, the financial autonomy rate and the debt rate.

Table 5. Analysis of the financial stability rate - RON-

Item	2016	2017	2018
Ongoing capital	170937	137131	109776

Total liabilities	193853	193335	126213
Financial stability rate	88,17	70,92	86,97

(Source: calculations made by author)

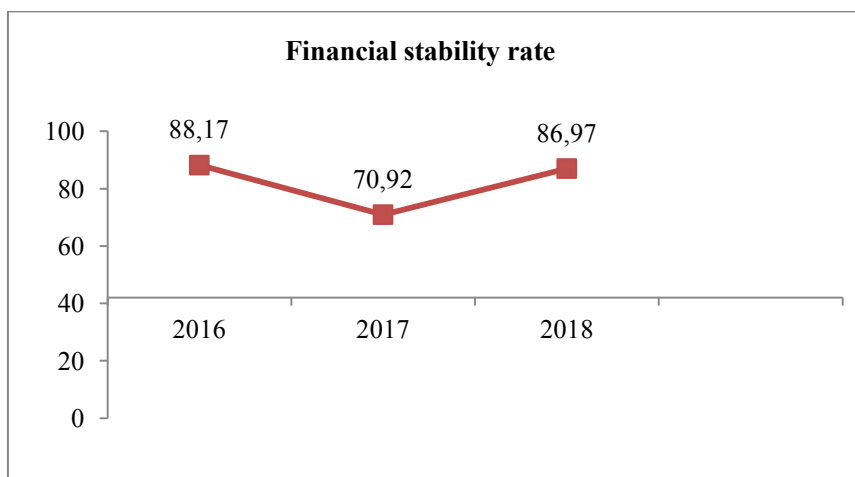


Figure 3 Dynamics of the financial stability rate
(Source: calculations made by author)

For the three years analyzed one can observe that the company has a high degree of financial autonomy.

The rate of financial autonomy expresses the degree of financing of the assets elements based on owned resources.

The rate of global financial autonomy shows how much of the company assets are financed by its resources ($Rafg = \text{equity} / \text{total liabilities} \times 100$).

The analysis confirmed that the company was able to finance its activity from its own resources for all the three years analyzed.

Table 6. Analysis of the global financial rate

Item	2016	2017	2018
Capital	170937	137131	109776
Total liabilities	193853	193335	126213
Rafg	88,17	70,92	86,97

(Source: calculations made by author)

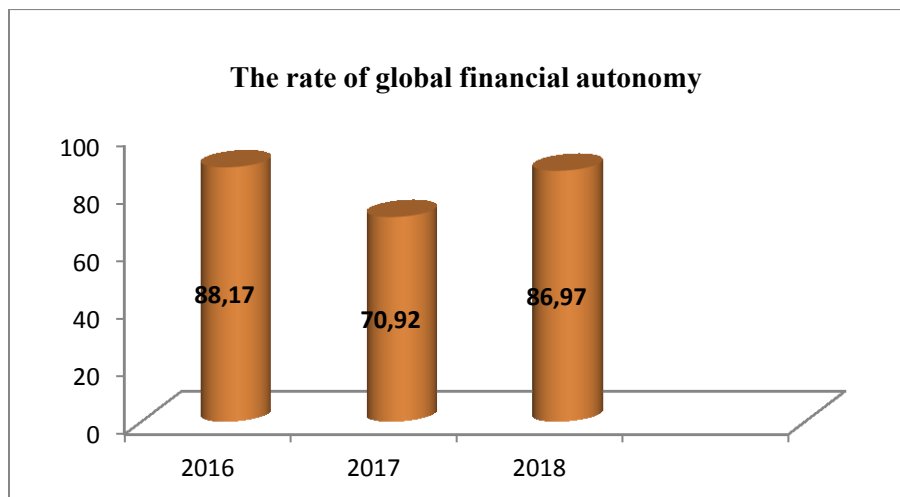


Figure 4 Dynamics of the rate of global financial autonomy
(Source: calculations made by author)

The global debt rate is complementary to the rate of global financial autonomy, which measures the percentage of total debt towards third parties, regardless of their nature, from the total funding sources.

Table 7. Analysis of global debts – RON -

Item	2016	2017	2018
Total debt	22916	56204	16937
Total liabilities	193853	193335	126213
Global debt rate	11,82	29,07	13,02

(Source: calculations made by author)

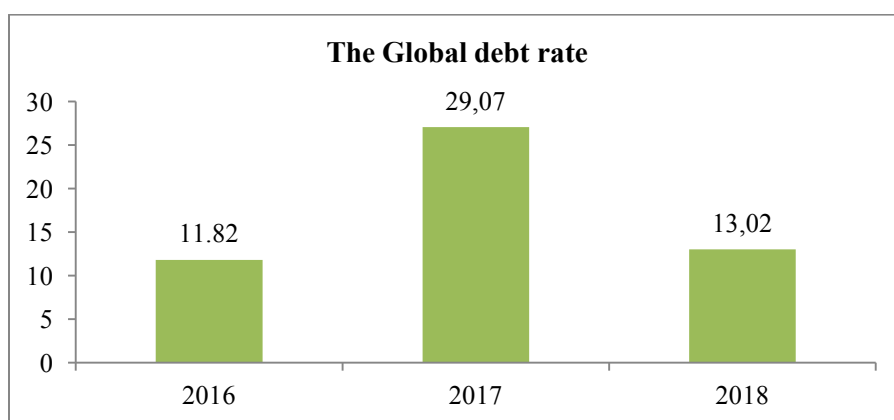


Figure 5. Dynamics of the global debt rate
(Source: calculations made by author)

The analysis of the company total debt suggests that it has a good financial situation, with a very low degree of debts.

Table 8. Analysis of the indicators evolution - relevant items on the balance sheet.

Item	2016	2017	2018
Profit	124713	90907	33593
Turnover	310643	253683	240333
Average employee number	4	5	4
Labour productivity	77,66	50,73	60,08

(Source: calculations made by author)

By analyzing the most relevant indicators, reflected by the important elements from the company balance sheet, it can be easily observed that the company analyzed remained in profitability regime during all the three years analyzed, with a slightly decrease in turnover and profits, while maintaining the average number of employees and a satisfactory level of payments.

In these conditions, an increase of the labour productivity above the average level is observed together with efficiency in the management activity.

But the company management intends to maximize, in future years, both the turnover and the profit through measures that mainly target the human resource component and the management of the relationships with the company customers.

3. CONCLUSIONS

Although the economic and financial situation of the company analyzed reflects an efficient management and high company performance, a proposal for the management of this company would be to analyze all the factors of competitiveness, to find the market segment that can be entered mainly through lower prices, obtained through the use of a cheaper but more skilled and competent workforce that supports computerization and automation, to increase the company capacity to adapt to the ever changing demands of the market.

By analyzing theoretical, but also practical premises, which the business enjoys through the provision of services, from the management point of view of, this could focus both on results and resources and especially on the human resources, which practically generate value and are responsible for the good management of other resources that used in the labour process.

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