FAIMA BUSINESS & MANAGEMENT JOURNAL

Volume 8, Issue 3
September 2020

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# EDITORIAL

## Value-Based Management

Managers have always focused on the success of their activities, such as, the achievement of objectives (efficiency), minimum consumption of resources (economy) and on the process of transforming resources into products (efficiency). As the market belongs to the customer, managers began to notice that they pay attention to the price of the products (which must cover the costs) and the quality (it is the product image in customer eyes, based on its characteristics). Therefore, the costs and features reflect an attribute of the product, its value.

Value is a potential that an entity has to satisfy a human need. It can be an economic potential, but also emotional, moral or artistic one. Value is a relationship between an entity (commodity, company, deed) and a person, through which the person expresses the importance given to the entity to acquire it, because it satisfies a need. The measure of value is subjective, depending on the importance that the entity has for the individual. In the *Relativistic theory of value*, value is a relationship of appreciation between the subject and the object of valorization. It uses objective data, historical criteria determined by the social practice to which the subject subscribes.

The value has as primary source the quantity and quality of the delivered work, correlated with the economic preferences, the abundance (or rarity), the quality of the goods. The value classification is done, according to the analyzed entity into *economic values* (refers to products, means of production, resources, managerial techniques, work), *ethical*, *legal*, *political*, *religious*, *esthetic values*. Therefore, there are several types of values (the economic value is not including everything) that are expressed approximately by price. Only merchandises have economic value. Happiness, freedom are also values, but not economical ones. For this reason, the price partially reflects the value of an entity.

Value is an indicator used to take decisions and make choices within the company, but also in the market. It can be value for the manufacturer or value for the customer and there is a difference in how the customer and the producer view the value. Moreover, the value can be *apparent* or *real* (not influenced by inflation). Other types of values are *residual value* (which remains from a depleted resource) and *marginal value* (related to the utility of having or consuming an additional unit from an entity. As the need is met, the intensity of the need decreases and the utility of the entity decreases. Subjectively, the saturation threshold remains. An entity has its value as long is desired. Even, after exceeding the saturation threshold, it is still expected that satisfaction will be obtained and for this reason the marginal utility cannot be zero and cannot be negative, although it is practically not so.

Value can appear through work (Marx), through rarity (Ricardo), through created feelings (Menger), although things should not be treat as absolute. Creating an entity requires the participation of several company departments and several companies. The value flow in a company should be presented as a map, in order to be easy for studying *(VSM – Value Stream Mapping).* M. Porter defined the *value chain* and the *value system*. The value chain is the sequence of activities in a company, necessary to create an entity that meets the needs of the customer. Each link in the chain must have lower costs than the corresponding link in the competing companies or it must add more value through superior quality. The value system is a succession of value chains from companies that contribute to the realization of a product.

*Value-based management* is a management style that defined by setting goals to maximize value; resource allocation strategies; efficient operational decisions; performance measurement; compensations payment (salary); value development. The European standard EN 12.973: 2000 for Value Management states that we need an orientation towards motivating people, developing skills, promoting synergy and innovation. Value management involves teamwork, satisfaction, communication, helping each other, encouraging change, ownership, a certain degree of freedom.

*Sorin Ionescu*

Editor-in-Chief

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# ABSTRACTS

## Business Location: From Strategy to Customer Satisfaction

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*ABSTRACT: This paper proposes a discussion on criteria related to decisions to be made in order to choose the business location, signalling that approach might be different in case of small businesses (as compared to large companies) as well as in the case of service businesses, in particular small businesses active in hospitality industry (food and drink shops). Based on cases and observations as well as impact factors consideration, the author suggests that success of such a business (usually located in densely populated urban and/or well-known touristic areas) might depend on other factors than simply location. Selected examples from several countries are presented to make the case. The paper conclusions and implications are equally important for theorists and practitioners, as entrepreneurs, small business owners and owner-managers.*

KEYWORDS: business location, urban planning, small business, competitive advantage, customer satisfaction

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# The Integrated Model of Innovation

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ABSTRACT: *The paper revises a number of global best practices in innovation approaches and innovation leadership and presents an original structured approach to innovation: Integrated Model of Innovation – IMI. The aim is to provide an instrument for innovation to be approached in a structured manner, using appropriate tools and steering, leading to more effective, sustainable and successful innovation. Innovation is currently a topic of interest for all major stakeholders of the society: academics, business environment, and public policy makers. Innovation affects societies todays more than ever. European Union is mentioning innovation as one of the major concerns on its 2020 agenda. It is therefore most valuable to study and to propose structured approaches to innovations, and to revise tools and methods during this process. Integrated Model of Innovation IMI moves innovation from a fuzzy buzzword to a tangible concept while pinpointing the critical moments of the innovation process. The material presents a roadmap and a toolbox for the current innovation endeavours, at the same time insisting on the importance of the innovation team set-up and innovation leadership.*

KEYWORDS: innovation, process, innovation team, leadership, sustainable

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# Creating Value in the Supply Chain

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ABSTRACT: *The main goal of this study is to understand if logistics performance could contribute to companies' market share value in Romanian Oil industry. The relationship between logistics performance and market share will be analyzed through correlation and regression, used to test the research hypothesis. Results showed that the impact of logistics performance changes according to the company market share value. Based on this, companies should put together SMART logistics strategy, based on unpredictable competitive environment, in order to be able to adapt quickly to the changes coming from the market. Only like this, the market share value can be kept.*

KEYWORDS: logistics performance, market share, Romanian oil industry logistics

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# The Language of Risk Analysis

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ABSTRACT: *The aim of the paper is to provide fundamental notions on the methods and tools of risk analysis in reliability engineering with the aim to understand how, why and when a device may not function properly. Failure analysis presents a strong connotation of multidisciplinarity which significantly adds to its inherent difficulty. The components of risk, uncertainty, risk management, decision analysis, and the analytical techniques – usually the most cost-effective means of failure prevention – are thoroughly analysed.*

KEYWORDS: uncertainty, risk appetite, risk management, equipment reliability, performability

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# Factors Influencing Marketing Decisions

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ABSTRACT: *Companies want to know how consumers act and make their buying decisions in order to improve the marketing strategies and be more competitive on the market. This paper investigates what are the consumer decisions based on since it is known that the more choices someone has, the more difficult it is to decide, especially when there are not many differences in terms of quality and price between the products. The authors show that decisions nowadays are based mostly on self-branding, gaining social currency and on the identity play, and also mention the moments that matter in the decision process.*

KEYWORDS: consumer psychology, decision-making process, consumer behavior, buying behavior

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# Chatbots as Marketing Communication Tool

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ABSTRACT: *The paper presents the use of chatbots as a channel of marketing communication increasingly used by various organizations. The benefits and disadvantages of chatbots from the standpoints of both organizations and customers are revealed. Several platforms for building chatbots and the industries that will benefit the most from using them are mentioned. An overview of the chatbots developed in Romania from 2016 to present is exposed. At a very high pace of use, the chatbots market will growth, they will become more intelligent and they will be an integral part of our lives.*

KEYWORDS: chatbots, marketing communications

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# Human Capital in Crisis

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ABSTRACT: *The main attributes of an organizations are characterized as open and dynamic social systems, able to develop individually. In essence, an organization is a social system with human capacity, beyond the means of production, essential to the formation, operation and development of an organization. Interactions between people and the connections between them are important in achieving the goal of the organization. The objectives of the organization must coincide with the goals of the organization's leadership and meet the needs of those involved in the production system, so the level of connection between human capital and resources is essential. Human capital is the most important factor for the organization, it represents the accumulation of professional skills, combined with the creativity and initiative of each person, together generating essential resources to the organization and producing services and materials meant to generate profit. Each organization invests in forming and developing the human capital in order to create specialists in the industrial branches that the organization develops. Satisfaction with the basic needs of employees is an essential factor in the organization's development. If this is not the case, the human capital can be destabilized slightly and can cause the state of crisis. Defeating human primordial needs can lead to an increase in the state of crisis of the organization, thus being able to evolve until the collapse of the organization. Human capital, in the event of a crisis, regardless of its nature, is the most important factor. The human factor decides how the crisis will be perceived and the means used to end the crisis. Knowing the human capital, the needs and especially the abilities of each employee can help the organization overcome a crisis moment easily and can solve an emergency without involving all the factors at its disposal.*

KEYWORDS: human capital, human factor, state of crisis, organization needs, level of connection