Chapter 5
Companies’ Activities in the Current Market Economy

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ABSTRACT

Along with the globalisation of the contemporary world economy, we may also speak of a globalisation of the market, where the company must capitalise its industrial products. This chapter particularly deals with the industrial companies’ activities under the conditions of the competitive market economy. It addresses aspects relating to market under globalisation, competitive development of companies under global economy, companies’ growth “in waves” under a globalised economy, companies’ internationalisation under global economy, companies’ rating under the current market economy, etc. This chapter gives special attention to the analysis of communication models and to the influence that they have on industrial companies’ management.

MARKET UNDER GLOBALISATION

Market economy is the economy that is organised and functions on the basis of the mechanisms of the market in a liberalised system in all its aspects. The main moments of reproduction are limited only by a series of general rules, such as the public order or the sanitary norms. The main dimension of this economy is the market and the basis of its functioning is the market mechanism. This mechanism consists mainly in the movement of prices, according to the ratio between supply and demand on the competitive market. Economic agents (producers and consumers, sellers and purchasers, offerers and petitioners of economic resources) freely confront, namely without state interference. Thus, economic structures and behaviors that are based on the mechanism of the market and behaviors confrontation allow the working of the market. The total absence or the minimum presence of governmental regulations is therefore a requirement of market economy. Market economy synthetically comprises three major categories of goods: products and services achieved by firms, production factors and the coin. Therefore economic activity comprises a flux of firms, goods and services towards the consumers. This one is doubled by a monetary flux in an opposite direction. Economic activity also comprises a flux of services provided by the possessors of

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the factors of production. This flux is doubled by a monetary flux that represents the incomes of those who sell their productive services to firms. In this way economic circuits are formed.

Market economy can be defined as an economy of goods that have reached a certain level of development in which goods and services are merchedises whose price is formed on the market according to the demand-supply ratio. Firms desire cost minimization and income maximization, enjoy administrative autonomy, freedom of choice for their own activity and they have access to credits for completing their own capital or for purchasing goods in installments and paying interests for them.

The following features define the actual form of market economy:

- It is multipolar economy in the sense that it comprises a variety of distinct centers of decision, economic activity and administration representing production agents who offer factors of production as well as consumers;
- It is a decentralised economy, meaning that the decisions are taken by independent economic agents whose actions are spontaneously and automatically coordinated by means of the market, monetary fluxes but in this economy a series of macrodecisions interfere;
- It is a firm economy, meaning that the microeconomic space is fundamental for the activity unfolding. The firm is the economic unity of production ensuring the connection between products and service markets and factor markets in which the entrepreneur is the central figure of economy;
- It is an economy of monetary calculations, meaning that money, because it facilitates the quantification and evaluation of costs and results, represent the connection between past, present and future and it also serves as a common denominator of economic agents activities;
- It is an economy in which the state has an indirect and global intervention;
- It is an economy in which the profit is the mobile of the economic agents and the central objective of the firm and for its achievement the firms are limited only by their own capacities and by respecting the other economic agents rights;
- It is based on the domination of the competitive markets mechanisms, meaning that these represent the supreme arbiter of economic decisions;
- The state represents a component of the market economy function mechanism, but the market forces and private decisional centers remain essential.

The market and the market economy have evolved in time. At the end of the 19th century they were the closest to the ideal model of functioning but even then their form was not pure. Different regulations that have established restrictions or privileges for certain persons or certain groups have existed in certain forms and in a certain measure.

The globalisation we face nowadays derives from the fact that, by starting from the technological and economical development, a significant number of human activities is situated on such a large scale and scope that they exceeded the national borders within the limits of which the sovereign states exercise their right to govern. The new actors had to cope with the challenge caused by the monopoly-type governance. Multinational corporations, global financial markets, non-governmental organisations as well as criminal organisations and international terrorist networks appeared. Their activity is not covered by international laws which are based on formal
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