Chapter 10

Perceiving the Value of the Company in Managing Business Risks: Evidence From Finland

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ABSTRACT

Seen as a reflection of the clear vision of some extreme leaders, the overall performance of the entity is achieved today against the backdrop of the innovation process. The value of the company is necessary to become the key element in any entity development strategy. However, it requires a comparative analysis of the entity with other market players or emerging markets. This chapter analyzes the new research directions at the intersection between accounting and management, with the role of potentiating the important valorization of managerial culture and the implementation of an integrated system of performance indicators to accurately determine the value of a company.

INTRODUCTION

Currently, in all countries, especially in the economically developed ones, with democratic traditions and an important and clear legal system, in which capitalism proves it’s obvious advantages, where the market is the sole arbiter of the economy and the private enterprise is encouraged, it is estimated that development is the main way and will continue to be for many decades, with a growing importance of the role and weight of small and medium enterprises in the national economy (Stettina & Hörz, 2015; Akgün, Keskin & Byrne, 2009; Chan, Shaffer & Snape, 2004).

One aspect of great importance to the existence, perpetuation and rise or fall of companies in the economy of any country is their contribution to creating new value, or, in other words, the value added in order to be more relevant, needs to be examined closely, along with the number of employees (Becker & Huselid, 2006; Alhyari, Alazab, Venkatraman, Alazab & Alazab, 2013). Enterprises activity is not
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confined to any country to production in the strict sense; they participate in both exports and imports in order to achieve the purposes of the owners. In addition, it should be noted that between them, the most important place is micro (Arsenault & Faerman, 2014; Fisher, 2010). Due to its’ small size and simpler organizational structures, they can make many changes during their existence, that allow them to operate in conditions of economic efficiency. Another important advantage of small and medium size organizations refers to their innovative potential in the technical, technological and managerial view (Agha, Alrubaiee & Jamhour, 2012).

Value analysis of the company is another technique of organizing and processing the values of individuals and organizational culture (Amagoh, 2008; Taticchi, Tonelli & Cagnazzo, 2010). This method provides information about what people value more or less, about what they value as desirable in correspondence with certain intentions, expectations and ideals. In organizations where employees are more concerned with meeting the basic, elementary needs, their behavioral choices are restricted, which leads to a decrease in their contribution to increasing the efficiency of their work (Deutsch & Silcox, 2003; Ashkanasy, 2011). In strong economic firms, employees have higher aspirations, both spiritually and materially, which leads to their participation in organizational performance (Olson, Slater, Tomas & Hult, 2005; Andriole, 2010).

For the time being, the only alternatives for developing businesses in Finland are: the ability to create new products and services, the ability to improve internal and external relationships so as to favor the creation of competitive advantages that will ensure success in the market. Successful companies increasingly manifest themselves as true open systems, whose position in the market depends not only on their internal resources, but also their relations with configuration and external entities with complementary skills. External network of the company is basically an extension of the internal borders between the two types of networks becoming increasingly difficult to identify.

This chapter analysis the new research directions at the intersection between accounting and management, with the role of potentiating the important valorization of managerial culture and the implementation of an integrated system of performance indicators to accurately determine the value of a company. The theoretical and practical conclusion shows that if the company ceases to expand at a cost under the cost of trading in the market, but equally the cost of organizing the transaction by another firm, both procedures may allow the organization of production at a price below the market. Therefore, the entrepreneur does not seek any specific actions undermining the market economy or business isolation, rather it has clear objectives that are channeled to seize all opportunities of the free market.

BACKGROUND

In the light of the new conditions generated by digital economy, any company, no matter the field it has as operation, rules the principles of effectiveness and efficiency, competitive party, functional and deci-sional autonomy, and that of developing activities that suit the market requests (Cocca & Alberti, 2010). Consequently, due to changes fever, due to their rapid succession rhythm, companies are compelled to frequently reorganize their structure, to continuous adapt to new trends determined by the contemporary scientific and technical progress, by the intensification of the contest within the national and international level, by human taste development and change in needs.