

Chapter 12

Importance of Value of the Company for Development Business

Lavinia Essen Yildirim

Ankara University, Turkey

Diana Mândricel

Titu Maiorescu University, Romania

ABSTRACT

The value of the company is necessary to become the key element in any entity development strategy. In this context, the action of the market contemporary forces determines certain behavior of the companies, which become more and more engaged in the resources, quality, customers, and suppliers, in which the top role is played by the top quality management. At the same time, the value of an enterprise or rather of its shares is no longer calculated as the sum of the values of its assets but determined by its ability to generate economic benefits, and the balance sheet loses interest in the income statement. This chapter analyses the new research directions regarding the value of the company in managing business risks.

INTRODUCTION

The human society, as a whole, often considered and not without reason an extremely complex mechanism, had and has to face the challenges of first stringent problems - the implementation of an integrated system of performance indicators to accurately determine the value of a company. (Stettina & Hörz, 2015; 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).

DOI: 10.4018/978-1-7998-4637-6.ch012

The framework in which the economic information is optimized is represented by the information system, whose decisive role is to provide the necessary information network to the entities involved in the economic process in order to minimize the risk and the uncertainty, thus facilitating the decision making relevant at any managerial level.

Most often the appreciation of the value of a company is based on analysis of profit and loss account. The option for researching the profit and loss account as a performance model, defines the system of evaluation and presentation of the result (Akgün, Keskin & Byrne, 2009).

Enterprises activity is not 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).

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 proves 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. One can formulate the conclusion that if in a balanced approach and patrimonial, the result measures the variation of the patrimony owned by the company, the economic approach leads to the construction of a result as a performance indicator.

Background

Considered a socio-cultural stake, the accounting based on the information provided reflects both the financial position and the performance of the entity, becoming the main informational source of the information system through its quality as a component of the economic records, along with the operational and statistical records.

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 decisional 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

9 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/importance-of-value-of-the-company-for-development-business/259223

Related Content

Smart Marketing: A Multi-Stakeholder Review of Implications for Sustainable Business Practice

Neda Abdolvnadand Nasim Ghanbar Tehrani (2024). *Smart and Sustainable Interactive Marketing* (pp. 154-177).

www.irma-international.org/chapter/smart-marketing/337510

Harmonizing Natural and Built Environments: Integrating Wetlands in Land-Use Planning for Sustainable Development – A Case Study of Ananya R/A, Chittagong

Kanu Kumar Das, Rezuana Islamand Mainak Ghosh (2022). *International Journal of Social Ecology and Sustainable Development* (pp. 1-14).

www.irma-international.org/article/harmonizing-natural-and-built-environments/287121

Sustainability and Anticipatory Governance in Synthetic Biology

Arnim Wiek, David Guston, Emma Frowand Jane Calvert (2012). *International Journal of Social Ecology and Sustainable Development* (pp. 25-38).

www.irma-international.org/article/sustainability-anticipatory-governance-synthetic-biology/67354

Ending Extreme Poverty in Rural Populations

(2022). *Sociological Perspectives on Sustainable Development and Poverty Reduction in Rural Populations* (pp. 79-110).

www.irma-international.org/chapter/ending-extreme-poverty-in-rural-populations/287661

The Evolution of Waste Bank in Indonesia: An (Islamic) Local Wisdom Based on Circular Economy Towards a Climate-Neutral Economy

Khairunnisa Musari (2023). *Perspectives on the Transition Toward Green and Climate Neutral Economies in Asia* (pp. 234-249).

www.irma-international.org/chapter/the-evolution-of-waste-bank-in-indonesia/327264