



STRATEGIC ALTERNATIVES IN A CORPORATION OF FINANCIAL INVESTMENT SERVICES ON THE CAPITAL MARKET

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Abstract *Our work is, in practice, a case study, in which we want to create a model of how the best strategic measures (strategic alternatives) must be chosen and finally, the best one used, that is, to base the strategic choice, for apply it to a more demanding corporation, through its field of activity and through its object regarding investments. After all, without any reservation, an investment fund is a strategic institution has the ability, through the effects of its activity, to change destinies, to develop investments, to make a substantial contribution to the development of national wealth and the prosperity of many entities..*

Key words:

Strategic alternatives, Corporation, Corporate Environment, Investment fund

JEL Codes:

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G23**

1. INTRODUCTION

The objective of this paper is to present some theoretical aspects of the strategy, with emphasis on the market strategy as the core of the marketing policy for the service providers, considering that one of the basic tendencies of the contemporary economy is the explosive development of of the services sector. For most services, effective consumers are by far the most important source of profit growth.

Market strategy occupies an important place within the company, so every company must have a strategy to adapt to the dynamic market environment. There is no universally valid strategy in this regard, each company must find the solution

most appropriate to its situations, possibilities, objectives and resources.

Marketing must be understood not in the old sense of sales, but in the new sense, of satisfying the needs of the consumer. The purpose of the marketing activity is to know and understand the customer so well that the product or service will suit his needs and sell himself. Defined "as a new science of sales" or as "the science and art of persuading customers to buy", the concept of marketing has undergone a rapid evolution in parallel with the economic-social changes.

The strategic orientation of the economic activity is, in fact, a characteristic of the modern enterprise's marketing policy. The marketing

strategy designates the defining lines of the attitude and conduct of the company in order to achieve certain objectives.

After presenting the marketing strategies and policies with, essential role in the companies, the paper applies these objectives on a company that operates in a new domain, that of the capital-domain market with a significant importance in the economic-financial system.

I have named the corporation in our case, SIF Capital Impact Corporation SA

2. DATA OF RECOGNITION AND PRESENTATION OF THE CORPORATION

CAPITAL IMPACT CORPORATION is a financial investment services company, established in December 1994, member of the Bucharest Stock Exchange and of the National Association of Financial Investment Services Companies.

The company is organized in the form of a joint stock company, with 100% private capital, initially, of 4 billion lei. The total number of employees at this date is 30 persons, organized as follows: research - 6 persons; trading - 8 people; marketing and public relations - 3 persons; computer department - 3 persons; back-office department -10 persons (also includes accounting)

The company operates in a more special field - the Romanian capital market and is in a period of strong development. The need for a stock exchange in Romania was felt long before November 20, 1995, when, after a pause of 50 years, the Bucharest Stock Exchange reopened. The Government of Romania designed and implemented

a Mass Privatization Program, which consisted of the privatization of about 4,000 companies, and about 60% of each enterprise was made available to the public willing to subscribe. Under these conditions, financial investment services companies became necessary, the only institutions through which the shares acquired as a result of the subscription can be traded.

The services that the company offers at this date are:

- brokerage services on the Bucharest Stock Exchange (B.V.B.), Rasdaq Electronica Stock Exchange (B.E.R.);
- administration of the securities portfolio;
- listing of companies on the Bucharest Stock Exchange (B.V.B.);
- analysis of companies and sectors of activity;
- assistance for public offers of shares and bonds;
- assistance for registration on the stock exchange.

As it can be seen, the company offers services in several different markets, namely the Stock Exchange (which currently lists 107 companies) and the RASDAQ Overseas Market (where over 3,000 companies are listed), both of which are of great importance for the capital market in Romania. The company has focused mainly on institutional investors, but it does not neglect the small investors who offer services with great professionalism.

CAPITAL IMPACT CORPORATION has experience in business with institutions on the Romanian market, the proof being the

documentation prepared for the purchase of a 51% share from 35 companies proposed for privatization. Another performance we can mention is to provide assistance to its clients regarding the issue of treasury bills issued by the Ministry of Finance.

High flexibility was maintained to cope with the continuous changes of the environment (legal, economic, etc.). Activating in an area in full development in Romania, the management of the company felt the need for a strategic approach to the market. In order to substantiate a marketing strategy and, implicitly, to establish an appropriate marketing mix, the exogenous and endogenous factors that can influence the firm's decision must be analyzed.

3. PROPOSED STRATEGIC ALTERNATIVES FOR CAPITAL IMPACT CORPORATION S.A.

3.1 MARKET STRATEGY BASED BY SSIF CAPITAL IMPACT CORPORATION S.A.

Once the analysis of the external and internal factors that can influence the process of elaborating the market strategy is completed, the corporation must make the decision to take a certain position towards the main problems of the market. Therefore, taking into account the internal potential of the company and the influences of the external environment, we will present proposals for strategic market variants that can be adopted by the corporația CAPITAL IMPACT CORPORATION, as well as the marketing mix that fits with this strategy.

The position of the company in relation to market dynamics. Acting on a dynamic market, with clear development trends and having sufficient

resources and in an appropriate structure, corporations can resort to the strategy of expanding the market activity. With the increase in the number of employees (the only resource currently unavailable), the resources available to corporates will be able to enhance each other producing a high synergetic effect [Anghelache, 2004].

The company's position vis-à-vis market structures (position alternatives). As we have seen in the previous chapters, the consumer market is made up of clearly defined segments, with defining particularities. Given the fact that corporaianu has staff and working points with sufficient population, corporaianu can focus its attention on three market segments: [Florescu, 1987] strategic or portfolio institutional investors and securities companies that do not have trading rights. on the secondary market. This is therefore a concentrated positioning strategy, which can be well supported by extremely well trained personnel, a strong analytical department and therefore, as a result of these two traits, the ability to provide professional and competent services.

The position of the company in relation to market changes. "The evolution of market demands, in rhythms and directions sometimes unexpected, raises the company problems of dynamic adaptation to the new conditions". [Ghilic, 2002] Flexibility is one of the strengths of the company CAPITAL IMPACT Corporation, as described in Chapter IV, and the staff proves a strong initiative not being organized on hierarchical criteria. This allows the company to adopt an active strategy, through which it intervenes to influence the market, in order to cause within it

certain changes that respond to the company's own interests.

The position of the company against the demands of the market. CAPITAL IMPACT Corporation wants to create the image of a company that knows the market and knows what it does on this market. It would never accept increasing the volume of activity or increasing the number of customers at the expense of quality. That is why the corporation chooses "the strategy variant of the high demands, the more so as the corporation has sufficient resources in terms of quantity and quality" [Benett, 1996]. Also, in the event of an urgent need for human resources, corporations can attract and train new employees in a very short time.

The position of the company relative to the level of competition. Although the competitive environment is highly developed and the competitors are very strong, they are all targeting an offensive strategy to increase market share. For this, CAPITAL IMPACT Corporation will use in particular the high quality and professionalism with which it provides services. In other words, the corporation calls for a competitive differentiation strategy, by which it "tries to convince customers that it is capable of providing assistance and competent advice for those who want to invest in this market" [Nicolescu, 2000].

The position of the company in relation to the workforce. "All those working in the field of the secondary capital market need special training in this regard" [Olteanu and Cetina, 1994], and those who trade on the BVB or on RASDAQ must be registered and authorized by CNVM / ANSVM. For this reason CAPITAL IMPACT Corporation can choose the

strategy of the preparation of the labor force in specialized units, that is to say at the courses organized periodically by ANSVM, BVB and MILLENIUM CENTER.

The position of the enterprise vis-à-vis banks and financial institutions. CAPITAL IMPACT Corporation must "maintain a permanent contact with these market institutions in order to facilitate its activity, by using all the facilities offered to it" [Piperea, 2005]. However, the corporation has sufficient financial resources to ensure its development so that it is not necessary to apply for financing through bank loans. So the corporation then opts for the strategy of financing from own resources.

3.2 THE PROPOSED MARKETING MIX FOR SSIF CAPITAL IMPACT CORPORATION S.A.

Product strategy

Regarding the quality level of the services, we can say that the CAPITAL IMPACT corporation pays special attention to this element and does not make a differentiation of the quality, according to each segment of consumers it serves. In order to ensure a high quality, attention must be paid to both consumers and staff of the company participating in the provision of the service. The staff of the company can inspire consumers with confidence in the company and the services provided. But for this the confidence of the employees in the company and its objectives must first be gained. They need to be strongly motivated to provide quality service. The qualitative stability strategy is most appropriate to the objectives and the adopted market strategy.

Regarding the other criterion of differentiation of strategies, the degree of diversification, we can say that the most suitable strategy for the company is the strategy of the assortment of the services offered. This can be done primarily by "extending the range of services offered on the primary capital market, where, as we have seen, there are major deficiencies" [Diaconescu, 2004].

The last criterion used to differentiate strategies is the degree of service renewal. At present, the corporation provides only "some of the services that can be offered in a more developed market, such as those in countries with long experience in the secondary capital market" [Bob and Ron, 2004]. Corporation proposes to keep pace or even to anticipate the need for new services on the Romanian capital market, so it will adopt a strategy to renew the services offered.

Distribution strategy

As a rule, the adoption of a strategic decision regarding the distribution of services is made by taking into account three criteria: the range of services provided, the type of channel and the structure of the demand. Given that corporations would target well-defined consumer segments with different consumer characteristics and habits, CAPITAL IMPACT Corporation will need to reach them through different distribution channels, depending on their specifics. For this corporation, it can then choose the strategy of offering the same service through different distribution channels, to different segments of consumers.

Thus, for the consumer segment formed by the general public holding the shares acquired through coupons, distribution channels were used with a single intermediary consisting of those SSIFs that have no trading right on the secondary capital market. For institutional and portfolio investors "the direct distribution channel will be used, so the corporation will provide the services directly, without resorting to intermediaries" [Florescu, 1992]. There are also some exceptions, such as the cases in which corporation can satisfy all the investors who appeal to it at a certain time. When these investors did not want to use another SSIF, they were able to do CAPITAL IMPACT Corporation in their place to execute their orders. Thus, they "remain the clients of the firm, but their service was made by calling on a paid intermediary from the commission due to the firm" [Michael, 2003]. For these clients CAPITAL IMPACT Corporation is the one who manages their account and confirms the execution of their transactions.

Price strategy

Although corporation should not neglect the problem of cost coverage and profit, corporaíanu will use a cost-oriented pricing strategy. Thus, the problem of determining the unit cost per service is very difficult to solve. At BVB we can talk about the commission as a price of the services provided, and on the RASDAQ market the corporation offers certain firm quotes for the actions for which it is a market maker. Thus, on RASDAQ, the corporation then charges a commission when acting as a customer agent or can earn by buying at a higher price and selling at a higher price. When acting as an

agent, so when the price of the service is made up of a commission, the corporation can then adopt a price strategy based on competition. The corporation "acts on a highly competitive market and therefore a price strategy that takes into account competition is indicated" [Kotler, 1997]. But the share price is made up of the demand / supply ratio and when the corporation acts as a principal, the offered prices must take into account mainly the demand / supply ratio. In this case, therefore, the corporation must adopt a price strategy based on demand" [Demetrescu, 2001]. As can be seen, the corporation uses the two pricing strategies depending on the actual cases on the market. However, the possibilities of differentiating its services and confronting competitors using other means than price are corporatized.

Promotional strategy

This strategy differs according to several criteria as we saw in the theory chapter of the promotional strategy.

Thus, depending on the overall objectives of the promotional activity, no doubt the corporation must adopt the strategy of promoting the global image of the company. This is due to the particularities of the services whose quality is perceived as being closely related to the reputation and image of the company. CAPITAL IMPACT Corporation must form a company image that knows the market very well and knows what it does on this market.

Regarding the way of the promotional activity in time, the strategy of the permanent promotional activity must be adopted. This will

mainly be done "by using brands, that is, by promoting the company name, a strategy specific to service companies" [Bradley, 2001].

The next criterion of differentiation of the strategies is the position towards the market structures. According to this criterion the corporation should choose the variant of the undifferentiated strategy, addressing all segments in the same way to form a company image favorable to their own interests.

Of course, the corporation should decide on the rough premises of the promotional activity, which is the last criterion for differentiating the promotional strategies. CAPITAL IMPACT Corporation must adopt a strategy of using specialized institutions to the same extent as the strategy of using its own forces.

In the field of services, a special attention in the composition of the marketing mix must be paid to the specific variables, namely: the environment, the personnel of the company and the client. Particularly important is the fact that the corporation should maintain a pleasant environment, so that consumers are attracted and convinced that they have found the corporation here that best meets their needs. This environment can materialize the service offered, so that the consumer can form a pleasant impression before actually consuming the service. Thus, the ambience is also given by the friendliness and competence of the staff that plays a decisive role in attracting and maintaining the clients. Therefore, CAPITAL IMPACT Corporation will have to pay special attention to its own personnel whose satisfaction and trust in the company depends on the

quality level of the services provided. The last element to be considered with great care is the client himself.

4. CONCLUSIONS

Of all the components of the marketing policy, the market strategy represents the most important element of it, considering that only through a dynamic adaptation to the economic-social environment is possible and the correct foundation of the other components as well.

As a core of marketing policy, the market strategy is the starting point and the reference element for all the other types of strategies of a company, being comprehensive both by the nature of the objectives and by the extent of the material and organizational commitment that the company requires.

As a company grows and expands due to the expansion of its strategic domain, it must adopt, within its marketing policy, an integrated set of market strategies. In its operation, a company tends to develop a set of market strategies adapted to the evolution of different product-markets, geographic markets and market segments that it has decided to serve.

The fundamental problem for the company consists in determining the number of strategies that it can manage and financially support accordingly. Being a decision, the market strategy is the result of an option from a plurality of variants based on the possibilities of the company, as endogenous factors and the particularities of the market in which the company operates as exogenous factors. In order for

the market strategy to be well-founded and to choose the best strategy, it is also necessary to know the consumer.

At the same time, the phenomena that generate the consumers' options and the means or forces trained to satisfy them must be highlighted. The elaboration of the market strategy of the company involves the passing of well defined stages, the substantiated variants of a strategy, met in practice, covering a fairly wide range. After the foundation of the market strategy is followed the elaboration of the marketing mix, through which elaborate detailed strategies regarding the price, product, distribution and promotion

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