



UNIVERSITY OF NIŠ  
The scientific journal FACTA UNIVERSITATIS  
Series: **Economics and Organization**, Vol. 1, No 5, 1997 pp. 13 - 21  
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## THE INFLUENCE OF THE FACTORS WITHOUT CONTROL OVER THE PROCESS OF TAKING A DECISION

*UDC: 519.863*

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**Abstract.** *The winning management decision can be taken on the basis of an information concerning all aspects of the connection producer - consumer - competitor and the factors causing it. Conformity with marketing environment, factors supposes their correct determination and structuring (classifying) on the factors with and without control of the marketing expert, especially their subgroups: consumers, competitors and elements of the marketing environment. The degree of their influence can be defined on the basis of a modern prognostic instruments of PEST-analysis and input-output analysis.*

Strengthening the position of Marketing as a new philosophy of business and as a basic function of management held out new opportunities in front of our business practice. Besides, several problems appeared, the decision of which faced the managers with serious trials. Intuition and long experience are necessary but not sufficient to manage any economic subject that settles up as an autonomous center for taking management decisions concerning realization of incomes and operation with expenditures. By an approved analogy in the economic literature, "the umbrella" - the citizen" - the enterprise - is either under the tender sunrays or under the influence of the rainstorms.

The winning management decision can be taken on the basis of an information concerning all aspects of the connection producer - consumer - competitor and the factors causing it. To this effect we have to solve the problem of searching the marketing environment as a background in which enter the mutually determined interests of the famous magic triangular consumer's - producers - competitors.

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Received May 05, 1998

Conformity with marketing environment factors supposes their correct determination and structuring which guarantees their quality characterization and quantity estimate. From the pragmatic point of view, classification of the elements of the marketing environment of control and out of control by marketing specialists is very useful for the management of the company. With such structuring of the factors we clarify the position and the form of relationship between taking a management decision and concrete environment factor. On the other side techniques of the information supply concerning behavior and influence of the elements of marketing environment are defined. In this reason as senseless is the try to influence directly on the factors without control as necessary is the direct management of the factors with control. Classifying the elements of marketing environment with and without control has another practical aspect. It legitimizes and shows the real function of the factors of macro marketing environment that in principal are out of the control of the marketing experts. Because of insufficient preparatory work and lack of experience, amongst the Bulgarian managers spread out a concept that the excellent knowing of direct contractors and competitors is enough condition for a successful business. The undeniable theory fact is not taken in mind that all activities in economics which is subsystem of the mega system - society, as well as the subjects that realize them are all elements of a system with all consequences concerning it. Or any economic subject directly or indirectly exercises influence over the behavior of all other subjects and on the other hand it is under the effects of the co-ordinate actions of the subjects of the economic system.

To this effect, the whole macro economic situation shows as one of the major active acting elements of the macro environment. Something usual about this factor is that its composing elements are reproductive and because of this the macro economic situation can be defined as relatively out of control factor. In contrast to it, the demographic environment and Nature are in the real meaning of the word exogen factors. The degree of their influence can be defined on the basis of modern prognostic instruments. In this reason the widely proclaimed in the marketing literature PEST - analysis is not sufficient for the adequate characterizing of the marketing environment.

Strengthening the position of Marketing as a new philosophy of business and as a basic management function hold out new opportunities in front of producers. Besides problems appeared, caused by a qualitatively new situation, in which they were situated. Speaking of a stage from situation in which the behavior of the economic units is to great extend determined by the state economic institutions to situation in which the settled up as an autonomous centres producers have the rights and obligations independently to take management decisions about their incomes and expenditures. In the economic literature such stage, which is characterised by qualitatively different relationships between the individual economic subjects on one side and the state institutions on the other is compared to a person who holds an umbrella in his hands. The relationships, characterized by direct definition of the behavior of the economic subjects by the state, can be compared to the idea that "the citizen" - the enterprise holds "the umbrella" - the state always open. In this way he is prevented from the "unsuitable climatic conditions" but the "warm sun rays" does not reach him as well. Using the economic language this means that having not achieved certain planned indexes, producers do not carry out big responsibility, but having achieved very good economic results, higher than the planned ones, they are not favoured. The redistributive mechanisms start acting and balance the

unsuitable phenomena of ones with the prosperity of other economic subjects. The passage towards the new relationships between the state and the producers, when the state institutions are no longer in the position of directly managing economic subjects, can be compared with the case when "the umbrella" - the state - has never been used. In this case, the individual producers take all assets and liabilities of the autonomously taken by their decisions. Successes and failures are only as a result of the competence and the economic foresight of the owners or the managers.

As any other comparison, the mentioned above is characterized by certain degree of abstraction. There is no economy, that in any stage of its development has been lead up by one of the mentioned external approaches. The way nobody can develop all-knowing state management centre, which decisions to determine the behavior of the individual subject, so an autonomous producer can also not rely on success / matter how strong he is from economic point of view / without the supporting and stimulating role of the state. The question is in the optimum of the relationships between the individual producers and the state, which as the world spread economic knowledge shows, is specific for each national economy in the different periods of its development. The latest years of the development of the Bulgarian economy are the consecutive proof of this fact. This period proves as well that in the changing economic situation, the institution and the gained experience are necessary but not enough to manage any economic subject. The winning management decision can be taken on the basis of information, concerning all aspects of the connection producer - consumer - competitor and the factors that determine it. In this case, in front of the Bulgarian management stands up still not solved the question about the search of the marketing environment as a background on which are situated the mutually determined interests of the sides of the famous "magic triangular" – consumers – producers – competitors. In that connection is useful to remember the words of Paul Heigh and Peter Jackson from their book "How to make marketing researches": "In business is like that. The information is necessary to increase the chances of taking the best decision. Exactly the marketing research is one of the business "cards", leading the one, who takes decisions."

The consideration with the factors of the marketing environment supposes their synonymous definition and correct structuring. In this way their quantitative characterization and qualitative valuation are guaranteed. From pragmatic point of view for the management of the enterprise the classification of the elements of the marketing environment on control and out of control is especially useful. With such structuring of the facts, the form of relationship between taking a management decision on one side and the exact element of the environment on the other is specified. According with this, the techniques of information insurance about the behavior and the influence of the factors of the marketing environment over the economic subjects is determined.

The standard characteristic of the factors out of control is that they are external for the organization and are out of the control and the direct influence on the side of the top leadership or of the marketing experts. On the power of definition, the variety of factors out of control can be restricted in the following subgroups:

- consumers;
- competitors;
- elements of the marketing environment;

Each one of the mentioned groups has different degree of out Control State and

different degree of influence over the behavior of producers. Following the canons of the classic marketing conception consumers should be considered as a classic factor out of control. The needs and the necessities of consumers are valued as typical argument, the characteristic casual dependence: necessities - independent variable quantity; reaction of producers - function, is modifying, I.e. the behavior of the buyers can be valued already as something relative but not absolute independent quantity. This fact is confirmed by another circumstances. In some of the definitions like this of B. Berman and J. R. Evens, the classic marketing is defined as: "... a prognosis, management and satisfaction of the demand by the process of change. It includes stimulation, facilitation and regulation of demand and satisfaction of the expected. Using the terms: "management", "stimulation", "regulation" proves that as any social phenomenon the necessities can be object of influence. In a variety of cases this is not only possible but also necessary, without breaking the sovereign rule of consumers to take autonomous decisions for making a purchase. Object of influence can be not only the behavior of the final consumers, but that of the organization consumers as well. The fact that their decisions are taken under the influence of a complicated complex of economic, social and political factors, shows that their consumers behavior also can be shaped.

Concerning competitors their behavior can not be object of control. Even more, predetermining in some way the acts of competitors is "not healthy" for all economic subjects because it creates classically monopolized production. Aiming to keep the cleanness of the competition as an indisputable stimulus of the economic development there are many anti-trust rules. Does it mean that competitors are typical external factor, whose behavior can only be prognosed and having in mind the precision of the prognostication producers can successfully or unsuccessfully enter the competitors relationships? The enterprises - competitors as any economic subject have two faces. One is of the producer who is looking for a suitable market and having in mind the rightness of the choice, believe success of suggest losses. Having in mind the level and the dynamic of the production that are typical now, very nice but not very pragmatic sound the appeals for cleanness of the relationships between competitors when the quickness and the strictness of the thought and the acts are the only arguments for prosperity. Aiming to achieve the planned results and to suffer less losses from the clashes with competitors, the managing companies more often are looking for direct or indirect ways to co-ordinate their activities with those of the competitors companies.

To this effect, on the basis of enough information, competitors start knowing each other in details and do not act as enigmatic, blanked with the veil of inaccessibility persons. Having in mind this we can draw a conclusion that the competitive producers to some extent like consumers can not be considered as absolutely external factors of the marketing environment.

The third groups of factors, which from force of another classification are elements of the marketing environment, are typical representatives of the factors out of control. Such is the characteristic of nature and the political factors. The behavior of the elements from the third group is out of the control of the marketing specialists and information about them can be accumulated not on the basis of direct influence but on the basis of working out prognoses concerning the possible changes. The researches over the influence of the factors of the macro-environment, especially of the macro-economic factors, are based on the world famous PEST - analysis. In the practice of Bulgarian management the input -

output analysis has not found its real place. We are speaking about researches over the behavior or producers of different groups of products / industrial, agricultural goods; transport and tourist services; the services of finance - credit institutions etc. / considered with the demand of consumers, defined in different groups of markets. The basic argument for using the input - output analysis can be determined in the following way. Because of lack of experience, and maybe of tradition as well, amongst the Bulgarian managers spread up the idea that good management decision can be taken if they know the direct contractor / buyers and deliverers / and the production direct competitors; that future activities can be planned on the basis of qualitative analysis on the level and dynamic of the indexes, that characterize the direct results / advantages and weak points / of the economic activities of the producer. Indisputably, such analysis is necessary, but the experience of the managing companies shows that it is not sufficient. No matter how powerful is a producer, he produces just part of a group of products or services. This is not only a real fact, but also compulsory request prompted by the anti-trust legislation. It follows from this that it is a question of economic literacy the individual for the producer economic results to be compared with those, connected with production of the group of goods or of the economic branch to which the producer belongs. This concerns the indexes that characterize the kind of production / nomenclature and assortment / the measures of the production / including part in the production / dynamic of sales, and so about the level, the dynamic and the structure of the expenditures for the production and the realized production. And something else - a producer can be involved in business relationships with extremely limited circle of partners, as well as deliverers and consumers. But these are only the direct, "visible" connections. However the economic life is much more complicated because the direct connections are complemented / and in many cases / determined by a complex of indirect connections which for the bigger part of managers are invisible. Complementated by direct and indirect connections, the autonomous economic subjects act like elements of the economic system. Let us remind that each system, including the economic one as well, is determined as a combination of elements and the typical relationships between them. The characteristic of the relationships insures the homogeneity of the system and determines the specific of the means of her study and management. Some of the practical effects of the system approach of the economics can be presented in the following way:

- the necessity of research and foresight of the direct and of the indirect connections between the economic subjects;
- each subject exercises influence over the economic results of the other producers on one side, and on the other the individual the individual producers are under the co-ordinate influence of the subject of the economic system; i.e. each producer of goods, as a part of whole is dependent on the level and the dynamic of the economic results, concerning economy as a whole;
- the economic subjects are dependent of powers and factors, which are out of the economic system. This is because parallel with the system, named economy, exist other systems of public effective activities; demographic system, system of scientific researches with fundamental meaning, Nature, etc. From management point of view for the economics the behavior of the other systems is aim and condition for her development. For example, the demographic system that includes the markets of final producers, using their necessities, determines the aims of development of the



ucts for producing item increase from I kind of products

The system of equation submits the balance of the resource of determined kinds of products on one side and the different forms of their use, namely:

- for demand of production under the form of material expenditures;
- for increasing the assets, aiming to increase the production in future periods;
- for export;
- for consumption from final consumers

We must note down, that the mentioned forms of the used products are not only about those of them, that are produced in the country, but about the imported as well. In this way object of research are the relationships of the kind residents - external counteragents.

If we take the position of the producers of particular kind of products / rows of the system / using the input - output analysis we can achieve information about the behaviour of the different kinds of markets. For example, if we analyse the first row of the system, that concerns the production and the use of coal, from the first direction of their use, expressed by  $a_{1,j}X_j$  we can see, that the size of the purchases of the companies - consumers rests with the dimension of their production per year  $X_j$  and with the effectiveness of the use of coal /the coefficients  $a_{1,j}$ /. It is obvious that a producer of some kind of product can lower the demand of coal, without lowering the volume of his production, if he uses this raw material more effectively. The volumes of the produced products and the expenditure coefficients are in value expression which means that the change in the price of the product that used and of the product that is produced will define the value of the made purchases.

The second form of using the product in the first row expressed by  $b_{1,j}X_j$  characterizes again the behavior of the organizations - consumers. In this case they buy not to provide their current production but aiming to create additional conditions for the future increase of their production. The volumes of the purchases, connected with the increase of the supplies of coal, will depend on the current level of supplies, the speed of their circulation and the size of increase of production. It is obvious that for the organizations - producers of coal will be favorable the situation in which they rely on increasing the production of the consumers and even lowering the circulation of the supplies.

The third form of using a particular kind of product is the so called final consumption. We have in mind such way of using the product, in which other kinds of products or services are not produced. This is the classical consumption of the households. The final consumption has a special role in the input - output analysis. It is connected with the use of products from the markets of the final consumers, whose behavior and process of taking a decision for making a purchase are more complicated compared to the organizations - consumers. Besides, it is an alphabet true in the Marketing that the sizes of the purchases of the organizations - consumers depend on the sizes and the structure of the purchases of the final consumers. In connection with this we can say that a producer that manages to model the behavior of the final consumers to great extent exercises influence over the sizes and the structure of the production of the organizations - consumers.

The last form of using the products is the export. As it was mentioned down, the relative participation of different kinds of products in the export list of the country and the attitude of the international markets towards the produced by the residents products

can be valued on the level and on the change of the coefficients  $a_{in}$  /  $I = 1, 2, \dots, n$ / in time.

The mentioned forms of using the products concern particular groups of goods and services, and because of this they express the average characteristics and trends of the economic situation. They are the necessary information basis on for juxtaposing and evaluation of the individual characteristics of the different producers and the characteristics, connected with the grouping as a whole. In the system of linear equations big acknowledgement value have the two kinds of coefficients. They express the influence of not only the economic factors, but of the Nature, the technical and science development, the political factors as well. For example, if because of laid an embargo on the export of particular kind of products this will reflect in the changed value of a concrete coefficient of the column of export. Going back through the specialized links we will find out that the unfavorable changes in the political situation determine not only the relative and the absolute decrease of the export of a concrete group of products, but of the goods and services that are factor of the production of export products. The included in the system coefficients are especially "sensitive" towards entering of the ecological problems in the economic system. The reflection of the ecological requirements in the production of any product is connected with this product, but of the rest as well, that directly or indirectly use it as a production factor.

Slightly different point of view and new possibilities reveal in front of the input - output analysis with working out of the so called double - matrix balance. The two matrixes - of using the products in the economic branches and of producing the products in the economic branches supply with information the analysis of the volume of production and connected with it expenditures. To supply the necessary information about the expenditures, the matrix of using the products in the economic branches is added by a row, including the additional value. In this way the columns of the matrix will contain the products, that are used as material expenditures. If we add to them the additional value we will receive the value of the general specialized production. Formally it might be presented in the following way:

$$G_i = U_{k,i} + V_i,$$

where  $G_i$  – general production of  $I$  economic branch

$U_{k,i}$  – material costs of  $I$  branch

$V_i$  – additional value in  $I$  branch

The information of using the products in the columns of the matrix concerns the economic branches. This reveals the possibility - each producer, that produces part of the branch production, to compare his individual expenditures with these of the branch as a whole aiming to find the optimal size and production structure of the expenditures.

These are only some of the aspects of the input - output analysis. As a conclusion we must note down that from the information of the balance of specialized links we can calculate the different derivative indexes as general national product, general production, general and specialized, etc., that complete the picture of the economic situation and its influence over the process of taking decisions.



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## UTICAJ NEKONTROLISANIH FAKTORA U PROCESU ODLUČIVANJA

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*Uspešne upravljačke odluke mogu se donositi na osnovu informacije koja uključuje sve aspekte lanca proizvođač - potrošač - konkurent i sve faktore odnosa u tom lancu. Analiza faktora marketing okruženja pretpostavlja njihovu korektnu determinaciju i strukturiranje (klasifikaciju) na kontrolabilne i nekontrolabilne faktore. U radu se razmatraju faktori koji se ne mogu kontrolisati od strane marketinških stručnjaka, a naročito njihove tri podgrupe: potrošači, konkurenti i elementi marketing okruženja. Stepenn njihovog uticaja se može odrediti primenom modernih instrumenata za prognoziranje, u okviru PEST - analize i input-output analize.*