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**MARKETING DEPARTMENT ROLE IN COMPANY AND ITS
INFLUENCE ON REGIONAL ECONOMIC DEVELOPMENT**

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Abstract

Current economic development in most Russian regions is inefficient. Profitable regions are mainly resource producing ones which have high revenues due to large companies. Small and medium-size companies carry out low-profit business activities. To improve the efficiency of small and medium-size businesses, it is necessary to change internal environment factors. One of these factors is marketing department management.

The article aims to describe a marketing service management process and interaction of the marketing department with other company services. The research object is scheduled activities and project management in small and medium-size businesses.

The article uses a complex approach to functional linear management of company departments and services.

The author developed a marketing management matrix which can be used to improve efficiency of companies. A mathematical inequality was developed. First, it helps assess efficiency of the marketing department and its involvement in special programs. Second, it can help achieve target results of marketing programs.

Thus, management of the marketing service and its interaction with other company departments can improve the economic efficiency which contributes to the regional economic growth.

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1. Introduction

One of the ways to increase the regional economy growth is the enhancement of medium-sized and small business management efficiency.

Market orientation of all company activities is much more important than utilization of modern sales methods (Goyal & Mishra; 2016; Wei, Qiao, Chen, Guo, & Zhang, 2016). All company management levels should be aware of the importance of product sales as a final link of the business chain (from raw product purchasing to finished product sales and money receipts) (Katsikeas, Morgan, Leonidou, & Hult, 2016).

The initial stages involving raw product purchasing, advanced technology selection, manufacturing, labor management can be successful, contributing to performance and production costs reduction. However, due to errors when selling finished products, the increment in profit is insignificant. In any business, there are no peripheral stages. All company departments aim to increase profit which is calculated after all finished products have been sold (Wansink & van Ittersum, 2016; Kumar & Pansari, 2016).

All company services and departments aim to gain profit which is generated after products are sold.

Marketing in the market economy should be one of the leading areas of commercial activities of a company (Qiu, Ha, Ravi, Qiu, & Badr, 2016).

2. Problem Statement

In the course of further development of the national economy, the conditions for the economic functioning of small and medium-sized businesses in a broad aspect should be improved. The successful development of small and medium-sized businesses depends on many factors: the role of the state, the creation of infrastructure, financing and lending, legal support, the creation of a regulatory framework that contributes to the formation and development of the sector of small and medium-sized businesses, the effective use of labor resources, etc.

When solving the problems faced by the state (economic growth, job creation, etc.), the potential of only large companies is not enough, especially since they still face difficulties in adapting to market conditions.

Small and medium-sized businesses have one peculiarity. It can be created anywhere in the region, district, city, settlement, based on the considerations of the state level and up to the interests of the level of a particular object.

This peculiarity, when creating the necessary conditions, can contribute to the recovery of the regional economy.

Small and medium-sized businesses take on functions that can either not be performed at all by large companies, or they will not perform enough. The role of small and medium – sized businesses is largely determined by its features: significant management flexibility, rapid response to changing market conditions, etc. small and Medium business-the key to competitive struggle in the market. It performs various functions, such as providing jobs and reducing unemployment, increasing the differentiation of goods, increasing the level of supply and meeting existing demand.

Development of small and medium-size businesses is a part and parcel of performance of the national economy. It is well known that the national economy consists of a number of regional economies.

Federal and regional government authorities do not pay due attention to professional skills of medium-sized and small business managers. To improve company competitiveness in the market, managers have to have knowledge of marketing, management, human relations, strategic planning, etc.; be aware of market conditions, demand and supply, price strategies, marketing and management strategies, organization management structure, etc.

Entrepreneurs are mainly innovators, active people. They are a kind of innovation in social production. Medium-size and small businesses exist in different areas: production of goods, delivery of services, implementation of new technologies, creation of jobs, social activities. Small and medium-size businesses as forms of business activities determine economic welfare of the nation. In developed countries, this sector produces a significant share of national resources.

Small and medium-size companies carry out low-profit activities. There are a lot of causes of low profitability of companies in the Russian regions (administration barriers, an inadequate tax base, a low top management level). Top managers of small and medium-size companies cannot influence external factors, but internal factors are within the scope of their activity.

Among the main factors of the external company environment are:

1. Legislation and tax system; a variety of executive acts, contradictions between federal and regional levels of legislation; numerous taxes (however, there are various support programs and a simplified taxation system).

2. Administrative barriers and corruption. The main problem is numerous reports to different agencies, large sums of penalties for undue reporting.

3. Financing. Problems of financing of small and medium-size businesses. Russian credit institutions are not interested in granting loans to small and medium-size businesses due to high risks and inability of companies to make loan payments. It is difficult to start business. It is easier to get a loan if you have achieved certain results and have a spotless credit record. In this case, many credit institutions are ready to reduce interest rates, increase a payback period, decrease commission rates.

Among the main factors of the internal company environment are

1. Seed capital. It is difficult and time-consuming to convince creditors in performance of a future company. Banks have to stand assure of paying capacities of the company. They need to have a business plan which depends on expertise of a future entrepreneur. Entrepreneurs should have a spotless credit record. It is a quality seal. Therefore, banks rarely finance start-up projects.

2. A company development strategy. Many company managers lack required knowledge and training for developing short-term, medium-term and long-term development plans. They have poor knowledge of market conditions, management, marketing, human resource management, etc.

3. Company management. In companies, formation of effective staff is a challenge for most managers who forget about their main responsibilities and perform functions of medium-level managers.

Top managers of small and medium-size companies cannot influence external factors, but internal factors are within the scope of their activity.

3. Research Questions

To turn the company management system to marketing, it is necessary to solve the following issues:

- Measures required to increase the volume of sales at profitable prices.
- Sales profitability enhancement by improving the price policy and quality of products.
- Market expansion in promising segments and minimization of losses in unpromising ones (Helms, 2016).

There are a lot of crucial issues. It is important that both sales managers and other specialists solve these issues since they determine the success of commercial tasks. To this end, they have to encourage the employees to improve their performance. Therefore, the marketing strategy involves reformation of the whole system of goals and labor stimulation in company department.

4. Purpose of the Study

As far as all business management links are interrelated and condition the success of each single link and the chain as a whole, it is difficult to identify a marketing component in the total economic effect of manufacturing and commercial activities of the company. One should develop a decision-making method for management of manufacturing, financial and commercial activities of the company from a marketing perspective.

It is well-known that traditionally, the increase in production volumes was crucial for company development. All other departments served this purpose. The economic efficiency was not so important. It was a requirement for achieving the main purpose. Due to the inertial nature of technocratic thinking, all these priorities continue to exist under market conditions (Lin & Tseng, 2016; Serrano-Hernandez, Faulin, Hirsch, & Fikar, 2016).

However, today, it is crucial to ensure company profitability under changing internal and external market conditions. Therefore, a priority chain should be fundamentally changed. In this context, hard work of highly-qualified employees remains prestigious and lucrative, but intellectual work of managers of functional departments is becoming more important for successful business (Salamat, Aliahmadi, Pishvae, & Hafeez, 2016; Tadajewski, 2016).

A number of these issues can be increased. They should become a matter of big concern for the sales department and services which condition successful implementation of commercial tasks and have to encourage workers to enhance their performance. Therefore, a company marketing strategy involves changes in company goals and staff motivation (Dorfleitner & Oswald, 2016).

However, under current conditions of production management, it is difficult to implement marketing methods. The main challenge might be the undervaluation of marketing methods. Manufacturing, engineering, quality control, costs management, supply management, labor management, financial and investment activities of the company are not interrelated (Parry, Brax, Maull & Ng, 2016).

For example, the sales department is responsible for sales failures; the sales department cannot control such aspects as

- Sales contracts are concluded by company top managers who implement price policies.
 - Money receipts are controlled by the financial department.
- Shipped product quality is controlled by the QCD.

5. Research Methods

The sales department is responsible for management and control of technical aspects of sales involving due preparation of transport applications, product shipment and location control, shipment register maintenance, claims management (natural rather than money claims), etc. These are not all marketing activities required for successful sales. Therefore, all company departments take part in improving commercial efficiency (Carrillo, 2016). Only one sales department or even an expanded marketing department cannot deal with a variety of marketing activities. Efficient management of all company departments in the area of sales and other areas is a must. The world practice developed a management matrix form for creation of an integral company management system. The matrix form is described in (Koskela-Huotari & Vargo ,2016).

Matrix marketing management can be used by companies as suggested by the author (Figure 1).

The marketing matrix requires high level of business communication culture for managers of linear departments who should not shift their responsibilities. In a down economy, when all sides of business communication are aggravated, matrix management is unlikely to be efficient. It will cause collective irresponsibility and irritability of top managers. It should be noted that under tough linear management, when each middle-level manager is responsible for a narrow area, marketing activities are inefficient.

Matrix management requires stable operation and a high level of business communication culture.

If the company manages to pass through the economic development stabilization stage and implements marketing strategies in its business activities, each linear department and area contribute to company profitability. In Figure 1, the net marketing effect is at the intersection of line 6 and column 6. This sales department activity effect differs from the direct marketing effect according to the results of the sales department in total company results. It is equal to the effect in column 6.

Marketing plan effects (Emp), which are calculated as a sum of all components of the effect in line 6 for linear departments, can differ from the effect in column 6.

The difference between total effects is due to two facts. First, the marketing department engages in specific program activities. Second, this refers to a target effect of the marketing program. It reflects the collective results of company activities aimed at achieving commercial success. Therefore, the author developed the following inequality:

$$E_{nm} \leq E_m \leq E_{mp} . \quad (1)$$

6. Findings

Economic effects of marketing or other activities of company departments should be determined as an increase in profit or losses which are calculated for scheduled activities and summarized by weighing a contribution to a summary indicator. That differentiation is used to analyze and control management activities and gain a year-end reward. A management stimulation mechanism should be based on the results achieved.

Table 01. Marketing department organization scheme in a commercial company

Scheduled activity and project management (by activity areas)	Functional linear company management										
	Manufacturing	Labor and salary	Engineering	Costs	Supply	Finished product sales	Finance	Investment	International relations	Total effect by activity areas	
	1	2	3	4	5	6	7	8	9	10	
Manufacturing program	1										
Labor and salary policy	2										
Technical development plan	3										
Cost reduction plan	4										
Supply plan	5										
Marketing plan	6										
Financial policy	7										
Investment policy	8										
External relation and PR policy	9										
Total linear effect	10										

7. Conclusion

The marketing task of a company should be solved in three areas as Figure 1 shows. Implementation of marketing activities in business management can improve the economic efficiency which will contribute to the growth of the regional economy. Managers of commercial companies, for successful business, need to understand the importance of marketing in the activities of the company, understand that the products should be focused on the demand that is formed in the market, as well as to meet the needs of end users of products.

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