

The Features of the Production, Financial-Accounting and Human Resources Functions in the SMEs

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Abstract

Managers of any organization exercising the functions of management, organization, coordination, training and control in different areas, which generally are called functions of the organization.

Management of SMEs differ from the management in the large companies both in the way of exercising the functions of management, as well as by the features of specific activities of each functions of the organization. Therefore, the activities of production, financial-accounting and human resources functions remove highlighting a specific part of management of SMEs.

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1. The features of the production function

After the number of activities taking place outside the enterprise, production function is less differentiated from the large companies. Although a smaller scale through the resources invested in the activities of production functions, they are almost exclusively in the attention of entrepreneurs, so they are carried out within the SME. However there are some features in this area, which will be caught on each activity.

1.1 *Manufacture and exploitation*

Each SME has a specify, through the object of activity, in the sense that it can be characterized by the activity of *manufacturing*, when the object of activity is the manufacture of products for sale, *exploitation* activity, when the object of

activity is for example transport persons or goods or the extraction of natural resources, *instructiv-educational* activity, if the object of activity is the process of education, etc. In general, each SME, according to specify, will be characterized by a basic functions of production, which for the productive enterprises is the manufacture.

Manufacture of products in the industrial enterprises implies that the most numerous cases are related to: *setting the type of production, sizing production capacity and production management.*

Type of production, as all the variables that characterize the stability of nomenclature, the volume of production, degree of specialization of the links of production and form of organization of production, present in SMEs particularity that in general is small or unique. There are few situations in which a small business meeting to occur in series or even less in bulk, because of the limitation of their resources, but mainly because the purpose of the entrepreneur to provide a competitive advantage in the production of specialty products or services. Ability of SMEs to adapt to customer requirements, which it knows better than a large company makes it to produce in quantities as small, but as close to consumer demands.

Regarding to the production capacity, the SME attaches less carefully sizing as close to the demand of production capacity and, on the degree of utilization of production capacity. This is explained by large fluctuations in the demand of a product during a period, which makes the entrepreneur to prefer to have a capacity of usually higher than the production period of time. Then, the concern for the use of methods of placement machines in the workshops is lower than in the big companies, because of relatively small size of the default and the flows of production relatively low.

If in the case of the large companies will pay particular attention to management of production, by development of production programs, organization of production, production coordination, attracting staff to the objectives, in SMEs detailing these processes is lower, which is usually exercised by the employer, who is also the manager. Perhaps more attention is given to the small enterprise processes to motivate staff and default drive them to achieve the objectives of production.

Also, the tasks related to determining the optimal size of production lots, lots frequency of launching the production cycle to determine the size of the production and use of specific methods in this regard, in determining the unfinished production are much lower default and staff involved in these areas is much lower in SMEs than in large manufacturing companies.

1.2 Maintenance and repair of machinery

Although due to physical and moral wear of machines and plants is necessary in SMEs a maintenance and repair them, due to limited resources available, the specific tasks of such activities are much reduced. Thus, all of the interventions required for the maintenance and repair, in a SME is conducted

maintenance processes as a complex of operations that ensure the machines into service (cleaning, lubrication, anticorrosive protection, checks, etc.). , *review* the overall operations of finding the wear components and timing of repair work and *repairs current level I*.

Generally *repairs current level II and capital repairs* will be performed outside the SME, given the complexity and skill levels required for such interventions is not in such an undertaking.

1.3 Internal transport

As a component of the logistics, the internal transport ensure the transfer in the area of raw materials within the enterprise. Being a transport between warehouses and production departments, only between production departments, or in the production departments, this task requires a volume of work much lower for SMEs than for large companies because in general their small size, their lower complexity of operational organizational structure (number of sections, workshops, jobs, technological links between them).

Then, the internal transport is much reduced in SMEs due to a lower need to establish routes of travel of vehicles, depending on the flows of materials and process technology to determine the transport cycle or even determining the necessary means of transport.

1.4 Auxiliary production

If by the auxiliary production understand all assurance activities with utilities (power, steam, tools and other services), in SMEs this activity requires a workload much lower than in large companies and, as a number of staff less.

In general, SMEs do not produce themselves the electricity needs, which it bought from third parties, and are not special workshops for the production of tools, which they purchase from outside. Not to mention that do not produce steam and do not work outside their main activity. Very few are SMEs that process certain wastes which to capitalize on the production which the basic activities.

2. The features of the financial accounting function

Comprising the three basic activities (financial, accounting and financial control) financial-accounting function has some features compared to how it conducts its activities in large companies. These features are different for each activity.

2.1 Financial activity

Establishment and use of financial resources is a concern of all organizations, including SMEs. But, in a SME the volume of work required for such activities is lower, thus not creating a specialized financial department.

For entrepreneurs, as otherwise for any manager is very important to the economic base decisions on financial resources, which are identified, calculated and forecasted by the entrepreneur. Are fewer cases where entrepreneurs are calling on financial professionals in the field, although for some operations use such professionals.

A particular concern attaches entrepreneurs to identify resources in developing the business plan, with such opportunity develop, alone or assisted by a financial specialist a financial study, which will contain a deployed of the needs and availability of funds during the trigger and conduct business. Entrepreneurs must know very well the cycle of movement of money, that is the time between paying suppliers of raw materials and collecting payments from customers. The cycle is longer, the better will be the entrepreneur threatened to go into crisis. Therefore it is very important to prepare an appropriate strategy for financial management.

Entrepreneurs must make a distinction between cash and profit, which may not equal sign. Cash are represented by the amounts available for use at a time in business that it carries, while profit refers to the difference between the income and expenditure. So, a profitable enterprise does not mean that it has and some cash when needed, which can sometimes lead to bankruptcy if it fails to show for planning cash during the start and conduct business.

2.2 Accounting activity

Reflecting and systematic control of the existence and movement of materials and money is made in the SME by accounting work. In the light of functions performed by accounting (systematic tracking of business unit management, information and control), may not be highlighted differences between SMEs and large companies, whereas in both cases we are dealing with the same functions. But because the lower volume of activity in the small business, to exercise these tasks is required lower volume of work and fewer people involved in this activity.

It explains that in general, SMEs not to constitute separate compartments, they choosing to outsource work, using accountants or accounting experts from outside the company.

2.3 Financial control

As for large companies, ensuring a balance of financial undertaking, to help strengthen financial discipline and increasing resource use efficiency in SMEs, everything is done by a financial control. Also, this control after the period in which exercise can be: *preventive, operative and post operative*.

Whereas in SMEs do not usually constitute a distinct compartment financial nor the design of the accounting officer, the preventive financial control

remains the responsibility of the entrepreneur, possibly a specialist company that provides deployment these activities for small business.

Financial control over operational management of materials and money for the enforcement of legal norms concerning the existence, integrity and preservation of assets of any kind, the use of materials and money, the obligations and responsibilities of managers, account balances and development is carried out in most all cases by a company that specializes in such operations, that SME pays the equivalent operations.

After the emergence phenomena and registration operations to be controlled at certain intervals, depending on the nature of the phenomenon can be controlled can be post-operatively by a company committed to providing those services, reward for SMEs. Even the designing and developing the balance sheet can be made by specialists from outside of the SMEs, but an analysis-based assessment should be made by entrepreneurs, assisted by a specialist that it helps to interpret the information.

3. The features of human resources function

All activities carried out in order to achieve the objectives of securing and developing human potential of the company, which represents human resource function is performed, mostly in SMEs, the owner who created each and only in special cases is calling on companies specializing in human resources. In general, the entrepreneur wants to create one team working with to conduct specific activities. But there are some features for each specific activity of human resources function.

3.1 Planning staff

One of the important activities of the entrepreneur is planning the number of staff per category (after the nature of preparation and after the level of preparedness). In general, this activity is carried out in SMEs by entrepreneurs, but in some cases in which it called a consulting firm to develop the business plan, it can be done and outside the enterprise.

Regardless of who carries out this activity, personal needs are carried out depending on the particularities of each category components. Thus, for direct production personnel requirements can be established on the basis of time or the rules of production, which implies task of establishing rules. For the rest of the staff will need to estimate the number of necessary works to be performed over a period of time.

3.2 Staff recruitment

For any organization hiring of personnel is an important concern, but in SME is greater because inadequate employment may "poison" a positive organizational culture. Then the mistakes of the appointment is particularly costly

for a SME, which generally works with a small number, each contribution being more important than in a large company, where the failure of some work may be covered by other persons.

While avoided such mistakes, in SMEs, they can occur due to lack of experts in human resources and rigorous procedures in this regard. In general, the recruitment process in SMEs is informal, since, especially in the first days of operation of the enterprise, entrepreneurs do not spare time to develop a job description, but will hire people that it considers trust and not for their skills or specialized training. Then, during the process of increasing the entrepreneur undertakes the staff to be compatible with the already existing, to create an effective organizational structure, without prior planning.

Basically, entrepreneurs do not stop any process of recruitment and employment of staff as quality personnel, well prepared and is attached to the very hard to find. In order to create a structure and staff the appropriate goals, entrepreneurs should avoid some errors that may occur in the recruitment process, including:

- resistance to the temptation to hire very quickly that the staff needs;
- resistance to the tendency to consider positively a candidate only after certain qualities (expresses well), without taking into account other qualities (intelligence, sincerity, sense of humor, etc.);
- superficial checking references of candidates as a step in the recruitment process;
- fast conclusions about candidates, but after several minutes of analysis and quality of responses to the interview.

3.3 Selection of staff

Selection of staff in SMEs is, in general, by the business owner (entrepreneur) without prior training on a job analysis and descriptions of the items necessary to achieve objectives. The first step in a proper selection of personnel is setting the nature needed job skills and experience required for persons who will occupy these positions.

An analysis of the post begins with a description of individual goals, tasks, powers and responsibilities necessary to achieve those objectives. A complete description of the post include: name, tasks accomplished, the nature of the preparation, job occupant relations with other persons occupying other positions, working conditions. Without such a job description is difficult to make a proper selection of personnel to be hired.

In addition, a proper selection of personnel is an indication of the required skills necessary characteristics and qualities required by the tasks, experience that must have employment.

Many entrepreneurs, in their haste to select staff more quickly, switch to using a specific instrumentation (interview, for example) without knowing the criteria by which to select the candidates (qualified, quality, experience, etc.). As a

result, the entrepreneur will not be able to prepare all of the questions put to each candidate, will not put candidates in a position to solve a problem, to avoid the answers "yes" or "no."

Selection of staff within the SME may fail because entrepreneurs fail to reserve enough time to check references, which most often deemed as a formality.

3.4 The employment of staff

As in all organizations, the employment of staff in an SME is made after concluding a contract of employment on a limited or unlimited period of time. To engage in undertaking to organize a contest for which the theme is announced, the detailed evaluation, in general all the necessary information to prospective candidates. For the contract of employment it is necessary to meet the following conditions:

- ✓ the job in the state of the functions, or the average number of workers;
- ✓ no other contract of employment for the job;
- ✓ the conditions of study (level of training, the nature of preparation, age), resulting from an analysis of respectively job.

For SMEs, one of the traits is given by a lower number of checks made candidates before they are employed in the enterprise. This is explained by the need for the entrepreneur to start the business and that does not have specialized in human resources, these processes being undertaken by the business owner himself. Moreover, in SMEs, unlike large corporations, do not pay particular attention to integration in the prospective employee group of people, this is more need to adapt to new organizational culture in which to work.

This code informal, unwritten and distinctive body which governs the behaviors, attitudes, relationships between employees, which is organizational culture, in SMEs is strongly influenced by the entrepreneur. Creating an organizational culture to support a strategy of the company is quite difficult to achieve, but successful entrepreneurs to create a culture will be favored only benefit from it. They will gain a competitive position for their company, and will attract quality personnel fall, which will be able to achieve personal in that enterprise.

3.5 Training

Most organizations encourage continuous training of staff, primarily due to the need to adapt to the increasingly frequent changes occurring in the domestic and especially external company. Training is influenced, on the part of the specific national culture in which enterprise operates and on the other hand, the size of the enterprise and its organizational culture.

One of the particularities of human resources function within SMEs lies in the lower possibilities to ensure a continuous training within the enterprise. Therefore, most entrepreneurs will seek to secure their human potential, the

corresponding own business by hiring people who already have adequate training. Very few of them will allocate resources for appropriate training of staff undertaking needs. Most of the time could possibly in preparation for a short period at work by the business owner himself, or other skilled employees.

Regarding the nature of the preparation, in SMEs will follow the general training, which could pass easily from one activity to another. Reduced number of personnel available to an SME does not allow it to train specialists who should quit when simple operations that they execute no longer necessary, because the adaptation to new requirements of the external environment.

3.6 Motivating staff

One of the most difficult tasks of business lies in motivating staff to a high level of performance. Motivation, as degree of effort that an employee is engaged to achieve a task, should be a concern for the entrepreneur. Employees are not motivated in an SME is a cause for disagreement, conflict with entrepreneurs, people who are always motivated.

Among the particular reasons of staff in SMEs is due to the small size of the default and a small number of staff, in the use of large-scale of empowerment as a "*process of investment staff with the power, freedom and responsibility in the control their own work, to take decisions and to act to achieve the objectives*". Unfortunately, many entrepreneurs, from the tendency to control their own business and from a generalized mistrust to employees seeking to practice an authoritarian style of management, unfavorable to achieving the objectives.

Empowerment of staff can lead to impressive results not only for small businesses, but also empowered employees. For business results will be materialized in increased productivity, high quality, satisfied customers. For employees, empowerment provides the opportunity to conduct a wide variety of interesting activities that cause the use of their potential and lead to professional development. They require their creativity, imagination, using knowledge and skills they have. This practice management encourages employees to take initiative to identify and solve their own problems after conception or after conception of the group to which each side.

Although each of the employees not wishing to be empowered, some thanking is just to pass the eight hours of work, entrepreneurs should know that empowerment is closely related to the preparation of personnel management based on knowledge creation and operation of the organization.

What entrepreneurs use more frequently and is an feature of the grounds staff in SMEs is the job rotation and job enrichment. Although many times, from the need to pursue various activities by a smaller staff numbers in the SMEs, the staff are used in other activities for which was employed. Also, for a further reward, many of the employees of SMEs meet new tasks, powers and responsibilities under which he occupies.

3.7 Promoting staff

Promotion of staff in an office with a level of competence and responsibility previously held the upper is made based on an assessment of the performance of each employee in relation to the performance standard. However, one of the feature of this activity promotion in a SME lies precisely in the fact that many entrepreneurs do not understand how to make a fair evaluation of staff. Most drawbacks consist in the absence of clear objectives and standards, lack of information for managers on employee performance, managers unprepared, or who lack honor and sincerity. But perhaps the biggest shortcoming in the SMEs, but not only, is that evaluation is done periodically, usually once a year.

Evaluation, especially at large intervals of time, do managers typically retain only the negative aspects rather than the achievements, what makes employees to be less motivated in carrying out their respective tasks. A fair evaluation and a default promotion based on actual achievements of career involves from entrepreneurs to:

- establish clear criteria for performance, which could possibly be measurable;
- link employee performance description for the job held;
- invite employees to submit a self assessment of their performance;
- consider the same measure both unfulfilment and achievements outstanding;
- discuss with employees, both the positive and the negative effects of their activities;
- focus on behaviors, actions and results;
- develop a plan for promotion of staff.

Combining assessment personnel, to promote in the function with evaluation in pair (one hired by another and vice versa) and the assessment of employers to employees may achieve better results in the promotion of personnel within the enterprise.

3.8 Reward staff

Employees can find sources of reward even in the work that you submit, they are intrinsic rewards. Furthermore, entrepreneurs have a number of rewards that are found outside of work that provides, extrinsic rewards. To properly motivate staff, entrepreneurs should consider motivational theories, which may be the best known is that of Maslow. Rewards should provide incentives that are really important for each employee, given the diversity of their reactions.

One of the best known is the reward money in the form of wages, which is set in the increasingly based on performance achieved. The system of remuneration based on performance pay means that employees depend on how performance they have in their work. In other words, greater productivity will attract an additional payment. But this system is best applied in situations in which employees can

realize clear link between performance and reward that you receive. From this point of view, SMEs are advantaged compared to the large companies because the employees can see more clearly the impact of their performance on the profitability, compared to large companies where due to the large number of employees, results are less visible in the performance of the company.

Salary proved to be only motivator in the short term, so entrepreneurs are using a range of other factors motivated, including the intangible nature are very important (awards, recognition in front of the group, safety, promotion, etc.). Younger employees respond better to motivational intangible factors, including:

- providing a work that causes them to acquire more knowledge, to develop more skills;
- providing a work that is in a challenge that requires the use of various skills;
- treating them as individuality and creating the possibility to occur as individuals in their work;
- the renunciation of authoritarian management, which is not favorable to creativity, individual event;
- the granting of employee confidence, so removing a control will demonstrate just the opposite.

Provide premium is another motivational factor that can be used, since, especially when it comes to the manager or employer is a reason for increased effort in order to achieve objectives. Future entrepreneurs want to use more and more such rewards, such as recognition performance, recommendations, etc.

These features of some functions in SMEs become the premises of the practice of a specific management of these enterprises compared to large companies, which by their size require different ongoing activities of the enterprise functions.

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