



## APPROACHES ON THE CORPORATE MANAGEMENT NOTION AND ITS DIFFUSION IN VARIOUS ENVIRONMENTS

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**Abstract** *As a rule, theoretical issues, if understood at first glance, are no longer analyzed or deepened, so they will be used in a superficial note that means minimal sufficiency. In our article, on the notion of corporate governance, we try to make a slice of explanation that allows the reader to understand what connections can create this notion, so often spoken, for a time, especially, that the prospect laughs. How almost everything is interdisciplinary - and the notions of corporations and management, have their sphere of influence and favor multiple connotations.*

**Key words:**

Management  
Corporation  
Approach  
Investor

**JEL Codes:**

M16

### 1. INTRODUCTION

Extensive expansion of the notion of corporation has led to the conclusion that this term is currently applicable to many economic phenomena. Expressing us through the language of physics, this notion diffused into other related spheres. Interpreting the notion of "corporate management" depends on the research of one or another author.

### 2. EXAMINATION OF THE CORPORATE MANAGEMENT NOTICE

Therefore, it is necessary to examine, from different points of view, the notion of corporate management.

Psychology, from its point of view, determines corporate management as management, which gives birth to corporate culture, ie the complex of common traditions, objectives, and behavioral principles.

The approach from the point of view of the company theory presupposes the coincidence of the notions of corporations and organizations. For example, the notion of corporate information system.

The financial system approach determines corporate management as certain institutional arrangements that ensure the transformation of deposits into investments and which distributes resources among the alternative users in the industrial sector. The effective capitalization of capital between the branches and spheres of

society is carried out within the corporations built on the basis of the combination of the banking and the industrial capital.

From a legal point of view, corporate management is the common name of legal concepts and procedures that underpin the creation and management of the corporation, in particular as regards shareholder rights (Bocanete, 2011).

### **3. APPROACHES FOR CORPORATE MANAGEMENT**

However, the most common and applicable approaches to corporate governance determination are as follows.

The first is to approach the notion of corporate management as the management of the integrated association. Corporate governance, for example, is the organizational and legal leadership of business development, the optimization of organizational structures, the establishment of relationships within and outside the company, in accordance with the goals set out (Bocanete, 2011). Corporate management is defined as the administration of a complex of synergistic effects (Diaconescu, 2004).

These definitions refer to the results of using the corporate form of business rather than the essence of the problem.

The second approach, the earliest and most commonly used, is based on the consequences stemming from the essence of the corporate form of business - the division of the owners 'institute and the administrators' institute, and the protection of the interests of a certain circle of corporate (investor) of managers.

Although this definition of corporate governance differs according to the number of stakeholders involved in corporate relationships. In the narrowest sense, this is the protection of the interests of the owners - shareholders. Another approach also includes creditors, who together with shareholders are the group of financial investors. In the most common opinion, corporate management is the protection of the interests of both financial investors (shareholders and creditors) and non-financial (employees, state, enterprise - partners, etc.).

### **4. CAUSES OF INCLUSION OF GROUPS IN THE CORPORATE MANAGEMENT SYSTEM**

Which explanations are considered to be causes of inclusion of some or other groups in the corporate management system?

Shareholders constitute the necessary financial basis for the emergence of corporate governance. Their interests in the corporate management system consist in obtaining a share of income through payments - dividends or the increase in the price of their share in the corporation.

Lenders are also financial investors but, unlike shareholders who are interested in increasing profitability and corporate cost (to increase their income), creditors are interested in the stability of the corporate situation (to obtain a guaranteed income).

In the corporation's activity, they are interested not only in the financial investors, but also

in the non-financial ones. Among non-market investors most economists specify: (Ghiță, 2014)

- corporate employees;
- corporate partners;
- society as a whole (state, consumers, etc)

The justification for the inclusion of corporate partners in most cases is examined on the example of suppliers for enterprises - producers of finished products. If the corporation provider produces the production used only by that corporation, in such a case, the partner's supplier's financial investment may be treated as an investment by the corporation itself, as these investments are made to secure the corporation's business.

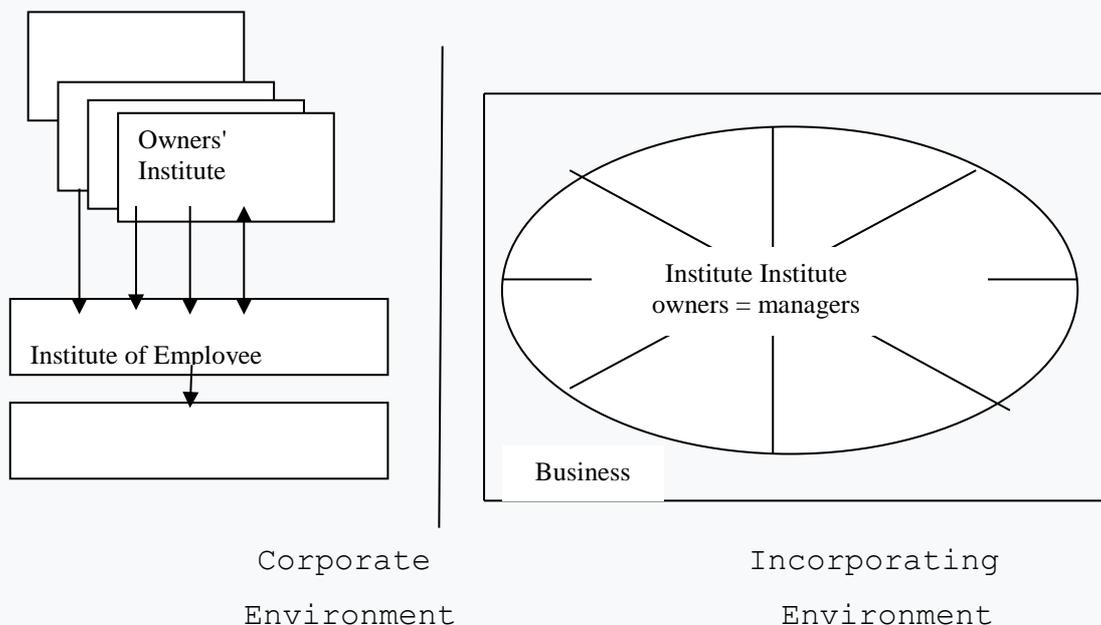
Currently, such relationships are not to be included in the external relations but in the internal affairs of the corporation, and the interests of the

vendor partner may be treated as interests of a separate subdivision, but subordinate to the corporation (for example, in Japan many corporations exist based on bilateral long-term contracts).

Speaking of corporate staff, it is necessary to note that its inclusion as a component of corporate relations has become possible due to the development of the human capital of the enterprise. Depending on corporate governance models, either the workforce or some employees of the corporation are being examined as parties involved in corporate relations.

In addition to corporate partners and staff, the company is also included in the corporate governance system. (Bocănete, 2013)

**Fig. 1 Comparative management features corporate and non-corporative**



Source – Author development

The interests of various investors, among the above, do not coincide and are often directly counterproductive. For example, the listed interests of the owners and corporate creditors. Therefore, in corporate relations, the interaction of corporate managers and their owners will be examined.

## 5. THE ESSENCE OF CORPORATE MANAGEMENT

To describe the essence of corporate governance, it is necessary to analyze the difference between corporate and non-corporative management. This will allow us to achieve the following figure (fig. 1). Analyzing the figure, we can highlight the following important differences between corporate and non-corporative management.

First, if corporate management merges ownership and administration functions, and management is done by the owners themselves, corporate ownership usually divides ownership rights and management powers.

Secondly, it appears that the emergence of corporate management has led to the formation of a new independent subject of economic relations - the Institute of Employee Managers.

Thirdly, it results from the fact that in the case of corporate management, together with the management functions, the owners lose their connection with the business.

Fourthly, if in the non-corporation management system the owners are linked to each other through management-related relationships (they are associated), in the corporate management

system, relations between owners are lacking and are replaced by relations between owners and the corporation. (Bocanete and Burlacu, 2010)

These differences include the following advantages for corporate owners: corporate independence as a legal entity, limited corporate ownership, and centralized corporate governance.

According to this criterion, the corporation as a legal person has legal capacity, can acquire patrimonial and non-patrimonial rights, can participate in the trial on its behalf and is responsible for the assets belonging to it for its debts. (Holban and all, 2011),

“Any organizational approach must take into account the construction of a model of intelligence, starting from concepts and not from the creation of structures and rules, which implies a type of mental map capable of conferring the flexibility required by the real time.” (Ionescu, 2019)

## 6. CONCLUSIONS

Practice has shown that, as a rule, first of all, the notion appears because someone has an idea and then the product, service, etc. materialized, after the efforts made over time.

This was also the case with corporate and corporate management notions, and so far we have come to much improved forms of what they expressed in themselves during the interwar period when the notion of management and management as a distinct leverage in the activity of organizational leaders, whatever they were.

Speaking about the prospects of developing entrepreneurial forms of associations, it is necessary to note that the form of action in the future will be better and better. This assumption is also supported by practice because, after the emergence of the joint stock company, the next form at the historical stage of development has become the limited liability company, which is not the complication, but the simplification of the form of organization of the joint stock company. Starting from the notion of corporate and corporate managerial, we conclude that another cause, in connection with what makes us assume that other simplified forms of entrepreneurial associations will not occur, is the constantly increasing role of the various forms of entrepreneurial associations within corporations. They allow for integrated structures with the necessary legal characteristics.

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