

Why Can't We Make It? The Cardinal Business Sins of Domestic Companies in a Transitional Economy

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Abstract

This analysis is focused on the business practices of companies in a transitional economy (Republic of Macedonia) including different ways of financing in early stage of development, alternative ways of financing, start-up investments, working capital financing, market research; market orientation; implementation of elements of marketing strategy. The paper is developed on two general hypotheses: a proactive market approach is significantly beneficial for the financial performance of the companies and, appropriate ways of financing are crucial for survival and growth. The analysis was performed with IBM SPSS19. The results show that these companies have many limitations in the analyzed activities: lack of usage of different ways of financing; inappropriate use of working capital financing; illiteracy concerning financial and investment management; occasional implementation of market research; medium level of market orientation; flaws in several elements of the marketing strategy. The analysis reveals a connection of consumer research, higher level of market orientation and implementation of certain elements of marketing strategy with profitability. This paper offers functional and social implications: elimination of the perceived weaknesses, thus creating the possibility for further growth and development. The results can also provide base and support for research in other transitional economies.

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