# *The Risk of the Firm's Marketing*

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**Abstract**

*The complexity of economic and social relations, plus the development of science and technology have created significant changes in the approach of the theoretical and practical concepts of risk and uncertainty at the firm level. First, issues were imposed on the content and meaning of concepts of risk and uncertainty in general, the views of various experts in this area is extremely diverse.*

*Risk can be viewed as representing the inability of firms to adapt to time and at the lowest cost to environmental changes. Viewed from this perspective, the risk of which affect a company's primary source of business climate instability (item exogenous firm) and inability to counter the economic timely and inexpensively effects of the evolving environment in which it operates. In this sense, a profitable activity today may become uneconomic in the future due to changes in unfavorable environmental conditions. It follows that risk is a permanent feature of the activity of a firm, it must implement appropriate risk management mechanisms, highlighting the changes faster and intervention measures.*

**Key words**: *economics, risk, company, market, marketing, management, bankruptcy, relationship.*

In the economic sphere, to materialize the idea that gain and risk in a business are directly proportional sizes. Any human activity (and therefore economic activity) is subject to disruptive action of risk factors. Permanence risk is not negligible in the decision-making process within the company and beyond. It is a certainty as there is, and the uncertainty is given by the impossibility of accurately predicting its occurrence; In other words, even if there is a specific risk probability to occur or occurs.

Risk is a characteristic of those actions you can complete the more results, knowing the probability of each outcome. Uncertainty expresses insecurity about the future. Economic uncertainty is a source or character of a process unpredictable economic or incompleteness of information available at a time.

Involves risk-taking more or less conscious choice made results. He refers to the probability of success-failure action taken based on a certain decision. Risk can come either from an ontological indeterminacy of the result of the action or the fragility of knowledge we have at any given time.

Risk is the uncertainty of the occurrence of a phenomenon which, if happens, could influence (most often negative) the objectives of the project. Risks relate mainly to uncertainty hanging over future events. He expressed the impact that has an event (or factor) of future economic activities today. In other words, risk is the uncertainty associated with a hit. Risk can occur in the following situations:

- When a certain event occurs, but its outcome is uncertain;
- When the result of a phenomenon or event is known in detail, but there is uncertainty about the occurrence of that phenomenon or event;
- When both the event and its impact on company goals are uncertain.

Size uncertainty is measured by probability, which in turn can be determined by mathematical calculations or statistical observations of similar phenomena in the past. Assess the effects of the emergence of risk is vital to know whether or not it is necessary to assume that risk.

The economic activity is a constant risk that influence good way to develop it. He can have a huge impact on any project; therefore, success can only be guaranteed when the knowledge of all risks that can affect simultaneously with the adoption of necessary measures to prevent or mitigate them.

Analyzing these considerations, we can draw some basic features of the concept of economic risk:

• risk is permanent facing any participant in economic life, regardless of the scale of its business;

• risk is an element that harm both financial as well as moral;

• the risk is non reversible in the sense that its effects once produced, can not be removed only with some additional expenses expensive.

The classical theory believes that the risk is the loss that occurs after the adoption of certain decisions and the implementation of certain courses of action.

Decision risks (risks related to the adoption of a particular management style, on a certain way of decision-making, etc.) are frequently encountered in marketing, with information risks (are the risks of a business information system and deficiencies its specific: information overload channels, redundancy etc...) and methodological risks (take into account risks arising from the use of certain instruments of management methods and techniques).

We are dealing, however, with the company's external risks (risks are those that occur outside the company, have a direct influence on them, and managers need to make decisions to minimize their effects). Within this category we distinguish:

• legal risks (eg. Adoption of legislation that does not encourage free enterprise and the spirit of competition between operators can seriously affect the companies' activity);

• contractual risks (those risks are related to the fulfillment or non-fulfillment of obligations under the contract by a partner entity).

Attitude operators can be classified into two main types, depending on the reaction I have to this phenomenon:

- Proactive - is based on the allocation of significant resources (financial, material and human) to predict future events undesirable.
- Reactive - is considering addressing and solving various problems as they occur.

Obviously proactive approach generates long term returns much higher than the reactive trader. We must not forget that this kind of attitude should be supported by a strong financial and human support that businesses and not many can afford.

Risk can be any element that has a measurable probability to deviate from the plan originally set. Strategies and projects of companies are elements that allow foreshadowing actual reality and then dealing with the expected outputs. To achieve these objectives it is necessary to conduct business activities sets. Thus, an event denoted by X, can be regarded as risk event if the following conditions simultaneously:

1 $0 < P(X) < 1$

2 $L(X) > 0$

in which:

$P(X)$ is the probability that an event X to occur;

$L(X)$ - monetary valuation of the event X.

In terms of probability, risk is the variability of profit to the average profitability in recent years. This understanding is very important in achieving predicted that "the risk is estimated as the variability of profits in relation to the expectation of return." In this case, the criterion for determination were chosen oscillations profit compared to an average, considering that the development of future profits lower than the average, considered as the reference level may lead to the emergence of crisis situations and adversely affect economic activity.

The OECD definition, it is estimated that "risk consists of the possibility that an unwanted consequences actually occur." This definition is based on an event event (expected or unexpected with a certain probability the decision maker) to materialize and adversely affect certain aspects of economic activity.

Besides these, there are other definitions of risk, which seeks to find new meanings thereof:

- A wide range of uncertainty about the economic future work;
- The probability of occurrence of an undesirable event;
- Variability likely future profitability of the asset;
- Variability of earnings under pressure environment;
- Possibility of future revenues to be different from those expected to be obtained. In other words, the risk is influenced by environmental variability in income, implying the event of an adverse event;

- Risk translates into earnings variability affecting the return on assets and, consequently, the capital invested;
- An element of uncertainty that may affect the activity of an economic agent or a transaction;
- Uncertainty of a leak from accidental causes, accidental or unexpected circumstances;
- The probability of an adverse event to occur, the probability of success or failure, where success means making a profit and failure involves sustaining a loss of money from an investment.

International Accounting Standards believes that the risk is the variety of results. Adjusting for risk may involve increasing the value of which is estimated debt. The evaluation and expenditure affected by conditions of uncertainty, the precautionary principle should be applied, not to overstate assets and understate debt. However, elements of uncertainty does not justify the creation of excessive provisions or obligations understatement.

Looking at these definitions, we can draw the main features of risk:

a) the risk arising from uncertainty; decision takes place today, and the implementation and outcomes will occur in the future. The uncertainty stems from ignorance about which of the identified event will occur and at what time be real effects and the magnitude of their occurrence;

b) implies the risk of potential loss of whatever nature, caused by the evolution of a factor to the contrary expectations maker;

c) the effects of risk, once produced, can not be removed;

d) the risk appears both in the business, social, and beyond, as a result of the relationship between man and nature;

e) involves risk taking proper remuneration of invested capital;

f) the risk is an inability to adapt to the environment of the company;

g) risk is a measure of the vulnerability of the firm, the probability of success or failure.

Knowing these specific features of the concept of risk can act on the development of modern political risk prevention, protection against risk and to remove its effects.

Analyzing scientific papers written in recent decades on the issue of risk, highlighted in assessing evolving notions of risk and uncertainty, and the manifestation of three main trends in this field:

- Increasing at an unprecedented rate risk situations and uncertainty caused by the expansion of internationalization of activities to outsource a part of their diversification of financial instruments, economic crises takes on a growing scale, increased competition etc..;

- Extending the economists to develop scientific knowledge in this area by calling a number of branches of science (management, marketing, finance, statistics, etc.) and identifying, testing and implementation of new assessment tools, prevention and protection against risk;

- Amplification and diversification consequences that the implementation of tools and techniques to prevent and protect against the risk generated on the economic, social, natural.

The three mentioned are interrelated trends and issues of risk and uncertainty in the economic agent becomes more complex, enriching with new meanings. At times, managers need to know the level of risk for each business project, and if it is greater than the potential gain. At the same time, economic and social conditions of transition to market economy, the economic stability and security are dictated not only by their actions but by all participants in economic life. In this complex system of interdependencies fall:

- Undertaking acting to obtain results allowing expenses incurred and record profits;
- The financial system, which, in case of risk and instability, assigns, in certain circumstances, cash funds for the ongoing production process;
- State through subsidies, and taxes and fees;
- Consumers, which is the firm's clients.

Conscious and unconscious actions performed by all of the contributors to the company's activity can cause direct effects expected appropriate targets set, and the manifestation of random effects, unwanted, which defines literature as risks.

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