

TRADING COMPANY IN THE POLISH SCIENTIFIC LITERATURE IN 20'S AND 30'S OF THE TWENTIETH CENTURY

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Abstract

In the period between the World War I and World War II the theory of company as an economic entity and its management issues was developing dynamically. This development has led quickly to divide the theory in several areas of interest. One of the main dividing line in companies description has found its support in noticing the specificity of their object of operation.

There are known views relating to the production companies (achievements of F.W Taylor and H. Ford), as well as broader issues of administration (H. Fayol's achievements). Otherwise presents a problem of traders. Here is seen the lack of generalized and theoretical achievements which could be considered as the canon of theoretical foundation. Hence the justification of the topic, as well as the concentration of Polish literature.

Abstrakt (in Polish)

W okresie pomiędzy pierwszą a drugą wojną światową dynamicznie rozwijała się teoria przedsiębiorstwa jako podmiotu gospodarczego, a także problematyka zarządzania nim. Rozwój ten doprowadził szybko do podziału teorii na kilka obszarów zainteresowań. Jedną z głównych linii podziału w opisie przedsiębiorstw znalazła swoje oparcie w zauważeniu specyfiki ich przedmiotu funkcjonowania.

Znane, a pochodzące z tamtego okresu są poglądy odnoszące się wobec przedsiębiorstw produkcyjnych (dorobek F. W. Taylora i H. Forda), a także problematyka szeroko rozumianej administracji (dorobek H. Fayola). Inaczej przedstawia się problematyka przedsiębiorstw handlowych. Tu brak upowszechnionego i stanowiącego kanon dorobku teoretycznego. Stąd też ważkość tematu prezentowanej pracy, jak i koncentracja na literaturze polskiej.

Keywords (in Polish): przedsiębiorstwo, handel

Key words: company, trade

1 HISTORICAL BACKGROUND FOR TRADING COMPANY THEORY

In management theory from the early twentieth century pointed to the need to take an interest in the nature of company, its organization, relations with other organizations or the results of economic activity as a subject of research. This need led to the group of sciences, which in different geographical areas took different names: Business Management and Business Economics in North America, Business Administration in The Great Britain, Betriebswirtschaftslehre or Betriebswirtschaft in Germany. In the interests these sciences were the specific types of businesses, specific problems of the economy, organizations or relationships with market participants [Dąbrowski 1938, 26].

It should be emphasized also that parallel there were raised problems in general management subjects irrespective of their organizational form, or the object of activity. They dealt with the general description of the science of companies economy, which in other countries was sometimes called the Business Management, Business Organization and Management, Business Administration, Business Economics, Allgemeine Betriebswirtschaftslehre [Dąbrowski 1938, 27].

On the one hand, therefore, had to deal with science related to the description of the functioning of various business entities (as part of their nature) involved in the singled fields of activity. On the other hand, was the science trying to establish a universal description of the regularity of the organization. Both approaches were rooted in the principle of causality, which allowed researchers to break complex issues into simpler and look for the impact of regulations on selected phenomena [Witowski 1939, 351,352].

Therefore it seems that the theory of a trading company was located mainly in this group of theories that make description of companies paying attention to the object of principal activity and also on the organizational forms of enterprises. This point of view seems to dominate in the description of trading enterprises in the interwar period.

Based on the definition of trafficking as a professional intermediary between the manufacturer and the customer for the exchange of goods, which characteristic is the pursuit of profit, was also made distinctions types of trade [Kistryn 1913, 6-7]:

1. Taking into account political and geographical criterion: domestic commerce, foreign trade and world trade;
2. Depending on the means of communication: overland trade, caravan trade, maritime trade (which includes colonial trade and cabotage);
3. Due to the nature of the goods: trade in goods and trade in cash and securities;
4. Because of the way to dispose of goods: wholesale and retail trade;
5. Due to the place of sale: permanent trade and itinerant trading;
6. Because the acquisition of goods by a trader for its own account (or none): own trade or commerce commission.

So circled areas of fundamental assumptions about the trade and commercial enterprise had significance for the description of basic problems related to the their functioning. Among these problems two main are: commercial functions as the primary area of activity of trade enterprise and organizational forms of businesses.

2 COMMERCIAL FUNCTIONS IN ENTERPRISES

The main aim of scientific management approach was to eliminate the randomness of human activities. The result of such proceedings has become a business approach in which the company was treated not as efficient organism but as an efficient mechanism. This trend in

the description of the organization also had its implications for companies involved in trade. The main issue that needs resolution in this approach to isolate groups of activities that the company had to lead. The purpose of this analysis became define rules for their implementation. Among these activities can be distinguished [Kocot 1934, 15]:

- purchase of goods, also responsible for sourcing, contracting, determining the demand for goods, compliance with delivery deadlines;
- sale of goods, including the calculation of the prices, the study of the market and the urgency to track market prices, the acquisition of new domestic and foreign, carrying out appropriate advertising, control of sold goods;
- office management, skillful organization and bookkeeping, correspondence, balance control, statistics, etc.;
- the financing, including supervision and care of the finances of the company, efforts to loans, tax successfully doing, expand working capital;
- administration involving the management of all movable and immovable assets the company, insurance and driving control in the company.

Then at the same time stressed that the issue of purchase, delivery, mutuals or sea transport are the so-called absolute commercial activities. In addition to absolute commercial operations, they were distinguished relative ones, meaning those that have become trademarks only when someone were doing it for profit (such as shipping, bankers' activities, or trade in art and books). There was also a third category called ancillary commercial activities associated with any acquisition of goods for direct use of the company [Kistryn 1913, 9-10].

One of the fundamental problems of efficiency of trade operations became elimination of waste. To meet this demand, the focus was largely on trying to identify its sources. In the field of trade, it was found that the sources of that waste may include the following factors: the way of the product move from producer to consumer; too high inventory levels and unfavorable structure of goods, lack of knowledge about the internal conditions of the enterprise; seasonal variations in sales volume. Also pointed out that more general factors related to the competitive environment (and more broadly speaking intentional external environment - such as number of organizations, individual lenders policy), and in some aspects the general external environment (eg interest rates, taxes) have their bearing on the possibility of healing the management of commercial enterprises [Lipinski 1930, 3-4].

3 ORGANIZATIONAL FORMS OF TRADE BUSINESSES

The question of organization of businesses have also been reflected in the indicated descriptions of this field in the economy. It was pointed out often in conditions of decisions regarding this aspect of trading companies and also made comparisons of geographical cross-section to illustrate the impact of various factors on the ways of running the business. Among the major determinants of emerging organizational forms of businesses (and in this also possibly legal form) pointed out the intentions of the legislature to regulate already at that time often different aspects of trade, as well as formative in discretion the tax issues. Was also pointed out that the intentions associated with the target group of customers (eg whether it is wide and varied, or limited and uniform) may have in this context importance [Kozmiński 1937, 170-180].

Among the main organizational forms of businesses were distinguished: department stores, multi-store companies and mailing houses.

Department stores were described as retail traders, selling goods in different industries. At the same time range of each type was represented by a wide variety of products. The main branches of trade, which offered products are textile department, the clothing department, and

the haberdasher department. The purpose of department store was to attract as many potential customers. This also serves to offer a variety of products at the lowest price and arranging all kinds of sales. At the same time the department store recognized that permanent massive client will attract more new customers [Górniak and Ehrlich 1938, 142].

Multi-store companies are, in turn, retail companies that sell goods to customers in a number of branches and affiliates that are organized in a uniform manner. Among the benefits of this type of business organization can be distinguished: the possibility of mass purchase of goods (reflected in the low price); the possibility of replenishment from a central warehouse; flexibility in the creation and liquidation of individual stores; good orientation in the (local) market. But there are also negative aspects: stiffness of assortments, the danger of bureaucratization and high costs of control. In the case of multi-store enterprise arise the problem of the central store role in relations to affiliates, which may indicate the relative centralization or decentralization of decision-making powers. However, it is always in the shops (branches) is done the sale and purchase transaction with the customer. Central shop can be left in their hands the issues related to procurement, accounting, advertising or personnel policies. Multi-store companies can operate on a local, national and international area [Ehrlich 1938, 70-78].

Mailing houses were described as retail businesses that deal with sending by mail for delivery of goods to consumers at their home address. The offer reaches potential customers by advertising or by salesmen. Therefore, mailing houses have a relatively low cost of commercial- do not pay rent for the rental of premises (places for shops), do not employ salesmen in the shop, no need to arrange interior design store, have a higher liquidity of capital due to lower levels of inventories. Incur the higher costs of advertising, and at the same time as was indicated in the literature attractiveness of this form of trade depends on postal tariffs [Górniak and Ehrlich 1938, 161-163].

4 SUMMARY

Separate commercial functions in the enterprise, as well as specific organizational forms of traders also led to an interest of scientific publications authors in other aspects of the functioning of the organization in this field of economy. These issues were related to the use of the best sales techniques, including advertising techniques [Małeckki 1936, 7-8], forms of customers payments for purchased goods and sales personnel management [Ehrlich 1938, 61-63, 99-102].

Particular attention was paid to the role of sales personnel management. Distinguished dozens of requirements for persons performing these functions. Among them could be traced to analytical skills, emotional self-control, objectivity, experience, justice, kindness, leadership, etc. Among the main tasks facing manager would be to evaluate sales staff. Perspective of their evaluation was not only the effectiveness of sale but also the ability to cooperate. It was also pointed the role of manager in the development of professional dealers as person from whom employees could expect help in developing their professional competence [Madey 1938, 79-82].

Other issues considered in the context of the functioning of the trading company were also to analyze customer behavior and to track the course of contacting the seller-customer in the store. It was pointed to aspects such as social networking, showing the goods, persuading the client, fighting client's allegations. Also tried to make the description of client groups and decision-making process undertaken by them [Ehrlich 1938, 20-32, 67-89].

Can therefore be concluded that the theory of trading company in the interwar period directly drew on one side of the achievements of scientific management and on the other hand grew

psychological aspects of clients' issue. This situation stems from the fact that as a commercial organization a trading company had to have an appropriate organizational form, which would minimize the relative operating costs and increase efficiency of the implementation of the objectives, but as a company operating in direct contact with the customer, was also forced to use persuasion to him. Contemporary description of the traders seems to differ from that of the times discussed in this paper in two respects. First, in today's world we are dealing with a significantly developed techniques and tools of trade. Second, the main factor that has a decisive role in achieving efficiency in trading company is now ability to influence customer.

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