

PROXIMITY MANAGEMENT USED FOR DEVELOPMENT SMES IN DIGITAL ERA

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Abstract

Proximity management applied to SMEs, in today's digital era, accelerates their development by combining physical proximity with proximity offered by the use of digital tools. These ensures good connectivity, which contributes to encouraging collaboration and accelerating the exchange of knowledge. Proximity management means getting closer to customers, involvement, increasing operational efficiency, cultivating proximity to the organization. Proximity management generates an organizational culture based on flexibility, tolerance, and, if it is also based on digital tools, these will allow SMEs to align with today's new digitalized business models. The paper presents the importance of using proximity management in SMEs and presents the advantages of applying proximity management in an SME in the beauty industry. The paper concludes with proposals for the development of new research directions resulting from the current topic presented.

Keywords: proximity management, SMEs, digital era, development

Classification JEL: L21, L26, M10, M15, O33

1. Introduction

Proximity, in a general sense, means what exist in close, whether we are talking about close in space or in time [22], [25]. There are several types of proximity: physical proximity, organizational proximity, temporal proximity. Today, in the digital age, we are talking about digital proximity between cities, between countries, with an impact on the development of entrepreneurship [1], [19], [20]. Useful proximity strategies are being developed in the business field, for their sustainable development [2].

The development of digital technologies has led to improved relationships, closer business (even if they are not physically nearby) and the transformation of knowledge into business ideas anywhere in the world, the removal of borders [3], [4], [5], [8]. Digitalization has changed society in general, but also the way businesses operate [5].

If in the past, entrepreneurial ecosystems were well delimited geographically, today; entrepreneurial activities exceed spatial limits due to built digital networks, existing digital platforms and various digital forms of collaboration [12]. Although geographical proximity remains important for development, especially development of businesses, other forms of proximity have also developed, such as cognitive proximity, institutional proximity, social proximity. Digitalization has led to the creation of new possibilities for developing businesses, building new forms of proximity [9], [11].

Geographic proximity can strengthen social proximity, organizational proximity, cultural proximity, by facilitating direct face-to-face contact, through which trust and personal relationships are more easily built. In this way, habits and norms can be built that stimulate innovation, but also interactive learning [16].

The existence of the digital environment combined with the physical environment, the emergence and development of artificial intelligence, the development of robotics, real-time data analysis, the involvement of autonomous intelligent machines in production has improved the way of developing businesses, cooperating, transferring knowledge, innovating processes and products. All of this allows and for remote technical control of business processes [15].

Proximity management is a management method applied by managers through which they coordinate, train and supervise the activity of the team they lead. There are advantages of

implementing proximity management, both for the company and for the employees. It is a management method, which can be implemented even in crisis conditions [6].

Proximity managers are those who accompany employees daily, provide them with guidance, motivation, help them become productive, efficient in the work they do for the company. It is a management method based on goodwill, respect, appreciation. The proximity manager is intended to ensure team cohesion, a positive work climate. This ensures an increase in the quality of life of employees at work [21], [23].

The topic of the paper refers to proximity management used in small and medium-sized enterprises (SMEs) because SMEs are the engine of the European economy. SMEs generate two-thirds of jobs and stimulate entrepreneurship and innovation. They are relatively small in size (they have less than 250 employees), relatively simple organizational structures and processes, which allow them to quickly integrate digital technologies and successfully apply proximity management [10], [26].

The development of knowledge, in few geographical areas of the world, makes the distribution of knowledge uneven. SMEs, with their limited resources, in order to remain competitive, must access knowledge from sometimes remote areas and as quickly as possible. The establishment of SMEs networks is a solution to be able to access external knowledge more easily. Of course, the proximity of the SMEs to the potential knowledge provider plays an important role [17].

Proximity management contributes to the development of SMEs in today's digital age. There are also limitations in the application of proximity management. Among these, we mention the restriction of employees' freedom, their autonomy, and the team's creativity can be reduced. A successful proximity manager, in order to implement proximity management, needs a management style adapted to the team (the personality of each team member), the context, and the SME in which he operates. This proximity manager, in order to carry out his activity successfully, to obtain good results, must have good resistance to stress, must have the capacity to adapt, and even pedagogical abilities [21].

2. Proximity management for development of SMEs in digital era. Case study – SME in the beauty industry – SC ALEXANDRA SRL

A. Proximity management for development of SMEs in digital era

Today's digitalized society is becoming an increasingly competitive society [24].

The management style in SMEs is highly centralized, with the business owner occupying the central place, especially in small companies. The level of centralization depends not only on the size of the company but also on the character of the director, the value of the subordinates, and the organizational culture of the company. The business owner is very close to the company and the SME employees. The owner is omnipresent and dominates all employees hierarchically. Due to the relatively small size of the SME and the small number of employees, the owner is personally close to all employees, being personally known to each of them, which is also desired by the owner. Proximity in SMEs intensifies the phenomenon of centralization. The division of labor in SMEs is poorly implemented, with many activities being carried out by the business owner. The SME can be seen as a whole, fully controlled by the owner, who is also the manager, creator, and executor of his own vision. Of course, there are also some activities carried out by specialists and there may be some outsourced activities. The flexibility of SMEs is given by the fact that both the owner and the employees are in constant contact with the various problems that arise. There is a close connection between all the employees of the SME, necessary for solving the problems that arise. SMEs operate according to simple structures, direct communication, through direct contact or online. The business owner is always close to his customers, suppliers, explaining to them different aspects of his business. SMEs use few management methods and techniques: strategic management, financial-accounting management, project management. Decision-making management is a more intuitive

method. The efficiency of SMEs comes from the fact that they use the advantages, local opportunities and local resources, that is, everything that is in their proximity. SMEs prefer to make short-term plans, they rely on intuition, in general, hence their flexibility. All the above characteristics define the management of SMEs, which is proximity management, a particular form of management. In SMEs, we speak of hierarchical, temporal, spatial proximity. Proximity management applied by the owner of the SME is chosen because it allows him to have control over his business, over the development of the company. He will always opt for what is geographically and temporarily closer. If the management method applied in SMEs had to have a name, it was Proximity Management [18].

Implementing proximity management in SMEs, in today's digital age, generates multiple benefits. Proximity to customers, through the use of digital tools, allows rapid adaptation to their needs. Proximity improves collaboration and facilitates learning. The solutions resulting from practicing proximity management streamline business processes, generate flexible business structures, based (since we are in the digital age) and on the help offered by digital tools (which will be more and more varied in the future) [13], [14].

We can say that the development of SMEs is ensured by using proximity management.

Today's digital age offers us digital channels that ensure proximity, which allow the formation of networks, through which the flow of information can circulate quickly. Cloud computing but also ERP software, generates proximity, even if it is not physical, between business partners. Social networks generate social proximity; encourage the exchange of knowledge, innovation. Digital tools quickly detect and transmit changes in the market, resources and customer needs.

B. Case study – Implementing proximity management in an SME in the beauty industry – SC ALEXANDRA SRL

SC ALEXANDRA SRL is an SME in the beauty industry. The owner is also and the business manager. It has two specialists in the field of aesthetics and body maintenance in its team. Outsourced services are financial-accounting service and cleaning activity. The activity is carried out in the business owner's own location. A proximity management model applied to an SME in the beauty industry is presented below.

Applying proximity management in an SME in the beauty industry, in today's digital era, no longer means just physical presence alongside the team you manage, but also combining a personal, direct relationship with the use of digital technologies, which generate a fast and personalized experience.

Digital tools facilitate the implementation of proximity management; facilitate getting closer to the client, to their needs. Thus, an SME in the beauty industry – SC ALEXANDRA SRL can digitize customer relationships, making them closer, local, by using online appointments, using various digital applications, which allow customers to schedule themselves to benefit from various beauty services, without calling or physically going to the location. If CRM (Customer Relationship Management) applications are also used, which manage the history of treatments applied, customer preferences, birthday, etc., personalized consultations can be offered. The use of digital applications such as WhatsApp Business, Instagram, etc. to remind the customer of their appointment, to send photos taken before and after the procedure, establishes an increasingly closer connection with customers.

To implement proximity management, it is important to increase the online visibility of SC ALEXANDRA SRL. Online marketing means creating a complex profile in the online environment, in which the photos are of quality, updated, the services are explained, and there are positive customer reviews. All of this helps customers, future customers, the persons near the SME's location to find it and schedule appointments quickly online. If there are also advertisements promoting it, with "last minute" offers or offers for those who live nearby, for example, the visibility of SC ALEXANDRA SRL increases.

Creating digital content in the online environment such as displaying procedures performed, presenting the team, the work atmosphere, the experience in the field of the work team contributes to increasing the trust of the community, of customers in the organization.

Implementing proximity management in today's digital age in the SME SC ALEXANDRA SRL in the beauty industry, can reduce no-shows (to maintain a constant flow of customers), and increase the number of customers in the future, that can be achieved through confirmations via SMS, e-mails. The use of software products that manage stocks in real time will allow knowing the products that are preferred by customers (which sell the fastest), while also knowing what the actual stock of products is.

Implementing digital payment solutions: paying for services using the phone, for example, will generate fast and secure experiences, in line with current digital trends.

Customer loyalty is achieved by offering gift cards, awarding points for each product and service purchased. Surprise events are also held for customers, periodically, which are also presented online, to create even greater proximity to customers, to the community of SC ALEXANDRA SRL.

By implementing proximity management, by using digital tools, SC ALEXANDRA SRL can develop in the future, having increased proximity to customers, suppliers, the local community, the digital community.

3. Conclusions

The society we live in is increasingly competitive, increasingly open to changes. Openness, increasing proximity to the outside world will be important factors that will ensure our survival, development, bring us success and generate sustainable results. Proximity helps us to be engaged in activities, to achieve results. The organizational culture of the future is one in which each employee is a leader at his level. Proximity management is an important element in the daily management of activities; it is a factor of increasing productivity, involvement in the workplace, and increasing the results obtained by employees.

The SME SC ALEXANDRA SRL in the beauty industry applies proximity management in today's digital age to have control over its business, over business development.

Applying proximity management in an SME in the beauty industry, in today's digital era, no longer means just physical presence with the team that manage, but combines the personal, direct relationship with the use of digital technologies, which generate a fast and personalized experience.

A new research direction resulting from the current topic is *Organizational Culture in Romanian SMEs in today's digital era*.

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