

**THE IMPORTANCE OF MAKING IMPORTANT BUSINESS DECISIONS IN INDUSTRY  
FROM THE ASPECT OF GROWTH AND DEVELOPMENT OF INDUSTRIAL  
ENTERPRISES IN TRANSITION COUNTRIES**

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**Abstract**

*The quality of decision-making in the management of an industrial enterprise depends on the interplay of multiple internal and external factors, which is of great importance to learn in transition countries, as their economies are highly influenced and more dependent on developed economies.*

*Therefore, the importance of studying decision-making in business decision-making is becoming increasingly prominent. This is important for the operation and functioning of an industrial enterprise. Applying valid business decisions can help to make valid and correct top management business decisions.*

*On this basis, it is clear to see the true importance of the connection between making valid decisions of top management of an industrial enterprise and the achieved results of business activities of the enterprise during a certain period of time.*

**Keywords:** *business, decision, industry, enterprise, management.*

**Classification JEL:** *L21, L26, L53*

## 1. Introduction

Business decision-making by top management in an industrial enterprise should be seen as a process in one observation interval that is not aimed at meeting short-term goals. Therefore, it is a long-term observation of possible improvement of corporate or industrial governance [1], [2], [3], [4], [5].

This is especially important for transition countries. Numerous authors draw the attention of the expert public to such an observation as the basis for business or valid decision making, whose management functions are carried out by top management, taking into account internal and external factors, using the business decisions made to meet the basic goal, which is to improve the work of an industrial company or company. [6], [7].

This substantially increases the functioning of top management and at the same time achieves better business management results in an industrial enterprise. In most cases, business decision-making is essentially in focus, with problems that are first noticed by employees in the financial sector of an enterprise, accounting for internal audit.

It is important to emphasize that the financial sector in the decision-making process must provide all the information that is important for making important decisions to the top management of the company. Timely submission of information is crucial for making a valid business decision of top management.

## 2. Decision making as an ongoing process of industrial enterprise development in a transition country

Decision-making in a transition country, viewed through the prism of management in an industrial enterprise, should be seen as an ongoing process in which the company aims to maximize, above all, the monetary effect of business.

This achieves a better management performance, and a number of internal factors that are part of the existence of the transition country's industrial enterprise have a great influence on the management.

In the work of top transition country top management in a comprehensive decision making process, top management can rely on the influence of a number of factors such as audits that, as part of an overall observation of the performance of an enterprise in an industrial enterprise, can contribute to improving business results, by adopting by top management the recommendations prescribed by internal or external audit [8], [9], [10].

The goal of all these processes should be for the company to achieve a continuous process of maximizing profits. Such observation refers to the interval of observation over a long period of observation.

The authors provide an overview of the impact model of internal factors of influence on the work of top management in an industrial enterprise of a transition country.

The view is given (Figure 1).

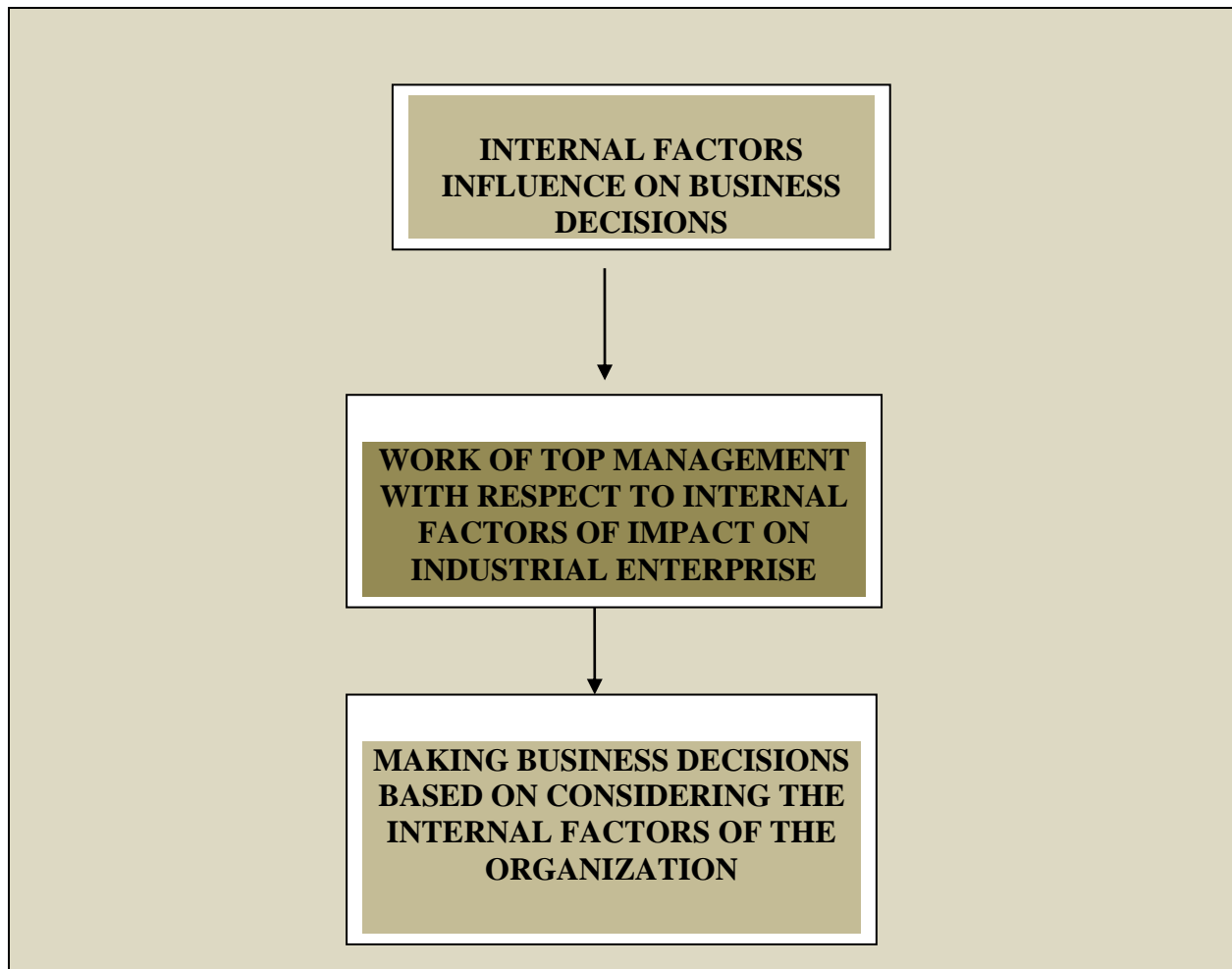


Figure No. 1. Model of harmoniously introduced RESPECT for internal factors of influence in an industrial enterprise that is based on decision making of top management with respect for internal factors primarily created within the parts of the enterprise

### 3. Fair valuation in a transition country industrial enterprise

It is of increasing importance in transition countries to carry out a continuous fair valuation of the assets held by the company. This is done on the valuation day in the company after the decision of top management. This is in accordance with the views of the author [11], [12], [13], [14], [15], [16].

Of the possible significant influences that were taken by the author in this paper, we highlight the following:

1. Internal audit,
2. External audit,
3. Financial management with established control in the company.

Only after an initiative has been taken to make a fair valuation decision in an enterprise does a DECISION be made to execute a fair valuation of all assets in the enterprise.

The authors presented the possible course of such decision-making in the company with the figure. 2.

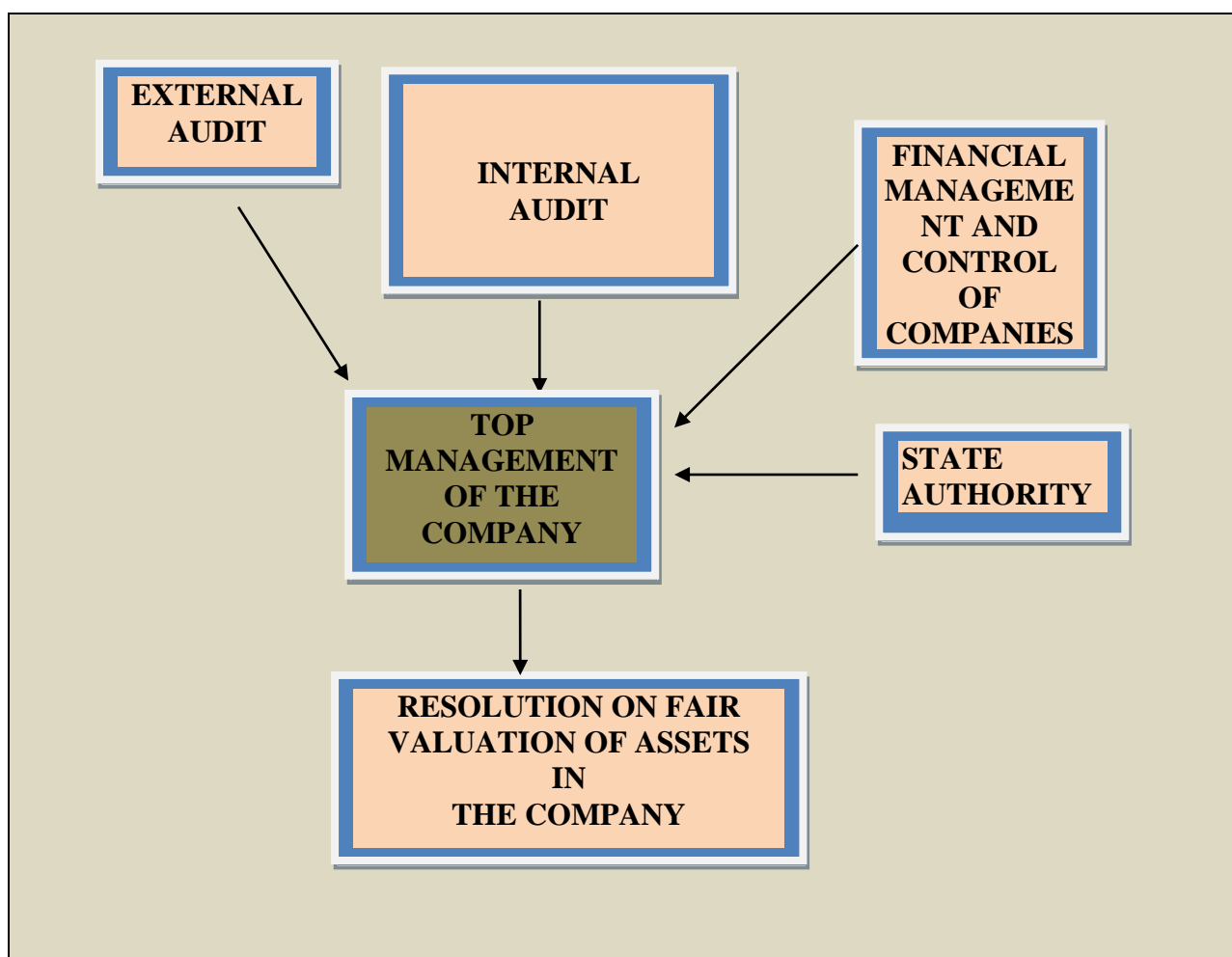


Figure No 2. Flow of a possible decision on fair valuation of the assets of the company

The aim of conducting a fair evaluation and assessment is to determine the valuation of the entire capital of the entity, or enterprise. The subject of evaluation, it estimates the value of the capital on the day of assessment. External assessors at the request of management do the work required for the assessment required by the contracting authority the fair value method.

Documentation includes the basics:

- Financial statements for the last 6 years;
- Accounting supporting documents,
- Non-financial information provided by the customer,
- Information provided by full-time employees,
- Information obtained from the responsible managers,
- Legal documentation import of capital;
- The data obtained from the agency for business registers,
- Information required by national bank of Serbia,
- Information from of actual real estate market,
- Specialist opinions for property valuation and others.

The concept of the observation seen in the financial reporting by in accordance with a fair evaluation means:

- Leaving the historical approach to reporting,
- Actualization of events in financial reporting at the reporting date,
- Process focus in the evaluation of everything that is subject to fair valuation.

The focus of the fair value should be directed to:

- identifying the objectives of fair valuation,
- perception of the continent in which the set objectives can be realized,
- mark the main components,
- prepare a plan to implement the objectives of fair value,
- establish control mechanisms of the process of making a fair evaluation and presentation of the financial statements,
- Produce financial statements in the spirit of fair value.

In addition to this, we should point out some of the basic assumptions regarding fair value:

- The subject of evaluation is the property of the company,
- Obtain a valid information regarding the price of assets in the domestic and international markets in order to acquire really and relevant information,
- The assumptions are part of performing tasks regarding the presentation of the report on the valuation of the entity,
- Highlighting, which is a method of assessing the assessor used,
- The resulting value in figures made after assessment of fair value is used for further balancing of the entity after the approval of the management body, and any disclosures are presented in the notes.

Proper valuation of the assets of the company requires a preliminary observation of the assets. In this regard, the authors provide a possible brief overview of the impact factors that must be considered in relation to the risk interval and the description of the company's short assets.

Table 1. Display the factors that can determine the value of an industrial enterprise's assets with a level description and risk interval

<b>Factors affecting the value of the business on the day the valuation is made</b>	<b>Description of the impact on the value of the assets of the company (possible degree of graduation)</b>	<b>Risk interval</b>
<b>Location subject property</b>	<i>high level</i>	<i>1-10</i>
<b>Age of the subject property</b>	<i>high level</i>	<i>1-10</i>
<b>Floors subject property</b>	<i>intermediate level</i>	<i>1-10</i>
<b>The quality of the subject property</b>	<i>intermediate level</i>	<i>1-10</i>
<b>The surface of the subject property</b>	<i>intermediate level</i>	<i>1-10</i>

<b>Improvements over the comparative</b>	<i>intermediate level</i>	<i>1-10</i>

Source: Authors (2019).

#### 4. Conclusions

A modern approach to management requires new innovative approaches to business improvement. Observation of business improvement is related to making valid business decisions in a transition country industrial enterprise. The quality of decision making depends on the achievement of business results of the company. In doing so, the authors emphasize the importance of improving corporate governance in the transitional economy, while respecting the importance of quality of decision making, above all, of business decision making observed through the work of top management. Decision-making that is based on an appreciation of the combination of internal and external factors by an industrial enterprise can mean the achievement of benefits by the top management's management team, which essentially manages the various functions of different parts of the enterprise.

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