

MAKING BUSINESS DECISIONS IN INDUSTRIAL COMPANIES IN THE TRANSITION COUNTRY, BY THE CASE OF THE REPUBLIC OF SERBIA

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Abstract

Business decision-making as part of management and decision-making in industrial enterprises depends on the interaction of multiple internal and external factors. Business decision-making is part of the business decisions that top management makes every day with the goal of good company management. This is of great importance for the practical functioning of enterprises in transition countries.

Their economies are heavily influenced by developed economies that impose their own rules of conduct that often do not suit countries in transition.

Therefore, the importance of studying business decision-making is increasing. This is important for the operation and functioning of an industrial enterprise, because the strength of an economy is directly dependent on the strength of industrial economies. Applying valid business decisions can have a major impact on making the right business decisions of the top management of an industrial enterprise.

On this basis, it is clear to see the true importance of the link between making valid, timely business decisions of top management of an industrial enterprise and the achieved business results as a result of the conducted business activities of an industrial enterprise in a certain real time period of observation. This is the primary goal and contribution that the authors of this paper make in this study. It is possible to apply in many transition countries.

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

Classification JEL: *L21, L26, L53*

1. Introduction

Making business decisions by top management in an industrial company but also in any other company, especially in the manufacturing economy should be viewed as a management process. Such

an observation of management decisions is not seen as management decisions aimed at meeting the short-term goals of top management. Therefore, from the aspect of long-term usable management, it is possible to achieve real improvements in corporate governance in industrial enterprises [1], [2], [3], [4], [5].

Management based on valid decisions made by top management is of particular importance for doing business in countries in transition, such as the Republic of Serbia. Numerous authors draw the attention of the professional public to such an observation as the basis of business or valid decision-making. Management by top management should take into account a large number of internal and external factors. Only such management will create valid business decisions that will achieve the set goals of top management in a large number of companies operating in the real economy [6], [7].

In that way, by applying valid decision-making, it is possible to significantly increase the success in achieving business results, which is based on the functioning of the real management of the top management in the management of the company. This enables and achieves better business results in industrial and other companies. The decision-making of top management is essentially related to the problems that arise in the financial sector of the company. Assistance to the financial sector can be provided by internal audit and control if it has formed the management of the company.

In addition, for successful management, it is important that the financial sector provides valid information in the decision-making process of top management. Essentially the financial sector must provide all the information that is important for making important decisions to the top management of the company within the deadlines necessary for a valid decision. Timely submission of information is crucial for making a valid business decision of the top management of the company in real time in order to achieve better management of companies regardless of size, activity, etc.

2. Making key business decisions that can be viewed as a process of successful business and development of an industrial enterprise

Making valid business decisions is related to making managerial business decisions in companies. It is a management that should be viewed as an ongoing process in which the company aims to maximize business results in the form of maximum monetary effects.

This approach achieves better business results based on improved management in the company. Management itself is influenced by a large number of internal factors in an industrial enterprise. Thus, the essential top management should take into account that successful management implies respect for internal factors, but also a large number of heterogeneous factors that affect the company's business.

In the comprehensive process of making valid business decisions by top management, it can rely on the help of internal audit and internal control that are formed by top management decisions. This comprehensively observes the achieved performance of the company in relation to the business decisions of the top management of the industrial company.

By respecting internal audit and control, better corporate governance can be achieved and business results are improved as well as business results [8], [9], [10].

The goal of respecting valid business decisions as part of the management process should be to enable the company to achieve continuous processes in which it will maximize profits. Such observation refers to the long-term interval of observation of the management function in the company.

The authors provide an overview of the model of the influence of internal factors influencing the work of top management in an industrial enterprise in a transition country. The display is given (Figure 1).

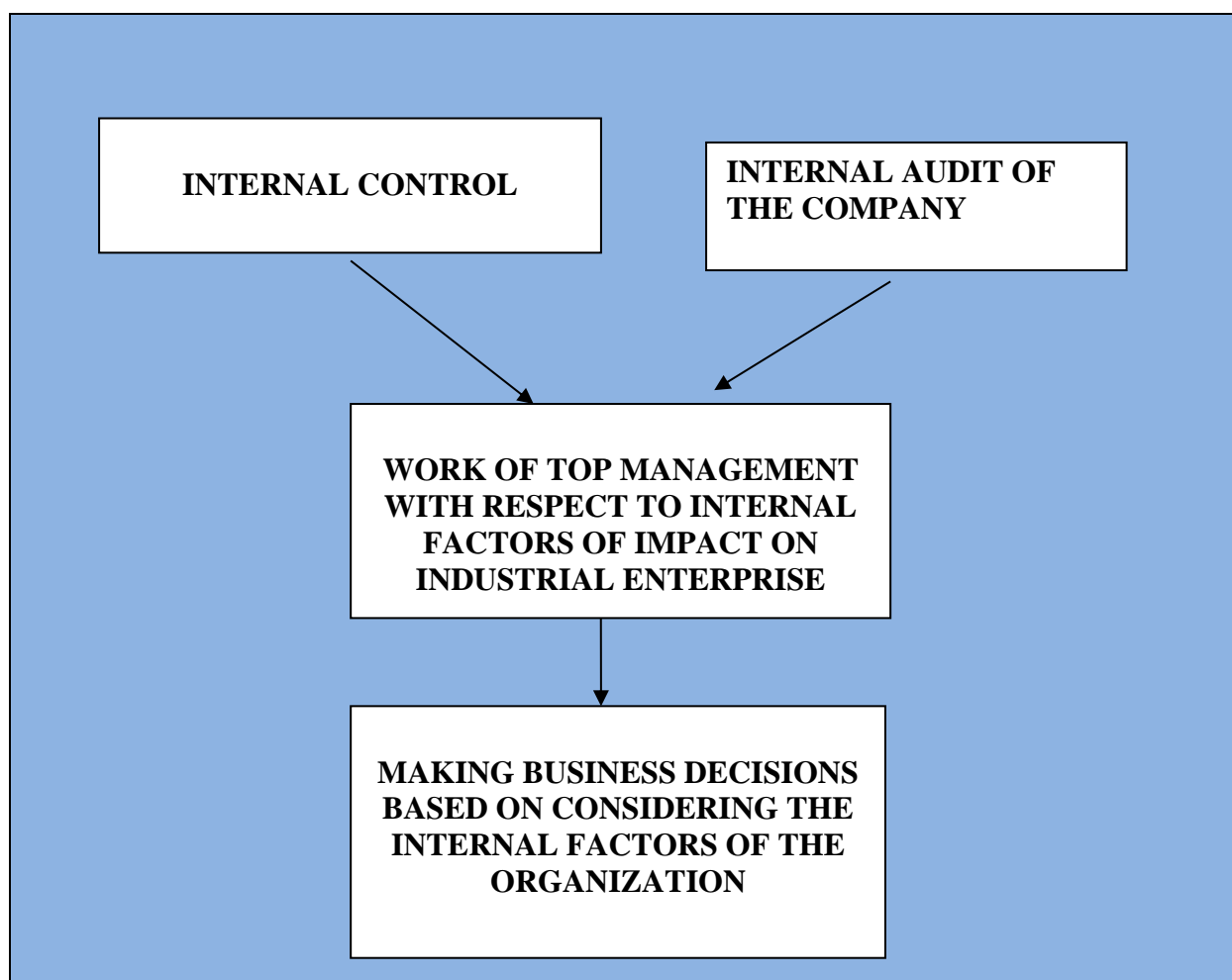


Figure No. 1. Model of harmoniously introduced RESPECT for internal factors of influence in an industrial enterprise that is based on decision making of top management with respect for internal factors primarily created within the parts of the enterprise

3. Respect for fair value in an industrial company as a basis for decision-making of top management of the company

In countries in transition, it is becoming increasingly important to conduct continuous fair valuation of company assets as a basis for valid decision-making by top management. Fair valuation is done on the day of the assessment of assets in the company after the decision of the top management. This is in line with the already published views of the authors [11], [12], [13], [14], [15], [16] relating to management and governance rights in enterprises as a process of making valid management decisions in enterprises.

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.

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 and figure 3. Below, the authors use Figure 4 to present the expectations regarding the decision made on the fair valuation of the company's assets.

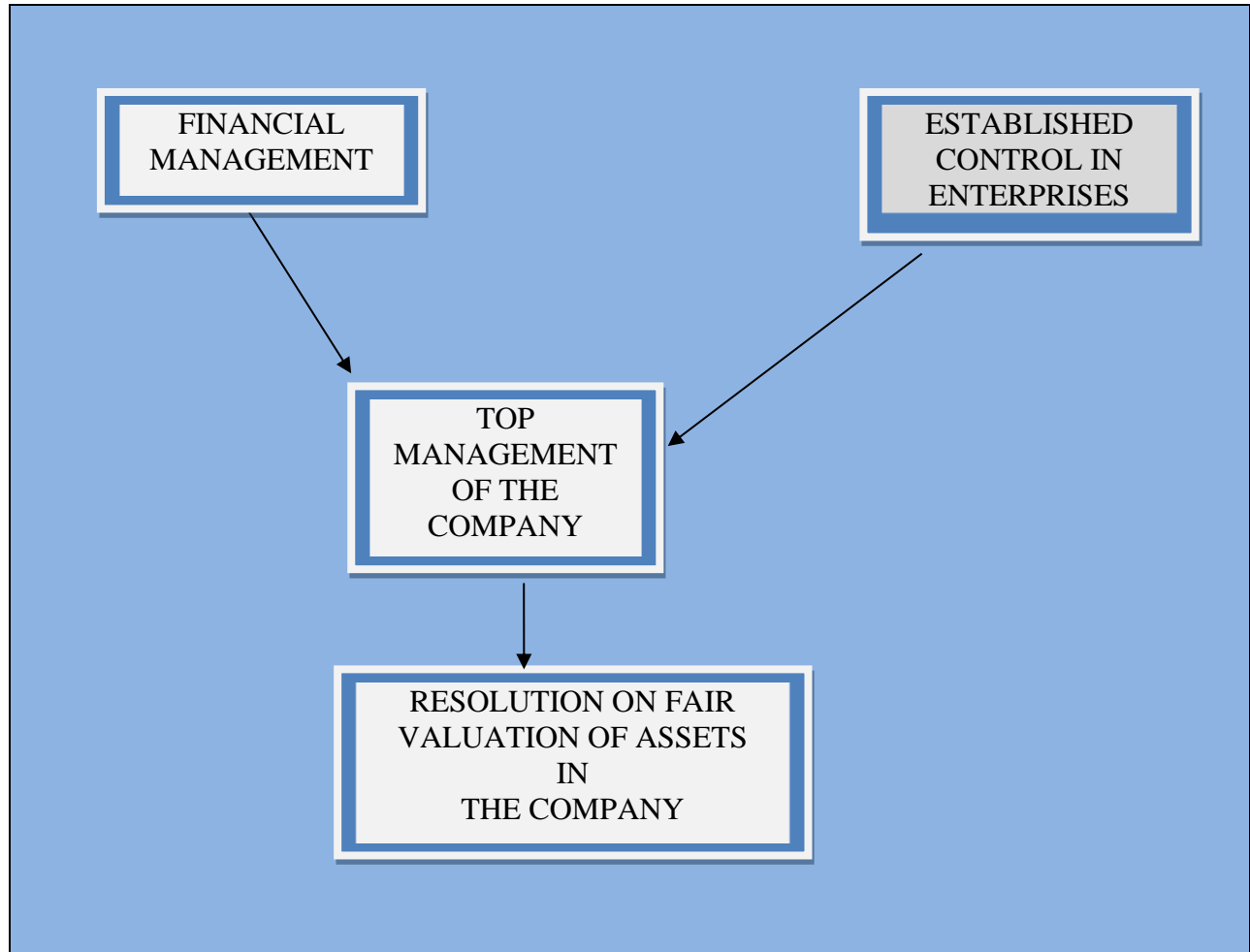


Figure No. 2. The course of a possible decision on the fair valuation of the company's assets based on the financial decision-making of the financial sector

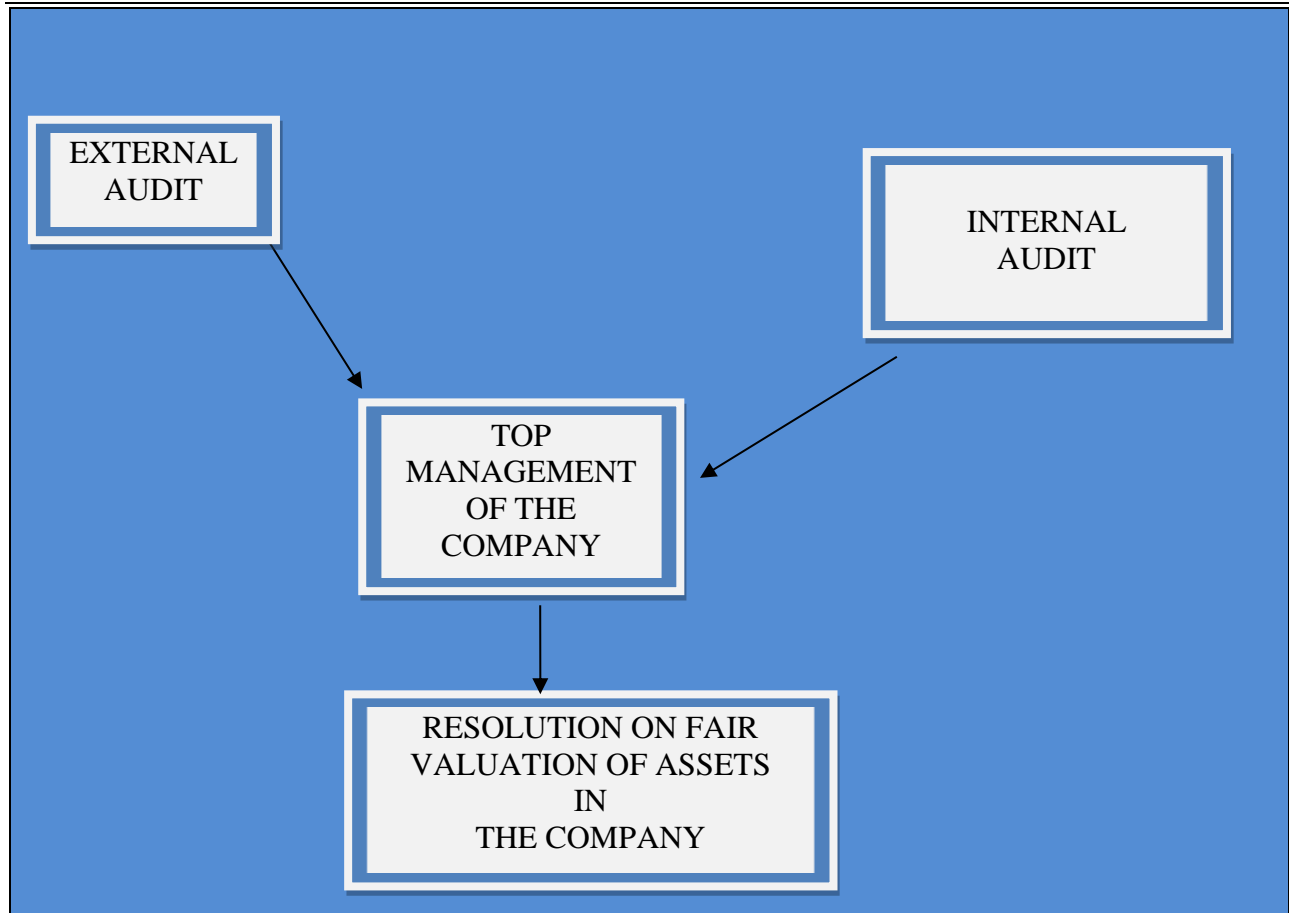


Figure No. 3. Flow of a possible decision on fair valuation of the assets of the company

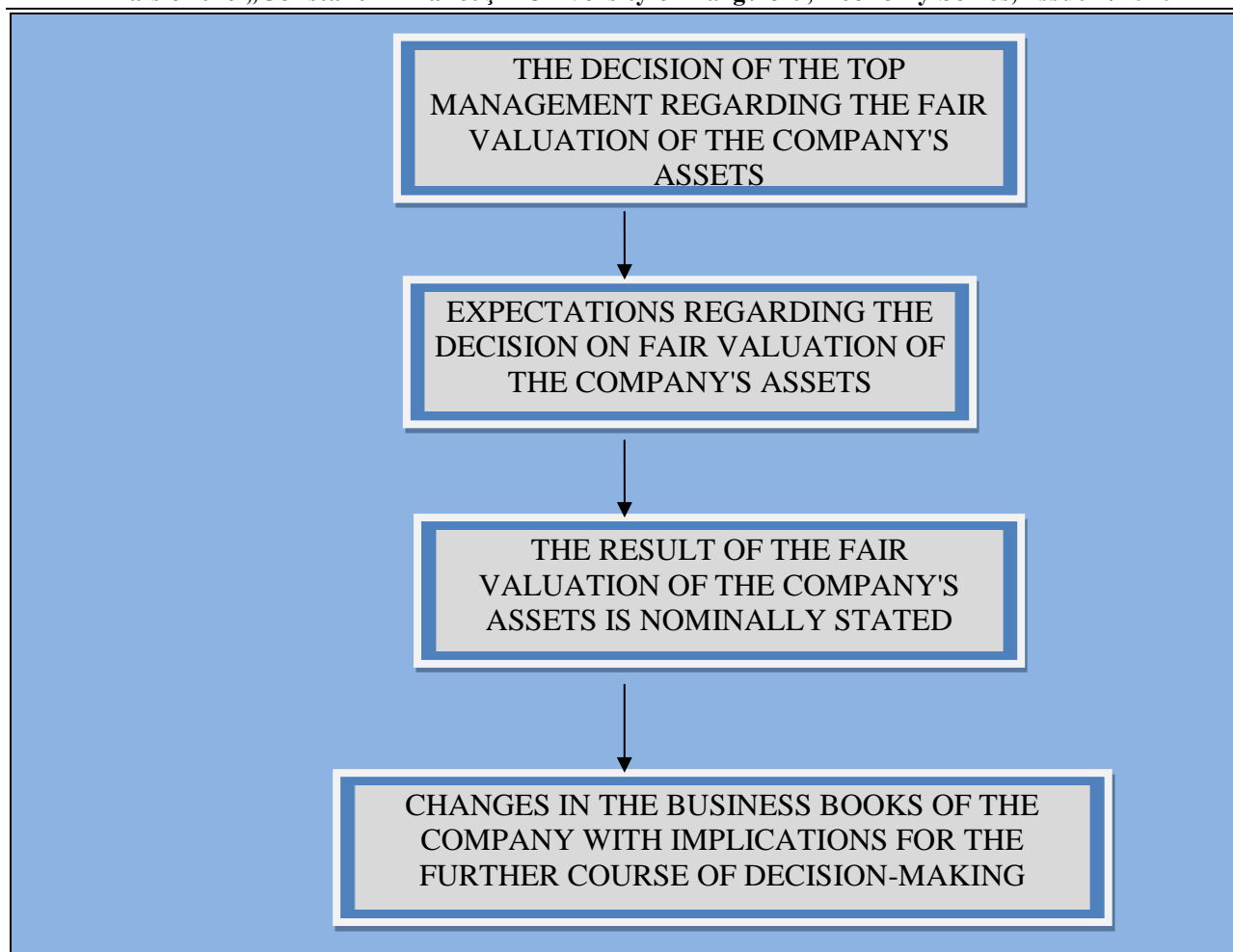


Figure No. 4. Overview of the course of changes in the company's business books with implications for future decision-making of the company's top management

The goal of conducting a fair assessment of the value of a company's assets is to determine the fair value of the company's total capital. It is performed on the valuation date by the appraiser at the request of the company's top management through the use of the fair value of the company's asset valuation.

The documentation used to estimate the value of an enterprise's assets includes possible criteria for estimating the value of the assets that the authors group as the most commonly used:

- Financial statements for the last 5 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.

In the following, the authors give an overview of possible factors that may affect the value of the assets of an industrial enterprise with the level of description and risk interval, highlighting the

comments of the financial sector manager regarding the characteristics related to property valuation, which the authors give in Table 1.

Table No. 1. Display the factors that can determine the value of an industrial enterprise's assets with a level description and risk interval

Factors affecting the value of the business on the day the valuation is made	Description of the impact on the value of the assets of the company (possible degree of graduation)	Risk interval	Description of the observations of the manager of the company as a basis for decision-making of top management
Location subject property	high level	1-5	possible large impact on business results
Age of the subject property	high level	1-5	possible large impact on business results
Floors subject property	intermediate level	1-5	influence that is important on the expression of real estate value with influence on the decisions of top management in the range of medium to high
The quality of the subject property	intermediate level	1-5	
The surface of the subject property	intermediate level	1-5	
Improvements over the comparative	intermediate level	1-5	

Source: Authors (2020).

4. Conclusions

Enterprise management requires the construction of new approaches and the application of new innovative approaches that could improve the business of the enterprise, which is essentially based on a better organization of the management of the enterprise management. Such observation of management and decision-making of top management, which would improve business, is connected with making valid business decisions in an industrial company, but also in other companies, regardless of what type of company they belong to.

The quality of business decision making depends on the achievement of the company's business results. The contribution of the authors in this study is to emphasize the importance of improving corporate governance in companies by making valid decisions regarding the fair valuation of company assets.

This is important for all countries belonging to transition economies. Thus, the authors drew attention to the importance of making valid business decisions of top management, which raises the quality of company decision-making. In addition, the authors emphasize the importance of making valid business decisions based on respect for a combination of internal and external factors by the company's top management.

All actions taken are taken with the aim of achieving benefits for the company. Thus, the management team essentially improves the management of the company by using different

management tools by connecting the functions of different parts of the company into a coherent whole.

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