

MAKING MANAGEMENT DECISIONS BY THE TOP MANAGEMENT OF THE COMPANY ON THE BASIS OF PRESENTED FINANCIAL AND OTHER ANALYSIS IN THE COMPANY

Miloš D. Lutovac

Belgrade Business and Arts Academy of Applied Studies, Belgrade, Serbia
milosdlutovac@yahoo.com
ORCID: : 0000-0003-1833-6752

Abstract: *Making valid management decisions by decision-makers in companies takes place with the practical application of financial analysis as well as all other necessary analyzes that are essential for the successful functioning of legal entities. This is of great importance for a large number of countries, and especially for transition economies such as the Republic of Serbia and other countries that have similar economic systems, especially from the area of the once unified Yugoslavia. The correct making of business decisions depends on a quality analysis of all segments in the company. One of the most important analyzes is the analysis provided by the financial sector of the company. Namely, it is a financial analysis, which was also the focus of this paper, where the observation was carried out through a possible observation model created from the observation of important parts of the balance sheet, i.e. attention was paid to the analysis that included three segments, namely: assets, liabilities and income of the company. The emphasis on the formation of the analysis, especially the financial analysis in the company, depends on the assessment of the company's management and the instructions given to the financial sector to perform regular or subsequent analyzes primarily from the company's final accounts, as well as to perform comparative analyzes of positions from the balance sheet at the request of the top management of the company or the governing body in company. The paper presents a case study based on data obtained from the final account for 2022-2023 of a medium-sized company, that has been successfully and*

continuously operating since 1956 in the area of the City of Novi Sad, as a public utility company..

Key words: *management decisions, financial analysis, final account.*

JEL classification: *G19, G30*

1. INTRODUCTION

Business decision-making in a large number of heterogeneous companies is of great importance from the point of view of proper management and functioning of the company within its capabilities and efforts to position itself on the market in order to achieve good business results, which was highlighted by numerous scientists in their works such as (Bakmaz et al., 2024).

Such management requires finding a suitable model of behavior, i.e. a part of business standardization that accepts modeling, analysis and especially financial analysis of the work of heterogeneous companies, which in a way is a unified business in given economic circumstances, as pointed out by authors such as (Ivaniš & Popović., 2013).

The specifics of making valid business decisions by the top management should be viewed as part of the overall management that will take into account the company's activity, the specifics of the business of individual companies, ways of doing business, performance on the markets and other important features that have been the subject of

numerous researches such as (Stanić, 2020; Bakmaz et al., 2023).

To such appreciation of the specificity of the company's operations, it is inevitable to add operations that will include numerous technical conditions and technical capabilities of individual companies as well as activities in which the predominant activity is performed by a company that decided to make business decisions on the basis of business analysis. (Zhao et al., 2024).

The importance of making a rational business decision by the top management in numerous companies is based on the application of numerous analyses, cross-sections of the situation, consideration of the company's final accounts, reports of state authorities, etc. (Arnautović et al., 2022).

Such understanding and appreciation stems from important balance positions in the company, which apart from financial analysis can also appreciate the application of audits by authorized licensed auditors, as highlighted by authors such as (Majstorović & Popović, 2015).

The presentation of the success of the financial analysis must also take into account the presentation of important risks that occurred in the previous business period of the business and which can be expected to be repeated in the public period of the company's business (Popović, 2015).

Business operations of companies that have taken into account the analysis, audit, as part of efforts to improve management decision-making are connected with various controls that arise within the company's operations, the most important of which is the internal control that has been implemented in the work of numerous companies (Popović et al., 2018; Seremesic et al., 2021).

Digitization as a prerequisite for financial analysis
Digital business and innovations in the economy of companies in transition economies in the processes of the real economy.

In this way, it is possible to contribute to the adoption of digitalization by introducing numerous changes in the overall work of companies. Essentially, in order to make quality financial analyzes and reporting to top management, companies should apply technological tools in order to achieve better overall business results, that is, business companies.

The goal of such an observation of financial analysis would be the introduction of innovative processes that require changes in the business decision-making of the top management of numerous heterogeneous companies that could

affect the improvement of the company's operations.

This kind of innovative business contributes to changing the way of thinking of employees who need to implement new digital solutions, software solutions, etc., with the aim of raising the level of the overall business.

Digital transformation represents an innovative tool for achieving greater efficiency, innovation and a better response to consumer needs on the one hand and on the other hand for improving efficiency. Individual companies and the economy as a whole, which opted for continuous business with innovative approaches such as the application of digitization.

Taking into account the previously stated general views, it is possible to establish theoretical frameworks for the functioning of numerous companies that can be very different in terms of, for example, their size, the activity in which they perform the predominant activity, the structure of the predominant ownership and other important decisive factors that can and should be addressed attention when making management decisions. In this sense, it is necessary to pay attention to making management decisions in a heterogeneous category of companies such as public companies because they operate on the basis of a large share of public funds from taxpayers, which has been analyzed from several aspects by numerous authors such as (Čolović et al., 2024).

2. OBJECTIVE AND METHODS OF RESEARCH

For the purpose of the work, the author used a number of relevant literatures in order to be able to formulate and investigate the possible behavior in the form of a model of the behavior of future legal entities regarding the analysis.

For this purpose, he took into consideration the practical business in the work of a medium-sized enterprise in Serbia, based on publicly available data from the final accounts for 2021 and 2022, in order to be able to realistically evaluate the models of future behavior in that and similar medium-sized enterprises, which is presented in the paper Tables 1-3.

3. RESEARCH RESULTS

Submitting the report to the top management of the company based on the analysis of the state of the balance of assets and liabilities was given by the author through the representation of the behavior model through the representation from Table 1-2.

The first table shows three asset positions where the comparison of fixed assets in the analysis of

two years is descriptively shown with a percentage of about 10%, which is not a big influence on active positions in the given company and based on its influence on business.

The first table shows the three asset positions where the comparison in position 2, i.e. the reverse assets in the analysis for two years is descriptively shown with a percentage of about 10%, which is not a big influence on the active positions in the given company and based on its influence on the business.

The first table shows three positions of assets, where the comparison in position 3 shows deferred tax liabilities, where a very high impact of about 90% is clearly visible, which indicates to the top management of the company the strong importance of respecting the mentioned category on business in the coming period, where it should pay attention to the importance of position 3 from the point of view of economics and future pre-analysis as well as future subsequent financial analyses.

Table 1. Analysis model of two business years from the company's balance sheet, descriptively expressed in percentages, which is submitted to the company's top management by the company's financial sector

Active	First year of observation	Second year of observation	Change in balance descriptively expressed
Fixed assets	3.700.000	3.200.000	Small about 10%
Current assets	6.700.000	8.700.000	Small negative about 10%
Deferred tax assets	95.000	45.000	about 90% high

Source: Author

Table 2. Analysis model of two business years from the company's balance sheet, descriptively expressed in percentages, which is submitted to the company's top management by the company's financial sector

Passive	First year of observation	Second year of observation	Change in balance descriptively expressed
Capital	6.700.000	5.600.000	Small about 10%
Short term obligations	4700.000	4.000.000	Small negative about 10%
Long term obligations	100.000	75.000	about 40% high

Source: Author

The financial sector of the company submits, at the request of the company's top management, a

presentation of the impact of income on future business decision-making, where business income is shown in the first position in the model that is shown with a very weak impact on future business based on the given example of analysis. The financial sector in the second position of income within the presentation of financial income delivers a weak influence, which is nevertheless significantly greater than the previous position and compared to the previous trend of #% it is significantly higher and amounts to about 15%, which the management should pay attention to in the future so as not to would make mistakes in the future business of the company. The third position in the formation of income is very significant because it shows a strong influence of about 200%, which the top management of the company should pay close attention to during future analyzes and adoption of various business plans, which is undoubtedly of great importance for the subsequent business of numerous legal entities.

Table 3. The analysis model of two business years from the company's balance sheet, based on income descriptively expressed in percentages, which the financial sector of the company submits to the top management of the company

Passive	First year of observation	Second year of observation	Change in balance descriptively expressed
Business revenues	11.700.000	11.900.000	Small about 3%
Financial income	120.000	100.000	Small about 15%
Other income	200.000	50.000	about 200% high

Source: Author

CONCLUSION

Based on the presentation of three analysis models that need to be done within the framework of the financial analysis of the financial sector of the company, a comprehensive presentation of the impact from the point of view of the analysis in the business of the company is given.

Namely, the presentation of the company's assets, liabilities and income based on two years of operation in the company is presented as a possible business model.

The essential top management should enable the continuous analysis of important parts of the company's balance sheet at their request. In addition, it is necessary to carry out additional analyzes of the company's operations.

Essentially, the future business of the company in the Republic of Serbia, but also from a wider perspective, should be highlighted as a business that will have the continuous adoption of valid

management decisions by the decision-maker, with respect above all to the financial analysis, the focus of which is emphasized in this paper. In addition to the above, it should be noted that these are not the only analyses, but there are other analyzes that the top management considers being of great importance for future business.

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