MANAGING A BUSINESS THROUGH VALID BUSINESS DECISION MAKING WITH THE GOAL OF ACHIEVING POSITIVE RESULTS THAT CAN BE INTERNATIONALLY VALUED

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Abstract

Management decisions can speed up the work and business operations of the company. This is achieved by the proper selection of measures and activities undertaken by the management in order to achieve the visible effects of the company's operations in a given observation period.

The observation period to be taken is at least one business year. In the period of observation of financial and other reports, companies must have realistic values in the books of account, and the results of these activities must be available to state authorities, banks, tax and other inspectors that at any moment can perform and further control of the activities of the company.

Timely business decisions must be made in each period of action. The choices made so far can be seen as a decision-making process within the real-life management of the company.

The goal of the approach thus presented is the achievement of the given values that the owners of the company or the founders of the company put before management. Verification of decisions is seen at the end of the observation period. The goal of all management decisions is to maximize the profit and survival of the company.

Keywords: *financial statements, financial analysis, management, decision making.*

Classification JEL: *M41.*

1. Introduction

The existence of managerial management decisions can be seen in the very heterogeneous light of business that we encounter in the work of numerous authors. [1], [2], [3], [4], [5], [6]. Decisions related to the timely action of the company are related to management by the top management in accordance with the plan adopted by the management structures of the company [7], [8], [9]. In this way, management decision-making is unequivocally viewed as managerial valuation of management activities in order to make valid management decisions in order to maximize profit [10].

Making management managerial decisions is a continuous process in which management, especially top management, is used by various methods by which it improves the business of the company it manages [11], [12], [13]. Implementation of the adopted management decisions is seen as a managerial influence on management activities in order to pass valid management improvement measures in order to maximize the results of the business or profits by the company managed by the top management [14], [15], [16], [17], [18].

One of the most frequently used auxiliary mechanisms in decision making is the application of results, recommendations, measures and activities resulting from the operation of accounting operations within the accounting and financial sector of the company [19], [20]. In addition, it is possible to use others such as: internal audits, internal controls, external audits, controls carried out by state authorities, etc.

Accordingly, making business decisions involves very different methods of business improvement by management, and the decision-making process itself is not written and universal for all companies, but large and constant adjustment is required by a large number of executives in the enterprise itself [21], [22]. This essentially means that the various criteria set by top management must be respected [23].

In the end, the authors point out that in this paper there is a focus on several very diverse and substantially different factors of influence on which the management must work [24] in order to achieve satisfactory results, and those on which it cannot be influenced much like natural factors, for example, In agricultural activity, but also on the existence of internal factors that can significantly affect it.

2. The flow of business decision making in the company

The flow of business decisions in the company is observed from the moment when the business decision-making initiative is adopted, and until the moment when the business decision is processed by the management, they bring action activities to the results of the companies that are the ultimate effect of the business decision making of the top management.

The authors present in Figure 1, a possible business decision-making process that results in an end-to-end business result measurable in business records.

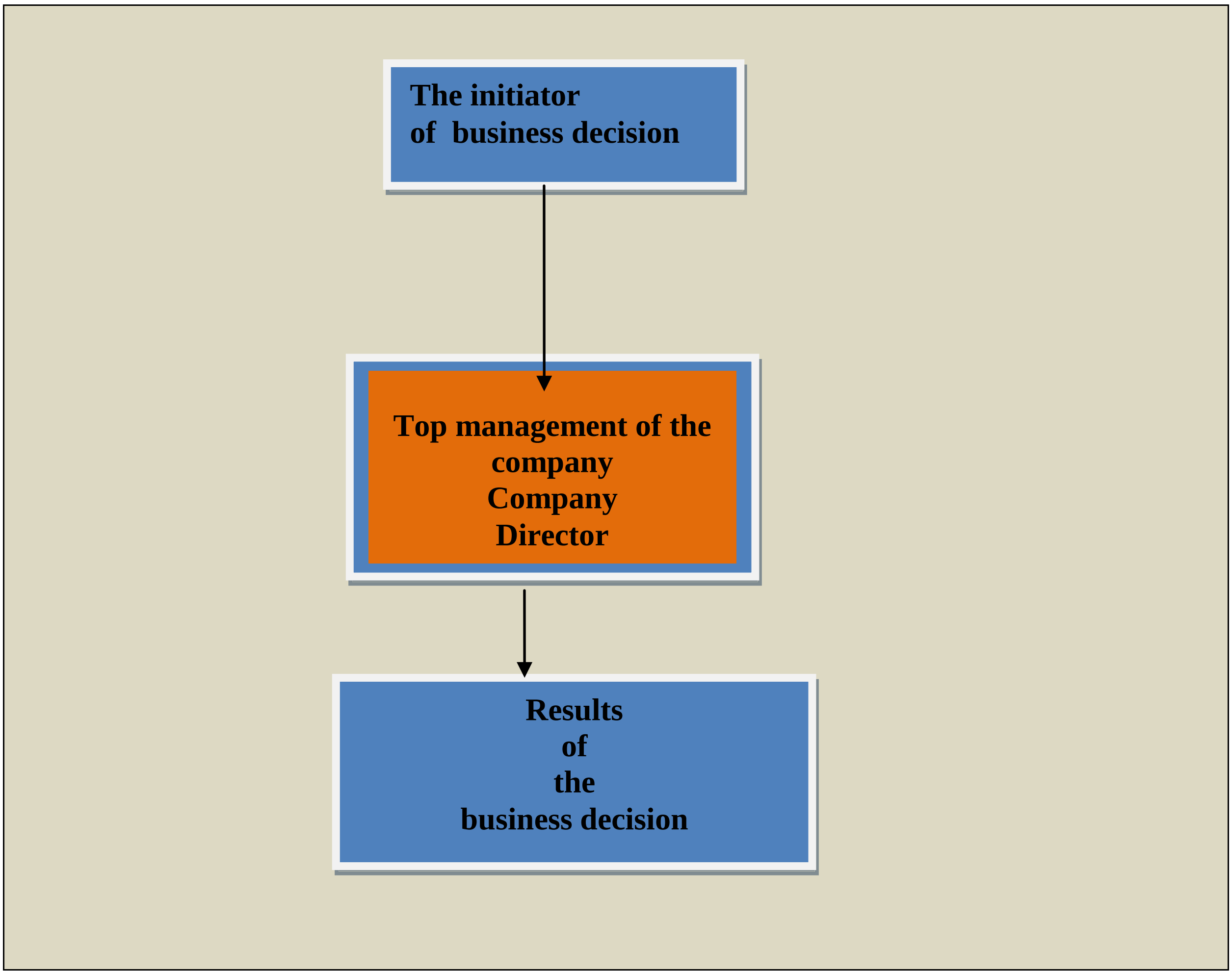


Figure 1 a brief overview of the flow of decision making in an enterprise

After the business decision has been made, business activities are created, which is evident through the real and true financial reporting of the top management. The most common reports, according to International Accounting Standards, are in the form of financial statements, as follows:

• Balance Sheet
• profit and loss
• Statements of changes in equity
• cash flow reports and
• Notes to the financial statements.

Financial reporting is related to the standardization of financial reports submitted to the management, but also to other financial organizations, as well as to government agencies. In this respect, unification and standardization take place with full respect for the International Accounting Standards and International Financial Reporting Standards.

Standardization should be embedded in the accounting and business policy of legal entities with the knowledge and approval of the top manager or authorized persons of the accounting and financial sector of the company.

The goal of the mentioned activities contributes to the improvement of governance at all levels of supervision, that is, the processes of standardization of financial reporting can greatly contribute to the harmonization and improvement of the overall management of all legal entities, which is manifested in the results of the company's operations.

Business decision-making contributes to the direct integration of the way in which the management organizes plans and manages activities in order to achieve the set goals and objectives, with the remark that in each segment it is possible to perform a certain degree of control by the internal control units of the company or external audit and state bodies.

International Accounting Standards and International Financial Reporting Standards foresee and leave the possibility of applying a number of methods to allow for the most accurate financial reporting of the assets of the company managing the management, which greatly facilitates the functioning of the company and top management.

The compliance of accounting policies is a prerequisite for making a business that produces a positive outcome. This observation is especially important in the conditions of the economic crisis, when in reality there is less and less money for investing legal entities as well as in developing countries that suffer from the chronic lack of financial resources for development.

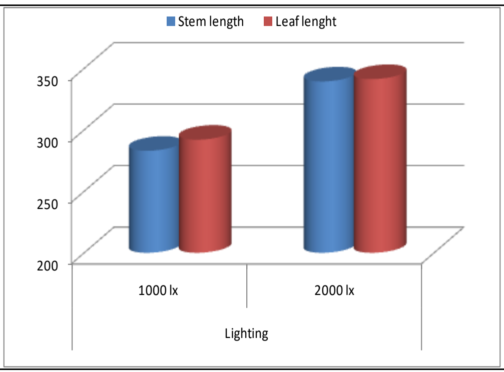
Business decision-making should be fundamentally focused on the future, i.e. improving efficiency, efficiency and economy. This is particularly true for the public sector, since it represents users of budgetary funds, that is, there is a special responsibility in the management of taxpayers' funds.

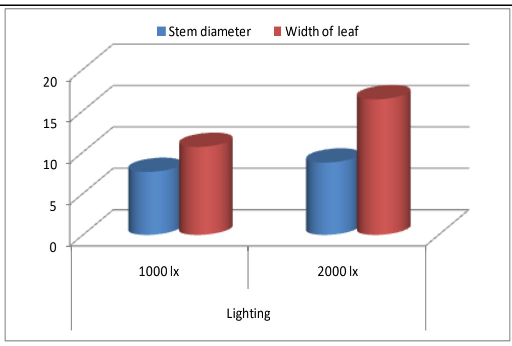
In recent years, an increasing number of internal auditors in enterprises have been introduced in the Republic of Serbia, but experience and external audits must be incorporated into the top decision of the company's management. This can contribute to increasing safety in the work of legal entities and companies as a whole.

3. Business decision-making on which company has minimal impact

There are business decisions that management has to incorporate into the business of the company and due to the nature of business and the impact on the company has little impact. Namely, in agriculture, there are often influences on companies that have little or no potential effect. Namely, there are natural influences on the company that have to be calculated in order to achieve the real effect of the company's operations.

In Figure 2, authors give an overview of the impact of such factors on which the company cans little influence. Namely, business can be influenced by the factors that need to be foreseen, and the influence of man or enterprise activity is extremely small.





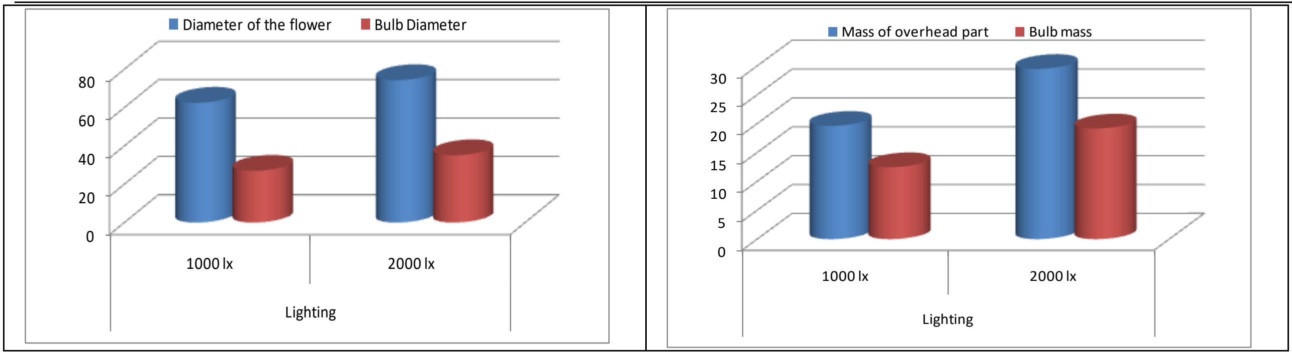


Figure 2 an overview of the effects of natural factors on the product [21]

With this overview, the authors point to the importance of natural factors for many enterprises, primarily in primary production and parts of the economy that lean on primary production and processing [22].

4. Internal factors of influence on making business decisions

Internal factors that can influence the importance of making business decisions are very heterogeneous. Of the many factors, only a few in this paper emphasize that can influence the making of valid business decisions of the top management of the company.

It is very important to establish a description of activities related to making business decisions. In this respect, we point out only some:

• The need to develop the system of each individual sector of the organization,
• Identify the basic goals of the new organization,
• provide alternative solutions,
• Provide contours of organization and control of the development process and
• give their judgment and vision after the implementation of the newswires introduced by the management.

In this paper, the authors give an overview of Table 1 10 important internal influences on making business decisions with possible gradation of the level of risk for making business decisions.
In Table 2, the authors give a presentation of the dynamization in the temporal sense of financial risk, with possible gradation of the level of risk for making business decisions.

Table 1 Categorized basic risks to enterprise

No	The main risk identifiers that influence the making of business decisions of the management	The degree of importance of the risk to the business of the company
1	Reputational risks	middle level of risk
2	Operational risk	middle level of risk
3	Strategic risk	high level of risk
4	Risks related to the rules that have already been made in the company	middle level of risk
5	Social risk	low level of risk
6	Risks related to contracts concluded in the enterprise	middle level of risk

7	The financial risk of the company	high level of risk
8	Control risk	high level of risk
9	Regulatory risk companies	high level of risk
10	Technological risk for the company	middle level of risk

Source: Authors

Table 2 Possible criteria for risk assessment in relation to operations of financial companies

No	**The criteria for assessing the financial condition of the company**	**Interval observation**	**The degree of importance of the risk to the financial business of the company**
1	Days Insolvency	Until the 7	low level of risk
		Until the day 15	middle level of risk
		Until the day 30	high level of risk
2	Debt Indicators	=1	low level of risk
		1-2	middle level of risk
		2 or more	high level of risk
3	Profitability Ratios	above 8	low level of risk
		0-8	middle level of risk
		loss	high level of risk

Source: Authors

Table 3 Factors affect the business decision-making of top management

No	**Factors affect the business decision-making of top management**	**The degree of importance of the risk to the financial business of the company**
1	External factors	high level of risk
2	Internal factors	middle level of risk

Source: Authors

In the table, three authors presented two basic factors of influence on business decision making and decision making. The goal was to briefly indicate two very different factors influencing the decision making of the top management, with the remark that it is very important to highlight the evaluation of the risk interval. In this case, the estimate is given by a description, although some other expression can be given, for example, the risk interval, numerical and other.

5. Conclusions

By this work, the authors draw attention to the importance and application of the continuous and comprehensive principle of importance to top managers, that is, to making business decisions in enterprises. This means continuously encompassing very different methods of business improvement by the management.

The internal and external factors of influence on business decisions are essentially combined with the emphasis of the author on the importance of continuously assessing the impact of the risk interval for certain selected factors that at a certain point are considered significant for the enterprise.

The decision making process is not universal for all companies; however, constant adjustment is required from the company and top management that manages the void and makes decisions on the company in order to have satisfactory effects in terms of business results. This means that various criteria for influencing business decisions and decision-making in general that exist in the management of top management per enterprise should be respected.

The last highlight of the author of the paper is the existence of several very diverse and fundamentally different factors of influence on which management should operate.

Namely, they emphasized the existence of two different types of decision-making influence on some sort of anthropology, with the aim of achieving satisfactory results. The first group is those factors on which an enterprise cannot be much affected, or to which it has a small impact, such as natural factors, for example, in agriculture. The second group of factors of influence is more susceptible to the adaptation of the management, namely, the existence of internal factors that can significantly influence the timely decision-making and making business decisions.

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